

**UNITED NATIONS DEVELOPMENT CORPORATION
PROMPT PAYMENT REGULATIONS**

I. Adoption/Scope

1.1 Adoption. These Regulations are adopted by United Nations Development Corporation effective April 30, 1988 in compliance with Section 2880 of the Public Authorities Law of the State of New York.

1.2 Scope. These Regulations specify the policies and procedures relating to payment on contracts entered into by United Nations Development Corporation. For purposes of these Regulations, a contract is an agreement with any person, partnership, private corporation or association to sell materials, equipment or supplies, or to lease property or equipment to the Corporation, to construct, reconstruct, rehabilitate or repair buildings or improvements for or on behalf of the Corporation, or to provide any other services to the Corporation pursuant to a contract. These Regulations shall not apply to payments due and owing by the Corporation to its employees.

II. Procedures

2.1 Invoices. In order to initiate any payment pursuant to a contract, a contractor shall be required to submit a proper invoice to the Corporation, except where the contract provides that the contractor will be paid at predetermined intervals without having to submit an invoice for each scheduled payment. A proper invoice shall contain a written request for contract payment and shall set forth the description, price and quantity of goods or services delivered or rendered, in such form and supported by such other substantiating documentation as the Corporation may reasonably require. For purposes of these Regulations, receipt of an invoice means (i) the date on which a proper invoice is actually received by the Corporation, or (ii) the date on which the Corporation receives the purchased goods, property or services covered by the proper invoice, whichever is later.

2.2 Schedule of Payment.

(a) The Corporation shall make payment within thirty calendar days (excluding legal holidays) after receipt of an invoice for the amount of the payment then due. Where the contract provides that the contractor will be paid at predetermined intervals without having to submit an invoice for each scheduled payment, payments shall be made by the payment due dates specified in accordance with the contract.

(b) The Corporation shall have fifteen calendar days after receipt of an invoice to notify the contractor of:

- (i) defects in the delivered goods or services;
- (ii) defects in the invoice; or
- (iii) suspected improprieties of any kind.

The existence of any such defect or impropriety shall prevent the commencement of the thirty day period specified in Section 2.2(a) of these regulations, provided that the Corporation notifies the contractor of the existence of any such defect or impropriety within fifteen calendar days of receipt of the invoice. If such notification is not given within 15 days, the number of days allowed for payment once the defect or impropriety is cured will be reduced by the number of days between the 15th day and the day notification was given.

III. Penalty for Late Payment

3.1 Payment of Interest.

(a) Except where defects or improprieties of the type specified in Section 2.2(b) of these Regulations justify extension of the date by which contract payment must be made, the Corporation shall be liable for the payment of interest on the contract payment if payment is made later than the date specified in Section 2.2(a) of these Regulations, in which case interest shall be calculated from the date payment was due under said Section 2.2(a) until the payment date.

(b) Interest shall be computed at the rate equal to the rate set by the New York State Tax Commission for corporate taxes pursuant to Section 1096(e)(1) of the Tax Law.

3.2 Sources of Funds. The Corporation will make any payment of interest required by Section 3.1(a) of these Regulations with monies in the Corporation's Operating Funds, established pursuant to the Corporation's Phase I Indenture of Trust or its Phase II/III Indenture of Trust.

IV. Applicability

4.1 Applicability. These Regulations shall govern all contracts entered into by United Nations Development Corporation.

V. Amendments

5.1 Amendments. These Regulations may be amended by resolution of the Board of Directors of the Corporation, provided that the President, upon written notice to the Board of Directors, may from time to time amend non-material portions of these Regulations.