

MEMORANDUM

To: Commission File No. S7-08-10

From: Katherine Hsu
Senior Special Counsel
Office of Rulemaking
Division of Corporation Finance
U.S. Securities and Exchange Commission

Date: October 13, 2010

Re: Proposing Release on Asset-Backed Securities (Release Nos. 33-9117; 34-61858)

On October 6, 2010, Paula Dubberly, Amy Starr, Rolaine Bancroft, Jay Knight, Eduardo Aleman and Katherine Hsu of the Division of Corporation Finance and Eric Emre Carr and Stanislava Nikolova of the Division of Risk, Strategy and Financial Innovation met with Mark Page (The City of New York), Marjorie Henning (Office of Management and Budget), Albert Moncure (New York City Law Department), John Grathwol (Office of Management and Budget), Thomas Gallagher (Lepercq de Neuflyze & Company), Kathy Crost (Orrick, Herrington & Sutcliffe LLP) and Michael Mitchell (Orrick, Herrington & Sutcliffe LLP). Among the topics discussed was the Commission's April 7, 2010 proposing release regarding asset-backed securities. Handouts are attached to this memorandum.

Attachment

**Meeting with SEC Staff Regarding Reg AB Proposals
New York City Tax Lien Securitization Program
October 6, 2010
11 AM ET
Meeting Agenda**

I. Introduction

II. Overview of Tax Lien Program

- A. Characteristics of Tax Liens
- B. Structure of NYC Tax Lien Securitizations
- C. Why NYC Commenced its Tax Lien Securitization Program

III. Rationale for Exemption

- A. Past Practices SEC is Seeking to Reform Did Not Apply to this Market
- B. Tax Liens are a Unique Asset
- C. Municipal Tax Lien Securitization Market is Extremely Small

**Meeting with SEC Staff Regarding Reg AB Proposals
New York City Tax Lien Securitization Program
October 6, 2010
11 AM ET
Attendees**

City of New York

Mark Page, Director of Management and Budget, The City of New York
Marjorie Henning, General Counsel, Office of Management and Budget
Albert Moncure, Chief, Municipal Finance Division, New York City Law
Department
John Grathwol, Assistant Director, Office of Management and Budget

Financial Advisor

Thomas Gallagher, Vice President, Lepercq de Neuflyze & Company

Outside Counsel

Kathy Crost, Partner, Orrick, Herrington & Sutcliffe LLP
Michael Mitchell, Partner, Orrick, Herrington & Sutcliffe LLP

\$73,428,000 (Approximate)
NYCTL 2010-A TRUST
Tax Lien Collateralized Bonds, Series 2010-A

NYCTL 2010-A Trust (the “Issuer”) will issue its Tax Lien Collateralized Bonds, Series 2010-A (collectively, the “Bonds,” and the holders of the beneficial interests of the Bonds, the “Bondholders”) in one class (Class A). It is a condition of the issuance of the Bonds that upon issuance the Class A Bonds be rated not lower than “Aaa” by Moody’s Investors Service, Inc. (“Moody’s”) and “AAA” by Standard & Poor’s Ratings Group (“S&P”) (each, a “Rating Agency”).

The Bonds are collateralized by and payable solely from the assets of the Issuer, which will consist primarily of liens on real property securing unpaid real property taxes, assessments, sewer rents, sewer surcharges, water rents and other charges (“Tax Liens”) imposed by The City of New York, a municipal corporation existing under the laws of the State of New York (the “City”), and sold to the Issuer in the expected aggregate initial Adjusted Redemptive Value (as defined herein) of approximately \$101,983,400. Such Tax Liens will include approximately \$62,530,768 aggregate initial Adjusted Redemptive Value of Tax Liens (the “First Sale Tax Liens”) which were sold by the City to the Issuer in May 2010. Certain additional Tax Liens (the “Second Sale Tax Liens”) will be sold by the City to the Issuer in July 2010, to be paid for by the Issuer out of funds on deposit in an account (the “Pre-Funding Account”) established under the Indenture (as defined herein). On the date of issuance of the Bonds, an amount equal to approximately \$28,405,894 will be deposited in the Pre-Funding Account out of the proceeds of the sale of the Bonds. The Bonds do not represent obligations of the City, the Initial Purchaser named below, the Owner Trustee, the Indenture Trustee or the Servicers named herein, or any of their respective affiliates, and are not insured or guaranteed by any governmental agency or any other person or entity.

Interest on and principal of the Bonds will be payable to the extent described herein quarterly on the tenth day of each January, April, July and October, commencing in October, 2010. The stated maturity date for the Bonds will be January 10, 2024; however, the actual final payment of the Bonds is expected to occur sooner than the stated maturity date. Available Collections (as defined herein) on the Tax Liens will be used to pay accrued interest on the Bonds, and then principal on the Bonds, as described herein. Amounts in the Pre-Funding Account not used to purchase the Second Sale Tax Liens will be applied to the payment of the principal of the Bonds on October 12, 2010.

See “Risk Factors” commencing on page 18 herein for certain factors to be considered in purchasing the Bonds.

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR REGISTERED OR QUALIFIED UNDER ANY STATE SECURITIES LAWS, AND ARE BEING OFFERED EXCLUSIVELY TO PERSONS REASONABLY BELIEVED BY THE INITIAL PURCHASER TO BE “QUALIFIED INSTITUTIONAL BUYERS” WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, TO OTHER INSTITUTIONAL “ACCREDITED INVESTORS” WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT AND IN OFFSHORE TRANSACTIONS IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT. THE BONDS MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EXEMPTION OR EXCLUSION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE BONDS ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. SEE “NOTICE TO INVESTORS.”

	<u>Aggregate Initial Principal Amount(1)</u>	<u>Interest Rate</u>	<u>Expected Maturity(2)</u>	<u>Stated Maturity</u>
Class A	\$73,428,000	1.68%	January 10, 2013	January 10, 2024

(1) Subject to a permitted variance of plus or minus 5%.

(2) The Expected Maturity is based upon a 30% Constant Liquidation Rate on the Tax Liens. See “Constant Liquidation Rate.”

The Bonds offered by this Private Placement Memorandum are offered by the Initial Purchaser named below subject to prior sale, withdrawal, cancellation or modification of the offer without notice and subject to the delivery to and acceptance by the Initial Purchaser and certain further conditions. It is expected that the Bonds will be available for delivery on or about August 5, 2010, against payment therefor in immediately available funds, (i) to qualified institutional buyers and qualified non-U.S. persons in book-entry form through The Depository Trust Company, Clearstream Banking and the Euroclear System and (ii) to institutional accredited investors in fully registered certificated form.

J.P.Morgan

July 29, 2010

THIS PRIVATE PLACEMENT MEMORANDUM (THIS “MEMORANDUM”) HAS BEEN PREPARED BY THE ISSUER SOLELY FOR THE PURPOSE OF OFFERING THE BONDS DESCRIBED HEREIN. THIS MEMORANDUM IS FURNISHED TO YOU ON A CONFIDENTIAL BASIS SOLELY FOR THE PURPOSE OF EVALUATING THE INVESTMENT OFFERED HEREBY. THE INFORMATION CONTAINED HEREIN MAY NOT BE REPRODUCED OR USED IN WHOLE OR IN PART FOR ANY OTHER PURPOSE. NOTWITHSTANDING ANY OTHER EXPRESS OR IMPLIED AGREEMENT TO THE CONTRARY, THE ISSUER, THE INITIAL PURCHASER AND EACH RECIPIENT HEREOF AGREE THAT EACH OF THEM AND EACH OF THEIR EMPLOYEES, REPRESENTATIVES AND OTHER AGENTS MAY DISCLOSE, IMMEDIATELY UPON COMMENCEMENT OF DISCUSSIONS, TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF THE TRANSACTION AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO ANY OF THEM RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE, EXCEPT WHERE CONFIDENTIALITY IS REASONABLY NECESSARY TO COMPLY WITH U.S. FEDERAL OR STATE SECURITIES LAWS. FOR PURPOSES OF THIS PARAGRAPH, THE TERMS “TAX,” “TAX TREATMENT,” “TAX STRUCTURE” AND “TAX BENEFIT” ARE DEFINED UNDER TREASURY REGULATIONS §1.6011-4(c).

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE BONDS, NOR AN OFFER OF THE BONDS TO ANY PERSON IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH OFFER WOULD BE UNLAWFUL.

THIS MEMORANDUM HAS BEEN PREPARED FROM INFORMATION FURNISHED BY THE CITY AND THE ISSUER, AND FROM OTHER SOURCES. THE INITIAL PURCHASER MAKES NO REPRESENTATIONS OR WARRANTIES AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS MEMORANDUM AND NOTHING HEREIN SHALL BE DEEMED TO CONSTITUTE SUCH A REPRESENTATION OR WARRANTY BY THE INITIAL PURCHASER OR A PROMISE OR REPRESENTATION AS TO THE FUTURE PERFORMANCE OF THE CITY, THE ISSUER, THE SERVICERS OR THE COLLATERAL. THE DELIVERY OF THIS MEMORANDUM AT ANY TIME DOES NOT IMPLY THAT INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

EACH PERSON RECEIVING THIS MEMORANDUM ACKNOWLEDGES THAT (I) SUCH PERSON HAS BEEN AFFORDED AN OPPORTUNITY TO REQUEST FROM THE ISSUER AND TO REVIEW, AND HAS RECEIVED, ALL ADDITIONAL INFORMATION CONSIDERED BY IT TO BE NECESSARY TO VERIFY THE ACCURACY OF, OR TO SUPPLEMENT, THE INFORMATION HEREIN, (II) SUCH PERSON HAS NOT RELIED ON THE INITIAL PURCHASER OR ANY PERSON AFFILIATED WITH THE INITIAL PURCHASER IN CONNECTION WITH THEIR INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION AND (III) NO ONE HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION CONCERNING THE ISSUER OR THE BONDS OFFERED HEREBY OTHER THAN AS CONTAINED HEREIN AND INFORMATION GIVEN BY DULY AUTHORIZED REPRESENTATIVES OF THE ISSUER IN CONNECTION WITH SUCH PERSON’S EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE ISSUER OR THE INITIAL PURCHASER.

THE OBLIGATIONS OF THE PARTIES TO THE TRANSACTIONS CONTEMPLATED HEREIN ARE SET FORTH IN AND WILL BE GOVERNED BY CERTAIN DOCUMENTS DESCRIBED HEREIN. ALL OF THE STATEMENTS AND INFORMATION HEREIN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS. THIS MEMORANDUM CONTAINS SUMMARIES OF CERTAIN OF THESE DOCUMENTS, BUT FOR A COMPLETE DESCRIPTION OF THE RIGHTS AND OBLIGATIONS SUMMARIZED HEREIN, REFERENCE IS HEREBY MADE TO THE ACTUAL DOCUMENTS, COPIES OF WHICH ARE AVAILABLE FROM THE INITIAL PURCHASER UPON WRITTEN REQUEST.

THERE CAN BE NO ASSURANCE THAT A SECONDARY MARKET FOR ANY OF THE BONDS WILL DEVELOP OR, IF IT DOES DEVELOP, THAT IT WILL CONTINUE. THE BONDS WILL NOT BE LISTED ON ANY SECURITIES EXCHANGE.

THIS MEMORANDUM IS NOT INTENDED TO FURNISH LEGAL, REGULATORY, TAX OR ACCOUNTING ADVICE TO ANY PROSPECTIVE INVESTOR IN THE BONDS. THIS MEMORANDUM SHOULD BE REVIEWED BY EACH PROSPECTIVE INVESTOR AND ITS LEGAL, REGULATORY, TAX AND ACCOUNTING ADVISORS. INVESTORS WHOSE INVESTMENT AUTHORITY IS SUBJECT TO LEGAL RESTRICTIONS SHOULD CONSULT THEIR OWN LEGAL ADVISORS TO DETERMINE WHETHER AND TO WHAT EXTENT THE BONDS CONSTITUTE LEGAL INVESTMENTS FOR THEM.

TABLE OF CONTENTS

	Page		Page
NOTICE TO INVESTORS.....	1	FORECLOSURE OF TAX LIENS	37
AVAILABLE INFORMATION.....	2	THE EFFECT OF THE BANKRUPTCY OF A	
SUMMARY OF TERMS	3	PROPERTY OWNER ON A TAX LIEN....	40
RISK FACTORS	18	General.....	40
Limited Liquidity	18	Automatic Stay	40
Uncertainty of Timing of Collections	18	Modification of Tax Lien Obligations	41
Limitations on Reliance on the Lien-to-Value		Homestead Exemption.....	42
Ratio	20	Bankruptcy of a Lessee.....	42
Uncertainty of Property Values	21	Subordination of Claims	42
Foreclosure of Tax Liens	22	Previous Status of Tax Liens	43
Bankruptcy of a Property Owner	22	Fraudulent Conveyance Laws.....	43
Uncertainty of Cash Flows and Average Life of		Identification of Properties in Bankruptcy.....	43
the Bonds	23	COMPOSITION OF THE TAX LIENS	44
Geographic Concentration; Economic and		First Sale Tax Liens	44
Demographic Factors.....	24	Second Sale Tax Liens and the Pre-Funding	
Limited Information.....	24	Account.....	44
Second Sale Tax Liens and the Pre-Funding		General.....	45
Account.....	24	Tax Liens in the Aggregate.....	45
Environmental Risks	25	First Sale Tax Liens	50
Subsequent Taxes and Assessments	26	Second Sale Tax Liens.....	53
Exempt Properties; Immunities; Inaccuracies;		PERFORMANCE OF PRIOR TAX LIEN TRUSTS56	
Tax Reductions	26	Prior Tax Lien Trusts.....	56
Appropriation Risk	26	DESCRIPTION OF THE BONDS	73
Insolvency Considerations Relating to the City27		General.....	73
Risks Relating to the Servicers	27	Book-Entry Registration.....	75
Risk of Commingling.....	27	Definitive Bonds.....	79
Changes in the Market Value of the Bonds May		The Indenture.....	80
Not be Reflective of the Performance or		DESCRIPTION OF THE PURCHASE	
Anticipated Performance of the Bonds.....	28	AGREEMENT	86
Regulatory Changes Governing Ratings		DESCRIPTION OF THE SERVICING	
Determinations by Rating Agencies Present		AGREEMENTS	89
Risks	28	CERTAIN FEDERAL INCOME TAX	
Proposed Financial Regulatory Reforms May		CONSEQUENCES	98
Affect the Marketability of Your Bonds... 28		General.....	98
THE ISSUER	29	Characterization of the Bonds and the Issuer .. 99	
Formation of the Issuer	29	Taxation of the Bonds.....	99
The Owner Trustee	29	Non-U.S. Holders	100
The Assets of the Issuer	29	Circular 230	100
THE SERVICERS	29	CERTAIN NEW YORK STATE AND CITY	
Plymouth Park Tax Services LLC	29	INCOME TAX CONSIDERATIONS	100
MTAG Services, LLC	30	ERISA CONSIDERATIONS	100
USE OF PROCEEDS	30	RATINGS	101
DESCRIPTION OF REAL ESTATE TAXATION		LEGAL INVESTMENT CONSIDERATIONS ...	102
IN THE CITY	30	PLAN OF DISTRIBUTION	102
State Authorization of Taxation.....	30	LEGAL MATTERS.....	102
Real Property Taxes.....	31	INDEX OF SIGNIFICANT TERMS.....	103
Water and Sewer Charges.....	34		
Other City Charges Included in the Tax Liens 35		APPENDIX A—ECONOMIC AND	
Litigation.....	35	DEMOGRAPHIC INFORMATION	A-1
CREATION AND STATUS OF TAX LIENS	35	APPENDIX B—FORM OF INVESTMENT	
General.....	35	LETTER	B-1
Water and Sewer Liens	37		

NOTICE TO INVESTORS

Because of the following restrictions, investors in the Bonds are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Bonds.

The Bonds are being offered in a private placement to a limited number of institutional investors and qualified non-U.S. persons and will not be registered under the Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws. Neither the Indenture Trustee nor the Issuer is required to register the Bonds under the Securities Act, to qualify the Bonds under the securities laws of any state or to provide registration rights to any Bondholder.

Each investor that purchases Bonds from the Initial Purchaser (each, an “investor”) will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A, Regulation D or Regulation S under the Securities Act are used herein as defined therein):

- (1) The investor represents that it is purchasing the Bonds for its own account or an account with respect to which it exercises sole investment discretion, for investment purposes only and not with a view to or for sale in connection with any distribution thereof in any manner that would violate the Securities Act or any applicable state securities laws, and that it or the holder of such account either (A) (i) is a “qualified institutional buyer” within the meaning of Rule 144A (a “Qualified Institutional Buyer”), (ii) is aware that the sale of the Bonds to it is being made in reliance on Rule 144A, and (iii) is acquiring such Bonds for its own account or for the account of a Qualified Institutional Buyer, (B) is an institutional “accredited investor” within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act (an “Institutional Accredited Investor”) or (C) is a foreign purchaser (a “Qualified Non-U.S. Person”) that is outside the United States (or a foreign purchaser that is a dealer or other professional fiduciary in the United States acting on a discretionary basis for foreign beneficial owners (other than an estate or trust)).
- (2) The investor acknowledges that the Bonds may not be offered or sold within the United States or to, or for the benefit of, U.S. Persons except as set forth below.
- (3) The investor understands that the Bonds have not been and will not be registered under the Securities Act or any applicable securities laws of any state of the United States and may not be offered, sold, pledged or otherwise transferred except (A)(i) to a person who it reasonably believes is a Qualified Institutional Buyer purchasing for its own account or the account of a Qualified Institutional Buyer in a transaction meeting the requirements of Rule 144A, (ii) to an Institutional Accredited Investor in accordance with the provisions of the Indenture, (iii) to a Qualified Non-U.S. Person in compliance with Rule 904 under the Securities Act, (iv) pursuant to an exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) to the Issuer and (B) in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction, and that the Bonds will bear a legend to the foregoing effect.
- (4) The investor agrees that it will give each subsequent investor to which it transfers any Bonds notice of any restrictions on transfer of the Bonds. It further agrees that it will not sell or otherwise transfer any of the Bonds except in compliance with the provisions hereof and of the Indenture. It has not and will not, nor has it or will it authorize any person to, take any action that would constitute a “distribution” of the Bonds under the Securities Act or any state securities law, or that would require registration or qualification pursuant thereto.

Each investor that is an Institutional Accredited Investor will be required to sign an agreement to the foregoing effect in the form of Appendix B hereto. Prior to any proposed transfer of the Bonds, if such transfer is to an Institutional Accredited Investor, the transferor will be required to furnish to the Indenture Trustee such certifications, legal opinions or other information as it may reasonably require to confirm that the proposed transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Bonds will bear a legend to the following effect, unless the Issuer determines otherwise consistent with applicable law:

THIS BOND HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS AN INSTITUTIONAL “ACCREDITED INVESTOR” (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN “INSTITUTIONAL ACCREDITED INVESTOR”) OR (C) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS BOND IN AN OFFSHORE TRANSACTION, (2) AGREES THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS BOND EXCEPT (A) TO THE ISSUER, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN INSTITUTIONAL ACCREDITED INVESTOR THAT, PRIOR TO SUCH TRANSFER, FURNISHES TO THE INDENTURE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS BOND (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM SUCH INDENTURE TRUSTEE), (D) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT OR (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS BOND IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS BOND, IF THE PROPOSED TRANSFEREE IS AN INSTITUTIONAL ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE INDENTURE TRUSTEE SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS IT MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION,” “UNITED STATES” AND “U.S. PERSON” HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Bonds, the Issuer is required under the Indenture (through the Indenture Trustee) to furnish, upon request of a Bondholder, to such Bondholder and a prospective investor designated by such Bondholder, the information to be delivered under Rule 144A(d)(4) under the Securities Act.

SUMMARY OF TERMS

The following summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this Memorandum. See “Index of Significant Terms” for the location of the definitions of certain of the capitalized terms used herein.

Issuer.....	NYCTL 2010-A Trust (the “Issuer” or the “2010-A Trust”) is a Delaware statutory trust formed in 2010 for the purpose of issuing the Bonds. The Issuer is governed by the Declaration and Agreement of Trust, dated as of April 20, 2010, to be amended by the Amended and Restated Declaration and Agreement of Trust, dated as of August 5, 2010 (the “Owner Trust Agreement”), between the City and the Owner Trustee. The activities of the Issuer are limited by the terms of its organizational documents to purchasing, owning and managing the Trust Estate and other activities related thereto. Recourse on the Bonds will be limited solely to the Trust Estate. The Bonds will not represent recourse obligations of the Issuer, and will not represent obligations of any other person. No one other than the Issuer will have any obligation to make any payments in respect of the Bonds.
Owner Trustee.....	Wilmington Trust Company, Wilmington, Delaware, will act as the Owner Trustee (the “Owner Trustee”) of the Issuer.
City.....	The City of New York, a municipal corporation existing under the laws of the State of New York (the “City”).
Servicers.....	MTAG Services, LLC, a Virginia limited liability company (“MTAG”), and Plymouth Park Tax Services LLC, a Delaware limited liability company, doing business as “Xspand” (“Xspand”) (each, a “Servicer” and together, the “Servicers”). Xspand is an indirect wholly owned subsidiary of JPMorgan Chase & Co. (“JPMorgan Chase”). The obligations of MTAG under its Servicing Agreement are guaranteed by Mooring Tax Asset Group, LLC, a Virginia limited liability company (the “Servicer Guarantor”).
Indenture Trustee and Collateral Agent and Custodian	The Bank of New York Mellon, a New York banking corporation (the “Indenture Trustee” and the “Collateral Agent and Custodian”).
Securities Offered	The Tax Lien Collateralized Bonds, Series 2010-A, will be issued pursuant to an Indenture, to be dated as of August 5, 2010 (the “Indenture”), among the Issuer, the Servicers and the Indenture Trustee, in one class having a stated maturity of January 10, 2024, in the aggregate initial principal amount, bearing interest at the rate per annum and having an expected maturity, as follows:

Class	Aggregate Initial Principal Amount (1)	Interest Rate	Expected Maturity (2)
Class A	\$73,428,000	1.68%	January 10, 2013

(1) Subject to a permitted variance of plus or minus 5%.

(2) The Expected Maturity is based upon a 30% Constant Liquidation Rate on the Tax Liens. See “Constant Liquidation Rate.”

Denominations and Form.....	The Bonds will be available for purchase in minimum denominations of \$100,000 initial principal amount and integral multiples of \$1,000 in excess of \$100,000 initial principal amount. Initially, the Bonds purchased by Qualified Institutional Buyers and Qualified Non-U.S. Persons will be represented by one or more global Bonds registered in the name of Cede & Co., as the nominee of The Depository Trust Company, New York, New York (“DTC”). Qualified Institutional Buyers and Qualified Non-U.S. Persons may elect to hold their Bonds through DTC (in the United States) or through Clearstream Banking, société anonyme (“Clearstream”), or the Euroclear System (“Euroclear”) (in Europe) and will not be entitled to receive definitive Bonds except under limited circumstances. Bonds purchased by Institutional Accredited Investors will be issued in fully registered, certificated form. See “Description of the Bonds—Book-Entry Registration” and “—Definitive Bonds.”
First Sale Date.....	May 10, 2010, except for the water and sewer portion of the First Sale Tax Liens relating to charges managed by the Department of Environmental Protection through its Customer Information System, which is May 17, 2010 (together, the “First Sale Date”), the date on which the City sold to the Issuer Tax Liens in the aggregate initial Redemptive Value of approximately \$62,530,768 (the “First Sale Tax Liens”).
First Closing Date	August 5, 2010 (the “First Closing Date”), the date of closing of the sale of the First Sale Tax Liens by the City to the Issuer and the date of closing of the sale of the Bonds.
Second Sale Date	July 19, 2010, except for the water and sewer portion of the Second Sale Tax Liens relating to charges managed by the Department of Environmental Protection through its Customer Information System, which will be on or about July 27, 2010 (together, the “Second Sale Date;” each of the First Sale Date and the Second Sale Date, a “Sale Date”). On the First Closing Date, an amount equal to the Pre-Funding Deposit will be deposited in the Pre-Funding Account established under the Indenture out of the proceeds of the sale of the Bonds. Amounts in the Pre-Funding Account are intended to be used to purchase from the City, on the Second Sale Date, additional Tax Liens up to the initial Redemptive Value of approximately \$39,452,631 (the “Second Sale Tax Liens;” the First Sale Tax Liens and the Second Sale Tax Liens, the “Tax Liens”), subject to prior payment of any of the Second Sale Tax Liens by the related Property Owners. See “Composition of the Tax Liens—Second Sale Tax Liens and the Pre-Funding Account.”
Second Closing Date.....	On or about August 11, 2010 (the “Second Closing Date;” each of the First Closing Date and the Second Closing Date, the “Closing Date”), the date the Second Sale Tax Liens will be delivered by the City to the Issuer in exchange for the cash portion of the purchase price thereof.
Stated Maturity.....	The principal of the Bonds will be payable in full on January 10, 2024 (the “Stated Maturity”).
Interest Accrual Periods and Payment Dates	The Bonds will bear interest, at the interest rate set forth under “—Securities Offered,” calculated on the basis of a 360-day year of twelve 30-day months. Interest will be paid, to the extent described under “—

	<p>Priority of Payments,” on each Payment Date in an amount up to the amount of interest accruing during the period beginning on the tenth day of the third month immediately preceding the month of such Payment Date and ending on the ninth day of the month of such Payment Date (each, an “Interest Accrual Period”); <i>provided, however</i>, that the first Interest Accrual Period shall begin on the First Closing Date. Payments will be made to Bondholders of record as of the last day of the month preceding the month of such Payment Date (a “Record Date”). “Payment Date” means the tenth day of each January, April, July and October or, if any such date is not a business day, on the next succeeding business day, commencing October 12, 2010.</p>
<p>Uncertainty of Timing of Collections</p>	<p>The timing of repayment of the principal amount of the Bonds and all of the interest on the Bonds (other than that which is covered by the Interest Reserve Fund) is entirely dependent upon the redemption or foreclosure of the Tax Liens or the liquidation of the related REO Properties by the Servicers, except to the extent that the Indenture Trustee is obligated to make Trustee Advances (see “—Obligation of Indenture Trustee to Make Trustee Advances”). The Servicers will not be able to commence foreclosure proceedings (which may themselves involve a long period of time; see “Foreclosure of Tax Liens”) on any of the Properties relating to the Tax Liens during the seven to twelve month period after the applicable Sale Date. The Property Owners had notice of the sale of the Tax Liens by the City prior to the applicable Sale Date and many delinquent property owners did in fact pay their delinquent taxes prior to the applicable Sale Date. Therefore, the Tax Liens sold by the City relate to taxes that the related Property Owners were, at the time in question, unable or unwilling to pay.</p> <p>The Servicers will not be able to commence or continue foreclosure proceedings or certain other collection activities on a Tax Lien on a Property during any period in which the Property Owner is subject to proceedings under the Bankruptcy Code, unless a motion to lift the automatic stay to permit such foreclosure is granted by the bankruptcy court. In addition, the Servicing Agreements provide that any time period which commences on the applicable Sale Date for a Property shall be tolled during the time the related Property Owner is in bankruptcy. As of the applicable Sale Date, 37 Tax Liens having an aggregate Redemptive Value of approximately \$410,740 were on Properties that have been recently identified as being owned by Property Owners that are subject to bankruptcy proceedings, and additional Properties may in fact be owned by Property Owners that are, or may hereafter become, subject to bankruptcy proceedings. See “Risk Factors—Bankruptcy of a Property Owner.”</p>
<p>Priority of Payments</p>	<p>On each Payment Date, the Indenture Trustee shall determine the aggregate amount of Collections, any excess amounts in the Interest Reserve Fund and certain investment income on the funds and accounts on deposit in or credited to the Bond Account pledged under the Indenture on the immediately preceding Determination Date (the “Available Amount”). “Collections” means, for a Collection Period and a Tax Lien, the amount actually collected during such Collection Period with respect to such Tax Lien or related REO Property, whether as a redemption by the Property Owner, proceeds of foreclosure, deposit into the appropriate Issuer Lockbox of the Defective Tax Lien Deposit Amount, the Substitution Amount, proceeds of the sale of the</p>

Tax Lien, Gross REO Proceeds or otherwise. “Collection Period” means, with respect to a Payment Date, the period beginning on the Determination Date immediately preceding the Determination Date to which such Payment Date relates and ending on the day preceding the Determination Date to which such Payment Date relates, except that (i) the first Collection Period with respect to the First Sale Tax Liens shall begin on the First Sale Date and (ii) the first Collection Period with respect to the Second Sale Tax Liens shall begin on the Second Sale Date and in each case shall end on the day preceding the Determination Date related to the first Payment Date. “Determination Date” means, with respect to a Payment Date, the first business day of the month in which the Payment Date occurs, commencing October 1, 2010.

On each Payment Date, the Indenture Trustee shall make the following payments from the Available Amount in the order of priority set forth in the following clauses (i) through (viii): (i) first (A) any amounts required to pay (a) any outstanding and unpaid amounts payable to the Servicers pursuant to the Servicing Agreements in respect of Servicing Fees; (b) any outstanding and unpaid amounts payable to the Indenture Trustee (including a facility fee for Trustee Advances), the Owner Trustee or the Collateral Agent and Custodian under the Indenture (other than amounts in respect of indemnification payments as described below under “The Indenture—Issuer Indemnities”); and (c) any outstanding and unpaid amounts payable to the Owner Trustee under any of the Transaction Documents (other than amounts in respect of indemnification payments); all such payments under this clause (i)(A) to be made to such parties pro rata based on the amounts owed; and second (B) any amounts required to pay (a) any outstanding and unpaid amounts payable to the Servicers pursuant to the Servicing Agreements or the Indenture in respect of indemnification payments; (b) any outstanding and unpaid amounts payable to the Indenture Trustee, the Owner Trustee or the Collateral Agent and Custodian under the Indenture in respect of indemnification payments as described below under “The Indenture—Issuer Indemnities”; and (c) any outstanding and unpaid amounts payable to the Owner Trustee under any of the Transaction Documents in respect of indemnification payments; all such payments under this clause (i)(B) to be made to such parties pro rata based on the amounts owed; and provided, however, that the aggregate of all payments made under this clause (i)(B) since the First Closing Date shall never exceed \$1,000,000; (ii) any amounts required to reimburse the Indenture Trustee in full for any unreimbursed Trustee Advances, plus interest thereon at the Trustee Advance Rate; (iii) all amounts required to pay in full any outstanding Interest Shortfall on the Bonds, together with interest accrued thereon at the Bond interest rate from the Payment Date on which such Interest Shortfall arose to but excluding the current Payment Date; (iv) all amounts required to pay in full all interest on the Bonds that accrued during the related Interest Accrual Period; (v) all amounts required to restore the Interest Reserve Fund to an amount equal to the Interest Reserve Requirement; (vi) all amounts required to restore the Working Capital Reserve Fund to the Working Capital Reserve Requirement; (vii) to reduce the principal balance of the Bonds (but in no event to an amount less than \$0); and (viii) to the parties entitled thereto, all amounts which would have been payable under clause (i)(B) above but for the \$1,000,000 limit; all such payments to be made to such parties pro rata based on the amounts owed.

On any day during a Collection Period, if there are (A) insufficient funds available in the Working Capital Reserve Fund to make current payments payable out of the Working Capital Reserve Fund and (B) funds on deposit in the Bond Account in excess of the amounts required to pay in full on the next succeeding Payment Date the amounts required to be applied as described in clauses (i) through (v) of the preceding paragraph, then the Indenture Trustee shall withdraw from the Bond Account and deposit in the Working Capital Reserve Fund, to the extent of such excess funds, an amount sufficient to restore the Working Capital Reserve Fund to the Working Capital Reserve Requirement.

If interest on the Bonds for any Interest Accrual Period is not paid or provided for in full on the Payment Date relating to such Interest Accrual Period, then the amount not so paid or provided for shall be deemed to be an "Interest Shortfall" for the Bonds.

If there are insufficient funds available to make the payments described in clauses (iii) and (iv) in the third preceding paragraph (after applying any funds available in the Interest Reserve Fund as described under "—Interest Reserve Fund"), the Indenture Trustee shall (subject to the limitations described under "—Obligation of Indenture Trustee to Make Trustee Advances") make Trustee Advances to make up such deficiency. Notwithstanding the foregoing, if at any time there are amounts on deposit in the Bond Account sufficient to have paid all amounts that were payable and paid pursuant to clause (i) in the third preceding paragraph on the immediately preceding Payment Date, the Indenture Trustee shall be entitled to withdraw from the Bond Account any excess amounts necessary to reimburse it for any outstanding Trustee Advances, plus interest thereon at the Trustee Advance Rate.

On each Determination Date after calculating the amounts to be paid on the next Payment Date described in the fourth preceding paragraph, the Indenture Trustee shall compare (i) the amounts to remain outstanding in the Pledged Funds and Accounts after such amounts are paid to (ii) the principal amount of Bonds to remain outstanding after all such amounts are paid, and if the amount in clause (i) is greater than the amount in clause (ii), then the Indenture Trustee shall withdraw sufficient amounts from the Pledged Funds and Accounts to retire the Bonds in full.

Obligation of Indenture Trustee
to Make Trustee Advances.....

The Indenture Trustee is obligated under the Indenture to make advances ("Trustee Advances") in an aggregate principal amount outstanding at any time not to exceed the lesser of \$5,000,000 or 10% of the then current aggregate Tax Lien Principal Balance. The Indenture Trustee shall make Trustee Advances to the extent necessary to make the distributions required by clauses (iii) and (iv) under "—Priority of Payments." Any such Trustee Advances shall be paid to the applicable Bondholders on the applicable Payment Date. The Indenture Trustee shall also, if the amounts on deposit in the Working Capital Reserve Fund have been exhausted, make Trustee Advances to pay Lien Administration Expenses. Notwithstanding the foregoing, the Indenture Trustee shall be obligated to make Trustee Advances only if it determines that such Trustee Advances will be ultimately recoverable from Collections. The Indenture Trustee will be entitled to be

reimbursed for all such Trustee Advances, and will be paid a facility fee for providing the Trustee Advances, as provided in the second paragraph under “—Priority of Payments.” The Indenture Trustee shall not be required to make any Trustee Advance to pay interest on the Bonds unless the amounts on deposit in the Interest Reserve Fund have been exhausted.

Trustee Advances shall accrue interest at the Trustee Advance Rate. “Trustee Advance Rate” means the “Prime Rate” as published in the “Money Rates” section of *The Wall Street Journal* as of the last business day of the preceding month, or if not so published, the “Prime Rate” as published in a newspaper of general circulation selected by the Indenture Trustee in its sole discretion; if a prime rate range is given, then the average of such range will be used; in the event that the Prime Rate is no longer published, the Indenture Trustee will designate a new index based upon comparable data and methodology.

Mandatory Prepayment of Principal
from Excess Moneys in the
Pre-Funding Account.....

To the extent that amounts on deposit in the Pre-Funding Account have not been fully applied to the purchase by the Issuer of the Second Sale Tax Liens on the Second Closing Date, such excess amounts shall be applied to the payment of the principal of the Bonds on October 12, 2010. See “Composition of the Tax Liens—Second Sale Tax Liens and the Pre-Funding Account.”

Optional Termination.....

At any time after the aggregate current principal amount of the Bonds outstanding has been reduced or, if the amount on deposit in the Pledged Funds and Accounts were applied to reduce the aggregate current principal amount of the Bonds outstanding, would be reduced, to or below 10% of the original principal amount of the Bonds, the Issuer shall have the right to remove Tax Liens from the Trust Estate by depositing in the Bond Account an amount sufficient, after the application of such available amounts on deposit in the Pledged Funds and Accounts and of any other amounts available to the Indenture Trustee under the Indenture, to cause all amounts set forth under “—Priority of Payments” to be paid in full.

Realized Losses.....

A “Realized Loss” means, with respect to any Tax Lien, the amount by which the Tax Lien Principal Balance has been reduced because (a) the Servicer has determined that the estimated Lien Administration Expenses relating to the collection of such Tax Lien would exceed the anticipated Collections thereon or (b) the Servicer has disposed of the Tax Lien or the related Property and Collections net of Lien Administration Expenses related thereto were less than the Tax Lien Principal Balance of and accrued interest on the Tax Lien. See “Description of the Servicing Agreements—Eligible Charge-Offs.”

The Collateral

The Bonds will be secured under the Indenture by the collateral (collectively, the “Collateral” or the “Trust Estate”) described below:

A. Tax Liens

The collateral is comprised of 5,416 tax liens with an Initial Tax Lien Principal Balance of approximately \$101,983,400, subject to prior payment of any of the Second Sale Tax Liens by the related Property Owners. The underlying properties are located in the five boroughs of New York City. The weighted average Lien-to-Value Ratio for the portfolio is approximately 8.17%. A “Tax Lien” is a lien on a parcel of

real estate located in the City (each, a “Property” and collectively, the “Properties;” the owner of a Property is herein referred to as the “Property Owner”) securing the sum of (i) unpaid real property taxes, assessments, sewer rents, sewer surcharges, water rents and/or other City charges, such as environmental charges, Department of Housing Preservation and Development charges and business improvement district charges, (ii) the costs of any advertisements and notices given in connection with the sale of the lien, that had become a lien against the Property prior to the applicable Sale Date, except in the case of the Bankruptcy Tax Liens, (iii) interest and penalties accrued thereon up to the applicable Sale Date at various rates, (iv) a surcharge of 5% of all such amounts in (i) through (iii), except in the case of the Bankruptcy Tax Liens (the sum of all such amounts including the 5% surcharge, if any, in (i) through (iv), the “Initial Tax Lien Principal Balance”), and (v) interest accrued on all such amounts in (i) through (iii) from and after the applicable Sale Date at the rate of 18% per annum, compounded daily (or 9% per annum, compounded daily, in the case of certain Bankruptcy Tax Liens where a Property Owner was in bankruptcy as of the applicable Sale Date). Tax liens securing unpaid water rents, sewer rents and/or sewer surcharges for certain Tax Class 1, Tax Class 2 and Tax Class 4 properties may be sold without the related real estate tax lien. Thus, it is possible for there to be unsold real estate tax liens against a Property that rank *pari passu* with a related Tax Lien securing unpaid water rents, sewer rents and/or sewer surcharges which has been sold. It is expected that *pari passu* liens will be sold to subsequent trusts when eligible so long as they remain outstanding. The “Redemptive Value” of a Tax Lien as of any date is (i) the Tax Lien Principal Balance plus all accrued interest thereon as of such date, exclusive of, in the case of Bankruptcy Tax Liens where a Property Owner was in bankruptcy as of the applicable Sale Date, the 5% surcharge and any interest rate increases otherwise applicable to such Tax Liens, the costs of notice and advertisement and any other penalty amounts, or (ii) in the case of a Tax Lien that has been the subject of a judicial modification in a bankruptcy proceeding, the amount fixed by the applicable bankruptcy court. The “Adjusted Redemptive Value” of a Tax Lien as of any date is the Redemptive Value plus recoverable Lien Administration Expenses as of such date. The Initial Tax Lien Principal Balance of a Tax Lien less all Collections thereon allocated to principal and all Realized Losses thereon after the applicable Sale Date to a particular date is the “Tax Lien Principal Balance” as of such date. The Tax Liens represent perfected first liens on the Properties, subject to certain exceptions. See “Creation and Status of Tax Liens.”

B. REO Properties
and Related Proceeds

The “REO Properties” will consist of any and all Properties, legal title to which has been acquired after the applicable Sale Date by or on behalf of the Issuer through foreclosure on the Tax Liens or otherwise. Title to any REO Properties is required to be taken by one or more special purpose entities, the sole ownership interests in which will be owned by the Issuer and pledged to the Indenture Trustee as part of the Collateral. There will be no REO Properties included in the Collateral purchased from the City on the Sale Date. Each Servicer will be required to remit or cause to be remitted to a lockbox established and maintained by the Issuer solely in the name of the Indenture Trustee (an “REO Lockbox”) on a daily basis all Gross REO Proceeds. “Gross REO Proceeds” means, with respect to an REO Property, all proceeds

received from the management or sale thereof (including but not limited to operating income, condemnation proceeds and insurance proceeds).

C. Other Collateral

Also included in the Collateral are the Interest Reserve Fund, the Working Capital Reserve Fund, the Pre-Funding Account and the Bond Account (collectively, the “Pledged Funds and Accounts”), the Initial Working Capital Reserve Fund, the Purchase Agreement and the Servicing Agreements, foreclosure judgments not yet paid and winning bids at foreclosure sales by third parties or the Issuer.

D. Pre-Closing Collections

On or after the applicable Sale Date, and prior to the First Closing Date, all Collections will be deposited in the Collection Account established by the Collateral Agent and the Custodian pursuant to the Paying Agent and Custody Agreement, dated as of June 1, 2010 (the “Paying Agent and Custody Agreement”), among the Issuer, Collateral Agent, Custodian and the Servicers, after deposit of Collections in an account established by the Collateral Agent and Custodian under the Paying Agent and Custody Agreement (the “Initial Working Capital Reserve Fund”) until the amount in the Initial Working Capital Reserve Fund equals \$5,220,000 (the “Initial Working Capital Reserve Requirement”). Amounts in the Initial Working Capital Reserve Fund shall be used to pay Lien Administration Expenses incurred prior to the First Closing Date. On the First Closing Date, the balance in the Collection Account and the balance in the Initial Working Capital Reserve Fund shall be transferred to the Bond Account.

Interest Reserve Fund

The “Interest Reserve Fund” will initially be funded out of proceeds of the sale of the Bonds in an amount equal to the Interest Reserve Requirement and will be subsequently replenished solely from cash flows up to the amount of the Interest Reserve Requirement as described in the second paragraph of “—Priority of Payments.” The “Interest Reserve Requirement” is initially an amount equal to three months’ interest on the original principal amount of the Bonds and remains equal to such amount until such amount is equal to or greater than six months’ interest payable on the outstanding Bonds, and thereafter is an amount equal to six months’ interest payable on the outstanding Bonds based on the Bond balances immediately preceding the related Determination Date.

Amounts in the Interest Reserve Fund shall be used solely to pay interest on the Bonds in the event that the Available Amount is not sufficient to make such payment. If, as of any Determination Date, the amounts in the Interest Reserve Fund exceed the amounts required to be on deposit therein, the Indenture Trustee shall transfer such excess to the Bond Account.

All income or other gains from investment of moneys deposited in the Interest Reserve Fund shall be deposited in the Interest Reserve Fund to the extent of any shortfall therein and shall otherwise be deposited in the Bond Account. Any loss resulting from such investment shall be charged to the Interest Reserve Fund.

Working Capital Reserve Fund.....

The “Working Capital Reserve Fund” will be funded out of proceeds of the sale of the Bonds in an amount equal to \$5,220,000 (the “Working Capital Reserve Requirement”). The Working Capital

Reserve Fund will be used to pay Lien Administration Expenses and to pay the Base Fee to the Servicers to the extent amounts on deposit in the Bond Account are insufficient for such purpose. The Working Capital Reserve Fund will be replenished on each Payment Date solely from cash flows as described under “—Priority of Payments.”

“Lien Administration Expenses” means all expenses (exclusive of overhead expenses) determined by a Servicer to be necessary or desirable in connection with performing its duties under the Servicing Agreement, the pursuit of any Collections or the foreclosure of, or other realization upon, the Tax Liens, the operation and maintenance of REO Properties, and the protection of the interests and enforcement of the rights of the Issuer and the Indenture Trustee in any matter relating to their duties under the Servicing Agreement, including without limitation, (i) fees and expenses related to the foreclosure process generally and to specific foreclosure proceedings such as recording, filing and other court-related fees; (ii) postage relating to servicing activities, the cost of credit reports, skip trace, bankruptcy, lien and title searches and asset location data base and research services; (iii) the cost of all title, hazard, flood, environmental and public liability insurance policies and any other asset specific insurance policy required or deemed appropriate under the terms of the Servicing Agreement (whether paid with respect to an REO Property or advanced with respect to a Tax Lien), as well as the cost of any deductible relating thereto; (iv) the reasonable fees (including attorney incentive fees) and disbursements of all counsel and trustees retained in connection with such foreclosure and other realization proceedings, both individually and collectively; (v) expenses relating to appraisals, property inspections and valuations; (vi) all expenses related to environmental assessments and the preparation of reports in connection therewith; (vii) the cost of clean-up of hazardous materials and any other environmental remediation (including associated penalties) necessary to enable the commencement or completion of foreclosure proceedings or to bring REO Properties into compliance with applicable environmental laws; (viii) the cost of complying with applicable laws relating to REO Properties; (ix) ordinary and necessary expenses in connection with REO Properties, including fees of any property management company; (x) the reasonable fees and disbursements of all counsel retained in connection with proceedings relating to the Tax Liens and/or the Properties, including without limitation landlord/tenant proceedings involving the Issuer or the Indenture Trustee; (xi) all taxes on REO Properties; (xii) capital expenditures necessary to place REO Properties in saleable condition or that are otherwise required or appropriate under the terms of the Servicing Agreement; (xiii) mortgage recording taxes; (xiv) fees, costs and expenses (including formation costs) relating to any special purpose entity created to hold REO Properties, including, but not limited to, the capitalization of any such entity; (xv) expenses related to the sale of REO Properties such as advertising, brokerage fees, transfer taxes, legal fees and the cost of setting up reserves for tenant security deposits; (xvi) rental fees regarding the Issuer Lockboxes and REO Lockboxes and (xvii) any other expenses and costs reasonably incurred in connection with the administration of the Tax Liens and REO Properties.

All income or other gains from investment of moneys deposited in the Working Capital Reserve Fund shall be deposited in the Working Capital Reserve Fund to the extent of any shortfall therein and shall otherwise be deposited in the Bond Account. Any loss resulting from such investment shall be charged to the Working Capital Reserve Fund.

Bond Account

A separate lockbox will be established for each Servicer (each, an “Issuer Lockbox”). Property Owners will be required to make payments on the Tax Liens directly to one of the Issuer Lockboxes, which payments will then be transferred by the Indenture Trustee on a daily basis to an account established by the Indenture Trustee under the Indenture (the “Bond Account”), except that within three days of a foreclosure auction Property Owners may be required to make payments to the Servicer or the attorney representing the Issuer in the foreclosure. However, it is possible that a number of payments will be made by the Property Owners directly to the City, which is then obligated pursuant to the Purchase Agreement to remit such payments into the appropriate Issuer Lockbox on Friday of each week (or on the next succeeding business day if such Friday is not a business day).

See “Risk Factors—Risk of Commingling.” Each Servicer will be required to remit to the appropriate Issuer Lockbox (or to the appropriate REO Lockbox in the case of Gross REO Proceeds) any Collections received by it with respect to the Tax Liens within one business day of receipt thereof. Pursuant to the Indenture, the Indenture Trustee shall withdraw amounts on deposit in the Bond Account and apply such amounts as described under “—Priority of Payments.”

All income or other gains from investment of moneys deposited in the Bond Account shall be retained in the Bond Account. Any loss resulting from such investment shall be charged to the Bond Account.

Pre-Funding Account.....

The “Pre-Funding Account” will be funded out of proceeds of the sale of the Bonds in an amount equal to approximately \$28,405,894 (the “Pre-Funding Deposit”). The City has agreed to sell to the Issuer the Second Sale Tax Liens on the Second Sale Date, subject to prior payment thereof by the related Property Owners, for a purchase price the cash portion of which shall equal approximately 72% of the Initial Tax Lien Principal Balance thereof, the balance of the purchase price being represented by the residual beneficial interest of the City in the Issuer. To the extent that amounts on deposit in the Pre-Funding Account have not been fully applied to the purchase by the Issuer of the Second Sale Tax Liens on the Second Sale Date, such excess amounts shall be applied to the payment of the principal of the Bonds on October 12, 2010. See “Composition of the Tax Liens—Second Sale Tax Liens and the Pre-Funding Account.”

All income or other gains from investment of moneys deposited in the Pre-Funding Account shall be deposited in the Pre-Funding Account. Any loss resulting from such investment shall be charged to the Pre-Funding Account.

Investment of Amounts in
Pledged Funds and Accounts.....

Amounts on deposit in the Pledged Funds and Accounts shall be invested in Eligible Investments maturing no later than the business day preceding each Payment Date, with the additional requirements

that Eligible Investments in the Working Capital Reserve Fund on any date shall mature in no more than two weeks from the date of investment and investments in the Pre-Funding Account shall mature no later than the business day preceding the Second Closing Date; provided, however, that any investment on which the Indenture Trustee, in its commercial capacity, is the obligor, may mature on a Payment Date if such investment could otherwise mature on the Business Day immediately preceding such Payment Date.

Purchase Agreement

Under the Amended and Restated Purchase and Sale Agreement, dated May 10, 2010, as amended and restated as of July 1, 2010, (the “First Purchase Agreement”), between the City and the Issuer, the City sold to the Issuer the First Sale Tax Liens (except for the water and sewer portion of the First Sale Tax Liens relating to charges managed by the Department of Environmental Protection through its Customer Information System, which were sold by the City to the Issuer on May 17, 2010). Under the Second Purchase and Sale Agreement, which is expected to be dated July 19, 2010 (the “Second Purchase Agreement”), between the City and the Issuer, the City intends to sell the Second Sale Tax Liens to the Issuer on such date. The consideration for each sale of Tax Liens by the City to the Issuer described above consists of (a) an increase in the City’s beneficial ownership interest in the Issuer and (b) the Issuer’s promise to deliver to the City a portion of the net proceeds of the issuance of the Bonds in immediately available funds.

The First Purchase Agreement and the Second Purchase Agreement (which are substantially identical) are together referred to herein as the “Purchase Agreement.” Substantially all of the rights and benefits of the Issuer under the Purchase Agreement will be assigned to the Indenture Trustee as Collateral for the Bonds.

The City represents and warrants (A) in the First Purchase Agreement as of the Sale Date for the First Sale Tax Liens, and (B) in the Second Purchase Agreement as of the Second Sale Date for the Second Sale Tax Liens, that the information about the Tax Liens appearing in the Tax Lien Schedule attached to the Indenture, including information regarding any liens that will be treated as *pari passu* with the related Tax Lien, was correct in all material respects and, as to each Tax Lien, as of the applicable Sale Date: (i) the City was the sole owner and holder of such Tax Lien; (ii) the City had full right and authority to sell such Tax Lien; (iii) the City sold such Tax Lien free and clear of any and all liens, pledges, charges, security interests or any other statutory impediments to transfer encumbering such Tax Lien (but subject to the right of redemption by the related Property Owner), except for liens that will be discharged by the application of the proceeds of the sale thereof; (iv) the sale of such Tax Lien by the City did not contravene or conflict with any laws, rules or regulations or any contractual or other restriction, limitation or encumbrance applicable to the City; (v) such Tax Lien arose by operation of the Administrative Code of the City (the “Administrative Code”) and was a legal, valid, binding and enforceable lien on the related Property and an enforceable obligation of the related Property Owner to pay the Redemptive Value thereof, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws relating to or affecting the rights of creditors generally, and by general principles of

equity (regardless of whether such enforcement is considered in a proceeding at equity or at law); (vi) to the knowledge of the City, without inquiry, the unpaid real property taxes, assessments, sewer rents, sewer surcharges, and water rents included in such Tax Lien represented a first priority lien on the underlying Property, subject only to Subsequent Taxes and Assessments, and other charges included in such Tax Lien represented a first priority lien on the underlying Property subject only to Subsequent Taxes and Assessments and to the lien of such unpaid real property taxes, assessments, sewer rents, sewer surcharges, and water rents on the underlying Property, and except in each case with respect to a Bankruptcy Tax Lien, such Bankruptcy Tax Lien may have been subordinated to the lien of other creditors under the provisions of the Bankruptcy Code, including but not limited to Section 724(b) thereof; any tax liens that rank *pari passu* with the unpaid real property taxes, assessments, sewer rents, sewer surcharges, or water rents included in such Tax Lien have been identified on the Tax Lien Schedule; (vii) to the knowledge of the City, without inquiry, such Tax Lien had not been discharged in a bankruptcy proceeding; (viii) to the knowledge of the City, without inquiry, such Tax Lien had not been compromised, adjusted or modified (including by extension of time or payment or the granting of any discounts, allowances or credits); (ix) to the knowledge of the City, without inquiry, such Tax Lien was not subject to a foreign government's diplomatic immunity from enforcement or bilateral treaty with the United States of America; (x) except with respect to certain Tax Liens listed in the Purchase Agreement with respect to which litigation is pending challenging the amount, the enforceability or the validity of the lien, including tax certiorari proceedings brought pursuant to Article 7 of the New York Real Property Tax Law (the "Article 7 Tax Liens"), to the knowledge of the City, without inquiry, no right of rescission, setoff, counterclaim or defense had been asserted with respect to such Tax Lien; (xi) to the knowledge of the City, without inquiry, such Tax Lien did not encumber a multiple dwelling owned by a company organized pursuant to Article XI of the private housing finance law; (xii) only with respect to a Tax Lien that is a Bankruptcy Tax Lien, to the knowledge of the City, without inquiry, the City had filed appropriate and timely proofs of claim and up to the applicable Sale Date has taken all other necessary actions to preserve and maintain the related claims and (xiii) to the knowledge of the City, without inquiry, such Tax Lien did not relate to a Property owned by a Property Owner that is subject to any bankruptcy proceeding commenced prior to October 22, 1994 (see "The Effect of the Bankruptcy of a Property Owner on a Tax Lien—Previous Status of Tax Liens").

Pursuant to the Purchase Agreement, if the value of any Tax Lien is materially and adversely affected by a breach of any representation or warranty (without regard to any knowledge qualifier) made by the City in the Purchase Agreement, the City shall, on or prior to the next January 1, April 1, July 1 or October 1, commencing October 1, 2010 (each, a "Substitution Date"), occurring no earlier than 90 days following the date the City is notified of such defect, either (i) cure the defect, (ii) deposit to the appropriate Issuer Lockbox an amount (the "Defective Tax Lien Deposit Amount") equal to the Applicable Percentage of the then current Redemptive Value thereof, increased by the amount of any Lien Administration Expenses incurred with respect thereto, whether or not recoverable, and reduced by the amount, if any,

of proceeds realized from the liquidation of such Defective Tax Lien or (iii) deliver to the Indenture Trustee an Eligible Substitute Tax Lien or Liens and a sum in immediately available funds equal to the excess of the Applicable Percentage of the aggregate Substitution Date Redemptive Value of such Defective Tax Lien or Liens over the Applicable Percentage of the aggregate Substitution Date Redemptive Value of such Eligible Substitute Tax Lien or Liens (the “Substitution Amount”) for deposit into the Bond Account, and thereupon the Defective Tax Lien will be released from the lien of the Indenture and reconveyed and reassigned without recourse to the City. See “Description of the Purchase Agreement.” Since the commencement of the City’s tax lien securitization program in 1996, the City has never delivered an Eligible Substitute Tax Lien in exchange for a Defective Tax Lien, but has instead delivered cash in exchange for a Defective Tax Lien; however, the City reserves the right to deliver Substitute Tax Liens in the future.

“Applicable Percentage,” as to any Tax Lien, means 100% if the Sale Date Lien-to-Value Ratio is less than or equal to 50%, 80% if the Sale Date Lien-to-Value Ratio is greater than 50% and less than or equal to 100%, and 40% if the Sale Date Lien-to-Value Ratio is greater than 100%.

“Lien-to-Value Ratio” or “LTV” means, with respect to any Property as of the date of any determination, the fraction, expressed as a percentage, the numerator of which is the sum of (i) the Redemptive Value in respect of such Property as of such date, (ii) all delinquent Subsequent Taxes and Assessments on such Property as of such date and (iii) all delinquent amounts due on any tax liens in respect of such Property that rank pari passu with the Tax Liens in respect of such property, and the denominator of which is the most recent full value of such Property as reflected on the records relating thereto of the Department of Finance of the City. In the case of the “Sale Date Lien-to-Value Ratio” of the Tax Liens, there were no delinquent Subsequent Taxes and Assessments on the related Properties as of the applicable Sale Date, since all delinquent Subsequent Taxes and Assessments existing as of the applicable Sale Date were included in the sale of the Tax Liens.

Servicing Agreements.....

Under each Servicing Agreement, dated as of June 1, 2010 (each, a “Servicing Agreement”), among the Issuer, the Indenture Trustee and the applicable Servicer and, in the case of the Servicing Agreement in respect of MTAG, the Servicer Guarantor, such Servicer has agreed to be responsible for servicing, managing, maintaining custody of certain documents relating to, and making collections on, certain of the Tax Liens. On an overall basis, the Tax Liens are expected to be allocated between MTAG and Xspand so that MTAG will be responsible for servicing approximately \$34,444,821 of the Initial Tax Lien Principal Balance of the Tax Liens as of the applicable Sale Date and Xspand the remaining balance. Under certain circumstances, the servicing of certain Tax Liens may be transferred from one Servicer to the other Servicer or another eligible servicer. See “Description of the Servicing Agreements—Allocation and Transfer of Servicing.” Subject to any express limitations in the Servicing Agreement, the Servicer shall seek to recover on a timely basis the largest amount possible of the Redemptive Value of the Tax Liens.

	<p>The contractual arrangements of the Issuer with the Servicers are intended to allocate all asset management and administration functions to the Servicers. The Servicers will also be responsible for developing, implementing and updating the asset plans and budgets, preparing reports for the Issuer and reports to the Indenture Trustee and others regarding the Tax Liens and the Issuer, managing the Tax Liens and REO Properties, including responding to extraordinary servicing matters and managing litigation and recovery proceedings.</p> <p>The Servicers may requisition funds from the Working Capital Reserve Fund or request Trustee Advances to reimburse the Servicers for, or to pay, Lien Administration Expenses.</p> <p>The Servicers shall receive fees payable quarterly on each Payment Date (the “Servicing Fees”) as set forth under “Description of the Servicing Agreements—Servicing Compensation.”</p>
Restrictions on Recoveries on Tax Liens Subject to Bankruptcy Proceedings	<p>A Servicer will not be able to commence or continue foreclosure proceedings or certain other collection activities on a Tax Lien on a Property during any period in which the Property Owner is subject to proceedings under the Bankruptcy Code unless the bankruptcy court approves the lifting of the automatic stay imposed by the Bankruptcy Code to permit such foreclosure proceedings to be commenced or continued. Certain of the Tax Liens are currently subject to such proceedings, and additional Tax Liens may hereafter become subject to such proceedings. See “The Effect of the Bankruptcy of a Property Owner on a Tax Lien.”</p>
Certain Legal Aspects of the Tax Liens	<p>For a description of how the Tax Liens were created, acquired by the Issuer, may be foreclosed and may be affected by the bankruptcy of a Property Owner, see “Creation and Status of Tax Liens,” “Foreclosure of Tax Liens,” and “The Effect of the Bankruptcy of a Property Owner on a Tax Lien.”</p>
Certain Federal Income Tax Consequences	<p>Interest paid on the Bonds, including any original issue discount with respect to the Bonds, will be taxable to Bondholders as ordinary income. Bondholders will be taxed on original issue discount whether or not interest is actually paid on any Payment Date. For federal income tax purposes, the Bonds will be treated as indebtedness and not as an ownership interest in the Collateral or an equity interest in the Issuer or in a separate association taxable as a corporation. See “Certain Federal Income Tax Consequences.”</p>
ERISA Considerations	<p>If the Bonds are considered to be indebtedness without substantial equity features under regulations issued by the United States Department of Labor, the acquisition or holding of Bonds by or on behalf of a benefit plan will not cause the assets of the Issuer to be deemed to be plan assets, thereby generally preventing the application of certain prohibited transaction rules of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), to the operations of the Issuer. The Issuer believes that the Class A Bonds should be treated as indebtedness without substantial equity features for purposes of such regulations. Fiduciaries of benefit plans that are subject to Title I of ERISA or to Section 4975 of the Code</p>

should consider whether the acquisition or holding of a Bond would give rise to a prohibited transaction for which no exemption exists, and whether such acquisition or holding is in accordance with the requirements imposed by ERISA. See “ERISA Considerations.”

Ratings

It is a condition to the issuance of the Bonds that they be rated at least as follows by Moody’s and S&P:

<u>Class of Bonds</u>	<u>Moody’s</u>	<u>S&P</u>
Class A	Aaa	AAA

These ratings take into consideration the nature and value of the Collateral, the structural and legal aspects of the Bonds and the Issuer, and the extent to which the payment streams from the Collateral are adequate to make the required Bond payments. The ratings on the Bonds do not address any reinvestment or extension risks resulting from a faster or slower rate of redemption of Tax Liens or the sale of Tax Liens or the speed of foreclosure and liquidation of REO Properties. Such risks will be borne by Bondholders. See “Risk Factors—Uncertainty of Cash Flows and Average Life of the Bonds.” A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. Each security rating should be evaluated independently of any other security rating.

RISK FACTORS

An investment in the Bonds is subject to a high degree of risk. The following list summarizes certain of such risks, each of which, among others, may materially affect a Bondholder's receipt of the principal of and interest on the Bonds in full at or before their Stated Maturity.

Limited Liquidity

The Bonds are being offered in a private placement to a limited number of Qualified Institutional Buyers, Institutional Accredited Investors and Qualified Non-U.S. Persons and the offering of the Bonds will not be registered under the Securities Act or any state securities laws. No transfer of any Bond or interest therein may be made by an investor unless that transfer is made pursuant to an effective registration statement under the Securities Act and effective registration or qualification under applicable state securities laws, or is made in a transaction that does not require such registration or qualification. See "Notice to Investors." The Bonds are not exempt from registration under the Securities Act by virtue of Section 3(a)(2) thereof.

There can be no assurance that a secondary market for any of the Bonds will develop or, if it does develop, that it will continue. The Bonds will not be listed on any securities exchange. Prospective investors must be prepared to bear the risk of their investment in the Bonds until the maturity thereof.

Recent developments in the credit markets generally have greatly reduced, and in some time periods, virtually eliminated, any liquidity for asset-backed securities. The secondary markets have experienced and could continue to experience unprecedented and significant disruptions resulting from, among other things, reduced investor demand for asset-backed securities, increased investor yield requirements and downgrades of the ratings of asset-backed securities such as the Bonds. Fluctuating investor confidence also could contribute to illiquidity in the market for asset-backed securities. As a result, the secondary market for asset-backed securities has recently experienced extremely limited liquidity. These conditions may continue or worsen in the future.

Limited Obligations

The Issuer, a limited purpose Delaware statutory trust, does not have, nor is it permitted or expected to have, any significant assets or sources of funds other than the Tax Liens (including any REO Properties owned directly or through wholly-owned special-purpose entities and related proceeds resulting from the foreclosure or comparable conversion of the Tax Liens), the Pledged Funds and Accounts and amounts available from Trustee Advances. The Bonds will not be insured or guaranteed by the City, the Servicers, the Owner Trustee, the Indenture Trustee, the Initial Purchaser or any other person or entity. Consequently, Bondholders must rely for repayment solely upon Collections on the Tax Liens and, if and to the extent available, amounts on deposit in the Pledged Funds and Accounts and amounts available from Trustee Advances. There can be no assurance that the amounts realized with respect to the Tax Liens, net of Servicing Fees, fees of the Owner Trustee and the Indenture Trustee, Lien Administration Expenses and other indemnities, costs and expenses, will be sufficient to pay in full the principal of and interest on the Bonds.

Uncertainty of Timing of Collections

The timing of repayment of the principal amount of the Bonds and all of the interest on the Bonds (other than that which is covered by the Interest Reserve Fund) is entirely dependent upon the redemption or foreclosure of the Tax Liens or the liquidation of the related REO Properties by the Servicers, except to the extent that the Indenture Trustee is obligated to make Trustee Advances (see "Summary of Terms—Obligation of Indenture Trustee to Make Trustee Advances"). The Servicers will not be able to commence foreclosure proceedings (which may themselves involve a long period of time; see "Foreclosure of Tax Liens") on any of the Properties relating to the Tax Liens during the seven to twelve-month period after the applicable Sale Date. The Property Owners had notice of the sale of the Tax Liens by the City prior to the applicable Sale Date and many delinquent property owners did in fact pay their delinquent taxes prior to the applicable Sale Date. Therefore, the Tax Liens sold by the City relate to taxes that the related Property Owners were, at the time in question, unable or unwilling to pay.

The Servicers will not be able to commence or continue foreclosure proceedings or other collection activities on a Tax Lien on a Property during any period in which the Property Owner is subject to proceedings under the Bankruptcy Code, unless a petition to lift the automatic stay is granted by the court to permit the commencement or continuation of such proceedings or collection activities. In addition, the Servicing Agreements provide that any time period which commences on the Sale Date for a Property shall be tolled during the time the related Property Owner is in bankruptcy. As of the applicable Sale Date, 37 Tax Liens having an aggregate Redemptive Value of approximately \$410,740 are on Properties that have been recently identified as being owned by Property Owners that are subject to bankruptcy proceedings, and additional Properties may in fact be owned by Property Owners that are, or may hereafter become, subject to bankruptcy proceedings prior to the time the Servicer commences foreclosure proceedings. See “—Bankruptcy of a Property Owner.”

Under the terms of the Servicemembers Civil Relief Act of 2003 (the “Relief Act”), formerly known as the Soldiers’ and Sailors’ Civil Relief Act, a Property Owner who enters military service after the imposition of the Property Owner’s Tax Lien, including a Property Owner who was in reserve status and is called to active duty after imposition of the Tax Lien, may not be charged interest, including fees and charges, above an annual rate of 6% during the period of the Property Owner’s active duty status, unless a court orders otherwise on application of the Tax Lien holder. The Relief Act applies to Property Owners who are active members of the Air Force, Army, Marine Corps, Navy, National Guard, Reserves or Coast Guard, to officers of the U.S. Public Health Service assigned to duty with the military and any person who has been ordered to report for induction under the Military Selective Service Act. Because the Relief Act applies to Property Owners who enter military service, including reservists who are called to active duty, after imposition of the related Tax Lien, no information can be provided as to the number of Tax Liens that may be affected by the Relief Act. The Relief Act would adversely affect, for an indeterminate period of time, the ability of the Servicers to collect full amounts of interest on the affected Tax Liens. Any shortfall in interest collections resulting from the application of the Relief Act or similar legislation or regulations, which would not be recoverable from the affected Tax Liens, would result in a reduction of the amounts distributable to the Bondholders, and would not be covered by Trustee Advances. In addition, the Relief Act imposes limitations that would impair the ability of the Servicers to foreclose on an affected Tax Lien during the Property Owner’s period of active duty status, and, under some circumstances, during an additional three month period thereafter. Thus, if the Relief Act or similar legislation or regulations applies to any Tax Lien, there may be delays in payment and losses on the Bonds in connection therewith. Any other interest shortfalls, deferrals or forgiveness of payments on the Tax Liens resulting from similar legislation or regulations may result in delays in payments or losses to the Bondholders.

The Federal Fair Debt Collection Practices Act, 15 U.S.C. §1692 *et seq.* (the “FDCPA”), provides remedies to consumers in cases of unfair or unconscionable debt collection practices by debt collectors. The City has a similar law, the Debt Collections Agencies Act (the “NYC DCAA”), set forth in Subchapter 30 of Title 20 of the New York City Administrative Code. In addition to the prohibition against unfair or unconscionable debt collection practices and other substantive restrictions, the FDCPA and the NYC DCAA place restrictions on communications with consumers by debt collectors in connection with debt collection efforts; for example, the FDCPA generally prohibits a debt collector from communicating with any person other than the consumer and his or her attorney about the debt without the consent of the consumer. The United States Court of Appeals for the Third Circuit held, in *Pollice v. National Tax Funding*, 225 F.3d 400 (3rd Cir. 2000), that certain municipal water and sewer obligations of homeowners are “debt” under the FDCPA. In order to be “debt” under the FDCPA, the water and sewer obligations must be owed by homeowners who own their property primarily for personal, family, or household purposes. On the other hand, the obligations of homeowners who own their property for business purposes are not “debt” under the FDCPA. Accordingly, in the case of Tax Liens on smaller owner-occupied residential Properties, the FDCPA and the NYC DCAA could make it more difficult and time-consuming for the Servicers to effect collections on these Tax Liens. However, because of continuing development in the interpretation of the FDCPA and the NYC DCAA, the City and the Servicers are unable to predict the ongoing magnitude of the effect of those laws on collections on these Tax Liens.

Once a property qualifies for foreclosure, the Servicers have discretion over the timing of foreclosure initiation. For a variety of reasons, a Servicer may initiate foreclosure at a date later than the first date it qualifies, which may result in a delay in collections. In cases where Properties of a certain type (*e.g.*, warehouses) are concentrated in one area, it may not be possible to foreclose and sell the Properties of that type at the same time, since putting a number of similar Properties on the market at the same time in the same area would depress the sales

prices. Therefore, the Servicers may delay the sale of some of such Properties until a higher price may be obtained, which delay would also delay the receipt of sale proceeds available to make payments on the Bonds. The Servicers may also delay the sale of Properties in order to aggregate related or adjacent Properties in order to obtain the highest sale price possible. The Servicers will make an analysis to determine when such aggregations are desirable.

Amounts available from Trustee Advances and amounts required to be deposited in the Working Capital Reserve Fund and the Interest Reserve Fund are limited in amount. In addition, the Indenture Trustee is only obligated to make Trustee Advances if it determines that such Trustee Advances will be ultimately recoverable from Collections. If the amount required to cover shortfalls in the amount available for the payment of interest on the Bonds exceeds the available amount in the Interest Reserve Fund, a shortfall in the amounts distributed to the Bondholders will result (unless there are available amounts from Trustee Advances to pay interest on the Bonds). If the Interest Reserve Fund and the amount of available Trustee Advances are exhausted and not repaid from Collections in a subsequent Collection Period, the Issuer will depend solely on current Collections on the Tax Liens to make interest payments on the Bonds. Since the amount of interest required to be distributed on the Bonds on any Payment Date is generally limited to (a) the portion of the Available Amount on deposit after the payment, to the extent applicable, of fees and other amounts due to the Servicers, the Owner Trustee and the Indenture Trustee and for the reimbursement of Trustee Advances, together with interest thereon, and (b) the funds, if any, available from Trustee Advances and funds, if any, available in the Interest Reserve Fund, then the failure to pay interest on the Bonds on any Payment Date will not result in the occurrence of an Event of Default. In addition, the amount of principal payable on the Bonds on any Payment Date is generally limited to the portion of the Available Amount remaining in the Bond Account after payment of all expenses, repayment of Trustee Advances and interest on the Bonds and any required replenishment of the Working Capital Reserve Fund and the Interest Reserve Fund. Therefore, the failure to pay principal on the Bonds will not result in the occurrence of an Event of Default until the Stated Maturity. Moreover, upon an Event of Default with respect to the Bonds, there can be no assurance that the market value of the Tax Liens and any other Collateral at the time of such default will be sufficient to repay Bondholders in full.

Limitations on Reliance on the Lien-to-Value Ratio

The property values used in determining Lien-to-Value Ratios are not based on independent appraisals. The values are estimates prepared by the Property Division of the New York City Finance Department for the purposes of assessing property taxes. They may not reflect the price at which a Property would be sold in an arms-length transaction or represent the value which might be realized in the event of foreclosure and liquidation of a Property.

The Lien-to-Value Ratio calculations shown in this Private Placement Memorandum are based on Redemptive Values and delinquent amounts due as of the Tax Liens' applicable Sale Dates. The Lien-to-Value Ratios may increase over time as interest accrues on the Tax Liens and on any other *pari passu* liens. The Lien-to-Value Ratio will also be impacted by any Subsequent Taxes and Assessments which will be superior to the Tax Liens, by *pari passu* liens of equivalent lien priority with the Tax Liens and by any decline in the market value of the Properties.

As a result of the factors outlined in the preceding paragraphs, the Lien-to-Value Ratios provided in this Private Placement Memorandum may not accurately reflect the degree to which Property values could fall before the Tax Liens might become impaired in value and also do not reflect the potential impact of Lien Administration Expenses that may be incurred for the ultimate realization of the Tax Liens.

Tax rates are set annually. While tax rates have in fact been set for the fiscal year 2011, if the City Council has not fixed the tax rates by June 5 of any given year, the Department of Finance of the City is authorized to use estimated tax rates to calculate tax bills until the City Council acts, and appropriate adjustments are made on the next tax bill. Adjustments may increase or decrease Initial Tax Lien Principal Balances of Second Sale Tax Liens and therefore may increase or decrease related calculations, including but not limited to Lien-to-Value Ratios.

Uncertainty of Property Values

General. Due to the high Lien-to-Value Ratios of certain of the Tax Liens, a significant portion of these Tax Liens may not be collectible at all and a significant portion of the Tax Liens may be collectible only in part. See the table entitled “Aggregate Lien-to-Value Ratios” under “Composition of the Tax Liens.” It is highly likely that in such cases the Property Owners will not voluntarily pay amounts due on the Tax Liens and that in many cases such amounts not paid will have to be collected through foreclosure proceedings, which may involve significant delay and expense, which in turn may result in a diminution of the net proceeds of a foreclosure sale of a Property or a later sale of an REO Property. The amount collectible on the Tax Liens is subject to factors similar to those impacting investments in or obligations secured by real property. Such factors include adverse changes in local economic and demographic conditions, neighborhood characteristics, real estate values generally and in the locale of the property, interest rates, real estate tax rates, other operating expenses (including the cost of energy), inflation and the strength or weakness of the national and regional economy, the supply of and demand for properties of the type involved, zoning laws or other governmental rules and policies (including environmental restrictions), competitive conditions (including changes in land use and construction of new competitive properties) which may affect the ability of a purchaser of the Property to obtain or maintain full occupancy or use of the property or to charge rental rates high enough to cover expenses of operating and maintaining the Property. In addition, such changes may affect the disposition strategy for particular REO Properties, or require greater than anticipated Lien Administration Expenses. There can be no assurance that such changes will not occur in the future. A decline or extended flattening of property values may result in increased Realized Losses and charge-offs. There can be no assurance that economic conditions will improve, or will not deteriorate, in the future. Properties that are multifamily residential properties may be subject to rent control laws which could negatively affect cash flows.

Due to limitations on annual actual assessed value increases, the amount of tax owed may increase over a multi-year period. As such, it is possible that a property’s market value could remain the same or decrease while the annual property tax amount increases in any given year. See “*Determination of Billable Assessed Value and Amount of Tax Payable.*”

Abandoned and Deteriorated Properties. In addition to the general factors affecting the value of real property described above, particular Properties may have special problems that would adversely affect the price they would obtain in a foreclosure sale. Particular Properties may have been abandoned and allowed to deteriorate below the value indicated by their current assessments. This trend may be heightened in light of recent adverse economic conditions as the Adjusted Redemptive Value of a Tax Lien may exceed the value of the underlying property. There are 30 Properties that have been identified as abandoned, with an aggregate Redemptive Value of approximately \$724,771 as of the related Sale Date. Other Properties may have been constructed for a particular purpose that is no longer economically viable, and a potential buyer desiring the Property for a different purpose may only be willing to pay substantially less for the Property because of the cost of reconstructing the Property for the new purpose. Some Properties may have material environmental problems requiring expensive remediation. None of the City, the Issuer, the Indenture Trustee, the Servicers or the Initial Purchaser have made any comprehensive analysis of the values of Properties that may be subject to these problems.

Casualty Losses. If any major repair or improvement is required to a Property, there can be no assurance that there will be sufficient funds in the Working Capital Reserve Fund, or otherwise available, for such purpose. There can be no assurance that any particular Property is covered by casualty insurance. Even if the Property Owner has casualty insurance on the Property, there is the possibility that the mortgagee of the Property may not release the insurance proceeds for restoration purposes or that the Property Owner may not utilize the insurance proceeds for restoration purposes. There is also a possibility of casualty losses with respect to the Property for which insurance proceeds may not be adequate or which may result from risks which are not covered by insurance (such as earthquakes). As with all real estate, if reconstruction (for example, following fire or other casualty) or any major repair or improvement is required to the Property, changes in laws and governmental regulations may be applicable and may materially affect the cost to, or ability of, the Property Owner to effect such reconstruction, major repair or improvement. The Issuer will be subject to such expenses and risks with respect to any REO Properties, as well as various delays and expenses in realizing on the value of such REO Properties. As a result of the occurrence of any of these events, the amount realized with respect to the Properties, and the amount available to make payments on the Bonds, could be substantially reduced.

Dependence on the Availability of Credit. The availability of credit to finance foreclosure purchases of the Properties or purchases of REO Properties by third party purchasers will be significantly dependent upon economic conditions in the markets where the Properties are located, as well as the willingness and ability of lenders to make such loans. Such lenders typically include, but are not limited to, banks, insurance companies and finance companies. In addition to the current economic slowdown or recession, the asset-backed securities market, along with credit markets in general, has continued to experience unprecedented disruptions and marked constriction. There can be no assurance that the availability of funds in the credit markets will increase above, or will not contract below, current levels. In addition, the availability of assets similar to the Properties, and the competition for available credit, may affect the ability of potential purchasers to obtain financing for the acquisition of the Properties, whether or not conditions in the credit markets improve. Developments in the real estate market in the past several years have included significant increases in the levels of mortgage loan defaults and foreclosures on residential real estate properties. As a result, the availability of loans to finance the purchase of residential real estate has been restricted, and the market values of residential real estate properties have been reduced. The ability of the Issuer to pay the Bonds in full will depend significantly on its ability to sell the Properties. To the extent that sufficient credit is not available to finance such sales, the Issuer may be unable to pay the Bonds in a timely fashion or in full.

Cost of Compliance with Certain Laws and Regulations. The Properties are subject to various federal, state and local statutes and regulations (including, among others, the Americans with Disabilities Act of 1990), which may change from time to time. The costs of complying with such statutes and regulations could result in material diminution in the value of a Property which could, together with the possibility of limited alternative uses for a particular Property, substantially reduce the amounts realized from the disposition of the Property.

Foreclosure of Tax Liens

After the earliest of (i) the passage of one year from the date of sale of a Tax Lien (if such Tax Lien remains unpaid), (ii) 30 days after the Property Owner fails to pay the first interest payment due on the Tax Lien (which is due six months after the applicable Sale Date) and (iii) six months after the Property Owner fails to pay when due any Subsequent Taxes and Assessments, the holder of such Tax Lien may institute an action to foreclose on the related Property. The foreclosure procedure available to the holder of a Tax Lien is similar to the procedure involved in the foreclosure of a mortgage. An action to foreclose on the related Property, if successful, results in the subsequent public sale of the related property and the possibility that a third party bid may be sufficient to pay some or all of the liens on the property in their order of priority and may result in a surplus available to the owner of the property. Any such action to foreclose on the related Property may be affected if the parcel of real property or mortgage lien secured by the parcel of real property is owned by any federal government entity, such as the FDIC, or federal government-sponsored entity, such as Fannie Mae or Freddie Mac. However, since the commencement of the NYCTL securitization program in 1996, to the City's knowledge, no federal government entity nor federal government-sponsored entity has ever acted to limit the ability to foreclose on a City tax lien included in the securitization program or a parcel of real property securing such tax lien. For a description of the foreclosure procedure applicable to the Tax Liens and any associated considerations, see "Foreclosure of Tax Liens."

Bankruptcy of a Property Owner

The United States Bankruptcy Code, 11 U.S.C. §§101 *et seq.* (the "Bankruptcy Code") and similar federal and state laws relating to the insolvency, rehabilitation or liquidation of banks, insurance companies and other entities not covered by the Bankruptcy Code may interfere with or affect the ability of the Issuer as the owner of a Tax Lien to collect on the Tax Lien or to realize upon the Property subject to the Tax Lien if the Property Owner becomes subject to a proceeding under such laws. Based upon a limited search by a bankruptcy reporting service, Property Owners of Properties relating to 37 Tax Liens with an aggregate Redemptive Value of approximately \$410,740 as of the applicable Sale Date have been recently identified as being subject to proceedings under the Bankruptcy Code. In addition, other Properties may in fact be owned by Property Owners that are, or may hereafter become, subject to bankruptcy proceedings. Tax Liens that are, or become, subject to bankruptcy proceedings are referred to herein as the "Bankruptcy Tax Liens."

In the event that there is a concentration of ownership of properties underlying certain Tax Liens by a single owner, and such owner files for bankruptcy, there would be delays in the realization upon such Tax Liens by the Servicers.

Uncertainty of Cash Flows and Average Life of the Bonds

The projections of the rate of payments on the Bonds and the resulting average lives of the Bonds set forth under “Constant Liquidation Rate” were prepared by the Issuer based upon the purely hypothetical assumptions set forth under “Cash Flow Assumptions” and have not been audited, examined or reviewed by an independent public accounting firm. There will be differences between projected and actual results, and such differences may be substantial. In particular, the average life of the Bonds will be sensitive to the rate of redemptions of the Tax Liens by the Property Owners or others. In addition, this is the third New York City tax lien securitization where the water and sewer charges will be sold with no associated real estate charges on certain Tax Class 1 and Tax Class 2 properties. Therefore payment rates for water and sewer charges may not match historic payment rates. The rate of redemptions may be substantially slower or faster than the rates shown under “Constant Liquidation Rate.” Until a Property Owner’s right to redeem is terminated upon a successful foreclosure of its Tax Lien, a Property Owner may redeem a Tax Lien at any time at a price equal to the Redemptive Value thereof as of the date of such redemption. See “Creation and Status of Tax Liens.”

The rate of redemption of the Tax Liens may be influenced by a variety of economic, social and other factors, including, among others, the Property Owner’s financial condition and its equity in the related Property. In general, if the value of or income generated by a Property declines, then the chance of redemption of the related Tax Lien will decrease. The rate of Collections on the Tax Liens will also be affected by the collection, foreclosure and liquidation strategies used by the Servicers, the availability of mortgage loans to finance the payment of delinquent taxes and the speed with which foreclosure proceedings are completed and REO Properties are ultimately liquidated. The Servicers are authorized to extend repayment periods, subject to conditions set forth in the Servicing Agreements. However, in no event shall the repayment period exceed thirty-six (36) months from the due date of the first forbearance payment. The rate of Collections on the Tax Liens may be affected by such extension or renewal. Under the Servicing Agreements, the Servicers will be required to develop plans (“Asset Plans”), relating either to specific Properties or to classes of Properties, to collect on the Tax Liens, to negotiate forbearance agreements thereon, or to foreclose on the Properties and, in the case of Properties acquired as REO Properties, to dispose of the REO Properties. The Asset Plans will be developed on the basis of certain assumptions regarding the value of each Tax Lien and any related REO Property, the level of economic activity and general economic conditions in the area where the REO Property is located, the condition of each REO Property, the availability of credit in such area and for such REO Property and other factors. The timing of foreclosure on a particular Property or the sale of a particular REO Property may depend upon the Servicer’s ability to find a purchaser for the Property. There is no assurance that a purchaser can be found for a particular Property or when it might be found. In addition, the discovery of environmental problems may delay foreclosure on a Property or the disposition of an REO property. See “—Environmental Risks.” Repayment of the Bonds depends upon the ability of the Servicers to successfully implement the Asset Plans. See “Description of the Servicing Agreements—Asset Plans.”

Under certain circumstances, the City may replace Defective Tax Liens or deposit a Defective Tax Lien Deposit Amount in the appropriate Issuer Lockbox pursuant to the Purchase Agreement if there occurs a breach of any representation and warranty with respect to a Tax Lien that materially and adversely affects the value of the Tax Lien. There could be a delay in curing a potentially Defective Tax Lien if there is a dispute as to whether a Tax Lien is a Defective Tax Lien. See “Description of the Purchase Agreement.” Such events could result in faster or slower collections on the Tax Liens than if no such events occurred. Since the commencement of the City’s tax lien securitization program in 1996, the City has never delivered a Substitute Tax Lien in exchange for a Defective Tax Lien, but has instead delivered cash in exchange for a Defective Tax Lien; however, the City reserves the right to deliver Substitute Tax Liens in the future. In addition, larger than expected Lien Administration Expenses could reduce amounts that might otherwise be available to make interest and principal payments on the Bonds and thereby increase the average life of the Bonds. The collection of Lien Administration Expenses is to some extent within the discretion of the court, and whether or not the court permits all or a portion of Lien Administration Expenses to be collected, the payment of actual Lien Administration Expenses out of proceeds of foreclosure will be made prior to making interest and principal payments on the Bonds.

At any time after the aggregate current principal amount of the Bonds outstanding has been reduced or, if the amount on deposit in the Pledged Funds and Accounts were applied to reduce the aggregate current principal amount of the Bonds, would be reduced, to or below 10% of the original principal amount of the Bonds, the Issuer shall have the right to remove Tax Liens from the Trust Estate by depositing in the Bond Account an amount sufficient to cause all amounts set forth under “Summary of Terms—Priority of Payments” to be paid in full. Promptly upon such removal, the Indenture Trustee shall transfer and assign such removed Tax Liens to the Issuer, whereupon such Tax Liens shall cease to be a part of the Trust Estate and be released from, and no longer be subject to, the lien of the Indenture.

The actual final payment of the Bonds may occur earlier, and could occur much earlier, than their Stated Maturity, or may never occur. Any reinvestment or extension risks resulting from a faster or slower rate of redemption of Tax Liens or the sale of Tax Liens or the speed of foreclosure and liquidation of REO Properties will be borne by the Bondholders. No representation is made by the City, the Issuer, the Servicers or the Initial Purchaser as to the anticipated redemption, sale or liquidation rate of the Tax Liens or as to the weighted average life of, or the yield on, the Bonds.

The current pool of Tax Liens includes a higher concentration of water and sewer liens than most previous transactions due to the changes to the policies relating to the sale of these liens as discussed herein under “Creation and Status of Tax Liens—Water and Sewer Liens.” As a result, the rate of payments experienced on prior transactions may not be reflective of the payment speed for this transaction. To the extent the small balance water liens are paid off early, the average life of the Bonds could be shorter than shown herein. To the extent the small balance water liens are paid off late, the average life of the Bonds could be longer than shown herein.

Geographic Concentration; Economic and Demographic Factors

All of the Properties relating to the Tax Liens are located within the boundaries of the City, and therefore Collections on the Tax Liens are subject to the risk of substantial geographic concentration. See the table entitled “Composition of the Tax Liens—Geographic Distribution of Properties.” Almost half of all multifamily residential rental units in the City are subject to rent stabilization, and about five percent are subject to rent control. The value of the Properties, and therefore Collections on the Tax Liens, may be influenced by a variety of economic and demographic factors affecting the owners of real estate generally in the City, including, among others, employment levels, the level of business activity and real estate prices. See “Appendix A—Economic and Demographic Information.” The City and the Issuer are unable to determine to what extent such economic or demographic factors would affect the rate and timing of payments with respect to the Tax Liens.

Limited Information

The information set forth in this Memorandum with respect to the Tax Liens is derived from books and records of the City and from limited discussions with personnel of the City, as well as a limited inspection of the assessment files relating to certain of the Properties related to the Tax Liens. Information concerning the net operating income of the Properties, used by the City to determine the full values of the Properties for tax assessment purposes, has in many cases been obtained from information provided by the Property Owners and may or may not have been verified from other sources. Further, the City does not have information with respect to the current status of the tenants in the Properties, or information concerning the status of title to the Properties, the existence of senior liens or the physical condition of the Properties, which information could have a material effect on the current fair market value of the Properties.

Second Sale Tax Liens and the Pre-Funding Account

The Second Sale Tax Liens will be sold by the City to the Issuer on the Second Sale Date if the related taxes are not paid before that date. The Indenture Trustee will establish a Pre-Funding Account into which it will deposit, out of the proceeds of the Bonds, an amount equal to the Pre-Funding Deposit to be used to purchase the Second Sale Tax Liens for a purchase price, the cash portion of which shall equal approximately 72% of the Initial Tax Lien Principal Balance thereof, the balance of the purchase price being represented by an increase in the beneficial interest of the City in the Issuer. The sale of the Second Sale Tax Liens on the Second Sale Date is

subject to the condition that each such Second Sale Tax Lien must satisfy the same representations and warranties applicable to the First Sale Tax Liens. To the extent that amounts on deposit in the Pre-Funding Account have not been fully applied to the purchase by the Issuer of Second Sale Tax Liens on the Second Closing Date, such excess amounts shall be applied to the payment of the principal of the Bonds on October 12, 2010. No assurance can be made that Second Sale Tax Liens with the characteristics described herein will be delivered.

Environmental Risks

None of the City, the Issuer, the Servicers or the Initial Purchaser conducted any environmental assessments with respect to the Properties subject to the Tax Liens prior to the sale of the Tax Liens to the Issuer. While the Servicers will have obtained limited Phase I environmental assessments on Non-Residential Properties prior to taking title to the Properties as described in the next paragraph, such assessments generally disclose the normal environmental problems inherent in any property located in a densely populated urban commercial or industrial area. No representation is made herein with respect to potential environmental problems at any of the Properties securing the Tax Liens. Furthermore, none of the City, the Issuer or the Servicers will make any representation or warranty as to whether the Properties are in compliance with applicable laws and regulations relating to use, management or disposal of hazardous or toxic substances. Environmental conditions may diminish the value of the Tax Liens and REO Properties and give rise to liability for various parties, including the owners of the Properties. There are many federal and state environmental laws concerning hazardous waste, hazardous substances, gasoline, radon and other materials which may affect the Properties securing the Tax Liens or the REO Properties. For example, under the federal Comprehensive Environmental Response Compensation and Liability Act, as amended, an owner or a secured party that takes a deed in lieu of foreclosure or acquires a mortgaged property at a foreclosure sale or becomes involved in the operations or management of a property so as to be deemed an "owner" or "operator" of the property may become liable in certain circumstances for cleanup costs if hazardous wastes or hazardous substances have been released or disposed of on the property. Such cleanup costs may be substantial. Such costs could become a liability of the Issuer and reduce the amounts otherwise distributable to the Bondholders if a Property securing a Tax Lien became the property of the Issuer in certain circumstances and if the liability for such cleanup costs were incurred.

The applicable Servicer is required to obtain on behalf of the Issuer a limited Phase I environmental assessment from an independent party who regularly conducts environmental site assessments prior to the Issuer (or a special purpose entity owned by the Issuer) taking title to any Property other than a one- to four-family residential Property (such other Property, a "Non-Residential Property"). The Phase I environmental assessment may be qualified by the fact that the assessor may not be able to obtain physical access to the Non-Residential Property. The cost of such assessment constitutes a Lien Administration Expense and will be paid from funds on deposit in the Working Capital Reserve Fund or from a Trustee Advance. Based on such qualified Phase I assessment, the Servicer will determine, in accordance with its servicing standard, whether such Non-Residential Property is in substantial compliance with applicable environmental laws and, if not, whether it would be in the best economic interest of the Issuer to bring such Non-Residential Property into compliance. If the Servicer determines that it would be in the best economic interest of the Issuer to bring the Non-Residential Property into such compliance, the Servicer will arrange for the necessary work to be done. The cost of any such work constitutes a Lien Administration Expense and will be paid out of funds on deposit in the Working Capital Reserve Fund or from a Trustee Advance. If the Servicer determines otherwise, the Servicer may decide not to take any action to take title to the related Non-Residential Property, effectively precluding enforcement of the related Tax Lien until a satisfactory environmental assessment is obtained (and any required remedial action is taken), reducing the likelihood that the Issuer will become liable for any pre-existing environmental condition affecting a Non-Residential Property, but making it more difficult to foreclose. However, there can be no assurance that the requirements of the Servicing Agreements will in fact insulate the Issuer from liability for environmental conditions. Notwithstanding the foregoing, the Servicer may be required by applicable law to take title to the related Non-Residential Property in the name of the Issuer or a wholly owned subsidiary of the Issuer.

The Working Capital Reserve Fund and the amount of Trustee Advances are limited in amount and availability and may not be sufficient at a particular time to pay the costs described above as well as the other costs and expenses intended to be covered thereby. To the extent that the determination is made to refrain from taking title to a Non-Residential Property, the Tax Lien related to such Non-Residential Property will essentially be uncollectible other than by redemption, thereby making it unlikely such Tax Lien will be realized upon.

Subsequent Taxes and Assessments

City liens arising subsequent to the Tax Liens and securing unpaid real property taxes, assessments, sewer rents, sewer surcharges, water rents and other City charges (“Subsequent Taxes and Assessments”) are superior to the Tax Liens. In the event a Property is foreclosed upon and sold to a third party, the proceeds of the sale will be applied first to pay the Subsequent Taxes and Assessments (and any other priority claims; see “Creation and Status of the Tax Liens”) and second, to the extent such proceeds are sufficient therefor, to pay any liens that rank *pari passu* with the Tax Liens and the Redemptive Value of the related Tax Lien. In the event that the Issuer bids for and purchases the Property in exchange for the Tax Lien, then the Issuer will receive title to the Property subject to the lien of the Subsequent Taxes and Assessments. Several Tax Liens have Lien-to-Value Ratios of greater than 100% as of the applicable Sale Date. See the tables entitled “Aggregate Lien-to-Value Ratios” under “Composition of the Tax Liens.” The extent to which the proceeds of foreclosure on a Tax Lien are less than the sum of the Redemptive Value of the Tax Lien, the Subsequent Taxes and Assessments and any related *pari passu* liens on the Property (together with penalties and interest) related thereto, will reduce the amount available to pay the Redemptive Value and any related *pari passu* liens on a pro rata basis. With respect to the Tax Liens as of the applicable Sale Date, there were no Subsequent Taxes and Assessments, since all delinquent Subsequent Taxes and Assessments existing as of the applicable Sale Date were included in the sale of the Tax Liens. The amount of *pari passu* liens, as of each Sale Date, is included in the Lien-to-Value Ratios. See the table entitled “Aggregate Lien-to-Value Ratios” under “Composition of the Tax Liens.”

Exempt Properties; Immunities; Inaccuracies; Tax Reductions

It is possible that a portion of the Tax Liens may be due from Property Owners exempt from the payment of real estate taxes or immune from suit in respect of real estate taxes. In addition, a portion of the Tax Liens may include real estate tax obligations that have been inaccurately characterized as delinquent by the City. Some Properties may have been incorrectly classified by property category and therefore the amount due in connection therewith may differ from the amount considered due by the City. Finally, the taxes, assessments, sewer rents, sewer surcharges, water rents and other charges evidenced by the Tax Liens may be subject to subsequent reductions through Tax Commission proceedings, judicial appeals and tax *certiorari* proceedings and administrative proceedings relating to water and sewer charges. See “Description of Real Estate Taxation in the City.” No assurance can be given as to what extent the Tax Liens are due from exempt Property Owners or Property Owners immune from suit, are not delinquent or have been incorrectly classified, or may be subject to significant reductions through Tax Commission proceedings and judicial appeals and tax *certiorari* proceedings and administrative proceedings relating to water and sewer charges. In the event of any such defect in a Tax Lien that materially and adversely affects its value, the City shall, on or prior to the next Substitution Date occurring no earlier than 90 days following the date the City is notified of such defect, either (i) cure the defect, (ii) deposit to the appropriate Issuer Lockbox the Defective Tax Lien Deposit Amount or (iii) deliver to the Indenture Trustee an Eligible Substitute Tax Lien or Liens and the Substitution Amount for deposit into the Bond Account, as described under “Description of the Purchase Agreement.”

Appropriation Risk

In the event that the City is obligated, with respect to any Defective Tax Lien, to either (i) cure the defect, (ii) deposit to the appropriate Issuer Lockbox the Defective Tax Lien Deposit Amount or (iii) deliver to the Indenture Trustee an Eligible Substitute Tax Lien or Liens and the Substitution Amount for deposit into the Bond Account, it is possible that the City may be unable either to cure the defect or to deliver Eligible Substitute Tax Liens in a sufficient amount, in which case the City would be obligated to deposit to the appropriate Issuer Lockbox the Defective Tax Lien Deposit Amount. Amounts necessary to pay the portion of the Defective Tax Lien Deposit Amount with respect to a Defective Tax Lien representing the Initial Tax Lien Principal Balance thereof (excluding the 5% penalty portion thereof) are payable by the City without the necessity of appropriation of such amounts by the City Council or are payable from amounts received from the Water Board in the case of the water and sewer component of a Defective Tax Lien managed by the Water Board. Payment of amounts necessary to pay such 5% penalty and all interest accrued on the Defective Tax Lien after the applicable Sale Date is subject to appropriation of such amounts by the City Council or is payable from amounts received from the Water Board in the case of the water and sewer component of a Defective Tax Lien managed by the Water Board.

Insolvency Considerations Relating to the City

The City has taken steps in structuring the transactions contemplated hereby that are intended to ensure that the application for relief by or for the City under the Bankruptcy Code or applicable state laws (“Insolvency Laws”) will not result in consolidation of the assets and liabilities of the City with those of the Issuer. These steps include the creation of the Issuer as a separate statutory trust governed by the Owner Trust Agreement, which Agreement contains certain limitations (including restrictions on the nature of the Issuer’s business and restrictions on the Issuer’s ability to commence a voluntary case or proceeding under any Insolvency Law without the prior determination by a nationally recognized investment banking firm that the Issuer is unable to pay its debts as and when they become due (although such restrictions may not be enforceable)). However, there can be no assurance that the activities of the Issuer would not result in a court determination that the assets and liabilities of the Issuer should be consolidated with those of the City in a proceeding under any Insolvency Law.

The City has warranted to the Issuer that the sale of the Tax Liens by the City to the Issuer was (and, in the case of the Second Sale Tax Liens, will be) a true sale (absolute transfer) of the Tax Liens to the Issuer. The City and the Issuer will treat the transactions described in the Purchase Agreement as true sales of the Tax Liens by the City and will take all actions that are required by the Purchase Agreement to evidence such true sale. A determination that the sale of the Tax Liens was a secured borrowing by the City could invalidate the sale of the Tax Liens, since the City is not authorized to make a secured borrowing. The Issuer’s counsel will also provide an opinion (subject to the qualifications, limitations and assumptions set forth therein) that, in the event of a bankruptcy filing by the City, a court would hold that the Tax Liens would not be characterized as property of the City that would be available to the City’s creditors. Certain of the assumptions contained in this opinion will be assumptions that certain facts or circumstances will exist or occur, but Issuer’s counsel can provide no assurance that such facts or circumstances will exist or occur as assumed in the opinion. There are no court decisions directly on point, there are court decisions that could be viewed as contrary to the conclusions expressed in the opinion, and the matter is not free from doubt. Accordingly, no assurance can be given that a court would not hold that the transfer of the Tax Liens by the City to the Issuer should be recharacterized as the grant of a security interest in the Tax Liens, thus resulting in delays or reductions in, or elimination of, payments on the Bonds.

Risks Relating to the Servicers

Capacity of Servicers to Perform. The portfolio of Tax Liens will be serviced by MTAG and Xspand. JPMorgan Chase, the ultimate parent of Xspand, does not provide a guarantee of the obligations of Xspand under the related Servicing Agreement. Mooring Tax Asset Group, LLC guarantees the obligations of MTAG under the related Servicing Agreement as further set forth herein. There are few entities that provide for the servicing of tax liens. In the event of the failure of one of the Servicers to perform its obligations under its Servicing Agreement, it is expected that the other Servicer would assume the obligations of the defaulting party. Notwithstanding such, it may be challenging to find a replacement, and the remaining Servicer may be unable to assume the obligations of the defaulting Servicer. See “The Servicers.”

Cost of Compliance with Certain Laws and Regulations. To the extent the Servicers are collecting on consumer credit obligations, the Servicers may be subject to various federal, state and local statutes and regulations (including, among others, the federal Truth In Lending Act). Those statutes and regulations, and the interpretation of those statutes and regulations by courts or regulatory agencies, may change from time to time. The costs of compliance with applicable statutes and regulations, and any costs of enforcement or litigation arising from noncompliance, could ultimately reduce the amounts realized from the underlying obligations.

Risk of Commingling

Property Owners will be required to make payments on the Tax Liens directly to the appropriate Issuer Lockbox maintained by the Indenture Trustee, except that within three days of a foreclosure auction Property Owners may be required to make payments to the Servicer or the attorney representing the Issuer in the foreclosure. However, it is possible that some payments will be made by the Property Owners directly to the City. With respect to Collections received by the City after the applicable Sale Date, the City shall use its best efforts to transfer the cash equivalent of such Collections to the appropriate Issuer Lockbox in immediately available funds on Friday of

each week (or on the next succeeding business day if such day is not a business day). Pending deposit into the appropriate Issuer Lockbox, such payments may be temporarily commingled with the City's own funds. If the City is unable or fails to remit such payments, whether as a result of the City's bankruptcy, insolvency or otherwise, the ability of the Issuer to obtain such payments may be impaired or limited.

Changes in the Market Value of the Bonds May Not be Reflective of the Performance or Anticipated Performance of the Bonds

The market value of the Bonds can be volatile. These market values can change rapidly and significantly and changes can result from a variety of factors. However, a decrease in market value may not necessarily be the result of deterioration in the performance or anticipated performance of the Bonds. For example, changes in perceived risk, supply and demand for similar or other investment products, accounting standards, capital requirements that apply to regulated financial institutions, and other factors that are not directly related to the Tax Liens or the Bonds can adversely and materially affect the market value of the Bonds.

Regulatory Changes Governing Ratings Determinations by Rating Agencies Present Risks

The procedures used by rating agencies to determine ratings on securities have come under scrutiny as a result of the turbulence of the financial markets, and federal governmental authorities have enacted and continue to propose rules and regulations to reform the rating process. The Securities and Exchange Commission, or SEC, recently has adopted rules aimed at enhancing transparency, objectivity and competition in the credit rating process. The Bonds will not be subject to these new rules because the Issuer has engaged the Rating Agencies prior to the effective date of the new rules. These rules will require a nationally recognized statistical rating organization, or an NRSRO, hired by an issuer, sponsor or underwriter of a security to disclose to other NRSROs that it is in the process of determining such a credit rating and will require the issuer, sponsor or underwriter to make a representation that it will disclose to other NRSROs the information it provided to the hired NRSRO in connection with the determination of an initial credit rating, including information about the characteristics of the underlying assets and the legal structure of the security. The new rules also prohibit NRSROs from issuing or maintaining a credit rating with respect to an obligor or a security where it made recommendations to the issuer, sponsor or underwriter of the security about the legal structure, assets, liabilities or activities of the obligor or issuer of the security. This could make it easier for other rating agencies to assign ratings to the Bonds, which could be lower than those assigned by the Rating Agencies requested to assign ratings to the Bonds as described herein. Also, a breach of the representations required of the party hiring the rating agency could result in the hired NRSRO withdrawing its rating of the securities. In addition, other future changes to rating procedures or to the regulation of rating agencies could affect the ratings on the Bonds.

Proposed Financial Regulatory Reforms May Affect the Marketability of Your Bonds

In response to the financial crisis and sweeping proposals announced by the Obama administration, the U.S. Congress is enacting extensive changes to the laws regulating financial services firms. On July 21, 2010, President Obama signed into law the "Wall Street Reform and Consumer Protection Act". The legislation includes significant changes to the regulation of financial institutions including the creation of new federal regulatory agencies, and additional authorities and responsibilities to existing regulatory agencies to identify and address emerging systemic risks posed by the activities of financial services firms. The legislation also provides for enhanced regulation of derivatives and asset-backed securities offerings, restrictions on executive compensation and enhanced oversight of credit rating agencies. The legislation also limits the ability of federal laws to preempt state and local consumer laws.

It is not clear whether or when any additional legislation will be enacted or proposed regulations will be adopted, what the final form of any such legislation or regulations will be, how they will be implemented, or if the Issuer, the Servicers or any successor servicer will be affected. No assurance can be given that the new standards will not have an adverse impact on the marketability of asset-backed securities such as the Bonds. In addition, if the proposed legislation is adopted, your Bonds, which will not be subject to the requirements included in the proposed legislation, may be less marketable than those that are offered in compliance with the proposed legislation.

THE ISSUER

Formation of the Issuer

The Issuer is a Delaware statutory trust formed on April 20, 2010 for the purpose of acquiring the Tax Liens and issuing the Bonds. The Issuer is governed by the Owner Trust Agreement. Under the Owner Trust Agreement, the City will initially retain the entire beneficial ownership interest in the Issuer. The Issuer is prohibited from issuing debt or obligations other than the Bonds or acquiring assets (other than the Tax Liens, any Eligible Substitute Tax Liens, REO Property and short-term investments of monies). The Issuer's principal offices are in Wilmington, Delaware, in care of Wilmington Trust Company, as Owner Trustee, at the address listed below.

The Owner Trustee

Wilmington Trust Company is the Owner Trustee under the Owner Trust Agreement. Wilmington Trust Company is a Delaware banking corporation and its principal offices are located at Rodney Square North, 1100 North Market Street, Wilmington, Delaware 19890. The Owner Trustee's liability to the City in connection with the issuance and sale of Bonds will be limited solely to the express obligations of the Owner Trustee set forth in the Owner Trust Agreement.

The Assets of the Issuer

The assets of the Issuer will include the Tax Liens, the REO Properties, or equity interests in special purpose entities owning REO Properties, and related proceeds, and the Pledged Funds and Accounts, all of which will be pledged under the Indenture to secure the Bonds. The Issuer is not expected to have any other material assets at any time.

THE SERVICERS

The Tax Liens will be serviced by the Servicers pursuant to the Servicing Agreements. See "Description of the Servicing Agreements." The information set forth herein concerning each Servicer and the Servicer Guarantor has been provided by that Servicer or Servicer Guarantor, and neither the City, the Owner Trustee, the Indenture Trustee nor the Initial Purchaser make any representation or warranty as to the accuracy or completeness of such information.

Plymouth Park Tax Services LLC (d/b/a "Xspand")

Plymouth Park Tax Services LLC, ("PPTS"), an indirect, wholly-owned subsidiary of JPMorgan Chase, is the sole servicer under servicing agreements for seven New York City tax lien trusts, NYCTL 1996-1, 1998-1, 1998-2, 1999-1, 2004-A, 2005-A and 2006-A, whose assets have been assigned to the NYCTL 1998-2 trust, and a co-servicer for the NYCTL 2008-A and 2009-A trusts.

In April 2006, PPTS acquired substantially all the assets of Plymouth Financial Company, Inc. ("Plymouth") and certain of its subsidiaries, including Xspand, Inc., including its rights and obligations as a co-servicer for the NYCTL 1998-2, 1999-1, 2004-A, and 2005-A tax lien trusts. As part of that transaction, substantially all the employees of Xspand, Inc. were hired by PPTS and substantially all the servicing contracts held by Xspand, Inc. were assigned to PPTS. PPTS also acquired the federally registered service mark "Xspand" and currently does business under such name. Subsequent to that transaction, PPTS acted as a co-servicer for the 2006-A, 2008-A and 2009-A tax lien trusts. Upon the resignation of the other co-servicer (JER Revenue Services LLC) as of August 1, 2007, PPTS signed servicing agreements for the 1996-1 and 1998-1 tax lien trusts (for which no bonds are outstanding) and assumed the servicing obligations of the co-servicer for each of the remaining tax lien trusts.

PPTS has experience in servicing municipal real estate liens and other receivables in 28 states and the District of Columbia with an aggregate value in excess of \$3.0 billion; of that amount, only Tax Liens of the 1996-1 Trust, 1998-1 Trust, 1999-1 Trust, 1998-2 Trust, 2004-A Trust, 2005-A Trust, 2006-A Trust, the 2008-A Trust and the 2009-A Trust are related to properties in the City of New York. PPTS is also in the business of acquiring

municipal real estate tax liens. PPTS has acquired and/or acted as servicer for liens located elsewhere in the State of New York. To the extent that assets owned, managed or serviced by PPTS are similar to the assets of the Issuer, such assets might, depending on the particular circumstances, compete with the Properties for tenants, purchasers, financing and the like.

On June 4, 2009, PPTS received a grand jury subpoena issued by the U.S. District Court for New Jersey upon application of the Antitrust Division of the U.S. Department of Justice (“DOJ”). The subpoena seeks certain documents and information relating to an ongoing investigation being conducted by the DOJ into conduct by bidders at “open outcry” tax lien auctions. In its capacity as a Servicer, PPTS does not participate in any such auctions with respect to the Issuer’s Tax Liens. PPTS has been advised that it is a subject of this DOJ investigation and it is cooperating fully. As of the date of this Private Placement Memorandum, no assurance can be given as to the outcome of this DOJ investigation.

MTAG Services, LLC

MTAG Services, LLC (“MTAG”) is a Virginia limited liability company created as a legal entity in 2010 by Jim Meeks to acquire the tax lien servicing business and related assets of Mooring Tax Asset Group, LLC (“Mooring”), which he co-founded in 1997. MTAG will primarily focus on acquiring for the account of others and servicing tax liens instead of owning tax liens. MTAG retained the same management, technology, key personnel and servicing/asset management platform as Mooring Tax Asset Group, LLC. Mooring will serve as a performance guarantor for MTAG for the benefit of the New York City tax lien trusts. MTAG manages the acquisition and servicing of portfolios of delinquent municipal liens in 22 states and the District of Columbia, covering over 330 taxing jurisdictions. MTAG management has purchased and serviced over \$1.5 billion of tax liens. Collectively, MTAG’s principals have over eighteen years of experience servicing tax liens.

Mooring is a Virginia limited liability company established in 1997. Mooring managed the acquisition and servicing of portfolios of delinquent municipal liens in 22 states and the District of Columbia, covering over 300 taxing jurisdictions. Prior to the acquisition of its tax lien servicing business by MTAG, Mooring had purchased and serviced over \$1 billion of tax liens. Mooring still owns certain tax lien assets that are serviced by MTAG.

On June 2, 2009, Mooring received a grand jury subpoena issued by the DOJ. The subpoena seeks certain documents and information relating to an ongoing investigation being conducted by the DOJ into conduct by bidders at “open outcry” tax lien auctions. In its capacity as a Servicer, MTAG does not participate in any such auctions with respect to the Issuer’s Tax Liens. Mooring has been advised that it is a subject of this DOJ investigation and it is cooperating fully. As of the date of this Private Placement Memorandum, no assurance can be given as to the outcome of this DOJ investigation. Although MTAG has not been advised that it is a subject of this investigation, no assurance can be given that it will not be affected by this DOJ investigation.

USE OF PROCEEDS

The proceeds from the sale of the Bonds will be applied to fund the acquisition of the Tax Liens from the City, to fund the Pre-Funding Account, the Working Capital Reserve Fund, to the extent required, and the Interest Reserve Fund and to pay the costs and expenses of the issuance of the Bonds.

DESCRIPTION OF REAL ESTATE TAXATION IN THE CITY

State Authorization of Taxation

The New York State Constitution authorizes the City to levy and collect taxes on real property for any public or municipal purpose, and to adopt and amend local laws not inconsistent with the Constitution of New York State or any general law of New York State relating to the levy, collection and administration of local taxes authorized by the New York State legislature. The City taxes levied on real property consist of a general levy referred to as “real property taxes” and miscellaneous special charges against individual properties. In addition, water and sewer charges are imposed by the New York City Water Board.

Real Property Taxes

Assessment and Collection of Real Property Taxes

The assessment and collection of real property taxes in the City is governed by the provisions of the New York State Real Property Tax Law, the City Charter and the City Administrative Code. The City Department of Finance (the “Finance Department”) assesses all the taxable real property in the City and collects all real property taxes and other assessments. New York State law provides for the classification of all real property in the City into one of four statutory classes (each, a “Tax Class” of real property), Tax Class 1, Tax Class 2, Tax Class 3 and Tax Class 4. Tax Class 1 primarily includes one-, two-, and three-family homes, certain specifically defined condominiums and certain types of vacant land; Tax Class 2 includes other residential property not included in Tax Class 1, including multifamily rental and cooperative apartment buildings and condominiums; Tax Class 3 includes most utility real property; and Tax Class 4 includes all other real property, including industrial and commercial properties. The Tax Liens will not include any liens on Tax Class 3 properties.

Assessment of Tax Class 1 Properties

The Property Division of the Finance Department annually estimates the full market value of each parcel of real property in the City. The primary basis for Tax Class 1 full valuation is an analysis of arm’s length sales of comparable properties. Sales price information is obtained from Real Property Transfer Tax returns, which are required to be filed upon the sale of any property in the City. Property descriptions are based on a detailed exterior inspection first conducted in the 1980’s and updated by periodic re-inspections of neighborhoods and specific parcels. Physical inspections are triggered by sales studies, field surveys, building permit and fire reports, exemption applications and other information. Properties are re-inspected by assessors for various reasons, including data deficiencies, notices of renovation, addition or demolition and filings made by the property owner. A computer-assisted mass appraisal (“CAMA”) model is used to estimate the market value of each Tax Class 1 parcel each year. Each value is reviewed by the district assessor assigned to the parcel by specialty. District assessors adjust approximately one-third of the CAMA generated values each year to reflect recently obtained descriptive changes and to fine tune values for factors not considered by the CAMA model.

Assessment of Tax Class 2 and Tax Class 4 Properties

The Property Division uses the income approach to value Tax Class 2 and Tax Class 4 properties. Data are obtained primarily from income and expense statements filed voluntarily with the Tax Commission in March or the mandatory Real Property Income and Expense form (“RPIE”) due on September 1 of each year for income-producing properties assessed for more than \$40,000. Valuations are based on adjusted actual data when possible. Data from comparable properties or statistical profiles are used where actual data do not exist, are incomplete or not available, such as for cooperatives, condominiums, owner-occupied business properties and recently sold or constructed properties. Income and expenses are adjusted to reflect the lag between reporting and the valuation date for the assessment roll (for example, year 2008 RPIE data were adjusted to a valuation date of January 2010 for the fiscal year 2011 tax roll). Property descriptions are maintained based on data obtained from field inspections, building plans, exemption applications and other sources. District assessors conduct field inspections as needed to update descriptions and ascertain general conditions, such as vacancy rates, types of occupancy, building conditions and staff levels. Inspections are also conducted in response to specific needs, such as building permits, exemption applications and assessment appeals. Each parcel is the subject of an annual Property Valuation Document (“PVD”) maintained by the district assessor on the Finance Department’s mainframe computer system. The PVD includes the income and expense conclusions and the selected capitalization rate. The rate is determined based on an analysis of the location, property type and quality of the income stream. A final review evaluation is conducted by the Equalization Unit of the Department of Finance.

Determination of Billable Assessed Value and Amount of Tax Payable

In the case of Tax Class 1, Tax Class 2 and Tax Class 4 properties, the “full value” of the property is determined based upon the foregoing valuation methods. The “actual assessed value” of the property is then determined as a percentage of the full value. For fiscal year 2010, Tax Class 1 has been assessed at 6% of full value and Tax Classes 2 and 4 have been assessed at 45% of full value. The law also establishes restrictions on annual

actual assessed value increases. Actual assessed values of Tax Class 1 properties may not increase by more than six percent annually and 20 percent over five years. Tax Class 2 actual assessed value increases for rental buildings of less than 11 units, and, since 1994, cooperatives and condominiums of less than 11 units as well, are limited to eight percent a year and 30 percent over five years. For all other Tax Class 2 and Tax Class 4 properties, there are no annual restrictions on actual assessed value increases. Instead, actual assessed value changes, both increases and decreases, are phased in over five years. The assessed value after the applicable phase-ins is referred to as the “transitional assessed value.” Increases in actual assessed value that are the result of new construction, alterations or change in taxable status are reflected immediately in billable assessed value and are not subject to the actual assessed value increase limits or the phase-in requirement. The “billable assessed value” in any given year is the lower of the actual assessed value and the transitional assessed value, minus any portion of the assessed value that is exempt from taxation, such as a veteran’s exemption.

The share of the total levy that can be borne by each Tax Class is regulated by the provisions of the New York State Real Property Tax Law. Each Tax Class’s share of the total tax levy is updated annually to reflect new construction, demolition, alterations, changes in taxable status or reclassification and is subject to limited adjustment to reflect relative full value changes among the four Tax Classes. The full value adjustment for any Tax Class may not exceed 5% in any year, unless such limitation is modified by the State legislature for a particular year. The total tax levy consists of two tax levies, allocated for educational and non-educational purposes, for each Tax Class. Once the tax levies are set for each Tax Class, the tax rate for each Tax Class is then fixed annually by the City Council by dividing the levy for such Tax Class by the actual assessed value for such Tax Class. The tax rates for each Tax Class, expressed as a percentage of “billable assessed value,” for the 2010 fiscal year were 17.088% for Tax Class 1, 13.241% for Tax Class 2 and 10.426% for Tax Class 4.

In 2003, the State Real Property Tax Law was amended to authorize the City to adopt and amend local laws imposing a real property tax surcharge on property in Tax Class 1, excluding vacant land, where such a property (i) produces rental income and (ii) is not the primary residence of the owner or of a parent or child of the owner. The surcharge was authorized in an amount up to twenty-five percent of net real property taxes for the fiscal year beginning July 1, 2003 and up to fifty percent of net real property taxes for fiscal years beginning on or after September 1, 2004. The term “net real property taxes” is defined to mean “the real property tax assessed on class one property after deduction for any exemption or abatement received pursuant to the Real Property Tax Law.” On July 14, 2003, the New York City Administrative Code was amended to impose a real property tax surcharge in an amount equal to twenty-five percent of net real property taxes for fiscal years beginning on or after July 1, 2003. On April 15, 2004, the New York City Administrative Code was amended to defer implementation of the surcharge until June 30, 2006. On July 11, 2006, the New York City Administrative Code was amended, retroactive to July 1, 2006, to reduce the surcharge to 0%. However, the City could, at any time, adopt a local law to impose the surcharge.

All or a portion of the assessed value of a property may be exempt from taxation. Public property exempt from taxation includes properties owned by the United States, the State of New York, the City, New York State and City public benefit corporations, the United Nations or foreign governments (if the foreign governments use such properties as missions to the United Nations or as consulates). Private property which may be exempt from taxation includes property owned by non-profit religious, charitable, educational, medical and cultural organizations, residential property which has been granted exemption to encourage rehabilitation of existing housing and new construction, commercial and industrial property subject to economic development incentives used to generate construction or renovation of commercial or industrial facilities and property subject to individual assistance exemptions, including the Veteran’s Exemption, the Senior Citizen Homeowner’s Exemption and the Persons with Disabilities Exemption.

The taxable status and assessed value of all real property in the City is fixed by January 5 for the next fiscal year, which commences on July 1. Books of annual record of tentative assessed valuation are required to be open to the public by no later than January 15 and remain open until March 1 (March 15 in the case of one- to four-family residences). The Finance Department must mail notice of an increase in the assessment of any property to the property owner of record at least 30 days prior to the final date to file an appeal. The Finance Department may add, or increase the assessment of, (i) residential property during the period that the books are open for inspection and (ii) non-residential property until May 10 upon 10 days prior notice mailed to the owner, who has 20 days after such mailing to file an application for correction. The Finance Department will act upon such an application for

correction only to correct obvious factual errors. After the period of public inspection, the Finance Department prepares final assessment rolls and delivers them to the City Council on or about May 25. Upon approval of the budget, the City Council sets the tax rates in cents per dollar of assessed valuation so as to produce a balanced budget. If the City Council has not fixed the tax rates by June 5, the Department of Finance is authorized to use estimated tax rates to calculate tax bills until the City Council acts, and appropriate adjustments are made on the next tax bill.

Real estate tax payments are due each July 1 and January 1, except that payments for real property assessed at \$250,000 or less (including real property held in cooperative form assessed at \$250,000 or less per unit) are due in quarterly installments on July 1, October 1, January 1 and April 1. The interest rates on delinquent payments are set annually by the City Council based on the recommendation of the Banking Commission, taking into consideration the prevailing interest rates charged for commercial loans extended to prime borrowers by commercial banks operating in the City. For real property assessed at \$250,000 or less, the proposed rate shall at least equal such prevailing prime rate, and for real property assessed at more than \$250,000, the proposed rate shall at least equal 6% greater than such prevailing prime rate. Delinquent real property tax payments accrue interest from the due date to the date of payment. Real property tax payments that are delinquent accrue interest at the rate of 9% for properties with an assessed value of \$250,000 or less. Real property tax payments that are delinquent accrue interest at the rate of 18% for properties with an assessed value of more than \$250,000. There is a fifteen-day grace period for properties for which payments are due in quarterly installments. No grace period is allowed for other properties. Payments for settlement of delinquencies under an installment agreement are required on a quarterly schedule.

Appeals of Tax Assessments

The Tax Commission is an administrative body established by the City Charter and the Administrative Code to review applications for correction of tax assessments. An application to correct a tax assessment may be filed with the Tax Commission until March 1 (March 15 in the case of Tax Class 1 properties). The Tax Commission typically receives in the range of 35,000 to 45,000 appeals per year. Most large Tax Class 2 and Tax Class 4 properties file an appeal every year. The hearing case load is typically completed by September. If the Tax Commission has not rendered a decision by May 25, the assessment objected to is deemed to be the final determination of the Tax Commission for purposes of further appealing the assessment as described below. Reductions in assessments granted and accepted by approximately May 20 are incorporated into the final assessment roll released in late May. Subsequent reductions may result in a reduction in the bill during the fiscal year or a refund or credit if the bill has already been paid. A taxpayer who does not wish to accept the Tax Commission decision may begin an Article 7 proceeding (tax *certiorari*) in the appropriate State Supreme Court. To do this, a taxpayer must file a petition with the State Supreme Court by October 24. Alternatively in the case of one-to three-family owner-occupied residences for which either the full value does not exceed \$150,000 or the requested assessment reduction does not exceed 25%, the property owner may elect to file an appeal in a special small claims court established in the appropriate State Supreme Court. Such election constitutes a waiver of the right to appeal to the Supreme Court itself. A *certiorari* petition over four years old is automatically deemed abandoned unless the taxpayer has filed a certified statement of income and expenses or obtained from the City's Law Department a one-year extension. A hearing on a small claims proceeding is required to be (but is not always) scheduled within 45 days and a decision is required to be rendered within 30 days after the hearing. Commencement of a *certiorari* or small claims proceeding does not stay the proceedings of the Finance Department to collect taxes. An Article 78 proceeding (an appeal of an administrative decision) may be commenced for matters other than the amount of an assessment, such as a claim that a decision involved an error of law or an abuse of discretion or was arbitrary and capricious or was not based upon substantial evidence. A decision of the State Supreme Court may be appealed to higher courts by either party.

The amount of a Tax Lien that is subject to tax *certiorari* proceedings may, as a result of the proceedings, be reduced either by settlement with the City or by the decision of the applicable state court. A significant number of cases are deemed abandoned by the property owners due to their failure to make timely filings with the applicable state court. In those cases where the actual assessed value of the property is reduced, the tax is not necessarily reduced by a proportionate amount due to the phase-in of prior year increases or decreases in assessed value and other factors which are taken into account to arrive at a taxable (or billable) assessed value.

The New York State Real Property Tax Law allows taxpayers to use actual sales prices of properties to challenge the equality of assessments, which may result in significant exposure to reductions in the Redemptive Value of Tax Liens. However, any reduction in the Redemptive Value of a Tax Lien will constitute a defect in the Tax Lien, requiring the City either (i) to cure the defect, (ii) to deposit to the appropriate Issuer Lockbox the Defective Tax Lien Deposit Amount or (iii) to deliver to the Indenture Trustee an Eligible Substitute Tax Lien or Liens and the Substitution Amount, and thereupon the Defective Tax Lien will be released from the lien of the Indenture and reconveyed and reassigned without recourse to the City.

Water and Sewer Charges

Determination and Collection

Water and sewer charges are established by the New York City Water Board (the “Water Board”) and are collected on behalf of the Water Board by the New York City Department of Environmental Protection (the “DEP”). Water charges for residential properties historically have been assessed by the Water Board on the basis of “frontage,” which is a formula the elements of which include the front width of the building, the number of stories, the number of families, apartments or boarders and the number of bathtubs, showers and toilets. Water charges for commercial properties historically have been based on meter readings. The Water Board is in the process of converting residential properties to charges based upon metered water usage in order to promote water conservation. Approximately 98% of all water and sewer accounts are now metered, and approximately 94% of total accounts are billed on a metered basis. A surcharge for failing to install a meter by July 1, 2000 is being assessed on those remaining properties that have not requested meter installation. The water rate effective as of July 1, 2010 for metered properties is \$2.94 per 100 cubic feet. In addition, there are various miscellaneous charges for specific services, such as turning connections on or off, pressure tests and extra meter readings.

Sewer charges are currently set to be 159% of the water charge, except that for certain commercial establishments there is an allowance for water-using facilities that do not return the used water to the sewer system, such as air-conditioning, ice manufacturing, florists and bottling plants. Combined water and sewer charges as of July 1, 2010 are \$7.61 per 100 cubic feet of water used.

Metered residential premises (including multifamily apartment buildings) are eligible for a cap on metered rates if the owner applies for a cap within 18 months of the due date of the bill and meets certain inspection and repair requirements. According to the DEP, the caps are considerably higher than the bills that would be payable if the property were using proper water conservation practices. In 2001, the Water Board adopted its Conservation Program for Multiple Family Residential Buildings which replaced the existing meter billing cap program referred to above for residential buildings consisting of six or more dwelling units. It provides that owners of such buildings who replace or have replaced at least 70% of the toilet, sink and showerhead fixtures in such building with low flow fixtures may elect to be billed on the basis of metered consumption or a fixed charge per dwelling unit per year. Certain properties that convert from frontage rates to metered rates may apply for a cap on the first metered rate bill of 150% of the last frontage rate bill if the property owner requests such a cap within eighteen months of the due date of the bill, allows the City to conduct a water survey and promptly corrects any leak or waste condition detected. Unusually high metered water charges may be forgiven if the high charge resulted from (a) a burst pipe or leak where the customer reasonably could not be expected to detect such burst pipe or leak or have a fair chance to repair it or (b) a disaster. The customer must apply for forgiveness within 18 months of the due date of the bill and the leak must have been corrected. In such event the bill will be canceled and a new bill rendered based upon 50% of the original bill. Water Board billing policies provide that the billing caps referred to above and the forgiveness of water and sewer charges for extraordinary leaks or other disaster situations are not available with respect to outstanding water and sewer charges for which the resulting lien has been sold. The Conservation Program for Multiple Family Residential Buildings is slated to expire in July 2012.

Frontage water and sewer charges are billed annually. Metered properties are billed on a quarterly cycle on a staggered basis to regulate DEP’s workload. When a meter cannot be read, the bill is estimated based upon previous usage.

Appeals of Water and Sewer Charges

Pursuant to New York State law, a customer is allowed four years to file a complaint with respect to a water and sewer charge. An administrative appeal of a water or sewer bill proceeds through a two-tier process, following the initial complaint made to the manager of the local borough office of the DEP. An appeal may be made to the customer service representative of the DEP's Bureau of Customer Services. If the appeal is made within 120 days of the written response to the complaint, the customer service representative will use best efforts to issue a decision within 90 days of the submission of the appeal. If the customer disagrees with the decision of the customer service representative, a second appeal may be made to the Executive Director of the Water Board within 30 days of the date of the customer service representative's decision. The Executive Director will use best efforts to render a decision within 60 days of receipt of the final appeal. Interest charges continue to accrue on unpaid bills during the appeals process, but if an appeal is decided in favor of a customer, all interest charges are waived. Upon completion of the administrative appeal process, further appeals must be made to the State Supreme Court under an Article 78 proceeding (appeal of administrative decision) on the grounds that the administrative decision involved an error of law or an abuse of discretion or was arbitrary and capricious or was not based upon substantial evidence.

Other City Charges Included in the Tax Liens

Other City charges that are to be included in the Tax Liens include New York City Department of Housing Preservation and Development charges for emergency repairs of boilers and elevators, sewer and sidewalk repair charges, fire prevention inspections, charges for housing cleanup costs, demolition and emergency repairs, business improvement district assessments and other miscellaneous municipal fees.

Litigation

A number of parties contesting the foreclosure of Tax Liens previously sold by the City have challenged, among other things, (i) the power of the City to sell Tax Liens to the trusts, (ii) the power of the City to sell Tax Liens when some Tax Liens are less than a year old, (iii) the enforceability of Tax Liens when a tax *certiorari* challenge is pending, (iv) the power of the City to restore tax charges that were not previously billed, (v) the 5% surcharge and the 18% interest rate on the Tax Liens, (vi) the standing of the Indenture Trustee to foreclose on the Tax Liens, (vii) the priority of Tax Liens over other liens and (viii) failure by the City to give proper or adequate notice of the Tax Lien sale. In addition legal challenges to the collection of the Tax Liens have alleged violations of the Federal Fair Debt Collection Practices Act, the Truth in Lending Act, the New York General Business Law, the New York General Obligation Law, breach of contract and unjust enrichment. To date, no such action or challenge has been successful after completion of the appeal process. Certain of such parties have also asserted individual defenses such as improper billing, full or partial payment, tax-exempt status, the existence of forbearance agreements or inadequate service of process.

CREATION AND STATUS OF TAX LIENS

General

All real property taxes, assessments, sewer rents and water rents and other City charges ("Other Charges") on property become liens on the day they become due and payable. The City has the right to enforce delinquent tax liens by bringing an *in rem* foreclosure proceeding against the related property. Under the *in rem* proceeding, unless the taxes are paid, the City obtains full title to the property, and all liens (including tax liens the ownership of which is evidenced by tax lien certificates) are extinguished. The City has agreed in the Purchase Agreement to forbear to commence an *in rem* foreclosure action against a property which has an outstanding and unredeemed Tax Lien owned by the Issuer.

Unpaid tax liens, including water and sewer charges, interest and penalties, the costs of any advertisements or notices of sale of the tax liens, together with a 5% surcharge (except that the Bankruptcy Tax Liens do not include penalties, the costs of any advertisements or notices of sale of the tax liens or the 5% surcharge), may be sold by the City. Tax liens sold by the City accrue interest on all such amounts at the rate of 18% per annum, compounded daily, except that the interest rate is 9% per annum, compounded daily, in the case of Bankruptcy Tax Liens for (A) real property taxes on Properties assessed at \$250,000 or less or (B) water and sewer liens. Initially, in

order for a tax lien (other than water and sewer liens without associated real estate charges which are described under “Creation and Status of Tax Liens—Water and Sewer Liens) to be eligible for sale, the related tax, rent or charge must be at least one year past due. In addition, with respect to a tax lien on a Tax Class 1 property or a Tax Class 2 residential cooperative and condominium, a portion of the real property tax must be at least three years past due, and with respect to a tax lien on a multi-family Tax Class 2 property or a Tax Class 3 property, a portion of the real property taxes must have been unpaid for one year as of the date the tax lien is first publicly noticed for sale. Once a tax lien has been sold with respect to a property, subsequent tax liens on the same property may be sold without any aging requirement so long as the prior tax lien remains unpaid as of the date the tax lien is first publicly noticed for sale, with the exception that with respect to a tax lien on a Tax Class 1 property or a Tax Class 2 residential cooperative and condominium, the real property tax component must be at least one year past due. The Finance Department may sell tax liens in bulk through a negotiated sale upon 15 days prior notice published in one newspaper of general circulation in the City. The Finance Department may accept cash or cash equivalent in immediately available funds, or other consideration acceptable to the Finance Department. The Finance Department may replace or refund the value of defective or nonconforming liens. The Finance Department is authorized to make representations to be the basis for determinations of nonconformity.

A tax lien which becomes a lien in a tax year has priority over all tax liens of prior tax years. All real property taxes, assessments, sewer rents, sewer surcharges and water rents included in tax liens which become liens in the same tax year rank on a parity but have priority over Other Charges which become liens in the same tax year. Other Charges included in tax liens which become liens in the same tax year rank on a parity. The lien of a tax lien, the ownership of which is evidenced by a tax lien certificate, is superior to all liens, charges and encumbrances, on the related property (including mortgage liens and judgment liens regardless of the date of attachment) other than: (A) restrictive covenants and easements burdening the related property; (B) liens relating to the property arising from the operation of any applicable Federal law or from certain New York State environmental laws which may have attached and been perfected prior to the date of the creation of the related tax lien certificate; (C) City liens for Subsequent Taxes and Assessments; and (D) expenses of a tax lien foreclosure sale. Tax liens securing unpaid water rents, sewer rents and/or sewer surcharges for certain Class 1, Class 2 and Class 4 properties may be sold without the related real estate tax lien. Thus it is possible for there to be unsold real estate tax liens against a Property that rank *pari passu* with a related Tax Lien securing unpaid water rents, sewer rents and/or sewer surcharges which has been sold.

Notice of sale of tax liens (by borough, block and lot) must be published twice, not less than 90 days prior to the date of sale and not less than 10 days prior to the date of sale. A list of the tax liens to be sold must be available for public inspection in the applicable office of the City Register in the case of the Boroughs of the Bronx, Brooklyn, Manhattan and Queens, and in the office of the County Clerk of Richmond County in the case of the Borough of Staten Island, not less than 90 days prior to the date of sale. The Finance Department must mail by first class mail a notice of sale to each registered owner of the property or other registered interested party not less than 30 days prior to the date of sale. The Finance Department must mail by first class mail a notice of the sale of any tax lien to each registered owner of the property within 90 days after the delivery of the tax lien certificate, but failure to provide such notice shall not affect the validity of the sale.

Each tax lien certificate sold is due and payable one year from the date of sale. After the earliest of (i) the passage of one year from the date of sale of the tax lien certificate, (ii) 30 days after the property owner fails to pay the first semiannual interest payment (which, in the case of the Tax Liens, is due six months after the applicable Sale Date) on the tax lien certificate or (iii) six months after the property owner fails to pay when due any Subsequent Taxes and Assessments, the holder of a tax lien certificate may, upon notice to the Finance Department in writing, institute an action to foreclose on the related property. The holder of a tax lien certificate may satisfy Subsequent Taxes and Assessments on the related property and thereby become the purchaser of such Subsequent Taxes and Assessments. Upon satisfaction of a tax lien, the holder of the tax lien certificate must surrender it for cancellation. The holder of a tax lien certificate shall on demand issue a certificate showing the discharge of any tax lien certificate which may have been duly discharged, which certificate may be filed in the appropriate City register or county clerk’s office.

An amendment to the Administrative Code of the City now provides that the real property tax component of Subsequent Taxes and Assessments may not be sold on any residential real property in Tax Class 1 (i) that is receiving an exemption under Administrative Code section 11-245.3 (exemption for persons 65 years of age or

over) or section 11-245.4 (exemption for persons with disabilities), or (ii) where the owner of the property has been allowed a credit under Tax Law section 606(e) (circuit breaker credit) for the calendar year in which the date of the first publication of the notice of sale occurs or for the calendar year immediately preceding such date. In addition, the sewer rents, sewer surcharges or water rents component of Subsequent Taxes and Assessments may not be sold on (a) any one family residential real property in Tax Class 1, (b) any two or three family residential real property in Tax Class 1 that is receiving an exemption under Administrative Code 11-245.3 (exemption for persons 65 years of age or over) or section 11-245.4 (exemption for persons with disabilities), or (c) any property in Tax Class 1 where the owner of the property has been allowed a credit under Tax Law section 606(e) (circuit breaker credit) for the calendar year in which the date of the first publication of the notice of sale occurs, or for the calendar year immediately preceding such date.

Water and Sewer Liens

Prior to 2008, the Administrative Code of the City authorized the City (i) to sell such water and sewer liens, in the case of commercial and industrial properties (Tax Class 4) without any requirement that real property taxes remain unpaid, or (ii) to sell a water and sewer lien relating to a Tax Class 2 property that is a multi-family residential property or a utility property (Tax Class 3) so long as there were real property taxes on such property at least one year overdue as of the date the sale of the lien was first publicly noticed for sale, and (iii) with respect to one to three family residences (Tax Class 1) and Tax Class 2 properties that are residential cooperatives and condominiums, a portion of the real property tax must have been at least three years overdue in order for the City to be able to sell the water and sewer liens.

An amendment to the Administrative Code of the City now authorizes the City, as of December 31, 2007, to sell tax liens securing unpaid sewer rents, sewer surcharges and water rents relating to any class of real property when the water rent, sewer rent or sewer surcharges component of a tax lien (a) shall have remained unpaid in whole or in part for one year, and (b) equal or exceeds the sum of \$1,000, without any requirement that any real property taxes remain unpaid; *provided, however*, that the sewer rents, sewer surcharges or water rent component of a tax lien may not be sold on (x) any one-family residential real property in Tax Class 1, (y) any two or three family residential real property in Tax Class 1 that is receiving an exemption under Administrative Code section 11-245.3 (exemption for persons 65 years of age or over) or section 11-245.4 (exemption for persons with disabilities), or (z) any two or three family residential real property in Tax Class 1 where the owner of the property has been allowed a credit under Tax Law section 606(e) (circuit breaker credit) for the calendar year in which the date of the first publication of the notice of sale occurs, or for the calendar year immediately preceding such date.

This amendment to the Administrative Code of the City also now provides that the sewer rents, sewer surcharges and water rents component of Subsequent Taxes and Assessments may be sold regardless of how old it is and regardless of whether it equals or exceeds \$1,000; *provided, however* that the sewer rents, sewer surcharges and water rents component of Subsequent Taxes and Assessments may not be sold on (x) any one-family residential real property in Tax Class 1, (y) any two or three family residential real property in Tax Class 1 that is receiving an exemption under Administrative Code section 11-245.3 (exemption for persons 65 years of age or over) or section 11-245.4 (exemption for persons with disabilities), or (z) any two or three family residential real property in Tax Class 1 where the owner of the property has been allowed a credit under Tax Law section 606(e) (circuit breaker credit) for the calendar year in which the date of the first publication of the notice of sale occurs, or for the calendar year immediately preceding such date.

FORECLOSURE OF TAX LIENS

After the earliest of (i) the passage of one year from the date of sale of a Tax Lien (if such Tax Lien remains unpaid), (ii) 30 days after the Property Owner fails to pay the first interest payment due on the Tax Lien (which is due six months after the applicable Sale Date) and (iii) six months after the Property Owner fails to pay when due any Subsequent Taxes and Assessments, the holder of such Tax Lien may institute an action to foreclose on the related Property. The foreclosure procedure available to the holder of a Tax Lien is similar to the procedure involved in the foreclosure of a mortgage. An action to foreclose a mortgage, if successful, results in the subsequent public sale of the related property and the possibility that a third party bid may be sufficient to pay some or all of the liens on the property in their order of priority and may result in a surplus available to the owner of the property.

In as much as tax liens securing unpaid water rents, sewer rents and/or sewer surcharges for certain properties may be sold without the related real estate tax lien, it is possible for there to be unsold real estate tax liens against a Property that rank *pari passu* with a related Tax Lien securing unpaid water rents, sewer rents and/or sewer surcharges which has been sold.

The Administrative Code provides that, if any Tax Lien which shall have been transferred by a Tax Lien certificate shall not be paid when due, the holder of such Tax Lien certificate may maintain an action in New York State Supreme Court to foreclose such Tax Lien. The Administrative Code requires written notification to the Finance Department of the commencement of such action at the time of filing thereof and written notification of the resolution of such action, including settlement, within thirty (30) days of such resolution. The Administrative Code specifies certain permissible parties to such an action and provides for recovery of reasonable attorneys' fees by the plaintiff. The Administrative Code further provides that, except for the foregoing, an action to foreclose a Tax Lien shall be regulated by the New York Civil Practice Law and Rules ("CPLR") and by all other provisions of law and rules of practice applicable to actions to foreclose mortgages on real property.

The Administrative Code provides that a Tax Lien that is sold by the City is to be foreclosed in the same manner as a mortgage. In New York, a judicial foreclosure action is instituted with the filing of a summons and complaint with the court and the filing of a notice of pendency of action (commonly known as a *lis pendens*) in the office of the clerk of the county in which the property is located, and the service of that summons and complaint upon the defendant(s). In order for the plaintiff to cut off subordinate liens, estates and interests in the property, all persons holding such liens, estates and interests must be joined in the action. The purpose of filing a *lis pendens* is to cut off the interests of parties whose interests arise after the filing of the *lis pendens* without having to name them in the foreclosure action. Although an action to foreclose a mortgage is governed by the Real Property Actions and Proceedings Law, the proceedings are also governed by the general rules set forth in the CPLR. A judgment of foreclosure and sale cannot affect the protection afforded to residential tenants under the rent laws, and a purchaser at a foreclosure sale acquires title subject to the same restrictions that the rent laws impose upon owners who acquire title by any other form of conveyance.

In those cases where a subordinate mortgage is held by the Federal Deposit Insurance Corporation ("FDIC") in its capacity as a receiver of a failed financial institution, the consent of the FDIC to be named as a party defendant must be obtained. If the foreclosure of a Tax Lien is effected without such consent having been obtained, the related mortgage would survive as a lien on the related property, a fact that would affect the value of the property that might be bid by a third party at a foreclosure sale. If the property were to be subsequently sold, the amount due under any such mortgage would have to be paid from the proceeds of sale, thereby reducing the proceeds that would otherwise have been available. In addition, if the FDIC is the fee owner of the property, then no foreclosure of a Tax Lien may be effected during such ownership. Although the FDIC remains personally liable for the tax, the enforcement mechanisms of lien attachment and lien foreclosure are unavailable. Furthermore, penalties forming part of the Tax Lien (whether or not predating the ownership of the FDIC) may not be collected.

In addition, in the event that a parcel of real property or a mortgage lien secured by a parcel of real property is owned by any federal government entity or federal government-sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel may be affected. Certain federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local government entity cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair a federal government interest. Certain federal courts have held that a mortgagee interest held by Fannie Mae is a "federal government interest" for the purpose of the supremacy clause. However, since the commencement of the NYCTL securitization program in 1996, to the City's knowledge, no federal government entity nor federal government-sponsored entity has ever acted to limit the ability to foreclose on a City tax lien included in the securitization program or a parcel of real property securing such tax lien.

After being served with a summons and complaint, it is up to each defendant to serve an answer to the complaint. Any defendant that fails to put in a timely answer loses its right to dispute the allegations contained in the complaint. The answer may include any affirmative defenses and counterclaims which the defendant wishes to assert. In the event the defendant's answer asserts any counterclaims against the plaintiff, the plaintiff must then serve a reply which responds to those counterclaims.

Once the answer is served, and if applicable, a reply to any counterclaims has also been served, the plaintiff may make a motion for summary judgment. The purpose of a motion for summary judgment is to seek a determination from the court that there are no triable issues of fact that would prevent the plaintiff from foreclosing. In the same motion, the plaintiff would include requests for related relief, including dismissal of any defenses and/or counterclaims, and appointment of a referee to compute the amount due the plaintiff.

Assuming summary judgment is granted, the court will appoint a referee to compute the amount due to the plaintiff. In those cases where defendants default by failing to answer and none of the defendants are infants or absentees, the court itself may make the computations and direct judgment without further notice. In New York County, if attorneys' fees are sought by the plaintiff, the court makes the computation at an inquest. The collection of Lien Administration Expenses is to some extent within the discretion of the court, and whether or not the court permits all or a portion of Lien Administration Expenses to be collected, the payment of actual Lien Administration Expenses out of proceeds of foreclosure will be made prior to making interest and principal payments on the Bonds. If summary judgment is not granted and there is a trial on the facts in which the plaintiff is successful, the appointment of a referee to compute would likewise follow. After notice to all parties who have appeared in the action, the referee conducts a computation hearing at which the plaintiff presents evidence as to the amounts that it claims are due to it. Although the hearing is generally pro forma, in a mortgage foreclosure action the defendants are entitled to attend and to contest any of the evidence presented by the plaintiff. It should be noted that, as a general rule, the sole remedy available to a property owner that is not a debtor under the Bankruptcy Code for purposes of contesting the amount of any assessment on real property is a tax *certiorari* proceeding pursuant to Article 7 of the Real Property Tax Law. Once the hearing is completed, the referee prepares and files a written report as to the referee's computation of the amount due to the plaintiff.

After the referee has rendered the report of computation and manner of sale, the plaintiff makes a motion (i) to confirm the report and (ii) to have judgment of foreclosure and sale granted by the court. Assuming there are no valid objections to the referee's report, the court will enter a judgment of foreclosure and sale that confirms the referee's report of computation and manner of sale, sets forth the amount of the judgment (as per the referee's computation), and directs that the property be sold at foreclosure. The judgment also sets forth the newspaper in which the foreclosure sale should be advertised and names the referee who is to conduct the foreclosure sale (often the same person who was the referee to compute). The judgment may be appealed by any party. If an appellant in possession or control of the property posts a bond in an amount fixed by the court, enforcement of the judgment is stayed pending the appeal.

Once a judgment of foreclosure and sale is entered, the plaintiff must arrange with the referee for a sale date and then advertise the sale as directed by the court in the judgment. The foreclosure sale must be advertised in a daily newspaper published in the county in which the property is located either: (i) twice a week for three (3) weeks, or (ii) once a week for four (4) weeks. In either such event, the sale must take place within a week after the last such advertisement.

The foreclosure sale is conducted by the referee at the place set forth in the judgment, generally at the courthouse in the county where the property is located. It should be noted that the defendant-owner of the property has the right, at any time up until the actual moment that the conducting of the foreclosure sale commences, to redeem the property by paying in full to the plaintiff the amount set forth in the judgment of foreclosure and sale, failing which the right to redeem the property is cut off.

Assuming that the owner does not redeem the property, the referee proceeds to conduct the foreclosure sale by first reading the terms of sale, which, among other things, require that any successful bidder (other than the plaintiff, which is entitled to bid) deliver to the referee at the conclusion of the bidding cash or a certified check equal to 10% of the amount of its bid. The referee then entertains bids, and as in any auction, the party offering the highest bid is deemed the successful bidder. The terms of sale generally provide that the successful bidder has 30 days after the sale within which to close title to the property with the referee. The referee must pay out of proceeds the expenses of the sale and, so far as the proceeds will suffice, the related Tax Lien as well as any liens that rank *pari passu* with such Tax Lien. Delinquent property taxes, assessments and water and sewer charges must be discharged out of the proceeds by the referee prior to payments due to the plaintiff. The referee will deposit the remaining proceeds with the court.

In Kings County, the Supreme Court's Foreclosure Committee has instituted a practice of prohibiting assignment of the winning foreclosure bid. This practice was directed towards mortgage foreclosures but includes tax lien foreclosures. The significance of this practice is that if the Trust holds the winning bid, it may not assign it to a third party purchaser. Rather it must take title to the property as an REO Property either in its own name or through a special purpose entity and then seek to sell the property, thereby incurring additional real estate transfer taxes and reducing the proceeds to the Trust.

Once the closing of title with the referee has occurred, the referee files a report of the sale, and the plaintiff (or sometimes the successful bidder, if the plaintiff is not the successful bidder) may make a motion to confirm the report of sale.

When the amount of the successful bid exceeds the judgment amounts paid out by the referee, there is a surplus money proceeding. In the event there is a surplus, holders of junior liens, estates and interests, which have had their liens, estates and interests cut off, have the right to file claims as to the surplus. If a dispute develops as to priority among any such claimants or as to the amounts due them, the court or a court appointed referee will hold an evidentiary hearing to adjudicate the dispute.

New York law provides a so-called "homestead exemption," which exempts from a money judgment against a homeowner up to \$50,000 of equity in the homeowner's principal residence. However, the law expressly provides that no exempt homestead shall be exempt from taxation or from sale for nonpayment of taxes or assessments. Furthermore, New York courts have held that the homestead exemption does not apply to the foreclosure of a mortgage, but rather applies only to the collection of a money judgment that is not secured by the homestead.

The amount of time that it takes from the commencement of a foreclosure action to its completion (i.e., the receipt of proceeds of the foreclosure sale by the plaintiff or the vesting of title to the property in the plaintiff) may vary greatly depending on a number of factors, including whether the foreclosure is contested or uncontested and the calendar of the court. Foreclosures involving multiple holders of subordinate liens, estates and interests, each of which must be served and afforded the opportunity to answer, and sophisticated owners and other defendants represented by sophisticated counsel, will usually take longer to complete than foreclosures of single-family residential properties.

If the Issuer purchases a Property in a foreclosure sale, it may be subject to certain risks relating to environmental matters. See "Risk Factors—Environmental Risks."

THE EFFECT OF THE BANKRUPTCY OF A PROPERTY OWNER ON A TAX LIEN

General

The United States Bankruptcy Code, 11 U.S.C. §§101 *et seq.* (the "Bankruptcy Code") and similar federal and state laws relating to the insolvency, rehabilitation or liquidation of banks, insurance companies and other entities not covered by the Bankruptcy Code may interfere with or affect the ability of the Issuer as the owner of a Tax Lien to collect on the Tax Lien or to realize upon the Property subject to the Tax Lien if the Property Owner becomes subject to a proceeding under such laws. Based upon a limited search by a bankruptcy reporting service, Property Owners of Properties relating to 37 Tax Liens with an aggregate Redemptive Value of approximately \$410,740 as of the applicable Sale Date have been recently identified as being subject to proceedings under the Bankruptcy Code. In addition, other Properties may in fact be owned by Property Owners that are, or may hereafter become, subject to bankruptcy proceedings. Tax Liens that are, or become, subject to bankruptcy proceedings are referred to herein as the "Bankruptcy Tax Liens."

Automatic Stay

Under Section 362 of the Bankruptcy Code, virtually all actions (including the commencement or continuation of foreclosure actions) are automatically stayed upon the filing of a bankruptcy petition, and no

payments may be made on pre-bankruptcy debts during the course of the bankruptcy proceeding without approval of the Bankruptcy Court. In a bankruptcy proceeding involving a Property Owner, the Issuer would therefore be precluded from receiving payments on the related Tax Lien and from foreclosing on the related Property without authorization from the Bankruptcy Court. To the extent that the value of the Property substantially exceeds the Tax Lien, the Bankruptcy Court is unlikely to order payments on the Tax Lien during the pendency of the proceeding or permit foreclosure. There could also be delays in obtaining relief from the automatic stay where the Property Owner has little or no equity in the Property because the Issuer would be required to prove the Property is not necessary to an effective reorganization.

Certain decisions of the United States courts with federal bankruptcy jurisdiction (each, a “Bankruptcy Court”) have held that the sale of a Tax Lien on a property owned by a debtor in bankruptcy violates the automatic stay provisions of the Bankruptcy Code. The City believes that the sale of the Bankruptcy Tax Liens and assignment of the related claims is distinguishable from those decisions, and that if challenged, a court would not apply the reasoning of those cases and would uphold the validity of the sale. The City has represented that it has full right and authority to sell the Tax Liens, including the Bankruptcy Tax Liens. If a court holds that the sale of a Bankruptcy Tax Lien and assignment of the related claim is in violation of the automatic stay provisions of the Bankruptcy Code, and such holding materially and adversely affects the value of the related Bankruptcy Tax Lien, such Bankruptcy Tax Lien will be a Defective Tax Lien, requiring the City either (i) to cure the defect, (ii) to deposit to the appropriate Issuer Lockbox the Defective Tax Lien Deposit Amount or (iii) to deliver to the Indenture Trustee an Eligible Substitute Tax Lien or Liens and the Substitution Amount, and thereupon the Defective Tax Lien will be released from the lien of the Indenture and reconveyed and reassigned without recourse to the City. See “Description of the Purchase Agreement—Representations and Warranties of the City with Respect to the Tax Liens.” With respect to Tax Liens that are not Identified Bankruptcy Tax Liens, a 5% surcharge on the amount of the delinquent taxes, plus certain expenses of the sale, were included in the Initial Tax Lien Principal Balance of the Tax Liens sold by the City, and the 9% interest rate applicable to certain delinquent property taxes and water and sewer charges was increased to 18%. The 5% surcharge and such expenses were not included in the Initial Tax Lien Principal Balance of the Identified Bankruptcy Tax Liens and such Tax Liens are not subject to such interest rate increases because the imposition of the surcharge and expenses and the increase in interest rates may be a violation of the automatic stay described below. With respect to Bankruptcy Tax Liens as of the applicable Sale Date that are not Identified Bankruptcy Tax Liens, the included 5% surcharge and expenses and interest rate increases may not be collectible, and such Bankruptcy Tax Liens will be Defective Tax Liens to the extent of the amount of such uncollectible 5% surcharge and expenses and interest rate increases.

Modification of Tax Lien Obligations

Unless the amount of a Tax Lien had been finally adjudicated by a court or administrative tribunal of competent jurisdiction before such Tax Lien becomes a Bankruptcy Tax Lien, such amount may be redetermined by the Bankruptcy Court without regard to the procedures and time limits generally applicable to such an adjudication, unless the applicable period under any non-bankruptcy law for contesting or redetermining that amount has expired. In addition, provided certain substantive and procedural safeguards are met, certain terms (including timing of payment) of the Tax Lien may be modified under certain circumstances even though a final judgment of foreclosure has been entered in state court (provided no foreclosure sale has yet occurred and been completed) prior to the time such Tax Lien becomes a Bankruptcy Tax Lien. Furthermore, the amount of the Tax Lien recoverable through foreclosure may be reduced to the then-current value of the underlying Property (net of senior liens) as determined by the Bankruptcy Court (with a corresponding partial reduction of the amount of the Tax Lien) pursuant to a confirmed plan or lien avoidance proceeding. The difference between such value and the outstanding balance of the Tax Lien may not be claimed even as an unsecured claim.

Notwithstanding the foregoing, under all Chapters of the Bankruptcy Code if the Bankruptcy Code requires the payment of interest, a Bankruptcy Court may not reduce the rate of interest payable on a Tax Lien below the rate of interest as determined under applicable nonbankruptcy law. In addition, a Bankruptcy Court may only confirm a Chapter 11 plan if the plan provides that holders of Tax Liens assessed before the filing of the bankruptcy petition and last payable without a penalty after one year before the filing of the bankruptcy petition, will be paid in regular cash installments within five years from the entry of the order for relief. The manner of payment may not be less favorable than that accorded the most favored nonpriority unsecured claim provided for by the plan (other than cash payments made to a class of creditors whose claims are less than or reduced to an amount that the Court approves as

reasonable and necessary for administrative convenience in the bankruptcy case). A Chapter 13 plan generally must provide for payment of tax liens within a period not to exceed 5 years.

Homestead Exemption

In addition to the New York “homestead exemption” referred to under “Foreclosure of Tax Liens,” the Bankruptcy Code also contains a homestead exemption, which exempts from the estate of the debtor up to approximately \$50,000 (\$100,000 for married spouses filing jointly) of value in real property that the debtor uses as a principal residence. However, the exemption applies only to the debtor’s equity in the residence and does not apply to the payment of a mortgagee foreclosing a mortgage against the residence. In addition, the Bankruptcy Code expressly allows a state to “opt out” of the federal exemptions and apply its own exemptions. New York has done so, and the New York exemption provides that no exempt homestead shall be exempt from taxation or from sale for nonpayment of taxes or assessments. Furthermore, New York courts have held that the homestead exemption does not apply to the foreclosure of a mortgage, but rather applies only to the collection of a money judgment that is not secured by the homestead. If the residence is in New York but the debtor is domiciled in a jurisdiction other than New York, and that jurisdiction has “opted out” of the federal homestead exemption, then the homestead exemption, if any, of that jurisdiction would govern.

Bankruptcy of a Lessee

To the extent that a Property Owner’s ability to make payments in respect of a Tax Lien is dependent on the receipt of payments of rent under a lease of the related Property, such ability may be impaired by the commencement of a bankruptcy proceeding relating to a lessee under such lease. Under the Bankruptcy Code, the filing of a petition in bankruptcy by or against a lessee results in a stay in bankruptcy against the commencement or continuation of any state court proceeding for past due rent, for accelerated rent, for damages or for a summary eviction order with respect to a default under the lease that occurred prior to the filing of the lessee’s petition. In addition, the Bankruptcy Code generally provides that a trustee or debtor-in-possession may, subject to approval of the court, (a) assume the lease and retain it or assign it to a third party or (b) reject the lease. If the lease is assumed, the trustee or debtor-in-possession (or assignee, if applicable) must cure any defaults under the lease, compensate the lessor for its losses and provide the lessor with “adequate assurance” of future performance. Such remedies may be insufficient, however, since the Property Owner may be forced to continue under the lease with a lessee that is a poor credit risk or an unfamiliar tenant if the lease is assigned, and any assurances provided to the lessor may, in fact, be inadequate. If the lease is rejected, the lessor will be treated as an unsecured creditor with respect to its claim for damages for termination of the lease, but, pursuant to Section 502(b)(6) of the Bankruptcy Code, a lessor’s damages for lease rejection in respect of rent installments due after the bankruptcy petition is filed are limited to the rent reserved by the lease, without acceleration, for the greater of one year, or 15%, not to exceed three years, of the remaining term of the lease.

Subordination of Claims

In a Chapter 7 liquidation, if after exhausting all unencumbered assets of the bankruptcy estate and recovering certain costs and expenses associated with preserving or disposing of the property subject to a Tax Lien, certain administrative expenses of the Chapter 7 proceeding or those incurred in the Chapter 11 proceeding for wages, salaries or commissions remain unpaid, then the Chapter 7 trustee may subordinate the payment of a non-ad valorem Tax Lien to the payment of those administrative expenses that would be senior in priority to the payment of any unsecured administrative tax claims. Sections 507(a)(1) through (a)(7) of the Bankruptcy Code define the administrative claims to which the payment of a non-ad valorem Tax Lien from the proceeds of the liquidation of the property securing that lien may be subordinated. The foregoing subordination is not generally applicable to ad valorem Tax Liens. However, ad valorem Tax Liens may be subordinated to the payment of claims for wages, salaries and commissions that are entitled to priority under section 507(a)(4) of the Bankruptcy Code and to claims for contributions to employee benefit plans under section 507(a)(5) of the Bankruptcy Code. The amount of priority claims is subject to considerable variation and, where such claims are substantial, the Issuer’s recovery in the Property Owner’s bankruptcy may be significantly less than the amount of the Tax Lien.

A bankruptcy trustee or debtor-in-possession, in some cases, may be entitled to collect its costs and expenses of preserving or selling a property prior to paying the Tax Lien holder or it may grant liens senior to that

of the Tax Lien holder. To the extent it can be demonstrated that the value of the interest of the bankruptcy estate in property subject to an unavoidable Tax Lien exceeds the Tax Lien principal balance, the Tax Lien holder will be entitled to a claim in the bankruptcy case for interest to the same extent as the Tax Lien holder is entitled to recover principal for the post-bankruptcy period at the rate as would otherwise be determined under applicable nonbankruptcy law. In addition, the Issuer will not be entitled to receive fees, costs or statutory penalties accruing during such period. Furthermore, in a liquidation case under Chapter 7 of the Bankruptcy Code, all penalty claims not deemed to be compensation for actual pecuniary loss are subordinated to the payment of all unsecured claims against the debtor. There is support for the same result in a case under Chapter 11 or Chapter 13 of the Bankruptcy Code.

Previous Status of Tax Liens

Prior to certain amendments to the Bankruptcy Code effective as of October 22, 1994, some courts held that the automatic stay provided for by Section 362 of the Bankruptcy Code prohibited the creation of a lien for real estate taxes after the commencement of a bankruptcy case. Some courts also held that a lien created in violation of the automatic stay is absolutely void, and is not revived by the later conclusion or dismissal of the bankruptcy case. Therefore, any Tax Lien which was created during the pendency of a bankruptcy case that was commenced prior to October 22, 1994, may not be secured by the Property. Although such a Tax Lien may be an administrative expense entitled to priority payment from unencumbered assets of the bankruptcy estate, there is no assurance that any such assets would exist in any particular case or that such assets would be sufficient to pay all administrative expenses. The City has represented that none of the Tax Liens relates to a Property owned by a Property Owner that is subject to any bankruptcy proceeding commenced prior to October 22, 1994. See “Description of the Purchase Agreement—Representations and Warranties of the City with Respect to the Tax Liens.”

Fraudulent Conveyance Laws

A trustee or debtor in possession exercising its transfer avoidance rights under Section 544(b) of the Bankruptcy Code may assert that a foreclosure sale in respect of a Property subject to a Tax Lien completed prior to the filing of a bankruptcy proceeding should be set aside under state fraudulent conveyance laws on the theory adopted in the 1980 decision of the United States Court of Appeals for the Fifth Circuit in *Durrett v. Washington National Insurance Company* and other decisions that have followed its reasoning. The court in *Durrett* held that even a non-collusive, regularly conducted foreclosure sale may be a fraudulent transfer under the Bankruptcy Act in effect prior to November 1979, and, therefore, could be rescinded in favor of the debtor’s estate, if (i) the foreclosure sale was held while the debtor was insolvent and not more than one year prior to the filing of the bankruptcy petition and (ii) the price paid for the foreclosed property did not represent “fair consideration.” Although the reasoning and result of *Durrett* in cases governed by the fraudulent conveyance provisions of the Bankruptcy Code were rejected by the United States Supreme Court in May 1994 (*BFP v. Resolution Trust Corporation*), *Durrett* may nonetheless be persuasive to a court applying a state fraudulent conveyance law which has provisions similar to those construed in *Durrett*. It should be noted in this connection that in its decision rejecting *Durrett*, the Supreme Court included a footnote that left open the question of whether *Durrett* might continue to be relevant with respect to other liens, including the Tax Liens. However, Bankruptcy Courts sitting in at least six states, including New York, have held that so long as relevant state law affords adequate protection to a delinquent taxpayer, a price paid for real property securing delinquent taxes purchased at a foreclosure sale conducted in accordance with state law will constitute “reasonably equivalent value” for purposes of the Bankruptcy Code even if the price paid is only a small percentage of fair market value.

Identification of Properties in Bankruptcy

The City has employed a bankruptcy reporting service that has identified certain of the Tax Liens that are currently subject to bankruptcy proceedings, referred to herein as the “Identified Bankruptcy Tax Liens.” However, it would be exceedingly difficult to identify all Properties in the Tax Lien pool owned by Property Owners that are subject to bankruptcy proceedings, especially since (i) Property Owners subject to proceedings under the Bankruptcy Code may be domiciled within the jurisdiction of any Bankruptcy Court in the United States or abroad, (ii) bankruptcy proceedings may have been commenced by or against a Property Owner in the jurisdiction in which it is domiciled or in some other jurisdiction outside of New York which has some other relevance to the bankruptcy and (iii) there is no central repository of records relating to the status of bankruptcies nationwide.

COMPOSITION OF THE TAX LIENS

The collateral is comprised of 5,416 tax liens with an Initial Tax Lien Principal Balance of approximately \$101,983,400. The underlying properties are located in the five boroughs of New York City. The weighted average Lien-to-Value Ratio for the portfolio is approximately 8.17%.

First Sale Tax Liens

On May 10, 2010, the First Sale Tax Liens, except for the water and sewer portion of the First Sale Tax Liens relating to charges managed by the Department of Environmental Protection through its Customer Information System, were sold by the City to the Issuer. The water and sewer portion of the First Sale Tax Liens relating to charges managed by the Department of Environmental Protection through its Customer Information System were sold by the City to the Issuer on May 17, 2010 (together, the “First Sale Date”). The First Sale Tax Liens equal approximately 61.31% of the Initial Tax Lien Principal Balance.

Second Sale Tax Liens and the Pre-Funding Account

The Second Sale Tax Liens will be sold by the City to the Issuer on the Second Sale Date if the related taxes are not paid before that date. The Indenture Trustee will establish a Pre-Funding Account into which it will deposit, out of the proceeds of the Bonds, an amount equal to the Pre-Funding Deposit to be used to purchase the Second Sale Tax Liens for a purchase price, the cash portion of which shall equal approximately 72% of the Initial Tax Lien Principal Balance thereof, the balance of the purchase price being represented by the beneficial interest of the City in the Issuer. The sale of the Second Sale Tax Liens on the Second Sale Date is subject to the condition that each such Second Sale Tax Lien must satisfy the same representations and warranties applicable to the First Sale Tax Liens. To the extent that amounts on deposit in the Pre-Funding Account have not been fully applied to the purchase by the Issuer of Second Sale Tax Liens on the Second Closing Date, such excess amounts shall be applied to the payment of the principal of the Bonds on October 12, 2010.

General

The following tables summarize the information contained in the records of the City relating to the Tax Liens as of the applicable Sale Date, except as otherwise noted. With respect to the Lien-to-Value ratios and full values of the Properties, the full value of the Property is the full value as reflected on the records relating thereto of the Department of Finance of the City for the 2010 fiscal year. No assurance can be given that such values represent the current fair market values of the Properties and, accordingly, that the Properties could be sold for amounts equal to such full values. The totals of the columns may not add due to truncation or rounding. The following are the definitions of certain terms used in the table headings:

First Year	The earliest recorded year for which there was a delinquent real property, water or other charge on a Property. The earliest recorded year for which there was a delinquent water and sewer charge on property prior to 1995 is generally recorded as having occurred in 1995, regardless of the actual year.
Count	The number of Tax Liens. As of the First Sale Date, there is only one Tax Lien per Property.
Delinquent Taxes	The amounts of unpaid real property taxes, assessments, sewer rents, sewer surcharges, water rents and other charges that are secured by a Tax Lien, including accrued interest on such amounts to the applicable Sale Date.
Real Property	Tax Liens on real property securing unpaid real property taxes and assessments.
Water and Sewer	Tax Liens on real property securing unpaid water rents, sewer rents and/or sewer surcharges.
Other Charges	Other City charges giving rise to a lien on a Property, such as environmental charges, Department of Housing Preservation and Development charges and business improvement district charges.
5% Surcharge	The 5% surcharge imposed on Tax Liens sold by the City, plus City expenses in connection with the Tax Lien sale, included in the Initial Tax Lien Principal Balance of all Tax Liens other than Identified Bankruptcy Tax Liens.
Initial TLPB	The Initial Tax Lien Principal Balance, which is equal to the sum of Delinquent Taxes, Other Charges and the 5% Surcharge.
Wtd Avg LTV	The weighted average Lien-to-Value Ratio of the Tax Liens as of the applicable Sale Date, which in the case of a particular Property means the fraction, expressed as a percentage, the numerator of which is the sum of (i) the Initial TLPB in respect of such Property as of such date, (ii) all delinquent Subsequent Taxes and Assessments on such Property as of such date and (iii) all delinquent amounts due on any tax liens in respect of such Property that rank pari passu with the Tax Liens in respect of such Property, and the denominator of which is the full value of such Property. The weighted average Lien-to-Value Ratio is weighted by the Initial TLPB plus any amounts due on related tax liens that rank pari-passu (except if the statistic is indicated to exclude such pari passu liens).
Wtd Avg Age	The weighted average number of months since the oldest tax delinquency with respect to each of the Tax Liens through the applicable Sale Date, weighted by the Initial TLPB.

Tax Liens in the Aggregate

The tables under this Section “Tax Liens in the Aggregate” present aggregated information about the Tax Liens as of the applicable Sale Date. Information in these tables about the Second Sale Tax Liens is projected.

AGGREGATE TAX LIENS
COMPOSITION BY YEAR OF FIRST REAL PROPERTY TAX DELINQUENCY

First Year	Count	Real Property	Water & Sewer*	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
1988	1	\$199,616.25	\$0.00	\$2,633.49	\$10,357.86	\$212,607.60	0.21%	11.81%	258.40
1990	2	52,016.67	16,921.16	0.00	3,937.64	72,875.47	0.07	7.58	242.89
1991	1	1,145.29	0.00	0.00	302.64	1,447.93	0.00	275.80	226.30
1992	1	12,225.37	0.00	0.00	856.64	13,082.01	0.01	18.61	214.30
1993	3	153,094.51	6,405.14	34,945.38	10,458.37	204,903.40	0.20	15.73	206.79
1994	1	4,529.99	0.00	7,784.20	861.08	13,175.27	0.01	4.65	186.40
1995	174	618,537.17	1,851,705.20	114,918.39	169,602.23	2,754,762.99	2.70	7.75	179.21
1996	57	405,682.31	398,467.55	31,794.07	55,783.56	891,727.49	0.87	5.77	167.68
1997	56	435,129.56	396,493.94	111,751.26	60,345.12	1,003,719.88	0.98	9.02	157.00
1998	69	467,310.98	448,061.71	31,318.58	64,265.43	1,010,956.70	0.99	5.89	144.03
1999	59	440,743.13	451,162.71	62,776.96	61,794.70	1,016,477.50	1.00	7.26	130.50
2000	84	597,975.53	533,421.81	66,159.92	79,907.58	1,277,464.84	1.25	5.23	120.34
2001	84	583,166.08	608,068.23	40,673.15	82,206.84	1,314,114.30	1.29	9.10	106.94
2002	92	579,697.49	616,060.08	89,633.52	86,377.53	1,371,768.62	1.35	5.78	95.51
2003	141	738,131.27	645,052.52	45,468.01	105,477.41	1,534,129.21	1.50	5.35	83.36
2004	269	1,598,697.25	1,232,135.25	125,246.63	211,648.37	3,167,727.50	3.11	9.21	71.40
2005	491	3,730,152.59	1,991,755.81	216,697.92	414,799.62	6,353,405.94	6.23	10.16	59.11
2006	892	10,287,466.82	2,628,948.99	327,541.69	875,529.21	14,119,486.71	13.84	7.95	47.52
2007	660	11,706,767.44	2,773,822.19	473,081.71	905,086.72	15,858,758.06	15.55	9.60	36.36
2008	1,226	21,210,850.61	2,562,819.74	814,366.57	1,525,843.25	26,113,880.17	25.61	8.56	23.86
2009	994	18,671,412.33	1,480,587.42	159,815.27	1,254,056.91	21,565,871.93	21.15	7.09	13.86
2010	59	1,967,544.07	24,209.16	4,988.69	114,314.23	2,111,056.15	2.07	4.24	6.50
Total	5,416	\$74,461,892.71	\$18,666,098.61	\$2,761,595.41	\$6,093,812.94	\$101,983,399.67	100.00%	8.17%	44.50

* The earliest recorded year for which there was a delinquent water & sewer charge on a Property prior to 1995 is recorded as having occurred in 1995, regardless of the actual year.

AGGREGATE TAX LIENS
COMPOSITION BY INITIAL TAX LIEN PRINCIPAL BALANCE

Initial Tax Lien Principal Balance	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
\$0 - 25,000	4,497	\$24,567,633.87	\$12,075,305.12	\$1,001,107.26	\$2,963,973.13	\$40,608,019.38	39.82%	4.92%	48.71
25,001 - 50,000	580	14,467,118.50	3,502,807.15	789,060.01	1,075,593.08	19,834,578.74	19.45	8.00	49.47
50,001 - 75,000	132	6,256,616.50	1,018,630.36	333,500.80	409,563.78	8,018,311.44	7.86	9.78	45.53
75,001 - 100,000	84	6,141,651.42	583,941.24	106,075.97	362,194.91	7,193,863.54	7.05	9.67	33.91
100,001 - 200,000	88	10,435,018.43	1,043,085.67	382,732.11	614,634.81	12,475,471.02	12.23	12.70	43.12
200,001 - 300,000	20	4,267,331.20	273,396.46	73,666.33	235,627.20	4,850,021.19	4.76	10.84	43.18
300,001 - 400,000	6	1,879,967.47	70,657.08	1,648.19	99,085.88	2,051,358.62	2.01	17.29	23.89
400,001 - 500,000	5	2,132,894.93	0.00	6,707.68	108,207.01	2,247,809.62	2.20	11.57	26.37
500,001 - 600,000	1	449,295.84	42,675.86	0.00	24,843.96	516,815.66	0.51	7.10	13.27
900,001 - 1,000,000	1	897,654.77	0.00	337.33	45,144.98	943,137.08	0.92	14.73	12.60
1,000,001 - 1,500,000	1	1,208,851.27	55,599.67	66,434.65	66,789.65	1,397,675.24	1.37	18.08	39.57
1,500,001+	1	1,757,858.51	0.00	325.08	88,154.55	1,846,338.14	1.81	10.42	21.53
Total	5,416	\$74,461,892.71	\$18,666,098.61	\$2,761,595.41	\$6,093,812.94	\$101,983,399.67	100.00%	8.17%	44.50

**AGGREGATE TAX LIENS
COMPOSITION BY AGE OF DELINQUENCIES**

Age in Months*	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
0 - 12	283	\$4,565,244.32	\$261,287.16	\$23,403.59	\$310,412.51	\$5,160,347.58	5.06%	4.78%	8.39
12 - 24	1,375	28,531,576.62	2,535,075.12	320,814.46	1,899,737.45	33,287,203.65	32.64	7.85	17.83
24 - 36	949	13,934,597.84	2,987,287.31	797,313.90	1,116,668.85	18,835,867.90	18.47	8.77	29.10
36 - 48	848	12,334,017.07	2,710,874.95	429,054.22	975,542.71	16,449,488.95	16.13	9.11	42.11
48 - 60	674	6,772,814.40	1,951,115.54	298,787.51	612,287.89	9,635,005.34	9.45	9.28	52.81
60 - 72	359	2,282,639.40	1,837,381.97	199,644.65	302,192.67	4,621,858.69	4.53	8.56	65.15
72 - 84	194	1,116,598.34	848,555.24	93,144.14	148,881.29	2,207,179.01	2.16	7.78	77.44
84 - 96	105	696,141.94	588,238.70	23,909.05	90,159.32	1,398,449.01	1.37	5.28	90.33
96 - 108	86	756,383.38	633,147.26	96,809.10	95,419.23	1,581,758.97	1.55	9.03	103.01
108 - 120	84	298,834.39	515,301.14	44,100.07	62,941.50	921,177.10	0.90	5.26	114.95
<u>120+</u>	<u>459</u>	<u>3,173,045.01</u>	<u>3,797,834.22</u>	<u>434,614.72</u>	<u>479,569.52</u>	<u>7,885,063.47</u>	<u>7.73</u>	<u>7.49</u>	<u>162.86</u>
Total	5,416	\$74,461,892.71	\$18,666,098.61	\$2,761,595.41	\$6,093,812.94	\$101,983,399.67	100.00%	8.17%	44.50

* For each span of months listed, the range includes the lower bound listed but excludes the upper bound listed.

**AGGREGATE TAX LIENS
PROPERTY FULL VALUE DISTRIBUTION**

Full Value of Property	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
1 - 25,000	126	\$277,702.47	\$2,961.81	\$285.94	\$44,964.73	\$325,914.95	0.32%	37.59%	56.40
25,001 - 50,000	118	430,793.38	4,873.06	13,181.67	51,396.56	500,244.67	0.49	13.93	40.55
50,001 - 75,000	168	924,921.85	15,522.57	71,818.25	91,836.07	1,104,098.74	1.08	17.93	38.21
75,001 - 100,000	145	818,204.70	68,485.48	18,203.02	80,823.96	985,717.16	0.97	11.07	32.19
100,001 - 200,000	552	4,374,998.19	300,199.68	254,231.65	381,918.33	5,311,347.85	5.21	10.90	39.07
200,001 - 300,000	481	5,065,694.96	904,312.32	187,380.38	423,893.49	6,581,281.15	6.45	9.94	43.38
300,001 - 400,000	779	7,047,927.32	2,697,911.64	430,295.03	696,849.15	10,872,983.14	10.66	7.51	49.74
400,001 - 500,000	1,035	7,011,964.33	4,590,636.80	449,051.32	849,574.09	12,901,226.54	12.65	7.30	56.61
500,001 - 600,000	684	5,219,454.47	3,098,548.92	150,224.60	583,780.47	9,052,008.46	8.88	5.99	52.63
600,001 - 700,000	433	5,423,974.70	2,222,095.46	109,679.94	492,527.39	8,248,277.49	8.09	7.22	53.46
700,001 - 800,000	253	4,739,679.74	1,099,187.62	259,526.91	361,062.00	6,459,456.27	6.33	8.19	49.75
800,001 - 900,000	124	2,570,278.12	576,294.36	134,276.20	194,468.89	3,475,317.57	3.41	7.08	42.36
900,001 - 1,000,000	103	3,064,158.87	530,953.83	98,362.39	207,874.58	3,901,349.67	3.83	8.17	42.73
1,000,001 - 1,500,000	208	7,423,845.61	1,214,831.74	121,003.20	488,467.98	9,248,148.53	9.07	7.92	37.33
1,500,001 - 2,000,000	75	3,702,227.04	326,007.58	215,741.40	230,601.94	4,474,577.96	4.39	7.24	46.18
2,000,001 - 2,500,000	37	2,446,376.19	357,386.20	14,373.08	149,985.63	2,968,121.10	2.91	7.18	44.78
2,500,001 - 3,000,000	26	2,222,672.89	111,780.21	130,888.77	129,646.86	2,594,988.73	2.54	8.09	41.79
3,000,001 - 3,500,000	13	930,595.88	32,406.49	7,233.04	51,701.64	1,021,937.05	1.00	6.66	26.85
3,500,001 - 4,000,000	10	1,571,336.82	93,386.20	10,146.14	86,197.20	1,761,066.36	1.73	8.32	32.25
4,000,001 - 4,500,000	11	1,363,475.98	77,660.77	6,886.04	75,100.28	1,523,123.07	1.49	6.61	21.94
4,500,001 - 5,000,000	8	840,972.27	25,631.62	1,586.41	45,372.51	913,562.81	0.90	5.39	24.49
5,000,001+	27	6,990,636.93	315,024.25	77,220.03	375,769.19	7,758,650.40	7.61	10.14	22.59
Total	\$5,416	\$74,461,892.71	\$18,666,098.61	\$2,761,595.41	\$6,093,812.94	\$101,983,399.67	100.00%	8.17%	44.50

**AGGREGATE TAX LIENS
GEOGRAPHIC DISTRIBUTION OF PROPERTIES**

Borough	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
Manhattan	329	\$17,354,763.28	\$1,563,081.11	\$305,438.08	\$1,041,892.45	\$20,265,174.92	19.87%	9.58%	33.48
Bronx	868	9,422,187.34	3,427,358.89	422,240.13	867,857.85	14,139,644.21	13.86	8.22	44.33
Brooklyn	2,338	23,583,339.25	8,645,465.76	1,484,317.67	2,248,337.16	35,961,459.84	35.26	7.18	50.19
Queens	1,433	19,347,161.28	4,350,304.26	426,056.73	1,548,782.12	25,672,304.39	25.17	8.75	46.01
Staten Island	448	4,754,441.56	679,888.59	123,542.80	386,943.36	5,944,816.31	5.83	6.90	41.48
Total	5,416	\$74,461,892.71	\$18,666,098.61	\$2,761,595.41	\$6,093,812.94	\$101,983,399.67	100.00%	8.17%	44.50

**AGGREGATE TAX LIENS
CLASS OF PROPERTY**

Tax Class	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
Class 1	2,636	\$12,932,772.04	\$9,537,146.57	\$755,675.59	\$1,793,427.25	\$25,019,021.45	24.53%	3.98%	64.21
Class 2	1,118	22,512,381.18	6,423,818.70	1,269,622.77	1,773,663.29	31,979,485.94	31.36	9.37	44.70
Class 4	1,662	39,016,739.49	2,705,133.34	736,297.05	2,526,722.40	44,984,892.28	44.11	9.94	33.39
Total	5,416	\$74,461,892.71	\$18,666,098.61	\$2,761,595.41	\$6,093,812.94	\$101,983,399.67	100.00%	8.17%	44.50

AGGREGATE TAX LIENS **AGGREGATE LIEN-TO-VALUE RATIOS**

LTV (%)	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	WALTV (no pari passu liens) *	Weighted Avg Age
.01 - 10.00	4,774	\$50,451,785.66	\$15,951,127.65	\$1,683,502.08	\$4,549,460.38	\$72,635,875.77	71.22%	4.72%	4.60%	44.21
10.01 - 20.00	460	19,931,995.51	2,087,760.69	769,969.86	1,249,022.05	24,038,748.11	23.57	13.75	12.95	41.59
20.01 - 30.00	126	3,143,098.23	414,620.60	200,502.73	218,828.35	3,977,049.91	3.90	23.37	22.76	63.15
30.01 - 40.00	21	500,924.76	153,322.29	60,125.53	40,871.50	755,244.08	0.74	31.45	28.81	57.71
40.01 - 50.00	10	20,057.24	0.00	0.00	3,456.60	23,513.84	0.02	46.26	35.66	56.75
50.01 - 75.00	19	402,303.90	57,761.77	47,495.21	30,040.15	537,601.03	0.53	63.59	63.59	53.92
75.01 - 100.00	3	3,759.03	0.00	0.00	924.08	4,683.11	0.00	92.19	92.19	138.28
100.01 - 125.00	1	2,902.61	1,505.61	0.00	465.79	4,874.01	0.00	110.52	110.52	119.87
225.00+	2	5,065.77	0.00	0.00	744.04	5,809.81	0.01	396.21	396.21	74.87
Total	5,416	\$74,461,892.71	\$18,666,098.61	\$2,761,595.41	\$6,093,812.94	\$101,983,399.67	100.00%	8.17%	7.80%	44.50

* Pari passu liens not included in the Initial Tax Lien Principal Balance total \$8,746,148.41, with \$4,656,608.81 for the First Sale Tax Liens and \$4,089,539.60 for the Second Sale Tax Liens. In aggregate, such pari passu liens relate to 52.53% Class 1 Properties, 23.71% Class 2 Properties and 23.76% Class 4 Properties.

AGGREGATE TAX LIENS **TYPE OF PROPERTY**

Type of Property	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
Asylums and Homes	1	\$406,497.62	\$0.00	\$0.00	\$20,570.26	\$427,067.88	0.42%	8.01%	12.60
Condominiums	290	3,821,863.97	1,619.34	10,507.37	262,858.19	4,096,848.87	4.02	14.80	34.48
Educational Facilities	16	400,307.82	2,732.62	867.45	24,121.40	428,029.29	0.42	6.81	13.72
Elevator Apartments	40	4,031,510.10	162,096.93	16,804.59	220,335.58	4,430,747.20	4.34	9.23	23.39
Factories and Industrial Buildings	81	1,879,364.94	147,489.63	8,750.02	121,655.60	2,157,260.19	2.12	9.07	33.71
Garages and Gasoline Stations	434	6,168,892.62	239,058.57	62,300.15	430,005.14	6,900,256.48	6.77	11.23	34.29
Hospitals and Health Facilities	5	1,691,204.74	1,510.22	337.33	85,879.49	1,778,931.78	1.74	13.70	18.33
Hotels	14	1,470,159.17	160,108.30	16,130.46	85,755.15	1,732,153.08	1.70	4.79	19.96
Indoor Public Assembly and Cultural Facilities	10	269,786.96	163,593.47	16,400.27	24,942.77	474,723.47	0.47	8.77	26.09
Loft Buildings	10	1,797,085.93	38,179.19	21,588.01	95,296.40	1,952,149.53	1.91	11.69	27.83
Miscellaneous	101	738,915.61	409.47	16,135.39	62,555.86	818,016.33	0.80	11.70	26.59
Office Buildings	92	3,068,629.45	196,969.91	19,908.09	183,586.79	3,469,094.24	3.40	8.98	30.53
One Family Dwelling	260	3,147,083.92	13,007.15	176,726.93	229,761.58	3,566,579.58	3.50	4.98	45.93
Outdoor Recreational Facilities	7	162,864.91	0.00	256.50	9,873.70	172,995.11	0.17	8.26	21.06
Primarily Residential - Mixed Use	458	4,364,906.20	2,873,786.43	282,511.07	485,923.94	8,007,127.64	7.85	5.70	71.17
Religious Facilities	18	765,267.04	980.95	26,722.43	44,065.26	837,035.68	0.82	10.79	91.93
Store Buildings (Taxpayers Included)	347	11,578,881.41	1,436,318.61	298,047.37	750,071.60	14,063,318.99	13.79	10.16	42.34
Theatres	1	16,481.84	22,435.73	0.00	2,191.25	41,108.82	0.04	8.32	107.13
Transportation Facilities (Assessed in Ore)	2	27,769.62	463.18	941.36	1,949.45	31,123.61	0.03	8.94	18.44
Two Family Dwellings	1,300	4,482,617.85	5,391,772.70	192,367.74	813,642.90	10,880,401.19	10.67	3.11	63.07
Vacant Land	590	5,705,357.89	120,271.64	448,594.27	458,482.33	6,732,706.13	6.60	6.40	35.20
Walk-Up Apartments	1,247	16,023,164.41	7,441,284.35	1,135,396.31	1,522,434.26	26,122,279.33	25.61	8.12	49.05
Warehouses	92	2,443,278.69	252,010.22	10,302.30	157,854.04	2,863,445.25	2.81	9.70	32.00
Total	5,416	\$74,461,892.71	\$18,666,098.61	\$2,761,595.41	\$6,093,812.94	\$101,983,399.67	100.00%	8.17%	44.50

First Sale Tax Liens

The tables under this Section “First Sale Tax Liens” presents information about the First Sale Tax Liens as of the First Sale Date.

FIRST SALE TAX LIENS COMPOSITION BY YEAR OF FIRST REAL PROPERTY TAX DELINQUENCY

First Year	Count	Real Property	Water & Sewer*	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
1988	1	\$199,616.25	\$0.00	\$2,633.49	\$10,357.86	\$212,607.60	0.21%	11.81%	258.40
1990	1	51,699.56	0.00	0.00	2,830.35	54,529.91	0.05	7.55	244.30
1991	1	1,145.29	0.00	0.00	302.64	1,447.93	0.00	275.80	226.30
1992	1	12,225.37	0.00	0.00	856.64	13,082.01	0.01	18.61	214.30
1994	1	4,529.99	0.00	7,784.20	861.08	13,175.27	0.01	4.65	186.40
1995	113	169,770.73	1,404,966.55	49,739.42	107,479.70	1,731,956.40	1.70	7.60	178.75
1996	34	153,847.80	294,098.47	23,557.54	31,917.93	503,421.74	0.49	6.45	166.94
1997	34	120,507.26	274,419.69	2,275.01	27,638.24	424,840.20	0.42	5.01	155.44
1998	50	262,365.44	332,908.85	21,790.32	43,121.99	660,186.60	0.65	6.50	143.10
1999	35	224,788.56	330,717.74	5,928.70	36,243.33	597,678.33	0.59	8.12	129.57
2000	49	120,049.34	325,450.55	2,937.64	33,863.50	482,301.03	0.47	5.82	118.69
2001	42	291,299.71	374,757.33	17,494.23	44,483.33	728,034.60	0.71	11.82	106.87
2002	64	192,954.81	391,790.37	78,953.86	48,422.44	712,121.48	0.70	6.92	94.97
2003	99	433,836.30	474,940.95	33,758.57	70,865.90	1,013,401.72	0.99	6.19	82.60
2004	204	628,740.86	828,422.18	85,821.72	126,149.34	1,669,134.10	1.64	5.06	70.52
2005	394	2,824,716.83	1,360,405.06	92,418.76	308,746.03	4,586,286.68	4.50	10.48	58.08
2006	731	8,284,628.19	2,004,984.97	222,961.94	699,454.75	11,212,029.85	10.99	7.94	47.08
2007	534	9,973,542.34	2,415,262.25	280,067.93	759,929.56	13,428,802.08	13.17	9.88	36.01
2008	672	15,492,851.45	1,626,108.87	159,250.54	1,024,414.44	18,302,625.30	17.95	9.11	23.39
2009	123	5,726,431.91	86,436.48	32,823.75	322,465.71	6,168,157.85	6.05	7.33	16.27
2010	2	0.00	13,768.59	0.00	1,179.18	14,947.77	0.01	1.28	0.00
Total	3,185	\$45,169,547.99	\$12,539,438.90	\$1,120,197.62	\$3,701,583.94	\$62,530,768.45	61.31%	8.69%	46.63

* The earliest recorded year for which there was a delinquent water & sewer charge on a Property prior to 1995 is recorded as having occurred in 1995, regardless of the actual year.

FIRST SALE TAX LIENS COMPOSITION BY INITIAL TAX LIEN PRINCIPAL BALANCE

Initial Tax Lien Principal Balance	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
\$0 - 25,000	2,643	\$13,303,702.96	\$8,779,640.83	\$454,794.44	\$1,759,902.35	\$24,298,040.58	23.83%	5.17%	54.36
25,001 - 50,000	343	8,416,023.17	2,233,678.02	320,903.58	630,092.99	11,600,697.76	11.38	8.63	52.31
50,001 - 75,000	76	3,667,136.19	595,072.14	114,746.10	234,233.15	4,611,187.58	4.52	10.04	50.48
75,001 - 100,000	46	3,520,101.09	203,858.56	35,027.80	199,236.62	3,958,224.07	3.88	10.31	34.53
100,001 - 200,000	49	6,313,216.90	370,998.35	83,127.86	350,390.52	7,117,733.63	6.98	13.61	33.35
200,001 - 300,000	17	3,692,731.15	229,934.25	36,688.52	202,139.07	4,161,492.99	4.08	11.11	45.10
300,001 - 400,000	5	1,563,529.44	70,657.08	1,441.91	83,008.29	1,718,636.72	1.69	19.25	26.08
400,001 - 500,000	4	1,726,397.31	0.00	6,707.68	87,636.75	1,820,741.74	1.79	12.40	29.59
1,000,001 - 1,500,000	1	1,208,851.27	55,599.67	66,434.65	66,789.65	1,397,675.24	1.37	18.08	39.57
1,500,001+	1	1,757,858.51	0.00	325.08	88,154.55	1,846,338.14	1.81	10.42	21.53
Total	3,185	\$45,169,547.99	\$12,539,438.90	\$1,120,197.62	\$3,701,583.94	\$62,530,768.45	61.31%	8.69%	46.63

**FIRST SALE TAX LIENS
COMPOSITION BY AGE OF DELINQUENCIES**

Age in Months*	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
0 - 12	5	\$3,801.53	\$30,061.89	\$0.00	\$2,920.05	\$36,783.47	0.04%	1.69%	4.66
12 - 24	573	16,705,496.73	1,227,194.88	141,071.55	1,041,172.76	19,114,935.92	18.74	8.36	20.15
24 - 36	521	9,409,182.58	2,098,298.20	153,338.76	708,729.60	12,369,549.14	12.13	9.38	30.49
36 - 48	687	10,381,220.84	2,289,348.86	286,579.34	810,197.53	13,767,346.57	13.50	9.33	42.30
48 - 60	547	5,096,441.92	1,344,557.79	177,545.69	460,916.68	7,079,462.08	6.94	9.65	53.35
60 - 72	267	1,090,716.94	1,077,768.72	97,176.83	177,719.06	2,443,381.55	2.40	5.60	65.07
72 - 84	134	506,769.27	648,346.10	48,096.32	92,509.56	1,295,721.25	1.27	5.78	78.18
84 - 96	66	301,948.85	339,242.86	12,843.60	47,877.01	701,912.32	0.69	6.37	90.11
96 - 108	49	325,677.24	420,291.07	73,020.59	52,972.84	871,961.74	0.86	11.79	103.28
108 - 120	53	132,229.50	329,482.54	16,816.26	36,349.54	514,877.84	0.50	6.02	115.44
120+	283	1,216,062.59	2,734,845.99	113,708.68	270,219.31	4,334,836.57	4.25	7.36	166.15
Total	3,185	\$45,169,547.99	\$12,539,438.90	\$1,120,197.62	\$3,701,583.94	\$62,530,768.45	61.31%	8.69%	46.63

* For each span of months listed, the range includes the lower bound listed but excludes the upper bound listed.

**FIRST SALE TAX LIENS
PROPERTY FULL VALUE DISTRIBUTION**

Full Value of Property	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
1 - 25,000	101	\$216,938.89	\$1,505.61	\$224.00	\$35,716.28	\$254,384.78	0.25%	30.12%	58.70
25,001 - 50,000	67	291,165.59	676.32	6,649.71	31,364.67	329,856.29	0.32	15.14	47.83
50,001 - 75,000	76	588,635.61	1,325.31	4,028.39	48,347.93	642,337.24	0.63	18.75	49.70
75,001 - 100,000	82	509,293.99	30,241.78	5,406.72	47,367.83	592,310.32	0.58	11.23	38.04
100,001 - 200,000	343	3,016,082.36	160,132.72	145,103.23	250,229.40	3,571,547.71	3.50	11.66	46.17
200,001 - 300,000	270	3,078,988.44	495,881.39	122,888.21	249,873.73	3,947,631.77	3.87	11.18	47.29
300,001 - 400,000	476	4,391,291.93	2,018,104.69	167,556.96	443,047.67	7,020,001.25	6.88	8.04	55.39
400,001 - 500,000	609	3,600,811.04	3,412,189.95	223,763.79	506,056.53	7,742,821.31	7.59	7.63	61.44
500,001 - 600,000	423	2,762,683.24	2,164,976.66	50,876.09	346,419.51	5,324,955.50	5.22	5.33	57.73
600,001 - 700,000	243	3,270,002.89	1,324,555.23	65,670.62	292,235.18	4,952,463.92	4.86	7.32	49.04
700,001 - 800,000	149	2,851,599.04	778,210.10	74,205.37	216,703.60	3,920,718.11	3.84	8.56	45.77
800,001 - 900,000	63	1,475,230.49	318,170.62	28,070.38	106,532.16	1,928,003.65	1.89	8.27	48.21
900,001 - 1,000,000	52	1,370,511.71	394,802.76	18,621.41	101,956.25	1,885,892.13	1.85	8.50	39.09
1,000,001 - 1,500,000	116	4,864,819.83	758,458.45	65,833.66	312,365.10	6,001,477.04	5.88	9.38	38.59
1,500,001 - 2,000,000	36	2,159,624.26	92,049.15	17,471.89	122,290.77	2,391,436.07	2.34	8.00	53.53
2,000,001 - 2,500,000	19	1,135,430.63	243,727.61	8,147.09	74,027.39	1,461,332.72	1.43	7.35	43.19
2,500,001 - 3,000,000	16	1,615,694.30	23,941.42	15,575.74	86,686.57	1,741,898.03	1.71	9.85	27.25
3,000,001 - 3,500,000	10	870,147.93	27,478.35	6,616.08	47,665.87	951,908.23	0.93	7.18	21.87
3,500,001 - 4,000,000	6	1,152,673.70	85,488.04	8,805.58	63,820.61	1,310,787.93	1.29	10.03	39.15
4,000,001 - 4,500,000	8	1,098,426.58	37,177.77	6,886.04	59,087.54	1,201,577.93	1.18	7.61	22.31
4,500,001 - 5,000,000	5	390,348.84	6,299.33	1,307.65	21,124.66	419,080.48	0.41	5.27	36.93
5,000,001+	15	4,459,146.70	164,045.64	76,489.01	238,664.69	4,938,346.04	4.84	10.07	27.03
Total	3,185	\$45,169,547.99	\$12,539,438.90	\$1,120,197.62	\$3,701,583.94	\$62,530,768.45	61.31%	8.69%	46.63

**FIRST SALE TAX LIENS
GEOGRAPHIC DISTRIBUTION OF PROPERTIES**

Borough	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
Manhattan	200	\$12,627,119.87	\$1,038,806.37	\$154,660.94	\$740,104.36	\$14,560,691.54	14.28%	10.92%	33.36
Bronx	503	4,971,191.78	2,336,196.02	252,812.74	495,072.22	8,055,272.76	7.90	8.29	46.21
Brooklyn	1,308	13,407,035.36	5,716,319.83	443,221.00	1,292,898.75	20,859,474.94	20.45	7.53	52.47
Queens	893	11,045,932.74	2,989,577.51	222,520.31	923,740.97	15,181,771.53	14.89	9.05	51.75
Staten Island	281	3,118,268.24	458,539.17	46,982.63	249,767.64	3,873,557.68	3.80	6.44	45.87
Total	3,185	\$45,169,547.99	\$12,539,438.90	\$1,120,197.62	\$3,701,583.94	\$62,530,768.45	61.31%	8.69%	46.63

**FIRST SALE TAX LIENS
CLASS OF PROPERTY**

Tax Class	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
Class 1	1,756	\$8,350,664.36	\$7,429,134.32	\$428,471.21	\$1,229,031.92	\$17,437,301.81	17.10%	4.23%	67.50
Class 2	580	13,998,368.95	3,889,858.25	275,552.99	1,044,635.24	19,208,415.43	18.83	10.52	42.52
Class 4	849	22,820,514.68	1,220,446.33	416,173.42	1,427,916.78	25,885,051.21	25.38	10.78	35.62
Total	3,185	\$45,169,547.99	\$12,539,438.90	\$1,120,197.62	\$3,701,583.94	\$62,530,768.45	61.31%	8.69%	46.63

**FIRST SALE TAX LIENS
AGGREGATE LIEN-TO-VALUE RATIOS**

LTV (%)	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	WALTV (no pari passu liens)*	Weighted Avg Age
.01 - 10.00	2,704	\$26,254,294.42	\$10,990,998.95	\$699,228.27	\$2,541,926.32	\$40,486,447.96	39.70%	4.81%	4.66%	48.76
10.01 - 20.00	341	15,917,421.46	1,370,786.96	287,572.53	959,861.02	18,535,641.97	18.18	13.68	13.42	40.44
20.01 - 30.00	109	2,457,360.22	119,841.81	132,836.44	162,247.82	2,872,286.29	2.82	23.71	23.34	54.13
30.01 - 40.00	12	145,325.99	0.00	0.00	10,210.79	155,536.78	0.15	32.43	32.43	54.89
40.01 - 50.00	9	15,732.64	0.00	0.00	2,995.00	18,727.64	0.02	43.67	43.67	68.80
50.01 - 75.00	5	371,606.33	56,305.57	560.38	22,650.48	451,122.76	0.44	62.29	62.29	56.47
75.01 - 100.00	3	3,759.03	0.00	0.00	924.08	4,683.11	0.00	92.19	92.19	138.28
100.01 - 125.00	1	2,902.61	1,505.61	0.00	465.79	4,874.01	0.00	110.52	110.52	119.87
225.00+	1	1,145.29	0.00	0.00	302.64	1,447.93	0.00	275.80	275.80	226.30
Total	3,185	\$45,169,547.99	\$12,539,438.90	\$1,120,197.62	\$3,701,583.94	\$62,530,768.45	61.31%	8.69%	8.64%	46.63

* Pari passu liens not included in the Initial Tax Lien Principal Balance total \$8,746,148.41, with \$4,656,608.81 for the First Sale Tax Liens and \$4,089,539.60 for the Second Sale Tax Liens. In aggregate, such pari passu liens relate to 52.53% Class 1 Properties, 23.71% Class 2 Properties and 23.76% Class 4 Properties.

**FIRST SALE TAX LIENS
TYPE OF PROPERTY**

Type of Property	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
Condominiums	202	\$3,149,409.66	\$0.00	\$10,201.15	\$207,546.26	\$3,367,157.07	3.30%	15.79%	37.29
Educational Facilities	4	49,477.53	0.00	867.45	3,498.75	53,843.73	0.05	13.03	24.69
Elevator Apartments	24	3,250,556.75	70,809.15	14,136.53	172,664.11	3,508,166.54	3.44	9.87	25.25
Factories and Industrial Buildings	40	1,197,633.78	63,876.19	3,002.80	73,040.65	1,337,553.42	1.31	11.17	30.58
Garages and Gasoline Stations	243	3,563,989.29	107,858.47	19,718.21	244,204.33	3,935,770.30	3.86	12.94	40.88
Hospitals and Health Facilities	4	793,549.97	1,510.22	0.00	40,734.51	835,794.70	0.82	10.86	24.80
Hotels	9	558,041.37	28,167.24	15,774.48	32,307.53	634,290.62	0.62	4.59	32.22
Indoor Public Assembly and Cultural Facilities	4	145,566.86	155,257.82	12,695.72	16,657.51	330,177.91	0.32	9.52	31.17
Loft Buildings	8	1,748,990.36	36,188.83	20,958.28	92,269.87	1,898,407.34	1.86	11.89	28.20
Miscellaneous	43	427,992.84	0.00	598.14	31,980.66	460,571.64	0.45	11.83	34.05
Office Buildings	49	2,115,643.36	91,392.97	14,511.69	119,837.73	2,341,385.75	2.30	10.33	32.68
One Family Dwelling	185	2,533,104.79	0.00	106,500.51	176,497.83	2,816,103.13	2.76	4.84	51.17
Outdoor Recreational Facilities	4	111,369.44	0.00	161.08	6,558.03	118,088.55	0.12	10.28	26.85
Primarily Residential - Mixed Use	245	2,496,203.05	1,974,553.20	71,244.57	286,379.65	4,828,380.47	4.73	6.48	73.37
Religious Facilities	16	718,796.01	980.95	26,722.43	41,250.96	787,750.35	0.77	11.18	96.89
Store Buildings (Taxpayers Included)	155	6,169,193.34	674,750.86	211,814.51	390,820.98	7,446,579.69	7.30	11.08	39.51
Transportation Facilities (Assessed in Ore)	1	14,844.82	0.00	941.36	1,034.68	16,820.86	0.02	11.52	23.40
Two Family Dwellings	824	2,401,713.35	4,300,512.50	74,902.50	534,375.74	7,311,504.09	7.17	3.36	66.53
Vacant Land	396	3,874,336.30	75,029.91	280,940.85	308,683.75	4,538,990.81	4.45	6.00	42.86
Walk-Up Apartments	695	8,688,939.99	4,936,828.96	228,577.02	853,505.43	14,707,851.40	14.42	8.73	48.27
Warehouses	34	1,160,195.13	21,721.63	5,928.34	67,734.98	1,255,580.08	1.23	10.97	30.25
Total	3,185	\$45,169,547.99	\$12,539,438.90	\$1,120,197.62	\$3,701,583.94	\$62,530,768.45	61.31%	8.69%	46.63

Second Sale Tax Liens

The tables under this Section “Second Sale Tax Liens” presents projected information about the Second Sale Tax Liens as of the Second Sale Date. The projected information was calculated on the basis of, among other things, the fiscal year 2010 tax rates, although the tax rates for the fiscal year 2011 subsequently have been set.

SECOND SALE TAX LIENS COMPOSITION BY YEAR OF FIRST REAL PROPERTY TAX DELINQUENCY

First Year	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
1990	1	\$317.11	\$16,921.16	\$0.00	\$1,107.29	\$18,345.56	0.02%	7.62%	238.70
1993	3	153,094.51	6,405.14	34,945.38	10,458.37	204,903.40	0.20	15.73	206.79
1995	61	448,766.44	446,738.65	65,178.97	62,122.53	1,022,806.59	1.00	8.04	179.98
1996	23	251,834.51	104,369.08	8,236.53	23,865.63	388,305.75	0.38	4.77	168.64
1997	22	314,622.30	122,074.25	109,476.25	32,706.88	578,879.68	0.57	12.04	158.14
1998	19	204,945.54	115,152.86	9,528.26	21,143.44	350,770.10	0.34	4.49	145.79
1999	24	215,954.57	120,444.97	56,848.26	25,551.37	418,799.17	0.41	6.11	131.82
2000	35	477,926.19	207,971.26	63,222.28	46,044.08	795,163.81	0.78	4.82	121.34
2001	42	291,866.37	233,310.90	23,178.92	37,723.51	586,079.70	0.57	5.67	107.02
2002	28	386,742.68	224,269.71	10,679.66	37,955.09	659,647.14	0.65	4.46	96.09
2003	42	304,294.97	170,111.57	11,709.44	34,611.51	520,727.49	0.51	3.82	84.83
2004	65	969,956.39	403,713.07	39,424.91	85,499.03	1,498,593.40	1.47	13.63	72.38
2005	97	905,435.76	631,350.75	124,279.16	106,053.59	1,767,119.26	1.73	9.33	61.77
2006	161	2,002,838.63	623,964.02	104,579.75	176,074.46	2,907,456.86	2.85	7.99	49.22
2007	126	1,733,225.10	358,559.94	193,013.78	145,157.16	2,429,955.98	2.38	8.02	38.29
2008	554	5,717,999.16	936,710.87	655,116.03	501,428.81	7,811,254.87	7.66	7.36	24.96
2009	871	12,944,980.42	1,394,150.94	126,991.52	931,591.20	15,397,714.08	15.10	7.00	12.89
2010	57	1,967,544.07	1,044,457.57	4,988.69	113,135.05	2,096,108.38	2.06	4.26	6.55
Total	2,231	\$29,292,344.72	\$6,126,659.71	\$1,641,397.79	\$2,392,229.00	\$39,452,631.22	38.69%	7.37%	41.11

SECOND SALE TAX LIENS COMPOSITION BY INITIAL TAX LIEN PRINCIPAL BALANCE

Initial Tax Lien Principal Balance	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
\$0 - 25,000	1,854	\$11,263,930.91	\$3,295,664.29	\$546,312.82	\$1,204,070.78	\$16,309,978.80	15.99%	4.51%	40.31
25,001 - 50,000	237	6,051,095.33	1,269,129.13	468,156.43	445,500.09	8,233,880.98	8.07	7.12	45.47
50,001 - 75,000	56	2,589,480.31	423,558.22	218,754.70	175,330.63	3,407,123.86	3.34	9.43	38.83
75,001 - 100,000	38	2,621,550.33	380,082.68	71,048.17	162,958.29	3,235,639.47	3.17	8.91	33.15
100,001 - 200,000	39	4,121,801.53	672,087.32	299,604.25	264,244.29	5,357,737.39	5.25	11.54	56.11
200,001 - 300,000	3	574,600.05	43,462.21	36,977.81	33,488.13	688,528.20	0.68	9.18	31.55
300,001 - 400,000	1	316,438.03	0.00	206.28	16,077.59	332,721.90	0.33	7.17	12.60
400,001 - 500,000	1	406,497.62	0.00	0.00	20,570.26	427,067.88	0.42	8.01	12.60
500,001 - 600,000	1	449,295.84	42,675.86	0.00	24,843.96	516,815.66	0.51	7.10	13.27
900,001 - 1,000,000	1	897,654.77	0.00	337.33	45,144.98	943,137.08	0.92	14.73	12.60
Total	2,231	\$29,292,344.72	\$6,126,659.71	\$1,641,397.79	\$2,392,229.00	\$39,452,631.22	38.69%	7.37%	41.11

SECOND SALE TAX LIENS COMPOSITION BY AGE OF DELINQUENCIES

Age in Months*	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
1 - 12	278	\$4,561,442.79	\$231,225.27	\$23,403.59	\$307,492.46	\$5,123,564.11	5.02%	4.80%	8.42
12 - 24	802	11,826,079.89	1,307,880.24	179,742.91	858,564.69	14,172,267.73	13.90	7.23	14.70
24 - 36	428	4,525,415.26	888,989.11	643,975.14	407,939.25	6,466,318.76	6.34	7.68	26.45
36 - 48	161	1,952,796.23	421,526.09	142,474.88	165,345.18	2,682,142.38	2.63	7.96	41.14
48 - 60	127	1,676,372.48	606,557.75	121,241.82	151,371.21	2,555,543.26	2.51	8.20	51.31
60 - 72	92	1,191,922.46	759,613.25	102,467.82	124,473.61	2,178,477.14	2.14	11.78	65.24
72 - 84	60	609,829.07	200,209.14	45,047.82	56,371.73	911,457.76	0.89	10.56	76.39
84 - 96	39	394,193.09	248,995.84	11,065.45	42,282.31	696,536.69	0.68	4.17	90.56
96 - 108	37	430,706.14	212,856.19	23,788.51	42,446.39	709,797.23	0.70	5.41	102.66
108 - 120	31	166,604.89	185,818.60	27,283.81	26,591.96	406,299.26	0.40	4.31	114.33
120+	176	1,956,982.42	1,062,988.23	320,906.04	209,350.21	3,550,226.90	3.48	7.66	158.84
Total	2,231	\$29,292,344.72	\$6,126,659.71	\$1,641,397.79	\$2,392,229.00	\$39,452,631.22	38.69%	7.37%	41.11

* For each span of months listed, the range includes the lower bound listed but excludes the upper bound listed.

**SECOND SALE TAX LIENS
PROPERTY FULL VALUE DISTRIBUTION**

Full Value of Property	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
1 - 25,000	25	\$60,763.58	\$1,456.20	\$61.94	\$9,248.45	\$71,530.17	0.07%	64.12%	48.20
25,001 - 50,000	51	139,627.79	4,196.74	6,531.96	20,031.89	170,388.38	0.17	11.59	26.45
50,001 - 75,000	92	336,286.24	14,197.26	67,789.86	43,488.14	461,761.50	0.45	16.79	22.24
75,001 - 100,000	63	308,910.71	38,243.70	12,796.30	33,456.13	393,406.84	0.39	10.83	23.38
100,001 - 200,000	209	1,358,915.83	140,066.96	109,128.42	131,688.93	1,739,800.14	1.71	9.38	24.49
200,001 - 300,000	211	1,986,706.52	408,430.93	64,492.17	174,019.76	2,633,649.38	2.58	8.09	37.52
300,001 - 400,000	303	2,656,635.39	679,806.95	262,738.07	253,801.48	3,852,981.89	3.78	6.55	39.43
400,001 - 500,000	426	3,411,153.29	1,178,446.85	225,287.53	343,517.56	5,158,405.23	5.06	6.80	49.36
500,001 - 600,000	261	2,456,771.23	933,572.26	99,348.51	237,360.96	3,727,052.96	3.65	6.99	45.33
600,001 - 700,000	190	2,153,971.81	897,540.23	44,009.32	200,292.21	3,295,813.57	3.23	7.06	60.10
700,001 - 800,000	104	1,888,080.70	320,977.52	185,321.54	144,358.40	2,538,738.16	2.49	7.65	55.90
800,001 - 900,000	61	1,095,047.63	258,123.74	106,205.82	87,936.73	1,547,313.92	1.52	5.55	35.07
900,001 - 1,000,000	51	1,693,647.16	136,151.07	79,740.98	105,918.33	2,015,457.54	1.98	7.86	46.13
1,000,001 - 1,500,000	92	2,559,025.78	456,373.29	55,169.54	176,102.88	3,246,671.49	3.18	5.15	35.01
1,500,001 - 2,000,000	39	1,542,602.78	233,958.43	198,269.51	108,311.17	2,083,141.89	2.04	6.37	37.74
2,000,001 - 2,500,000	18	1,310,945.56	113,658.59	6,225.99	75,958.24	1,506,788.38	1.48	7.02	46.33
2,500,001 - 3,000,000	10	606,978.59	87,838.79	115,313.03	42,960.29	853,090.70	0.84	4.50	71.46
3,000,001 - 3,500,000	3	60,447.95	4,928.14	616.96	4,035.77	70,028.82	0.07	1.03	94.61
3,500,001 - 4,000,000	4	418,663.12	7,898.16	1,340.56	22,376.59	450,278.43	0.44	3.36	12.16
4,000,001 - 4,500,000	3	265,049.40	40,483.00	0.00	16,012.74	321,545.14	0.32	2.88	20.58
4,500,001 - 5,000,000	3	450,623.43	19,332.29	278.76	24,247.85	494,482.33	0.48	5.49	13.94
5,000,001+	12	2,531,490.23	150,978.61	731.02	137,104.50	2,820,304.36	2.77	10.23	14.81
Total	2,231	\$29,292,344.72	\$6,126,659.71	\$1,641,397.79	\$2,392,229.00	\$39,452,631.22	38.69%	7.37%	41.11

**SECOND SALE TAX LIENS
GEOGRAPHIC DISTRIBUTION OF PROPERTIES**

Borough	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
Manhattan	129	\$4,727,643.41	\$524,274.74	\$150,777.14	\$301,788.09	\$5,704,483.38	5.59%	6.24%	33.81
Bronx	365	4,450,995.56	1,091,162.87	169,427.39	372,785.63	6,084,371.45	5.97	8.12	41.85
Brooklyn	1,030	10,176,303.89	2,929,145.93	1,041,096.67	955,438.41	15,101,984.90	14.81	6.69	47.03
Queens	540	8,301,228.54	1,360,726.75	203,536.42	625,041.15	10,490,532.86	10.29	8.34	37.69
Staten Island	167	1,636,173.32	221,349.42	76,560.17	137,175.72	2,071,258.63	2.03	7.74	33.26
Total	2,231	\$29,292,344.72	\$6,126,659.71	\$1,641,397.79	\$2,392,229.00	\$39,452,631.22	38.69%	7.37%	41.11

**SECOND SALE TAX LIENS
CLASS OF PROPERTY**

Tax Class	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
Class 1	880	\$4,582,107.68	\$2,108,012.25	\$327,204.38	\$564,395.33	\$7,581,719.64	7.43%	3.41%	56.64
Class 2	538	8,514,012.23	2,533,960.45	994,069.78	729,028.05	12,771,070.51	12.52	7.65	47.99
Class 4	813	16,196,224.81	1,484,687.01	320,123.63	1,098,805.62	19,099,841.07	18.73	8.90	30.35
Total	2,231	\$29,292,344.72	\$6,126,659.71	\$1,641,397.79	\$2,392,229.00	\$39,452,631.22	38.69%	7.37%	41.11

**SECOND SALE TAX LIENS
AGGREGATE LIEN-TO-VALUE RATIOS**

LTV (%)	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	WALTV (no pari passu liens)*	Weighted Avg Age
.01 - 10.00	2,070	\$24,197,491.24	\$4,960,128.70	\$984,273.81	\$2,007,534.06	\$32,149,427.81	31.52%	4.60%	4.52%	38.49
10.01 - 20.00	119	4,014,574.05	716,973.73	482,397.33	289,161.03	5,503,106.14	5.40	13.91	11.35	45.46
20.01 - 30.00	17	685,738.01	294,778.79	67,666.29	56,580.53	1,104,763.62	1.08	22.54	21.25	86.60
30.01 - 40.00	9	355,598.77	153,322.29	60,125.53	30,660.71	599,707.30	0.59	31.24	27.87	58.45
40.01 - 50.00	1	4,324.60	0.00	0.00	461.60	4,786.20	0.00	47.18	4.30	9.60
50.01 - 75.00	14	30,697.57	1,456.20	46,934.83	7,389.67	86,478.27	0.08	70.41	70.41	40.64
225.01+	1	3,920.48	0.00	0.00	441.40	4,361.88	0.00	436.19	436.19	24.60
Total	2,231	\$29,292,344.72	\$6,126,659.71	\$1,641,397.79	\$2,392,229.00	\$39,452,631.22	38.69%	7.37%	6.49%	41.11

* Pari passu liens not included in the Initial Tax Lien Principal Balance total \$8,746,148.41, with \$4,656,608.81 for the First Sale Tax Liens and \$4,089,539.60 for the Second Sale Tax Liens. In aggregate, such pari passu liens relate to 52.53% Class 1 Properties, 23.71% Class 2 Properties and 23.76% Class 4 Properties.

**SECOND SALE TAX LIENS
TYPE OF PROPERTY**

Type of Property	Count	Real Property	Water & Sewer	Other Charges	5% Surcharge	Initial TLPB	% of Total Initial TLPB	Weighted Avg LTV	Weighted Avg Age
Asylums and Homes	1	\$406,497.62	\$0.00	\$0.00	\$20,570.26	\$427,067.88	0.42%	8.01%	12.60
Condominiums	88	672,454.31	1,619.34	306.22	55,311.93	729,691.80	0.72	10.29	21.51
Educational Facilities	12	350,830.29	2,732.62	0.00	20,622.65	374,185.56	0.37	5.44	12.15
Elevator Apartments	16	780,953.35	91,287.78	2,668.06	47,671.47	922,580.66	0.90	6.79	16.33
Factories and Industrial Buildings	41	681,731.16	83,613.44	5,747.22	48,614.95	819,706.77	0.80	5.67	38.81
Garages and Gasoline Stations	191	2,604,903.33	131,200.10	42,581.94	185,800.81	2,964,486.18	2.91	9.01	25.55
Hospitals and Health Facilities	1	897,654.77	0.00	337.33	45,144.98	943,137.08	0.92	14.73	12.60
Hotels	5	912,117.80	131,941.06	355.98	53,447.62	1,097,862.46	1.08	4.90	12.88
Indoor Public Assembly and Cultural Facilities	6	124,220.10	8,335.65	3,704.55	8,285.26	144,545.56	0.14	7.34	14.49
Loft Buildings	2	48,095.57	1,990.36	629.73	3,026.53	53,742.19	0.05	4.53	14.87
Miscellaneous	58	310,922.77	409.47	15,537.25	30,575.20	357,444.69	0.35	11.55	16.98
Office Buildings	43	952,986.09	105,576.94	5,396.40	63,749.06	1,127,708.49	1.11	6.17	26.09
One Family Dwelling	75	613,979.13	13,007.15	70,226.42	53,263.75	750,476.45	0.74	5.35	26.26
Outdoor Recreational Facilities	3	51,495.47	0.00	95.42	3,315.67	54,906.56	0.05	3.90	8.60
Primarily Residential - Mixed Use	213	1,868,703.15	899,233.23	211,266.50	199,544.29	3,178,747.17	3.12	4.48	67.84
Religious Facilities	2	46,471.03	0.00	0.00	2,814.30	49,285.33	0.05	4.44	12.60
Store Buildings (Taxpayers Included)	192	5,409,688.07	761,567.75	86,232.86	359,250.62	6,616,739.30	6.49	9.15	45.52
Theatres	1	16,481.84	22,435.73	0.00	2,191.25	41,108.82	0.04	8.32	107.13
Transportation Facilities (Assessed in Ore)	1	12,924.80	463.18	0.00	914.77	14,302.75	0.01	5.91	12.60
Two Family Dwellings	476	2,080,904.50	1,091,260.20	117,465.24	279,267.16	3,568,897.10	3.50	2.57	55.97
Vacant Land	194	1,831,021.59	45,241.73	167,653.42	149,798.58	2,193,715.32	2.15	7.23	19.37
Walk-Up Apartments	552	7,334,224.42	2,504,455.39	906,819.29	668,928.83	11,414,427.93	11.19	7.30	50.05
Warehouses	58	1,283,083.56	230,288.59	4,373.96	90,119.06	1,607,865.17	1.58	8.69	33.37
Total	2,231	\$29,292,344.72	\$6,126,659.71	\$1,641,397.79	\$2,392,229.00	\$39,452,631.22	38.69%	7.37%	41.11

PERFORMANCE OF PRIOR TAX LIEN TRUSTS

Prior Tax Lien Trusts

The City has previously established trusts which have issued bonds collateralized by tax liens sold by the City to such trusts. In referring to such bonds, trusts and the related tax liens, as well as the Bonds, the Issuer and the Tax Liens, in this section “Performance of Prior Tax Lien Trusts,” the following terms are used:

Bond Series	Issuer (actual name)	Issuer (reference name)	Tax Liens
1996-1 Bonds*	NYCTL 1996-1 Trust	1996-1 Trust	1996-1 Tax Liens
1997-1 Bonds*	NYCTL 1997-1 Trust	1997-1 Trust	1997-1 Tax Liens
1998-1 Bonds*	NYCTL 1998-1 Trust	1998-1 Trust	1998-1 Tax Liens
1998-2 Bonds*	NYCTL 1998-2 Trust	1998-2 Trust	1998-2 Tax Liens
1999-1 Bonds*	NYCTL 1999-1 Trust	1999-1 Trust	1999-1 Tax Liens
1999-R Bonds*	NYCTL 1996-1 Trust	1999-R Trust	1999-R Tax Liens
2000-A Bonds*	NYCTL 1998-2 Trust	2000-A Trust	2000-A Tax Liens
2001-A Bonds*	NYCTL 1998-1 Trust	2001-A Trust	2001-A Tax Liens
2002-A Bonds*	NYCTL 1999-1 Trust	2002-A Trust	2002-A Tax Liens
2003-A Bonds*	NYCTL 1998-2 Trust	2003-A Trust	2003-A Tax Liens
2004-A Bonds*	NYCTL 2004-A Trust	2004-A Trust	2004-A Tax Liens
2005-A Bonds*	NYCTL 2005-A Trust	2005-A Trust	2005-A Tax Liens
2006-A Bonds*	NYCTL 2006-A Trust	2006-A Trust	2006-A Tax Liens
2008-A Bonds	NYCTL 2008-A Trust	2008-A Trust	2008-A Tax Liens
2009-A Bonds	NYCTL 2009-A Trust	2009-A Trust	2009-A Tax Liens

*All of the bonds of these series have been paid in full.

For each series of previously issued bonds, the dates of issuance, aggregate bond principal amounts and aggregate initial tax lien principal balances were as follows:

Bond Series	Issue Date	Bond Principal Amount	Initial Tax Lien Principal Balance	Actual Average Liquidation Rate Annualized ⁽¹⁾
1996-1 Bonds	June 12, 1996	\$215,362,000	\$250,402,077	36.66%
1997-1 Bonds	June 18, 1997	118,425,000	125,984,912	31.61
1998-1 Bonds	July 29, 1998	97,649,000	103,882,598	35.99
1998-2 Bonds	December 9, 1998	55,000,000	144,983,333	20.33
1999-1 Bonds	June 29, 1999	45,175,000	48,315,973	36.11
1999-R Bonds	September 24, 1999	69,671,000	142,188,722	15.44
2000-A Bonds	July 13, 2000	156,755,000	243,035,445	23.77
2001-A Bonds	June 28, 2001	139,126,000	161,777,627	35.65
2002-A Bonds	June 20, 2002	105,562,000	117,291,975	43.29
2003-A Bonds	July 31, 2003	86,044,000	164,021,162	30.39
2004-A Bonds	September 23, 2004	50,035,000	54,682,860	44.13
2005-A Bonds	July 27, 2005	49,837,000	57,952,556	22.71 ⁽²⁾
2006-A Bonds	August 9, 2006	32,839,000	35,892,660	33.71 ⁽²⁾
2008-A Bonds	June 24, 2008	52,264,000	78,771,234	32.87 ⁽²⁾
2009-A Bonds	August 18, 2009	59,350,000	90,335,754	36.55 ⁽²⁾
Totals		\$1,333,094,000	\$1,819,518,888	

⁽¹⁾ Certain of these amounts summarize the tables appearing on pages 62 through 70.

⁽²⁾ As of May 2010

The following tables show the composition by Tax Class of the tax liens related to each series of bonds issued since 1996 and of the 2010-A Tax Liens.

1996-1 TRUST TAX CLASSES
(as of the sale date for the 1996-1 Trust)

Tax Class	Count	Delinquent Taxes			5% Surcharge	Initial TLPB	Percent of Total	Wtd Avg LTV	Wtd Avg Age
		Real Property	Water & Sewer	Other Charges					
Class 2	1,635	\$40,829,203	\$13,164,406	\$1,065,543	\$2,752,957	\$57,812,111	23.09%	18.53%	41.12
Class 4	3,010	164,819,523	16,059,074	2,540,417	9,170,950	192,589,965	76.91	26.31	45.68
Totals	4,645	\$205,648,726	\$29,223,481	\$3,605,961	\$11,923,908	\$250,402,077	100.00%	24.52%	44.63

1997-1 TRUST TAX CLASSES
(as of the applicable sale date for the 1997-1 Trust)

Tax Class	Count	Delinquent Taxes			5% Surcharge	Initial TLPB	Percent of Total	Wtd Avg LTV	Wtd Avg Age
		Real Property	Water & Sewer	Other Charges					
Class 1	2,372	\$18,927,878	\$7,873,057	\$1,448,501	\$1,412,472	\$29,661,907	23.54%	14.11%	89.40
Class 2	1,360	24,160,742	5,165,068	329,486	1,482,765	31,138,061	24.72	20.57	43.44
Class 4	2,347	57,295,885	3,725,555	1,059,459	3,104,045	65,184,944	51.74	17.30	34.57
Totals	6,079	\$100,384,505	\$16,763,680	\$2,837,446	\$5,999,282	\$125,984,912	100.00%	17.36%	49.67

1998-1 TRUST TAX CLASSES
(as of the applicable sale date for the 1998-1 Trust)

Tax Class	Count	Delinquent Taxes			5% Surcharge	Initial TLPB	Percent of Total	Wtd Avg LTV	Wtd Avg Age
		Real Property	Water & Sewer	Other Charges					
Class 1	1,707	\$12,231,141	\$4,464,077	\$896,500	\$879,586	\$18,471,304	17.78%	12.33%	80.14
Class 2	1,789	22,581,388	7,844,763	554,794	1,549,048	32,529,993	31.31	18.14	44.12
Class 4	2,610	44,623,880	4,777,580	961,683	2,518,158	52,881,301	50.90	16.02	37.45
Totals	6,106	\$79,436,409	\$17,086,419	\$2,412,978	\$4,946,792	\$103,882,598	100.00%	16.03%	47.13

1998-2 TRUST TAX CLASSES
(as of the applicable sale date for the 1998-2 Trust)

Tax Class	Count	Delinquent Taxes			5% Surcharge	Initial TLPB	Percent of Total	Wtd Avg LTV	Wtd Avg Age
		Real Property	Water & Sewer	Other Charges					
Class 1	249	\$2,708,431	\$1,215,089	\$2,251,723	\$251,792	\$6,430,443	4.44%	168.96%	139.89
Class 2	255	25,384,112	7,359,785	854,568	1,422,524	35,024,418	24.16	106.58	94.16
Class 4	726	81,489,177	13,119,253	4,430,360	4,476,271	103,528,472	71.41	147.24	104.34
Totals	1,230	\$109,581,720	\$21,694,127	\$7,536,650	\$6,150,587	\$144,983,333	100.00%	138.38%	103.45

1999-1 TRUST TAX CLASSES
(as of the applicable sale date for the 1999-1 Trust)

Tax Class	Count	Delinquent Taxes			5% Surcharge	Initial TLPB	Percent of Total	Wtd Avg LTV	Wtd Avg Age
		Real Property	Water & Sewer	Other Charges					
Class 1	900	\$5,094,326	\$2,497,114	\$691,426	\$414,143	\$8,697,009	18.00%	18.97%	72.00
Class 2	750	8,242,740	3,739,993	180,955	608,184	12,771,872	26.43	16.55	41.00
Class 4	1,007	21,614,775	3,145,775	808,109	1,278,433	26,847,091	55.57	23.06	48.00
Totals	2,657	\$34,951,842	\$9,382,881	\$1,680,490	\$2,300,761	\$48,315,973	100.00%	20.61%	50.00

1999-R TRUST TAX CLASSES

(as of the applicable residual cut-off date or applicable sale date for the 1999-R Trust)

Tax Class	Count	Delinquent Taxes			5% Surcharge	Initial TLPB	Percent of Total	Wtd Avg LTV	Wtd Avg Age
		Real Property	Water & Sewer	Other Charges					
Class 1	269	\$3,184,041	\$3,116,717	\$4,413,759	\$438,411	\$11,584,514	8.15%	431.01%	106.44
Class 2	593	11,674,152	2,554,599	80,674	647,131	19,162,621	13.48	75.05	91.53
Class 4	928	69,092,835	11,055,076	4,874,086	3,789,753	111,441,586	78.38	153.58	105.90
Totals	1,790	\$83,951,028	\$16,726,392	\$9,368,519	\$4,875,295	\$142,188,722	100.00%	165.60%	104.01

2000-A TRUST TAX CLASSES

(as of the applicable residual cut-off date or applicable sale date for the 2000-A Trust)

Tax Class	Count	Delinquent Taxes			5% Surcharge	Accrued Interest	Initial TLPB	Percent of Total	Wtd Avg LTV	Wtd Avg Age
		Real Property	Water & Sewer	Other Charges						
Class 1	1,285	\$11,312,643	\$4,802,388	\$3,626,325	\$952,334	\$2,200,164	\$22,893,853	9.42%	130.42%	120.45
Class 2	1,525	36,284,636	12,616,918	3,372,327	2,403,112	5,068,617	59,745,609	24.58	82.53	80.45
Class 4	2,847	100,049,243	16,544,480	13,357,957	5,986,135	24,458,169	160,395,983	66.00	153.90	96.88
Totals	5,657	\$147,646,521	\$33,963,785	\$20,356,609	\$9,341,581	\$31,726,950	\$243,035,445	100.00%	134.14%	95.06

2001-A TRUST TAX CLASSES

(as of the applicable residual cut-off date or applicable sale date for the 2001-A Trust)

Tax Class	Count	Delinquent Taxes			5% Surcharge	Accrued Interest	Initial TLPB	Percent of Total	Wtd Avg LTV	Wtd Avg Age
		Real Property	Water & Sewer	Other Charges						
Class 1	2,829	\$17,165,297	\$7,611,771	\$3,464,101	\$4,518,377	\$ 9,506,087	\$42,265,632	26.13%	47.80%	108.44
Class 2	1,682	25,573,255	8,103,633	773,241	2,162,779	6,151,664	42,764,572	26.43	53.94	63.12
Class 4	2,735	51,094,586	4,703,566	2,365,895	3,302,794	15,280,582	76,747,423	47.44	47.72	60.32
Totals	7,246	\$93,833,138	\$20,418,970	\$6,603,236	\$9,983,951	\$30,938,333	\$161,777,627	100.00%	49.39%	73.63

2002-A TRUST TAX CLASSES

(as of the applicable residual cut-off date or applicable sale date for the 2002-A Trust)

Tax Class	Count	Delinquent Taxes			5% Surcharge	Accrued Interest	Initial TLPB	Percent of Total	Wtd Avg LTV	Wtd Avg Age
		Real Property	Water & Sewer	Other Charges						
Class 1	734	\$3,486,549	\$1,669,800	\$1,865,035	\$397,807	\$1,342,701	\$8,761,892	7.47%	57.21%	89.85
Class 2	1,197	17,075,457	7,080,496	725,382	1,207,940	679,672	26,768,947	22.82	17.10	66.40
Class 4	2,983	51,283,063	20,101,556	3,778,390	3,525,980	3,072,146	81,761,136	69.71	30.41	57.87
Totals	4,914	\$71,845,069	\$28,851,852	\$6,368,807	\$5,131,727	\$5,094,520	\$117,291,975	100.00%	29.37%	62.21

2003-A TRUST TAX CLASSES

(as of the applicable residual cut-off date or applicable sale date for the 2003-A Trust)

Tax Class	Count	Delinquent Taxes			5% Surcharge	Accrued Interest	Initial TLPB	Percent of Total	Wtd Avg LTV	Wtd Avg Age
		Real Property	Water & Sewer	Other Charges						
Class 1	1,619	\$11,112,543	\$3,017,387	\$2,768,477	\$1,963,367	\$2,972,166	\$21,833,940	13.31%	91.78%	112.67
Class 2	1,317	28,035,537	6,016,837	654,678	2,272,035	8,681,885	45,660,971	27.84	110.60	103.60
Class 4	2,008	67,505,461	4,092,032	2,930,895	4,819,795	17,178,067	96,526,251	58.85	172.40	107.71
Totals	4,944	\$106,653,541	\$13,126,256	\$6,354,050	\$9,055,197	\$28,832,118	\$164,021,162	100.00%	144.46%	107.22

2004-A TRUST TAX CLASSES
(as of the applicable sale date for the 2004-A Trust)

Tax Class	Count	Delinquent Taxes			5% Surcharge	Initial TLPB	Percent of Total	Wtd Avg LTV	Wtd Avg Age
		Real Property	Water & Sewer	Other Charges					
Class 1	938	\$6,210,460	\$2,267,969	\$1,589,761	\$731,658	\$10,799,848	19.75%	56.25%	84.00
Class 2	822	10,763,491	5,024,324	417,737	1,009,919	17,215,471	31.48	16.21	49.40
Class 4	1,533	18,692,755	3,513,015	2,820,608	1,641,163	26,667,541	48.77	31.88	38.94
Totals	3,293	\$35,666,706	\$10,805,308	\$4,828,106	\$3,382,740	\$54,682,860	100.00%	31.76%	51.13

2005-A TRUST TAX CLASSES
(as of the applicable sale date for the 2005-A Trust)

Tax Class	Count	Delinquent Taxes			5% Surcharge	Accrued Interest	Initial TLPB	Percent of Total	Wtd Avg LTV	Wtd Avg Age
		Real Property	Water & Sewer	Other Charges						
Class 1	670	\$10,488,725	\$2,140,277	\$717,008	\$1,138,766	\$1,051,305	\$15,536,080	26.81%	66.68%	137.76
Class 2	664	8,735,541	2,537,161	391,364	933,530	1,705,869	14,303,466	24.68	25.40	64.67
Class 4	1,389	17,414,546	4,931,699	945,579	1,979,185	2,842,002	28,113,010	48.51	33.75	63.16
Totals	2,723	\$36,638,812	\$9,609,137	\$2,053,951	\$4,051,480	\$5,599,176	\$57,952,556	100.00%	40.52%	83.53

2006-A TRUST TAX CLASSES
(as of the applicable sale date for the 2006-A Trust)

Tax Class	Count	Delinquent Taxes			5% Surcharge	Initial TLPB	Percent of Total	Wtd Avg LTV	Wtd Avg Age
		Real Property	Water & Sewer	Other Charges					
Class 1	488	\$3,862,991	\$1,305,361	\$475,204	\$478,058	\$6,121,614	17.06%	8.845%	76.41
Class 2	611	7,335,642	1,891,482	287,741	724,202	10,239,066	28.53	10.288	48.44
Class 4	891	16,233,190	1,315,314	717,620	1,265,856	19,531,980	54.42	44.642	39.39
Totals	1,990	\$27,431,823	\$4,512,157	\$1,480,565	\$2,468,115	\$35,892,660	100.00%	28.736%	48.29

2008-A TRUST TAX CLASSES
(as of the applicable sale date for the 2008-A Trust)

Tax Class	Count	Delinquent Taxes			5% Surcharge	Initial TLPB	Percent of Total	Wtd Avg LTV	Wtd Avg Age
		Real Property	Water & Sewer	Other Charges					
Class 1	2,041	\$9,724,152.91	\$8,936,333.39	\$899,490.92	\$1,560,522.49	\$21,120,499.71	26.81%	5.78%	80.50
Class 2	905	16,309,633.29	3,225,469.40	823,672.39	1,274,229.41	21,633,004.49	27.46	11.09	45.60
Class 4	1,412	28,418,300.83	3,589,108.08	1,922,487.53	2,087,832.88	36,017,729.32	45.72	24.51	46.49
Totals	4,358	\$54,452,087.03	\$15,750,910.87	\$3,645,650.84	\$4,922,584.78	\$78,771,233.52	100.00%	15.03%	55.36

2009-A TRUST TAX CLASSES
(as of the applicable sale date for the 2009-A Trust)

Tax Class	Count	Delinquent Taxes			5% Surcharge	Initial TLPB	Percent of Total	Wtd Avg LTV	Wtd Avg Age
		Real Property	Water & Sewer	Other Charges					
Class 1	2,406	\$8,670,797.70	\$10,840,467.43	\$1,034,474.88	\$1,659,436.31	\$22,205,176.32	24.58%	6.18%	77.05
Class 2	1,105	19,837,973.23	8,971,238.68	1,118,294.21	1,786,420.73	31,713,926.85	35.11	9.69	55.76
Class 4	1,281	31,827,032.82	2,001,245.83	538,221.15	2,050,151.23	36,416,651.03	40.31	12.38	37.96
Totals	4,792	\$60,335,803.75	\$21,812,951.94	\$2,690,990.24	\$5,496,008.27	\$90,335,754.20	100.00%	9.83%	53.82

2010-A TRUST TAX CLASSES
(as of the applicable Sale Date)

Tax Class	Count	Delinquent Taxes			5% Surcharge	Initial TLPB	Percent of Total	Wtd Avg LTV	Wtd Avg Age
		Real Property	Water & Sewer	Other Charges					
Class 1	2,636	\$12,932,772.04	\$9,537,146.57	\$755,675.59	\$1,793,427.25	\$25,019,021.45	24.53%	3.98%	64.21
Class 2	1,118	22,512,381.18	6,423,818.70	1,269,622.77	1,773,663.29	31,979,485.94	31.36	9.37	44.70
Class 4	1,662	39,016,739.49	2,705,133.34	736,297.05	2,526,722.40	44,984,892.28	44.11	9.94	33.39
Totals	5,416	\$74,461,892.71	\$18,666,098.61	\$2,761,595.41	\$6,093,812.94	\$101,983,399.67	100.00%	8.17%	44.50

Prior Tax Lien Trust Collection Experience

The tax liens originally in the 1996-1 Trust, the 1997-1 Trust, the 1998-1 Trust, the 1999-1 Trust, the 2004-A Trust, the 2006-A Trust, the 2008-A Trust and the 2009-A Trust consisted of tax liens newly sold by the City with relatively low Lien-to-Value Ratios. The tax liens originally in the 1998-2 Trust consisted of tax liens newly sold by the City with relatively high Lien-to-Value Ratios. The tax lien portfolios of the 1999-R Trust through the 2003-A Trust and the 2005-A Trust included residual tax liens remaining from previous portfolios for which the related bonds had been paid in full. For each series of bonds, including the 2010-A Bonds, the percentage of tax liens having a Lien-to-Value Ratio of 100% or less, and the sources of included residual tax liens, if any, were as follows:

Bond Series	Percentage of Tax Liens with Lien-to-Value Ratio of 100% or Less**	Included Residual Tax Liens From
1996-1 Bonds	100.00%	
1997-1 Bonds	100.00	
1998-1 Bonds	100.00	
1998-2 Bonds	40.44	
1999-1 Bonds	98.51	
1999-R Bonds	50.13	1996-1 Bonds
2000-A Bonds	49.44	1998-2 Bonds
2001-A Bonds	87.18	1997-1 Bonds
		1998-1 Bonds
2002-A Bonds	94.46	1999-1 Bonds
2003-A Bonds	52.64	1996-1 Bonds
		1998-2 Bonds
		1999-R Bonds
		2000-A Bonds
2004-A Bonds	93.48*	
2005-A Bonds	83.02	2001-A Bonds
		2002-A Bonds
2006-A Bonds	95.53	
2008-A Bonds	97.15	
2009-A Bonds	99.75	
2010-A Bonds	99.99	

*Does not reflect Subsequent Taxes and Assessments in the aggregate amount, as of August 31, 2004, of \$11,829,094 that became liens on the Properties after June 30, 2004.

**Calculated as a percentage of Initial TLPB. Rounded to the nearest 2nd decimal place.

The following tables set forth certain information concerning collection experience with respect to the tax liens in the original portfolios relating to the series of bonds issued since 2002. These tables present data only with respect to tax liens that were serviced by the servicers of the Tax Liens in the related securitization.

The collection data presented in the tables include amounts paid by the City for defective tax liens. The

outstanding Redemptive Value shown at any time takes into account increases due to accumulating accrued interest on the tax liens as well as decreases due to Collections and Realized Losses, but does not include related recoverable Lien Administration Expenses.

BECAUSE OF THE FOREGOING FACTORS, AMONG OTHERS, UNDER NO CIRCUMSTANCES SHOULD THE FOLLOWING INFORMATION BE CONSIDERED AS A PREDICTION OF THE FUTURE COLLECTION EXPERIENCE OF THE 2010-A TAX LIENS.

2002-A TRUST COLLECTION EXPERIENCE⁽¹⁾⁽²⁾

End of Month	Outstanding	Collections		Actual Liquidation Rate (5)	
	Redemptive	Redemptive	Forbearance	Monthly	Annualized
	Value	Value (3)	Agr. (4)		
06/02	\$80,212,494				
07/02	80,058,201	\$1,135,597	\$158,319	1.42%	15.73%
08/02	108,794,795	6,707,331	262,435	8.38	65.01
09/02	106,039,378	4,527,825	122,178	4.16	39.96
10/02	101,575,349	6,312,393	259,069	5.95	52.12
11/02	98,997,007	3,678,336	288,501	3.62	35.76
12/02	94,442,466	4,084,572	376,787	4.13	39.69
01/03	91,168,538	4,251,753	331,104	4.50	42.46
02/03	88,327,940	3,703,133	288,153	4.06	39.20
03/03	85,679,387	3,545,255	367,932	4.01	38.83
04/03	71,553,424	14,912,752	252,449	17.41	89.92
05/03	69,164,252	3,334,870	389,542	4.66	43.60
06/03	66,397,295	3,546,915	487,261	5.13	46.83
07/03	61,951,244	4,957,071	551,797	7.47	60.59
08/03	59,920,938	2,509,545	399,189	4.05	39.12
09/03	58,363,367	2,172,156	443,550	3.63	35.79
10/03	56,416,614	2,448,771	441,493	4.20	40.21
11/03	55,078,072	1,765,109	346,529	3.13	31.71
12/03	53,244,588	2,284,017	462,200	4.15	39.84
01/04	52,113,948	1,527,810	497,421	2.87	29.49
02/04	51,231,213	1,051,481	395,192	2.02	21.70
03/04	49,520,237	1,913,250	519,124	3.73	36.66
04/04	47,522,891	2,309,872	511,639	4.66	43.63
05/04	45,504,787	2,533,918	400,385	5.33	48.19
06/04	43,875,445	1,918,908	381,170	4.22	40.37
07/04	42,785,152	1,280,031	365,126	2.92	29.90
08/04	41,529,226	1,618,877	282,699	3.78	37.05
09/04	40,492,833	1,261,341	384,620	3.04	30.93
10/04	39,517,993	1,285,590	287,972	3.17	32.10
11/04	38,480,858	1,494,769	215,820	3.78	37.04
12/04	34,168,367	4,644,049	199,220	12.07	78.63
01/05	33,621,299	859,309	197,447	2.51	26.34
02/05	32,842,924	1,054,761	193,682	3.14	31.78
03/05	30,983,955	2,159,960	157,014	6.58	55.80
04/05	\$23,670,645	7,253,614	119,954	23.41	95.93
Totals/Average		\$110,044,941	\$11,336,974	5.33%	43.29%

(1) The 2002-A Bonds were paid in full on April 10, 2005, and a portion of the remaining 2002-A Tax Liens became part of the collateral for the 2005-A Bonds. The 2002-A Tax Liens included residual tax liens from the 1999-1 Tax Lien portfolio. These tax liens were serviced by JER Revenue Services, LLC ("JERRS") and Xspand.

(2) Numbers may not add to totals due to rounding.

(3) Includes payments made by the City in the amount of \$17,705,889 to repurchase defective 2002-A Tax Liens, the proceeds of which were used to make payments on the 2002-A Bonds.

(4) The amount collected on 2002-A Tax Liens which were paying under forbearance agreements, which had a term ending no later than July 1, 2005. These amounts are not included in the calculation of liquidation rates shown above.

(5) See "Constant Liquidation Rate" for an explanation of liquidation rates. Annualized and Average rates shown above may differ from manual calculations using monthly rates rounded to the nearest 2nd decimal place due to truncation or rounding.

2003-A TRUST COLLECTION EXPERIENCE⁽¹⁾⁽²⁾

End of Month	Outstanding	Collections		Actual Liquidation Rate (5)	
	Redemptive	Redemptive	Forbearance	Monthly	Annualized
	Value	Value (3)	Agr. (4)		
05/03	\$85,126,584				
06/03	85,707,197	\$727,304	\$8,450	0.85%	9.78%
07/03	110,241,173	1,625,960	12,978	1.90	20.53
08/03	162,663,397	1,271,363	20,501	1.15	12.99
09/03	158,566,004	6,147,284	24,926	3.78	37.02
10/03	156,172,885	4,408,929	111,477	2.78	28.71
11/03	152,153,209	5,976,776	105,981	3.83	37.39
12/03	148,926,571	4,749,021	147,157	3.12	31.65
01/04	146,593,979	4,090,854	158,303	2.75	28.41
02/04	143,852,357	4,428,133	157,612	3.02	30.79
03/04	141,081,337	4,227,145	202,662	2.94	30.09
04/04	138,953,014	3,366,878	222,795	2.39	25.16
05/04	135,214,208	4,991,910	221,495	3.59	35.53
06/04	129,275,759	7,423,515	262,092	5.49	49.22
07/04	123,647,257	7,242,202	379,236	5.60	49.93
08/04	121,746,999	2,671,646	386,749	2.16	23.06
09/04	119,897,770	3,146,607	384,888	2.58	26.96
10/04	118,469,834	3,026,225	274,314	2.52	26.42
11/04	117,659,617	1,982,887	359,899	1.67	18.34
12/04	115,565,794	3,353,135	337,738	2.85	29.32
01/05	114,423,429	1,977,708	317,893	1.71	18.71
02/05	112,943,704	2,582,090	306,293	2.26	23.96
03/05	108,631,508	5,149,873	400,964	4.56	42.88
04/05	95,818,034	13,790,423	294,124	12.69	80.39
05/05	\$95,802,829	1,029,586	281,990	1.07	12.16
Totals/Average		\$99,387,452	\$5,380,519	3.22%	30.39%

(1) The 2003-A Bonds were paid in full on May 10, 2005. The 2003-A Tax Liens included residual tax liens from the 1999-R and 2000-A Tax Lien portfolios. These tax liens were serviced by JERES and Xspand.

(2) Numbers may not add to totals due to rounding.

(3) Includes payments made by the City as of May, 2006 in the amount of \$9,933,214 to repurchase defective 2003-A Tax Liens, the proceeds of which were used to make payments on the 2003-A Bonds.

(4) The amount collected on 2003-A Tax Liens which were paying under forbearance agreements, which had a term ending no later than September 1, 2006. These amounts are not included in the calculation of liquidation rates shown above.

(5) See "Constant Liquidation Rate" for an explanation of liquidation rates. Annualized and Average rates shown above may differ from manual calculations using monthly rates rounded to the nearest 2nd decimal place due to truncation or rounding.

2004-A TRUST COLLECTION EXPERIENCE⁽¹⁾⁽²⁾

End of Month	Outstanding	Collections		Actual Liquidation Rate (5)	
	Redemptive	Redemptive	Forbearance	Monthly	Annualized
	Value	Value (3)	Agr. (4)		
07/04	\$27,392,908				
08/04	55,057,334	\$55,079	\$0	0.20%	2.39%
09/04	51,739,427	4,543,112	0	8.25	64.42
10/04	49,103,234	3,363,970	37,166	6.50	55.37
11/04	46,848,387	2,875,733	86,999	5.86	51.53
12/04	43,435,552	3,973,855	126,835	8.48	65.48
01/05	41,659,014	2,194,241	227,588	5.05	46.32
02/05	40,171,719	1,871,592	180,591	4.49	42.40
03/05	37,664,060	2,824,660	271,871	7.03	58.31
04/05	34,643,541	3,427,650	242,841	9.10	68.18
05/05	32,716,903	2,884,168	275,066	8.33	64.76
06/05	30,448,352	2,537,974	433,701	7.76	62.05
07/05	28,805,490	1,982,918	228,909	6.51	55.43
08/05	27,762,393	1,528,388	329,092	5.31	48.02
09/05	26,790,744	1,236,170	295,009	4.45	42.11
10/05	26,079,599	943,684	246,071	3.52	34.97
11/05	25,524,044	832,705	271,020	3.19	32.25
12/05	25,091,494	634,871	257,732	2.49	26.09
01/06	24,461,359	845,627	251,280	3.37	33.73
02/06	23,919,936	833,455	203,918	3.41	34.03
03/06	22,516,548	1,680,712	245,973	7.03	58.28
04/06	21,398,887	1,331,249	212,901	5.91	51.87
05/06	20,447,176	1,056,773	286,038	4.94	45.54
06/06	19,520,017	946,372	315,339	4.63	43.37
07/06	18,640,030	1,063,154	197,806	5.45	48.93
08/06	18,394,795	630,227	225,335	3.38	33.82
09/06	17,746,872	603,597	179,636	3.28	32.99
10/06	17,124,341	706,699	160,960	3.98	38.59
11/06	16,761,207	452,774	184,499	2.64	27.50
12/06	13,025,815	3,911,918	166,148	23.34	95.88
01/07	12,772,652	212,017	191,134	1.63	17.87
02/07	12,560,287	183,969	154,614	1.44	15.98
03/07	\$12,456,949	153,487	154,778	1.22	13.72
Totals/Average		\$52,322,801	\$6,640,848	5.38%	44.13%

(1) The 2004-A Bonds were paid in full on March 10, 2007. These tax liens were serviced by JERRS and Xspand.

(2) Numbers may not add to totals due to rounding.

(3) Includes payments made by the City as of May 2006 in the amount of \$2,028,875 to repurchase defective 2004-A Tax Liens, the proceeds of which were used to make payments on the 2004-A Bonds.

(4) The amount collected on 2004-A Tax Liens which were paying under forbearance agreements, which had a term ending no later than September 1, 2007. These amounts are not included in the calculation of liquidation rates shown above.

(5) See "Constant Liquidation Rate" for an explanation of liquidation rates. Annualized and Average rates shown above may differ from manual calculations using monthly rates rounded to the nearest 2nd decimal place due to truncation or rounding.

2005-A TRUST COLLECTION EXPERIENCE⁽¹⁾⁽²⁾

End of Month	Outstanding	Collections		Actual Liquidation Rate (5)	
	Redemptive	Redemptive	Forbearance	Monthly	Annualized
	Value	Value (3)	Agr. (4)		
06/05	\$20,732,371				
07/05	51,068,819	\$1,631,181	\$5,433	7.87%	62.59%
08/05	53,244,317	2,501,956	23,999	4.90	45.27
09/05	50,358,854	3,193,603	66,885	6.00	52.40
10/05	47,191,034	3,742,760	88,982	7.43	60.42
11/05	46,622,108	1,093,704	119,717	2.32	24.53
12/05	45,923,463	1,200,081	149,280	2.57	26.87
01/06	45,234,991	1,159,417	160,571	2.52	26.42
02/06	44,613,704	1,054,287	145,457	2.33	24.65
03/06	41,634,460	3,365,157	194,712	7.54	60.98
04/06	40,612,691	1,428,621	131,315	3.43	34.23
05/06	39,107,617	2,117,744	135,453	5.21	47.41
06/06	38,171,654	1,559,548	172,200	3.99	38.64
07/06	37,026,607	1,647,804	166,380	4.32	41.11
08/06	36,969,884	973,633	139,415	2.63	27.37
09/06	35,383,792	1,717,663	152,830	4.65	43.50
10/06	34,528,692	1,214,045	148,261	3.43	34.23
11/06	34,055,189	793,771	138,217	2.30	24.35
12/06	33,424,604	1,132,928	134,942	3.33	33.37
01/07	30,760,557	2,900,764	140,184	8.68	66.36
02/07	30,461,135	562,321	114,130	1.83	19.86
03/07	30,138,281	674,159	120,935	2.21	23.55
04/07	30,011,077	390,897	150,205	1.30	14.50
05/07	29,862,647	398,320	155,434	1.33	14.81
06/07	29,719,243	407,112	89,184	1.36	15.19
07/07	29,670,113	356,447	125,060	1.20	13.48
08/07	28,737,653	1,145,637	95,521	3.86	37.66
09/07	29,138,560	310,369	62,784	1.08	12.22
10/07	29,053,854	489,015	52,060	1.68	18.38
11/07	29,185,812	141,426	67,368	0.49	5.69
12/07	27,811,014	1,744,482	52,247	5.98	52.27
01/08	28,029,698	116,043	57,717	0.42	4.89
02/08	27,957,457	385,322	43,812	1.37	15.30
03/08	28,092,046	174,117	58,559	0.62	7.22
04/08	27,830,996	584,823	37,521	2.08	22.31
05/08	27,966,477	120,319	54,453	0.43	5.07
06/08	27,688,871	532,875	60,758	1.91	20.61
07/08	27,845,758	173,219	54,002	0.63	7.25
08/08	27,684,990	418,620	28,537	1.50	16.62
09/08	27,793,934	196,383	34,905	0.71	8.19
10/08	27,721,454	324,411	29,823	1.17	13.14
11/08	27,598,611	474,663	5,983	1.71	18.72

12/08	27,774,551	110,853	43,206	0.40	4.71
01/09	27,759,328	270,700	12,790	0.97	11.09
02/09	25,230,972	2,785,936	19,053	10.04	71.89
03/09	25,495,943	74,144	18,169	0.29	3.47
04/09	25,752,435	103,909	16,379	0.41	4.78
05/09	25,950,637	98,432	17,613	0.38	4.49
06/09	23,253,328	682,963	19,844	2.63	27.39
07/09	23,510,592	10,273	18,033	0.04	0.53
08/09	22,917,646	838,294	20,521	3.57	35.32
09/09	23,050,717	109,831	28,169	0.48	5.60
10/09	23,265,550	15,347	14,286	0.07	0.80
11/09	23,435,558	60,890	48,420	0.26	3.10
12/09	23,695,633	19,002	22,375	0.08	0.97
01/10	23,949,536	15,159	24,021	0.06	0.76
02/10	24,180,258	47,091	10,565	0.20	2.33
03/10	24,401,898	33,919	42,732	0.14	1.67
04/10	23,387,645	426,624	25,904	1.75	19.08
05/10	\$23,661,891	10,787	9,087	0.05	0.55
Totals/Average		\$50,263,797	\$4,376,399	2.41%	22.71%

(1) The 2005-A Bonds were paid in full on June 10, 2010. The 2005-A Tax Liens included residual tax liens from the 2001-A and 2002-A Tax Lien portfolios. These tax liens were serviced by JERRS and Xspand, and as of September 15, 2007 these liens were serviced solely by Xspand.

(2) Numbers may not add to totals due to rounding.

(3) Includes payments made by the City as of June 2009 in the amount of \$1,210,276 to repurchase defective 2005-A Tax Liens, the proceeds of which were used to make payments on the 2005-A Bonds.

(4) The amount collected on 2005-A Tax Liens which are paying under forbearance agreements, which have a term ending no later than August 1, 2010. These amounts are not included in the calculation of liquidation rates shown above.

(5) See "Constant Liquidation Rate" for an explanation of liquidation rates. Annualized and Average rates shown above may differ from manual calculations using monthly rates rounded to the nearest 2nd decimal place due to truncation or rounding.

2006-A TRUST COLLECTION EXPERIENCE⁽¹⁾⁽²⁾

End of Month	Outstanding	Collections		Actual Liquidation Rate (5)	
	Redemptive	Redemptive	Forbearance		
	Value	Value (3)	Agr. (4)	Monthly	Annualized
07/06	\$18,151,676				
08/06	17,174,195	\$1,225,744	\$15,004	6.75%	56.79%
09/06	27,293,752	3,753,327	53,726	21.85	94.81
10/06	26,216,211	1,352,686	134,903	4.96	45.66
11/06	25,418,649	1,090,734	82,529	4.16	39.95
12/06	21,687,530	3,985,946	102,036	15.68	87.09
01/07	20,796,162	1,126,488	86,440	5.19	47.27
02/07	19,972,984	1,015,122	88,460	4.88	45.15
03/07	18,942,464	1,195,239	137,548	5.98	52.31
04/07	18,070,632	1,091,575	121,172	5.76	50.95
05/07	16,652,631	1,773,674	143,778	9.82	71.05
06/07	15,591,048	1,214,158	217,471	7.29	59.69
07/07	15,023,134	668,618	188,759	4.29	40.90
08/07	14,271,660	757,477	193,736	5.04	46.25
09/07	14,182,514	332,312	60,032	2.33	24.63
10/07	13,760,438	563,953	147,264	3.98	38.55
11/07	13,513,113	334,669	126,578	2.43	25.58
12/07	12,209,821	1,444,782	172,393	10.69	74.25
01/08	12,108,241	187,662	129,540	1.54	16.96
02/08	11,869,221	419,614	109,198	3.47	34.51
03/08	11,740,708	257,221	150,328	2.17	23.12
04/08	11,213,403	620,049	102,919	5.28	47.85
05/08	11,091,879	251,819	76,723	2.25	23.86
06/08	10,626,874	361,530	294,865	3.26	32.81
07/08	10,517,877	325,631	64,532	3.06	31.17
08/08	10,197,440	348,362	110,909	3.31	33.25
09/08	9,664,738	594,394	70,625	5.83	51.36
10/08	9,429,153	324,786	94,010	3.36	33.65
11/08	9,397,625	106,401	92,763	1.13	12.73
12/08	9,179,652	302,906	65,966	3.22	32.51
01/09	9,154,251	129,924	60,751	1.42	15.72
02/09	9,233,247	16,187	43,032	0.18	2.10
03/09	9,208,331	129,795	48,723	1.41	15.62
04/09	9,184,643	127,264	43,450	1.38	15.38
05/09	9,175,669	95,212	48,371	1.04	11.75
06/09	9,154,338	161,721	28,510	1.76	19.22
07/09	9,112,252	163,592	54,288	1.79	19.46
08/09	8,908,798	239,386	31,697	2.63	27.35
09/09	8,882,557	120,361	25,959	1.35	15.06
10/09	8,951,685	38,474	30,299	0.43	5.08
11/09	9,006,752	69,035	7,052	0.77	8.87
12/09	9,013,142	112,575	14,757	1.25	14.01

01/10	8,834,470	292,716	29,859	3.25	32.71
02/10	8,794,254	161,392	3,865	1.83	19.85
03/10	9,069,544	340,099	9,607	3.87	37.70
04/10	9,054,373	124,176	2,438	1.37	15.25
05/10	\$9,186,381	6,094	4,948	0.07	0.80
Totals/Average		\$29,354,881	\$3,921,810	4.02%	33.71%

(1) The 2006-A Bonds were paid in full on May 10, 2010.

(2) Numbers may not add to totals due to rounding.

(3) Includes payments made by the City as of April 30, 2009 in the amount of \$3,511,645 to repurchase defective 2006-A Tax Liens, the proceeds of which were used to make payments on the 2006-A Bonds.

(4) The amount collected on 2006-A Tax Liens which are paying under forbearance agreements, which have a term ending no later than October 1, 2010. These tax liens were serviced by JERRS and Xspand, and as of September 15, 2007 these liens were serviced solely by Xspand. These amounts are not included in the calculation of liquidation rates shown above.

(5) See "Constant Liquidation Rate" for an explanation of liquidation rates. Annualized and Average rates shown above may differ from manual calculations using monthly rates rounded to the nearest 2nd decimal place due to truncation or rounding.

2008-A TRUST COLLECTION EXPERIENCE⁽¹⁾⁽²⁾

End of Month	Outstanding	Collections		Actual Liquidation Rate (5)	
	Redemptive	Redemptive	Forbearance		
	Value	Value (3)	Agr. (4)	Monthly	Annualized
07/08	\$58,112,289	\$3,342,585	\$76,775		
08/08	68,965,247	3,612,220	111,283	6.22%	53.70%
09/08	66,704,745	3,070,436	80,766	4.45	42.10
10/08	65,714,736	1,918,977	86,069	2.88	29.55
11/08	64,034,209	2,542,902	93,142	3.87	37.72
12/08	62,539,861	2,174,896	270,641	3.40	33.94
01/09	61,499,474	1,845,258	143,160	2.95	30.19
02/09	61,220,444	1,066,618	74,270	1.73	18.94
03/09	60,362,673	1,884,661	121,825	3.08	31.29
04/09	58,455,199	3,060,411	197,627	5.07	46.44
05/09	56,636,688	2,772,705	281,220	4.74	44.19
06/09	56,020,900	1,839,458	244,895	3.25	32.71
07/09	54,557,357	2,252,222	275,427	4.02	38.88
08/09	54,125,622	1,236,331	303,010	2.27	24.05
09/09	53,647,312	986,170	277,333	1.82	19.80
10/09	52,366,897	2,080,504	340,991	3.88	37.79
11/09	51,753,693	1,639,236	317,290	3.13	31.73
12/09	51,345,779	1,482,317	353,416	2.86	29.44
01/10	50,703,315	1,387,788	246,506	2.70	28.02
02/10	49,181,801	2,038,803	291,346	4.02	38.89
03/10	48,780,627	1,172,716	322,804	2.38	25.14
04/10	47,540,438	1,828,606	281,167	3.75	36.78
05/10	\$47,676,679	496,890	258,160	1.05	11.85
Totals/Average		\$45,732,709	\$5,049,124	3.34%	32.87%

(1) The 2008-A Bonds are still outstanding.

(2) Numbers may not add to totals due to rounding.

(3) Includes payments made by the City as of June 2010 in the amount of \$1,489,263.37 to repurchase defective 2008-A Tax Liens, the proceeds of which were used to make payments on the 2008-A Bonds.

(4) The amount collected on 2008-A Tax Liens which are paying under forbearance agreements, which have a term ending no later than April 15, 2012. These tax liens are serviced by MTAG and Xspand. These amounts are not included in the calculation of liquidation rates shown above.

(5) See "Constant Liquidation Rate" for an explanation of liquidation rates. Annualized and Average rates shown above may differ from manual calculations using monthly rates rounded to the nearest 2nd decimal place due to truncation or rounding.

2009-A TRUST COLLECTION EXPERIENCE⁽¹⁾⁽²⁾

End of Month	Outstanding	Collections		Actual Liquidation Rate (5)	
	Redemptive	Redemptive	Forbearance	Monthly	Annualized
	Value	Value (3)	Agr. (4)		
07/09	\$73,352,678	\$5,105,268	\$95,592		
08/09	87,229,016	2,186,416	192,413	2.98%	30.45%
09/09	84,463,543	3,824,343	213,987	4.38	41.61
10/09	82,701,396	2,903,452	136,998	3.44	34.28
11/09	79,446,749	4,251,555	197,766	5.14	46.92
12/09	77,758,286	2,624,055	263,517	3.30	33.17
01/10	76,117,519	2,611,916	204,751	3.36	33.64
02/10	75,230,819	1,733,637	355,832	2.28	24.15
03/10	74,551,694	2,103,992	284,175	2.80	28.85
04/10	71,423,748	4,493,500	347,585	6.03	52.57
05/10	\$69,928,273	2,966,973	345,532	4.15	39.90
Totals/Average		\$34,805,107	\$2,638,149	3.79%	36.55%

(1) The 2009-A Bonds are still outstanding.

(2) Numbers may not add to totals due to rounding.

(3) Includes payments made by the City as of June 2010 in the amount of \$107,875.76 to repurchase defective 2009-A Tax Liens, the proceeds of which were used to make payments on the 2009-A Bonds.

(4) The amount collected on 2009-A Tax Liens which are paying under forbearance agreements, which have a term ending no later than October 1, 2012. These tax liens are serviced by MTAG and Xspand. These amounts are not included in the calculation of liquidation rates shown above.

(5) See "Constant Liquidation Rate" for an explanation of liquidation rates. Annualized and Average rates shown above may differ from manual calculations using monthly rates rounded to the nearest 2nd decimal place due to truncation or rounding.

CASH FLOW ASSUMPTIONS

The information provided in the CLR Decrement Table under “Constant Liquidation Rate” below has been prepared based on the Tax Lien information provided herein (as described in “Composition of the Tax Liens”) and certain assumptions, including but not limited to the following:

- (i) The Bonds will be issued on August 5, 2010.
- (ii) All of the Tax Liens will accrue interest at 18% per annum, compounded monthly.
- (iii) Monthly redemptions of the aggregate Redemptive Value of the Tax Liens (other than the Second Sale Tax Liens) will occur on the tenth day of each month beginning June 10, 2010, or August 10, 2010, in the case of the Second Sale Tax Liens, at the indicated constant liquidation rate (“CLR”), and all such redemptions are applied in the given Collection Period. The initial period from the First Sale Date to June 10, 2010 (for the First Sale Tax Liens) and from the Second Sale Date to August 10, 2010 (for the Second Sale Tax Liens) will be assumed to be 30 days.
- (iv) All Tax Liens are assumed to be liquidated through redemption and it is assumed that no Tax Liens will be defective so as to require the City to deliver to the Issuer an Eligible Substitute Tax Lien and related Substitution Amount, and there will be no Event of Default and no optional termination (unless otherwise specified in the CLR Decrement Table (see “Summary of Terms—Optional Termination”)).
- (v) Amounts collected monthly on the Tax Liens are assumed to be invested at 0.05% per annum compounded monthly, for the period commencing on the previous Payment Date (and, in the case of the first Payment Date, with respect to the First Sale Tax Liens, June 10, 2010, or with respect to the Second Sale Tax Liens, August 10, 2010) through the day preceding the applicable Payment Date.
- (vi) Amounts on deposit in the Working Capital Reserve Fund and the Interest Reserve Fund are assumed to be invested at 0.05% per annum, compounded quarterly for the period commencing on the previous Payment Date (and, in the case of the first Payment Date, the First Closing Date) through the day preceding the applicable Payment Date.
- (vii) All amounts in the Working Capital Reserve Fund and the Interest Reserve Fund will be released on the Payment Date on which the amount on deposit in such Funds equals or exceeds the then outstanding principal balance of the Bonds after giving effect to other payments to be made on the Bonds on such Payment Date.
- (viii) Indenture Trustee and Owner Trustee fees and expenses, including the facility fee on Trustee Advances, are assumed to be \$400,000 per year. Amounts advanced by the Trustee are zero. Servicing Fees will be paid as described under “Description of the Servicing Agreements—Servicing Compensation,” unless otherwise indicated below.
- (ix) For purposes of calculating the Incentive Fees, such fees are calculated on the monthly collections assumed under the constant liquidation rate.
- (x) The Collection Period Payment Amounts are calculated on the basis of a 360-day year and 12 30-day months.
- (xi) No Servicer termination events were modeled.
- (xii) Payments of principal and interest on the Bonds will be made on the tenth day of each January, April, July and October (assuming each such day is a business day), commencing October 10, 2010.
- (xiii) The Interest Reserve Requirement is \$735,000 initially.

- (xiv) The Class A Interest Rate is assumed to be 4.00% per annum.
- (xv) Lien Administration Expenses were assumed to be zero.
- (xvi) All collections are redemptions in full. No collections are for liens which are paying under forbearance agreements.

CONSTANT LIQUIDATION RATE

The liquidation of Tax Liens may be measured by a liquidation rate. The rate used herein is the “Constant Liquidation Rate” or “CLR.” The Tax Liens do not have scheduled amortization payments, but rather are currently due and payable. The CLR assumes that a constant percentage of the Redemptive Value of the Tax Liens as of the end of the preceding month is redeemed on the tenth day of each month. The CLR is expressed as a percentage of the Redemptive Value as of the end of the preceding month. The CLR does not purport to be either a historical description of the redemption experience of any pool of tax liens or a prediction of the anticipated rate of redemption of any pool of tax liens, including the Tax Liens included in the Collateral.

The following table indicates the percentages of the original principal balance of the Bonds that would be outstanding after each of the dates shown at the various CLR levels and the corresponding weighted average lives of the Bonds in years. It is unlikely the actual liquidation rates for the Tax Liens will conform to any level of CLR, and no representation is made that the Tax Liens will be liquidated at the CLR levels presented.

CLR DECREMENT TABLE(1)

	Constant Liquidation Rate Assumptions (2)				
	20%	25%	30%	35%	40%
Bond Issuance Date.....	100%	100%	100%	100%	100%
October 10, 2010.....	91	88	85	81	78
January 10, 2011	84	80	75	69	64
April 10, 2011	78	72	65	58	51
July 10, 2011.....	72	64	55	47	39
October 10, 2011.....	66	56	46	37	28
January 10, 2012	60	48	38	27	18
April 10, 2012.....	53	41	29	18	8
July 10, 2012.....	47	34	21	10	0
October 10, 2012.....	41	26	13	0	0
January 10, 2013	35	19	0	0	0
April 10, 2013.....	28	12	0	0	0
July 10, 2013.....	22	0	0	0	0
October 10, 2013.....	16	0	0	0	0
January 10, 2014	10	0	0	0	0
April 10, 2014.....	0	0	0	0	0
Weighted Average Life to Maturity (3)	1.94	1.53	1.25	1.05	0.90
Weighted Average Life to Call* (3)(4)	1.87	1.50	1.21	1.03	0.83

* 10% Call

(1) For purposes of calculating the CLR Decrement Table, the Interest Rate is assumed to be 4.00% per annum. The actual Interest Rate is 1.68% per annum.

(2) The column headings are the assumed compounded monthly constant liquidation rates expressed as annual rates.

(3) The weighted average life of a Bond is determined by (i) multiplying the amount of each distribution of principal by the number of years from the First Closing Date to the related Payment Date, (ii) adding the results and (iii) dividing the sum by the original principal amount of the Bond.

(4) The weighted average life to call is the weighted average life of the Bonds assuming that the Issuer exercises its right of optional termination on the first Payment Date such termination is possible. See “Summary of Terms—Optional Termination.”

DESCRIPTION OF THE BONDS

General

The Bonds will be issued pursuant to the terms of the Indenture. The following summary describes certain terms of the Bonds and the Indenture. It does not purport to be complete and is qualified in its entirety by reference to the provisions of the Bonds and the Indenture.

The Bonds shall be issued in one Series, consisting of one class of Bonds. The principal of each Bond shall be payable as described under “—Priority of Payments” but in any event no later than the Stated Maturity unless the unpaid principal of such Bond becomes due and payable at an earlier date by declaration of acceleration or otherwise. All computations of interest accrued on any Bond shall be made as if each year consisted of 360 days (twelve (12) months of thirty (30) days each). Interest on the unpaid principal amount of each outstanding Bond shall be payable on each Payment Date at the applicable Bond interest rate for the period from the First Closing Date, or such later date to which interest has been paid, to the end of the Interest Accrual Period to which such Payment Date relates. The Bonds shall be issuable only as registered Bonds in minimum denominations of \$100,000 initial principal amount and integral multiples of \$1,000 in excess of \$100,000 initial principal amount (in each case expressed in terms of the principal amount thereof at the First Closing Date).

Priority of Payments. On each Payment Date, the Indenture Trustee shall determine the aggregate amount of Collections, any excess amounts in the Interest Reserve Fund and certain investment income on the funds and accounts pledged under the Indenture on deposit in or credited to the Bond Account on the immediately preceding Determination Date (the “Available Amount”). “Collections” means, for a Collection Period and a Tax Lien, the amount actually collected during such Collection Period with respect to such Tax Lien or related REO Property, whether as a redemption by the Property Owner, proceeds of foreclosure, deposit into the appropriate Issuer Lockbox of the Defective Tax Lien Deposit Amount, proceeds of the sale of the Tax Lien, Gross REO Proceeds or otherwise. “Collection Period” means, with respect to a Payment Date, the period beginning with the Determination Date immediately preceding the Determination Date to which such Payment Date relates and ending on the day preceding the Determination Date to which such Payment Date relates, except that (i) the first Collection Period with respect to the First Sale Tax Liens shall begin on the First Sale Date and (ii) the first Collection Period with respect to the Second Sale Tax Liens shall begin on the Second Sale Date and in each case shall end on the day preceding the Determination Date related to the first Payment Date. “Determination Date” means, with respect to a Payment Date, the first business day of the month in which the Payment Date occurs, commencing October 1, 2010.

On each Payment Date, the Indenture Trustee shall make the following payments from the Available Amount in the order of priority set forth in the following clauses (i) through (viii): (i) first (A) any amounts required to pay (a) any outstanding and unpaid amounts payable to the Servicers pursuant to the Servicing Agreements in respect of Servicing Fees; (b) any outstanding and unpaid amounts payable to the Indenture Trustee (including a facility fee for Trustee Advances), the Owner Trustee or the Collateral Agent and Custodian under the Indenture (other than amounts in respect of indemnification payments as described below under “The Indenture—Issuer Indemnities”); and (c) any outstanding and unpaid amounts payable to the Owner Trustee under any of the Transaction Documents (other than amounts in respect of indemnification payments); all such payments under this clause (i)(A) to be made to such parties pro rata based on the amounts owed; and second (B) any amounts required to pay (a) any outstanding and unpaid amounts payable to the Servicers pursuant to the Servicing Agreements or the Indenture in respect of indemnification payments; (b) any outstanding and unpaid amounts payable to the Indenture Trustee, the Owner Trustee or the Collateral Agent and Custodian under the Indenture in respect of indemnification payments as described below under “The Indenture—Issuer Indemnities”; and (c) any outstanding and unpaid amounts payable to the Owner Trustee under any of the Transaction Documents in respect of indemnification payments; all such payments under this clause (i)(B) to be made to such parties pro rata based on the amounts owed; and provided, however, that the aggregate of all payments made under this clause (i)(B) since the First Closing Date shall never exceed \$1,000,000; (ii) any amounts required to reimburse the Indenture Trustee in full for any unreimbursed Trustee Advances, plus interest thereon at the Trustee Advance Rate; (iii) all amounts required to pay in full any outstanding Interest Shortfall on the Bonds, together with interest accrued thereon at the Bond interest rate from the Payment Date on which such Interest Shortfall arose to but excluding the current Payment Date; (iv) all amounts required to pay in full all interest on the Bonds that accrued during the related Interest Accrual Period;

(v) all amounts required to restore the Interest Reserve Fund to an amount equal to the Interest Reserve Requirement; (vi) all amounts required to restore the Working Capital Reserve Fund to the Working Capital Reserve Requirement; (vii) to reduce the principal balance of the Bonds (but in no event to an amount less than \$0); and (viii) to the parties entitled thereto, all amounts which would have been payable under clause (i)(B) above but for the \$1,000,000 limit; all such payments to be made to such parties pro rata based on the amounts owed.

On any day during a Collection Period, if there are (A) insufficient funds available in the Working Capital Reserve Fund to make current payments payable out of the Working Capital Reserve Fund and (B) funds on deposit in the Bond Account in excess of the amounts required to pay in full on the next succeeding Payment Date the amounts required to be applied as described in clauses (i) through (v) of the preceding paragraph, then the Indenture Trustee shall withdraw from the Bond Account and deposit in the Working Capital Reserve Fund, to the extent of such excess funds, an amount sufficient to restore the Working Capital Reserve Fund to the Working Capital Reserve Requirement.

On each Determination Date after calculating the amounts to be paid on the next Payment Date described in the second preceding paragraph, the Indenture Trustee shall compare (i) the amounts remaining in the Pledged Funds and Accounts to (ii) the principal amount of Bonds to remain outstanding after all such amounts are paid, and if the amount in clause (i) is greater than the amount in clause (ii), then the Indenture Trustee shall withdraw sufficient amounts from the Pledged Funds and Accounts to retire the Bonds in full.

Mandatory Partial Prepayment of Bonds from Excess Amounts in the Pre-Funding Account. To the extent that amounts on deposit in the Pre-Funding Account have not been fully applied to the purchase by the Issuer of Second Sale Tax Liens on the Second Closing Date, such excess amounts shall be applied to the payment of the principal of the Bonds on October 12, 2010.

Trustee Advances. The Indenture Trustee is obligated under the Indenture to make advances (“Trustee Advances”) in an aggregate principal amount outstanding at any time not to exceed the lesser of \$5,000,000 or 10% of the then current aggregate Tax Lien Principal Balance. If the Available Amount on any Payment Date is insufficient to make the distributions required by clauses (iii) and (iv) in the second paragraph under “—Priority of Payments,” the Indenture Trustee, subject to a determination of recoverability as described below, shall be required to advance its own funds (up to the cap described in the preceding sentence) so as to permit such distributions to be made. Any such Trustee Advances shall be paid to the applicable Bondholders on the applicable Payment Date. The Indenture Trustee shall also, if the amounts on deposit in the Working Capital Reserve Fund have been exhausted, advance its own funds to pay Lien Administration Expenses. Any funds required to be advanced by the Indenture Trustee under the Indenture shall be transferred to the applicable Servicer upon evidence that such Lien Administration Expenses are due and payable. The Indenture Trustee shall be obligated to make Trustee Advances only if it determines that such Trustee Advances will be ultimately recoverable from Collections. The Indenture Trustee will be entitled to be reimbursed for all such Trustee Advances as provided in the second paragraph under “—Priority of Payments.” All Trustee Advances shall accrue interest on behalf of the Indenture Trustee at the Trustee Advance Rate. The Indenture Trustee shall not be required to make any Trustee Advance to pay interest on the Bonds unless the amounts on deposit in the Interest Reserve Fund have been exhausted.

The Bank of New York Mellon. The Indenture Trustee is The Bank of New York Mellon, which was founded in 1784, was New York’s first bank. The Indenture Trustee is a state-chartered New York banking corporation and a member of the Federal Reserve System. At December 31, 2009, the Indenture Trustee had consolidated total assets of approximately \$212.2 billion, consolidated total deposits of approximately \$135.0 billion and consolidated shareholders’ equity of approximately \$29.0 billion. The Indenture Trustee, itself and through its affiliates, provides a comprehensive range of corporate and personal trust, securities processing and investment services. Quarterly Reports of Condition of the Indenture Trustee are on file with the Federal Reserve Bank of New York.

Optional Termination. At any time after the aggregate current principal amount of the Bonds outstanding has been reduced, or, if the amount on deposit in the Pledged Funds and Accounts were applied to reduce the aggregate current principal amount of the Bonds outstanding, would be reduced, to or below 10% of the original principal amount of the Bonds, the Issuer shall have the right to remove Tax Liens from the Trust Estate by depositing in the Bond Account an amount sufficient, after the application of such available amounts on deposit in

the Pledged Funds and Accounts and of any other amounts available to the Indenture Trustee under the Indenture, to cause all amounts set forth under “—Priority of Payments” to be paid in full. Promptly upon such removal, the Indenture Trustee shall transfer and assign such removed Tax Liens to the Issuer whereupon they shall cease to be a part of the Trust Estate and be released from, and no longer be subject to, the lien of the Indenture.

Reports by Indenture Trustee to Bondholders. On each Payment Date, the Indenture Trustee shall deliver a written report to the Issuer and to each Bondholder receiving a payment on such Payment Date. Such report shall set forth: (i) the amount of such payment that represents interest; (ii) the amount, if any, of such payment that represents principal; (iii) the principal amount of such Bondholder’s Bonds after giving effect to clause (ii) above; (iv) the aggregate principal amount of Bonds outstanding after giving effect to any principal payments made on such Payment Date; (v) the number of Tax Liens outstanding and their aggregate Redemptive Value on the current Determination Date and their aggregate Initial Tax Lien Principal Balance; (vi) the number of Tax Liens (and their aggregate Redemptive Value and Initial Tax Lien Principal Balance) under forbearance agreements on the current Determination Date; (vii) the number, aggregate Redemptive Value and Initial Tax Lien Principal Balance of Tax Liens redeemed during the period beginning on the previous Determination Date and ending on the day before the current Determination Date; (viii) the number and aggregate Redemptive Value and Initial Tax Lien Principal Balance of Tax Liens with respect to which a foreclosure sale has been completed and the applicable Property sold to a third party during the related Collection Period; (ix) the number and net realizable value (as determined by the Servicer in the exercise of its reasonable discretion) of (a) REO Properties and (b) successful foreclosure bids held by the Issuer (or, in the case of REO Properties, by a special purpose entity created by the Issuer), in each case on the current Determination Date and their related applicable Initial Tax Lien Principal Balances; (x) the date of the first real property delinquency or water and sewer payment delinquency in the case of Tax Liens without a real property tax component, tax class and building code class, Redemptive Value and applicable Initial Tax Lien Principal Balance of each Tax Lien with respect to which the Property Owner has become bankrupt during the period beginning on the previous Determination Date and ending on the day before the current Determination Date and the number and aggregate Redemptive Value of all Tax Liens with respect to which the Property Owners thereof remain bankrupt; (xi) the number and aggregate Redemptive Value of all Eligible Substitute Tax Liens which have been substituted for Tax Liens and the aggregate dollar amount of all Substitution Amounts received in connection with the actual substitution of one or more Tax Liens during the related Collection Period; (xii) the number and aggregate Redemptive Value and Initial Tax Lien Principal Balance of Tax Liens relating to REO Properties which were resolved or otherwise collected, and the amount of such Collections, during the related Collection Period; (xiii) the aggregate amount of all Defective Tax Lien Deposit Amounts received during the related Collection Period, including all Substitution Amounts received during such Collection Period in respect of partial cures that did not involve the actual substitution of a Tax Lien; (xiv) the aggregate number of Eligible Charge-Offs performed by the Servicer during related Collection Period; (xv) the number and aggregate Redemptive Value and Initial Tax Lien Principal Balance of Tax Lien certificates with respect to which a foreclosure action has been filed on behalf of the Issuer; and (xvi) the number and aggregate Redemptive Value and Initial Tax Lien Principal Balance of Tax Lien certificates with respect to which the Issuer’s tax liens are subsequent to a foreclosure action filed by a tax lien trust for which the City was the seller.

Book-Entry Registration

The Bonds will initially be issued as one or more global Bonds for each Class registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). Only Qualified Institutional Buyers and Qualified Non-U.S. Persons may own beneficial interests in the global Bonds (each such interest, a “Book-Entry Bond,” and each such person, a “Beneficial Owner”) in the United States through DTC and in Europe through Clearstream Banking, société anonyme (“Clearstream”), or the Euroclear System (“Euroclear”), directly if they are participants of such systems, or indirectly through organizations that are participants in such systems. Clearstream and Euroclear will hold omnibus positions on behalf of their participants through customers’ securities accounts in Clearstream’s and Euroclear’s names on the books of their respective Depositories (collectively, the “Depositories”), which in turn will hold such positions in customers’ securities accounts in the Depositories’ names on the books of DTC. Purchasers of the Bonds that are Institutional Accredited Investors will receive a certificate issued in fully registered, certificated form (each such certificate, a “Definitive Bond”) representing its interest in the Bonds, as described under “—Definitive Bonds” below.

DTC

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Book-Entry Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Book-Entry Bonds on DTC's records. The ownership interest of each actual purchaser of each Book-Entry Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Book-Entry Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Book-Entry Bonds, except in the event that use of the book-entry system for the Book-Entry Bonds is discontinued.

To facilitate subsequent transfers, all Book-Entry Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Book-Entry Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Book-Entry Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Book-Entry Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Book-Entry Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Book-Entry Bonds may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Book-Entry Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Book-Entry Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Book-Entry Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Indenture Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Indenture Trustee, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or the Indenture Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Indenture Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Definitive Bonds are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Definitive Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

Clearstream

Clearstream was incorporated in 1970 as Cedel S.A., a Luxembourg limited liability company, which subsequently changed its name to "Cedelbank." On January 10, 2000, Cedelbank's parent company, Cedel International, société anonyme ("CI") merged its clearing, settlement and custody business with that of Deutsche Börse Clearing AG ("DBC"). The merger involved the transfer by CI of substantially all of its assets and liabilities (including its shares in Cedelbank) to a new Luxembourg company now named "Clearstream International, société anonyme," which is 50% owned by CI and 50% owned by DBC's parent company, Deutsche Börse AG. The shareholders of CI and DBC are banks, securities dealers and financial institutions. CI currently has 92 shareholders, including U.S. financial institutions or their subsidiaries. In connection with the merger, Cedelbank was renamed "Clearstream Banking, société anonyme."

Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream customers through electronic book-entry changes in accounts of Clearstream customers, thereby eliminating the need for physical movement of certificates. Clearstream provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream also deals with domestic securities markets in over 30 countries through established depository and custodial relationships. Clearstream is registered as a bank in Luxembourg, and as such is subject to regulation by the Commission de Surveillance du Secteur Financier, which supervises Luxembourg banks. Clearstream's customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Clearstream's U.S. customers are limited to securities brokers and dealers, and banks. Currently, Clearstream has approximately 2,500 customers located in over 80 countries, including all major European countries, Canada, and the United States. Indirect access to Clearstream is available to other institutions that clear through or maintain a custodial relationship with a customer of Clearstream. Clearstream has established an electronic bridge with Euroclear to facilitate settlement of trades between Clearstream and Euroclear.

Euroclear was created in 1968 to hold securities for participants of the Euroclear System (“Euroclear Participants”) and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. The Euroclear System is owned by Euroclear Clearance System Public Limited Company and operated through a license agreement by Euroclear Bank S.A./N.V., a bank incorporated under the laws of the Kingdom of Belgium (the “Euroclear Operator”). The Euroclear Operator is regulated and examined by the Belgian Banking and Finance Commission and the National Bank of Belgium.

The Euroclear Operator holds securities and book-entry interests in securities for participating organizations and facilitates the clearance and settlement of securities transactions between Euroclear Participants, and between Euroclear Participants and participants of certain other securities intermediaries through electronic book-entry changes in accounts of such participants or other securities intermediaries. The Euroclear Operator provides Euroclear Participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services. Non-Participants of Euroclear may hold and transfer Book-Entry Bonds through accounts with a Euroclear Participant or any other securities intermediary that holds Book-Entry Bonds through one or more securities intermediaries standing between such other securities intermediary and the Euroclear Operator.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the “Terms and Conditions”). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants and has no record of or relationship with persons holding through Euroclear Participants.

Although the Euroclear Operator has agreed to the procedures described herein in order to facilitate transfers of Book-Entry Bonds among Euroclear Participants, and between Euroclear Participants and participants of other intermediaries, it is under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time. Investors electing to acquire Book-Entry Bonds through a Euroclear Participant or some other securities intermediary must follow the settlement procedures of such an intermediary with respect to the settlement of new issues of securities. Investors electing to acquire, hold or transfer Book-Entry Bonds through a Euroclear Participant or some other securities intermediary must follow the settlement procedures of such an intermediary with respect to the settlement of secondary market transactions in securities. Investors who are Euroclear Participants may acquire, hold or transfer interests in the securities by book-entry to accounts with the Euroclear Operator. Investors who are not Euroclear Participants may acquire, hold or transfer interests in the securities by book-entry to accounts with a securities intermediary who holds a book-entry interest in the securities through a Euroclear Participant. Investors that acquire, hold and transfer interests in the securities by book-entry through Euroclear Participants or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the individual securities.

The Euroclear Operator has advised that, under Belgian law, investors that are credited with securities on the records of the Euroclear Operator have a co-property right in the fungible pool of interests in securities on deposit with the Euroclear Operator in an amount equal to the amount of interests in securities credited to their accounts. In the event of the insolvency of the Euroclear Operator, Euroclear Participants would have a right under Belgian law to the return of the amount and type of interests in securities credited to their accounts with the Euroclear Operator. If the Euroclear Operator did not have a sufficient amount of interests in securities on deposit of a particular type to cover the claims of all Euroclear Participants credited with such interests in securities on the Euroclear Operator’s records, all Euroclear Participants having an amount of interests in securities of such type credited to their accounts with the Euroclear Operator would have the right under Belgian law to the return of their pro-rata share of the amount of interests in securities actually on deposit. Under Belgian law, the Euroclear Operator

is required to pass on the benefits of ownership in any interests in securities on deposit with it (such as dividends, voting rights and other entitlements) to any person credited with such interests in securities on its records.

Distributions with respect to the Book-Entry Bonds held through Clearstream or Euroclear will be credited to the cash accounts of Clearstream Participants or Euroclear Participants in accordance with the relevant system's rules and procedures, to the extent received by its depositary. Such distribution will be subject to tax reporting in accordance with relevant United States tax laws and regulations. Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by a Bondholder under the Indenture on behalf of a Clearstream Participant or Euroclear Participant only in accordance with its relevant rules and procedures and subject to its depositary's ability to effect such actions on its behalf through DTC.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream or Euroclear Participants, on the other hand, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depositary to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream Participants and Euroclear Participants may not deliver instructions directly to the depositaries.

Because of time-zone differences, credits of securities received in Clearstream or Euroclear as a result of a transaction with a DTC Participant will be made during subsequent settlement processing and dated the business day following the DTC settlement date. Such credits or any transaction in such securities settled during such processing will be reported to the relevant Euroclear or Clearstream Participant on such business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream Participant or a Euroclear Participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of Book-Entry Bonds among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

Issuance of the Bonds in book-entry form rather than as physical securities may adversely affect the liquidity of the Bonds in the secondary market and the ability of Beneficial Owners to pledge them. In addition, since distributions on the Bonds will be made by the Indenture Trustee to DTC and DTC will credit such distributions to the accounts of its Direct Participants, which will further credit them to the accounts of Indirect Participants, which will further credit them to the accounts of Beneficial Owners, Beneficial Owners may experience delays in the receipt of such distributions.

The information contained herein concerning DTC, Clearstream and Euroclear and their book-entry systems has been obtained from sources believed to be reliable, but neither the Issuer nor the Indenture Trustee take any responsibility for the accuracy or completeness thereof.

Definitive Bonds

Definitive Bonds, rather than Book-Entry Bonds, will be delivered to purchasers of the Bonds which are Institutional Accredited Investors. Upon request, the Indenture Trustee will issue Definitive Bonds in exchange for Book-Entry Bonds, but only upon at least 30 days' prior written notice given to the Indenture Trustee in accordance with DTC's customary procedures. In all cases, Definitive Bonds delivered in exchange for Book-Entry Bonds will be registered in the names, and issued in any approved denominations, requested by DTC. In the case of Definitive Bonds issued in exchange for a Book-Entry Bond, such Bonds will bear the legend referred to under "Notice to Investors" (unless the Issuer determines otherwise in accordance with applicable law), subject, with respect to such Bonds, to the provisions of such legend and the requirements of the Indenture. The Bondholder of a Definitive Bond may transfer such Bond, subject to compliance with the provisions of such legend and the requirements of the

Indenture, by surrendering it at (i) the office or agency maintained by the Indenture Trustee for such purpose in the Borough of Manhattan, the City of New York or (ii) the office of any transfer agent appointed by the Indenture Trustee. Upon the transfer, exchange or replacement of Definitive Bonds bearing the legend, or upon specific request for removal of the legend on a Definitive Bond, the Indenture Trustee will deliver only Definitive Bonds that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Indenture Trustee such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer and the Indenture Trustee, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Except as provided in the preceding paragraph, Definitive Bonds will be delivered to Bondholders (or their nominees) only if (i) the Issuer advises the Trustee in writing that DTC is no longer willing or able to properly discharge its responsibilities with respect to the Book-Entry Bonds and the Issuer is unable to locate a qualified successor, (ii) the Issuer notifies DTC of its intent to terminate the book-entry system and, upon receipt of a notice of intent from DTC, the participants holding beneficial interests in the Book-Entry Bonds agree to initiate a termination, or (iii) after the occurrence of an Event of Default, Bondholders of the Book-Entry Bonds representing beneficial interests aggregating at least a majority of the outstanding aggregate Current Principal Amount of such Bonds advise DTC in writing that the continuation of a book-entry system through DTC is no longer in the best interests of such Bondholders.

Upon the occurrence of any of the events described in clauses (i) through (iii) in the immediately preceding paragraph, DTC is required to notify all DTC Participants of the availability through DTC of Definitive Bonds. Upon delivery of Definitive Bonds, the Indenture Trustee and the Bond Registrar will recognize the Bondholders of such Definitive Bonds as Bondholders under the Indenture. Distributions of principal of and interest on the Definitive Bonds will be made by the Indenture Trustee directly to Bondholders of Definitive Bonds in accordance with the procedures set forth in the Indenture.

Upon the occurrence of any of the events described in clauses (i) through (iii) of the second preceding paragraph, requests for transfer of Definitive Bonds will be required to be submitted directly to the Indenture Trustee in a form acceptable to the Bond Registrar (such as the forms which will appear on the back of the certificate representing a Definitive Bond), signed by the Bondholder or such Bondholder's legal representative and accompanied by the Definitive Bond or Bonds for which transfer is being requested.

The Indenture

Duties of Indenture Trustee. If an Event of Default known to the Indenture Trustee has occurred and is continuing, the Indenture Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. Except during the continuance of an Event of Default known to the Indenture Trustee: (i) the Indenture Trustee need perform only those duties that are specifically set forth in the Indenture or any transaction document and no others, and no implied covenants or obligations of the Indenture Trustee shall be read into the Indenture or any transaction document; and (ii) in the absence of bad faith on its part, the Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and appearing on their face to conform to the requirements of the Indenture. The Indenture Trustee shall, however, examine such certificates and opinions to determine whether they appear on their face to conform to the requirements of the Indenture. The Indenture Trustee shall not be relieved from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that: the Indenture Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it is proved that it was negligent in ascertaining the pertinent facts and the Indenture Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to the Indenture.

Bond Account. On or before the First Closing Date, the Indenture Trustee shall open and maintain one or more Eligible Accounts that shall collectively be the "Bond Account." The Indenture Trustee shall promptly deposit in the Bond Account all Collections received by it. So long as no acceleration of the maturity of the Bonds shall have occurred and be continuing, all or a portion of the Bond Account shall be invested and reinvested by the Indenture Trustee pursuant to written instructions of the Issuer in Eligible Investments. All income or other gains

from investment of moneys deposited in the Bond Account shall be deposited by the Indenture Trustee in the Bond Account, and any loss resulting from such investment shall be charged to the Bond Account.

Pre-Funding Account. On or before the First Closing Date, the Indenture Trustee shall open and maintain one or more Eligible Accounts that shall collectively be the “Pre-Funding Account.” Any and all moneys that shall be deposited into the Pre-Funding Account from time to time pursuant to the terms of the Indenture, together with any Eligible Investments in which such moneys are or will be invested or reinvested during the term of the Indenture, shall be held by the Indenture Trustee in the Pre-Funding Account as part of the Collateral, subject to disbursement and withdrawal as described herein. On or before the First Closing Date, the Indenture Trustee will deposit in the Pre-Funding Account an amount equal to the Pre-Funding Deposit from the net proceeds of the sale of the Bonds. At least three business days prior to the Second Closing Date, the Issuer shall notify the Indenture Trustee in writing of the purchase price of the Second Sale Tax Liens. On the Second Closing Date, the Indenture Trustee shall withdraw from the Pre-Funding Account an amount equal to the cash portion of the purchase price of the Second Sale Tax Liens transferred to the Issuer on the Second Closing Date and pay such amount to or upon the order of the City. If the amount in the Pre-Funding Account has not been reduced to zero following the Second Closing Date after giving effect to any reductions in the Pre-Funding Deposit on such date pursuant to the previous sentence, the Issuer shall instruct the Indenture Trustee in writing to withdraw from the Pre-Funding Account on October 12, 2010, the excess amounts and deposit such amounts in the Bond Account to be applied to the reduction of the outstanding current principal of the Class A Bonds.

Interest Reserve Fund. On or before the First Closing Date, the Indenture Trustee shall open and maintain one or more Eligible Accounts that shall collectively be the “Interest Reserve Fund.” The Interest Reserve Fund will be funded out of proceeds of the sale of the Bonds in an amount equal to the Interest Reserve Requirement and will be replenished solely from cash flows to the amount of the Interest Reserve Requirement as described under “—General—Priority of Payments.” The “Interest Reserve Requirement” is initially an amount equal to three months interest on the original principal amount of the Bonds and remains equal to such amount until such amount is equal to or greater than six months interest payable on the outstanding Bonds, and thereafter is an amount equal to six months interest payable on the outstanding Bonds based on the Bond balances immediately preceding the related Determination Date.

Any and all moneys that shall be deposited into the Interest Reserve Fund from time to time pursuant to the terms of the Indenture, together with any Eligible Investments in which such moneys are or will be invested or reinvested during the term of the Indenture, shall be held by the Indenture Trustee in the Interest Reserve Fund as part of the Trust Estate granted to secure the Bonds, subject to disbursement and withdrawal as provided in the Indenture. So long as no acceleration of the maturity of the Bonds shall have occurred and be continuing, all or a portion of any moneys in the Interest Reserve Fund shall be invested and reinvested pursuant to written instructions of the Issuer in Eligible Investments. Any such investments on any date shall mature on the business day immediately preceding each Payment Date for the Bonds. All income or other gain from investments of money held in the Interest Reserve Fund shall be deposited by the Indenture Trustee in the Interest Reserve Fund to the extent of any shortfall therein and shall otherwise be deposited in the Bond Account. Any loss resulting from such investments shall be charged to the Interest Reserve Fund. Amounts on deposit in the Interest Reserve Fund in excess of the requisite amount described above shall be withdrawn and deposited in the Bond Account. Amounts on deposit in the Interest Reserve Fund shall be withdrawn by the Indenture Trustee on each Payment Date and applied to pay to the Bondholders of the Class A Bonds any amounts required to be paid pursuant to clauses (iii) and (iv) under “—Priority of Payments” to the extent amounts in the Bond Account on such Payment Date are insufficient therefor.

Working Capital Reserve Fund. On or before the First Closing Date, the Indenture Trustee shall open and maintain one or more Eligible Accounts that shall collectively be the “Working Capital Reserve Fund.” The initial deposit into the Working Capital Reserve Fund shall be in the amount of the Working Capital Reserve Requirement and shall be maintained at such level out of Collections as described above under “—General—Priority of Payments.” Any and all moneys that shall be deposited into the Working Capital Reserve Fund from time to time pursuant to the terms of the Indenture, together with any Eligible Investments in which such moneys are or will be invested or reinvested during the term of the Indenture, shall be held by the Indenture Trustee in the Working Capital Reserve Fund as part of the Trust Estate granted to secure the Bonds, subject to disbursement and withdrawal as provided in the Indenture. So long as no acceleration of the maturity of the Bonds shall have occurred

and be continuing, all or a portion of any moneys in the Working Capital Reserve Fund shall be invested and reinvested pursuant to written instructions of the Issuer in Eligible Investments. Any such investments on any date shall mature in no more than two weeks from such date. All income or other gain from investments of money held in the Working Capital Reserve Fund shall be deposited by the Indenture Trustee in the Working Capital Reserve Fund to the extent of any shortfall therein and shall be otherwise deposited in the Bond Account. Any loss resulting from such investments shall be charged to the Working Capital Reserve Fund. Amounts on deposit in the Working Capital Reserve Fund at any time shall be withdrawn from such Working Capital Reserve Fund and transferred to the applicable Servicer upon request from the Servicer not more often than semi-monthly and accompanied by an officer's certificate of the Servicer to the effect that the amount set forth in said notice will be used by the Servicer to pay Lien Administration Expenses. Amounts on deposit in the Working Capital Reserve Fund may also be withdrawn by the Indenture Trustee and applied to the payment of Base Fees to the Servicers to the extent amounts on deposit in the Bond Account are insufficient for such purpose.

"Eligible Account" means either (i) an account or accounts maintained with a depository institution whose long-term unsecured debt obligations are rated in one of the two highest rating categories (without regard to sub-categories) by each of the Rating Agencies and whose short-term unsecured debt obligations are rated "P-1" by Moody's and whose long-term and/or short-term unsecured debt obligations are rated not less than A-1/A+ by S&P at the time of any deposit therein, or a depository institution otherwise approved by the Rating Agencies, or (ii) an account or accounts established as a trust account with the corporate trust department of a financial institution whose long-term unsecured debt obligations are investment grade and whose long-term and/or short-term unsecured debt obligations are rated not less than A-1/A+ by S&P and which is subject to the rules and regulations of the Comptroller of the Currency or substantially similar rules and regulations, which may be an account maintained by the Indenture Trustee. If at any time an Eligible Account is held at an institution whose long-term debt ratings are downgraded below "A+" by S&P, such account shall be transferred to an institution meeting the requirements of clause (i) or (ii) hereof within 30 days. Eligible Accounts shall bear interest to the extent legally permissible.

"Eligible Investments" means any one or more of the following obligations or securities, regardless of whether issued by the Indenture Trustee (in its individual capacity) or any of its Affiliates and having at the time of purchase, or at such other time as may be specified, the required ratings, if any, provided for in this definition: (i) direct obligations of, or obligations guaranteed as to timely payment of principal and interest by, the United States or any agency or instrumentality thereof, provided that such obligations are backed by the full faith and credit of the United States of America; (ii) certificates of deposit, time deposits and bankers' acceptances of any U.S. depository institution or trust company incorporated under the laws of the United States or any state thereof and subject to supervision and examination by a federal and/or state banking authority of the United States; provided that the unsecured short-term debt obligations of such depository institution or trust company at the date of acquisition thereof have been rated by each Rating Agency in its highest debt rating category for unsecured short-term debt; (iii) general obligations of or obligations guaranteed by any state of the United States or the District of Columbia that are rated in one of the two highest rating categories (without regard to sub-categories) by each of the Rating Agencies; (iv) commercial or finance company paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than one year after the date of issuance thereof) that is rated by each of the Rating Agencies in its highest short-term unsecured rating category at the time of such investment or contractual commitment providing for such investment, and is issued by a corporation the outstanding long-term debt obligations of which are then rated by each of the Rating Agencies in one of its two highest long-term unsecured rating categories (without regard to sub-categories); (v) repurchase obligations with respect to any security described in clause (i) or (ii) above entered into with a broker/dealer, depository institution or trust company (acting as principal) meeting the rating standards described in clause (iii) above; (vi) securities bearing interest or sold at a discount that are issued by any corporation incorporated under the laws of the United States of America or any state thereof and rated by each of the Rating Agencies in one of its two highest long-term unsecured ratings at the time of such investment or contractual commitment providing for such investment; *provided, however*, that securities issued by any such corporation will not be Eligible Investments to the extent that investment therein would cause the then outstanding principal amount of securities issued by such corporation that are then held to exceed 20% of the aggregate principal amount of all Eligible Investments then held; or (vii) units of taxable money market funds which funds (A) seek to maintain a constant net asset value per share and are rated "AAA" by S&P or "Aaa" by Moody's and (B) are subject to the Investment Company Act of 1940, as amended, or are managed by investment managers subject to the Investment Advisors Act of 1940, as amended; *provided* that no instrument described under the Indenture shall evidence the right to receive only interest

with respect to prepayable obligations underlying such instrument; and provided, further, that no instrument described under the Indenture may be purchased at a price greater than par if such instrument may be prepaid or called at a price less than its purchase price prior to its stated maturity. Eligible Investments are limited to obligations or securities that mature on or before the next Payment Date (and, with respect to investments that are not rated “AAA” by S&P, no later than 60 calendar days from the date such investment is made); provided that, with respect to amounts in the Working Capital Reserve Fund, the investment must mature not more than two weeks from the date such investment is made and investments in the Pre-Funding Account shall mature no later than the business day preceding the Second Closing Date; provided, further, that any investment on which the Indenture Trustee, in its commercial capacity, is the obligor, may mature on a Payment Date if such investment could otherwise mature on the Business Day immediately preceding such Payment Date.

Characterization of Bonds as Debt. The Issuer has structured the Indenture and the Bonds with the intention that the Bonds will qualify under applicable tax law as indebtedness, and the Issuer, the Indenture Trustee, the Servicers and each Bondholder, by acceptance of its Bond, agree to treat the Bonds as debt for all purposes.

Certain Covenants of Issuer. So long as any Bonds remain outstanding, the Issuer will not: (i) sell, transfer, exchange or otherwise dispose of any portion of the Trust Estate except as expressly permitted by the Indenture; (ii) claim any credit on, or make any deduction from, the principal of, or interest on, any of the Bonds by reason of the payment of any taxes levied or assessed upon any portion of the Trust Estate; (iii) engage in any business or activity other than in connection with, or relating to, the issuance of Bonds pursuant to the Indenture, or the carrying out of the activities specifically permitted by its organizational documents, as in effect on the First Closing Date; (iv) incur, assume or guaranty any indebtedness of any person, except for the Bonds; (v) dissolve or liquidate in whole or in part; (vi) merge or consolidate with any person other than an affiliate of the Issuer; any such merger or consolidation with an affiliate of the Issuer to be subject to the following conditions: (1) the surviving or resulting entity shall be organized under the laws of the United States or any state thereof and the appropriate organizational documents of such entity shall contain the same restrictions as are contained in the Issuer’s organizational documents; (2) the surviving or resulting entity (if other than the Issuer) shall expressly assume by a supplemental indenture all of the Issuer’s obligations under the Indenture and the Servicing Agreements; (3) immediately after consummation of the merger or consolidation no Default shall exist with respect to any of the Bonds; and (4) the Issuer shall have delivered to the Indenture Trustee an officer’s certificate and an opinion of counsel each stating that such merger or consolidation and such supplemental indenture comply with this paragraph and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; (vii) permit the validity or effectiveness of the Indenture or any grant thereunder to be impaired, or permit the lien of the Indenture to be amended, hypothecated, subordinated, terminated or discharged with respect to any of the Bonds, or permit any person to be released from any covenants or obligations with respect to any Bonds under the Indenture, except as may be expressly permitted by the Indenture; (viii) permit any lien, charge, security interest, mortgage or other encumbrance (other than the lien of the Indenture or of the Owner Trust Agreement) to be created on or extend to or otherwise arise upon or burden the Trust Estate or any part thereof or any interest therein or the proceeds thereof; or (ix) permit the lien of the Indenture not to constitute a valid first priority security interest in the Trust Estate.

Events of Default. “Event of Default” means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body): (i) if the Issuer shall fail, to the extent of the Available Amount, to make any of the payments as described under “—Priority of Payments;” (ii) if the Issuer shall breach or default in the due observance of the negative covenants described in the preceding paragraph; (iii) if the Issuer shall in any material respect breach, or default in the due observance or performance of, any other of its covenants in the Indenture, and such Default shall continue for a period of 60 days after there shall have been given by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by the Bondholders of Bonds representing at least 25% of the principal amount of the outstanding Bonds, a written notice specifying such Default and requiring it to be remedied and stating that such notice is a “Notice of Default” under the Indenture; (iv) if (A) with respect to certain representations or warranties of the Issuer made with respect to the Tax Liens and certain other matters, the Issuer shall not have taken certain corrective actions within the time periods set forth in the Indenture, or (B) any other representation or warranty of the Issuer made in the Indenture or in any certificate or other transaction document or writing delivered pursuant to the Indenture or in connection with the Indenture shall prove to be incorrect in any

material respect as of the time when the same shall have been made, if within 60 days after the discovery thereof there shall have been given, by registered or certified mail, written notice thereof to the Issuer by the Indenture Trustee, or to the Issuer and the Indenture Trustee by the Bondholders of Bonds representing at least 25% of the principal amount of the outstanding Bonds, the circumstances or condition in respect of which such representation or warranty was incorrect shall not have been eliminated or otherwise cured; (v) the entry of a decree or order for relief by a court having jurisdiction in respect of the Issuer in an involuntary case under the federal bankruptcy laws, as now or hereafter in effect, or any other present or future federal or state bankruptcy, insolvency or similar law, or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or of any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Issuer and the continuance of any such decree or order under and in effect for a period of 60 consecutive days; (vi) the commencement by the Issuer of a voluntary case under the federal bankruptcy laws, as now or hereafter in effect, or any other present or future federal or state bankruptcy, insolvency or similar law, or the consent by the Issuer to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or of any substantial part of its property or the making by the Issuer of an assignment for the benefit of creditors or the failure by the Issuer generally to pay its debts as such debts become due or the taking of trust action by the Issuer in furtherance of any of the foregoing; or (vii) failure of the Issuer to pay all principal and interest due and owing on the Bonds by the Stated Maturity.

Acceleration of Maturity; Rescission and Annulment. If an Event of Default occurs and is continuing with respect to the Bonds, then and in every such case the Indenture Trustee or the Bondholders of Bonds representing more than 50% of the principal amount of the outstanding Bonds may declare all the Bonds to be immediately due and payable, by a notice in writing to the Issuer (and to the Indenture Trustee if given by Bondholders), and upon any such declaration the Bonds, in an amount equal to the principal amount of the Bonds, together with accrued and unpaid interest thereon to the date of such acceleration, shall become immediately due and payable. At any time after such a declaration of acceleration of maturity of the Bonds has been made and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as provided in the Indenture, the Bondholders of Bonds representing more than 50% of the principal amount of the outstanding Bonds, by written notice to the Issuer and the Indenture Trustee, may rescind and annul such declaration and its consequences if (i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all payments of principal of, and interest on, all Bonds and all other amounts that would then be due under the Indenture or upon the Bonds if the Event of Default giving rise to such acceleration had not occurred; and (B) all sums paid or advanced by the Indenture Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel; and (ii) all Events of Default other than the nonpayment of the principal of or interest on the Bonds that have become due solely by such acceleration, have been cured or waived.

Remedies. If an Event of Default shall have occurred and be continuing in respect to the Bonds and the Bonds have been declared due and payable and such declaration and its consequences have not been rescinded and annulled, the Indenture Trustee, may do one or more of the following: (i) institute proceedings for the collection of all amounts then payable on the Bonds, or under the Indenture in respect to the Bonds, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Issuer moneys adjudged due; (ii) sell the Trust Estate securing the Bonds or any portion thereof or rights or interest therein, at one or more public or private sales called and conducted in any manner permitted by law; (iii) institute proceedings from time to time for the complete or partial foreclosure of the Indenture with respect to the Trust Estate securing the Bonds; and (iv) exercise any remedies of a secured party under the Uniform Commercial Code and take any other appropriate action to protect and enforce the rights and remedies of the Indenture Trustee or the Bondholders under the Indenture.

Issuer Indemnities. The Issuer agrees, but only from funds available as described under clause (i) and clause (viii) in the second paragraph under “—General—Priority of Payments”: (i) to reimburse each of the Indenture Trustee and the Collateral Agent and Custodian upon its request for all reasonable expenses, disbursements and advances incurred or made by it in accordance with any provision of the Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and (ii) to indemnify the Indenture Trustee, the Issuer Trustee, the Servicers, the Collateral Agent and Custodian and their respective officers, directors, employees and trustees (each an “Indemnified Party”) for, and to hold them harmless against, any loss, liability or expense (including reasonable attorneys’ fees) incurred without negligence or bad faith on their part, arising out of, or in connection with, the Transaction Documents, including the costs and expenses of defending themselves

against any claims in connection with the exercise or performance of any of their powers or duties hereunder, provided that: (A) with respect to any such claim, the Indemnified Party shall have given the Issuer written notice thereof promptly after the Indemnified Party shall have knowledge thereof (provided that the failure to give such prompt notice shall not adversely affect the Indemnified Party's right to indemnification if such failure does not prejudice the defenses of the Issuer); and (B) while maintaining absolute control over its own defense, the Indemnified Party shall cooperate and consult fully with the Issuer in preparing such defense.

Limitation on Suits. No Bondholder shall have any right to institute any proceedings, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture, unless (i) such Bondholder has previously given written notice to the Indenture Trustee of a continuing Event of Default with respect to the Bonds; (ii) Bondholders representing not less than 25% of the principal amount of the outstanding Bonds shall have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in its own name as Indenture Trustee under the Indenture; (iii) such Bondholder or Bondholders have offered to the Indenture Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (iv) the Indenture Trustee has failed to institute any such proceeding within 60 days after its receipt of such notice, request and offer of indemnity; and (v) no direction inconsistent with such written request has been given to the Indenture Trustee during such 60-day period by Bondholders representing more than 50% of the principal amount of the outstanding Bonds; it being understood and intended that no one or more Bondholders shall have any right in any manner whatsoever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other Bondholders or to obtain or to seek to obtain priority or preference over any other Bondholders or to enforce any right under the Indenture, except in the manner provided in the Indenture.

Supplemental Indentures without Consent of Bondholders. Without the consent of the Bondholders, the Issuer, the Servicers and the Indenture Trustee, at any time and from time to time, may enter into one or more indentures supplemental to the Indenture, in form satisfactory to the Indenture Trustee, for any of the following purposes: (i) to correct or amplify the description of any property at any time subject to the lien of the Indenture, or better to assure, convey and confirm unto the Indenture Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property, all of which shall not be inconsistent with the provisions of the Indenture; (ii) to add to the conditions, limitations and restrictions on the authorized amount, terms and purposes of the issuance, authentication and delivery of the Bonds, as in the Indenture set forth, additional conditions, limitations and restrictions thereafter to be observed, all of which shall not be inconsistent with the provisions of the Indenture; (iii) to evidence the succession of another person to the Issuer, and the assumption by any such successor of the covenants of the Issuer in the Indenture and in the Bonds contained, all of which shall not be inconsistent with the provisions of the Indenture; (iv) to add to the covenants of the Issuer, for the benefit of the Bondholders, or to surrender any right or power in the Indenture conferred upon the Issuer, all of which shall not be inconsistent with the provisions of the Indenture; or (v) to cure any ambiguity, to correct or supplement any provision in the Indenture that may be defective or inconsistent with any other provision in the Indenture, or to make any other provisions with respect to matters or questions arising under the Indenture, which shall not be inconsistent with the provisions of the Indenture, *provided, however*, that in each case such action shall not, as evidenced by an opinion of counsel, materially and adversely affect the interests of the Bondholders; and *provided, further*, that no such supplement shall be deemed to adversely affect in any material respect the interests of the Bondholders and no such opinion shall be required to be delivered if a letter is obtained from each Rating Agency stating that the supplement would not result in the downgrading or withdrawal of the respective ratings then assigned to the Bonds.

Supplemental Indentures with Consent of Bondholders. With the consent of Bondholders representing more than 50% of the principal amount of all outstanding Bonds and upon notice to the Rating Agencies, the Issuer, the Servicers and the Indenture Trustee may enter into an indenture or indentures supplemental to the Indenture for the purpose of adding any provisions to, or changing in any manner the rights of the Bondholders under the Indenture; *provided, however*, that no such supplemental indenture shall, without the consent of the Bondholder of each outstanding Bond affected thereby: (i) change the Stated Maturity on any Bond or reduce the principal amount thereof, change the Bond interest rate thereon, change any place of payment where, or the coin or currency in which, any Bond or any interest thereon is payable, or impair the right to institute suit for the enforcement of the payment of interest due on any Bond on or after the Stated Maturity thereof or for the enforcement of the payment of the entire remaining unpaid principal amount of any Bond on or after the Stated Maturity; (ii) reduce the

percentage of the principal amount of the outstanding Bonds, the consent of the Bondholders of which is required for any such supplemental indenture, or the consent of the Bondholders of which is required for any waiver of compliance with provisions of the Indenture or Events of Default under the Indenture and their consequences provided for in the Indenture; (iii) modify any of certain provisions of the Indenture relating to Bondholder voting rights, except to increase any percentage specified therein or to provide that certain other provisions of the Indenture may not be modified or waived without the consent of the Bondholder of each outstanding Bond affected thereby; (iv) modify or alter certain provisions of the Indenture limiting voting rights associated with Bonds held by the Issuer or affiliates thereof; or (v) permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any part of the Trust Estate or terminate the lien of the Indenture on any property at any time subject to the Indenture or deprive the Bondholder of any Bond of the security afforded by the lien of the Indenture.

DESCRIPTION OF THE PURCHASE AGREEMENT

The following summary describes certain terms of the Purchase Agreement pursuant to which the City has sold the Tax Liens to the Issuer. The summary does not purport to be complete and is qualified in its entirety by reference to the provisions of such agreement.

On the First Closing Date, the City will deliver certificates evidencing the First Sale Tax Liens to the Issuer in exchange for (i) the proceeds of the issuance of the Bonds, net of initial deposits into the Pledged Funds and Accounts and the costs of issuance thereof, in immediately available funds, and (ii) an increase in the value of the City's beneficial ownership interest in the Issuer. Such certificates will be assigned to the Indenture Trustee under the Indenture.

Representations and Warranties of the City with Respect to the Tax Liens. The City represents and warrants (A) in the First Purchase Agreement as of the First Sale Date for the First Sale Tax Liens, and (B) in the Second Purchase Agreement as of the Second Sale Date for the Second Sale Tax Liens that the information about the Tax Liens appearing in the Tax Lien Schedule (which will include information regarding any liens that will be treated as pari passu with the related Tax Lien) attached to the Indenture was correct in all material respects and, as to each Tax Lien, as of the applicable Sale Date: (i) the City was the sole owner and holder of such Tax Lien; (ii) the City had full right and authority to sell such Tax Lien; (iii) the City sold such Tax Lien free and clear of any and all liens, pledges, charges, security interests or any other statutory impediments to transfer encumbering such Tax Lien (but subject to the right of redemption by the related Property Owner), except for liens that will be discharged by the application of the proceeds of the sale thereof; (iv) the sale of such Tax Lien by the City did not contravene or conflict with any laws, rules or regulations or any contractual or other restriction, limitation or encumbrance applicable to the City; (v) such Tax Lien arose by operation of the Administrative Code and was a legal, valid, binding and enforceable lien on the related Property and an enforceable obligation of the related Property Owner to pay the Redemptive Value thereof, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws relating to or affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforcement is considered in a proceeding at equity or at law); (vi) to the knowledge of the City, without inquiry, the unpaid real property taxes, assessments, sewer rents, sewer surcharges, and water rents included in such Tax Lien represented a first priority lien on the underlying Property, subject only to Subsequent Taxes and Assessments, and other charges included in such Tax Lien represented a first priority lien on the underlying Property subject only to Subsequent Taxes and Assessments and to the lien of such unpaid real property taxes, assessments, sewer rents, sewer surcharges, and water rents on the underlying Property, and, except in each case with respect to a Bankruptcy Tax Lien, such Bankruptcy Tax Lien may have been subordinated to the lien of other creditors under the provisions of the Bankruptcy Code, including but not limited to Section 724(b) thereof; any tax liens that rank pari passu with the unpaid real property taxes, assessments, sewer rents, sewer surcharges, or water rents included in such Tax Lien have been identified on the Tax Lien Schedule; (vii) to the knowledge of the City, without inquiry, such Tax Lien had not been discharged in a bankruptcy proceeding; (viii) to the knowledge of the City, without inquiry, such Tax Lien had not been compromised, adjusted or modified (including by extension of time or payment or the granting of any discounts, allowances or credits); (ix) to the knowledge of the City, without inquiry, such Tax Lien was not subject to a foreign government's diplomatic immunity from enforcement or bilateral treaty with the United States of America; (x) except with respect to Article 7 Tax Liens listed in the Purchase Agreement, to the knowledge of the City, without

inquiry, no right of rescission, setoff, counterclaim or defense had been asserted with respect to such Tax Lien; (xi) to the knowledge of the City, without inquiry, such Tax Lien did not encumber a multiple dwelling owned by a company organized pursuant to Article XI of the private housing finance law; (xii) only with respect to a Tax Lien that is a Bankruptcy Tax Lien, to the knowledge of the City, without inquiry, the City had filed appropriate and timely proofs of claim and up to the applicable Sale Date has taken all other necessary actions to preserve and maintain the related claims and (xiii) to the knowledge of the City, without inquiry, such Tax Lien did not relate to a Property owned by a Property Owner that is subject to any bankruptcy proceeding commenced prior to October 22, 1994 (see “The Effect of the Bankruptcy of a Property Owner on a Tax Lien—Previous Status of Tax Liens”).

Upon discovery by the City, the Issuer, a responsible officer of the Indenture Trustee or either Servicer of a breach of any of the foregoing representations and warranties (without regard to any knowledge qualifier) that materially and adversely affects the value of any Tax Lien, the party discovering such breach shall give prompt written notice to the other parties. By way of illustration and not limitation, amounts due with respect to an Article 7 Tax Lien may be reduced as a result of changes in assessed value, changes in the property tax classification or changes in any applicable exemptions of the related Property pursuant to a tax *certiorari* proceeding. The rights of the parties to the Purchase Agreement shall be governed as if any such reduction constitutes a breach by the City of its representation and warranty as to the Redemptive Value as of the applicable Sale Date of the related Tax Lien.

Treatment of Defective Tax Liens. As to any Tax Lien which is the subject of a notice given as described in the preceding paragraph and as to which the reason for such notice has not been cured or remedied within 30 days of the Issuer’s receipt of such notice (a “Defective Tax Lien”), on or prior to the next Substitution Date occurring no earlier than 90 days following the day on which the related Tax Lien becomes a Defective Tax Lien, the City shall, at its option, either (A) cure such breach; (B) transfer to the Indenture Trustee for deposit into the appropriate Issuer Lockbox, in immediately available funds, the Defective Tax Lien Deposit Amount; or (C) deliver to the Indenture Trustee an Eligible Substitute Tax Lien or Liens, and deliver to the Indenture Trustee the Substitution Amount, if any, which the Indenture Trustee shall deposit into the Bond Account. The obligations of the City in this paragraph shall constitute the sole remedies available to the Issuer with respect to a Defective Tax Lien.

“Defective Tax Lien Deposit Amount” means, as to a Defective Tax Lien, an amount equal to the Applicable Percentage of the then current Redemptive Value thereof, increased by the amount of any Lien Administration Expenses relating thereto, whether or not recoverable, and reduced by the amount, if any, of proceeds realized from the liquidation of such Defective Tax Lien. “Substitution Amount,” as to any Defective Tax Lien or Liens, means an amount in immediately available funds equal to the excess of the Applicable Percentage of the aggregate Substitution Date Redemptive Value of such Defective Tax Lien or Liens over the Applicable Percentage of the aggregate Substitution Date Redemptive Value of an Eligible Substitute Tax Lien or Liens. “Applicable Percentage,” as to any Tax Lien means 100% if the applicable Sale Date Lien-to-Value Ratio is less than or equal to 50%, 80% if the applicable Sale Date Lien-to-Value Ratio is greater than 50% and less than or equal to 100%, and 40% if the applicable Sale Date Lien-to-Value Ratio is greater than 100%. “Eligible Substitute Tax Lien” means one or more Tax Liens to be granted to secure the Bonds in exchange for one or more Defective Tax Liens that are to be substituted for (each a “Deleted Tax Lien”) that have the following characteristics: (a) the Redemptive Value with respect to such Tax Lien (or the aggregate thereof with respect to more than one such Tax Lien) shall be no greater than the Redemptive Value with respect to such Deleted Tax Lien (or the aggregate thereof with respect to more than one such Deleted Tax Lien); (b) the Property related to such Tax Lien or Liens shall be of like Tax Class as the Property related to the Deleted Tax Lien or Liens (except that liens on Tax Class 1 properties may be substituted for liens on Tax Class 2 or Tax Class 4 properties); (c) the Lien-to-Value Ratio with respect to such Tax Lien (or the weighted average thereof with respect to more than one such Tax Lien) shall not be greater than the Lien-to-Value Ratio of such Deleted Tax Lien (or the weighted average thereof with respect to more than one such Deleted Tax Lien) (A) if foreclosure proceedings have commenced with respect to such Deleted Tax Lien, as of the date such Deleted Tax Lien was acquired by the Issuer and (B) otherwise, as of the Substitution Date; (d) the age of such Tax Lien (or the weighted average thereof with respect to more than one such Tax Lien) shall be equal to or less than the age of the Deleted Tax Lien (or the weighted average thereof with respect to more than one such Deleted Tax Lien) (except that there shall be no age limit if liens on Tax Class 1 properties are being substituted for Tax Class 2 or Tax Class 4 properties); (e) such Tax Lien shall be in conformity with all representations and warranties set forth in the Purchase Agreement as of the Substitution Date; and (f) with respect to such Tax Lien, foreclosure proceedings related thereto shall be able to be commenced no later than three years prior to the Stated Maturity of the Bonds.

On and after the Substitution Date, the Indenture Trustee, for the benefit of the Bondholders, shall be entitled to all Collections related to the Eligible Substitute Tax Lien and shall have no right to, and shall promptly pay over to the City, all Collections that may be received by the Servicers and delivered to the Indenture Trustee related to any Deleted Tax Lien. If any Tax Lien becomes a Defective Tax Lien solely as a result of the discovery of an error in the Redemptive Value thereof as of the applicable Sale Date (or applicable Substitution Date), then such Tax Lien, at its reduced Redemptive Value, shall be deemed to be an Eligible Substitute Tax Lien for all purposes of the Purchase Agreement.

The City shall not be liable to the Indenture Trustee, the Servicers or the Bondholders for any loss, cost or expense resulting solely from the failure of the Indenture Trustee or the Servicers to promptly notify the City upon the discovery by a Responsible Officer of any such entity of a breach of any representation or warranty contained in the Purchase Agreement.

City's Right to Repurchase Tax Liens. At any time after the aggregate current principal amount of the Bonds outstanding has been reduced, after giving effect to available amounts on deposit in the Pledged Funds and Accounts, to or below 10% of the original principal amount of the Bonds, the City may repurchase from the Issuer Tax Liens which have been removed from the Trust Estate, at a purchase price up to the Redemptive Value thereof, so as to produce sufficient proceeds to retire all of the Bonds and pay all related obligations. The Issuer agrees to take or cause to be taken such actions and to execute, deliver and record such instruments and documents as may be necessary or appropriate to transfer and assign each such removed Tax Lien to the City or its designee.

Amendments. The Purchase Agreement may be amended by the City and the Issuer, with the consent of the Indenture Trustee, but without the consent of any of the Bondholders, and upon notice to the Rating Agencies (a) to cure any ambiguity, (b) to correct or supplement any provisions in the Purchase Agreement, (c) to correct or amplify the description of the Tax Liens, (d) to add additional covenants for the benefit of the Issuer or (e) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions in the Purchase Agreement; *provided, however*, that any action specified in clause (e) above shall not, as evidenced by an opinion of counsel delivered to the Issuer and the Indenture Trustee, adversely affect in any material respect the interests of any Bondholder.

Except as otherwise provided in the preceding paragraph, the Purchase Agreement may also be amended from time to time by the City and the Issuer with the consent of the Indenture Trustee and the consent of Bondholders of not less than two-thirds of the outstanding principal amount of the Bonds for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Purchase Agreement or of modifying in any manner the rights of the Bondholders; *provided, however*, that no such amendment shall reduce the aforesaid percentage of the outstanding amount of the Bonds, the Bondholders of which are required to consent to any such amendment, without the consent of all of the Bondholders.

Prior to the execution of any amendment to the Purchase Agreement, the Owner Trustee and the Indenture Trustee shall be entitled to receive and rely upon an opinion of counsel stating that the execution of such amendment is authorized or permitted by the Purchase Agreement. The Owner Trustee and the Indenture Trustee may, but shall not be obligated to, enter into any such amendment which affects the Owner Trustee's or the Indenture Trustee's, as applicable, own rights, duties or immunities under the Purchase Agreement or otherwise.

Protection of Title; Misdirected Payments; Forbearance of In Rem Foreclosures. The City shall take all actions as may be required by law fully to preserve, maintain, defend, protect and confirm the interest of the Issuer and the interests of the Indenture Trustee on behalf of the Bondholders in the Tax Liens and in the proceeds thereof, including, without limitation, the assumption of the defense of legal challenges.

Property Owners will be required to make payments on the Tax Liens directly to the appropriate Issuer Lockbox maintained by the Indenture Trustee, except that within three days of a foreclosure auction Property Owners may be required to make payments to the Servicer or the attorney representing the Issuer in the foreclosure. However, it is possible that some payments will be made by the Property Owners directly to the City. All Collections received by the City after the applicable Sale Date, after being identified as such by the City, shall be transferred to the Indenture Trustee. With respect to all such Collections received on and after the applicable Sale

Date, the City shall (in the case of Collections relating to the Tax Liens only) use its best efforts to transfer the cash equivalent of such Collections to the appropriate Issuer Lockbox in immediately available funds on Friday of each week (or on the next succeeding business day if such day is not a business day). Pending deposit into the appropriate Issuer Lockbox, such payments may be temporarily commingled with the City's own funds. If the City is unable or fails to remit such payments, whether as a result of the City's bankruptcy, insolvency or otherwise, the ability of the Issuer to obtain such payments may be impaired or limited.

The City has agreed to forebear to commence an *in rem* action against any Property so long as the Tax Lien Principal Balance with respect thereto has not been reduced to zero. The City also has agreed to discontinue any and all outstanding *in rem* actions against the Properties.

Nonpetition Covenants. Notwithstanding any prior termination of the Purchase Agreement, the City shall not, prior to the date which is one year and one day after the termination of the Purchase Agreement with respect to the Issuer, acquiesce, petition or otherwise invoke or cause the Issuer to invoke the process of any court or government authority for the purpose of commencing or sustaining a case against the Issuer under any Federal or state bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Issuer or any substantial part of its property, or ordering the winding up or liquidation of the affairs of the Issuer.

DESCRIPTION OF THE SERVICING AGREEMENTS

The following summary describes certain terms of each Servicing Agreement pursuant to which a Servicer is undertaking to service a portion of the Tax Liens. The summary does not purport to be complete and is qualified in its entirety by reference to the provisions of such Agreements.

Duties and Responsibilities as to Servicing. The Servicer shall service and administer the Tax Liens for the purposes for which the Issuer was created as set forth in the Owner Trust Agreement in accordance with the terms of the Servicing Agreement and the provisions of all applicable laws and, unless expressly provided to the contrary in the Servicing Agreement, giving due consideration to customary and usual standards of practice of prudent institutional residential and commercial loan servicers and asset managers servicing or managing, as the case may be, comparable assets for their own account, and taking into account its other obligations under the Servicing Agreement, but without regard to: (i) any relationship that the Servicer or any affiliate of the Servicer may have with the related Property Owner; (ii) the ownership of any Bond by the Servicer or any affiliate of the Servicer; (iii) the Servicer's right to receive compensation for its services under the Servicing Agreement or with respect to any particular transaction; (iv) the ownership, or servicing or management for others by the Servicer of any other assets similar to the Tax Liens; or (v) the fact that the Servicer's best interest and the best interest of the owner of the ownership interest in the Trust Estate may not be the same. Subject to any express limitations set forth in the Servicing Agreement, the Servicer shall seek to recover on a timely basis the largest amount possible with respect to each Tax Lien; *provided, however*, that nothing contained in the Servicing Agreement shall be construed as an express or implied guarantee by the Servicer of the collectability of the Tax Liens or of its ability to effect the timely or complete recovery thereof. Subject only to the above-described servicing standards and the terms of the Servicing Agreement and of the respective Tax Lien, the Servicer shall have full power and authority to do or cause to be done any and all things in connection with such servicing and administration which it may deem necessary or desirable; *provided, however*, that under no circumstances (other than during a period when a Property Owner is bankrupt) shall the Servicer agree with any Property Owner to compromise or reduce the Redemptive Value of any Tax Lien.

The Servicer shall not take any steps in violation of applicable bankruptcy laws regarding any Tax Lien as to which the related Property Owner is bankrupt. To this end but without limiting the generality of the foregoing, the Servicer shall, with respect to the Bankruptcy Tax Liens, unless authorized by the Bankruptcy Court, refrain from any acts of collection during the time that the related Property Owner and/or the Property is the subject of a bankruptcy proceeding as set forth in the Bankruptcy Code, including the application of costs of any advertisements and notices given in connection with the sale of such Bankruptcy Tax Liens by the City to the Issuer as well as (A) the additional 5% surcharge on the total amount of the Bankruptcy Tax Lien and (B) any interest accruing on the Bankruptcy Tax Lien in excess of interest at the rate applicable to the Bankruptcy Tax Lien prior to the applicable

Sale Date, which are added pursuant to the City Administrative Code or any act to enforce or collect the Bankruptcy Tax Liens by act of foreclosure or other legal means (including but not limited to the sending of letters other than those required by statute) without first obtaining appropriate judicial relief. Additionally, any time periods for the commencement of foreclosure proceedings shall be suspended during the pendency of a bankruptcy proceeding.

Special Treatment of Certain Residential Tax Liens. The Servicer acknowledges that the servicing of the water and sewer component of certain residential Tax Liens may require special procedures to assure that the actions of the Servicer in servicing such Liens do not violate the Federal Fair Debt Collection Practices Act (the “FDCPA”) or other similar federal, state or local laws (collectively, “Debt Collection Laws”). In furtherance thereof and with respect to those Tax Liens identified by the City to the Servicer (the “Identified Tax Liens”), the Servicer shall not initiate contact with parties other than certain protected consumers or others specified by applicable law regarding the water and sewer component of an Identified Tax Lien, unless (a) it has the consent of the consumer or the express permission of a court of competent jurisdiction in accordance with applicable Debt Collection Laws; (b) it is for the acquisition of location information in accordance with applicable Debt Collection Laws; (c) it is reasonably necessary to effectuate a post-judgment judicial remedy in accordance with applicable Debt Collection Laws or (d) the Servicer has determined that such contact is not prohibited by any Debt Collection Laws or any other laws; *provided, however*, that the Servicer is authorized and directed to respond to inquiries from the debtor or any other person relating to an Identified Tax Lien, including but not limited to providing payoff calculations, forbearance agreements and information regarding the Tax Lien.

Allocation and Transfer of Servicing. On an overall basis, the Tax Liens are expected to be allocated between Xspand and MTAG so that MTAG will be responsible for servicing approximately \$34,444,821 of the Initial Tax Lien Principal Balance of the Tax Liens as of the applicable Sale Date and Xspand the remaining balance. If either Servicer has not collected 70% of the Initial Tax Lien Principal Balance of the Tax Liens initially serviced by it within four years of the Second Sale Date, then the Issuer shall have the option of transferring the remaining Tax Liens serviced by such Servicer, in whole or in part, to the other Servicer or to another eligible servicer selected by the Issuer.

Asset Plans. Within 180 days of the Second Sale Date with respect to the water and sewer portion of the Second Sale Tax Liens relating to charges managed by the Department of Environmental Protection through its Customer Information System, and annually thereafter, the Servicer shall, in accordance with its servicing standard, prepare written plans with respect to the servicing of the Tax Liens required to be serviced under the Servicing Agreement (each, an “Asset Plan”). Each such written plan shall include (i) the Servicer’s strategy for collection of such Tax Liens and, if appropriate, the foreclosure thereof and the management of any REO Property, including a projection of anticipated revenues, expenses and capital costs, (ii) the annual budget for managing any REO Property, and (iii) specific actions to be taken and/or strategies to be followed in connection with the foreclosure of such Tax Liens and the management and/or disposition of any REO Property during the relevant time period. The Servicer shall take such actions as it is required to take pursuant to the Asset Plans. If the Servicer in the exercise of its reasonable judgment believes that subsequent prevailing facts and circumstances render such actions inconsistent with its servicing standard under the Servicing Agreement, it shall immediately advise the Issuer, the owner of the ownership interest in the Trust Estate and the Indenture Trustee and shall refrain from taking such actions and shall revise the Asset Plans accordingly.

Servicer Staffing. The Servicer shall maintain (and hire if necessary) a sufficient number of employees to enable the Servicer to perform its responsibilities under the Servicing Agreement. All such servicing personnel shall have sufficient qualifications, experience and administrative support to timely, efficiently, competently and professionally perform the servicing obligations under the Servicing Agreement in the manner contemplated by the Servicing Agreement. A designated employee of the Servicer (the “Servicer Ombudsman”) will serve as the representative of the Servicer responsible for the process of resolving inquiries and complaints concerning the Tax Liens from the Property Owners, the general public, financial institutions and other interested parties. The Servicer Ombudsman will coordinate investigations and respond to inquiries and complaints. The Servicer Ombudsman will monitor the resolution of pending complaints. The Servicer Ombudsman will coordinate as appropriate with the City ombudsman designated in the Enabling Act.

Employee Dishonesty Policy; Errors and Omissions Insurance. The Servicer, at its expense, shall maintain in effect during the term of the Servicing Agreement (i) an employee dishonesty policy and (ii) an errors and

omissions insurance policy, in each case with coverage that is reasonably available. The employee dishonesty policy shall protect and insure against losses, including forgery, theft, embezzlement, and fraud of the directors, officers and employees of the Servicer, and shall contain an endorsement listing the Indenture Trustee and Issuer as joint loss payees. The errors and omissions insurance policy shall insure against loss arising from errors, omissions or negligent acts of the Servicer solely with respect to services under the Servicing Agreement, have a policy limit of \$1 million, and name the Indenture Trustee and the Issuer as additional insureds, but solely with respect to their vicarious liability for work performed by the Servicer, affording coverage for all directors, officers and employees of the Servicer. The Servicer shall promptly report to the Issuer, the Owner and the Indenture Trustee all cases of embezzlement or fraud, or irregularities of operation, suspected or otherwise, whether or not such events involve funds relating to the Tax Liens.

Eligible Charge-Offs. The Servicer shall be permitted to charge off amounts from the aggregate Tax Lien Principal Balance in accordance with this paragraph (“Eligible Charge-Offs”). The Servicer shall identify the Tax Liens with respect to which estimates of the related Lien Administration Expenses exceed the anticipated Collections with respect to such Tax Liens. At any time following the applicable Closing Date, the Servicer may deliver to the Issuer and the City notice of the Tax Liens so identified, which shall include a list of such Tax Liens and materials in support of the Servicer’s determination that the related Lien Administration Expenses exceed the anticipated Collections with respect to such Tax Liens. Within 90 days from the receipt of such notice by both parties, the City shall deliver to the Servicer written acceptance or rejection of any items contained in the list of Tax Liens described in the notice from the Servicer. The City’s written acceptance or rejection shall not be unreasonably delayed or conditioned, and any written rejection shall include a reasonable basis therefor. If the City has not responded within 60 days after the Servicer has delivered such notice, the Servicer shall send an additional notice to the City which shall be identified as a second notice. If the Servicer has delivered both notices, but fails to receive written acceptance or rejection from the City within 90 days from the delivery of the first notice, then the City shall be deemed to have approved the charge-off requested by the Servicer. Any such charged-off Tax Lien will then be released from the lien of the Indenture without further compensation to the Trust. The Servicer may also charge off any Tax Lien (or, in respect of a partially defective Tax Lien, the defective portion thereof) with respect to which the Servicer has received less than the Adjusted Redemptive Value of such Tax Lien (i) through the sale or disposition of the underlying Property, (ii) through an assignment of the winning foreclosure bid for the underlying Property, (iii) through the receipt of the amount representing a cure of a Defective Tax Lien or the defective portion of a Tax Lien or (iv) through judicial determination. The Servicer shall effect such charge-off by the later of (A) the next succeeding Payment Date or (B) 30 days from the date on which the Servicer has received such amount. The Servicer may also immediately charge off any Tax Lien the Adjusted Redemptive Value of which is less than or equal to \$50. The Tax Lien Principal Balance of any such charged-off Tax Lien (or, in respect of a partially defective Tax Lien, the defective portion thereof) shall be written down to zero. Whenever the Servicer charges off any amount from the Tax Lien Principal Balance in accordance with this paragraph, it must promptly notify the Indenture Trustee and the Collateral Agent and Custodian of such permitted charge-off within 90 days or quarterly. In respect of any Tax Lien which was only partially defective, the Servicer shall remain obligated to service and administer the non-defective portion thereof in accordance with the provisions of the Servicing Agreement.

Payment of Lien Administration Expenses. The Servicer shall have no obligation to pay Lien Administration Expenses other than from amounts withdrawn from the Initial Working Capital Reserve Fund, the Working Capital Reserve Fund or from advances made by the Indenture Trustee pursuant to the Indenture. The Servicer shall request that the Collateral Agent and the Custodian or the Indenture Trustee withdraw from the Initial Working Capital Reserve Fund or the Working Capital Reserve Fund such amounts as will be sufficient to pay Lien Administration Expenses which are due and payable.

Issuer Lockbox and REO Lockbox. The Servicer shall direct the Property Owners to pay into the Issuer Lockbox established and maintained by the Issuer solely in the name of the Indenture Trustee for the Servicer all installments of principal and interest and other sums remitted from time to time in payment and redemption of the Tax Liens. The Servicer shall transfer for deposit on a daily basis, and in no event later than one (1) business day after the Servicer’s receipt, (A) into the Issuer Lockbox, all payments and collections received by the Servicer in respect of each Tax Lien on or after the applicable Closing Date including, without limitation: (i) all payments on account of the Redemptive Values of the Tax Liens, including payments received on any forbearance agreements; (ii) all proceeds received upon redemption of a Tax Lien; (iii) all proceeds received in connection with the sale of a Tax Lien; and (iv) any other proceeds of Tax Liens or related Property acquired under the Servicing Agreement,

and (B) into the REO Lockbox established and maintained by the Issuer solely in the name of the Indenture Trustee for the Servicer, all Gross REO Proceeds relating to the Property related to a Tax Lien and insurance proceeds related thereto other than funds to be applied to the restoration or repair of the Property.

Allocation of Payments. In the event that (i) a payment is received by the Servicer from a Property Owner whose Property is subject to tax liens owned not only by the Issuer, but also by other trusts for which the Indenture Trustee is the indenture trustee, and (ii) the Servicer is required to determine the allocation of such payment between these trusts, the Servicer shall allocate such payment to the various trusts in inverse order of the date of sale to the trusts of the tax liens to which such Property is subject. In the event that (i) a payment is received by the Servicer on a Property subject to Tax Liens or portions of Tax Liens bearing interest at both 9% and 18%, and (ii) the Servicer is required to determine the allocation of such payment between such Tax Liens or portions of Tax Liens, the Servicer shall allocate such payment in the following order: *first*, to the payment of recoverable Lien Administration Expenses; *second*, to the payment of accrued interest on and the principal of the Tax Liens or portions thereof bearing interest at 18% and *third*, to the payment of accrued interest on and the principal of the Tax Liens or portions thereof bearing interest at 9%. If the Servicer receives a payment from a Property Owner that does not specify the delinquent tax lien to which the payment is to be applied, then such payment shall be applied in accordance with applicable law and, as to the Tax Liens and any other tax lien that ranks *pari passu* therewith, on a pro rata basis in accordance with the Adjusted Redemptive Value (or comparable amount) thereof.

Forbearance. The Servicer is authorized to forbear in connection with its enforcement of Tax Liens, provided that the subject Property Owners comply with the individual terms and conditions of forbearance established by the Servicer in its sole discretion, but which shall include (a) the repayment in full of the Adjusted Redemptive Value of the applicable Tax Lien over a period ending no later than September 1, 2013, unless it is determined by the Servicer that an extension of the repayment period is in the best economic interest of the Issuer, but in no event shall the repayment period exceed 36 months from the due date of the first forbearance payment, (b) payments on a periodic basis directly to the Indenture Trustee for deposit into the Issuer Lockbox, (c) the requirement that all required payments accruing subsequently to the subject Tax Lien for the subject Property that if not paid could result in the creation of Subsequent Taxes and Assessments remain current, (d) an acknowledgement of the amount due with respect to the Tax Lien that is the subject of such forbearance, a waiver of any waivable defenses to any foreclosure action and any other similar stipulations deemed necessary or desirable by the Servicer, (e) other than with respect to Properties classified by the City as within Tax Class 1, the subject Property Owner agrees to permit access to the Property for purposes of any environmental assessment relating thereto, (f) the Property Owner agrees that in connection with any foreclosure action relating to the Property, the holder of the related Tax Lien shall have the right to appoint a receiver, and (g) such forbearance agreement is evidenced by a written agreement or letter executed by each of the Servicer and the Property Owner. Any reasonable expenses incurred by the Servicer in negotiating and monitoring the terms and conditions of forbearance shall be considered Lien Administration Expenses.

Inspection of REO Properties in Certain Circumstances. The Servicer shall visit and inspect each REO Property from time to time (but at least as frequently as once every 12 months) in accordance with its servicing standard of care to determine whether the related REO Property is properly maintained or has been repaired or restored and is being preserved and protected.

Realization upon Tax Liens. The Servicer shall foreclose upon Properties encumbered by Tax Liens, if the Servicer determines that such action is required by its servicing standard. The Servicer shall not be required to pursue any deficiency judgments or to bring any collection actions against any assets of the Property Owners other than the Properties encumbered by Tax Liens. Proceeds from liquidations in full (other than redemptions in full) including from the condemnation of any Property shall be applied in payment of the Tax Lien. Proceeds shall be applied, first to any Subsequent Taxes and Assessments until paid and satisfied in full, and then, to the Tax Liens and any other tax lien that ranks *pari passu* therewith, on a pro rata basis in accordance with the Adjusted Redemptive Value (or comparable amount) thereof.

Notwithstanding any other provision contained in the Servicing Agreement, in any tax lien foreclosure action, the Servicer shall be required to make a bid on behalf of the Issuer for the related Property in an amount not less than the full amount of the Redemptive Value of the Tax Lien. If the Issuer is the winning bidder and the Property or the winning bid is offered for sale by the Servicer, the Property or the winning bid shall be sold only to

the Responsible Purchaser who has made an offer for such Property or successful bid that is in the best interest of the Issuer to accept as determined by the Servicer in accordance with its servicing standard. In the event that title to any Property is acquired by foreclosure, a deed conveying title to such Property shall be obtained in the name of a special purpose entity owned by the Issuer. Notwithstanding any provision to the contrary contained in the Servicing Agreement, except as otherwise required by applicable law, the Servicer shall not knowingly obtain title to a Non-Residential Property as a result of foreclosure or otherwise, and shall not otherwise acquire possession of, or take any other action with respect to, any Non-Residential Property if, as a result of any such action, the Indenture Trustee, the Servicer, the Issuer, the Trust Estate or the Bondholders, or any other parties under the Transaction Documents, would be considered to hold title to, to be a "mortgagee-in-possession" of, or to be an "owner" or "operator" of such Property within the meaning of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended from time to time, or any comparable state or federal law, unless the Servicer has previously determined in accordance with its servicing standard, based on a Phase I environmental assessment, as the same may be limited by the inability of the assessor to gain access to the Property (a "Limited Phase I Environmental Assessment") prepared by an independent person who regularly conducts environmental site assessments, that: (i) such Property is in substantial compliance with applicable environmental laws or, if not, that it would be in the best economic interest of the Issuer to take such actions as are necessary to bring such Property in compliance therewith, and (ii) there are no known circumstances present at such Property relating to the use, management, storage or disposal of any hazardous materials for which investigation, testing, monitoring, containment, cleanup or remediation could be required under any currently effective federal, state or local law or that, if any such hazardous materials are present for which such action could be required, it would be in the best economic interest of the Issuer to take such actions with respect to the affected Property.

The Servicer shall obtain a Limited Phase I Environmental Assessment with respect to each Non-Residential Property prior to the Issuer's taking title thereto. In the event that the Limited Phase I Environmental Assessment first obtained by the Servicer with respect to a Non-Residential Property indicates that such Property may not be in compliance with applicable environmental laws or that hazardous materials may be present but does not definitively establish such fact, the Servicer shall, but only if it can obtain access to such Property, cause such further environmental tests to be conducted by an independent person who regularly conducts environmental site assessments in the region where such Property is located as the Servicer shall deem prudent to protect the interests of the Issuer. Any such tests shall be deemed part of the Limited Phase I Environmental Assessment obtained by the Servicer for purposes of the previous paragraph.

If it has been determined that a Non-Residential Property is not in compliance with applicable environmental laws (or if it is unknown whether such Property is in such compliance) but that it is in the best economic interest of the Issuer to take such actions as are necessary to bring such Property into compliance therewith, or if it has been determined that the circumstances referred to therein relating to hazardous materials are present (or if it is unknown whether hazardous materials are present) but that it is in the best economic interest of the Issuer to take such action with respect to the containment, cleanup or remediation of hazardous materials affecting such Property as is required by law or regulation, the Servicer shall take such action (including taking title to such Property) as it deems to be in the best economic interest of the Issuer. Notwithstanding the foregoing, the Servicer is not obligated to remediate any REO Property and may sell REO Property on an "as is" basis in accordance with applicable law. If the amount that is estimated to be the cost of compliance, containment, clean-up or remediation of any hazardous materials which may exist on a Non-Residential Property is greater than the amount reasonably determined by the Servicer to be ultimately available as Gross REO Proceeds less the related Lien Administration Expenses (without regard to such remediation expenses), no foreclosure proceedings with respect to such Property shall be completed by the Servicer.

Prior to any foreclosure of the Tax Lien related to any Property, the Servicer may in its discretion after taking into account its servicing standard, obtain an appraisal thereof conducted by an independent appraiser familiar with the area in which such Property is located in order to determine the fair market value of such Property. If the amount reasonably determined by the Servicer to be the Lien Administration Expenses payable with respect to such Property is greater than the amount that is reasonably determined by the Servicer to be ultimately available as Gross REO Proceeds with respect thereto, no foreclosure proceedings with respect to such Property shall be completed by the Servicer.

The Servicer shall not be liable in the event that any estimates made by an expert pursuant to the preceding paragraphs are different from actual figures, provided that prior to retaining such expert the Servicer has reasonably determined that such expert was qualified and duly licensed. The Servicer shall also not be liable with respect to a hazardous environmental condition or with respect to a Property that is not in substantial compliance with applicable environmental laws as long as the Servicer has followed the procedures set forth in the Servicing Agreement.

Acquisition of REO Property. Title to any REO Properties is required to be taken by one or more special purpose entities, the sole ownership interests in which will be owned by the Issuer and pledged to the Indenture Trustee as part of the Collateral. Upon the acquisition of an REO Property by foreclosure or otherwise, the Servicer shall notify the Issuer and the Indenture Trustee on a monthly basis that the REO Property has been acquired and shall thereafter: (i) manage, or cause to be managed, the acquired REO Property until it is disposed of, (ii) sell or otherwise dispose of the REO Property and deposit or cause to be deposited in the REO Lockbox the related Gross REO Proceeds, and (iii) take whatever steps are necessary to insure that, upon such Property becoming an REO Property, such Property is covered by insurance policies naming each of the Servicer, the Issuer and the Indenture Trustee as an additional insured as their interests may appear. Until an REO Property is liquidated, the Servicer shall: (i) take appropriate action to secure the REO Property and maintain proper surveillance over it; (ii) if required by its servicing standard, pay all Subsequent Taxes and Assessments with respect to the related REO Property; and (iii) maintain or cause to be maintained the REO Property so as to preserve its value and prevent any additional deferred maintenance, provided that the Servicer reasonably determines that such maintenance would increase the related Gross REO Proceeds relative to the cost of such maintenance or demolish the REO Property if the Servicer determines such measure to be required by its servicing standard under the Servicing Agreement. The Servicer is authorized to cause the Issuer to form one or more special purpose corporate subsidiaries to hold REO Property.

Maintenance of Insurance Policies. To the extent that funds are made available to the Servicer therefor, the Servicer shall cause to be maintained a hazard insurance policy or policies with extended coverage on each REO Property in an amount which is at least equal to the greater of (i) an amount not less than is necessary to avoid the application of any coinsurance clause contained in the related fire and hazard insurance policy and (ii) the actual cash value of the improvements which are a part of such REO Property. The Servicer shall cause to be maintained with respect to each REO Property a public liability insurance policy providing such coverage against such risks as the Servicer determines is consistent with its servicing standard. Any amounts collected by the Servicer under any such policies (other than amounts to be applied to the restoration or repair of the related REO Property) shall be deposited into the REO Lockbox. No earthquake or other additional insurance other than a flood insurance policy, subject to the qualification set forth in the next sentence, is to be maintained by the Servicer. If an REO Property was located at the date of the related Tax Lien certificate in a federally designated special flood hazard area, the Servicer will obtain a flood insurance policy as soon as practicable. If a recovery under a hazard insurance policy, public liability insurance policy or a flood insurance policy in respect of an REO Property would have been available if such insurance were maintained thereon in accordance with the standards applied to REO Properties described in the Servicing Agreement and such insurance was not so maintained, the Servicer shall either (i) deposit into the REO Lockbox from its own funds, without any right of reimbursement therefor, the amount that would have been recovered by the date such recovery would have been received or (ii) apply to the restoration and repair of the property from its own funds the amount that would have been recovered or an amount sufficient to repair or restore the casualty, if such application would be consistent with its servicing standard; *provided, however*, that the Servicer's obligations under this sentence shall arise only in the event that the above described insurance was not maintained solely as a result of the Servicer's negligence or willful misconduct.

Restrictions on Purchasers of REO Properties. In any Tax Lien foreclosure action, the Servicer shall be required to make a bid on behalf of the Issuer for the related Property in an amount no less than the full amount of the Redemptive Value of the Tax Lien. If the Issuer is the winning bidder and the Property or the winning bid is offered for sale by the Servicer, or if the Servicer offers the Tax Lien itself for sale, the Property, the winning bid or the Tax Lien shall be sold only to a Responsible Purchaser. "Responsible Purchaser" is defined to mean a person who:

- (i) is not the owner or an affiliate of the owner of the related Property;

(ii) has not been convicted of fraud, bribery, grand larceny, arson, tenant harassment, or other felony under the New York Penal Law, within seven years of the date of sale, and has no pending charges for such crimes, and has not been convicted by a court of competent jurisdiction, within seven years of the date of the sale, of a violation of certain New York laws relating to arson, false written statements, insurance fraud, bribery, creditor fraud and bribery involving public servants, or any similar laws of another jurisdiction, and is not an affiliate of a person who has been so convicted, and has not been indicted for any of the above specified crimes;

(iii) is not delinquent in the payment of real property taxes, water and sewer charges and assessments, or other taxes, charges and assessments in the City for over one year and in an aggregate amount exceeding \$20,000, and is not an affiliate of any person who has been so delinquent or in default on such taxes, charges and assessments;

(iv) has not lost title to real property by reason of a tax lien foreclosure proceeding or other tax enforcement proceeding within five years of the date of the sale and does not have pending any such enforcement proceedings against any real property, and is not an affiliate of a person who has lost real property by such proceedings or has pending such proceedings;

(v) is not the owner or holder of real property, and is not an affiliate of a person owning or holding real property, that has an average of five or more hazardous or immediately hazardous violations of record per dwelling unit under the City Housing Maintenance Code, or that is subject to a lien or liens for the repair or the elimination of any dangerous or unlawful conditions pursuant to the City Administrative Code in an amount equal to or greater than \$1,000; and

(vi) is not suspended or debarred from contracting with the City or any City agency pursuant to the City Charter and is not an affiliate of any person who is so suspended or debarred.

Any person desiring to be a Responsible Purchaser shall deliver to the Servicer, prior to the sale of the Property (or the winning bid therefor) or the Tax Lien, a sworn statement declaring that such person qualifies as a Responsible Purchaser (an "Affidavit"). Any failure of any person to deliver an Affidavit prior to the sale of the Property (or the winning bid therefor) or the Tax Lien shall cause such person to be deemed not to be a Responsible Purchaser. The Servicer shall forward copies of the Affidavit to the City within a reasonable time.

Sale of REO Properties and Tax Liens. The Servicer shall use all commercially reasonable efforts to sell any REO Property as soon as possible taking into account the goal of maximizing the proceeds of sale of the REO Property. The Servicer may sell any REO Property to a person that is not an affiliate of the Servicer and who is a Responsible Purchaser. The Servicer may offer to sell to any other person any Tax Lien for an amount not less than the Redemptive Value thereof, if and when the Servicer determines, consistent with its servicing standard, that such a sale would be appropriate. The Servicer may sell Tax Liens only with the permission of the Issuer, only to independent persons and only, in the case of the Tax Liens, after the second anniversary of the First Sale Date. Neither the Servicer nor any of its affiliates may purchase any Tax Lien. In determining whether any bid constitutes a fair price for any Tax Lien or any REO Property, the Servicer shall take into account, among other factors, the period and amount of any delinquency on the affected Tax Lien, the physical condition of the Property or REO Property and the state of the local economy. In the event that the Servicer shall, after the exercise of due diligence, determine that it is unable to dispose of any REO Property for the price required pursuant to the preceding sentence, the Servicer shall be permitted to dispose of such REO Property at a price determined by it to be commercially reasonable.

Termination. The Issuer may terminate the rights and obligations (but not the liabilities) of the Servicer under the Servicing Agreement upon written notice to the Servicer upon the happening of any of the following events: (i) if the Servicer fails to remit or transfer any funds received that the Servicer is required to remit or transfer pursuant to the Servicing Agreement, and such failure is not cured within two (2) business days after the earlier of (A) the Servicer's having knowledge of such failure and (B) the giving by the Issuer or the Indenture Trustee to the Servicer of written notice of such failure; (ii) if any representation or warranty made by the Servicer in the Servicing Agreement is false, incorrect or misleading in any material respect, or if any representation or warranty made by the Servicer in any reports, document, certificates or other papers delivered by the Servicer to the Issuer or the

Indenture Trustee from time to time is false, incorrect or misleading in any material respect, and such breach has not been cured by the Servicer within 30 days of the Servicer's receipt of written notice of such breach by an Officer of the Indenture Trustee (or the Issuer, as the case may be); (iii) if the Servicer breaches or fails to perform or observe any obligation or condition (other than those referred to in clauses (i) and (ii) above), to be performed or observed by it under the Servicing Agreement and such breach or default is not cured within 30 days after the earlier of (A) the Servicer's having knowledge of such breach or default and (B) the giving by the Issuer or the Indenture Trustee to the Servicer of written notice demanding that such breach or default be cured; or, if the Indenture Trustee (or the Issuer, as the case may be) has not given such written notice to the Servicer, the Indenture Trustee (or the Issuer, as the case may be) has made a good faith determination that such default cannot be cured within 30 days; (iv) if the Servicer or any person holding all or substantially all of the Servicer's issued and outstanding shares of capital stock or partnership interests representing ordinary voting rights becomes bankrupt; (v) if at any time (A) there has occurred the departure of one of the key personnel from the Servicer who has not been replaced by a replacement reasonably acceptable to the Issuer, (B) there has occurred the departure of another of the key personnel from the Servicer, and (C) one of the two key personnel has not been replaced by a replacement reasonably acceptable to the Issuer within the later of (1) one year from the date of the first departure and (2) 120 days from the date of the second departure; (vi) if at any time there has occurred the departure of three or more of the key personnel from the Servicer who have not been replaced by replacements reasonably acceptable to the Issuer so as to reduce the number of unreplaced departures to two or less within 120 days after the third departure; (vii) in the case of MTAG, the failure of James P. Meeks and Adam Berman to collectively own at least 51% of MTAG, or, in the case of Xspand, the failure of Xspand to be a direct or indirect wholly owned subsidiary of JPMorgan Chase (or, if a change of control has been approved by the Issuer and the Rating Agencies, any other entity which controls the Servicer); *provided, however*, in each case, that a change of control or transfer of an interest in the Servicer shall not be deemed an event of default if the Issuer provides written consent thereto (which consent shall not be unreasonably withheld) and Rating Agency confirmation of the then current rating of the Bonds outstanding has been given; (viii) in the case of MTAG, the failure of MTAG to have at least \$1,000,000 in net equity capital and to retain all earnings net of applicable taxes until it has, and to thereafter maintain, on a consolidated basis, at least \$4,000,000 in net equity capital (or \$10,000,000 in net equity capital if MTAG, or an entity that MTAG controls or whose obligations it guarantees in any manner, acquires tax liens for the account of MTAG or such other entity); (ix) in the case of MTAG, the failure of the Servicer Guarantor to maintain at least \$10,000,000 in net equity capital; and (x) failure of the Servicer or certain of its employees to testify in connection with certain governmental investigations (see "Risk Factors—Risks Relating to the Servicers").

Successor Servicer. Any successor Servicer shall be (A) reasonably satisfactory to the Issuer and the Indenture Trustee and (B) an organization experienced in the management and disposition of tax liens, distressed real estate and non-performing income property. Such successor Servicer shall execute and deliver to the Indenture Trustee an agreement, in form and substance reasonably satisfactory to the Issuer and the Indenture Trustee, which contains an assumption by such person of the due and punctual performance of each covenant and condition to be performed or observed by the Servicer under the Servicing Agreement from and after the date of such agreement.

Rating Agency Confirmation. No termination of the Servicing Agreement or of the Servicer shall be effective unless and until (a) each of the Rating Agencies shall have confirmed its then current rating of the Bonds outstanding under the Indenture at the time of any such termination and (b) (i) if required by such Rating Agencies, a successor shall have been appointed and accepted such appointment and (ii) such Rating Agencies shall have approved of such successor servicer.

Servicer's Financial Statements and Related Information. For each year the Servicing Agreement is in effect, each Servicer shall submit to the Issuer and the Indenture Trustee a copy (with a copy to the City's Law Department) of its annual financial statements within 150 days after the end of its fiscal year. Such financial statements for each Servicer shall include a balance sheet, statement of operations, statement of cash flows and all related notes and schedules and shall be in comparative form, certified by its independent public accountants to the effect that such statements were examined and prepared in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year. With respect to Xspand, so long as Xspand shall be a direct or indirect wholly owned subsidiary of JPMorgan Chase, the financial statements provided shall be the consolidated financial statements of JPMorgan Chase.

Annual Certification by Servicer. On or before April 30 in each calendar year, the Servicer shall deliver to the Issuer and the Indenture Trustee an officer's certificate to the effect that: (i) to the best of the knowledge of the officer signing such certificate, all premiums for each hazard insurance policy and flood insurance policy (if any), with respect to each REO Property have been paid and that all such insurance policies are in full force and effect; (ii) the officer signing such certificate has reviewed the activities and performance of the Servicer during the preceding fiscal year under the Servicing Agreement and, to the best of such officer's knowledge, the Servicer has fulfilled all of its duties, responsibilities or obligations under the Servicing Agreement throughout such year, or, if there has been a default or failure of the Servicer to perform any of such duties, responsibilities or obligations, a description of each default or failure and the nature and status thereof and the actions that the Servicer proposes to take to cure the same; (iii) such officer has confirmed that the employee dishonesty policy and errors and omissions insurance required by the Servicing Agreement are in full force and effect; and (iv) to the best of the knowledge of the officer signing such certificate, all inspections required to be made pursuant to the Servicing Agreement have been made.

Amendments to Servicing Agreement. Pursuant to the Indenture, the Indenture Trustee may, without the consent of any holder of a Bond, enter into or consent to any amendment or supplement to the Servicing Agreement provided that such amendment or supplement shall not adversely affect the interests of the Bondholders. The Indenture Trustee may, in its discretion, decline to enter into or consent to any such supplement or amendment if its own rights, duties or immunities shall be adversely affected.

Servicing Compensation. On an overall basis, the Tax Liens are expected to be allocated between MTAG and Xspand so that MTAG will be responsible for servicing approximately \$34,444,821 of the Initial Tax Lien Principal Balance of the Tax Liens as of the applicable Sale Date and Xspand the remaining balance. The following defined terms apply to compensation to be paid to the Servicers under the Servicing Agreements. When referring to Xspand as the Servicer, MTAG is sometimes referred to as the "Co-Servicer," and *vice versa*.

"Base Fee": A type of Servicing Fee which serves as a portion of the Servicer's compensation under the Servicing Agreement and which provides a minimum base compensation to the Servicer.

"Collection Period Payment Amounts": The Base Fee payment amounts pro-rated based on the number of days in the applicable Collection Period and a 365-day year.

"IFTLPB Ratio": The fraction, expressed as a percentage, the numerator of which is the Incentive Fee Tax Lien Principal Balance, and the denominator of which is the Initial Tax Lien Principal Balance.

"Incentive Fee": A type of Servicing Fee which serves as a portion of the Servicer's compensation under the Servicing Agreement and which is designed to provide an incentive for the Servicer to maximize Net Collections.

"Incentive Fee Percentage": A percentage used to determine the amount of an Incentive Fee.

"Incentive Fee Tax Lien Principal Balance": With respect to any Tax Lien, the Initial Tax Lien Principal Balance thereof, reduced by (i) all Collections allocated to principal pursuant to the Servicing Agreement and (ii) all Eligible Charge-Offs, excluding certain discretionary charge-offs made more than 30 months after the Second Sale Date.

"Net Collections": For any Collection Period, all Collections received for such Collection Period, net of Lien Administration Expenses.

Base Fees. Commencing as of the applicable Sale Date, the Servicer shall be entitled to Base Fees equal to the product of the applicable pro rata percentage of 1.00% on an annualized basis multiplied by the daily average outstanding Incentive Fee Tax Lien Principal Balance of the Tax Liens serviced during the applicable Collection Period. Such Base Fees shall be paid to the Servicer on the applicable Payment Dates in the applicable Collection Period Payment Amounts.

Incentive Fees. An Incentive Fee equal to the product of the applicable Incentive Fee Percentage in the Tax

Liens Incentive Fee Percentage Chart below, multiplied by Net Collections for Tax Liens during the Collection Period, shall be paid to the Servicer on the applicable Payment Dates.

Tax Liens Incentive Fee Percentage Chart		
IFTLPB Ratio Greater than	IFTLPB Ratio Less Than or Equal to	Incentive Fee Percentage
50%	100%	1.00%
25%	50%	2.50%
15%	25%	3.50%
0%	15%	6.00%

Any increase in the applicable Incentive Fee Percentage shall be effective as of the date on which the IFTLPB Ratio fell within the requisite range entitling the Servicer to an increased Incentive Fee, and shall apply only to those Collections falling within such requisite range. For purposes of calculating the applicable Incentive Fee in respect of Tax Liens, (i) the aggregate outstanding Incentive Fee Tax Lien Principal Balance of the Tax Liens being serviced shall exclude the Incentive Fee Tax Lien Principal Balance of any Tax Liens transferred to the Servicer from the Co-Servicer, and (ii) the Net Collections relating to Tax Liens transferred to the Servicer from the Co-Servicer shall be included in Net Collections.

In the event that a Tax Lien is charged-off pursuant to the Servicing Agreement, all Lien Administration Expenses associated with the Tax Lien shall be subtracted from the aggregate amount of Lien Administration Expenses for all Tax Liens for the purpose of calculating Net Collections.

In the event that the Issuer substitutes an Eligible Substitute Tax Lien pursuant to the Indenture as a result of a Tax Lien having become a Defective Tax Lien, then the resulting Substitution Amount shall be subtracted from the aggregate outstanding Incentive Fee Tax Lien Principal Balance of the Tax Liens being serviced.

In the event that Tax Liens are transferred from the Co-Servicer to the Servicer, the Servicer shall be entitled to a fee, payable by the Issuer at the time of such transfer, in the total amount of \$100 per Tax Lien so transferred.

Except as otherwise expressly provided in the Servicing Agreement, the Servicer shall perform all of the obligations to be performed by it under the Servicing Agreement at its expense and without cost or charge to the Issuer or the Indenture Trustee.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

General

The following is a summary of certain of the United States federal income tax consequences of the ownership of Bonds as of the date hereof.

This summary is based on the Internal Revenue Code of 1986, as amended (the “Code”) as well as Treasury regulations and administrative and judicial rulings and practice. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, that could alter or modify the continued validity of the statements and conclusions set forth herein. This summary is intended as a general explanatory discussion of the consequences of holding the Bonds generally and does not purport to furnish information in the level of detail or with the level of attention to the investor’s specific tax circumstances that would be provided by an investor’s own tax advisor. For example, this summary generally is addressed, except in limited circumstances, only to original purchasers of the Bonds that are “U.S. Holders” (as defined below) that purchase the Bonds at their original issue price, deals only with Bonds held as capital assets within the meaning of Section 1221 of the Code and does not address tax consequences to holders that may be relevant to investors subject to special rules, such as individuals, trusts, estates, tax-exempt investors, foreign investors, cash method taxpayers, dealers in securities, currencies or commodities, banks, thrifts, insurance companies, electing large partnerships, mutual funds, regulated investment

companies, real estate investment trusts, S corporations, persons that hold Bonds as part of a straddle, hedge, integrated or conversion transaction, and persons whose “functional currency” is not the U.S. dollar. In addition, this summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in a Bondholder. **Accordingly, it is strongly recommended that each prospective investor consult with its own tax advisor regarding the application of United States federal income tax laws, as well as any state, local, foreign or other tax laws, to their particular situations.**

As used herein, a “U.S. Person” is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in Treasury regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust’s administration and (ii) one or more United States persons have the authority to control all of the trust’s substantial decisions. A “U.S. Holder” is a U.S. Person that is a beneficial owner of a Bond. A “Non-U.S. Holder” is a holder (or beneficial owner) of a Bond that is not a U.S. Person.

Characterization of the Bonds and the Issuer

There are no regulations, published rulings, or judicial decisions involving the characterization, for United States federal income tax purposes, of securities with substantially the same characteristics as the Bonds, or entities that are substantially similar to the Issuer. However, based upon the application of existing law to the facts of the transaction as set forth in the Indenture and other relevant documentation, Orrick, Herrington & Sutcliffe LLP, Special Tax Counsel to the Issuer, has advised the Issuer that (a) the Bonds will be treated as debt obligations for United States federal income tax purposes (and not as an ownership interest in the Collateral or as an equity interest in the Issuer or in a separate association taxable as a corporation), and (b) the Issuer will not be classified as a publicly traded partnership or a taxable mortgage pool that is taxable as a corporation, or otherwise as an association or corporation (other than possibly as a corporation that is not subject to taxation on income derived from the exercise of an essential governmental function under section 115 of the Code).

Prospective investors should be aware that no rulings have been sought from the Internal Revenue Service (the “IRS”), and that legal opinions are not binding on the IRS or the courts. Accordingly, there can be no absolute assurance that the IRS will agree that the Bonds are debt and that the Issuer will not be characterized or treated as a corporation. If, contrary to Special Tax Counsel’s opinion, the Issuer is determined, for example, to be a taxable corporation, among other consequences, the Issuer would be subject to United States federal income tax (and similar state income or franchise taxes) on its income. The following discussion assumes, however, that Special Tax Counsel’s opinions are correct.

Taxation of the Bonds

Interest on the Bonds is *not* exempt from Federal, state, or local income taxation.

While not free from doubt, the Issuer currently intends to treat the Bonds as debt instruments to which section 1272(a)(6) of the Code (relating to debt instruments payments on which may be accelerated by reason of prepayment of debt obligations securing such debt instruments) applies. Under that section, the Bonds will be treated as original issue discount (“OID”) Bonds, and such OID will be included in gross income of U.S. Holders as ordinary income as it accrues (and prior to the receipt of cash attributable to such income regardless of their normal method of accounting) under a constant yield method that takes account of an expected rate of prepayments and actual prepayment experience. In addition, no election under Treasury regulation section 1.1275-6 may be made for debt instruments to which section 1272(a)(6) of the Code applies. U.S. Holders, however, would be entitled to claim a loss upon maturity or other disposition of a Bond issued with OID with respect to amounts accrued and included in gross income for which cash is not received. Such a loss would generally be a capital loss.

Upon the sale, exchange, or retirement of a Bond, its U.S. Holder will recognize gain or loss equal to the difference between the amount realized and the U.S. Holder’s adjusted tax basis in the Bond. A U.S. Holder’s adjusted tax basis will generally equal the cost of the Bond increased by any amounts includible in income as OID or market discount (if any), and reduced by any principal payments made on the Bond. Such gain or loss generally will be capital gain or loss (other than any gain representing accrued market discount, which would be ordinary).

Non-U.S. Holders

Assuming that the Issuer is not engaged in a U.S. trade or business, a Non-U.S. Holder that has no connection with the United States and is not related, directly or indirectly, with the Issuer or the holders of the Issuer's equity, will not be subject to United States withholding tax on interest payments. Non-U.S. Holders will be required to make certain tax representations regarding the identity of the beneficial owner of the Bonds they held in order to receive payments free of withholding. The Bonds will satisfy the requirements of section 163(f) of the Code relating to "registration required obligations" or applicable exemptions therefrom.

Assuming that the Issuer is not engaged in a U.S. trade or business, a Non-U.S. Holder that has no connection with the United States generally will not be subject to U.S. withholding tax on gains recognized in connection with the sale, exchange or retirement of a Bond provided that the Non-U.S. Holder makes certain tax representations regarding the identity of the beneficial owner of the Bond (unless, in the case of a Non-U.S. Holder who is a non-resident alien individual, such individual is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met).

Circular 230

Under 31 C.F.R. part 10, the regulations governing practice before the Internal Revenue Service (Circular 230), we and our tax advisors are required to inform you that (i) any advice contained herein, including any opinions of counsel referred to herein, is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer, (ii) any such advice is written to support the promotion or marketing of the Bonds and the transactions described herein (or in any such opinion or other advice) and (iii) each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

CERTAIN NEW YORK STATE AND CITY INCOME TAX CONSIDERATIONS

In the opinion of Orrick, Herrington & Sutcliffe LLP, the Bonds will be treated as debt for New York State and City income and franchise tax purposes. The Issuer will agree, and the Bondholders will agree by their purchase of Bonds, to treat the Bonds as debt for all United States federal, state and local income tax purposes, including New York State and City income and franchise tax purposes. No other state and local income tax consequences of the purchase, ownership or disposition of the Bonds are addressed. Accordingly, each investor should consult its own tax advisor regarding the state and local tax consequences of an investment in the Bonds.

ERISA CONSIDERATIONS

Section 406 of ERISA and/or Section 4975 of the Code prohibit a pension, profit-sharing or other employee benefit plan, as well as individual retirement accounts and certain types of Keogh Plans subject to either or both of such statutes, or funds or accounts that are deemed to hold assets of plans or accounts subject to Title I of ERISA or Section 4975 of the Code (each a "Benefit Plan"), from engaging in certain transactions with persons that are "parties in interest" under ERISA or "disqualified persons" under Section 4975 of the Code with respect to such Benefit Plan. A violation of these "prohibited transaction" rules may result in an excise tax or other penalties and liabilities under ERISA or Section 4975 of the Code for such persons.

Certain transactions involving the purchase, holding or transfer of the Bonds might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if the assets of the Issuer were deemed to be assets of a Benefit Plan. Under a regulation (the "Plan Assets Regulation") issued by the United States Department of Labor (the "DOL"), as modified by Section 3(42) of ERISA, the assets of the Issuer would be treated as plan assets of a Benefit Plan for the purposes of Title I of ERISA and Section 4975 of the Code only if the Benefit Plan acquires an "equity interest" in the Issuer and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. The Issuer

believes that the Class A Bonds should be treated as indebtedness without substantial equity features for purposes of the Plan Assets Regulation. However, without regard to whether the Bonds are treated as an equity interest for such purposes, the acquisition or holding of Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Issuer, the Owner Trustee, the Servicer, the City or the Indenture Trustee, or any of their respective affiliates, is or becomes a party in interest or a disqualified person with respect to such Benefit Plan. In such case, certain exemptions from the prohibited transaction rules could be applicable, depending on the type and circumstances of the plan fiduciary making the decision to acquire a Bond. Included among these exemptions are: DOL Prohibited Transaction Class Exemption (“PTCE”) 84-14, regarding transactions effected by independent “qualified professional asset managers”; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 91-38 regarding investments by bank collective investment funds; PTCE 95-60, regarding investments by insurance company general accounts; and PTCE 96-23 regarding transactions effected by certain “in-house asset managers.” Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code also provide an exemption for transactions between Benefit Plans and certain service providers to such Benefit Plans, but only if such service providers are not fiduciaries (or affiliates thereof) with respect to the plan assets involved in the transaction and transaction is for “adequate consideration.”

ERISA also imposes certain duties on persons who are fiduciaries of Benefit Plans subject to Title I of ERISA, including the requirements of investment prudence and diversification, and the requirement that such a Benefit Plan’s investments be made in accordance with the documents governing the Benefit Plan. Under ERISA, any person who exercises any authority or control respecting the management or disposition of the assets of a Benefit Plan is considered to be a fiduciary of such Benefit Plan.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA) are not subject to the requirements under Section 406 of ERISA, but may be subject to similar requirements under applicable federal or state law.

A plan fiduciary considering the purchase of Bonds should consult its tax and/or legal advisors regarding whether the assets of the Issuer would be considered plan assets, the possibility of exemptive relief from the prohibited transaction rules and other issues and their potential consequences.

The summary of ERISA considerations contained herein was written to support the promotion and marketing of the Bonds, and was not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding any U.S. federal tax penalties that may be imposed. Each taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

RATINGS

It is a condition to the issuance of the Bonds that they be rated as set forth under “Summary of Terms—Ratings” by the Rating Agencies. These ratings take into consideration the nature and value of the Collateral, the structural and legal aspects of the Bonds and the Issuer, and the extent to which the payment streams from the Collateral are adequate to make the required Bond payments. The ratings on the Bonds do not address any reinvestment or extension risks resulting from a faster or slower rate of redemption or liquidation of Tax Liens or the sale of Tax Liens or the speed of foreclosure and liquidation of REO Properties. Such risks will be borne by Bondholders. See “Risk Factors—Uncertainty of Cash Flows and Average Life of the Bonds.” A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. Each security rating should be evaluated independently of any other security rating.

The Issuer has not requested a rating of the Bonds by any rating agency other than Moody’s and S&P; there can be no assurance, however, as to whether any other rating organization will rate the Bonds or, if it does, what rating would be assigned by such other rating organization. The rating assigned by such other rating organization to the Bonds could be lower than the ratings assigned by Moody’s and S&P.

LEGAL INVESTMENT CONSIDERATIONS

The appropriate characterization of the Bonds under various legal investment restrictions, and thus the ability of investors subject to these restrictions to purchase Bonds, is subject to significant interpretive uncertainties. Accordingly, investors whose investment authority is subject to legal restrictions should consult their own legal advisors to determine whether and to what extent the Bonds constitute legal investments for them.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the Bond Purchase Agreement, dated July 29, 2010 (the “Bond Purchase Agreement”), among the Issuer, the City and the Initial Purchaser identified on the cover of this Memorandum (the “Initial Purchaser”), the Issuer has agreed to sell to the Initial Purchaser, and the Initial Purchaser has agreed to purchase from the Issuer, all of the Bonds.

In the Bond Purchase Agreement, subject to the conditions therein, the Initial Purchaser has agreed to purchase the Bonds and resell them as described herein from time to time in negotiated transactions or otherwise at varying prices to be determined at the time of sale. The Bond Purchase Agreement provides that the obligations of the Initial Purchaser to pay for and accept delivery of the Bonds are subject to certain conditions, including delivery of legal opinions by their counsel and certain other conditions.

The Bonds have not been registered under the Securities Act and may not be offered or sold except pursuant to an exemption from the registration requirements of the Securities Act and in accordance with all applicable laws of the states of the United States. The Issuer has been advised by the Initial Purchaser that it is the intention of the Initial Purchaser to resell the Bonds to a limited number of Qualified Institutional Buyers, Institutional Accredited Investors and Qualified Non-U.S. Persons. See “Notice to Investors.”

Xspand, one of the Servicers, is an affiliate of the Initial Purchaser.

LEGAL MATTERS

The validity of the Bonds and certain Federal income tax matters will be passed upon for the Issuer and the City by Orrick, Herrington & Sutcliffe LLP. Certain legal matters relating to the Issuer will be passed upon for the Issuer by Stevens & Lee, P.C., Wilmington, Delaware. Certain legal matters will be passed upon for the Initial Purchaser by K&L Gates LLP.

INDEX OF SIGNIFICANT TERMS

Term	Page	Term	Page
2010-A Trust	3	Interest Reserve Fund.....	10
Adjusted Redemptive Value	9	Interest Reserve Requirement	10
Administrative Code	13	Interest Shortfall.....	7
Applicable Percentage.....	15	Issuer.....	3
Article 7 Tax Liens	14	Issuer Lockbox.....	12
Asset Plans	23	JPMorgan Chase	3
Available Amount.....	5	Lien Administration Expenses	11
Bankruptcy Code	22	Lien-to-Value Ratio (LTV).....	15
Bankruptcy Court.....	41	Moody's	1
Bankruptcy Tax Liens	22	MTAG.....	3
Beneficial Owner	75	Non-Residential Property.....	25
Bond Account	12	Owner Trust Agreement.....	3
Bond Purchase Agreement.....	102	Owner Trustee.....	3
Bondholders	1	Paying Agent and Custody Agreement	10
Bonds	1	Payment Date.....	5
Book-Entry Bond.....	75	Pledged Funds and Accounts	10
City	3	Property	9
Clearstream	75	Property Owner	9
Code.....	16	Purchase Agreement	13
Collateral.....	8	Qualified Institutional Buyer	1
Collateral Agent and Custodian	3	Qualified Non-U.S. Person	1
Collection Period	6	Rating Agency	1
Collections	5	Realized Loss.....	8
CPLR	38	Record Date	5
Defective Tax Lien	87	Redemptive Value.....	9
Defective Tax Lien Deposit Amount	15	REO Lockbox	9
Definitive Bond.....	75	REO Properties	9
Deleted Tax Lien.....	87	Responsible Purchaser	94
DEP	34	S&P.....	1
Determination Date	6	Sale Date	4
DTC	75	Second Purchase Agreement.....	13
Eligible Account	82	Second Sale Date	4
Eligible Charge-Offs	91	Second Sale Tax Liens.....	4
Eligible Investments.....	82	Securities Act.....	1
Eligible Substitute Tax Lien	87	Servicer	3
ERISA	16	Servicer Ombudsman.....	90
Euroclear.....	75	Servicing Agreement	15
Event of Default.....	83	Servicing Fees.....	16
Finance Department	31	Stated Maturity.....	4
First Closing Date	4	Subsequent Taxes and Assessments.....	26
First Purchase Agreement	13	Substitution Amount	15
First Sale Date.....	4	Substitution Date.....	14
First Sale Tax Liens	4	Tax Class.....	31
Gross REO Proceeds.....	9	Tax Lien	8
Identified Bankruptcy Tax Liens	43	Tax Lien Principal Balance.....	9
Indenture	3	Tax Liens	4
Indenture Trustee	3	Trust Estate	8
Initial Purchaser	102	Trustee Advance Rate	8
Initial Tax Lien Principal Balance	9	Trustee Advances.....	7
Initial Working Capital Reserve Fund	10	Water Board	34
Initial Working Capital Reserve Requirement.....	10	Working Capital Reserve Fund.....	11
Institutional Accredited Investor.....	1	Working Capital Reserve Requirement.....	11
Interest Accrual Period.....	5	Xspand	3

(This page was left blank intentionally.)

ECONOMIC AND DEMOGRAPHIC INFORMATION

This section presents information regarding certain economic and demographic information about the City. All information is presented on a calendar year basis unless otherwise indicated. The data set forth are the latest available but, in many cases, do not reflect the economic downturn that has impacted the City commencing in 2007. Sources of information are indicated in the text or immediately following the tables. Although the City considers the sources to be reliable, the City has made no independent verification of the information provided by non-City sources and does not warrant its accuracy.

New York City Economy

The City has a diversified economic base, with a substantial volume of business activity in the service, wholesale and retail trade and manufacturing industries and is the location of many securities, banking, law, accounting, new media and advertising firms.

The City is a major seaport and focal point for international business. Many of the major corporations headquartered in the City are multinational in scope and have extensive foreign operations. Numerous foreign-owned companies in the United States are also headquartered in the City. These firms, which have increased substantially in number over the past decade, are found in all sectors of the City's economy, but are concentrated in trade, professional and business services, tourism and finance. The City is the location of the headquarters of the United Nations, and several affiliated organizations maintain their principal offices in the City. A large diplomatic community exists in the City to staff the missions to the United Nations and the foreign consulates. No single assessed property in the City accounts for more than .5% of the City's real property tax revenue.

Economic activity in the City has experienced periods of growth and recession and can be expected to experience periods of growth and recession in the future. The City experienced a recession in the early 1970s through the middle of that decade, followed by a period of expansion in the late 1970s through the late 1980s. The City fell into recession again in the early 1990s which was followed by an expansion that lasted until 2001. The economic slowdown that began in 2001 as a result of the September 11 attack, a national economic recession, and a downturn in the securities industry came to an end in 2003. Subsequently, Wall Street activity, tourism, and the real estate market drove a broad based economic recovery. The Financial Plan assumes that a decrease in economic activity which began in the second half of calendar year 2007 persisted through the first half of 2010 and that a gradual pickup in economic activity will occur in the second half of 2010 and in 2011.

Personal Income

Total personal income for City residents, unadjusted for the effects of inflation and the differential in living costs, increased from 1998 to 2008 (the most recent year for which City personal income data are available). From 1998 to 2008, personal income in the City averaged 5.3% growth, while personal income in the nation averaged 5.2% growth. After increasing by 8.9% in 2007, total personal income increased by 3.0% in 2008. The following table sets forth information regarding personal income in the City from 1998 to 2008.

PERSONAL INCOME(1)

<u>Year</u>	<u>Total NYC Personal Income (\$ billions)</u>	<u>Per Capita Personal Income NYC</u>	<u>Per Capita Personal Income U.S.</u>	<u>NYC as a Percent of U.S.</u>
1998	\$260.5	\$33,146	\$27,258	121.6%
1999	273.6	34,422	28,333	121.5
2000	293.2	36,576	30,318	120.6
2001	298.9	37,076	31,145	119.0
2002	299.7	37,035	31,462	117.7
2003	305.8	37,627	32,271	116.6
2004	327.7	40,105	33,881	118.4
2005	351.8	42,826	35,424	120.9
2006	387.0	46,901	37,698	124.4
2007	421.5	50,725	39,392	128.8
2008	434.1	52,013	40,166	129.5

Sources: U.S. Department of Commerce, Bureau of Economic Analysis and the Bureau of the Census.

(1) In current dollars. Personal Income is based on the place of residence and is measured from income which includes wages and salaries, supplements to wages and salaries, proprietors' income, personal dividend income, personal interest income, rental income of persons, and transfer payments.

Employment

The City is a leading center for the banking and securities industry, life insurance, communications, publishing, fashion design and retail fields. From 1989 to 1992, the City lost approximately 9% of its employment base. From 1992 through 2000, the City experienced significant private sector job growth with the addition of approximately 452,600 new private sector jobs (an average annual growth rate of approximately 2.0%). Between 2000 and 2003 the City lost 174,300 private sector jobs. From 2003 through 2008, the City fully recovered those jobs, adding a total of 255,000 private sector jobs. In 2009, the City lost 107,800 private sector jobs.

As of June 2010, total employment in the City was 3,696,100 compared to 3,691,400 in June 2009, an increase of approximately 0.1%.

The table below shows the distribution of employment from 1999 to 2009.

EMPLOYMENT DISTRIBUTION

	Average Annual Employment (in thousands)										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Goods Producing Sectors											
Construction	112	121	122	116	113	112	113	118	127	133	121
Manufacturing	187	177	156	139	127	121	114	106	101	96	83
Service Producing Sectors											
Trade Transportation and Utilities	556	570	557	536	534	539	547	558	570	574	549
Information	173	187	200	177	164	160	163	165	165	167	161
Financial Activities	481	489	474	445	434	435	445	458	468	465	435
Professional and Business Services	553	587	582	550	537	542	556	572	593	605	573
Education and Health Services	604	615	627	646	658	665	679	695	705	719	734
Leisure and Hospitality	244	257	260	255	260	270	277	285	298	310	308
Other Services	142	147	149	150	149	151	153	154	158	161	160
Total Private	3,052	3,149	3,127	3,015	2,975	2,995	3,047	3,111	3,185	3,230	3,122
Government	<u>567</u>	<u>569</u>	<u>562</u>	<u>566</u>	<u>557</u>	<u>554</u>	<u>556</u>	<u>555</u>	<u>559</u>	<u>564</u>	<u>565</u>
Total	3,619	3,718	3,689	3,581	3,531	3,549	3,603	3,667	3,744	3,794	3,687

Note: Totals may not add due to rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics. Data are presented using the North American Industry Classification System ("NAICS").

Sectoral Distribution of Employment and Earnings

In 2008, the City's service producing sectors provided approximately 3.0 million jobs and accounted for approximately 79% of total employment. Figures on the sectoral distribution of employment in the City from 1980 to 2000 reflect a significant shift to the service producing sectors and a shrinking manufacturing base relative to the nation.

The structural shift to the service producing sectors affects the total earnings as well as the average wage per employee because employee compensation in certain of those sectors, such as financial activities and professional and business services, tends to be considerably higher than in most other sectors. Moreover, average wage rates in these sectors are significantly higher in the City than in the nation. In the City in 2008, the employment share for the financial activities and professional and business services sectors was approximately 28% while the earnings share for that same sector was approximately 50%. In the nation, those same service producing sectors accounted for only approximately 19% of employment and 25% of earnings in 2008. Due to the earnings distribution in the City, sudden or large shocks in the financial markets may have a disproportionately adverse effect on the City relative to the nation.

The City's and the nation's employment and earnings by sector for 2008 are set forth in the following table.

Sectoral Distribution of Employment and Earnings in 2008(1)

	<u>Employment</u>		<u>Earnings(2)</u>	
	<u>NYC</u>	<u>U.S.</u>	<u>NYC</u>	<u>U.S.</u>
Goods Producing Sectors				
Mining	0.0%	0.6%	0.2%	1.2%
Construction	3.5	5.2	3.0	6.2
Manufacturing	<u>2.5</u>	<u>9.8</u>	<u>1.9</u>	<u>11.0</u>
Total Goods Producing	6.0	15.6	5.1	18.3
Service Producing Sectors				
Trade, Transportation and Utilities	15.1	19.2	8.4	15.9
Information	4.4	2.2	7.1	3.4
Financial Activities	12.3	6.0	30.2	9.3
Professional and Business Services	16.0	13.0	19.9	16.1
Education and Health Services	19.0	13.8	10.4	11.6
Leisure & Hospitality	8.2	9.8	4.4	4.2
Other Services	<u>4.2</u>	<u>4.0</u>	<u>3.0</u>	<u>3.8</u>
Total Service Producing	79.1	68.0	83.5	64.3
Total Private Sector	85.1	83.5	89.8	82.9
Government(3)	14.9	16.5	10.2	17.1

Note: Data may not add due to rounding or restrictions on reporting earnings data. Data are presented using NAICS.

Sources: The two primary sources are the U.S. Department of Labor, Bureau of Labor Statistics and the U.S. Department of Commerce, Bureau of Economic Analysis.

(1) The sectoral distributions are obtained by dividing each industry's employment or earnings by total non-agricultural employment or earnings.

(2) Includes the sum of wage and salary disbursements, other labor income and proprietor's income. The latest information available is 2008 data.

(3) Excludes military establishments.

The comparison of employment and earnings in 1980 and 2000 set forth below is presented using the industry classification system which was in use until the adoption of NAICS in the late 1990's. Though NAICS has been implemented for most government industry statistical reporting, most historical earnings data have not been converted. Furthermore, it is not possible to compare data from the two classification systems except in the general categorization of government, private and total employment. The table below reflects the overall increase in the service producing sectors and the declining manufacturing base in the City from 1980 to 2000.

The City's and the nation's employment and earnings by industry are set forth in the following table.

SECTORAL DISTRIBUTION OF EMPLOYMENT AND EARNINGS(1)

	Employment				Earnings(2)			
	<u>1980</u>	<u>U.S.</u>	<u>2000</u>	<u>U.S.</u>	<u>1980</u>	<u>U.S.</u>	<u>2000</u>	<u>U.S.</u>
Private Sector:								
Non-Manufacturing:								
Services	27.0%	19.8%	39.1%	30.7%	26.0%	18.4%	30.2%	28.7%
Wholesale and Retail Trade	18.6	22.5	16.8	23.0	15.1	16.6	9.3	14.9
Finance, Insurance and Real Estate	13.6	5.7	13.2	5.7	17.6	5.9	35.5	10.0
Transportation and Public Utilities	7.8	5.7	5.7	5.3	10.1	7.6	5.2	6.8
Contract Construction	2.3	4.8	3.3	5.1	2.6	6.3	2.9	5.9
Mining	<u>0.0</u>	<u>1.1</u>	<u>0.0</u>	<u>0.4</u>	<u>0.4</u>	<u>2.1</u>	<u>0.1</u>	<u>1.0</u>
Total Non-Manufacturing	69.3	59.6	78.1	70.3	71.8	56.9	83.2	67.3
Manufacturing:								
Durable	4.4	13.4	1.6	8.4	3.7	15.9	1.3	10.5
Non-Durable	<u>10.6</u>	<u>9.0</u>	<u>4.9</u>	<u>5.6</u>	<u>9.5</u>	<u>8.9</u>	<u>4.8</u>	<u>6.1</u>
Total Manufacturing	<u>15.0</u>	<u>22.4</u>	<u>6.5</u>	<u>14.0</u>	<u>13.2</u>	<u>24.8</u>	<u>6.1</u>	<u>16.6</u>
Total Private Sector	84.3	82.0	84.7	84.3	85.2	82.1	89.8	84.6
Government(3)	15.7	18.0	15.3	15.7	14.8	17.9	10.3	15.4

Note: Totals may not add due to rounding. Data are presented using the Standard Industrial Classification System ("SICS").
Sources: The two primary sources of employment and earnings information are U.S. Dept. of Labor, Bureau of Labor Statistics, and U.S. Department of Commerce, Bureau of Economic Analysis.

- (1) The sectoral distributions are obtained by dividing each industry's employment or earnings by total non-agricultural employment or earnings.
- (2) Includes the sum of wage and salary disbursements, other labor income, and proprietors' income. The latest information available for the City is 2000 data.
- (3) Excludes military establishments.

Unemployment

As of June 2010, the total unemployment rate in the City was 9.5%, compared to 9.6% in June 2009, based on data provided by the New York State Department of Labor, which is not seasonally adjusted. The annual unemployment rate of the City's resident labor force is shown in the following table.

ANNUAL UNEMPLOYMENT RATE(1)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
New York City	6.9%	5.8%	6.1%	8.0%	8.3%	7.1%	5.8%	5.0%	4.9%	5.4%	9.5%
United States	4.2%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%	4.6%	5.8%	9.3%

Source: U.S. Department of Labor, BLS.

- (1) Percentage of civilian labor force unemployed; excludes those persons unable to work and discouraged workers (i.e., persons not actively seeking work because they believe no suitable work is available).

Public Assistance

As of June 2010, the number of persons receiving cash assistance in the City was 346,321 compared to 346,106 in June 2009. The following table sets forth the number of persons receiving public assistance in the City.

PUBLIC ASSISTANCE										
(Annual Averages in Thousands)										
1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
668.2	573.0	492.8	434.0	424.7	434.8	416.9	393.1	360.8	341.8	346.9

Taxable Sales

The City is a major retail trade market with the greatest volume of retail sales of any city in the nation. The sales tax is levied on a variety of economic activities including retail sales, utility and communication sales, services and manufacturing. Between 1998 and 2008, total taxable sales volume grew steadily with a growth rate averaging over 3.5%. The following table illustrates the volume of sales and purchases subject to the sales tax from 1998 to 2008.

TAXABLE SALES AND PURCHASES SUBJECT TO SALES TAX						
(In Billions)						
Year(1)	Retail(2)	Utility & Communication Sales(3)	Services(4)	Manufacturing	Other(5)	All Total
1998	\$33.4	\$ 9.8	\$14.8	\$4.2	\$ 9.7	\$ 71.9
1999	35.0	9.6	16.1	4.2	9.6	74.5
2000(6)	29.9	9.8	19.4	2.1	15.4	76.6
2001(6)	25.1	11.3	21.4	2.2	19.0	79.1
2002(6)	25.6	11.9	20.7	2.0	15.2	75.5
2003(6)	26.1	11.4	21.0	1.9	14.8	75.2
2004(6)	32.3	11.6	21.7	1.9	14.8	82.3
2005(6)	36.5	12.0	24.1	2.1	16.2	90.9
2006(6)	35.9	13.2	26.3	2.2	17.9	95.5
2007(6)	33.4	12.8	28.1	2.4	19.4	96.1
2008(6)	33.1	13.5	31.0	2.6	21.6	101.8

Source: State Department of Taxation and Finance publication "Taxable Sales and Purchases, County and Industry Data."

- (1) For 1998 through 1999, the yearly data is for the period from September 1 of the year prior to the listed year through August 31 of the listed year. For 2000 through 2007 the yearly data is for the period from March 1 of the year prior to the listed year through the last day of February of the listed year.
- (2) Retail sales include building materials, general merchandise, food, auto dealers/gas stations, apparel, furniture, eating and drinking and miscellaneous retail.
- (3) Utility and Communication sales include electric and gas and communication.
- (4) Services include business services, hotels, personal services, auto repair and other services.
- (5) Other sales include construction, wholesale trade and others. Beginning in 2000, Other sales also includes arts, entertainment and recreation.
- (6) Prior to 2000, the sectors were classified according to SICs. Beginning in 2000, the sectors are classified according to NAICS. The definitions of certain categories have changed.

Population

The City has been the most populous city in the United States since 1790. The City's population is larger than the combined population of Los Angeles and Chicago, the next most populous cities in the nation.

POPULATION

<u>Year</u>	<u>Total Population</u>
1970	7,895,563
1980	7,071,639
1990	7,322,564
2000	8,008,278
2009	8,391,881 ⁽¹⁾

Note: Figures do not include an undetermined number of undocumented aliens.

Source: U.S. Department of Commerce, Bureau of the Census.

⁽¹⁾ Estimate.

The following table sets forth the distribution of the City's population by age between 1990 and 2000.

DISTRIBUTION OF POPULATION BY AGE

<u>Age</u>	<u>1990</u>		<u>2000</u>	
		<u>% of Total</u>		<u>% of Total</u>
Under 5	509,740	7.0	540,878	6.8
5 to 14	907,549	12.4	1,091,931	13.6
15 to 19	470,786	6.4	520,641	6.5
20 to 24	576,581	7.9	589,831	7.4
25 to 34	1,369,510	18.7	1,368,021	17.1
35 to 44	1,116,610	15.2	1,263,280	15.8
45 to 54	773,842	10.6	1,012,385	12.6
55 to 64	644,729	8.8	683,454	8.5
65 and Over	953,317	13.0	937,857	11.7

Source: U.S. Department of Commerce, Bureau of the Census.

Housing

In 2008, the housing stock in the City consisted of approximately 3,328,395 housing units, excluding certain special types of units primarily in institutions such as hospitals and universities ("Housing Units") according to the 2008 Housing and Vacancy Survey released June 30, 2009. The 2008 housing inventory represented an increase of approximately 68,000 units, or 2.1%, since 2005. The 2008 Housing and Vacancy Survey indicates that rental housing units predominate in the City. Of all occupied housing units in 2008, approximately 31.4% were conventional home-ownership units, cooperatives or condominiums and approximately 64.4% were rental units. Due to the difference in the inventory basis for the 2002, 2005 and 2008 Housing and Vacancy Surveys, respectively, and previous Housing and Vacancy Surveys, it is not possible to accurately compare 2002, 2005 and 2008 results to the results of earlier Surveys until such time as the data is reweighted. The following table presents trends in the housing inventory in the City.

HOUSING INVENTORY
(In Thousands)

Ownership/Occupancy Status	1984	1987	1991	1993	1996	1999	2002	2005	2008
Total Housing Units	2,803	2,840	2,981	2,977	2,995	3,039	3,209	3,261	3,328
Owner Units	807	837	858	825	858	932	997	1,032	1,046
Owner-Occupied	795	817	829	805	834	915	982	1,010	1,019
Vacant for Sale	12	19	29	20	24	17	15	21	26
Rental Units	1,940	1,932	2,028	2,040	2,027	2,018	2,085	2,092	2,144
Renter-Occupied	1,901	1,884	1,952	1,970	1,946	1,953	2,024	2,027	2,082
Vacant for Rent	40	47	77	70	81	64	61	65	62
Vacant Not Available for Sale or Rent(1) . .	56	72	94	111	110	89	127	137	138

Note: Details may not add up to totals due to rounding.

Sources: U.S. Bureau of the Census, 1984, 1987, 1991, 1993, 1996, 1999, 2002, 2005 and 2008 New York City Housing and Vacancy Surveys.

(1) Vacant units that are dilapidated, intended for seasonal use, held for occasional use, held for maintenance purposes or other reasons.

NYCTL 2010-A Trust, as Issuer
Wilmington, Delaware

APPENDIX B

The City of New York, as Owner
New York, New York

The Bank of New York Mellon, as Indenture Trustee
New York, New York

J.P. Morgan Securities Inc., as Initial Purchaser
New York, New York

Re: Proposed Transfer of \$[amount] NYCTL 2010-A Trust, Tax Lien Collateralized Bonds, Series 2010-A, Class A

Ladies and Gentlemen:

In connection with our proposed purchase of the above-referenced Class A Bonds (the “Bonds”), issued pursuant to the Indenture, dated as of August 5, 2010 (the “Indenture”), among NYCTL 2010-A Trust, as Issuer (the “Issuer”), The Bank of New York Mellon, as Indenture Trustee, MTAG Services, LLC, as Servicer, and Plymouth Park Tax Services LLC, as Servicer, we hereby represent and warrant to you that:

(1) We are purchasing the Bonds for our own account or an account with respect to which we exercise sole investment discretion, for investment purposes only and not with a view to or for sale in connection with any distribution thereof in any manner that would violate the Securities Act or any applicable state securities laws, and that we or the holder of such account either (A) (i) is a “qualified institutional buyer” within the meaning of Rule 144A (a “Qualified Institutional Buyer”), (ii) is aware that the sale of the Bonds to it is being made in reliance on Rule 144A, and (iii) is acquiring such Bonds for its own account or for the account of a Qualified Institutional Buyer, (B) is an institutional “accredited investor” within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act (an “Institutional Accredited Investor”) or (C) is a foreign purchaser (a “Qualified Non-U.S. Person”) that is outside the United States (or a foreign purchaser that is a dealer or other professional fiduciary in the United States acting on a discretionary basis for foreign beneficial owners (other than an estate or trust)).

(2) We acknowledge that the Bonds may not be offered or sold within the United States or to, or for the benefit of, U.S. Persons except as set forth below.

(3) We understand that the Bonds have not been and will not be registered under the Securities Act or any applicable securities laws of any state of the United States and may not be offered, sold, pledged or otherwise transferred except (A)(i) to a person who we reasonably believe is a Qualified Institutional Buyer purchasing for its own account or the account of a Qualified Institutional Buyer in a transaction meeting the requirements of Rule 144A, (ii) to an Institutional Accredited Investor in accordance with the provisions of the Indenture, (iii) to a Qualified Non-U.S. Person in compliance with Rule 904 under the Securities Act, (iv) pursuant to an exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) to the Issuer and (B) in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction, and that the Bonds will bear a legend to the foregoing effect.

(4) We agree that we will give each subsequent investor to which we transfer any Bonds notice of any restrictions on transfer of the Bonds. We further agree that we will not sell or otherwise transfer any of the Bonds except in compliance with the provisions hereof and of the Indenture. We have not and will not, nor have we or will we authorize any person to, take any action that would constitute a “distribution” of the Bonds under the Securities Act or any state securities law, or that would require registration or qualification pursuant thereto.

We understand that any capitalized terms used but not defined in this letter have the respective meanings assigned to them in the Indenture.

Very truly yours,
[Name of Transferee]

By: _____

Name:
Title:

(This page was left blank intentionally.)

\$73,428,000
(Approximate)

NYCTL 2010-A TRUST
Tax Lien Collateralized Bonds, Series 2010-A

PRIVATE PLACEMENT MEMORANDUM

J.P.Morgan

July 29, 2010
