

Citibank, N.A.  
333 West 34th Street, 2nd Floor  
New York, NY 10001



December 15, 2004

Transaction

New York State Urban Development Corporation  
633 Third Avenue  
New York, NY 10017  
Attention: Chief Financial Officer

Ladies and Gentlemen:

The purpose of this letter agreement is to confirm the terms and conditions of the transaction (the "Transaction") entered into between Citibank, N.A., New York. ("Party A") and New York State Urban Development Corporation ("Party B") on the Trade Date specified below.

The definitions and provisions contained in the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., the "Definitions") are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

1. This Confirmation shall supplement, form a part of, and be subject to, the Master Agreement, dated as of December 15, 2004, between Party A and Party B (including the Schedule thereto, the "Master Agreement"). All provisions contained in the Agreement will govern this Confirmation except as expressly modified below.

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

Notional Amount: USD 7,626,250, reducing on the dates and in the amounts set forth in Annex I hereto.

Trade Date: December 15, 2004

Effective Date: December 22, 2004

Termination Date: December 15, 2014

FIXED AMOUNTS:

Fixed Rate Payer: Party A

Fixed Rate Payer Payment Dates: Semiannually, on each June 15 and December 15, commencing on June 15, 2005 and terminating on the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.

Fixed Rate Payer Period End Dates: Semiannually, on each June 15 and December 15, commencing on June 15, 2005 and terminating on the Termination Date. No Adjustment shall apply to Period End Dates.

Fixed Rate: 2.856%

Fixed Rate Day Count Fraction: 30/360

FLOATING AMOUNTS:

Floating Rate Payer: Party B

Floating Rate Payer Payment Dates: Semiannually, on each June 15 and December 15, commencing on June 15, 2005 and terminating on the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.

Floating Rate Payer Period End Dates: Semiannually, on each June 15 and December 15, commencing on June 15, 2005 and terminating on the Termination Date. No Adjustment shall apply to Period End Dates.

Floating Rate Option: USD-BMA Municipal Swap Index

Floating Rate Spread: None

Floating Rate Day Count Fraction: Actual/Actual

Reset Dates: Weekly, every Thursday (or any other day specified by The Bond Market Association), or if any Thursday is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day.

Method of Averaging: Weighted

Compounding: Inapplicable

Business Days: New York

3. **Issuance of Bonds.** Notwithstanding anything contained herein or in the Agreement to the contrary, the parties shall have no rights or obligations with respect to this Transaction, and the representations of the parties contained herein (other than the representation being made in the following sentence) and in the Agreement, including but not limited to Section 4(d) of the Agreement, shall not be deemed to be made until the New York State Urban Development Corporation State Personal Income Tax Revenue Bonds (Economic Development and Housing), Series 2004B-2 (the "Bonds") have been duly issued by Party B and in the event that the Bonds are not issued on or prior to the Effective Date, this Transaction shall automatically terminate and shall be of no further force or effect and the parties shall have no further obligations hereunder. Party B represents and warrants that it intends and expects to issue the Bonds and acknowledges that Party A is entering into this Transaction in reliance upon such representation.

4. Account Details.

Payments to Party A: Citibank, N.A., New York  
ABA # 021000089

Account No. 00167679  
Reference: MS00648

Payments to Party B:

Bank of New York  
ABA # 021 000 018  
Account No. 27 13 12  
For the Account of: Series 2004 B-2 Swap Receipts Account -a/c  
number 283044

If you have any questions regarding this letter agreement, please contact the Swap Operations Department in New York at 212-615-8606.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us or by sending to us a letter substantially similar to this letter, which letter sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms.

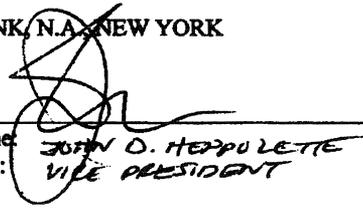
Yours sincerely,

CITIBANK, N.A. NEW YORK

By: \_\_\_\_\_

Name:

Title:

  
JOHN D. HEPPOLETTE  
VICE PRESIDENT

Confirmed as of the  
date first above written:

New York State Urban Development Corporation

By: \_\_\_\_\_

Name:

Title:

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us or by sending to us a letter substantially similar to this letter, which letter sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms.

Yours sincerely,

CITIBANK, N.A., NEW YORK

By: \_\_\_\_\_  
Name:  
Title:

Confirmed as of the  
date first above written:

New York State Urban Development Corporation

By:  \_\_\_\_\_  
Name:  
Title:

ANNEX I  
to Confirmation, dated as of December 15, 2004  
between Citibank, N.A., New York  
and New York State Urban Development Corporation

From and including:	To but excluding:	Notional Amount (USD):	Notional Amount Reduction (USD):
Effective Date	12/15/2005	7,626,250	1,068,750
12/15/2005	12/15/2006	6,557,500	1,280,000
12/15/2006	12/15/2007	5,277,500	1,328,750
12/15/2007	12/15/2008	3,948,750	1,393,750
12/15/2008	12/15/2009	2,555,000	1,441,250
12/15/2009	12/15/2010	1,113,750	208,750
12/15/2010	12/15/2011	905,000	215,000
12/15/2011	12/15/2012	690,000	221,250
12/15/2012	12/15/2013	468,750	228,750
12/15/2013	Termination Date	240,000	240,000