
GUARANTEE AGREEMENT

FROM

NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION

TO

THE BANK OF NEW YORK MELLON,
AS TRUSTEE WITH RESPECT TO

RESIDENTIAL ENERGY EFFICIENCY FINANCING REVENUE BONDS, SERIES 2013A
(FEDERALLY TAXABLE)

DATED AS OF August 1, 2013

GUARANTEE AGREEMENT

(This Table of Contents is not a part of this Guarantee Agreement
and is only for convenience of reference)

TABLE OF CONTENTS

		<u>Page</u>
Section 1.	Guaranteed Payments; Limited Source of Payment Under this Guarantee Agreement	1
Section 2.	Continuing Obligations	3
Section 3.	Guarantee of Payment; Notice and Demand by Trustee.....	3
Section 4.	Obligations Unconditional	4
Section 5.	Waivers Generally; No Set-Off; Waiver of Notice.....	4
Section 6.	Waiver Limited	5
Section 7.	Covenants and Representations	5
Section 8.	Events of Default; Remedies	6
Section 9.	Successors and Assigns; Enforcement of Remedies.....	6
Section 10.	Subrogation	7
Section 11.	Amendment of Guarantee	7
Section 12.	Notices	7
Section 13.	Authentication.....	7
Section 14.	Representations of Guarantor	7
Section 15.	Miscellaneous	8
Exhibit A	Residential Energy Efficiency Financing Revenue Bonds	A-1
Exhibit B	Notice Address.....	B-1
Exhibit C	Notice and Demand Certificate.....	C-1

This GUARANTEE AGREEMENT (this “Guarantee” or this “Guarantee Agreement”), made and dated as of August 1, 2013 from NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION, a body corporate and politic constituting a public benefit corporation of the State of New York (the “Guarantor”), to and for the benefit of THE BANK OF NEW YORK MELLON, as Trustee under the hereinafter defined Indenture (in such capacity, together with any successor in such capacity, herein called the “Trustee”):

WITNESSETH

WHEREAS, the Guarantor is authorized under the New York State Environmental Facilities Corporation Act, constituting Title 12 of Article 5 of the Public Authorities Law and Chapter 43-A of the Consolidated Laws of the State of New York Chapter 565 of the Laws of New York of 1989, as amended, and Title 2 of Article 56 of the Environmental Conservation Law of New York, as amended (collectively, the “Authorizing Acts”), to guaranty municipal obligations issued to finance certain projects where such action would improve credit market access for or reduce interest rates on such municipal obligations; and

WHEREAS, the New York State Energy Research and Development Authority (the “Authority”) is as of the date hereof issuing \$24,300,000 aggregate principal amount of its Residential Energy Efficiency Financing Revenue Bonds, Series 2013A (Federally Taxable) (the “Bonds”) under and pursuant to an Indenture of Trust dated as of August 1, 2013 between the Authority and the Trustee, as supplemented by the First Supplemental Series Indenture of Trust, dated as of August 1, 2013, between the Authority and the Trustee (said Indenture as so supplemented, the “Indenture”); and

WHEREAS, this Guarantee Agreement is issued pursuant to, and secured by, a Financing Indenture of Trust, dated as of June 1, 2010, as supplemented by a Seventh Supplemental Series Indenture of Trust, dated August 1, 2013, by and between the Guarantor and Manufacturers and Traders Trust Company, as trustee thereunder (collectively, the “2010 MFI”); and

WHEREAS, pursuant to the Authorizing Acts, the Guarantor hereby delivers this Guarantee Agreement to the Trustee, for the benefit of the owners from time to time of the Bonds;

NOW, THEREFORE, in consideration of the foregoing and as an inducement to the initial and any future owner of the Bonds to purchase the Bonds, the Guarantor agrees with the Trustee for the benefit of the owners from time to time of the Bonds as follows:

Section 1. Guaranteed Payments; Limited Source of Payment under this Guarantee Agreement. (a) The Guarantor hereby irrevocably and unconditionally guarantees to the Trustee for the benefit of the owners from time to time of the Bonds, the full and timely payment of (i) all scheduled payments of principal of and interest on the Bonds (including payments of principal and interest by reason of mandatory sinking fund redemption) when and as the same shall become due in accordance with their terms and as described in **Exhibit A** hereto, and (ii) payment of principal of, interest on and redemption premium, if any, on the Bonds by reason of optional redemption of the Bonds when such optional redemption is consented to in writing by the Guarantor pursuant to the Indenture. Such guaranteed payments are hereinafter collectively referred to as the “Guaranteed

Payments.” Guaranteed Payments shall not include any additional amounts owed by the Authority solely as a result of (x) the failure by the Authority to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Authority by reason of such failure, or (y) any acceleration of the Bonds. As used herein, the term “owner” shall mean the registered owner of any Bond as indicated in the books maintained by the Trustee, the Authority or any designee of the Authority for such purpose. The term owner shall not include the Authority or any party whose agreement with the Authority constitutes the underlying security for the Bonds.

(b) This Guarantee shall constitute a “Guarantee” as defined in and for all purposes of the 2010 MFI. Notwithstanding anything in this Guarantee Agreement to the contrary, the obligations of the Guarantor under this Guarantee Agreement shall be payable solely from the following sources (collectively, the “Specified Guarantee Sources”): (i) any Guarantee Support Payments (as defined in the 2010 MFI) available therefore in accordance with the 2010 MFI; (ii) any Available De-Allocated Reserve Account Release Payments (as defined in the 2010 MFI) available therefor in accordance with the 2010 MFI; and (iii) any other amounts available for the payment of this Guarantee Agreement as a Subordinated 2010 MFI Obligation (as defined in the 2010 MFI). The Guarantor may from time to time determine the order of priority of the use of the Specified Guarantee Sources, subject to the obligation of the Guarantor to satisfy its obligation under the Guarantee with moneys which are available from such sources on a timely basis. In the case of Specified Guarantee Sources described in clause (i) and (ii) above, Guaranteed Payments shall be paid first from the moneys held within the Clean Water SRF (as defined in the 2010 MFI) to the extent sufficient moneys are available therein and then from moneys held in the Drinking Water SRF (as defined in the 2010 MFI). This Guarantee shall constitute a Subordinated 2010 MFI Obligation for all purposes of the 2010 MFI.

(c) No covenant or agreement contained in this Guarantee or the 2010 MFI shall be deemed to be a covenant or agreement of any director, officer or employee of the Guarantor in such individual’s capacity, and neither the directors of the Guarantor nor any officer thereof executing this Guarantee shall be liable personally on this Guarantee or be subject to any personal liability or accountability by reason of the issuance of this Guarantee. This Guarantee is not a debt of the State of New York and the State of New York shall not be liable thereon.

(d) Nothing in this Guarantee shall be deemed to create a lien on the Specified Guarantee Sources or to restrict or limit the ability of the Guarantor to guarantee any other obligations or to grant any lien on any of the Specified Guarantee Sources for any purpose whatsoever and in any amount either prior to or on a parity with any claim or right of the Trustee with respect to the Guaranteed Payments or apply the Specified Guarantee Sources to any lawful purpose or create any obligation to maintain Specified Guarantee Sources in any particular amount. Without limiting the generality of the foregoing, the Guarantor may issue additional Bonds, Subordinated Bonds or 2010 MFI Obligations (each as defined in the Master Trust Agreement) or any other obligations, without limitation. All rights to payment created hereunder shall be subject to the rights of any holders of any obligations of the Guarantor entitled to the benefit of any lien on the Specified Guarantee Sources, whether existing or hereafter created.

Section 2. Continuing Obligations. This Guarantee shall be a continuing, absolute, irrevocable and unconditional Guarantee and shall remain in full force and effect with respect to each Bond until the entire principal of and interest on such Bond shall have been paid to the Trustee or provided for in accordance with its terms at which time this Guarantee shall terminate and be of no further force and effect. The Guarantor acknowledges and agrees, however, that its obligations hereunder shall apply to and continue with respect to any amount paid to the Trustee with respect to the Guaranteed Payments which is subsequently recovered from the Trustee for any reason whatsoever (including, without limitation, as a result of a bankruptcy, insolvency or fraudulent conveyance proceeding but excluding any amounts so recovered due to any willful misconduct or bad faith on the part of the Trustee) notwithstanding the fact that Bonds may have been previously paid or performed in full or this Guarantee returned, or both.

Section 3. Guarantee of Payment; Notice and Demand by Trustee. This is a guarantee of payment and not of collection, and the Guarantor expressly waives any right to require that any action be brought against the Trustee, the Authority, the owner of any Bond or any other person or to require that resort be had to any security. If there shall occur a default by the Authority to make a payment of the Guaranteed Payments when and as the same become due, the Guarantor, upon written demand by the Trustee as provided herein, without notice other than such demand and without the necessity of further action by the Trustee, its successors or assigns other than as expressly provided in this Section, shall promptly and fully pay such defaulted payment from the Specified Guarantee Sources as provided in Section 1(b) hereof.

Upon receipt of notice in substantially the form attached hereto as Exhibit C given as hereinafter provided by the Guarantor from the Trustee, signed by an Authorized Officer (as hereinafter defined) of the Trustee, that a Guaranteed Payment has not been made after application of all Pledged Revenues and other moneys available for the payment of debt service on Bonds, in accordance with the Indenture, stating that amount of the Guaranteed Payment which has not been made and demanding a payment hereunder, the Guarantor on the due date of such payment or within one Business Day (as defined in the Indenture) after receipt of notice of such nonpayment and demand, whichever is later, will cause the Trustee to make a deposit of funds in the amount hereinafter provided, in an account with the Trustee, in New York, New York, for the payment of any such Guaranteed Payments which are then due. Such notice shall be accompanied by presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the Guaranteed Payments due on the Bonds as are paid by the Guarantor, and appropriate instruments satisfactory in form to the Trustee and the Guarantor to effect the appointment of the Guarantor as agent for such owners of the Bonds in any legal proceeding related to payment of Guaranteed Payments on the Bonds and legally available therefor. As used herein "Authorized Officer" shall mean any person specified as such by the Trustee under the Indenture.

Any such notice shall be presented at the Guarantor's office located at 625 Broadway, Albany, New York 12207-2997, Attention: Comptroller and Chief Financial Officer (or at such other office as the Guarantor may designate by written notice to the Trustee). Presentation of such notice may be made (a) by physical presentation of such notice or (b) by facsimile transmission, or other electronic means as may be acceptable to the Guarantor and Trustee, of such notice received by the

Guarantor at (518) 402-7088 (or at such other number as the Guarantor may designate by written notice to the Trustee) with prior telephone notice to the Guarantor at (518) 402-6924 (or at such other number as the Guarantor may designate by written notice to the Trustee) that such presentation is to be made by facsimile or electronic transmission and with the original executed certificate or certificates to be received by the Guarantor not later than the Guarantor's close of business on the next Business Day, it being understood that payments hereunder shall be made upon receipt by the Guarantor of such facsimile or electronic transmission. Demands for payment hereunder honored by the Guarantor in respect of principal on the Bonds shall not in the aggregate exceed the aggregate principal amount shown on **Exhibit A** hereto.

As and to the extent any amount is paid by the Guarantor to the Trustee hereunder in respect of any Guaranteed Payment, said payment shall fully discharge the obligation of the Guarantor with respect to such Guaranteed Payment.

In case of any Event of Default hereunder, the Guarantor shall pay all reasonable costs and expenses, including reasonable attorneys' fees and expenses, paid or incurred by the Trustee in connection with the enforcement of the collection of the Guaranteed Payments or the obligations of the Guarantor under this Guarantee. All payments by the Guarantor shall be paid in lawful money of the United States of America in immediately available funds. Each default in payment of the principal of or interest on, the Bonds shall give rise to a separate cause of action hereunder and separate suits may be brought hereunder as each cause of action arises.

Section 4. Obligations Unconditional. Subject to the provisions of Section 1(b) hereof, the obligations of the Guarantor hereunder shall be absolute, irrevocable and unconditional and shall not be impaired, modified, released or limited by any occurrence or condition whatsoever (other than payment of the Bonds in accordance with their terms), including without limitation (a) any compromise, settlement, release, waiver, renewal, extension, indulgence, change in, amendment to or modification of any of the obligations and liabilities contained in the Bonds, (b) any impairment, modification, release or limitation of the liability of the Authority, or any other security for or guaranty of the Bonds, or any remedy for the enforcement thereof, resulting from the operation of any present or future provision of the federal bankruptcy laws or other statutes or from the decision of any court relating thereto, or (c) the assertion or exercise by the Trustee of any rights or remedies under this Guarantee or their delay in asserting or exercising, or failure to assert or exercise, any such rights or remedies.

Section 5. Waivers Generally; No Set-Off; Waiver of Notice. (a) The Guarantor waives all defenses of the Authority with respect to the Bonds, including counterclaim, recoupment, set-off, fraud, duress, failure of consideration, breach of any covenants or representations under Section 7 hereof or breach of any other agreements, statute of frauds, statute of limitations, accord and satisfaction, failure to deliver notices, and usury;

(b) No act of commission or omission of any kind or at any time upon the part of the Trustee, with respect to any matter whatsoever shall in any way affect or impair the rights of the Trustee to enforce any right, power or benefit of the Trustee under this Guarantee, and no set-off, claim, counterclaim, reduction, recoupment or diminution of any

obligation or any defense of any kind or nature which the Guarantor has or may have against the Authority or the Trustee or their assignees or successors or any other person shall be available to the Guarantor or against any such assignee or successor in any suit or action brought by the Trustee or its successors or assigns to enforce any right, power or benefit under this Guarantee and all such defenses are hereby expressly waived by the Guarantor;

(c) The Guarantor unconditionally waives notice of any of the matters referred to in Section 4 and, prior to making payment to the Trustee hereunder, any proof of nonpayment by the Authority under the Bonds with respect to any Guaranteed Payments other than a notice and demand of the Trustee stating such nonpayment in accordance with Section 3 hereof;

(d) The Guarantor waives all surety defenses, including, but not limited to: (i) assertions of amendment, waivers of forbearance affecting the Bonds or any collateral supporting the Bonds; (ii) the Authority's disability, bankruptcy or lack of authority to enter into an agreement supporting the Bonds; (iii) incomplete performance of the Bonds; (iv) delay by the Trustee in making a claim; (v) lack of complete disclosure of matters relevant to the Guarantor; and (vii) failure to notify the Guarantor; and

(e) Without limiting the generality of the foregoing clauses of this Section 5, with respect to the Guarantor's obligations to the Trustee hereunder, the Guarantor waives all defenses of the Guarantor with respect to the Bonds, including counterclaim, recoupment, set-off, fraud, duress, failure of consideration, breach of any covenants or representations under Section 7 hereof or breach of any other agreements, statute of frauds, statute of limitations, accord and satisfaction, failure to deliver notices except as expressly required by this Guarantee, and usury.

Section 6. Waiver Limited. Subject to Section 11 hereof, and notwithstanding Section 5 hereof, nothing in this Guarantee shall be construed as a waiver by the Guarantor of any rights or claims it may have against the Authority or the Trustee under this Guarantee or otherwise, but any recovery upon such rights and claims shall be had from the Authority or the Trustee separately, it being the intent of this Guarantee that the Guarantor shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants hereunder for the benefit of the Trustee and the owners and beneficial owners of the Bonds.

Section 7. Covenants and Representations. The Guarantor makes the following covenants and representations as the basis for its undertakings hereunder:

(a) It is duly established and validly existing under the laws of the State of New York, particularly the New York State Environmental Facilities Corporation Act, as amended, being Chapter 744 of the Laws of 1970, as amended, and constituting Title 12 of Article 5 of the Public Authorities Law and Chapter 43 A of the Consolidated Laws of the State of New York, has the power and authority to enter into this Guarantee and to perform its obligations hereunder, and by proper corporate action has duly authorized the execution and delivery of this Guarantee and performance of its obligations hereunder. This Guarantee is the legal, valid and binding obligation of the Guarantor, enforceable against the Guarantor

in accordance with its terms, except as enforceability may be limited by laws relating to bankruptcy, insolvency or similar laws affecting creditors' rights generally and by the availability of equitable remedies (whether considered in an action at law or in equity).

(b) The execution and delivery of this Guarantee and all documents, instruments and certificates relating thereto and the performance of its obligations hereunder do not and will not conflict with, or constitute a breach or result in a violation of, its articles of incorporation or bylaws, or any material agreement or other material instrument to which it is a party or by which it is bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over it or its property, the violation of any of which would have a material adverse effect upon the Guarantor's ability to perform its obligations hereunder.

Section 8. Events of Default; Remedies. Each of the following events shall be an Event of Default hereunder:

(a) Failure of the Guarantor to pay any Guaranteed Payments upon receipt of demand by the Trustee to the Guarantor given in accordance with Section 3.

(b) Failure of the Guarantor to observe or perform any of the other covenants, conditions or agreements hereunder for a period of sixty (60) days after notice, specifying such failure and requesting that it be remedied, given by the Trustee to the Guarantor.

Whenever an Event of Default hereunder shall have happened and be continuing, the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect payments then due or thereafter to become due hereunder or to enforce observance or performance of any covenant, condition or agreement of the Guarantor under this Guarantee.

In case the Trustee shall have proceeded to enforce this Guarantee and such proceedings shall have been discontinued or abandoned for any reason, then and in every such case the Guarantor and the Trustee shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Guarantor and the Trustee shall continue as though no such proceeding had been taken.

Section 9. Successors and Assigns; Enforcement of Remedies. This Guarantee shall be binding upon the Guarantor and its successors, and all rights against the Guarantor arising under this Guarantee shall be for the sole benefit of the Trustee. The Trustee shall be entitled to bring any suit, action or proceeding against the Guarantor for the enforcement of any provision of this Guarantee without exhausting any other remedies which it may have pursuant to the terms of the Bonds and without resort to any other security held by or available to the Trustee. Nothing in this Guarantee shall limit any rights and remedies available to the Trustee under the Indenture.

This Guarantee shall be for the benefit of the Trustee and the owners from time to time of the Bonds and no other parties and may not be assigned or transferred to any party other than a successor Trustee under the Indenture. Upon the appointment of any Successor Trustee, the Trustee shall execute and deliver and cause the Successor Trustee to execute and deliver to the Guarantor

evidence reasonably satisfactory to the Guarantor that such entity shall be the “Trustee” under the Indenture.

Section 10. Subrogation. Upon payment by the Guarantor of any Guaranteed Payment the Guarantor shall be fully subrogated to the owners of the Bonds in respect, and to the extent, of the Guaranteed Payment so paid. As and to the extent that the Guarantor shall have paid any Guaranteed Payment so due and the Trustee shall later receive such payment from the Authority and there shall be no amounts remaining due under the Bonds or under this Guarantee, the amount received from the Authority shall be paid to the Guarantor. No subrogation of the Guarantor shall require the Trustee to proceed against any person or entity or to resort to any security or to take any other action of any kind as a result of subrogation. Furthermore, the Guarantor shall have all reimbursement and other rights afforded to it under or pursuant to the Reimbursement Agreement dated as of August 1, 2013 between the Guarantor and the Authority.

Section 11. Amendment of Guarantee. This Guarantee shall not be amended, supplemented or modified except by a written instrument executed by the Guarantor and the Trustee and only if prior written evidence that any rating then assigned to the Bond has been confirmed notwithstanding any such amendment, supplement or modification.

Section 12. Notices. Demand for payment by the Guarantor of the Guaranteed Payments hereunder shall be made by notice in writing as provided in Section 3 hereof. All other demands, notices, approvals, consents, requests and other communication hereunder to the Guarantor shall be in writing addressed to the address set forth in **Exhibit B** to this Guarantee and, in the case of the Trustee, at the address specified in writing by such Trustee and shall be deemed to have been given: (i) when the same are delivered by hand, or (ii) when the same are sent by confirmed facsimile transmission, or other electronic means as may be acceptable to the Guarantor and Trustee, or (iii) on the next Business Day when the same are sent by overnight delivery service (with delivery confirmed). The Guarantor and the Trustee may, by written notice given hereunder, designate any further or different addresses or means of communication to which subsequent demands, notices, approvals, consents, requests or other communications shall be sent or persons to whose attention the same shall be directed.

Section 13. Authentication. In accordance with the 2010 MFI, this Guarantee shall not be entitled to any benefit under the Indenture or be valid or become obligatory for any purpose until this Guarantee shall have been authenticated by the execution by the Trustee of the Trustee’s certificate of authentication hereon.

Section 14. Representations of Guarantor. The Guarantor hereby certifies and recites that all conditions, acts and things required by law (including, without limitation, the Authorizing Acts) and the 2010 MFI to exist, to have happened and to have been performed, precedent to and in the execution and delivery of this Guarantee, exist, have happened and have been performed. The Guarantor acknowledges that the assumption by the Guarantor of the obligations hereunder will result in a direct financial benefit to the Guarantor and is in furtherance of its purposes under the Authorizing Acts.

Section 15. Miscellaneous. (a) If any provision of this Guarantee shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

(b) This Guarantee shall be governed by and construed in accordance with the laws of the State of New York.

(c) This Guarantee expresses the entire understanding of the parties as to the matters herein addressed.

(d) All capitalized terms used and not otherwise defined herein shall have the same meaning as set forth in Article I of the Indenture.

(e) This Guarantee may be executed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Guarantor has caused this Guarantee Agreement to be executed by its President and its corporate seal to be hereunto affixed and attested by its Secretary, all as of the date first above written.

(SEAL)

NEW YORK STATE ENVIRONMENTAL
FACILITIES CORPORATION

ATTEST:

By: _____
Name: Matthew J. Driscoll
Title: President and Chief Executive Officer

Secretary

CERTIFICATE OF AUTHENTICATION

This Guarantee Agreement is a Guarantee referred to in the within-mentioned 2010 MFI.

MANUFACTURERS AND TRADERS
TRUST COMPANY, as Trustee under the
2010 MFI

By _____
Authorized Officer

**RESIDENTIAL ENERGY EFFICIENCY FINANCING REVENUE BONDS
SERIES 2013A (FEDERALLY TAXABLE)**

<u>Date of Issue</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Final Maturity (July 1)</u>
August 13, 2013	\$2,195,000	0.350%	2014
August 13, 2013	2,080,000	0.550	2015
August 13, 2013	2,105,000	1.028	2016
August 13, 2013	1,930,000	1.621	2017
August 13, 2013	1,775,000	1.971	2018
August 13, 2013	1,755,000	2.372	2019
August 13, 2013	1,800,000	2.772	2020
August 13, 2013	1,780,000	2.986	2021
August 13, 2013	1,590,000	3.206	2022
August 13, 2013	1,445,000	3.406	2023
August 13, 2013	5,845,000	4.106	2028

NOTICE ADDRESS

Guarantor

New York State Environmental
Facilities Corporation
625 Broadway
Albany, New York 12207-2997
Attention: President

Trustee

The Bank of New York Mellon
101 Barclay Street – 7W
New York, New York 10286
Attention: Miriam Moraca
Facsimile: (212) 815-5595

NOTICE AND DEMAND CERTIFICATE

Date:

New York State Environmental
Facilities Corporation
625 Broadway
Albany, New York 12207
Attention: Comptroller and Chief Financial Officer

Re: New York State Environmental Facilities Corporation
Guarantee Agreement dated as of August 1, 2013

The undersigned, as Trustee for the Bonds hereinafter referred to (the “**Trustee**”), through its undersigned duly authorized officer, hereby certifies to New York State Environmental Facilities Corporation (the “**Guarantor**”), that:

(1) The undersigned is the Trustee for the municipal obligations described in Attachment 1 hereto (the “**Bonds**”) issued under and pursuant to an Indenture of Trust dated as of August 1, 2013 between the Authority and the Trustee, as supplemented by the First Supplemental Series Indenture of Trust, dated as of August 1, 2013, between the Authority and the Trustee (said Indenture as so supplemented, the “**Indenture**”).

(2) The Trustee is demanding a payment under the Guarantee Agreement (the “**Guarantee**”) dated August 1, 2013 from the Guarantor to the Trustee relating to the Bonds in the aggregate amount shown in Attachment 1 hereto (the “**Payment Amount**”) with respect to the payment of the principal of, interest on and/or redemption premium, if any, on the Bonds which amounts constitute a Guaranteed Payment as defined in the Guarantee for the payment of which the moneys have not otherwise been received by the undersigned after ratable application of all [Revenues] and other moneys available for the payment of debt service on Bonds in accordance with the Indenture. Payment of the Payment Amount is demanded on the date hereof or such later date as may be shown in Attachment 1, which is the date on (or after) which such amount is due and payable under the Bonds described in Attachment 1 hereto. Payment is directed to be made to the following account:

(3) This notice and demand is accompanied by the Bonds as to which insufficient moneys have not been received or proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the Guaranteed Payments due on the Bonds as are paid by the Guarantor, and appropriate instruments to effect the appointment of the Guarantor as agent for such owners of the Bonds in any legal proceeding related to payment of Guaranteed Payments on the Bonds and legally available therefor.

(4) Upon receipt by the undersigned of the Payment Amount, (a) the undersigned will apply the same, or cause the same to be applied, directly to the payment when due of the principal or interest on the Bonds in accordance with the terms thereof and the Indenture and (b) no portion of the Payment Amount shall be applied by the undersigned for any other purpose.

(5) Capitalized terms used herein and not otherwise defined herein but defined in the Guarantee shall have the same respective meanings herein as in the Guarantee.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Notice and Demand Certificate as of the _____ day of _____, 20__.

THE BANK OF NEW YORK MELLON

By: _____
Name:
Title:

Attachment 1 to Demand Certificate

<u>Date of Issue</u>	Total Original Guaranteed <u>Principal Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>
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Total Payment of Principal, Interest and Redemption Premium (if any) in default being demanded:
\$ _____

Due Date: _____

ACCEPTANCE OF GUARANTEE

The Undersigned, acting as Trustee under an Indenture of Trust dated as of August 1, 2013 between New York State Energy Research and Development Authority (the “**Authority**”) and The Bank of New York Mellon, as trustee (the “**Trustee**”), as supplemented by the First Supplemental Series Indenture of Trust, dated as of August 1, 2013, between the Authority and the Trustee (said Indenture as so supplemented, the “**Indenture**”), is the Trustee for the Bonds (as defined in the Guarantee Agreement (the “**Guarantee**”) of New York State Environmental Facilities Corporation dated August 1, 2013) and more particularly described in the attachment hereto.

The undersigned Trustee hereby accepts the Guarantee and designates the following as its Notice Address for all purposes thereunder:

The Bank of New York Mellon
101 Barclay Street – 7W
New York, New York 10286
Attention: Miriam Moraca
Facsimile: (212) 815-5595

Any Director, Managing Director, Senior Vice President, Vice President, Assistant Vice President, Senior Trust Officer, Trust Officer or Assistant Trust Officer of the undersigned may act as an Authorized Officer of the undersigned for purposes of the Guarantee

THE BANK OF NEW YORK MELLON, as
Trustee under the above-referenced Indenture

By: _____
Vice President

**Residential Energy Efficiency Financing Revenue Bonds
Series 2013A (Federally Taxable)**

<u>Date of Issue</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Final Maturity (July 1)</u>
August 13, 2013	\$2,195,000	0.350%	2014
August 13, 2013	2,080,000	0.550	2015
August 13, 2013	2,105,000	1.028	2016
August 13, 2013	1,930,000	1.621	2017
August 13, 2013	1,775,000	1.971	2018
August 13, 2013	1,755,000	2.372	2019
August 13, 2013	1,800,000	2.772	2020
August 13, 2013	1,780,000	2.986	2021
August 13, 2013	1,590,000	3.206	2022
August 13, 2013	1,445,000	3.406	2023
August 13, 2013	5,845,000	4.106	2028