

**NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

APPLICATION FOR FINANCIAL ASSISTANCE

APPLICATION OF:

Blue Cassel Commercial Realty, LLC

Please respond to all questions in this Application for Financial Assistance (the "Application") by, as appropriate:

- filling in blanks;
- checking the applicable term(s);
- attaching additional text (with notation in Application such as "see Schedule H, Item # 1", etc.); or
- writing "N.A.", signifying "not applicable".

All attachments responsive to questions found in this Application should be clearly labeled and attached as Schedule I to the Application. If an estimate is given, enter "EST" after the figure. One signed original and one photocopy of the Application (including all attachments) must be submitted.

The following amounts are payable to the Nassau County Industrial Development Agency (the "Agency") at the time this Application is submitted to the Agency: (i) a \$1,000 non-refundable application fee (the "Application Fee"); (ii) a \$3,500 expense deposit for the Agency's Transaction/Bond Counsel fees and expenses (the "Counsel Fee Deposit"), (iii) a \$2,500 expense deposit for the cost/benefit analysis with respect to the project contemplated by this Application (the "Cost/Benefit Deposit"), and (iv) a \$500 expense deposit for the real property tax valuation analysis, if applicable, with respect to the project contemplated by this Application (the "Valuation Deposit"). The Application Fee will not be credited against any other fees or expenses which are or become payable to the Agency in connection with this Application or the project contemplated herein (the "Project"). In the event that the subject transaction does not close for any reason, the Agency may use all or any part of the Counsel Fee Deposit, the Cost/Benefit Deposit and/or the Valuation Deposit to defray the cost of Transaction/Bond Counsel fees and expenses, the cost of obtaining a cost/benefit analysis and/or the cost of obtaining a real property tax valuation with respect to the Project. In the event that the subject transaction does close, the Counsel Fee Deposit, the Cost/Benefit Deposit and the Valuation Deposit shall be credited against the applicable expenses incurred by the Agency with respect to the Project.

Every signature page comprising part of this Application must be signed by the Applicant or this Application will not be considered complete or accepted for consideration by the Agency.

The Agency's acceptance of this Application for consideration does not constitute a commitment on the part of the Agency to undertake the proposed Project, to grant any financial assistance with respect to the proposed Project or to enter into any negotiations with respect to the proposed Project.

Information provided herein may be subject to disclosure under the New York Freedom of Information Law (New York Public Officers Law § 84 et seq.) ("FOIL"). If the Applicant believes that a portion of the material submitted with this Application is protected from disclosure under FOIL, the Applicant should mark the applicable section(s) or page(s) as "confidential" and state the applicable exception to disclosure under FOIL.

June 22, 2018

PART I. APPLICANT

A. APPLICANT FOR FINANCIAL ASSISTANCE:

Name: Blue Cassel Commercial Realty, LLC

Address: 90-11 160th Street, Suite 100, Jamaica, NY 11432

Fax: (347) 572-6303

NY State Dept. of

Labor Reg #: N/A Federal Employer ID #: [REDACTED]

NAICS Code #: 531120

Website: www.bluestoneorg.com

Name of CEO or

Authorized Representative Certifying Application: Ira Lichtiger

Title of Officer: Managing Member

Phone Number: (347) 572-6302 E-Mail: ira@bluestoneorg.com

B. BUSINESS TYPE (Check applicable status. Complete blanks as necessary):

Sole Proprietorship ☐ General Partnership ☐ Limited Partnership ☐

Limited Liability Company ☒ Privately Held Corporation ☐

Publicly Held Corporation ☐ Exchange listed on

Not-for-Profit Corporation ☐

Income taxed as: Subchapter S ☐ Subchapter C ☐
501(c)(3) Corporation ☐ Partnership ☒

State and Year of Incorporation/Organization: New York/ 2005

Qualified to do Business in New York: Yes ☒ No ☐ N/A ☐

C. APPLICANT COUNSEL:

Firm name: Koeppel Martone & Leistman, LLP

Address: 155 First Street, Mineola, NY 11501

Primary
Contact: Michael Guerriero
Phone: 516 747-6300
Fax: 516 747-8227
E-Mail: MGuerriero@taxcert.com

- D. Principal stockholders, members or partners, if any (i.e., owners of 10% or more of equity/voting rights in Applicant):

Name	Percentage owned
<u>Eric Bluestone</u>	<u>17.1429%</u>
<u>Steven Bluestone</u>	<u>17.1429%</u>
<u>Sara B. Herbstman</u>	<u>17.1429%</u>
<u>EB Properties LLC</u>	<u>11.4286%</u>

- E. If any of the persons described in the response to the preceding Question, or a group of said persons, owns more than a 50% interest in the Applicant, list all other entities which are related to the Applicant by virtue of such persons having more than a 50% interest in such entities:

See Exhibit F

- F. Is the Applicant related to any other entity by reason of more than 50% common ownership? If YES, indicate name of related entity and relationship:

YES X

NO

Please see attached Exhibit F listing entities related by common ownership

- G. List parent corporation, sister corporations and subsidiaries, if any:

There are no parent or subsidiary entities, see response to F for affiliates.

- H. Has the Applicant (or any parent company, subsidiary, affiliate or related entity or person) been involved in, applied for or benefited by any prior industrial development financing in the municipality in which this Project is located, whether by the Agency or another issuer, or in a contiguous municipality? ("Municipality" herein means city, town or village, or, if the Project is not in an incorporated city or village, Nassau County.) If YES, describe:

YES

NO X

Note copies of earlier PILOT agreements for Applicant and related entity Blue Cassel Site A Realty, LLC are included as part of Schedule I, however, the Project did not involve industrial development financing.

- I. Is the Applicant (or any parent company, subsidiary, affiliate or related entity or person) or any principal(s) of the Applicant or its related entities involved in any litigation or aware of any threatened litigation that would have a material adverse effect on the Applicant's financial condition or the financial condition of said principal(s)? If YES, attach details at Schedule I.

YES

NO X

- J. Has the Applicant (or any parent company, subsidiary, affiliate or related entity or person) or any principal(s) of the Applicant or its related entities, or any other business or concern with which such entities, persons or principal(s) have been connected, ever been involved, as debtor, in bankruptcy, creditors rights or receivership proceedings or sought protection from creditors? If YES, attach details at Schedule I.

YES

NO X

- K. Has the Applicant (or any parent company, subsidiary, affiliate or related entity or person) or any principal(s) of the Applicant or its related entities, ever been convicted of any felony or misdemeanor (other than minor traffic offenses), or have any such related persons or principal(s) held positions or ownership interests in any firm or corporation that has been convicted of a felony or misdemeanor (other than minor traffic offenses), or

are any of the foregoing the subject of a pending criminal proceeding or investigation? If YES, attach details at Schedule I.

YES ☐

NO ☒

- L. Has the Applicant (or any parent company, subsidiary, affiliate or related entity or person) or any principal(s) of the Applicant or its related entities, or any other business or concern with which such entities, persons or principal(s) have been connected, been cited for (or is there a pending proceeding or investigation with respect to) a civil violation of federal, state or local laws or regulations with respect to labor practices, hazardous wastes, environmental pollution, taxation, or other operating practices? If YES, attach details at Schedule I.

YES ☐

NO ☒

- M. Is the Applicant (or any parent company, subsidiary, affiliate or related entity or person) or any principal(s) of the Applicant or its related entities, or any other business or concern with which such entities, persons or principal(s) have been connected, delinquent or have any of the foregoing persons or entities been delinquent on any New York State, federal or local tax obligations within the past five (5) years? If YES, attach details at Schedule I.

YES ☐

NO ☒

- N. Complete the following information for principals (including, in the case of corporations, officers and members of the board of directors and, in the case of limited liability company, members and managers) of the Applicant:

<u>Name</u>	<u>Title</u>	<u>Other Business Affiliations</u>
<u>Eric Bluestone</u>	<u>Managing Member</u>	<u>See attached Exhibit N</u>
<u>Sara Herbstman</u>	<u>Managing Member</u>	<u>See attached Exhibit N</u>
<u>Steven Bluestone</u>	<u>Member</u>	<u>See attached Exhibit N</u>
<u>EB Properties LLC</u>	<u>Member</u>	<u>See attached Exhibit N</u>

Do any of the foregoing principals hold elected or appointive positions with New York State, any political division of New York State or any other governmental agency? If YES, attach details at Schedule I.

YES ☐

NO ☒

Are any of the foregoing principals employed by any federal, state or local municipality or any agency, authority, department, board, or commission thereof or any other governmental or quasi-governmental organization?

YES ☐

NO ☒

Q. Operation at existing location(s) (Complete separate Section O for each existing location):

1. (a) Location: 701 Prospect Avenue, Westbury, New York
(b) Number of Employees: Full-Time: 15 Part-Time: 2
(c) Annual Payroll, excluding benefits: \$600,000
(d) Type of operation (e.g. manufacturing, wholesale, distribution, retail, etc.)
and products or services: Retail, Office, Property Management
(e) Size of existing facility real property
(i.e., acreage of land): 43,166 Sq. Ft. or 0.9910 Acres
(f) Buildings (number and square footage of each): Commercial Condominium
Unit at 701 Prospect Avenue is approximately 19,740 square feet
(g) Applicant's interest in the facility

FEE TITLE: LEASE: X OTHER (describe below):

Lease with Nassau County IDA, beneficial ownership interest in Premises

2. Will the completion of the proposed Project result in the removal of a plant or facility of the Applicant, or of a proposed user, occupant or tenant of the Project, or a relocation of any employee of the Applicant, or any employee of a proposed user, occupant or tenant of the Project, from one area of the State of New York (but outside of Nassau County) to a location in Nassau County or in the abandonment of such a plant or facility located in an area of the State of New York outside of Nassau County? If YES, complete the attached Anti-Raiding Questionnaire (Schedule D).

YES

NO X

3. Will the proposed Project result in the removal or abandonment of a plant or facility of the Applicant, or of a proposed user, occupant or tenant of the proposed Project, or a relocation of any employee of the Applicant, or any employee of a proposed user, occupant or tenant of the proposed Project, located within Nassau County? If YES, identify the location of the plant or facility and provide explanation.

YES

NO X

- P. Has the Applicant considered moving to another state or another location within New York State? If YES, explain circumstances.

YES ☐

NO ☒

- Q. Does any one supplier or customer account for over 50% of Applicant's annual purchases or sales, respectively? If YES, attach name and contact information for supplier and/or customer, as applicable:

YES ☐

NO ☒

- R. Does the Applicant (including any related entity or person) or any principal(s) of the Applicant or its related entities, or any other business or concern with which such entities, persons or principal(s) have been connected, have any contractual or other relationship with the Agency or the County of Nassau? If YES, attach details at Schedule I.

YES ☒

NO ☐

Applicant and a related entity entered into lease, PILOT, and related agreements with the Agency, copies of the leases and PILOT agreements are attached as part of Schedule I

- S. Nature of Applicant's business (e.g., description of goods to be sold, products manufactured, assembled or processed, services rendered):

Beneficial owner of commercial condominium unit, lessor of retail and office space

- T. ANY RELATED PARTY PROPOSED TO BE A USER OF THE PROJECT: No.

Name:

Relationship to Applicant: _____

Provide the information requested in Questions A through S above with respect to each such party by attachment at Schedule I.

PART II. PROPOSED PROJECT

A. Types of Financial Assistance Requested:

- ☐ Tax-Exempt Bonds
- ☐ Taxable Bonds
- ☐ Refunding Bonds
- ☐ Sales/Use Tax Exemption
- ☐ Mortgage Recording Tax Exemption
- ☒ Real Property Tax Exemption
- ☐ Other (specify): _____

B. Type of Proposed Project (check all that apply and provide requested information):

- ☐ New Construction of a Facility
Square footage: _____
- ☐ Addition to Existing Facility
Square footage of existing facility: _____
Square footage of addition: _____
- ☐ Renovation of Existing Facility
Square footage of area renovated: _____
Square footage of existing facility: _____
- ☐ Acquisition of Land/Building
Acreage/square footage of land: _____
Square footage of building: _____
- ☐ Acquisition of Furniture/Machinery/Equipment
List principal items or categories:

- ☒ Other (specify): We are requesting a modification and extension of an existing PILOT Agreement for the Project

C. Briefly describe the purpose of the proposed Project, the reasons why the Project is necessary to the Applicant and why the Agency's financial assistance is necessary, and the effect the Project will have on the Applicant's business or operations:

The Project was completed in December 2008 as part of a mixed-use building consisting of ground floor commercial and three stories of mixed income affordable housing. The development, known as The Gateway to New Cassel, was part of a coordinated effort by the Town of North Hempstead to revitalize and create a walkable downtown in the

Hamlet of New Cassel, serving low and moderate-income residents of the immediate area. Applicant entered into a 10-year PILOT Agreement beginning in 2009 that recognized the challenges of attracting retail space to this corridor. After almost 10 years, 4,000 square feet out of a total of approximately 19,740 square feet has yet to be leased up. With the permission of the IDA in 2012, Applicant challenged the assessed value of the Premises, and recently received an offer to lower the assessed value. This Application proposes to use the offer by the County Attorney as the basis for a new 10-year PILOT, that recognizes the need for tax relief to ensure the continuing economic viability of the Project and the immediate area.

- D. Is there a likelihood that the proposed Project would not be undertaken by the Applicant but for the granting of the financial assistance by the Agency? (If yes, explain; if no, explain why the Agency should grant the financial assistance with respect to the proposed Project)

YES _____

NO _____

Not Applicable since the Project was already undertaken in 2006, and completed in December 2008. However, the economics of the Project on a continuing basis does not make sense without a continuation of tax relief at this time. Applicant or its affiliated entities have invested in excess of \$2.6MM in the Project to date, with annual returns that have averaged less than 1%, and with little prospect of the return of capital through refinancing absent tax relief, and the continuing investment and improvement of the economic prospects for the New Cassel community.

- E. If the Applicant is unable to arrange Agency financing or other Agency financial assistance for the Project, what will be the impact on the Applicant and Nassau County? Would the Applicant proceed with the Project without Agency financing or other Agency financial assistance? Describe.

Absent Agency financing in the form of tax relief, the mixed use commercial corridor in New Cassel is vulnerable to setbacks by disinvestment, as market conditions and prevailing tax rates are not currently aligned. The existing tax structure does not adequately or realistically take into account the current reality of the market for commercial uses in this immediate area.

- F. Location of Project:

Street Address: 701 Prospect Avenue

City/Village(s): Westbury/New Cassel

Town(s): North Hempstead

School District(s): Westbury 1

Tax Map Section: Section 11 Block: 100 Lot: 123, Unit 1

Census Tract Number: 50067

- G. Present use of the Project site: Mixed Use – ground floor commercial owned by Applicant, and 2 stories of affordable residential above, owned by related entity.
- H. (a) What are the current real estate taxes on the Project site? (If amount of current taxes is not available, provide assessed value for each); The following taxes are based on Original Assessed Value before tax certiorari proceedings:

2018/19 Original Assessed Value	School Tax Rate (Per \$100)	2018/19 Original School Taxes
\$15,206	612.46	\$93,130.67

2018/19 Original Assessed Value	General Tax Rate (Per \$100)	2018/19 Original General Taxes
\$15,206	359.798	\$54,710.88

TOTAL
TAXES: \$147,841.55

- (b) Are tax certiorari proceedings currently pending with respect to the Project real property? If YES, attach details at Schedule I including copies of pleadings, decisions, etc. Schedule I consists of Applicant's 2018/19 Petition to Nassau County and proposed Stipulation of Settlement

YES X

NO

- I. Describe proposed Project site ownership structure (i.e., Applicant or other entity):

IDA is fee owner of the commercial condominium unit, Applicant is lessee and beneficial owner

- J. To what purpose will the building or buildings to be acquired, constructed or renovated be used by the Applicant? (Include description of goods to be sold, products to be manufactured, assembled or processed and services to be rendered.)

Current commercial uses are a school for young adults with challenges, barbershop, dentist, Spanish/Caribbean Restaurant, international specialty grocery store, and a discount department store. Prospective tenants include a social services organization and a retail shop that employs and provides training to disabled adults.

- K. If any space in the Project is to be leased to or occupied by third parties (i.e., parties not related to the Applicant), or is currently leased to or occupied by third parties who will remain as tenants, provide the names and contact information for each such tenant, indicate total square footage of the Project to be leased to each tenant, and describe proposed use by each tenant:

See attached Exhibit K

- L. Provide, to the extent available, the information requested, in Part I, Questions A, B, D and O, with respect to any party described in the preceding response.

See attached Exhibit I.

- M. Does the proposed Project meet zoning/land use requirements at proposed location?

YES ☒ X

NO ☐

1. Describe present zoning/land use: 2 stories of residential apartments above ground floor retail, and underground parking
2. Describe required zoning/land use, if different: Conditional Use permits have been granted for restaurant and office space. Five variances were granted to construct the existing building, including insufficient parking stall size, parking partially below grade and beneath part of the building, minor and partial height variances, and less than required landscaped area where premises adjoined residential district
3. If a change in zoning/land use is required, please provide details/status of any request for change of zoning/land use requirements:

Not Applicable for existing tenants, unknown if conditional use permits will be required for prospective tenants of the two vacant spaces

- N. Does the Applicant, or any related entity or person, currently hold a lease or license on the Project site? If YES, please provide details and a copy of the lease/license.

YES ☒ NO ☐
Copy of IDA Lease and Memorandum of Lease of the Commercial Unit is included as part of Schedule I.

- O. Does the Applicant, or any related entity or person, currently hold fee title to (i.e. own) the Project site?

YES ☐ NO ☒

Fee title is in Nassau County IDA, but beneficial ownership and leasehold rests with Applicant

If YES, indicate:

- (a) Date of purchase: May 23, 2006
- (b) Purchase price: \$84,084 (allocation of purchase to commercial unit)
- (c) Balance of existing mortgage, if any: \$0
- (d) Name of mortgage holder: Not Applicable
- (e) Special conditions: _____

If NO, indicate name of present owner of Project site: See response to O above

- P. Does the Applicant or any related person or entity have an option or a contract to purchase the Project site and/or any buildings on the Project site?

YES ☒ NO ☐

The lease with IDA provides that contemporaneously with the termination of the Lease, and provided no event of default existing, ownership shall be transferred to Applicant.

If YES, attach copy of contract or option at Schedule I and indicate:

- (a) Date signed: As of December 1, 2008
- (b) Purchase price: \$1 plus transaction costs
- (c) Closing date: December 24, 2008

Is there a relationship legally or by virtue of common control or ownership between the Applicant (and/or its principals) and the seller of the Project (and/or its principals)?

If YES, describe:

YES _____

NO ☒

- Q. Will customers personally visit the Project site for either of the following economic activities? If YES with respect to either economic activity indicated below, complete the attached Retail Questionnaire (Schedule E).

Sales of Goods: YES ☒ NO _____ Sales of Services: YES ☒ NO _____

- R. Describe the social and economic conditions in the community where the Project site is or will be located and the impact of the proposed Project on the community (including impact on infrastructure, transportation, fire and police and other government-provided services):

Long Island in general has been in transition from reliance on large manufacturing base to more service-oriented economy. Major employers represent a cross-section of companies, including manufacturing and research and development. Rising taxes are a serious problem and affects the desirability of business to relocate there in comparison with other sections of the country. The work force is highly educated, and quality of life and recreational facilities are good. The immediate area of the Project includes Westbury, Carle Place, Mincola and Hicksville. Prospect Avenue in New Cassel is a heavily travelled roadway, but the Town of North Hempstead's goal of building up a walkable downtown along Prospect has not yet been realized. This corridor competes with other more established and successful retail centers and has no anchor tenants that draw people and provide a competitive base for attracting tenants. The Project serves low and moderate-income residents pursuant to New York State Housing Finance Agency Regulatory Agreement, copy of which is included as part of Exhibit I.

Since the Project was completed in 2008, it is not anticipated to have any significant impact on infrastructure, transportation, fire, police and other government-provided services.

- S. Identify the following Project parties (if applicable): Not Applicable

Architect: _____
Engineer: _____
Contractors: _____

- T. Will the Project be designed and constructed to comply with Green Building Standards? (if YES, describe the LEED green building rating that will be achieved):

YES _____

NO _____

Not Applicable since the Project was completed almost 10 years ago. However, Applicant is seeking approvals from IDA, lenders and tax credit investor to add solar panel array to Project roof.

- U. Is the proposed Project site located on a Brownfield? (if YES, provide description of contamination and proposed remediation)

YES _____

NO X

- V. Will the proposed Project produce a unique service or product or provide a service that is not otherwise available in the community in which the proposed Project site is located?

YES X

NO _____

The Project includes a much-needed sit down restaurant, a family dental office, a barbershop, and education services for young adults. In addition, there is a discount department store which provides merchandise to the tenants of the 57-unit residential building at the same address. This store is walking distance to many residents in the area along Prospect Ave. My Home Favorites, another tenant, provides specialty grocery items specifically geared to the Haitian, Dominican, and Jamaican communities in New Cassel. One existing tenant which provides services for individuals with developmental disabilities, seeks to open a Calvin Klein store in one of the unoccupied spaces that will be staffed by adults with disabilities, and a second prospective tenant provides community and home based services for the elderly.

- W. Is the proposed Project site currently subject to an IDA transaction (whether through the Agency or otherwise)? If yes, explain.

YES X

NO _____

The Project is currently in the final year of a PILOT Agreement with Nassau County IDA. In addition, the residential unit is in year 10 of a 30-year PILOT agreement with Nassau County IDA.

PART III. CAPITAL COSTS OF THE PROJECT

Part III is inapplicable, since construction of the Project was completed in December 2008 under an earlier PILOT agreement.

- A. Provide an estimate of cost of all items listed below:

	<u>Item</u>	<u>Cost</u>
1.	Land and/or Building Acquisition	\$ _____
2.	Building Demolition	\$ _____
3.	Construction/Reconstruction/Renovation	\$ _____
4.	Site Work	\$ _____
5.	Infrastructure Work	\$ _____
6.	Architectural/Engineering Fees	\$ _____
7.	Applicant's Legal Fees	\$ _____
8.	Financial Fees	\$ _____
9.	Other Professional Fees	\$ _____
10.	Furniture, Equipment & Machinery Acquisition (not included in 3. above)	\$ _____
11.	Other Soft Costs (describe)	\$ _____
12.	Other (describe)	\$ _____
	Total	\$ _____

B. Estimated Sources of Funds for Project Costs:

a.	Tax-Exempt IDA Bonds:	\$ _____
b.	Taxable IDA Bonds:	\$ _____
c.	Conventional Mortgage Loans:	\$ _____
d.	SBA or other Governmental Financing: Identify: _____	\$ _____
e.	Other Public Sources (e.g., grants, tax credits): Identify: _____	\$ _____
f.	Other Loans:	\$ _____
g.	Equity Investment: (excluding equity attributable to grants/tax credits)	\$ _____
	TOTAL	\$ _____

What percentage of the total project costs are
funded/financed from public sector sources: _____ %

- C. Have any of the above costs been paid or incurred (including contracts of sale or purchase orders) as of the date of this application? If YES, describe particulars on a separate sheet.

YES _____

NO _____

- D. Are items of working capital, moving expenses, work in progress, or stock in trade included in the proposed uses of the bond proceeds (if applicable)? If YES, provide details:

YES _____

NO _____

NOT APPLICABLE _____

- E. Will any of the funds to be borrowed through the Agency's issuance of bonds, if applicable, be used to repay or refinance an existing mortgage, outstanding loan or an outstanding bond issue? If YES, provide details:

YES _____

NO _____

NOT APPLICABLE _____

- F. Has the Applicant made any arrangement for the marketing or the purchase of the bonds or the provision of other third party financing (if applicable)? If YES, indicate with whom (subject to Agency approval) and provide a copy of any term sheet or commitment letter issued with respect to such financing.

YES _____

NO _____

NOT APPLICABLE _____

G. Construction Cost Breakdown:

Total Cost of Construction: \$ _____ (sum of 2-5 and 10 in Question A above)

Cost for materials: \$ _____

% Sourced in County: _____ %

% Sourced in State: _____ % (incl. County)

Cost for labor: \$ _____

% Sourced in County: _____ %

% Sourced in State: _____ % (incl. County)

Cost for "other": \$ _____

% Sourced in County: _____ %

% Sourced in County: _____ % (incl. County)

The Applicant acknowledges that the transaction/bond documents may include a covenant by the Applicant to undertake and document the total amount of capital investment as set forth in this Application.

PART IV. COST/BENEFIT ANALYSIS

- A. If the Applicant presently operates in Nassau County, provide the current annual payroll. Estimate projected payroll at the Project site in First Year, Second Year and Third Year after completion of the Project:

Please see Exhibit L for the payroll information we've been able to gather from our tenants.

	<u>Present</u>	<u>First Year</u>	<u>Second Year</u>	<u>Third Year</u>
Full-time:	\$ >500,0000	\$ _____	\$ _____	\$ _____
Part-time: ¹	_____	_____	_____	_____

List the average salaries or provide ranges of salaries for the following categories of jobs (on a full-time equivalency basis) projected to be retained/created in Nassau County as a result of the proposed Project:

<u>Category of Jobs to be Retained:</u>	<u>Average Salary or Range of Salary:</u>	<u>Average Fringe Benefits or Range of Fringe Benefits</u>
Management	_____	_____
Professional	_____	_____
Administrative	_____	_____

¹ NOTE: The Agency converts part-time jobs into FTE's for evaluation and reporting purposes by dividing the number of part-time jobs by two (2).

Production		
Supervisor		
Laborer		
Independent Contractor ²		
Other		

<u>Category of Jobs to be Created:</u>	<u>Average Salary or Range of Salary:</u>	<u>Average Fringe Benefits or Range of Fringe Benefits</u>
Management		
Professional		
Administrative		
Production		
Supervisor		
Laborer		
Independent Contractor ³		
Other		

The Agency may utilize the foregoing employment projections and the projections set forth in Schedule C and Exhibit L, among other things, to determine the financial assistance that will be offered by the Agency to the Applicant. The Applicant acknowledges that the transaction/bond documents may include a covenant by the Applicant to retain the number of jobs, types of occupations and amount of payroll with respect to the Project set forth in this Application.

- B. (i) Will the Applicant transfer current employees from existing location(s)? If YES, describe, please describe the number of current employees to be transferred and the location from which such employees would be transferred:

YES _____

NO ☒ X

(ii) Describe the number of estimated full time equivalent construction jobs to be created as a result of undertaking the project, to the extent any: The number of construction jobs

² As used in this chart, this category includes employees of independent contractors.

³ As used in this chart, this category includes employees of independent contractors.

that will be generated from the build-out of the 2 remaining unoccupied spaces is presently unknown.

- C. What, if any, is the anticipated increase in the dollar amount of production, sales or services following completion of the Project?

Following rent up of the last two commercial spaces, based on the current prospective tenants, we anticipate additional salaries of more than \$500,000.

What percentage of the foregoing amount is subject to New York sales and use tax?

Unknown, items sold in the Calvin Klein store will be subject to sales tax, services provided by Self-help will not.

What percentage of the Applicant's total dollar amount of production, sales or services (including production, sales or services rendered following completion of the Project) are made to customers outside the economic development region (i.e., Nassau and Suffolk Counties)?

0%-5%

Describe any other municipal revenues that will result from the Project (excluding the above and any PILOT payments):

- D. What is the estimated aggregate annual amount of goods and services to be purchased by the Applicant [and its tenants] for each year after completion of the Project and what portion will be sourced from businesses located in the County and the State (including the County):

To date, tenants have not provided this information, see attached Exhibit I.

	<u>Amount</u>	<u>% Sourced in County</u>	<u>% Sourced in State</u>
Year 1			
Year 2			
Year 3			

- E. Describe, if applicable, other benefits to the County anticipated as a result of the Project, including a projected annual estimate of additional sales tax revenue generated, directly and indirectly, as a result of undertaking the project:

We have not received sales data to date from our tenants

F. Estimated Value of Requested Financial Assistance:

Estimated Value of Sales Tax Benefit: \$ _____
(i.e., gross amount of cost of goods and services
that are subject to state and local sales and use taxes
multiplied by 8.625%) Not Applicable

Estimated Value of Mortgage Tax Benefit: Not Applicable
(i.e., principal amount of mortgage loans
loans multiplied by [0.75%])

Estimated Property Tax Benefit:

Will the proposed Project utilize a property tax
exemption benefit other than from the Agency:
(if so, please describe) No

Term of PILOT Requested: Ten Years

Existing Property Taxes on Land and Building: See response on completed project below

Estimated Property Taxes on completed Project:
(without Agency financial assistance)

Current PILOT payment is \$143,830

Current Tax Payment without Tax Certiorary \$147,842

Expected tax payment with Certiorary \$124,507

NOTE: Upon receipt of this Application by the Agency,
the Agency's staff will create a PILOT schedule and estimate
the amount of PILOT Benefit/Cost utilizing anticipated
tax rates and assessed valuation, and attach such information
as Exhibit A hereto.

G. Describe and estimate any other one-time municipal revenues (not including fees payable
to the Agency) that the Project will create:

PART V. PROJECT SCHEDULE

Not Applicable

A. If applicable, has construction/reconstruction/renovation work on the Project begun? If YES, indicate the percentage of completion:

- | | | | | | | |
|----|-------------------------------|-----|-----|----|-----|---------------|
| 1. | (a) Site clearance | YES | ___ | NO | ___ | ___% complete |
| | (b) Environmental Remediation | YES | ___ | NO | ___ | ___% complete |
| | (c) Foundation | YES | ___ | NO | ___ | ___% complete |
| | (d) Footings | YES | ___ | NO | ___ | ___% complete |
| | (e) Steel | YES | ___ | NO | ___ | ___% complete |
| | (f) Masonry | YES | ___ | NO | ___ | ___% complete |
| | (g) Interior | YES | ___ | NO | ___ | ___% complete |
| | (h) Other (describe below): | YES | ___ | NO | ___ | ___% complete |

2. If NO to all of the above categories, what is the proposed date of commencement of construction, reconstruction, renovation, installation or equipping of the Project?

Project completed in 2008

B. Provide an estimate of time schedule to complete the Project and when the first use of the Project is expected to occur:

Project completed in 2008

PART VI. ENVIRONMENTAL IMPACT

A. What is the expected environmental impact of the Project? (Complete the attached Environmental Assessment Form (Schedule G)).

No significant impact

B. Is an environmental impact statement required by Article 8 of the N.Y. Environmental Conservation Law (i.e., the New York State Environmental Quality Review Act)?

YES ___

NO X

- C. Please be advised that the Agency may require at the sole cost and expense of the Applicant the preparation and delivery to the Agency of an environmental report in form and scope satisfactory to the Agency, depending on the responses set forth in the Environmental Assessment Form. If an environmental report has been or is being prepared in connection with the Project, please provide a copy.
- D. The Applicant authorizes the Agency to make inquiry of the United States Environmental Protection Agency, the New York State Department of Environmental Conservation or any other appropriate federal, state or local governmental agency or authority as to whether the Project site or any property adjacent to or within the immediate vicinity of the Project site is or has been identified as a site at which hazardous substances are being or have been used, stored, treated, generated, transported, processed, handled, produced, released or disposed of. The Applicant will be required to secure the written consent of the owner of the Project site to such inquiries (if the Applicant is not the owner), upon request of the Agency.

THE UNDERSIGNED HEREBY CERTIFIES, under penalties of perjury, that the answers and information provided above and in any schedule, exhibit or statement attached hereto are true, accurate and complete, to the best of the knowledge of the undersigned.

Name of

Applicant: Blue Cassel Commercial Realty, LLC

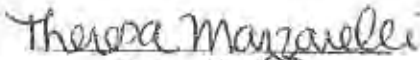
Signature: 

By: Ira Lichtiger

Title: Managing Member

Date: June 25, 2018

Sworn to before me this 25
day of June, 2018


Notary Public

THERESA MAZZARELLI
Notary Public, State of New York
No. 01MA6258408
Qualified in Queens County
Commission Expires March 26, 2020

CERTIFICATIONS AND ACKNOWLEDGMENTS OF THE APPLICANT

FIRST:

The Applicant hereby certifies that, if financial assistance is provided by the Agency for the proposed project, no funds of the Agency (i) shall be used in connection with the Project for the purpose of preventing the establishment of an industrial or manufacturing plant or for the purpose of advertising or promotional materials which depict elected or appointed government officials in either print or electronic media, (ii) be given to any group or organization which is attempting to prevent the establishment of an industrial or manufacturing plant within the State.

SECOND:

The Applicant hereby certifies that no member, manager, principal, officer or director of the Applicant or any affiliate thereof has any blood, marital or business relationship with any member of the Agency (or any member of the family of any member of the Agency).

THIRD:

The Applicant hereby certifies that neither the Applicant nor any of its affiliates, nor any of their respective partners, members, shareholders or other equity owners (other than equity owners of publicly-traded companies), nor any of their respective employees, officers, directors, or representatives (i) is a person or entity with whom United States persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control (OFAC) of the Department of the Treasury, including those named on OFAC's Specially Designated and Blocked Persons List, or under any statute, executive order or other governmental action, or (ii) has engaged in any dealings or transactions or is otherwise associated with such persons or entities.

FOURTH:

The Applicant hereby acknowledges that the Agency shall obtain and hereby authorizes the Agency to obtain credit reports and other financial background information and perform other due diligence on the Applicant and/or any other entity or individual related thereto, as the Agency may deem necessary to provide the requested financial assistance.

FIFTH:

The Applicant hereby certifies that each owner, occupant or operator that would receive financial assistance with respect to the proposed Project is in substantial compliance with applicable federal, state and local tax, worker protection and environmental laws, rules and regulations.

SIXTH:

The Applicant hereby acknowledges that the submission to the Agency of any knowingly false or knowingly misleading information may lead to the immediate termination of any financial assistance and the recapture from the Applicant of an amount equal to all or any part of any tax exemption claimed by reason of the Agency's involvement in the Project.

SEVENTH:

The Applicant hereby certifies that, as of the date of this Application, the Applicant is in substantial compliance with all provisions of Article 18-A of the General Municipal Law, including, but not limited to, the provisions of Section 859-a and Section 862(1) thereof.

EIGHTH:

(i) Does the Project propose the creation of housing?

YES ☐ NO ☒ As noted, housing is part of the development, but this was completed in 2008.

If YES, how many units? _____

If YES, the Applicant hereby certifies that:

(a) the Applicant has adopted a Fair Housing/Equal Housing Opportunity Policy substantially in the form of Exhibit B to this Application;

(b) the proposed Project complies with applicable fair housing laws and that eligibility criteria for housing in any part of the Project will not include any residency requirements or preferences, including durational ones, age restrictions (unless for senior housing permitted by law), or other discriminatory criteria;

(c) the Applicant (1) has posted its Fair Housing/Equal Housing Opportunity Policy publicly; and (2) will display fair housing law posters for consumers in its rental or sales office(s), in a form substantially similar to the model fair housing posters attached to this Application as Exhibit C (the Agency will provide applicants with fair housing law posters for display upon request by an applicant); and

(d) key employees of the Applicant in charge of marketing and rental of the Project have completed (or will complete within one year of closing) four (4) hours of fair housing training provided by Long Island Housing Services ("LIHS") at a reasonably acceptable time and location and at no additional cost to the Applicant. In the event LIHS declines to provide or make available reasonably acceptable no-cost fair housing training, the provisions of this Certification VIII(i)(d) shall cease to be of any force and effect.

(ii) If YES to (i) above, does the Project propose the creation of "affordable" or "workforce" housing ("Affordable Housing")?

YES ☐ NO ☒

If YES, the Applicant hereby certifies that the Applicant (1) has adopted a non-discriminatory affirmative marketing plan that meets the criteria set forth in Exhibit D to this Application; and (2) will submit such marketing plan to the Agency in writing prior to closing.

If YES, answer the following questions:

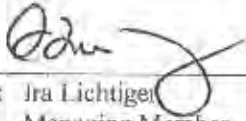
(a) What portion of the Project would consist of Affordable Housing (e.g., number of units)?

(b) What are the eligibility requirements for the Affordable Housing?

(c) Cite the specific source of such eligibility requirements (e.g., federal, state or local law).

We responded No to questions (i) and (ii) above because the housing was built 10 years ago, and no new housing is created in connection with this application. However, the existing project has adopted a non-discriminatory affirmative marketing plan that meets the criteria set forth in Exhibit D as well as a Fair Housing/Equal Housing Opportunity Policy substantially in the form of Exhibit B to this Application.

Name of
Applicant: Blue Cassel Commercial Realty, LLC

By: 
Name: Ira Lichtiger
Title: Managing Member

**CERTIFICATION AND AGREEMENT
WITH RESPECT TO FEES AND COSTS**

Capitalized terms used but not otherwise defined in this Certification and Agreement shall have the meanings assigned to such terms in the Application.

The undersigned, being duly sworn, deposes and says, under penalties of perjury, as follows: that I am the chief executive officer or other representative authorized to bind the Applicant named in the attached application for financial assistance ("Application") and that I hold the office specified below my signature at the end of this Certification and Agreement, that I am authorized and empowered to deliver this Certification and Agreement and the Application for and on behalf of the Applicant, that I am familiar with the contents of said Application (including all schedules, exhibits and attachments thereto), and that said contents are true, accurate and complete to the best of my knowledge and belief.

The grounds of my belief relative to all matters in the Application that are not based upon my own personal knowledge are based upon investigations I have made or have caused to be made concerning the subject matter of this Application, as well as upon information acquired in the course of my duties and from the books and records of the Applicant.

As an authorized representative of the Applicant, I acknowledge and agree on behalf of the Applicant that the Applicant hereby releases the Nassau County Industrial Development Agency, its members, officers, servants, attorneys, agents and employees (collectively, the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend (with counsel selected by the Agency) and hold the Agency harmless from and against any and all liability, damages, causes of actions, losses, costs or expenses incurred by the Agency in connection with: (A) examination and processing of, and action pursuant to or upon, the Application, regardless of whether or not the Application or the financial assistance requested therein are favorably acted upon by the Agency, (B) the acquisition, construction, reconstruction, renovation, installation and/or equipping of the Project by the Agency, and (C) any further action taken by the Agency with respect to the Project; including, without limiting the generality of the foregoing, (i) all fees and expenses of the Agency's general counsel, transaction/bond counsel, economic development consultant, real property tax valuation consultant and other attorneys, experts and consultants (if deemed necessary or advisable by the Agency), and (ii) all other expenses (including attorneys' fees) incurred by the Agency in defending any suits, actions or proceedings that may arise as a result of any of the foregoing. If, for any reason whatsoever, the Applicant fails to conclude or consummate necessary negotiations or fails within a reasonable or specified period of time to take reasonable, proper or requested action or withdraws, abandons, cancels, or neglects the Application or if the Applicant is unable to find buyers willing to purchase the total bond issue required or is unable to secure other third party financing or otherwise fails to conclude the Project, then upon presentation of an invoice by the Agency, its agents, attorneys or assigns, the Applicant shall pay to the Agency, its agents, attorneys or assigns, as the case may be, all fees and expenses reflected in any such invoice.

As an authorized representative of the Applicant, I acknowledge and agree on behalf of the Applicant that each of the Agency's general counsel, transaction/bond counsel, economic development consultant, real property tax valuation consultant and other experts and consultants is an intended third-party beneficiary of this Certification and Agreement, and that each of them may (but shall not be obligated to) enforce the provisions of the immediately preceding paragraph, whether by lawsuit or otherwise, to collect the fees and expenses of such party or person incurred by the Agency (whether or not first paid by the Agency) with respect to the Application.

Upon successful closing of the required bond issue or other form of financing or Agency assistance, the Applicant shall pay to the Agency an administrative fee set by the Agency (which amount is payable at closing) in accordance with the following schedule:

- (A) Taxable Bond Issues Six-tenths (6/10) of one percent (1%) for the first twenty million dollars (\$20,000,000) of total project costs and, if applicable, two-tenths (2/10) of one percent (1%) for any additional amounts in excess of twenty million dollars (\$20,000,000) of total project costs.
- (B) Tax-Exempt Bond Issues - Six-tenths (6/10) of one percent (1%) of total project costs.
- (C) Straight-Lease Transactions Six-tenths (6/10) of one percent (1%) for the first twenty million dollars (\$20,000,000) of total project costs and, if applicable, two-tenths (2/10) of one percent (1%) for any additional amounts in excess of twenty million dollars (\$20,000,000) of total project costs.
- (D) General Counsel Fee - One-tenth (1/10) of one percent (1%) of total project costs, with a minimum fee of \$2,000.
- (E) All Initial Transactions - Two Thousand Five Hundred Dollars (\$2,500) closing compliance fee payable at closing and One Thousand Dollars (\$1,000) per year (or part thereof) administrative fee, payable in advance, at the closing for the first year (or part thereof) and on January 1st of each year for the term of the financing. The annual service fee is subject to periodic review and may be adjusted from time to time in the discretion of the Agency.
- (F) Refundings - The Agency fee shall be determined on a case-by-case basis.
- (F) Assumptions - The Agency fee shall be determined on a case-by-case basis.
- (G) Modifications - The Agency fee shall be determined on a case-by-case basis.

The Agency's transaction/bond counsel fees and expenses are payable at closing and are based on the work performed in connection with the Project.

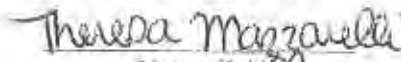
The Agency's transaction/bond counsel's fees, general counsel fee and the administrative fees may be considered as a cost of the Project and included as part of any resultant financing, subject to compliance with applicable law.

Upon the termination of the financing of the Project, Applicant agrees to pay all costs in connection with any conveyance by the Agency to the Applicant of the Agency's interest in the Project and the termination of all related Project documents, including the fees and expenses of the Agency's general counsel, bond/transaction counsel, and all applicable recording, filing or other related fees, taxes and charges.

I further acknowledge and agree on behalf of the Applicant that, in the event the Agency shall have used all of its available tax-exempt bond financing allocation from the State of New York, if applicable, and shall accordingly be unable to obtain an additional allocation for the benefit of the Applicant, the Agency shall have no liability or responsibility as a result of the inability of the Agency to issue and deliver tax-exempt bonds for the benefit of the Applicant.


Name: Ira Lichtiger
Title: Managing Member

Subscribed and affirmed to me this 25
day of June, 2018


Notary Public

THERESA MAZZARELLI
Notary Public, State of New York
No. 01MA6258408
Qualified in Queens County
Commission Expires March 26, 2020

TABLE OF SCHEDULES:

Schedule	Title	Complete as Indicated Below
A.	Tax-Exempt Bond Manufacturing Questionnaire	If Applicant checked "YES" in Part I, Question H of Application, if applicable N/A
B.	New York State Financial and Employment Requirements for Industrial Development Agencies	All applicants
C.	Guidelines for Access to Employment Opportunities	All applicants
D.	Anti-Raiding Questionnaire	If Applicant checked "YES" in Part I, Question O.2. of Application N/A
E.	Retail Questionnaire	If Applicant checked "YES" in Part II, Question Q of Application
F.	Applicant's Financial Attachments, consisting of:	All applicants
	1. Applicant's financial statements for the last two fiscal years (unless included in Applicant's annual reports),	
	2. Applicant's annual reports (or Form 10-K's) for the two most recent fiscal years, N/A	
	3. Applicant's quarterly reports (Form 10-Q's) and current reports (Form 8-K's) since the most recent Annual Report, if any. N/A	
	4. In addition, attach the financial information described above in items F1, F2, and F3 of any anticipated Guarantor of the proposed transaction, if different than the Applicant, including the personal financial statement of any anticipated Guarantor that is a natural person.	
G.	Environmental Assessment Form	All applicants
H.	Form NYS-45 (and 45-ATT)	All applicants
I.	Other Attachments	As required

Schedule B

**NEW YORK STATE FINANCIAL AND EMPLOYMENT REPORTING
REQUIREMENTS FOR INDUSTRIAL DEVELOPMENT AGENCIES**

- A. Pursuant to applicable law, the Agency requires the completion of an Initial Employment Plan (see Schedule C) and a year-end employment plan status report, both of which shall be filed by the Nassau County Industrial Development Agency (the "Agency") with the New York State Department of Economic Development. The Project documents will require the Applicant to provide such report to the Agency on or before February 11 of the succeeding year, together with such employment verification information as the Agency may require.

Except as otherwise provided by collective bargaining agreements, the Applicant agrees to list any new employment opportunities with the New York Department of Labor Community Services Division and the administrative entity of the service delivery area created by the Federal Job Training Partnership Act (P.L. 97-300), or any successor statute thereto (the "JTPA Entities"). In addition, except as otherwise provided by collective bargaining agreements, the Applicant, where practicable, will first consider persons eligible to participate in JTPA programs who shall be referred by the JTPA Entities for such new employment opportunities.

- B. The Applicant will be required to file annually a statement with the New York State Department of Taxation and Finance and the Agency of the value of all sales or use tax exemptions claimed in connection with the Project by reason of the involvement of the Agency.
- C. The following information must be provided for all bonds issued, outstanding or retired during the year:

Name, address and owner of the project; total amount of tax exemptions granted (broken out by state and local sales tax, property taxes, and mortgage recording tax); payments in lieu of taxes made; total real estate taxes on the Project prior to exemption; number of jobs created and retained, and other economic benefits realized.

Date of issue; interest rate at end of year; bonds outstanding at beginning of year; bonds issued during year; principal payments made during year; bonds outstanding at end of year; federal tax status; and maturity date(s).

Failure to provide any of the aforesaid information will constitute a DEFAULT under the Project documents to be entered into by the Agency and the Applicant in connection with the proposed Project.

Please sign below to indicate that the Applicant has read and understood the above and agrees to provide the described information on a timely basis.

Name of
Applicant: Blue Cassel Commercial, LLC

Signature: 
Name: Ira Lichtiger
Title: Managing Member
Date: 6.25.18

Schedule C

GUIDELINES FOR ACCESS TO EMPLOYMENT OPPORTUNITIES

INITIAL EMPLOYMENT PLAN

Prior to the expenditure of bond proceeds or the granting of other financial assistance, the Applicant shall complete the following initial employment plan:

Applicant Name: Blue Cassel Commercial Realty, LLC
 Address: 90-11 160th Street, Jamaica, NY 11432
 Type of Business: Owner of commercial unit of condominium
 Contact Person: Ira Lichtiger Tel. No.: 347 572-6302

Please complete the following table describing the projected full-time equivalent employment plan for the proposed Project following receipt of financial assistance:

<u>Current and Planned Occupations</u>	<u>Present Jobs Per Occupation</u>	<u>Estimated Number of Full Time Equivalent Jobs After Completion of the Project:⁴</u>			<u>Estimate of Number of Residents of the LMA⁵ that would fill such jobs by the third year</u>
		<u>1 year</u>	<u>2 years</u>	<u>3 years</u>	
<u>Management</u>	<u>3</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Professional</u>	<u>15.5</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Administrative</u>	<u>2.5</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Production</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Supervisor</u>	<u>2</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Laborer</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Independent Contractor</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Other (describe) by category</u>	<u>23</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

⁴ NOTE: Convert part-time jobs into FTE's for evaluation and reporting purposes by dividing the number of part-time jobs by two (2).

⁵ The "LMA" means the Local Market Area, which is defined by the Agency as Nassau and Suffolk Counties. The Labor Market Area is the same as the Long Island Economic Development Region, as established pursuant to Section 230 of the New York State Economic Development Law.

Please indicate the number of temporary construction jobs anticipated to be created in connection with the acquisition, construction and/or renovation of the Project: unknown

Please indicate the estimated hiring dates for the new jobs shown above and any special recruitment or training that will be required:

There are presently 23 jobs based on payroll numbers supplied by our tenants, and calculated based on note 4 above. 2 tenants are owner operated, those 2 jobs are included; 1 of these rents space to other barbers, these jobs are not included. There are two spaces not yet rented, we haven't included projections for those spaces.

Are the Applicant's employees currently covered by a collective bargaining agreement?

YES ☐

NO ☒

If YES, Union Name and Local: _____

Please note that the Agency may utilize the foregoing employment projections, among other things, to determine the financial assistance that will be offered by the Agency to the Applicant. The Applicant acknowledges that the transaction/bond documents may include a covenant by the Applicant to retain the above number of jobs, types of occupations and amount of payroll with respect to the proposed project.

Attached hereto as Schedule H is a true, correct and complete copy of the Applicant's most recent Quarterly Combined Withholding, Wage Reporting, and Unemployment Insurance Return (Form NYS-45 and 45-ATT). We've attached Form NYS-45 for our management company, and 3 of our tenants and a letter from a fourth tenant. Upon request of the Agency, the Applicant shall provide such other or additional information or documentation as the Agency may require with respect to the Applicant's current employment levels in the State of New York.

The UNDERSIGNED HEREBY CERTIFIES that the answers and information provided above and in any statement attached hereto are true, correct and complete.

Name of Applicant: Blue Cassel Commercial, LLC

Signature: 
Name: Ira Lichtiger
Title: Managing Member
Date: 6.25.18

Schedule E

RETAIL QUESTIONNAIRE

(To be completed by Applicant if Applicant checked either "YES" in Part II, Question Q of the Application for Financial Assistance)

- A. Will any portion of the Project (including that portion of the cost to be financed from equity or sources other than Agency financing) consist of facilities or property that are or will be primarily used in making retail sales to customers who personally visit the Project?

YES X

NO _____

For purposes of Question A, the term "retail sales" means (i) sales by a registered vendor under Article 28 of Tax Law of the State of New York (the "Tax Law") primarily engaged in the retail sale of tangible personal property (as defined in Section 1101(b)(4)(i) of the Tax Law), or (ii) sales of a service to customers who personally visit the Project.

- B. If the answer to Question A is YES, what percentage of the cost of the Project (including that portion of the cost to be financed from equity or sources other than Agency financing) will be expended on such facilities or property primarily used in making retail sales of goods or services to customers who personally visit the Project?

77.13% of the space that is rented up

- C. If the answer to Question A is YES, and the amount entered for Question B is greater than 33.33%, indicate whether any of the following apply to the Project:

1. Is the Project likely to attract a significant number of visitors from outside the economic development region (i.e., Nassau and Suffolk Counties) in which the Project is or will be located?

YES _____

NO X

2. Is the predominant purpose of the Project to make available goods or services which would not, but for the Project, be reasonably accessible to the residents of the city, town or village within which the Project will be located, because of a lack of reasonably accessible retail trade facilities offering such goods or services?

YES _____

NO X

Not the predominant purpose but please note that social service and educational provider tenants will serve the needs of the immediate community.

3. Will the Project be located in one of the following: (a) an area designated as an empire zone pursuant to Article 18-B of the General Municipal Law; or (b) a census tract or block numbering area (or census tract or block numbering area contiguous thereto) which, according to the most recent census data, has (i) a poverty rate of at least 20% for the year in which the data relates, or at least 20% of the households receiving public assistance, and (ii)

an unemployment rate of at least 1.25 times the statewide unemployment rate for the year to which the data relates?

YES X

NO

The Project is in a census tract has a poverty rate of 30% according to the HUD Qualified Tract Mapper, and is adjacent to an Empire Zone which is the New Cassel Industrial Park.

In addition, the Project is in the New Cassel Urban Renewal Area.

The residential condominium unit is rent restricted to low and moderate-income residents.

One of the existing tenants and two prospective tenants for the vacant spaces— Tiegerman Community Services and Self Help, are providing jobs and/or job training to low income and/or disabled persons.

If the answer to any of the subdivisions 1 through 3 of Question C is YES, attach details.

- D. If the answer to any of the subdivisions 2 through 3 of Question C is YES, Will the Project preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in the State of New York? If YES, attach details.

YES

NO

- E. State percentage of the Applicant's annual gross revenues [including revenues of our tenants] comprised of each of the following:

We haven't been able to secure sales data from our tenants to date.

Retail Sales: %

Services: %

- F. State percentage of Project premises utilized for same:

Retail Sales: 50.61%

Services: 29.53%

19.86% of the space is not yet rented up, but prospective tenants include a retail clothing store that also trains and employs disabled adults to work there, and a social services organization which will service the community

The UNDERSIGNED HEREBY CERTIFIES that the answers and information provided above and in any statement attached hereto are true, correct and complete.

Name of
Applicant:

Blue Cassel Commercial Realty, LLC

Signature:

Name:

Ira Lichtiger

Title:

Managing Member

Date:

6-25-14

Schedule F

APPLICANT'S FINANCIAL ATTACHMENTS

Entity financial statements follow; Guarantor financial statements will be separately provided for purposes of confidentiality.

Blue Cassel Commercial Realty LLC
Balance Sheet
December 31, 2016

Assets

Current Assets

Accounts Receivable	\$ 179
Prepaid Real Estate Taxes	21,797

Total Current Assets \$ 21,976

Long Term Assets

Land, Building and Closing Costs	\$ 3,168,756
----------------------------------	--------------

Total Long Term Assets 3,168,756

Total Assets \$ 3,190,732

Liabilities and Equity

Current Liabilities

Tenant Security Payables	\$ 32,648
Prepaid Tenant Rent	1,922
Due to / from Affiliates	1,836,616

Total Current Liabilities \$ 1,871,185

Total Long Term Liabilities

Total Liabilities \$ 1,871,185

Equity

Partner Capital	\$ 1,319,546
-----------------	--------------

Total Equity 1,319,546

Total Liabilities and Equity \$ 3,190,732

Blue Cassel Commercial Realty LLC
Income Statement
December 31, 2016

Revenue		
Rental Income	\$	185,701
Commercial Build Out Income		-
Late Charge Income		716
Legal Fee Income		2,500
Water/Sewer Reimbursement		671
Rubbish Removal Income		7,554
Real Estate Tax Reimbursement		45,201
Miscellaneous Income		-
Total Revenue	\$	242,343
Expenses		
Architect / Engineer	\$	1,700
Plumbing		523
Rubbish Removal		6,287
Repairs and Maintenance		3,709
Micellaneous Operating		21
Permits & Fees		350
Water & Sewer Expense		671
Accounting		1,727
Legal Fees		10,885
Real Estate Taxes		114,628
Condo Common Charge		33,884
NYS Corporate Tax		80
Office Expenses		56
Management Fee Expense		11,241
Total Expenses		185,763
Net Operating Income	\$	56,580
Miscellaneous Income / Expenses		
Amortization Expense	\$	27,213
Total Miscellaneous Income / Expenses		27,213
Total Net Cashflow	\$	29,367

Blue Cassel Commercial Realty LLC
Balance Sheet
December 31, 2017

Assets

Current Assets			
Accounts Receivable	\$	9,378	
Total Current Assets		\$	9,378
Long Term Assets			
Land, Building and Closing Costs	\$	3,047,322	
Total Long Term Assets			3,047,322
Total Assets		\$	3,056,700

Liabilities and Equity

Current Liabilities			
Accounts Payable	\$	1,806	
Tenant Security Payables		32,648	
Prepaid Tenant Rent		3,250	
Due to / from Affiliates		1,876,147	
Total Current Liabilities		\$	1,913,850
Total Long Term Liabilities			-
Total Liabilities		\$	1,913,850
Equity			
Partner Capital	\$	1,142,850	
Total Equity			1,142,850
Total Liabilities and Equity		\$	3,056,700

Blue Cassel Commercial Realty LLC
Income Statement
December 31, 2017

Revenue			
	Rental Income	\$	184,076
	Late Charge Income		696
	Bank Charge Income		15
	Rubbish Removal Income		2,323
	Real Estate Tax Reimbursement		28,463
Total Revenue		\$	215,574
Expenses			
	IDA Fee	\$	382
	Plumbing		2,303
	Rubbish Removal		8,750
	Repairs and Maintenance		413
	Permits & Fees		600
	Water & Sewer Expense		1,682
	Accounting		1,802
	Legal Fees		1,755
	Real Estate Taxes		127,245
	Condo Common Charge		28,266
	NYS Corporate Tax		50
	Office Expenses		81
	Management Fee Expense		11,814
Total Expenses			185,143
Net Operating Income		\$	30,431
Miscellaneous Income / Expenses			
	Amortization Expense	\$	28,925
Total Miscellaneous Income / Expenses			28,925
Total Net Cashflow		\$	1,506

Schedule G

ENVIRONMENTAL ASSESSMENT FORM

Short Environmental Assessment Form

Part 1 - Project Information

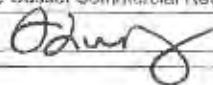
Instructions for Completing

Part 1 - Project Information. The applicant or project sponsor is responsible for the completion of Part 1. Responses become part of the application for approval or funding, are subject to public review, and may be subject to further verification. Complete Part 1 based on information currently available. If additional research or investigation would be needed to fully respond to any item, please answer as thoroughly as possible based on current information.

Complete all items in Part 1. You may also provide any additional information which you believe will be needed by or useful to the lead agency; attach additional pages as necessary to supplement any item.

Part 1 - Project and Sponsor Information							
Name of Action or Project: Gateway to New Cassel Project							
Project Location (describe, and attach a location map): 701 Prospect Avenue, Westbury, New York							
Brief Description of Proposed Action: Action to extend for ten (10) years and modify the P.U.OT Agreement for the commercial condominium unit of the Gateway to New Cassel Project							
Name of Applicant or Sponsor: Blue Cassel Commercial Realty, LLC by Ira Lichtiger, Managing Member		Telephone: 347 572 6302 E-Mail: ira@bluestoneorg.com					
Address: 90-11 160th Street, Suite 100							
City/PO: Jamaica		State: NY	Zip Code: 11432				
1. Does the proposed action only involve the legislative adoption of a plan, local law, ordinance, administrative rule, or regulation? (If Yes, attach a narrative description of the intent of the proposed action and the environmental resources that may be affected in the municipality and proceed to Part 2. If no, continue to question 2.)			<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">NO</th> <th style="width: 50%;">YES</th> </tr> <tr> <td style="text-align: center;">☒</td> <td style="text-align: center;">☐</td> </tr> </table>	NO	YES	☒	☐
NO	YES						
☒	☐						
2. Does the proposed action require a permit, approval or funding from any other governmental Agency? (If Yes, list agency(s) name and permit or approval:			<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">NO</th> <th style="width: 50%;">YES</th> </tr> <tr> <td style="text-align: center;">☒</td> <td style="text-align: center;">☐</td> </tr> </table>	NO	YES	☒	☐
NO	YES						
☒	☐						
3 a. Total acreage of the site of the proposed action? 9910 acres b. Total acreage to be physically disturbed? 0 acres c. Total acreage (project site and any contiguous properties) owned or controlled by the applicant or project sponsor? 9910 acres							
4. Check all land uses that occur on, adjoining and near the proposed action. ☐ Urban ☐ Rural (non-agriculture) ☐ Industrial ☒ Commercial ☒ Residential (suburban) ☐ Forest ☐ Agriculture ☐ Aquatic ☒ Other (specify): houses of worship, community facility ☐ Parkland							

5. Is the proposed action, a. A permitted use under the zoning regulations?	NO ☐	YES ☐	N/A ☒
b. Consistent with the adopted comprehensive plan?	☐	☐	☒
6. Is the proposed action consistent with the predominant character of the existing built or natural landscape?		NO ☐	YES ☒
7. Is the site of the proposed action located in, or does it adjoin, a state listed Critical Environmental Area? If Yes, identify: _____		NO ☒	YES ☐
8. a. Will the proposed action result in a substantial increase in traffic above present levels?		NO ☒	YES ☐
b. Are public transportation service(s) available at or near the site of the proposed action?		☐	☒
c. Are any pedestrian accommodations or bicycle routes available on or near site of the proposed action?		☐	☒
9. Does the proposed action meet or exceed the state energy code requirements? If the proposed action will exceed requirements, describe design features and technologies: Not applicable		NO ☐	YES ☐
10. Will the proposed action connect to an existing public/private water supply? If No, describe method for providing potable water: _____ Not Applicable, the existing project connects to existing water supply		NO ☐	YES ☐
11. Will the proposed action connect to existing wastewater utilities? If No, describe method for providing wastewater treatment: _____ Not applicable, the existing project connects to existing sewers		NO ☐	YES ☐
12. a. Does the site contain a structure that is listed on either the State or National Register of Historic Places?		NO ☒	YES ☐
b. Is the proposed action located in an archeological sensitive area?		☒	☐
13. a. Does any portion of the site of the proposed action, or lands adjoining the proposed action, contain wetlands or other waterbodies regulated by a federal, state or local agency?		NO ☒	YES ☐
b. Would the proposed action physically alter, or encroach into, any existing wetland or waterbody? If Yes, identify the wetland or waterbody and extent of alterations in square feet or acres: _____		☒	☐
14. Identify the typical habitat types that occur on, or are likely to be found on the project site. Check all that apply: ☐ Shoreline ☐ Forest ☐ Agricultural/grasslands ☐ Early mid-successional ☐ Wetland ☐ Urban ☒ Suburban			
15. Does the site of the proposed action contain any species of animal, or associated habitats, listed by the State or Federal government as threatened or endangered?		NO ☒	YES ☐
16. Is the project site located in the 100 year flood plain?		NO ☒	YES ☐
17. Will the proposed action create storm water discharge, either from point or non-point sources? If Yes, a. Will storm water discharges flow to adjacent properties? ☒ NO ☐ YES b. Will storm water discharges be directed to established conveyance systems (runoff and storm drains)? If Yes, briefly describe: ☐ NO ☐ YES Not applicable. Existing project discharges storm water into sewer system.		NO ☐	YES ☐

18. Does the proposed action include construction or other activities that result in the impoundment of water or other liquids (e.g. retention pond, waste lagoon, dam)? If Yes, explain purpose and size:	NO	YES
	☒	☐
19. Has the site of the proposed action or an adjoining property been the location of an active or closed solid waste management facility? If Yes, describe:	NO	YES
	☒	☐
20. Has the site of the proposed action or an adjoining property been the subject of remediation (ongoing or completed) for hazardous waste? If Yes, describe:	NO	YES
We discovered oil tanks during Project excavation activities in 2006, which were properly disposed.	☒	☐
I AFFIRM THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE Applicant/sponsor name: Blue Cassel Commercial Realty, LLC Date: 6-25-18 Signature: 		

Schedule H

FORM NYS-45

Attach most recent quarterly filing of Form NYS-45 and 45-ATT, as well as the most recent fourth quarter filing. Please remove the employee social security numbers and note which employees are part-time.



TIEGERMAN

TEACHING THE EXTRAORDINARY

EXPERTS IN LANGUAGE AND COMMUNICATION DEVELOPMENT

June 25, 2018

Mr. Marty Schackner

Dear Mr. Schackner,

This letter should serve to confirm that Tiegerman Community Services which is a not-for-profit 501c3 organization providing services to adults with developmental disabilities has 13 full-time and 2 part-time employees at 701 Prospect Avenue, Westbury. This location provides site-based supportive services to 24 adults with severe developmental disabilities. If you have any questions concerning our programmatic services, please do not hesitate to contact me.

Most sincerely,

Dr. Ellen Morris Tiegerman
Founder and Executive Director



New York State Department of Taxation and Finance

DLN: 84920308580

6/15/2018

Quarterly Combined Withholding, Wage Reporting,
And Unemployment Insurance Return

NYS-45 WEB

Reference these numbers in all correspondence:

UI Employer
registration number **4**Withholding
identification number **4**

Employer legal name:

NHE MANAGEMENT ASSOC., LLC

Mark an X in only one box to indicate the quarter (a separate
return must be completed for each quarter) and enter the year.Jan 1 - Mar 31 ☒ 1 Apr 1 - Jun 30 ☐ 2 July 1 - Sep 30 ☐ 3 Oct 1 - Dec 31 ☐ 4 Year **18**
YYDo you offer dependent health insurance benefits to any employee? Yes ☒ No ☐If seasonal employer, mark an X in the box ☐Number of employees
Enter the number of full-time and part-time covered employees
who worked during or received pay for the week that includes
the 12th day of each month.a. First month **41** b. Second month **41** c. Third month **40** Disaster relief ☐

Part A - Unemployment Insurance (UI) Information

1. Total remuneration paid this quarter **403,271.00**
2. Remuneration paid this quarter to
in excess of the UI wage base
since January 1 **127,519.00**
3. Wages subject to contribution
(subtract line 2 from line 1) **275,752.00**
4. UI contributions due
UI rate **0.025 %** **6.8938**
5. Re-employment service fund
(multiply line 3 x .00075) **206.81**
- 6a. Interest on contributions **0.00**
- 6b. UI previously underpaid
Interest **0.00**
7. Total of lines 4, 5, 6a and 6b **2,461.76**
8. Enter UI previously overpaid **0.00**
9. Total UI amounts due (if line 7
is greater than line 8, enter difference) **2,461.76**
10. Total UI overpaid (if line 8 is greater
than line 7, enter the difference) * **0.00**

Part B - Withholding Tax (WT) Information

12. New York State tax withheld **10,775.40**
13. New York City tax withheld **9,604.20**
14. Yonkers tax withheld **0.00**
15. Total tax withheld
(add lines 12, 13, and 14) **20,379.60**
16. WT credit from previous
quarter's return (see instr.) **0.00**
17. Form NYS-1 payments made
for quarter **26,399.60**
18. Total payments
(add lines 16 and 17) **26,399.60**
19. Total WT amounts due (if line 15 is
greater than line 18, enter difference) **3.00**
- 20a. WT overpaid (if line 18 is
greater than line 15, enter difference
here and mark an X in 20a or 20b) * **0.00**
- 20b. Apply to outstanding
liabilities and/or refund ☐
- 20c. Credit to next quarter
withholding tax ☐
21. Total payment due
(add lines 9 and 19) **2,461.76**

* An overpayment of either tax cannot be used to offset the amount due on the other tax.

Part C - Wage Reporting Summary

- C. Total UI total remuneration/gross
wages paid this quarter **403,271.00**
- D. Total gross wages or distribution **403,271.00**
- E. Total tax withheld **20,379.60**
- F. Total number of employees **41**

Sign your return: I certify that the information on this return and any attachments is to the best of my knowledge and belief true, correct, and complete.

Taxpayer's signature **Signer's name** **Title**
Date **04/27/2018 15:54:55** Telephone number

Withholding
Identification number 11-3576216

DI N: 84920385580

Part D - Form NYS-4 corrections/additions

Web filed not applicable

Part E - Change of business information

23. If you permanently ceased paying wages, enter the date (MMDDYY) of the final payroll

24. Did you sell or transfer all or part of your business? ☐ Yes ☒ No

If Yes, indicate if sale or transfer was in ☐ Whole or ☐ Part

Paid preparer's use	Preparer's signature	Telephone number	Date	Mark an 'X' if self-employed	Preparer's SSN or PTIN
	Preparer's firm name (or yours, if self-employed)	Address		Preparer's EIN	
Payroll service name		Payroll service's EIN			

Unemployment insurance (UI) payment details (Account saved ☒)	
Payment date	Account type
04/27/2018	Business checking
Bank name	Bank routing number
CAPITAL ONE, N.A.	021407912
Account holder	Account number
NHE Management Assoc., LLC.	XXXXXX2647
Amount due (\$)	Payment amount (\$)
2,481.76	2,481.76

Withholding tax (WT) payment details (Account saved ☐)	
Payment date	Account type
Bank name	Bank routing number
Account holder	Account number
Amount due (\$)	Payment amount (\$)
0.00	

Transaction details	
Confirmation number	Transaction date/time
84920385580	04/27/2018 03:54 PM
Submitted by	
MICHAEL BYRON	

Part C

Employee Wage and Withholding

Employer legal name:

NHE MANAGEMENT ASSOC., LLC

Withholding identification number:

(Showing 1 - 35 of 41 employees)

Quarterly employee/payee wage reporting information

Annual wage and withholding totals

If this return is for the 4th quarter of the year, you will be filing for the calendar year, complete columns d and e.

a Social security number	b Last name, first name, middle initial	c All total compensation, less wages paid this quarter	d Gross wages or distribution (see instructions)	e Total tax withheld
XXX-XX-XXXX	A. [REDACTED]	0,920.00	R	
XXX-XX-XXXX	[REDACTED]	0,561.69	R	
XXX-XX-XXXX	[REDACTED]	1,467.00	R	
XXX-XX-XXXX	B. [REDACTED]	11,999.40	R	
XXX-XX-XXXX	[REDACTED]	23,493.00	R	
XXX-XX-XXXX	[REDACTED]	0,141.03	R	
XXX-XX-XXXX	C. [REDACTED]	2,997.00	R	
XXX-XX-XXXX	C. [REDACTED]	705.12	R	
XXX-XX-XXXX	G. [REDACTED]	10,931.90	R	
XXX-XX-XXXX	Don Rosafio, Jimmy	10,099.96	R	
XXX-XX-XXXX	[REDACTED]	5,410.60	R	
XXX-XX-XXXX	[REDACTED]	10,616.69	R	
XXX-XX-XXXX	E. [REDACTED]	13,023.59	R	
XXX-XX-XXXX	[REDACTED]	0,003.95	R	
XXX-XX-XXXX	Galech [REDACTED]	5,357.16	R	
XXX-XX-XXXX	G. [REDACTED]	1,820.83	R	
XXX-XX-XXXX	G. [REDACTED]	18,192.58	R	
XXX-XX-XXXX	G. [REDACTED]	23,009.69	R	
XXX-XX-XXXX	[REDACTED]	9,522.04	R	
XXX-XX-XXXX	[REDACTED]	6,142.16	R	
XXX-XX-XXXX	G. [REDACTED]	11,008.00	R	
XXX-XX-XXXX	[REDACTED]	1,151.50	R	
XXX-XX-XXXX	H. [REDACTED]	11,965.72	R	
XXX-XX-XXXX	L. [REDACTED]	1,309.47	R	
XXX-XX-XXXX	L. [REDACTED]	1,309.47	R	
XXX-XX-XXXX	M. [REDACTED]	10,519.74	R	
XXX-XX-XXXX	M. [REDACTED]	13,914.76	R	
XXX-XX-XXXX	M. [REDACTED]	12,500.02	R	
XXX-XX-XXXX	G. [REDACTED]	2,941.11	R	
XXX-XX-XXXX	O. [REDACTED]	13,200.28	R	
XXX-XX-XXXX	[REDACTED]	3,316.02	R	
XXX-XX-XXXX	[REDACTED]	8,706.54	R	
XXX-XX-XXXX	[REDACTED]	2,622.42	R	
XXX-XX-XXXX	T. [REDACTED]	0,930.09	R	
XXX-XX-XXXX	[REDACTED]	14,040.80	R	

New Castel Superintendent

[Withholding Identification number]

Quarterly employer/payer wage reporting information

Annual wage and withholding totals
 If you retires for the 4th quarter of the year, you will be filing for the calendar year, complete columns d and e.

d Gross wages or distribution (See instructions)	e Total tax withheld

Totals (see instructions)

JUN-21-2018 10:15 FROM:

TO: 13475726319

P.1

And Unemployment Insurance Return

NY 100 (1-12-13)

Reference these numbers in all correspondence:

(1) Employer registration number [redacted] 0

Withholding identification number [redacted] 4 7

Employer legal name:
701 PROSPECT, INC

Number of employees
Enter the number of full-time and part-time covered employees who worked during or received pay for the week that includes the 12th day of each month.

1. First month
3

2. Second month
3

3. Third month
3

Mark an X in only one box to indicate the quarter to separate return must be completed for each quarter and enter the tax year.
Jan 1 - Mar 31 ☒ 1 Apr 1 - Jun 30 ☐ 2 Jul 1 - Sep 30 ☐ 3 Oct 1 - Dec 31 ☐ 4 Year 18
Are dependent health insurance benefits available to any employee? Yes No ☒
If seasonal employer mark an X in the box

NY 100 (1-12-13)

For employer use only

Outlook

Random tests

13 14 15 16 17 18

Part A - Unemployment Insurance (UI) information

1. Total remuneration paid this quarter
2. Remuneration paid this quarter in excess of the UI wage base since January 1 (line 1 less 1)
3. Wages subject to contribution (publications 2 and 10)
4. UI contributions due. Enter your UI rate 1.225%
5. Re-employment service fund (article 15-a, § 207(5))
6. UI previously underpaid with interest
7. Total of lines 4, 5, and 6
8. Enter UI previously overpaid
9. Total UI amounts due (enter a greater than 0 or 0.00 if none)
10. Total UI overpaid (if over a greater than 0 or 0.00, enter 0.00)
11. Apply to outstanding liabilities and/or refund

7600.00
.00
7600.00
93.10
5.70
98.80
98.80
98.80

Part B - Withholding tax (WT) information

12. New York State tax withheld
13. New York City tax withheld
14. Yonkers tax withheld
15. Total tax withheld (line 12, 13, and 14)
16. WT credit from previous quarter's return (see instructions)
17. Form NY-111 payments made for quarter
18. Total payments (line 15 and 17)
19. Total WT amount due (line 15 less 16)
20. Total WT overpaid (line 16 less 19)
- 21a. Apply to outstanding liabilities and/or refund
- 21b. Credit to next quarter withholding tax
21. Total payment due (add lines 19 and 20; make sure payments are payable to NYS Employment Statewide and Taxes)

120.00
120.00
120.00
120.00
218.80

* An overpayment of either UI contributions or withholding tax cannot be used to offset the amount due for the other. Complete parts D and E on back of form, if required.

Part C - Employee wage and withholding information

Quarterly employer/payer wage reporting information (if more than five employees or if reporting other wages, do not make entries in this section; complete Form NYS-45-ATT. Do not use negative numbers; see instructions.)

A. Social security number	B. Last name, first name, middle initial	C. Total compensation (gross) for quarter
[redacted]	KHAN, KHALEED M	2000.00
[redacted]	RONCE, FRANCISCO J	7600.00
[redacted]	SHAIKH, BAQAR	2000.00

Annual wage and withholding totals
Enter totals for the quarter or the year (you will be filing on the calendar year, not calendar quarter) and 6.
a. Total wages, tips, and other income
b. Total NY, NYC, and Yonkers tax withheld

Totals (enter in bold type; information on line 11 is not required for this return)

Sign your return: I certify that the information on this return and any attachments is to the best of my knowledge and belief true, correct, and complete.

Signature (see instructions)
Date
Telephone number

Signature (see instructions)
KHAN, KHALEED M

Title
PRESIDENT

Withholding
identification number

452622014

7



Part D - Form NYS-1 corrections/additions

Use Part D only for corrections/additions for the quarter being reported in Part B of this return. To correct original withholding information reported on Form(s) NYS-1, complete columns a, b, c, and d. To report additional withholding information not previously submitted on Form(s) NYS-1, complete only columns c and d. Lines 12 through 15 on the front of this return must reflect these corrections/additions.

a Original last payroll date reported on Form NYS-1, line A (mmdd)	b Original total withheld reported on Form NYS-1, line 4	c Correct last payroll date (mmdd)	d Correct total withheld
---	---	---	--------------------------------

▼
▼
▼
▼
▼
▼

Part E - Change of business information

22. This line is not in use for this quarter.

23. If you permanently ceased paying wages, enter the date (mmddyy) of the final payroll (see Note below) . . .

24. If you sold or transferred all or part of your business:

- Mark an X to indicate whether in whole or in part
- Enter the date of transfer (mmddyy)

• Complete the information below about the acquiring entity

Legal name	EIN
Address	

Note: For questions about other changes to your withholding tax account, call the Tax Department at (518) 485-6054; for your unemployment insurance account, call the Department of Labor at (518) 485-8530 or 1 800 669-8810. If you are using a paid preparer or a payroll service, the section below must be completed.

Paid preparer's use	Preparer's signature	Date	Preparer's NYTP#	Preparer's SSN or PTIN	NYTPRM OMB code
	Preparer's firm name (or yours if self-employed)	Address	Filing EIN	Telephone number	
Payroll service's name	8 BLACK PINE CT FOX HILLS, NY 11730				
			Payroll service's EIN		

Checklist for mailing:

- File original return and keep a copy for your records.
- Complete lines 8 and 19 to ensure proper credit of payment.
- Enter your withholding ID number on your remittance.
- Make remittance payable to NYS Employment Contributions and Taxes.
- Enter your telephone number in boxes below your signature.
- See *Need help?* on Form NYS-45-1 if you need forms or assistance.

Mail to:
NYS EMPLOYMENT
CONTRIBUTIONS AND TAXES
PO BOX 4119
BINGHAMTON NY 13902-4119



New York State Department of Taxation and Finance

DLN: 84D26649437

6/1/10/11

Quarterly Combined Withholding, Wage Reporting,
And Unemployment Insurance Return

NYS-45 WEB

Reference these numbers in all correspondence:

UI Employer
registration number 4Withholding
identification number 4

Employer legal name:

NEW CASSEL DENTISTRY P.C.

Mark an X in only one box to indicate the quarter (a separate
return must be completed for each quarter) and enter the year.Jan 1 - ☒ Apr 1 - ☐ July 1 - ☐ Oct 1 - ☐
Mar 31 1 Jun 30 2 Sep 30 3 Dec 31 4 Year 10 YYDo you offer dependent health insurance benefits to any employee? Yes ☐ No ☒Seasonal employer, mark an X in the box ☐Number of employees
Enter the number of full-time and part-time covered employees
who worked during or received pay for the week that includes
the 12th day of each month.

a. First month	b. Second month	c. Third month
2	2	2

Disaster relief ☐

Part A - Unemployment Insurance (UI) Information

1. Total remuneration paid this quarter	30,238.00
2. Remuneration paid this quarter in excess of the UI wage base since January 1	8,038.00
3. Wages subject to contributions (subtract line 2 from line 1)	22,200.00
4. UI contributions due UI rate 1.725 %	382.96
5. Re-employment service fund (multiply line 3 x .00075)	16.65
6a. Interest on contributions	
6b. UI previously underpaid with interest	0.00
7. Total of lines 4, 6a and 6b	399.60
8. Enter UI previously overpaid	0.00
9. Total UI amounts due (if line 7 is greater than line 8, enter difference)	399.60
10. Total UI overpaid (if line 8 is greater than line 7, enter the difference) *	

Part B - Withholding tax (WT) Information

12. New York State tax withheld	2,740.14
13. New York City tax withheld	0.00
14. Yonkers tax withheld	0.00
15. Total tax withheld (add lines 12, 13, and 14)	2,740.14
16. WT credit from previous quarter's return (see inst.)	0.00
17. Form NYS-1 payments made for quarter	2,740.14
18. Total payments (add lines 16 and 17)	2,740.14
19. Total WT amounts due (if line 18 is greater than line 15, enter difference)	0.00
20. Total WT overpaid (if line 18 is greater than line 15, enter difference here and mark an X in 20a or 20b) *	0.00
20a. Apply to outstanding liabilities and/or refund ☐	20b. Credit to next quarter withholding tax ☐
21. Total payment due (add lines 9 and 19)	399.60

* An overpayment of either tax cannot be used to offset the amount due on the other tax.

Part C - Wage Reporting Summary

C. Total UI total remuneration/gross wages paid this quarter	30,238.00	Total number of employees	2
D. Total gross wages or distribution		E. Total tax withheld	

Sign your return: I certify that the information on this return and any attachments is to the best of my knowledge and belief true, correct, and complete.

Taxpayer's signature	Signer's name	Title
Date 04/25/2010 11:51:26	Telephone number	

Withholding
identification number 46-4114164

DLN: 84926649437

Part D - Form NYS-1 corrections/additions

Web filed not applicable

Part E - Change of business information

23. If you permanently ceased paying wages, enter the date (MMDDYY) of the final payroll

24. Did you sell or transfer all or part of your business? ☐ Yes ☒ No

If Yes, indicate if sale or transfer was in ☐ Whole or ☐ Part

Paid preparer's use	Preparer's signature	Telephone number	Date	Mark an X if self-employed ☐	Preparer's SSN or PTIN
	Preparer's firm name (or yours, if self-employed)	Address			Preparer's EIN
Payroll service name				Payroll service's EIN	

Unemployment insurance (UI) payment details (Account saved ☒)	
Payment date 04/30/2018	Account type Business checking
Bank name TD BANK NA	Bank routing number [REDACTED]
Account holder NEW CASSEL DENTISTRY PC	Account number XXXXXX0363
Amount due (\$) 399.60	Payment amount (\$) 399.60

Withholding tax (WT) payment details (Account saved ☐)	
Payment date	Account type
Bank name	Bank routing number
Account holder	Account number
Amount due (\$) 0.00	Payment amount (\$)

Transaction details	
Confirmation number 84926649437	Transaction date/time 04/25/2018 11:51 AM
Submitted by SACHIN SOOD	

Employee Wage and Withholding

(Showing 1 - 2 of 2 employees)

Totals (see instructions)



New York State Department of Taxation and Finance

DLN: 84926497688

(01/18) V04

Quarterly Combined Withholding, Wage Reporting,
And Unemployment Insurance Return

NYS-45 WEB

Reference these numbers in all correspondence:

UI Employer
registration number 4Withholding
identification number

Employer legal name:

NEW CASSEL DENTISTRY P.C.

Mark an X in only one box to indicate the quarter (a separate
return must be completed for each quarter) and enter the year.Jan 1 - ☐ Apr 1 - ☐ July 1 - ☐ Oct 1 - ☒ Year 17
Mar 31 1 Jun 30 2 Sep 30 3 Dec 31 4 YYDo you offer dependent health insurance benefits to any employee? Yes ☐ No ☒If seasonal employer, mark an X in the box ☐Number of employees
Enter the number of full-time and part-time covered employees
who worked during or received pay for the week that includes
the 12th day of each month.a. First month 2 b. Second month 2 c. Third month 2Disaster relief ☐

Part A—Unemployment insurance (UI) information

1. Total remuneration paid this quarter 28,797.00

2. Remuneration paid this quarter to
in excess of the UI wage base
since January 1 25,635.00

3. Wages subject to contribution
(subtract line 2 from line 1) 2,262.00

4. UI contributions due
UI rate 2.025 % 45.81

5. Re-employment service fund
(multiply line 3 x .00075) 1.70

6a. Interest on contributions

6b. UI previously underpaid with
interest 0.00

7. Total of lines 4, 5, 6a and 6b 47.51

8. Enter UI previously overpaid 0.00

9. Total UI amounts due (if line 7
is greater than line 8, enter difference) 47.51

10. Total UI overpaid (if line 8 is greater
than line 7, enter the difference) *

Part B—Withholding tax (WT) information

12. New York State tax withheld 2,609.41

13. New York City tax withheld 0.00

14. Yonkers tax withheld 0.00

15. Total tax withheld
(add lines 12, 13, and 14) 2,609.41

16. WT credit from previous
quarter's return (see instr.) 0.00

17. Form NYS-4 payments made
for quarter 2,609.41

18. Total payments
(add lines 16 and 17) 2,609.41

19. Total WT amounts due (if line 15 is
greater than line 18, enter difference) 0.00

20. Total WT overpaid (if line 18 is
greater than line 19, enter difference
here and mark an X in 20a or 20b) * 0.00

20a. Apply to outstanding
liabilities and/or refund ☐

20b. Credit to next quarter
withholding tax ☐

21. Total payment due
(add lines 9 and 19) 47.51

* An overpayment of either tax cannot be used to offset the amount due on the other tax.

Part C—Wage Reporting Summary

C. Total UI total remuneration/gross
wages paid this quarter 28,797.00 Total number of employees 2

D. Total gross wages or distribution 106,642.40 E. Total tax withheld 8,653.26

Sign your return: I certify that the information on this return and any attachments is to the best of my knowledge and belief true, correct, and complete.

Taxpayer's signature Signer's name Title Date Telephone number

01/12/2018 17:11:19

Withholding
identification number

46-4114464

DLN: 84926497588

Part D - Form NYS-1 corrections/additions

Web filed not applicable

Part E - Change of business information

23. If you permanently ceased paying wages, enter the date (MMDDYY) of the final payroll

24. Did you sell or transfer all or part of your business? ☐ Yes ☒ No

If Yes, indicate if sale or transfer was in ☐ Whole or ☐ Part.

Paid preparer's use	Preparer's signature	Telephone number	Date	Mark an X if self-employed ☐	Preparer's SSN or PTIN
	Preparer's firm name (or yours, if self-employed)	Address			Preparer's EIN
Payroll service name				Payroll service's EIN	

Unemployment insurance (UI) payment details (Account saved ☒)	
Payment date	Account type
01/31/2018	Business checking
Bank name	Bank routing number
TD BANK NA	
Account holder	Account number
NEW CASSEL DENTISTRY PC	XXXXXX8363
Amount due (\$)	Payment amount (\$)
47.51	47.51

Withholding tax (WT) payment details (Account saved ☐)	
Payment date	Account type
Bank name	Bank routing number
Account holder	Account number
Amount due (\$)	Payment amount (\$)
0.00	

Transaction details	
Confirmation number	Transaction date/time
84926497588	01/12/2018 05:11 PM
Submitted by	
SACHIN SOOD	

Employee Wage and Withholding

161/175 V2

(Showing 1 - 2 of 2 employees)

Totals (see instructions)

No. 1009 P. 6

NYS-45 (v2/16)

Quarterly Combined Withholding, Wage Reporting,
And Unemployment Insurance Return

Reference these numbers in all correspondence.

Mark an X in only one box to indicate the quarter (a separate return must be completed for each quarter) and enter the year.

UI Employer registration number  

Withholding
Identification number

Employer legal name:
TROPICAL RESTAURANT INC

Jan 1 - ☐ Mar 31 - ☐ Apr 1 - ☐ Jun 30 - ☐ July 1 - ☒ Sep 30 - ☐ Oct 1 - ☐ Dec 31 - ☐ Year 17

Are dependent health insurance benefits available to any employee? ☐ Yes ☒ No

If seasonal employer, mark an X in the box ☐

Number of employees
Enter the number of full-time and part-time covered employees who worked during or received pay for the week that includes the 12th day of each month.

a. First month	b. Second month	c. Third month
1	1	1

For office use only
Postmark

Received date

U.S. AIR MAIL 30

Part A - Unemployment Insurance (UI) Information

Part B - Withholding tax (WWT) information

- | | | |
|---|-------------------|----|
| 1. Total remuneration paid this quarter | 3249 | 00 |
| 2. Remuneration paid this quarter in excess of the 18 wage base since January 1 (see note) | 3249 | 00 |
| 3. Players subject to contribution (submit line 2 from this T) | | 00 |
| 4. UI contributions due
Enter year <input type="text"/> <input type="text"/> <input type="text"/>
UI rate <input type="text"/> % <input type="text"/> | | 00 |
| 5. R=employment service fund (multiply line 4 by .00095) | | 00 |
| 6. UI previously overpaid with interest | | |
| 7. Total of lines 4, 5, and 6 | | |
| 8. Enter UI previously overpaid | | |
| 9. Total UI amounts due (if line 8 is greater than line 7, enter difference) | | |
| 10. Total UI overpaid (if line 8 is greater than line 7, enter difference and mark box 11 below) | | |
| 11. Apply to outstanding liabilities and/or refund ☐ | | |
| | 21. Total payment | |

- | | | |
|--|----|----|
| 12. New York State
tax withheld | 56 | 01 |
| 13. New York City
tax withheld | | |
| 14. Various tax
withheld | | |
| 15. Total tax withheld
(add lines 12, 13, and 14) | 56 | 01 |
| 16. WT credit from previous
quarter's return (see 15a) | | |
| 17. Form NYS-1 payments made
for quarter | | |
| 18. Total payments
(add lines 16 and 17) | | |
| 19. Total WT amount due (this is
A greater than 18, enter difference) .. | 56 | 01 |
| 20. Total WT overpaid (line 18
is greater than line 19, enter difference
line was paid on X in 20 or 20A) .. | | |
- 20a. Apply to outstanding
20b. Credit to next quarter
withholding tax
- NY State Employment Contributions

* An overpayment of either UI contributions or withholding tax cannot be used to offset an amount due for the other.
Complete Parts D and E on back of form, if required.

Part C – Employee wage and withholding information

Part C - Employee wage and withholding information					
Quarterly employee/payer wage reporting information (If more than five employees or if reporting other wages, do not make entries in this section; complete Form NYS-45-ATT. Do not use negative numbers; see instructions.)					Annual wage and withholding totals If the return is for the 4th quarter of the tax year you will be filing for the calendar year, complete columns d and e.
a Social security number	b Last name, first name, middle initial	c Total UI remuneration paid this quarter	d Gross federal wages or distribution (see instructions)	e Total NYS, NYC, and Yorkville tax withheld	
000000	ROMERO STEVEN	3249	12998 98	224 04	
Totals (column e must equal remuneration on line 1; see instructions for exceptions)		3249	12998 98	224 04	

Sign your return. I certify that the information on this return and any attachments is to the best of my knowledge and belief true, correct, and complete.

Signature (see instructions) _____ Signer's name (please print) _____ Title _____

04-30-2018	510	500	9561
------------	-----	-----	------

Jun. 14, 2018 4:47PM

No. 1009 P. 7

Withholding
identification number


Part D - Form NYS-1 corrections/additions

Use Part D only for corrections/additions for the quarter being reported in Part B of this return. To correct original withholding information reported on Form(s) NYS-1, complete columns a, b, c, and d. To report additional withholding information not previously submitted on Form(s) NYS-1, complete only columns c and d. Lines 12 through 15 on the front of this return must reflect these corrections/additions.

a Original last payroll date reported on Form NYS-1, line A (mm/dd)	b Original total withhold reported on Form NYS-1, line 4	c Correct last payroll date (mm/dd)	d Correct total withheld

Part E - Change of business information

22. This line is not in use for this quarter.

23. If you permanently ceased paying wages, enter the date (mm/dd/yy) of the final payroll (see Note below)

24. If you sold or transferred all or part of your business:

• Mark an X to indicate whether in whole ☐ or in part ☐• Enter the date of transfer (mm/dd/yy)

• Complete the information below about the acquiring entity

Legal name	EIN
Address	

Note: For questions about other changes to your withholding tax account, call the Tax Department at (516) 483-8654; for your unemployment insurance account, call the Department of Labor at (516) 485-8088 or 1 800 889-8610. If you are using a paid preparer or a payroll service, the section below must be completed.

Paid preparer's SSN	Preparer's signature	Date	Preparer's NYSTRIN	Preparer's SSN or PTIN	NYSTRIN p/c code
	Preparer's firm name (or name if self-employed)	Address	Firm's EIN	Telephone number ()	
Payroll service's name			Payroll service's EIN		

Checklist for mailing:

- File original return and keep a copy for your records.
- Complete lines 8 and 19 to ensure proper credit of payment.
- Enter your withholding ID number on your remittance.
- Make remittance payable to NYS Employment Contributions and Taxes.
- Enter your telephone number in boxes below your signature.
- See Need help? on Form NYS-45-1 if you need forms or assistance.

Mail to:

NYS EMPLOYMENT
CONTRIBUTIONS AND TAXES
PO BOX 4119
BINGHAMTON NY 13902-4119

Schedule I

OTHER ATTACHMENTS

For Part II, Section II, we've attached a copy of our petition for tax certiorari, and proposed stipulation of settlement from the County reflecting agreed upon value determinations. Also attached is a spreadsheet that sets forth 1) what the taxes would be based upon the current assessment, and 2) what the taxes would be based upon the "new" assessment, and 3) the difference.

Original and revised assessed values and market values are summarized below

TAX YEAR	EQ. RATE	ORIGINAL ASSESSED VALUE	ORIGINAL FULL MARKET VALUE	Proposed AV Reduction	NEW ASSESSED VALUE	NEW FULL MARKET VALUE
2014/15	0.850%	15,206	1,788,941	0	15,206	1,788,941
2015/16	0.795%	15,206	1,912,704	600	14,606	1,837,233
2016/17	0.760%	15,206	2,000,789	900	14,306	1,882,368
2017/18	0.685%	15,206	2,219,854	2,000	13,206	1,927,883
2018/19	0.645%	15,206	2,357,519	2,400	12,806	1,985,426

We've also included copies of the following documents in response to the following sections: IH, IR, II H, II N, II P

1. Lease Agreement between IDA and Applicant, dated as of December 1, 2008
2. Memorandum of Lease dated as of December 1, 2008
3. Payment in Lieu of Taxes Agreement between IDA and Applicant, dated as of December 1, 2008
4. Amended and Restated Payment in Lieu of Taxes Agreement between IDA and Blue Cassel Site A Realty, LLC
5. Regulatory Agreement for the Gateway to New Cassel Apartments Project between New York State Housing Finance Agency, IDA and Blue Cassel Site A Realty, LLC

3. Petitioner duly made and filed with respondents a written application and statement under oath, to have said assessed valuation, transition assessment and exemptions, if applicable, of said real property corrected and revised, specifying therein the respect in which the assessment complained of was incorrect, and which application and statement sought to reduce the assessment complained of as set forth in Column III, Paragraph 2 above. The application and statement are hereby referred to and made part hereof as though fully set forth herein.

4. Upon information and belief, a final decision and determination on the application and statement was duly rendered by respondents who failed to reduce the assessment as requested and confirmed or set the assessed valuation of petitioner's property as set forth in Column IV, Paragraph 2 above.

5. Thirty days have not elapsed since the filing of a certified copy of the completed and verified assessment roll with notice thereof, or, law day, whichever is later, as permitted by RPTL Section 702.

6. The assessment of petitioner's property is erroneous upon the following grounds: (a) Excessive, as fully defined in RPTL Section 701 (4) (a-d) (to the extent set forth in Column V, Paragraph 2 above); (b) Misclassification, the class designation is incorrect, as fully defined in RPTL Section 701 (5) (a-c); (c) Unequal (inequality), as fully defined in RPTL Section 701 (8) (a), (b) and Section 522 (9) (c) (to the extent set forth in Column V, Paragraph 2 above) in that the assessed value is made at a higher proportionate valuation than the assessed value of other real property in the same class on the assessment roll and/or the assessed value has been made at a higher proportionate value than the assessments of all other real property on the assessment roll. The specified instances of such unequal assessment is the assessments of all of the real property (or where applicable, in the same class on the same roll) in the assessing jurisdiction and each and every parcel thereof; (d) Unlawful, in that this property and all real property in the assessing unit is not assessed at a uniform percentage of value and that it is based upon an assessment practice of selective or spot assessment that has been declared illegal and unconstitutional by the Courts of the State of New York, as defined in RPTL, and is unlawful as more fully defined in its entirety in RPTL Section 701 (9) (a-e); and this property and all real property in the assessing unit is not assessed at a uniform percentage of value, as required by RPTL 305(2); and that the base proportion and/or adjusted base proportion (as defined in RPTL Article 18; RPTL Article 19) for the appropriate class for Petitioner's

property was established and/or adjusted in an erroneous, arbitrary and capricious manner, if applicable; and that the property was selectively reassessed in violation of the Real Property Tax Law, the regulations of the Office of Real Property Services, and the equal protection clauses of the constitutions of the State of New York and United States.

7. In the event that the assessment at issue should be subject to a transition assessment and/or exemption or partial exemption, that has been incorrectly calculated, or not set forth at all on the taxable assessment roll, the assessment should be reduced as it exceeds the statutory formula and/or is unlawful, unequal and excessive.

8. Section 6-41 of the Nassau County Administrative Code, as enacted by Chapter 458 of the Laws of 2014, violates the equal protection clauses of the United States and New York State Constitution, and is illegal as violating the Real Property Tax Law, and petitioners' taxable assessments, applicable tax rates and taxes are thereby excessive, illegal and unequal as a result, and is also illegal as having been applied in an illegal, arbitrary and capricious manner and contrary to Article 16 of the Real Property Tax Law.

9. Petitioner is aggrieved and injured by said unequal, excessive, illegal, unlawful and/or misclassified assessment, and will be required to pay a greater amount and proportion of taxes than petitioner would be required to pay if the assessment had been equal and not excessive, illegal, unlawful, misclassified and erroneous.

10. No provision is made by law for an appeal or other relief from the final determination of the respondents except by a review of petition to the Supreme Court. No previous application for the relief herein asked has been made to any court or judge.

11. If there is more than one petitioner herein, the word "petitioner" shall mean "petitioners" or "each of the petitioners", as the context requires.

12. Petitioner protests payment of said taxes based upon the within claims and upon the grounds that the tax rates are calculated incorrectly.

13. The assessment is illegal in that it is not predicated upon the market value of the subject property as of the appropriate taxable status and valuation dates.

14. The assessment is unlawful and/or illegal as the Assessor has included within the assessment non-assessable and/or non real property items, thereby violating RPPL section 300, and the New York state constitution.

WHEREFORE, your petitioner prays that the Supreme Court review and correct on the merits the aforementioned final determination of the respondent on the grounds set forth in this petition, and that the said Court take evidence to enable your petitioner to show the unconstitutional, unjust, unequal, excessive, illegal, misclassified and erroneous assessment of the said real property to the end that the assessment may be reduced to the full, true market value thereof for land and improvement, and to a valuation proportionate to the assessments of other real property, and/or all other property in the same class, assessed on the same rolls for the same year, so that equality of assessments will result, and may be properly classified, and for such other and further relief as the Court may deem proper, together with the costs and disbursements of this proceeding.

KOEPEL MARTONE & LEISTMAN, L.L.C.
Attorneys for Petitioner
155 FIRST STREET
MINEOLA, NY 11501
(516) 747-6300

SUPREME COURT: STATE OF NEW YORK: COUNTY OF NASSAU

File No: 56809

NOTICE OF PETITION

In the Matter of

BLUE CASSEL COMMERCIAL REALTY, LLC,

Petitioner,

- against -

THE ASSESSOR OF NASSAU COUNTY
AND THE ASSESSMENT REVIEW
COMMISSION OF NASSAU COUNTY,

Respondents.

Tax Year 2018/19

Index No.

NOTICE OF PETITION

TO THE RESPONDENTS NAMED WITHIN: PLEASE TAKE NOTICE that upon the annexed verified petition, an application will be made, pursuant to the provisions of the Real Property Tax Law, at a Special Term for Tax Certiorari of this Court, to be held at the courthouse thereof, on May 17, 2018 at 9:30 a.m., or as soon thereafter as counsel can be heard, for the relief prayed for in said petition, upon the grounds set forth therein, and for such other and further relief as may be just and proper in the premises.

Dated: April 2, 2018.

KOEPPPEL MARIONE & LEISTMAN, L.L.C.

Attorneys for Petitioner

155 FIRST STREET

MINEOLA, NY 11501

(516) 747-6300

Authorization

January 2, 2018

The undersigned being an aggrieved person within the meaning of the Real Property Tax Law, or an officer or partner of such aggrieved person, hereby authorizes KOEPPPEL MARTONE & LEISTMAN, L.L.P., or any attorney or person employed or retained by such firm, to act as our agent to:

1. Make and/or serve a statement (also known as a complaint or protest) pursuant to Section 512(1) and 524 of the RPTL, specifying the respect in which the assessment of the property listed below is excessive, unequal, unlawful or misclassified.
2. Verify and/or serve and/or file a petition for review of real property assessment pursuant to Article 7 (Title 1 or Title 1A) of the Real Property Tax Law.
3. Such firm is authorized to represent the undersigned in all proceedings before the Board of Assessment Review and/or the Assessment Review Commission and the Supreme Court, State of New York, and all appeals therefrom.
4. When appropriate, prepare, verify and/or certify, as agent, applications pursuant to RPTL 485-b or any other applicable exemption provision.

This authorization applies to the 2018/19, 2019/20 assessment rolls for the following property(ies):

Property located at:

701 PROSPECT AVENUE, WESTBURY

County of NASSAU

Town of NORTH HEMPSTEAD

School District: NH01

Class: 4



Section, Block, Lot(s): File 56409 County of NASSAU

11/100/123U, CA0249, Unit 1

Name of Aggrieved Person

BLUE CASSEL COMMERCIAL REALTY, LLC

By:

TL P.4

(Signature)

Dated:

10/2/17

Thomas P. Petrucci

(Print Name)

Managing Partner

(Print title, i.e. owner, tenant, member, etc.)

Authorization: Mr. Ira Lichtiger, The Bluestone Organization

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NASSAU

In the Matter of

BLUE CASSEL COMMERCIAL REALTY, LLC

AFFIDAVIT OF PERSONAL SERVICE

Index # 402460/2018

Petitioner,

-against-

The Assessor of Nassau County and the
Assessment Review Commission of Nassau County,
Respondent.

STATE OF NEW YORK)

COUNTY OF NASSAU) ss.:

Kathleen McQuillan, being duly sworn, deposes & says she is not a party to this action, is over 18 years of age & resides in East Meadow, NY 11554.

That on the 26th day of April, 2018, deponent served the within Article 7 Verified Notice of Petition and Petition for the Index No. referenced above for the 2018/19 tax year by delivering two (2) copies of same, thereof personally to the person named below at the address indicated. I knew said person served to be the Assessor or person authorized to receive same on behalf of the Assessor of the municipality mentioned and described in said Article 7 Verified Notice of Petition and Petition.

Mr. Bob Brousseau, Supervisor

Nassau County, Department of Assessment, Room 402

240 Old Country Road, Mineola, New York 11501

Sworn to before me this
26th day of April, 2018

Devon O'Neill

DEVON O'NEILL
Notary Public, State of New York
No. 0106077087
Qualified in Nassau County
Commission Expires July 1, 2018


Kathleen McQuillan
Koeppel, Martone & Leistman, L.L.C.

CAT70

COUNTY ATTORNEY
NASSAU COUNTY, NEW YORK

56400
4102

CA STIPULATION

Stipulation # 1019272001-1901

Fax # 516-747-8227
074 KOEPEL WARTONE LEISTMAN LLC
155 FIRST STREET
MINEOLA NY 11501

Economic Unit # 19272.001
Offer Date 06/08/2018

Proposed Assessments		Economic Unit Totals	
Taxyr	Original AV	Proposed AV	Reduction
2018/19	15,206	12,806	2,400

Parcel 11100 0123UCA024900001

Year	Original AV Cls	New Proposed AV Cls	Reduction
2018/19	15,206 4	12,806 4	2,400

Proceedings Resolved

Taxyr	Writ#	Index #	Cal#	Cnt PETITIONER	ATTORNEY
2018/19	201907141	402460		1 BLUE CASSEL COMMERCIAL REALTY	KOEPEL WARTONE LEISTMAN LLC

Proceedings Resolved

Taxyr	Application #	Cnt APPLICANT	ATTORNEY

Sales

parcel	Date	Price	Seller	Buyer
11100 0123UCA024900001	12/24/2008		INDUSTRIAL DEVELOPMENT AG	INDUSTRIAL DEVELOPMENT AG

CAT/0

COUNTY ATTORNEY
NASSAU COUNTY, NEW YORK

CA STIPULATION

Attorney Acceptance and Signature

Applicant: KOEPPSEL MARTONE LEISTMAN LLC
Parcels: 11100 01230CA024900001 and 0 related lots forming Economic Unit No. 19272.001
Tax Years: 2018/19 through 2019/20

The Office of the County Attorney proposes to resolve the issues raised in the petition(s) in this CA stipulation, subject to the terms specified on page 1 - 4 of the CA Stipulation, the applicant's acceptance, the County Attorney's acceptance, the Nassau County Legislature's acceptance (if necessary), along with the acceptance of any other necessary governmental authority.

KOEPPSEL MARTONE LEISTMAN LLC
Attorneys for the Applicant

Accepted by:

Rejected by:

By: _____

Print Name

By: _____

Print Name

Date: _____

Date: _____

To accept, sign, date and submit this page, with all other documents required by the terms of the stipulation as to be received prior to July 13, 2019.

Office of the Nassau County Attorney
1 West Street, 2nd Floor
Mineola, NY 11501

Pages 1 - 4 of the CA Stipulation may be found as form CAT 70 on the County Attorney's page of the Nassau County website: <http://www.nassaucountyny.gov/DocumentCenter/View/16406>

NASSAU COUNTY TAXABLE ASSESSED VALUE COMPUTATION

NO ARC 1819272001-1901

EUN: 19272.001

Personal and STAR Exemptions subject to Dept of Assess final review

Original Assessment				Corrected Assessment			
Parcel	11100	01230CA024900001		Parcel	11100	01230CA024900001	
Year	Total AV	Physic al	Trans	Exempt	Code	School Taxable	Gen Taxable
2018/19	15,206			15,206	18020	0	0
2019/20	12,806			12,806	18020	0	0

Nassau County Taxable Assessed Value Computation

Taxpayer's counsel: This schedule is an attachment to a Nassau County offer of reduction. If you accept the reduction, and it is approved by the County, the computation will be binding on you. Please review the computations and submit any objection to the department issuing the offer prior to acceptance.

Receiver of Taxes: This schedule is valid for issuance of a corrected tax bill only when submitted to you by the Office of the Nassau County Attorney as an attachment to a Nassau County Attorney Stipulation of Settlement (CAT 70), or when it is incorporated into a formal stipulation of settlement or consent order signed by a Deputy County Attorney and the Attorney for the Applicant.

Attachment to: AR70/AR90
Prepared By: CA

Solely
6-11-18

OFFICE OF THE COUNTY ATTORNEY
STIPULATION SETTLEMENT OR CONSENT ORDER - SCHEDULE A

Stipulation # 1819272001-1801

Fax # 516-747-8227
074 KOEPPPEL MARTONE LEISTMAN LLC
155 FIRST STREET
MINEOLA NY 11501

Economic Unit # 19272.001
Offer Date 06/08/2018

Proposed Assessments		Economic Unit Totals	
Taxyr	Original AV	Proposed AV	Reduction
2016/17	15,206	14,306	900
2017/18	15,206	13,206	2,000

Proposed Assessments

Parcel 11100 0123UCA024900001

Year	Original AV Cts	New Proposed AV Cts	Reduction
2016/17	15,206	14,306	900
2017/18	15,206	13,206	2,000

Proceedings Resolved

Taxyr	Writ#	Index #	Cal#	Cnt	PETITIONER	ATTORNEY
2016/17	201703434	402279		1	BLUE CASSEL COMMERCIAL REALTY	KOEPPPEL MARTONE LEISTMAN LLC
2017/18	201803475	402322		1	BLUE CASSEL COMMERCIAL REALTY	KOEPPPEL MARTONE LEISTMAN LLC

Sales

parcel	Date	Price	Seller	Buyer
11100 0123UCA024900001	12/24/2008		INDUSTRIAL DEVELOPMENT AG	INDUSTRIAL DEVELOPMENT AG

This offer expires on 07/20/2018

26-1509
PO

OFFICE OF THE COUNTY ATTORNEY
STIPULATION SETTLEMENT OR CONSENT ORDER - SCHEDULE A

Stipulation # 1819272001-1602

Fax # 516-747-8227
074 KOEPPPEL MARTONE LEISTMAN LLC
155 FIRST STREET
MINEOLA NY 11501

Economic Unit # 19272.001
Offer Date 06/08/2018

Proposed Assessments		Economic Unit Totals	
Taxyr	Original AV	Proposed AV	Reduction
2009/10	13,025	13,025	0
2014/15	15,206	15,206	0
2015/16	15,206	14,606	600

Proposed Assessments

Parcel 11100 0123UCA024900001

Year	Original AV C1s	New Proposed AV C1s	Reduction
2009/10	13,025 4	13,025 4	0
2014/15	15,206 4	15,206 4	0
2015/16	15,206 4	14,606 4	600

Proceedings Resolved

Taxyr	Writ#	Index #	Sal#	Cnt	PETITIONER	ATTORNEY
2009/10	201008945	09406739		1	BLUE CASSEL SITE A REALTY LLC	KOEPPPEL MARTONE LEISTMAN LLC
2014/15	201501898	401278		1	BLUE CASSEL SITE A REALTY, LLC	KOEPPPEL MARTONE LEISTMAN LLC
2015/16	201644306	401747		1	BLUE CASSEL COMMERCIAL REALTY	KOEPPPEL MARTONE LEISTMAN LLC

Sales

parcel	Date	Price	Seller	Buyer
11100 0123UCA024900001	12/24/2008		INDUSTRIAL DEVELOPMENT AG	INDUSTRIAL DEVELOPMENT AG

This offer expires on 07/20/2018

NASSAU COUNTY TAXABLE ASSESSED VALUE ESTIMATE

No. ARC 1819272001-1602

EUN: 19272.001

Exemptions and physical changes subject to Department of Assessment final review

Original Assessment				Corrected Assessment			
Parcel 11100	01230CA024900001	Parcel 11100	01230CA024900001				
Year	Total AV	Physic al	Trans	Exempt	Code	School Taxable	Gen Taxable
2009/10	15,025		123	12,902	18020	0	0
2014/15	15,206			15,206	18020	0	0
2015/16	15,206			15,206	18020	0	0

Nassau County Taxable Assessed Value Computation

Taxpayer's counsel: This estimate is provided as a courtesy and is an attachment to a Nassau County offer of reduction. Final calculations will be made by the Department of Assessment.

Receiver of Taxes: This schedule is valid for issuance of a corrected tax bill only when submitted to you by the Nassau County Assessment Review Commission as an attachment to an ARC Determination (AR90), or when it is incorporated into a stipulation of settlement or consent order signed by a Deputy County Attorney.

BLUE CASSEL COMMERCIAL REALTY, LLC									
OUR FILE NO. 56409									
TAX YEAR	ORIGINAL ASSESSMENT	TOTAL TAX RATE	ORIGINAL TAXES	REDUCED ASSESSMENT	TOTAL TAX RATE	REDUCED TAXES	TAX DIFFERENCE		
2009/10	13,025	\$ 646.23	\$ 84,171.72	13,025	\$ 646.23	\$ 84,171.72	\$ -		
2014/15	15,206	\$ 815.95	\$ 124,073.66	15,206	\$ 815.95	\$ 124,073.66	\$ -		
2015/16	15,206	\$ 835.90	\$ 127,106.65	14,606	\$ 835.90	\$ 122,091.26	\$ 5,015.39		
2016/17	15,206	\$ 914.12	\$ 139,001.09	14,306	\$ 914.12	\$ 130,774.01	\$ 8,227.08		
2017/18	15,206	\$ 972.26	\$ 147,841.55	13,206	\$ 972.26	\$ 128,396.39	\$ 19,445.16		
2018/19	15,206	\$ 972.25	\$ 147,841.55	12,806	\$ 972.26	\$ 124,507.36	\$ 23,334.19		
							\$ 56,021.82		

SCHEDULE I #1

Lease Agreement between IDA and Applicant
Dated as of December 1, 2008

NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY
as Lessor

AND

BLUE CASSEL COMMERCIAL REALTY, LLC
as Lessee

LEASE AGREEMENT

DATED AS OF DECEMBER 1, 2008

ADDRESS:	701, 715, 721 and 729 Prospect Avenue
TOWN:	North Hempstead
COUNTY:	Nassau
STATE:	New York
SECTION:	11
BLOCK:	100
LOT:	123

Prepared by:

Phillips Lytle LLP
1100 Franklin Avenue, 4th Floor
Garden City, NY 11530
Attention: Milan K. Tyler, Esq.

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LEASE AGREEMENT

THIS LEASE AGREEMENT dated as of December 1, 2008 (this "Lease") by and between the NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, having an office at 1100 Franklin Avenue, Suite 300, Garden City, NY 11530 (the "Agency"), and BLUE CASSEL COMMERCIAL REALTY, LLC, a limited liability company duly organized and existing under the laws of the State of New York, having an office at 193-04 Horace Harding Expressway, Fresh Meadows, NY 11365 (the "Company").

WITNESSETH:

WHEREAS, the Agency is authorized and empowered by the provisions of Chapter 1030 of the 1969 Laws of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 674 of the 1975 Laws of New York, as amended, constituting Section 922 of said General Municipal Law (said Chapter and the Enabling Act, as amended from time to time, being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research, recreation and civic facilities, among others, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, construct, reconstruct and install one or more "projects" (as defined in the Act), or to cause said projects to be acquired, constructed, reconstructed and installed and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, the Company and Blue Cassel Site A Realty, LLC, a limited liability company duly organized and existing under the laws of the State of New York (the "Residential Applicant" and together with the Company, collectively, the "Applicants"), presented a joint application for financial assistance (as amended, the "Application") to the Agency, which Application requested that the Agency consider undertaking a project (the "Project") consisting of the following: (A) (1) the acquisition of an interest in a parcel of land located at 701, 715, 721 and 729 Prospect Avenue, New Cassel, Town of North Hempstead, County of Nassau, New York (the "Land"), (2) the construction of an approximately 123,250 square foot building (inclusive of indoor parking), together with related improvements, on the Land, excluding subtenant alterations for the retail portion of such improvements (collectively, the "Building"), and (3) the acquisition and installation therein and thereon of certain furniture, fixtures, machinery and equipment, excluding any subtenant equipment with respect to the retail portion of the Building (the "Equipment"); all of the foregoing to constitute a mixed-use residential/commercial facility (collectively, the "Project Facility"); (B) the granting of certain

"financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions or partial exemptions from sales and use taxes, mortgage recording taxes and real property taxes (but not including special assessments and ad valorem levies) (collectively, the "Financial Assistance"); (C) the lease (with an obligation to purchase) or sale of the residential portion of the Project Facility to the Residential Applicant and the commercial portion of the Project Facility to the Company; and (D) the guaranty by The Bluestone Organization, Inc. of the obligations of the Applicants in connection with the Project; and

WHEREAS, the Executive Director of the Agency (A) caused notice of a public hearing of the Agency pursuant Section 859-a of the Act (the "Public Hearing") to hear all persons interested in the Project and the Financial Assistance contemplated by the Agency with respect to the Project, to be mailed on February 18, 2005 to the chief executive officer of Nassau County, New York, and of each other affected tax jurisdiction within which the Project Facility is or is to be located; (B) caused notice of the Public Hearing to be published on February 18, 2005 in the Nassau edition of *Newsday*, a newspaper of general circulation available to residents of the Town of North Hempstead and the County of Nassau, New York; (C) conducted the Public Hearing on March 22, 2005 at 11:30 a.m., local time, at Town Hall, 220 Plandome Road, Manhasset, Town of North Hempstead, Nassau County, New York; and (D) prepared a report of the Public Hearing (the "Report") which fairly summarizes the views presented at the Public Hearing and distributed the Report to the members of the Agency; and

WHEREAS, the Executive Director of the Agency (A) caused notice of a meeting of the Agency (the "IDA Meeting") with respect to the proposed deviation from the Agency's uniform tax exemption policy and guidelines to be mailed on February 18, 2005 to the chief executive officer of each affected tax jurisdiction; and (B) conducted the IDA Meeting on March 23, 2005 and reviewed and responded to any comments or correspondence received from the affected tax jurisdictions at or before the IDA Meeting regarding the proposed deviation from the Agency's uniform tax exemption policy; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the "SEQR Act"), and the regulations (the "Regulations") adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively with the SEQR Act, "SEQRA"), the appropriate personnel of the Agency reviewed the environmental assessment form and other materials submitted by the Applicants and made any necessary comments to members of the Agency, and by resolution of the members of the Agency adopted on March 23, 2005, the Agency decided to undertake an uncoordinated review of the Project, determined that the Project will not have a significant effect on the environment and issued a negative declaration for purposes of SEQRA; and

WHEREAS, by resolution adopted by the members of the Agency on April 24, 2006 (the "Inducement Resolution"), the Agency, following a review of the Report, made a determination to proceed with the Project and to grant the Financial Assistance; and

WHEREAS, by resolution adopted by the members of the Agency on April 24, 2006 (the "Authorizing Resolution"), the Agency determined to enter into the "straight lease transaction" (as such quoted term is defined in the Act) contemplated by this Lease and the other Transaction Documents (as hereinafter defined); and

WHEREAS, the acquisition of the Project Facility, the straight lease of the Project Facility and the granting of the Financial Assistance to the Applicants are for proper purposes, including, without limitation, the advancement of the job opportunities, health, general prosperity and economic welfare of the inhabitants of the State and the prevention of unemployment and economic deterioration pursuant to the provisions of the Act; and

WHEREAS, pursuant to the terms of the Conversion Agreement (as hereinafter defined), the Residential Applicant has caused the Project Facility to be converted to a condominium form of ownership and the Agency has subjected the Project Facility to the Condominium Documents (as hereinafter defined) and is acting as declarant thereunder; and

WHEREAS, the Residential Applicant and the Agency have released from the lease agreement between them the Commercial Unit (as hereinafter defined) and the Agency desires to lease the Commercial Unit to the Company and the Company desires to lease the Commercial Unit from the Agency, all pursuant to the terms and conditions hereinafter set forth in this Lease, and in the other Transaction Documents; and

WHEREAS, pursuant to a certain Payment in Lieu of Taxes Agreement dated of even date herewith (the "PILOT Agreement") between the Company and the Agency, the Company has agreed to make certain payments in lieu of real property taxes with respect to the Commercial Unit, and such obligation is secured by a Mortgage and Assignment of Leases and Rents dated of even date herewith (the "PILOT Mortgage") from the Company and the Agency, as mortgagor, to the County of Nassau, as mortgagee (in such capacity, the "PILOT Mortgagee"), pursuant to which the Agency and the Company grant a first mortgage on the Commercial Unit to the PILOT Mortgagee;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND THE MUTUAL COVENANTS HEREINAFTER CONTAINED, THE PARTIES HERETO HEREBY COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I DEFINITIONS

SECTION 1.1 DEFINITIONS. The following words and terms used in this Lease shall have the respective meanings set forth below, unless the context or use indicates another or different meaning or intent:

"Act" shall have the meaning assigned to such term in the recitals to this Lease.

"Administrative Fee" shall have the meaning assigned to such term in Section 5.3(B) of this Lease.

"Affiliate" of a Person shall mean a Person who directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, such Person. The term "control" means (i) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, or (ii) the ownership, either directly or indirectly, of at least fifty-one percent (51%) of the voting stock or other equity interest of such Person.

"Agency" means (A) the Nassau County Industrial Development Agency and its successors and assigns, and (B) any public benefit corporation or other public corporation resulting from or surviving any consolidation or merger to which the Nassau County Industrial Development Agency, or its successors or assigns, may be a party.

"Annual Fee" shall have the meaning assigned to such term in Section 5.3(C) of this Lease.

"Applicable Laws" means all current and future statutes, codes, laws, acts, ordinances, treaties, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions, determinations and requirements, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to or affect the Project Facility or any part thereof or the conduct of work on the Project Facility or any part thereof or to the operation, use, manner of use or condition of the Project Facility or any part thereof (the applicability of the foregoing to be determined both as if the Agency were the owner of the Project Facility and as if the Company and not the Agency were the owner of the Project Facility), including but not limited to (1) applicable health, building, zoning, use, rent, accessibility, environmental, planning and subdivision laws, ordinances, rules and regulations of Governmental Authorities having jurisdiction over the Project Facility, (2) restrictions, conditions or other requirements applicable to any permits, licenses or other governmental authorizations issued with respect to the foregoing, (3) judgments, decrees, orders or injunctions issued by any court or other judicial or quasi-judicial Governmental Authority, and (4) applicable covenants and restrictions relating in any way to the Project Facility.

"Applicants" shall have the meaning assigned to such term in the recitals to this Lease.

"Application" shall have the meaning assigned to such term in the recitals to this Lease.

"Authorizing Resolution" means the resolution duly adopted by the Agency on April 24, 2006 authorizing and directing the undertaking of the Project and the execution and delivery of the Transaction Documents to which the Agency is a party.

"Authorized Representative" means the Person or Persons at the time designated to act on behalf of the Agency or the Company, as the case may be, by written certificate furnished to the Agency or the Company, as the case may be, containing the specimen signature of each such

Person and signed on behalf of (A) the Agency by its Chairman, Vice-Chairman, Secretary, Executive Director or such other Person as may be authorized by resolution of the members of the Agency to act on behalf of the Agency, and (B) the Company by a Member or a Manager or such other Person as may be authorized in writing by the members of the Company, to act on behalf of the Company.

"Bank" means JPMorgan Chase Bank, N.A., a national banking association, together with its successors and/or assigns, provided that the Agency is given notice of any such succession or assignment in accordance with Section 12.1 of this Lease.

"Bank Loan" means the mortgage loan made by the Bank to the Company in the principal amount of the Bank Note, which Bank Loan is secured by, inter alia, the Bank Mortgage.

"Bank Mortgage" means, collectively, the building loan fee and leasehold mortgage, assignment of leases and rents and security agreement and the project loan fee and leasehold mortgage, assignment of leases and rents and security agreement, each dated the Closing Date, made by the Company and the Agency in favor of the Bank securing repayment of the Bank Note, which Bank Mortgage the Agency has executed for the sole purpose of subjecting to the lien thereof its interest in the Commercial Unit, and pursuant to which the Company and the Agency grant to the Bank a second mortgage lien in the Commercial Unit and the leasehold estate created by this Lease.

"Bank Note" means, collectively, the promissory note dated the Closing Date in the aggregate original principal amount of \$1,880,000 made by the Company in favor of the Bank.

"Bill of Sale to Company" means the bill of sale from the Agency to the Company, pursuant to which the Agency will convey to the Company all of the Agency's interest in the Equipment to the Company, substantially in the form attached as Exhibit D to this Lease.

"Building" shall have the meaning assigned to such term in the recitals to this Lease.

"Business Day" means a day on which banks located in the County are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

"Closing" means the closing at which this Lease and the other Transaction Documents are executed and delivered by the Company, the Guarantor, the Agency and the other parties thereto.

"Closing Date" means the date of the Closing.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations of the United States Treasury Department promulgated thereunder.

"Collateral" shall have the meaning assigned to such term in Section 5.5 of this Lease.

"Commercial Unit" means all that certain plot, piece or parcel of land described in Exhibit A-2 attached hereto located on the Land, and commonly known as the Commercial Unit in the Condominium Declaration, together with an undivided 28.07% interest in the common elements of the Condominium, together with the Building and all buildings, structures and other improvements now or hereafter located thereon, and all fixtures and appurtenances and additions thereto and substitutions and replacements thereof, now or hereafter attached to or contained therein or located thereon.

"Company" means Blue Cassel Commercial Realty, LLC, a limited liability company duly organized and existing under the laws of the State of New York, and its successors and assigns, to the extent permitted pursuant to this Lease.

"Condemnation" means the taking of title to, or the use of, Property under the exercise of the power of eminent domain by any Governmental Authority.

"Condominium" means The Blue Cassel Condominium established pursuant to the Condominium Declaration, and consisting of the Residential Unit and the Commercial Unit, together with the common elements appurtenant thereto.

"Condominium Declaration" means the Declaration, dated December 16, 2008 and to be recorded in the Office of the Clerk of the County, as filed with the New York State Department of Law and with respect to which the New York State Department of Law issued a so-called "no action letter".

"Condominium Documents" means, collectively, the Condominium Declaration and the By-Laws and Rules and Regulations of the Condominium as promulgated and enforced by the Board of Managers of the Condominium.

"Conversion Agreement" means the Project Conversion Agreement dated as of May 1, 2006 between the Residential Applicant and the Agency.

"County" means the County of Nassau, New York.

"Deed to the Company" means the deed from the Agency to the Company, pursuant to which the Agency will convey the Agency's interest in the Commercial Unit, substantially in the form attached as Exhibit C to this Lease.

"Default Interest Rate" means a rate of interest equal to eighteen percent (18%) per annum or the maximum rate permitted by applicable law, whichever is less.

"Environmental Indemnification" means the Environmental Compliance and Indemnification Agreement dated of even date herewith from the Company and the Guarantor in favor of the Agency.

"Environmental Laws" shall have the meaning assigned to such term in Section 3.3 of this Lease.

"Environmental Report" means the Phase I Environmental Site Assessment dated October 28, 2005 prepared for The Bluestone Organization by Roux Associates.

"Equipment" means all those materials, machinery, equipment, fixtures or furnishings intended to be acquired with the proceeds of any payment made by the Company pursuant to Section 4.1(H) of this Lease, and such substitutions and replacements therefor as may be made from time to time pursuant to this Lease, including without limitation, all the Property described in Exhibit B attached to this Lease. "Equipment" shall not include: (i) inventory, (ii) rolling stock, (iii) any item of personalty having a useful life of less than one (1) year or which shall not constitute a tangible capital asset, (iv) plants, shrubs, trees, flowers, lawns or plants, or (v) fine art or other similar decorative items.

"Event of Default" means, with respect to any particular Transaction Document, any event specified as an Event of Default pursuant to the provisions thereof.

"Financial Assistance" shall have the meaning assigned to such term in the recitals to this Lease.

"Governmental Authority" means the United States of America, the State, any other state, the County, and any political subdivision thereof, and any court, tribunal, arbitrator, mediator, agency, department, commission, board, bureau, authority or instrumentality of any of them.

"Gross Proceeds" means one hundred percent (100%) of the proceeds of the transaction with respect to which such term is used, including, but not limited to, the settlement of any insurance or Condemnation award.

"Guarantor" means The Bluestone Organization, Inc., a corporation duly organized and existing under the laws of the State of New York.

"Guaranty" means the Guaranty dated of even date herewith from the Guarantor in favor of the Agency.

"Hazardous Materials" means all hazardous materials including, without limitation, any explosives, radioactive materials, radon, asbestos-containing materials, urea formaldehyde foam insulation, polychlorinated biphenyls, lead based paints, petroleum, petroleum products, methane, hazardous materials, hazardous chemicals, hazardous wastes, extremely hazardous wastes, restricted hazardous wastes, hazardous or toxic substances, toxic pollutants, hazardous air pollutants, pollutants, contaminants, toxic chemicals, toxics, pesticides or related materials as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), the Clean Water Act, as amended (33 U.S.C.

Section 1251 et seq.), the Safe Drinking Water Act, as amended (42 U.S.C. Section 300f, et seq.) the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. 2601, et seq.), Articles 15 or 27 of the New York State Environmental Conservation Law, or in the regulations adopted and publications promulgated pursuant thereto, or any other environmental law, ordinance, rule or regulation of any Governmental Authority having jurisdiction.

"IDA Meeting" shall have the meaning assigned to such term in the recitals to this Lease.

"Indebtedness" means (1) the monetary obligations of the Company to the Agency or to any of its members, officers, agents, attorneys, servants or employees, past, present or future, under this Lease or any of the other Transaction Documents, and (2) all interest accrued on any of the foregoing.

"Index" means the "Consumer Price Index for All Urban Consumers (1982-84 = 100), U.S. City Average, All Items," as published by the Bureau of Labor Statistics of the United States Department of Labor. If the Index is not published by the Bureau of Labor Statistics or other governmental agency at any time during the term of this Lease, then the calculations based on the Index shall be made using the most closely comparable statistics on the purchasing power of the consumer dollar as published by a responsible financial authority selected by the Agency.

"Inducement Resolution" means the resolution of the Agency adopted on April 24, 2006, offering to undertake the Project.

"Investor" means Sterling Corporate Tax Credit Fund XXVIII, L.P., together with its successors and/or assigns, provided that the Agency is given notice of any such succession or assignment in accordance with Section 12.1 of this Lease.

"Land" shall have the meaning assigned to such term in the recitals to this Lease and is more particularly described in Exhibit A to this Lease.

"Lien" means any interest in Property securing an obligation owed to a Person, whether such interest is based on the common law, statute or contract, and including but not limited to a security interest arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes or a judgment against the Company. The term "Lien" includes reservations, exceptions, encroachments, projections, easements, rights of way, covenants, conditions, restrictions, leases and other similar title exceptions and encumbrances, including, but not limited to, mechanics', materialmen's, landlord's, warehousemen's and carriers' liens and other similar encumbrances affecting real property. For purposes of the Transaction Documents, a Person shall also be deemed to be the owner of any Property that it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

"Minimum Employment Requirement" shall have the meaning assigned to such term in Section 2.2 of this Lease.

"Net Proceeds" means so much of the Gross Proceeds with respect to which that term is used as remain after payment of all fees for services, expenses, costs and taxes (including attorneys' fees) incurred in obtaining such Gross Proceeds.

"Permitted Encumbrances" means (A) utility, access and other easements, rights of way, restrictions, encroachments and exceptions that exist on the Closing Date and are identified on Schedule B to the Title Policy, (B) Liens for taxes, assessments and utility charges, to the extent permitted by this Lease, (C) any Lien or encumbrance on the Project Facility obtained through any Transaction Document, (D) any Lien or encumbrance requested by the Company in writing and consented to by the Agency, which consent may be granted or denied in the Agency's sole and absolute discretion, (E) the Bank Mortgage, and (F) the Condominium Documents.

"Person" means an individual, partnership, limited liability company, corporation, trust, unincorporated organization or Governmental Authority.

"PILOT Agreement" means the Payment in Lieu of Taxes Agreement dated of even date herewith between the Company and the Agency, pursuant to which the Company shall make certain payments in lieu of real property taxes.

"PILOT Mortgage" shall have the meaning assigned to such term in the recitals to this Lease.

"PILOT Mortgagee" means the County, on behalf of itself and such other instrumentalities to which amounts shall be due and owing pursuant to the PILOT Agreement, and its successors and/or assigns under the PILOT Mortgage.

"Plans and Specifications" means the plans and specifications for the Project Facility prepared by the Company's architect and approved by the Agency and all applicable Governmental Authorities.

"Premises" means the Land, together with the Building and all buildings, structures and other improvements now or hereafter located thereon, and all fixtures and appurtenances and additions thereto and substitutions and replacements thereof, now or hereafter attached to or contained in or located on the Land.

"Prohibited Person" means (i) any Person (A) that is in default or in breach, beyond any applicable grace or cure period, of its obligations under any written agreement with the Agency or the County, or (B) that directly or indirectly controls, is controlled by or is under common control with a Person that is in default or in breach, beyond any applicable grace or cure period, of its obligations under any written agreement with the Agency or the County, unless such default or breach has been waived in writing by the Agency or the County, as the case may be, and (ii) any Person (A) that has been convicted in a criminal proceeding for a felony or any crime

involving moral turpitude or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure, or (B) that directly or indirectly controls, is controlled by or is under common control with a Person that has been convicted in a criminal proceeding for a felony or any crime involving moral turpitude or that is an organized crime figure or is reputed to have substantial business or other affiliations with an organized crime figure.

"Project" means that project undertaken by the Agency consisting of (A) the acquisition of the Land, (B) the construction of the Building and related improvements on the Land, (C) the acquisition and installation of the Equipment, (D) the granting of the Financial Assistance, and (E) the leasing of the Project Facility to the Company; provided, however, that for purposes of this Lease, effective as of the Closing Date, and except as otherwise expressly set forth in this Lease, the term "Project" shall be deemed to mean and refer only to the above activities as they relate to the Commercial Unit and the other Property and appurtenances acquired, constructed and/or installed in connection with the Commercial Unit.

"Project Facility" shall have the meaning assigned to such term in the recitals to this Lease; provided, however, that for purposes of this Lease, effective as of the Closing Date, and except as otherwise expressly set forth in this Lease, the term "Project Facility" shall be deemed to mean and refer only to the Commercial Unit and the other Property and appurtenances acquired, constructed and/or installed in connection with the Commercial Unit.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, tangible or intangible.

"Public Hearing" shall have the meaning assigned to such term in the recitals to this Lease.

"Real Property Tax Exemption Form" shall have the meaning assigned to such term in Section 6.6 of this Lease.

"Recapture Event" shall have the meaning assigned to such term in Section 11.4 of this Lease.

"Report" shall have the meaning assigned to such term in the recitals to this Lease.

"Residential Unit" shall have the meaning assigned to such term in the Condominium Documents.

"SEQRA" shall have the meaning assigned to such term in the recitals to this Lease.

"Special Counsel" means the law firm of Phillips Lytle LLP, Garden City, New York, or such other attorney or firm of attorneys located in the State whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and who are acceptable to the Agency.

"State" means the State of New York.

"Stated Expiration Date" shall have the meaning assigned to such term in Section 5.2(B) of this Lease.

"Taxing Entities" shall have the meaning assigned to such term in Section 6.6 of this Lease.

"Termination of Lease" means the Termination of Lease between the Company and the Agency, pursuant to which the Company terminates this Lease, substantially in the form attached as Exhibit F to this Lease.

"Title Policy" shall have the meaning assigned to such term in Section 3.5 of this Lease.

"Transaction Documents" means the PILOT Agreement, the PILOT Mortgage, this Lease, the Guaranty, the Environmental Indemnification and all other instruments, agreements, certificates and documents related thereto and executed in connection therewith, and any other instrument, agreement, certificate or document supplemental thereto.

"UCC" shall have the meaning assigned to such term in Section 5.5 of this Lease.

"Unassigned Rights" means (A) the rights of the Agency granted pursuant to Sections 2.2, 3.2, 3.3, 4.1(D), 4.1(F), 4.1(G), 5.2 (A), 5.3 (B) and (C), 5.4, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 7.1, 7.2, 8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 8.9, 8.13, 8.14, 9.1, 9.3, 11.2, 11.4, 12.4, 12.7, 12.9 and 12.19 of this Lease, (B) the moneys due and to become due to the Agency for its own account or the members, officers, agents, servants and employees, past, present and future, of the Agency for their own account pursuant to Sections 2.2(G), 3.3, 4.1, 5.3(B), 5.3(C), 6.4(B), 8.2, 9.3, 10.2, 10.4, 11.2(B) and 12.19.(C) of this Lease, (C) the moneys due as payments in lieu of taxes pursuant to Section 6.6 of this Lease and as recapture of benefits pursuant to Section 11.4 of this Lease, and (D) the right to enforce the foregoing pursuant to the PILOT Agreement, the PILOT Mortgage, Section 5.5 and Article X of this Lease.

SECTION 1.2 INTERPRETATION. In this Lease, unless the context otherwise requires:

(A) the terms "hereby", "hereof", "herein", "hereunder" and any similar terms as used in this Lease, refer to this Lease, and the term "heretofore" shall mean before, and the term "hereafter" shall mean after, the date of this Lease;

(B) words of masculine gender shall mean and include correlative words of feminine and neuter genders;

(C) words importing the singular number shall mean and include the plural number, and vice versa;

(D) words importing persons shall include firms, associations, partnerships, trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons;

(E) any certificates, letters or opinions required to be given pursuant to this Lease shall mean a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Lease; and

(F) references to documents, instruments or agreements shall mean such documents, instruments and agreements as they may be amended, modified, renewed, replaced or restated from time to time in accordance with the terms hereof.

ARTICLE II REPRESENTATIONS, WARRANTIES, AND COVENANTS

SECTION 2.1 REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE AGENCY. The Agency makes the following representations, warranties and covenants as the basis for the undertakings on its part herein contained:

(A) The Agency is duly established under the provisions of the Act and has the power to enter into this Lease and the other Transaction Documents to which the Agency is a party and to carry out its obligations hereunder and thereunder. Based upon the representations of the Company, the Project will constitute a "project", as such quoted term is defined in the Act. By proper official action, the Agency has been duly authorized to execute, deliver and perform this Lease and the other Transaction Documents to which the Agency is a party.

(B) Neither the execution and delivery of this Lease or the other Transaction Documents to which the Agency is a party, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the provisions of this Lease or the other Transaction Documents to which the Agency is a party will conflict with or result in a breach by the Agency of any of the terms, conditions or provisions of the Act, the by-laws of the Agency or any order, judgment, agreement or instrument to which the Agency is a party or by which the Agency is bound, nor will constitute a default by the Agency under any of the foregoing.

(C) Except as provided in Articles IX, X and XI hereof, the Agency, to the extent of its interest therein, shall not sell, assign, transfer, encumber or pledge as security the Project Facility or any part thereof and shall maintain the Project Facility free and clear of all liens or encumbrances created by the Agency, except as contemplated or permitted by the terms of this Lease and the other Transaction Documents.

SECTION 2.2 REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY. The Company makes the following representations, warranties and covenants as the basis for the undertakings on its part herein contained:

(A) The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of New York, is qualified and authorized to do business as a foreign limited liability company in all other jurisdictions in which its operations or ownership of its Properties so require, and has the power to enter into this Lease and the other Transaction Documents to which the Company is a party and to carry out its obligations hereunder and thereunder. By proper action of its members, the Company has been duly authorized to execute, deliver and perform this Lease and the other Transaction Documents to which the Company is a party. No other consent, approval or action by the members or managers of the Company or any other consent or approval (governmental or otherwise) or the taking of any other action is required as a condition to the validity or enforceability of this Lease or any of the other Transaction Documents.

(B) Neither the execution and delivery of this Lease or any of the other Transaction Documents to which the Company is a party, the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the provisions of this Lease or the other Transaction Documents to which the Company is a party will (1) conflict with or result in a breach of any of the terms, conditions or provisions of the Company's articles of organization or operating agreement or any other company restriction, order, judgment, agreement, document or instrument to which the Company is a party or by which the Company or any of its Property is bound, or constitute a default by the Company under any of the foregoing, or result in the creation or imposition of any Lien of any nature upon the Project Facility under the terms of any of the foregoing, other than the Permitted Encumbrances, (2) conflict with or result in a violation of Applicable Laws, (3) require consent or approval (which has not been heretofore received and provided to the Agency) under any company restriction, agreement or instrument to which the Company is a party or by which the Company or any of its Property may be bound or affected, or (4) require consent or approval (which has not been heretofore obtained and provided to the Agency) under or conflict with or violate any existing law, rule, regulation, judgment, order, writ, injunction or decree of any Governmental Authority having jurisdiction over the Company or any of the Property of the Company.

(C) Neither the completion of the Project Facility by the Agency nor the lease thereof by the Agency to the Company will result in the removal of a facility or plant of the Company from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of the Company located in the State.

(D) The Project Facility (including, without limitation, the Residential Unit) does not and will not constitute a project where facilities or property that are primarily used in making retail sales of goods and/or services to customers who personally visit such facilities constitute more than one-third of the total cost of the Project Facility.

(E) The Transaction Documents to which the Company is a party constitute, or upon their execution and delivery in accordance with the terms thereof will constitute, valid, legal and binding obligations of the Company, enforceable in accordance with their respective terms.

(F) The Project constitutes a commercial facility and will advance the Agency's purposes by promoting employment opportunities and preventing economic deterioration in the County. The Project Facility is, and so long as this Lease shall remain in effect, the Project Facility will continue to be a "project", as such quoted term is defined in the Act, and the Company will not take any action (or omit to take any action), or allow any action to be taken or not taken, which action, inaction or omission would in any way cause the Project Facility not to constitute a "project", as such quoted term is defined in the Act.

(G) The Project Facility and the operation thereof will comply with all Applicable Laws, and the Company will indemnify, defend (with counsel selected by the Agency) and save the Agency and its officers, members, agents, attorneys, servants and employees, past, present and future, harmless from all claims, liabilities, damages, fees, expenses, fines and penalties due to failure to comply therewith. The Company shall cause all notices as required by all Applicable Laws to be given, and shall comply or cause compliance with all Applicable Laws applying to or affecting the conduct of work on the Project or the operation of the Project Facility, and the Company will indemnify, defend (with counsel selected by the Agency) and save the Agency and its officers, members, agents, attorneys, servants and employees, past, present and future harmless, from all claims, liabilities, damages, fees, expenses, fines and penalties due to failure to comply therewith.

(H) The Project will not have a "significant effect on the environment" (as such term is used in SEQRA) and the Company hereby covenants to comply with all mitigating measures, requirements and conditions enumerated in the resolution adopted by the Agency on March 23, 2005 under SEQRA applicable to the acquisition, construction, installation, equipping and operation of the Project Facility and in any other approvals issued by any other Governmental Authority with respect to the Project Facility. No material changes with respect to any aspect of the Project Facility have arisen from the date of such resolution which would cause the determination contained therein to be untrue.

(I) Intentionally omitted.

(J) Intentionally omitted.

(K) There are no actions, suits, investigations or proceedings of or before any Governmental Authority, pending or, to the best of the Company's knowledge after due inquiry, threatened against the Company or any of its Property which (i) either in any case or in the aggregate, if adversely determined, would materially, adversely affect the business, operations or condition, financial or otherwise, of the Company, or (ii) question the validity of any of the Transaction Documents or any action to be taken in connection with the transactions contemplated thereby.

(L) The Company is not in default with respect to any order, writ, injunction or decree of any Governmental Authority, or in violation of any law, statute or regulation, domestic or foreign, to which the Company or any of its Property is subject.

(M) The leasing of the Project Facility by the Agency to the Company and the granting of the Financial Assistance have induced the Company to proceed with the Project in the County. The granting of the Financial Assistance by the Agency with respect to the Project Facility, will promote the job opportunities, health, general prosperity and economic welfare of the inhabitants of the County and the State and improve their prosperity and standard of living, and will prevent unemployment and economic deterioration and thereby serve the public purposes of the Act.

(N) The Company shall, at all times during the term of this Lease, employ or cause to be employed at least one (1) full-time employee with respect to the Project Facility (which for purposes of this paragraph shall also include the Residential Unit); which job shall, at all times during the term of this Lease, be located at the Project Facility (which for purposes of this paragraph shall also include the Residential Unit) (collectively, the "Minimum Employment Requirement").

(O) Intentionally omitted.

(P) The Company is not a Prohibited Person, the Guarantor is not a Prohibited Person and no Affiliate of the Company or the Guarantor is a Prohibited Person and no member or shareholder, as the case may be, of the Company or of the Guarantor is a Prohibited Person.

(Q) Neither this Lease nor any other Transaction Document nor any other document, certificate, agreement or instrument furnished by or on behalf of the Company or the Guarantor contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading.

(R) No funds of the Agency shall be used in connection with the transactions contemplated by this Lease for the purpose of preventing the establishment of an industrial or manufacturing plant or for the purpose of advertising or promotional materials which depict elected or appointed government officials in either print or electronic media, nor shall any funds of the Agency be given hereunder to any group or organization which is attempting to prevent the establishment of an industrial or manufacturing plant within the State.

(S) Intentionally omitted.

(T) The Project Facility is located entirely within the boundaries of the Town of North Hempstead, Nassau County, New York, is not located in whole or in part within the boundaries of any incorporated village, and is located only within the Westbury School District.

(U) The total cost of the Project is at least \$21,524,557.

ARTICLE III
CONVEYANCE AND USE OF
PROJECT FACILITY

SECTION 3.1 CONVEYANCE TO THE AGENCY. Intentionally omitted.

SECTION 3.2 USE OF PROJECT FACILITY. Subsequent to the Closing Date, the Company shall be entitled to use the Project Facility in any manner not otherwise prohibited by the Transaction Documents, provided such use causes the Project Facility to qualify or continue to qualify as a "project" under the Act and does not tend, in the judgment of the Agency, to bring the Project into disrepute as a public project; provided, further, however, that at no time shall any such use be other than as a commercial facility, together with uses incidental thereto, except with the prior written consent of the Agency, which consent may be withheld in the Agency's sole and absolute discretion. The Company shall not occupy, use or operate the Project Facility, or any part thereof, or allow the Project Facility, or any part thereof, to be occupied, used or operated (1) for any unlawful purpose, or (2) in violation of any certificate of occupancy affecting the Project Facility, or (3) for any use which may constitute a nuisance, public or private, or (4) for any use that would make void or voidable any insurance then in force with respect thereto, or (5) by any tenant, subtenant or occupant whose use, occupancy or operation of the Project Facility would be in violation of Applicable Laws. All permits and licenses necessary for the operation of the Project Facility as contemplated by this Section 3.2 shall be procured promptly by the Company. Any provision of this Lease to the contrary notwithstanding, the Company shall be liable at all times for all risk, loss and damage with respect to the Project Facility.

SECTION 3.3 HAZARDOUS MATERIALS.

(A) The Company represents, warrants and covenants that, except as otherwise set forth in the Environmental Report, (i) the Company has not used Hazardous Materials on, from or affecting the Project Facility (including, without limitation, the Residential Unit) in any manner that violates any Applicable Law, including, but not limited to, those governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, (ii) the environmental and ecological condition of the Project Facility is not in violation of any Applicable Law, including, without limitation, those governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials (collectively, the "Environmental Laws"), (iii) the Company has all Environmental Permits required to operate the Project Facility and is in compliance with their requirements, (iv) the Premises is not listed in CERCLIS, the NPL or any similar state or local listing nor is it included in an area included in such a list, and the Company has no knowledge that such a listing is pending or contemplated, (v) no event has occurred which, with the passage of time or the giving of notice or both, would constitute a violation of any Environmental Law, (vi) to the best of the Company's knowledge, there are not now, nor have there ever been, underground storage tanks on or under the Premises, (vii) there are no actions, suits, claims or proceedings seeking money damages, injunctive relief, remedial action or any other remedy pending or, to the best of the Company's knowledge, threatened relating to a violation of

Environmental Law or the disposal, discharge or release of Hazardous Materials, and (viii) to the best of the Company's knowledge, no prior owner of the Project Facility or any tenant, subtenant, operator, occupant, prior tenant, prior subtenant, prior operator or prior occupant, has used Hazardous Materials on, from or affecting the Project Facility in any manner which violates any Environmental Law.

(B) The Company shall keep and shall cause the Project Facility to be kept free of Hazardous Materials except in compliance with Environmental Laws. Without limiting the foregoing, the Company shall not cause or permit the Project Facility to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all Environmental Laws, nor shall the Company cause or permit, as a result of any intentional or unintentional act or omission on the part of the Company, or any tenant, subtenant, operator or occupant of the Project Facility, an unlawful release of Hazardous Materials onto, under or from the Project Facility or onto any other property. The Company shall not cause or permit, as a result of any intentional or unintentional act or omission on the part of the Company or its members, managers, directors, officers, agents, servants, employees or representatives, a release of Hazardous Materials on, under or from the Project Facility.

(C) The Company shall comply with, and ensure compliance by all tenants, subtenants and occupants of the Project Facility with, all Environmental Laws whenever and by whomever triggered, and shall obtain and comply with, and ensure that all tenants, subtenants, operators and occupants of the Project Facility obtain and comply with, any and all approvals, registrations or permits required thereunder. The Company agrees to provide the Agency with copies of any notifications given by the Company to any Governmental Authorities or received by the Company from any Governmental Authorities with respect to the environmental or ecological condition of the Project Facility.

(D) The Company shall (1) conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions necessary to clean up, remove or contain all Hazardous Materials on, from or affecting the Project Facility (a) in accordance with all Environmental Laws, (b) to the satisfaction of the Agency, and (c) in accordance with the orders and directives of all Governmental Authorities, and (2) defend (with counsel selected by the Agency), indemnify, and hold harmless the Agency and its employees, agents, officers, attorneys, servants and members, past, present and future, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to: (a) the presence, disposal, release or threatened release of any Hazardous Materials on, from, under or affecting the Project Facility, (b) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (c) any lawsuit brought or threatened, settlement reached, or any government order relating to such Hazardous Materials, and/or (d) any violations of Environmental Laws which are based upon or in any way related to such Hazardous Materials, including, without limitation, attorney and consultant fees, costs of

remediation, investigation and laboratory fees, court costs and litigation expenses. Costs under this subsection (D) will be repaid immediately with interest at the Default Interest Rate.

(E) In the event this Lease is terminated, the Company shall deliver the Project Facility to the Agency free of any and all Hazardous Materials (except Hazardous Materials the presence of which do not violate any Environmental Laws), so that the condition of the Project Facility shall conform with all Environmental Laws affecting the Project Facility.

(F) The Company agrees that the Agency and its officers, agents, employees, members, servants or representatives, may at any reasonable time and at the Company's expense inspect the Company's books and records and inspect and conduct any tests on the Project Facility, including taking soil samples, in order to determine that the Company is in compliance with all Environmental Laws.

(G) In the event that insurance is or shall become available at a reasonable cost to cover the Company's obligations under this Section 3.3, then, at the option of the Agency, the Company shall obtain adequate coverage.

SECTION 3.4 NON-MERGER. During the term of this Lease, there shall be no merger of this Lease nor of the leasehold estate created by this Lease with the fee estate in the Commercial Unit or any part thereof by reason of the fact that the same person, firm, corporation or other entity may acquire or own or hold, directly or indirectly, (1) this Lease or the leasehold estate created by this Lease or any interest in this Lease or in any such leasehold estate and (2) the fee estate in the Commercial Unit or any part thereof or any interest in such fee estate, and no such merger shall occur unless and until all corporations, firms and other entities, including any mortgagee having any interest in (x) this Lease or the leasehold estate created by this Lease and (y) the fee estate in the Commercial Unit or any part thereof or any interest in such fee estate, shall join in a written instrument effecting such merger and shall duly record the same.

SECTION 3.5 TITLE INSURANCE. On or prior to the Closing Date, the Company will obtain and deliver to the Agency, in form, amount and substance satisfactory to the Agency, (a) a fee title insurance policy (the "Title Policy") insuring the Agency's fee simple interest in the Commercial Unit against loss as a result of defects in title, subject only to Permitted Encumbrances, subject only to Permitted Encumbrances, (b) a mortgagee title insurance policy insuring the PILOT Mortgagee's mortgage interest in the Commercial Unit against loss as a result of defects in title, subject only to Permitted Encumbrances, and (c) a survey of the Commercial Unit dated on or about the Closing Date certified to the Agency, the Company, the PILOT Mortgagee and the title insurance company issuing the Title Policy. Any proceeds of the Title Policy shall be paid to the Company and applied by the Company to remedy the applicable defect in title. If not so capable of being applied or if a balance remains after such application, the Net Proceeds or the remaining balance of the Net Proceeds, as the case may be, shall be applied to the payment of any sums due the Agency under this Lease or under any other Transaction Document, and any balance thereafter may be used by the Company for any company purpose.

ARTICLE IV
UNDERTAKING AND COMPLETION OF THE PROJECT

SECTION 4.1 ACQUISITION, CONSTRUCTION, INSTALLATION AND
EQUIPPING OF THE PROJECT FACILITY.

(A) The Company represents that it has caused the acquisition, construction, installation and equipping of the Project Facility, all in accordance with the Plans and Specifications, in a first-class, workmanlike manner using high grade materials, free of defects in materials and workmanship.

(B) Intentionally omitted.

(C) Title to all materials, equipment, machinery and other items of Property acquired subsequent to the Closing Date and intended to be incorporated or installed in and to become part of the Project Facility shall vest in the Agency immediately upon deposit on the Commercial Unit or incorporation or installation in the Project Facility, whichever shall first occur. The Company shall execute, deliver and record or file all instruments necessary or appropriate to vest title to the above in the Agency and shall take all action necessary or appropriate to protect such title against claims of any third Persons.

(D) The Agency shall enter into, and accept the assignment of, such contracts as the Company may request in order to effectuate the purposes of this Section 4.1; provided, however, that the liability of the Agency thereunder shall be limited to the moneys of the Company available therefor and advanced by the Company for such purpose pursuant to Section 4.1(H) of this Lease.

(E) Intentionally omitted.

(F) The Company has given or will give or cause to be given all notices and has complied and will comply or cause compliance with all Applicable Laws applying to or affecting the conduct of any work on the Project Facility, and the Company will defend (with counsel selected by the Agency), indemnify and save the Agency and its officers, members, agents, attorneys, servants and employees, past, present and future, harmless from all fees, expenses, fines and penalties due to failure to comply therewith. All permits and licenses necessary for the prosecution of any work on the Project Facility shall be procured promptly by the Company.

(G) The Company shall not take any action, or neglect to take any action, including, without limitation, the employment of any contractor, if such action or inaction results in jurisdictional disputes or strikes or labor disharmony in connection with the Project Facility.

(H) Intentionally omitted.

(I) No payment by the Company pursuant to this Section 4.1 shall entitle the Company to any reimbursement for any such expenditure from the Agency or to any diminution or abatement of any amounts payable by the Company under this Lease.

(J) Intentionally omitted.

(K) Nassau-County Based Contractors. The Company agrees to solicit bids from at least one (1) contractor or vendor based in the County for each contract the Company (or any Affiliate thereof) proposes to enter into with respect to the Project Facility, including, without limitation, contracts for renovation, alteration, management, purchase of goods or services, maintenance and repair. Further, the Company covenants to use commercially reasonable efforts to let such contracts, where practicable, to contractors or vendors based in the County.

(L) W/MBE Contractors.

(1) The Company will use its best efforts to take "affirmative steps" (as defined below) to assure that qualified women-owned and/or minority-owned business enterprises ("W/MBE's") are used, when possible, for each contract the Company (or any Affiliate thereof) proposes to enter into with respect to the Project Facility, including, without limitation, contracts for construction, renovation, demolition, replacement, alteration, management, purchase of goods and services, maintenance and repair.

(2) For purposes of this subsection, the term "affirmative steps" shall mean: (a) placing qualified W/MBE's on solicitation lists; (b) assuring that qualified W/MBE's are solicited whenever they are potential sources; (c) dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by qualified W/MBE's; (d) establishing delivery schedules, where the requirement permits, that encourage participation by qualified W/MBE's; and (e) requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in clauses (a) through (d).

(3) For purposes of this subsection, the term "qualified W/MBE's" shall mean those women-owned and/or minority-owned business enterprises designated as such by New York State.

(4) The Company shall furnish to the Agency all information and/or documentation requested by the Agency pursuant to this subsection and will cooperate with the Agency for the purposes of investigation to ascertain compliance with this subsection.

SECTION 4.2 COMPLETION OF THE PROJECT FACILITY; FEES.

(A) Intentionally omitted.

(B) Intentionally omitted.

SECTION 4.3 REMEDIES TO BE PURSUED AGAINST CONTRACTORS, SUBCONTRACTORS, MATERIALMEN AND THEIR SURETIES. In the event of a default by any contractor, subcontractor or materialman under any contract made by it in connection with the Project Facility or in the event of a breach of warranty or other liability with respect to any materials, workmanship or performance guaranty, the Company shall proceed, either separately or in conjunction with others, to exhaust the remedies of the Company and the Agency against the contractor, subcontractor or materialman so in default and against each surety for the performance of such contract. The Company may, in its own name or, with the prior written consent of the Agency, which consent shall not be unreasonably withheld, in the name of the Agency, prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor, materialman or surety which the Company deems reasonably necessary, and in such event the Agency hereby agrees, at the Company's sole expense, to cooperate fully with the Company and to take all action necessary to effect the substitution of the Company for the Agency in any such action or proceeding. The Company shall advise the Agency of any actions or proceedings taken hereunder. The Net Proceeds of any recovery secured by the Company as a result of any action pursued against a contractor, subcontractor, materialman or their sureties pursuant to this Section 4.3 shall be used to the extent necessary to complete the Project Facility then to pay all reasonable costs and expenses incurred by the Agency in connection therewith, and thereafter be paid to the Company for its own use.

**ARTICLE V
DEMISE OF PROJECT FACILITY; RENTAL PAYMENTS
AND OTHER AMOUNTS PAYABLE**

SECTION 5.1 LEASE OF THE PROJECT FACILITY. In consideration of the Company's covenant herein to make rental payments hereunder, and in consideration of the other covenants of the Company contained herein, including the covenant to make additional and other payments required hereby, the Agency hereby agrees to demise and lease to the Company, and the Company hereby agrees to rent and lease from the Agency, a leasehold interest in the Project Facility, subject only to the Permitted Encumbrances.

SECTION 5.2 DURATION OF THE LEASE TERM; QUIET ENJOYMENT.

(A) The parties hereto agree that the Agency has delivered to the Company possession of the Project Facility, subject to the provisions of this Lease, and the leasehold estate commenced, on the Closing Date, and the Company accepted possession of the Project Facility on the Closing Date.

(B) Provided that all amounts, costs and expenses payable by the Company to the Agency under this Lease and all other Transaction Documents are paid in full, the leasehold estate created hereby shall terminate at 12:00 a.m. on the earlier to occur of (1) December 31, 2019 (the "Stated Expiration Date"), or (2) the date that this Lease shall terminate pursuant to Article X or Article XI hereof.

(C) The Agency shall take no action, other than pursuant to Article X or Article XI of this Lease, to prevent the Company from having quiet and peaceable possession and enjoyment of the Project Facility during the term of this Lease and will, at the request of the Company and at the Company's expense, cooperate with the Company in order that the Company may have quiet and peaceable possession and enjoyment of the Project Facility.

SECTION 5.3 RENTAL PAYMENTS AND OTHER AMOUNTS PAYABLE.

(A) The Company shall pay on the date of execution and delivery of this Lease, as the basic lease payments due hereunder: (1) all fees and expenses of counsel to the Agency and Special Counsel to date with respect to the Project, and (2) all other reasonable costs and expenses incurred by the Agency in connection with the transactions contemplated by this Lease and the other Transaction Documents.

(B) The Company or the Residential Applicant has paid to the Agency the following fees: (1) a closing compliance fee in the amount of \$2,500.00, (2) an Agency general counsel fee in the amount of 0.1% of Project Costs, and (3) an Agency administrative fee in the amount of 0.5% of Project Costs, with respect to the Project (collectively, the "Administrative Fee").

(C) The Company agrees to pay to the Agency an annual administrative fee in the amount of \$1,000.00 (the "Annual Fee"), which Annual Fee applies with respect to the entire Project Facility, including, without limitation, the Residential Unit. The Company acknowledges and agrees that the Company and the Residential Applicant are jointly and severally liable for payment of the Annual Fee. The Annual Fee for each year during the term hereof shall be due and payable, in advance, on January 1 of each year. The Annual Fee shall be adjusted annually based on the percentage increase in the Index from the prior year.

(D) Within five (5) days after receipt of a demand therefor from the Agency, the Company shall pay to the Agency the sum of the expenses of the Agency and the officers, members, agents, attorneys, servants and employees thereof, past, present and future, incurred by reason of the Agency's ownership, leasing or sale of the Project Facility or in connection with the carrying out of the Agency's duties and obligations under this Lease or any of the other Transaction Documents, and any other fee or expense of the Agency with respect to the Project Facility or the leasing or sale of the Project Facility to the Company, the payment of which is not otherwise provided for under this Lease.

(E) The Company agrees to make the above-mentioned payments in available funds, whether by company check, wire transfer or other form of payment satisfactory to the Agency, without any further notice or demand, in lawful money of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts. In the event the Company shall fail to make any payment required by this Section 5.3 within ten (10) days of the date such payment is due, the Company shall pay the same, together with interest thereon at the Default Interest Rate, from the date on which such payment was due until the date on which such payment is received by the Agency.

SECTION 5.4 NATURE OF OBLIGATIONS OF THE COMPANY HEREUNDER.

(A) The obligations of the Company to make the payments required by this Lease and to perform and observe any and all of the other covenants and agreements on its part contained herein shall be general obligations of the Company and shall be absolute and unconditional irrespective of any defense or any right of setoff, recoupment, counterclaim or abatement that the Company may otherwise have against the Agency. The Company agrees that it will not suspend, discontinue or abate any payment required by, or fail to observe any of its other covenants or agreements contained in, this Lease, or terminate this Lease (except as set forth in Section 11.1 hereof), for any cause whatsoever, including, without limiting the generality of the foregoing, any defect in the title, design, operation, merchantability, fitness or condition of the Project Facility or any part thereof or in the suitability of the Project Facility or any part thereof for the Company's purposes or needs, failure of consideration for, destruction of or damage to, Condemnation of or the use of all or any part of the Project Facility, any change in the tax or other laws of the United States of America or of the State or any political subdivision thereof, or any failure of the Agency to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or in connection with this Lease.

(B) Nothing contained in this Section 5.4 shall be construed to release the Agency from the performance of any of the agreements on its part expressly contained in this Lease, and, in the event the Agency should fail to perform any such agreement, the Company may institute such action against the Agency as the Company may deem necessary to compel performance or recover damages for non-performance (subject to the provisions of Section 12.9 hereof); provided, however, that the Company shall look solely to the Agency's estate and interest in the Project Facility for the satisfaction of any right or remedy of the Company for the collection of a judgment (or other judicial process) requiring the payment of money by the Agency in the event of any liability on the part of the Agency, and no other Property or assets of the Agency or of the members, officers, agents (other than the Company), servants or employees, past, present and future, of the Agency shall be subject to levy, execution, attachment or other enforcement procedure for the satisfaction of the Company's remedies under or with respect to this Lease, the relationship of the Agency and the Company hereunder or the Company's use and occupancy to the Project Facility, or any other liability of the Agency to the Company.

SECTION 5.5 INTENTIONALLY OMITTED.

ARTICLE VI MAINTENANCE, MODIFICATIONS, TAXES AND INSURANCE

SECTION 6.1 MAINTENANCE AND MODIFICATIONS OF THE PROJECT FACILITY.

(A) The Company shall (1) keep the Project Facility in good condition and repair and preserve the same against waste, loss, damage and depreciation, ordinary wear and tear excepted,

(2) occupy, use and operate the Project Facility, and shall cause the Project Facility to be occupied, used and operated, in the manner for which it was intended and contemplated by this Lease, (3) make all necessary repairs and replacements to the Project Facility or any part thereof (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen), (4) operate the Project Facility in a sound and economical manner, (5) not abandon the Project Facility, and (6) not create, permit or suffer to exist any mortgage, encumbrance, lien, security interest, claim or charge against the Project Facility, or any part thereof, or the interest of the Agency or the Company in the Project Facility or this Lease, except for Permitted Encumbrances. The Agency shall have no obligation to replace, maintain or effect replacements, renewals or repairs of the Project Facility, or to furnish any utilities or services for the Project Facility and the Company hereby agrees to assume full responsibility therefor.

(B) Upon prior written notice to the Agency (except that such notice need not be delivered to the attorneys for the Agency or any other Person otherwise required to receive such notice under this Lease), the Company may make alterations, modifications or improvements to the Project Facility, or any part thereof, provided:

(1) the Company shall (a) give or cause to be given all notices and comply or cause compliance with all Applicable Laws applying to or affecting the conduct of work on such modification or improvement to the Project Facility, or any part thereof, (b) indemnify, defend (with counsel selected by the Agency) and save the Agency and its officers, members, agents (other than the Company), attorneys, servants and employees, past, present and future harmless from all fees, expenses, fines and penalties due to failure to comply therewith, (c) promptly procure all permits and licenses necessary for the prosecution of any work described in this Section 6.1(B), and (d) not be in default under this Lease or under any of the other Transaction Documents;

(2) such alterations, modifications and improvements are effected with due diligence, in a good and workmanlike manner and in compliance with all Applicable Laws;

(3) the Company shall promptly and fully pay for such alterations, modifications and improvements in accordance with the terms of the applicable contract(s) therefor;

(4) the alteration, modification or improvement to the Project Facility shall not constitute or cause a default under any of the Transaction Documents;

(5) the Company shall furnish to the Agency, at least thirty (30) days prior to commencing such alteration, modification or improvement to the Project Facility, detailed plans and specifications therefor; provided, further, however, that such plans need not be furnished to the Agency for nonstructural modifications or improvements to the Project Facility which do not exceed, at any one time, \$50,000.00 in value;

(6) as a result of such alterations, modifications or improvements, neither the usefulness, structural integrity nor operating efficiency of the Project Facility would be impaired in the judgment of the Agency;

(7) if the cost of such alterations, modifications or improvements is estimated to exceed \$50,000.00, such alterations, modifications or improvements shall be conducted only after the Company shall have furnished to the Agency a labor and materials payment bond, or other security, naming the Agency as dual obligee and otherwise in form and substance satisfactory to the Agency;

(8) the Agency receives reasonably satisfactory evidence that such alterations, modifications and alterations do not change the nature of the Project Facility such that it would not comply with the terms of this Lease or such that it would not constitute a "project" (as such quoted term is defined in the Act);

(9) if such alterations, modifications or improvements involve an addition to the Project Facility or would otherwise result, but for the Agency's ownership of the Project Facility, in an increase in the assessed value of the Commercial Unit, then the Agency may require an increase in the Administrative Fee, the Annual Fee and/or the sums payable under the PILOT Agreement, if any;

(10) no such alterations, modifications or improvements shall be entitled to any Agency financial assistance; and

(11) an Event of Default shall not have occurred and be continuing under this Lease or any other Transaction Document.

All such alterations, modifications and improvements shall constitute a part of the Project Facility and the Company shall deliver or cause to be delivered to the Agency appropriate documents to convey title to such property to the Agency, free and clear of all liens, charges, encumbrances, security interests or claims other than Permitted Encumbrances, and to subject such property to this Lease.

(C) The Company has given or will give or cause to be given all notices and has complied or will comply or cause compliance with all Applicable Laws applying to or affecting the operation of the Project Facility, and the Company will defend (with counsel selected by the Agency), indemnify and save the Agency and its officers, members, agents, attorneys, servants and employees, past, present and future, harmless from all fees, expenses, fines and penalties due to failure to comply therewith.

(D) Any provision of this Lease to the contrary notwithstanding, the Company shall not construct any buildings or structures on the Land other than the Building, as depicted and described in the Plans and Specifications, without the prior written consent of the Agency, which consent shall not be unreasonably withheld.

SECTION 6.2 TAXES, ASSESSMENTS AND UTILITY CHARGES.

(A) The Company shall pay or cause to be paid, as the same respectively become due: (1) all taxes and governmental charges of any kind whatsoever which may at any time be lawfully assessed or levied against or with respect to the Project Facility (other than those taxes for which payments in lieu thereof are being paid pursuant to the PILOT Agreement), (2) all utility and other charges, including "service charges" and deposits, incurred or imposed for the operation, maintenance, use, occupancy, upkeep and improvement of the Project Facility, and (3) all assessments and charges of any kind whatsoever lawfully made against the Project Facility by any Governmental Authority for public improvements; provided that, with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Company shall be obligated hereunder to pay only such installments as are required to be paid during the term of this Lease.

(B) If the Company fails to pay any tax, assessment or charge required to be paid pursuant to this Section 6.2, the Agency may pay or cause to be paid such taxes, assessments or charges. The Company shall reimburse the Agency for any amount paid under this Section 6.2, together with interest thereon from the date of payment at the Default Interest Rate.

(C) Notwithstanding the provisions of this Section 6.2, the Company may withhold any such payment and the Company may in good faith actively contest the validity or the applicability of any payment referred to in such subsection (A), provided that (1) the Company shall have first notified the Agency in writing of such contest, (2) the Company is not in default under any of the Transaction Documents, (3) the overall operating efficiency of the Project for the purposes for which it is intended is not materially impaired, (4) neither the Project Facility nor any part thereof or interest therein would be in any immediate danger of being sold, forfeited or lost by reason of such proceedings, (5) the Company shall have set aside on its books adequate reserves with respect thereto, and (6) the Company diligently prosecutes such contest to completion. Otherwise, the Company shall promptly take such action with respect thereto as shall be satisfactory to the Agency.

SECTION 6.3 INSURANCE REQUIRED. During the term of this Lease, the Company shall maintain insurance with respect to the Project Facility against such risks and liabilities and for such amounts as are, in the Agency's judgment, customarily insured against by businesses of like size and type, paying, as the same become due and payable, all premiums with respect thereto, including, but not necessarily limited to:

(A) Insurance protecting the interests of the Company and the Agency, as insureds, as their interests may appear, against loss or damage to the Project Facility by fire, lightning, vandalism, malicious mischief and other perils embraced by so-called "All Risks" insurance, in amounts sufficient to prevent the Company or the Agency from becoming a co-insurer under such policy and not less than 100% of the replacement cost of the Project Facility, without deduction for depreciation. Additionally, during any period in which construction work or alterations are being performed at the Project Facility, the Company shall maintain extended

coverage casualty insurance in the form of a "Builder's Risk" non-reporting policy in an amount satisfactory to the Agency.

(B) To the extent applicable, workers' compensation insurance, disability benefits insurance and such other forms of insurance which the Company is required by law to provide, covering loss resulting from injury, sickness, disability or death of employees of the Company who are located at or assigned to the Project Facility.

(C) Insurance protecting the Company and the Agency against loss or losses from liabilities imposed by law or assumed in any written contract (including, without limitation, the contractual liability assumed by the Company under Section 8.2 of this Lease) and arising from personal injury or death or damage to the Property of others caused by any accident or occurrence, with limits of not less than \$1,000,000.00 per person per accident or occurrence on account of personal injury, including death resulting therefrom, and \$1,000,000.00 per accident or occurrence on account of damage to the Property of others, excluding liability imposed upon the Company by any applicable workers' compensation law, and a separate umbrella liability policy protecting the Company and the Agency with a limit of not less than \$10,000,000.00, as said amounts may be adjusted by the Agency from time to time in its sole and absolute discretion.

(D) During any period of construction, renovation, improvement or reconstruction, to the extent not covered by the public liability insurance set forth in subparagraph (C) above, Owners & Contractors Liability insurance for the benefit of the Company and the Agency in a minimum amount of \$2,000,000.00 aggregate coverage for personal injury and property damage.

(E) Boiler and machine property damage insurance in respect of any steam and pressure boilers and similar apparatus, insuring risks normally insured against under boiler and machinery policies and in amounts and with deductibles customarily obtained for similar enterprises.

(F) Such other insurance in such amounts and against such insurable hazards and risks as the Agency from time to time may reasonably require, including, without limitation, environmental hazard and liability insurance.

SECTION 6.4 ADDITIONAL PROVISIONS RESPECTING INSURANCE.

(A) All insurance required by Section 6.3 hereof shall be procured and maintained in financially sound and generally recognized responsible insurance companies selected by the Company and authorized to write such insurance in the State and satisfactory and having a Best rating satisfactory to the Agency. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which the Company is engaged and shall provide that such insurance shall be without any right of contribution from any other insurance carried by the Agency. All policies evidencing such insurance shall name the Company and the Agency as

insureds, as their interests may appear, and naming the Agency as loss payee, and provide for at least thirty (30) days' written notice to the Company and the Agency prior to cancellation, lapse, reduction in policy limits or material change in coverage thereof. All insurance required hereunder shall be in form, content and coverage satisfactory to the Agency. Certificates satisfactory in form and substance to the Agency to evidence all insurance required hereby shall be delivered to the Agency on or before the Closing Date. The Company shall deliver to the Agency on or before the first Business Day of each fiscal year of the Company during the term of this Lease a certificate dated not earlier than the immediately preceding month reciting that there is in full force and effect, with a term covering at least the next succeeding fiscal year, insurance in the amounts and of the types required by Sections 6.3 hereof. At least thirty (30) days prior to the expiration of any such policy, the Company shall furnish to the Agency evidence that the policy has been renewed or replaced or is no longer required by this Lease.

(B) All premiums with respect to the insurance required by Section 6.3 hereof shall be paid by the Company; provided, however, that, if the premiums are not timely paid, the Agency may pay such premiums and the Company shall pay immediately upon demand all sums so expended by the Agency, together with interest thereon at the Default Interest Rate.

(C) In the event of construction, reconstruction, improvement or renovation of any part of the Project Facility, the Company shall require its contractors and subcontractors, if any, to name the Agency as an additional insured on liability policies carried by such contractors or subcontractors with respect to their operations at the Commercial Unit or with respect to the Project.

(D) Each of the policies evidencing the insurance required by Section 6.3 of this Lease shall provide that: (i) there shall be no recourse against the Agency for the payment of premiums or commissions or, if such policies provide for the payment thereof, additional premiums or assessments; (ii) in respect of the interest of the Agency in such policies, the insurance shall not be invalidated by any action or inaction of the Company or any other Person and shall insure the Agency regardless of, and any losses shall be payable notwithstanding, any such action or inaction; (iii) if the insurers cancel such insurance for any reason whatsoever, including the insured's failure to pay any accrued premium, or the same is allowed to lapse or expire, or if there shall occur any reduction in amount, or any material change is made in the coverage, such cancellation, lapse, expiration, reduction or change shall not be effective as to the Agency until at least thirty (30) days after receipt by the Agency of written notice by such insurers of such cancellation, lapse, expiration, reduction or change; and (iv) the insurers waive subrogation thereunder against any Person insured under such policy, and waive any right of the insurers to any setoff or counterclaim or other deduction, in respect of any liability of any Person insured under such policy.

(E) THE AGENCY DOES NOT IN ANY WAY REPRESENT THAT THE INSURANCE SPECIFIED HEREIN, WHETHER IN SCOPE OR COVERAGE OR LIMITS OF COVERAGE, IS ADEQUATE OR SUFFICIENT TO PROTECT THE COMPANY'S BUSINESS OR INTEREST IN THE PROJECT FACILITY.

(F) Any provision of this Lease to the contrary notwithstanding, at any time during the term of this Lease that Bank Mortgage remains a Lien on the Project Facility, the Agency agrees that (i) the Bank shall be the loss payee with respect to the Net Proceeds of the insurance required by Sections 6.3(A) and (E) hereof, and (ii) the provisions of Sections 6.5(A), 7.1(A)(4) and 7.2(B)(4) hereof shall be superseded and replaced by the applicable provisions of the Bank Mortgage.

SECTION 6.5 APPLICATION OF NET PROCEEDS OF INSURANCE. Subject to Section 6.4(F), the Net Proceeds of the insurance carried pursuant to the provisions of Section 6.3 hereof shall be applied as follows: (A) the Net Proceeds of the insurance required by Sections 6.3(A) and 6.3(E) hereof shall be applied as provided in Section 7.1 hereof, and (B) the Net Proceeds of the insurance required by Sections 6.3(B), 6.3(C) and 6.3(D) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

SECTION 6.6 PAYMENTS IN LIEU OF TAXES.

(A) It is recognized that, under the provisions of the Act, the Agency is required to pay no taxes or assessments upon any of the Property acquired by it or under its jurisdiction, control or supervision or upon its activities. It is the intention of the parties hereto that the Project Facility be treated as exempt from real property taxation to the extent set forth in the PILOT Agreement. Accordingly, the parties hereto acknowledge that the Agency shall file an amended New York State Board of Real Property Services Form RP-412-a (a "Real Property Tax Exemption Form") with respect to the Project Facility, effective as of the Closing Date. The Company hereby consents to any enforcement action provided pursuant to law by such Taxing Entities in the event that the Company should fail to pay such taxes as aforesaid and shall not object to any such enforcement action on the grounds that title to the Project Facility has been transferred and is held by the Agency or that the Project Facility is under the Agency's jurisdiction, control or supervision or subject to its activities.

(B) The Agency and the Company hereby agree that the Company, or any permitted subsequent user of the Project Facility under this Lease, shall be required to make or cause to be made payments in lieu of taxes to the school district or school districts, city, towns, county, villages and other political units wherein the Project Facility is located having taxing powers (such political units are hereinafter collectively referred to as the "Taxing Entities"), in such amounts and at such times as are required by the PILOT Agreement.

ARTICLE VII DAMAGE, DESTRUCTION AND CONDEMNATION

SECTION 7.1 DAMAGE OR DESTRUCTION.

(A) If the Project Facility shall be damaged or destroyed, in whole or in part:

(1) the Agency shall have no obligation to replace, repair, rebuild or restore the Project Facility;

(2) there shall be no abatement or reduction in the amounts payable by the Company under this Lease (whether or not the Project Facility is replaced, repaired, rebuilt or restored);

(3) the Company shall promptly give notice thereof to the Agency; and

(4) except as otherwise provided in subsection (B) of this Section 7.1, (a) the Company shall promptly replace, repair, rebuild or restore the Project Facility to substantially the same condition and value as existed prior to such damage or destruction, with such changes, alterations and modifications as may be desired by the Company and consented to in writing by the Agency, provided that such changes, alterations or modifications do not so change the nature of the Project Facility that it does not constitute a "project", as such quoted term is defined in the Act, or change the use of the Project Facility as specified in Section 3.2 hereof without the prior written consent of the Agency, and (b) (1) the Agency shall make available to the Company (from the Net Proceeds of any insurance settlement relating to the Project Facility, if any, on deposit with the Agency) such moneys as may be necessary to pay the costs of the replacement, repair, rebuilding or restoration of the Project Facility, and in the event, subject to the provisions of Section 6.4(F) of this Lease, that the funds from the Net Proceeds of any insurance settlement provided by the Agency to the Company, if any, are not sufficient to pay in full the costs of such replacement, repair, rebuilding or restoration, the Company shall nonetheless complete such work and shall pay from its own moneys that portion of the costs thereof in excess of such funds, and (2) any balance of such funds from the Net Proceeds of any insurance settlement, if any, remaining on deposit with the Agency after payment of all of the costs of such replacement, repair, rebuilding or restoration shall be paid to the Company for its own purposes.

(B) Notwithstanding anything to the contrary contained in subsection (A) of this Section 7.1, the Company shall not be obligated to replace, repair, rebuild or restore the Project Facility, and the Net Proceeds of any insurance settlement shall not be applied as provided in subsection (A) of this Section 7.1, if the Company shall notify the Agency that it elects to exercise its option under Article XI hereof to purchase the Project Facility. In such event, subject to the provisions of Section 6.4(F) of this Lease, the Net Proceeds collected by the Agency under any and all policies of insurance covering the damage to or destruction of the Project Facility, after deducting the amount necessary to repay the Indebtedness, shall be paid to the Company for its own purposes. If the Net Proceeds collected under any and all policies of insurance are less than the amount necessary to repay the Indebtedness in full, the Company shall pay to the Agency the difference between the Net Proceeds of such insurance and the amount necessary to repay the Indebtedness in full.

(C) Unless an Event of Default under any of the Transaction Documents shall have occurred and be continuing, the Company may adjust all claims under any policies of insurance required by Section 6.3(A) and 6.3(C) hereof.

(D) The Company hereby waives the provisions of Section 227 of the Real Property Law of the State or any laws of like import, now or hereafter in effect.

SECTION 7.2 CONDEMNATION.

(A) To the best of the Company's knowledge, no Condemnation or eminent domain proceeding is pending or threatened against any part of the Project Facility or the Agency's or the Company's interest therein.

(B) If title to, or the use of, all or any part of the Project Facility shall be taken by Condemnation:

(1) the Agency shall have no obligation to restore the Project Facility, or any part thereof;

(2) there shall be no abatement or reduction in the amounts payable by the Company under this Lease (whether or not the Project Facility is restored);

(3) the Company shall promptly give notice thereof to the Agency; and

(4) except as otherwise provided in subsection (C) of this Section 7.2, (a) the Company shall promptly restore the Project Facility (excluding any part of the Project Facility taken by Condemnation) as a complete architectural unit of substantially the same usefulness, design and construction as existed immediately prior to such Condemnation, with such changes, alterations and modifications as may be desired by the Company and consented to in writing by the Agency, provided that such changes, alterations or modifications do not so change the nature of the Project Facility that it does not constitute a "project" as such quoted term is defined in the Act, or change the use of the Project Facility as specified in Section 3.2 hereof without the prior written consent of the Agency, and (b)(1) the Agency shall make available to the Company (from the Net Proceeds of any Condemnation award, if any, on deposit with the Agency) such moneys as may be necessary to pay the costs of the restoration of the Project Facility, and in the event that the funds from the Net Proceeds of any Condemnation award on deposit with the Agency provided by the Agency to the Company are not sufficient to pay in full the costs of such restoration, the Company shall nonetheless complete such restoration and shall pay from its own moneys that portion of the costs thereof in excess of such funds, and (2) any balance of such funds from the Net Proceeds of any Condemnation award remaining on deposit with the Agency, if any, after payment of all of the costs of such restoration shall be paid to the Company for its own purposes.

(C) Notwithstanding anything to the contrary contained in subsection (B) of this Section 7.2, the Company shall not be obligated to restore the Project Facility and the Net Proceeds of any Condemnation award shall not be applied as provided in subsection (B) (4) of this Section 7.2, if the Company shall notify the Agency that it elects to exercise its option under Article XI hereof to purchase the Project Facility. In such event, subject to the applicable provisions of the Bank Mortgage, the Net Proceeds of any Condemnation award collected by the Agency, if any, after deducting the amount necessary to repay the Indebtedness, shall be paid over to the Company for its own purposes. If the Net Proceeds collected under any and all Condemnation awards are less than the amount necessary to repay the Indebtedness in full, the Company shall pay to the Agency the difference between such amounts and the Net Proceeds of such Condemnation awards so that the Indebtedness shall be repaid in full.

(D) Unless an Event of Default under any of the Transaction Documents shall have occurred and be continuing, the Company shall have sole control of any Condemnation proceeding with respect to the Project Facility or any part thereof or any interest therein and may negotiate the settlement of any such proceeding. The Company shall notify the Agency of the institution of any Condemnation proceedings and, within seven (7) days after inquiry from the Agency, inform the Agency in writing of the status of such proceeding.

(E) The Agency shall, at the expense of the Company, cooperate fully with the Company in the handling and conduct of any such Condemnation proceeding. In no event shall the Agency voluntarily settle, or consent to the settlement of, any such Condemnation proceeding without the written consent of the Company, which consent shall not be unreasonably withheld or delayed.

SECTION 7.3 ADDITIONS TO THE PROJECT FACILITY. All replacements, repairs, rebuilding or restoration made pursuant to Sections 7.1 or 7.2, whether or not requiring the expenditure of the Company's own money, shall automatically become part of the Project Facility as if the same were specifically described herein and shall be subject to this Lease.

ARTICLE VIII SPECIAL COVENANTS

SECTION 8.1 NO WARRANTY OF CONDITION OR SUITABILITY BY THE AGENCY; ACCEPTANCE "AS IS". THE AGENCY MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF THE PROJECT FACILITY OR ANY PART THEREOF OR AS TO THE SUITABILITY OF THE PROJECT FACILITY OR ANY PART THEREOF FOR THE COMPANY'S PURPOSES OR NEEDS. THE COMPANY SHALL ACCEPT TITLE TO THE PROJECT FACILITY "AS IS", WITHOUT RECOURSE OF ANY NATURE AGAINST THE AGENCY FOR ANY CONDITION NOW OR HEREAFTER EXISTING. NO WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY IS MADE. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF

ANY NATURE, WHETHER PATENT OR LATENT, THE AGENCY SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO.

SECTION 8.2 HOLD HARMLESS PROVISIONS.

(A) The Company hereby releases the Agency and its members, officers, agents (other than the Company), attorneys, servants and employees, past, present and future, from, agrees that the Agency and its members, officers, agents (other than the Company), attorneys, servants and employees, past, present and future, shall not be liable for and agrees to indemnify, defend (with counsel selected by the Agency) and hold the Agency and its members, officers, agents (other than the Company), attorneys, servants and employees, past, present and future, harmless from and against any and all claims, causes of action, judgments, liabilities, damages, losses, costs and expenses arising as a result of the Agency's undertaking the Project, including, but not limited to: (1) liability for loss or damage to Property or bodily injury to or death of any and all Persons that may be occasioned, directly or indirectly, by any cause whatsoever pertaining to the Project or the Project Facility or arising by reason of or in connection with the occupation or the use thereof or the presence of any Person or Property on, in or about the Project Facility, (2) liability arising from or expense incurred by the Agency's acquiring, constructing, renovating, equipping, installing, owning, leasing, subleasing or selling the Project Facility, including, without limiting the generality of the foregoing, any sales or use taxes which may be payable with respect to goods supplied or services rendered with respect to the Project Facility, all liabilities or claims arising as a result of the Agency's obligations under this Lease or any of the other Transaction Documents or the enforcement of or defense of validity of any provision of any of the Transaction Documents, (3) intentionally omitted, and (4) all causes of action and attorneys' fees and other expenses incurred in connection with any suits or actions which may arise as a result of any of the foregoing; provided that such claims, causes of action, judgments, liabilities, damages, losses, costs or expenses of the Agency are not incurred or do not result from the intentional wrongdoing of the Agency or any of its members, officers, agents (other than the Company), attorneys, servants or employees. The foregoing indemnities shall apply notwithstanding the fault or negligence in part of the Agency or any of its officers, members, agents (other than the Company), attorneys, servants or employees and notwithstanding the breach of any statutory obligation or any rule of comparative or apportioned liability.

(B) In the event of any claim against the Agency or its members, officers, agents (other than the Company), attorneys, servants or employees, past, present or future, by any employee of the Company or any contractor of the Company or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the obligations of the Company hereunder shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for the Company or such contractor under workers' compensation laws, disability benefits laws or other employee benefit laws.

(C) To effectuate the provisions of this Section 8.2, the Company agrees to provide for and insure to the extent possible, in the liability policies required by Section 6.3(C) of this Lease, its liabilities assumed pursuant to this Section 8.2.

(D) Notwithstanding any other provisions of this Lease, the obligations of the Company pursuant to this Section 8.2 shall remain in full force and effect after the termination or expiration of this Lease until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action or prosecution relating to the matters herein described may be brought and the payment in full or the satisfaction of such claim, cause of action or prosecution and the payment of all expenses, charges and costs incurred by the Agency or its members, agents (other than the Company), attorneys, servants or employees, past, present or future, relating thereto.

SECTION 8.3 RIGHT OF ACCESS TO THE PROJECT FACILITY. The Company agrees that the Agency and its duly authorized agents shall have the right at all reasonable times and upon reasonable notice to enter upon and to examine and inspect the Project Facility; provided, however, that no such notice shall be required in the event of an emergency or if an Event of Default has occurred and is continuing under this Lease. The Company further agrees that the Agency shall have such rights of access to the Project Facility as may be reasonably necessary to cause the proper maintenance of the Project Facility in the event of failure by the Company to perform its obligations hereunder.

SECTION 8.4 COMPANY NOT TO TERMINATE EXISTENCE OR DISPOSE OF ASSETS. The Company agrees that, during the term of this Lease, it will maintain its company existence as in effect on the Closing Date, will not dissolve or otherwise dispose of all or substantially all of its assets, will not consolidate with or merge into another limited liability company or other Person, or permit one or more limited liability companies or other Persons to consolidate with or merge into it, without giving prior written notice to the Agency and obtaining the consent of the Agency. The Company agrees that it will not change its name or its state of organization without giving prior written notice to the Agency and obtaining the consent of the Agency, which consent shall not be unreasonably withheld or delayed.

SECTION 8.5 AGREEMENT TO PROVIDE INFORMATION. The Company agrees, whenever reasonably requested by the Agency, to promptly provide and certify or cause to be provided and certified such information concerning the Project Facility, the Company, the Guarantor and/or their respective finances, operations and affairs and other topics as the Agency from time to time reasonably considers necessary or appropriate, including, but not limited to, such information as to enable the Agency to make any reports required by Applicable Laws or other governmental regulation.

SECTION 8.6 BOOKS OF RECORD AND ACCOUNT; COMPLIANCE CERTIFICATES.

(A) The Company agrees to maintain proper accounts, records and books in which full and correct entries shall be made, in accordance with generally accepted accounting principles, of all business and affairs of the Company.

(B) As soon as possible after the end of each fiscal year of the Company, but in no event later than thirty (30) days after such date, the Company shall furnish to the Agency a certificate of an Authorized Representative of the Company stating that no Event of Default hereunder or under any other Transaction Document has occurred or is continuing or, if any Event of Default exists, specifying the nature and period of existence thereof and what action the Company has taken or proposes to take with respect thereto.

SECTION 8.7 COMPLIANCE WITH APPLICABLE LAWS.

(A) The Company agrees, for the benefit of the Agency, that it will, during the term of this Lease, promptly comply with all Applicable Laws.

(B) Notwithstanding the provisions of subsection (A) of this Section 8.7, the Company may in good faith actively contest the validity or the applicability of any Applicable Law, provided that the Company (1) first shall have notified the Agency in writing of such contest, (2) is not in default under any of the Transaction Documents, (3) shall have set aside adequate reserves for any such requirement, (4) demonstrates to the reasonable satisfaction of the Agency that noncompliance with such Applicable Law will not subject the Project Facility or any part thereof to loss or forfeiture, (5) demonstrates to the reasonable satisfaction of the Agency that such contest shall not result in the Company or the Agency being in any danger of any civil or criminal liability for failure to comply therewith, and (6) diligently prosecutes such contest to completion. Otherwise, the Company shall promptly take such action with respect thereto as shall be satisfactory to the Agency.

(C) Notwithstanding the provisions of subsection (B) of this Section 8.7, if the Agency or any of its members, officers, agents (other than the Company), attorneys, servants or employees, past, present or future, may be liable for prosecution for failure to comply therewith, the Company shall promptly take such action with respect thereto as shall be satisfactory to the Agency.

SECTION 8.8 DISCHARGE OF LIENS AND ENCUMBRANCES.

(A) The Company hereby agrees not to create or suffer to be created any Lien on any Properties of the Agency (other than the Project Facility) or on any funds of the Agency applicable to or deriving from the Project Facility.

(B) If any Lien (other than a Permitted Encumbrance) is filed or asserted, or any judgment, decree, order, levy or process of any court or governmental body is entered, made or issued or any claim, whether or not valid, is made against the Project Facility or any part thereof or the interest therein of the Company or the Agency or against any funds of the Agency applicable to or deriving from the Project Facility, the Company, immediately upon receiving notice of the filing, assertion, entry or issuance thereof, shall give written notice thereof to the Agency and take all action (including, without limitation, the payment of money and/or securing of a bond) at its own cost and expense as may be necessary or appropriate to obtain the discharge

in full thereof and remove or nullify the basis therefor. Nothing herein shall be construed as constituting the consent to or permission of the Agency for the performance of any labor or services or the furnishing of any materials that would give rise to any Lien against the Agency's interest in the Project Facility.

SECTION 8.9 PERFORMANCE OF THE COMPANY'S OBLIGATIONS. Should the Company fail to make any payment or to do any act as herein provided, the Agency may, but shall not be obligated to, without notice to or demand on the Company and without releasing the Company from any obligation herein, make or do the same, including, without limitation, appearing in and defending any action purporting to affect the rights or powers of the Company or the Agency, and paying all reasonable fees, costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by the Agency in connection therewith; and the Company shall pay immediately upon demand all sums so incurred or expended by the Agency under the authority hereof, together with interest thereon, at the Default Interest Rate.

SECTION 8.10 DEPRECIATION DEDUCTIONS AND TAX CREDITS. The parties agree that as between them the Company shall be entitled to all depreciation deductions and accelerated cost recovery system deductions with respect to any portion of the Project Facility pursuant to Sections 167 and 168 of the Code and to any investment credit pursuant to Section 38 of the Code with respect to any portion of the Project Facility which constitutes "Section 38 Property" and to all other state and/or federal income tax deductions and credits which may be available with respect to the Project Facility.

SECTION 8.11 EMPLOYMENT OPPORTUNITIES.

(A) The Company shall ensure that all employees and applicants for employment with regard to the Project, are afforded equal employment opportunities without discrimination.

(B) Pursuant to Section 858-b of the Act, except as otherwise provided by collective bargaining contracts or agreements, the Company agrees (1) to list all new employment opportunities created as a result of the Project with the New York State Department of Labor, Community Services Division (the "NYSDOL") and with the administrative entity (collectively with NYSDOL, the "JTPA Referral Entities") of the service delivery area created by the federal Job Training Partnership Act (P.L. No. 97-300) (including any successor statute thereto, the "JTPA") in which the Project Facility is located, and (2) where practicable, to first consider for such new employment opportunities persons eligible to participate in federal JTPA programs who shall be referred by the JTPA Referral Entities.

(C) Pursuant to the requirements of subsection one of Section 6 of Chapter 127 of the 1995 Laws of the State, the Company agrees to file with the Agency, prior to the Closing Date, an employment plan, in form and substance satisfactory to the Agency.

(D) Pursuant to the requirements of subsection one of Section 6 of Chapter 127 of the 1995 Laws of the State, the Company agrees to file with the Agency, on an annual basis not later

than January 1 of each year during the term of this Lease, reports regarding the number of people employed at the Project Facility and certain other matters, the said annual employment report to be in substantially the form annexed hereto as Exhibit G. The Agency shall have the right, at the Company's expense, to audit, confirm and/or require additional information with regard thereto and the Company agrees to cooperate with the Agency in connection therewith.

(E) The Company shall, at all times during the term of this Lease, maintain the Minimum Employment Requirement.

SECTION 8.12 INTENTIONALLY OMITTED.

SECTION 8.13 IDENTIFICATION OF THE EQUIPMENT. All Equipment which is or may become part of the Project Facility pursuant to the provisions of this Lease shall be properly identified by the Company by such appropriate records, including computerized records, as may be approved by the Agency.

SECTION 8.14 FINANCIAL STATEMENTS. Within one hundred twenty (120) days after the end of each fiscal year, the Company shall deliver to the Agency the financial statements of the Company prepared and compiled by an independent certified public accountant, certified by the chief financial officer of the Company, consisting of a balance sheet as of the last day of such period and an operating statement through the last day of such period.

ARTICLE IX ASSIGNMENTS; LEASING; MERGER OF THE AGENCY

SECTION 9.1 ASSIGNMENT OF THE LEASE. This Lease may not be assigned by the Company, in whole or in part, without the prior written consent of the Agency, which consent may be granted or withheld in the Agency's sole and absolute discretion, and shall in all events be subject to and conditioned upon the payment of any required fees of the Agency and the satisfaction of all requirements of the Act. Any such sale, assignment or transfer shall be made pursuant to documentation reasonably satisfactory to the Agency. The Company shall pay all reasonable and customary fees and expenses incurred by the Agency in connection with such sale, assignment or transfer.

SECTION 9.2 MERGER OF THE AGENCY.

(A) Nothing contained in this Lease shall prevent the consolidation of the Agency with, or merger of the Agency into, or assignment by the Agency of its rights and interests hereunder to, any other public benefit corporation of the State or any political subdivision thereof which has the legal authority to perform the obligations of the Agency hereunder; provided that upon any such consolidation, merger or assignment, the due and punctual performance and observance of all of the agreements and conditions of this Lease to be kept and performed by the Agency shall be expressly assumed in writing by the public benefit corporation or political

subdivision resulting from such consolidation or surviving such merger or to which the Agency's rights and interests under this Lease shall be assigned.

(B) As of the date of any such consolidation, merger or assignment, the Agency shall endeavor to give notice thereof in reasonable detail to the Company. The Agency shall promptly furnish to the Company such additional information with respect to any such consolidation, merger or assignment as the Company may reasonably request.

SECTION 9.3 SALE OR LEASE OF THE PROJECT FACILITY.

(A) The Company shall not sell, lease, sublease, transfer, convey or otherwise dispose of the Project Facility or any part thereof without the prior written consent of the Agency, which consent may be granted or withheld in the Agency's sole and absolute discretion.

(B) (1) The Company may sublease the Commercial Unit, or any portion thereof, pursuant to a form of sublease agreement approved in advance by the Agency, such approval not to be unreasonably withheld or delayed. The foregoing to the contrary notwithstanding, the Company shall not, without the prior written consent of the Agency, which consent may be withheld in the sole and absolute discretion of the Agency, sublease the Commercial Unit, or any portion thereof, in any manner that would cause (i) the removal of a facility or plant of such subtenant or occupant from one area of the state to another area of the State or in the abandonment of one or more plants or facilities of such subtenant or occupant located within the State, or (ii) the Project Facility (including, without limitation, the Residential Unit) to be a project where property that is used in making retail sales of goods or services to customers who personally visit the Project Facility (including, without limitation, the Residential Unit) would constitute more than one-third of the total cost of the Project (including, without limitation, with respect to the Residential Unit), or (iii) the Project Facility not to constitute a "project", as such quoted term is defined in the Act, (iv) the Project Facility to be occupied by a Prohibited Person, or (v) would cause the Project Facility or the operation thereof to be in violation of Applicable Laws. The Company shall include representations substantially the same as those set forth in the immediately preceding sentence in all leases, subleases and other occupancy agreements with respect to the Project Facility, or any part thereof.

(2) Within thirty (30) days after the end of each fiscal quarter, the Company shall deliver to the Agency a current rent roll and a certificate, (i) listing all leases, subleases and other occupancy agreements entered into with respect to the Project Facility, or any part thereof, during the immediately preceding fiscal quarter, including, without limitation, the name of the tenant, subtenant or occupant, the square footage of the space leased, subleased or occupied, the rental and other consideration for such lease, sublease or agreement, and such other information as the Agency may require from time to time, (ii) attaching true, correct and complete copies of such leases, subleases or other occupancy agreements, and (iii) certifying that such leases, subleases or other occupancy agreements do not and shall not result in a violation of the terms of this Lease or any other Transaction Document.

(C) Notwithstanding anything to the contrary contained in this Section 9.3, in any instance where the Company determines that any portion of the Project Facility has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Company may remove such portion of the Project Facility and may sell, trade in, exchange or otherwise dispose of the same, as a whole or in part, without the prior written consent of the Agency but upon reasonable prior notice to the Agency, provided that such removal will not materially impair the value of the Project Facility as collateral and provided the same is forthwith replaced with items of similar quality and value as the items replaced as of the date of original installation of the replaced items. At the request of the Company, the Agency shall execute and deliver to the Company all instruments reasonably necessary or appropriate to enable the Company to sell or otherwise dispose of any such item of Property free from the Liens of the Transaction Documents. The Company shall pay all reasonable costs and expenses (including reasonable attorneys' fees and expenses) incurred in transferring title to and releasing from the Liens of the Transaction Documents any item of Property removed pursuant to this Section 9.3.

(D) Intentionally omitted.

ARTICLE X EVENTS OF DEFAULT AND REMEDIES

SECTION 10.1 EVENTS OF DEFAULT DEFINED.

(A) The following shall be "Events of Default" under this Lease, and the terms "Event of Default" or "default" shall mean, whenever they are used in this Lease, any one or more of the following events:

(1) A default by the Company in the due and punctual payment of any amount due under this Lease or under any other Transaction Document, and the continuance thereof for a period of ten (10) days after written notice thereof is given by the Agency to the Company.

(2) A default in the performance or observance of any other of the covenants, conditions or agreements on the part of the Company in this Lease and the continuance thereof for a period of fifteen (15) days after written notice thereof is given by the Agency to the Company, or, if such covenant, condition or agreement is capable of cure but cannot be cured within such fifteen (15) day period, the failure of the Company to commence to cure within such fifteen (15) day period and to prosecute the cure to completion with due diligence, provided, however, in no event shall such cure period exceed ninety (90) days.

(3) The occurrence of an "Event of Default" under any other Transaction Document.

(4) The Company shall generally not pay its debts as such debts become due or admits its inability to pay its debts as they become due.

(5) The Company shall conceal, remove or permit to be concealed or removed any part of its Property, with intent to hinder, delay or defraud its creditors, or any one of them, or shall make or suffer a transfer of any of its Property which is fraudulent under any bankruptcy, fraudulent conveyance or similar law; or shall make any transfer of its Property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or shall suffer or permit, while insolvent, any creditor to obtain a Lien upon any of its Property through legal proceedings or distraint which is not vacated within ten (10) days from the date thereof.

(6) (a) The filing by the Company (as debtor) of a voluntary petition under Title 11 of the United States Code or any other federal or state bankruptcy or insolvency statute; (b) the failure by the Company within thirty (30) days to lift any execution, garnishment or attachment of such consequence as will impair the Company's ability to carry out its obligations hereunder; (c) the commencement of a case under Title 11 of the United States Code against the Company as the debtor or commencement under any other federal or state bankruptcy or insolvency statute of a case, action or proceeding against the Company and continuation of such case, action or proceeding without dismissal for a period of thirty (30) days; (d) the entry of an order for relief by a court of competent jurisdiction under Title 11 of the United States Code or any other federal or state bankruptcy statute with respect to the debts of the Company; or (e) in connection with any insolvency or bankruptcy case, action or proceeding, appointment by final order, judgment or decree of a court of competent jurisdiction of a receiver, liquidator or trustee of the whole or a substantial portion of the Property of the Company, unless such order, judgment or decree is vacated, dismissed or dissolved within thirty (30) days of such appointment.

(7) Other than as set forth in the Company's operating agreement, as in effect on the Closing Date, if any interest in the Company shall be sold, assigned, transferred, conveyed, mortgaged, pledged, hypothecated or alienated, or if any member of the Company enters into an agreement or contract to do so, without the prior written consent of the Agency, which consent may be withheld in the Agency's reasonable discretion.

(8) The imposition of a Lien on the Project Facility other than a Permitted Encumbrance.

(9) The removal of the Project Facility, or any portion thereof, outside the County, without the prior written consent of the Agency, other than in connection with a removal permitted under Section 9.3(C) of this Lease.

(10) If any certificate, statement, representation, warranty or financial statement made to the Agency by or on behalf of the Company or the Guarantor shall prove to have

been false, misleading or incorrect in any material respect at the time as of which the facts therein set forth were made, or to have omitted any material liability or claim against the Company or the Guarantor, as the case may be.

(11) If the environmental or ecological condition of the Project Facility is in violation of any Environmental Law or any permit, license or approval related thereto or if the Project Facility, or any part thereof, contains any Hazardous Materials (except Hazardous Materials which do not violate Environmental Laws), and the Company is unable to comply with such Environmental Laws within twenty (20) days of the notification or discovery of such violation or complete all appropriate and lawful remedial containment and clean-up action within twenty (20) days of the notification or discovery of the existence of such Hazardous Materials; provided, however, that if the Company is diligently pursuing and continues to diligently pursue the cure of such condition or violation, such twenty (20) day period shall be extended for a reasonable period of time not to exceed one hundred twenty (120) days to permit the Company to complete such cure.

(12) Any loss of title by the Agency to the Project Facility, or any part thereof, other than a loss resulting from the Agency's actions.

(13) The Company, the Guarantor, any Affiliate thereof or any member or shareholder of the Company or the Guarantor, as the case may be, shall become a Prohibited Person.

(14) Any assignment of this Lease, in whole or in part, or any subletting of the Project Facility, or any portion thereof, in violation of the terms of this Lease.

(15) Intentionally omitted.

(16) An Event of Default shall occur under the Bank Mortgage or any other Permitted Encumbrance.

(17) If any of the events enumerated in clauses (4) through (6) of this Section 10.1(A) shall happen to the Guarantor.

(18) The Company or the Guarantor defaults under or attempts to withdraw, renege, cancel or disclaim liability under any guaranty or indemnity made by such party in favor of the Agency, including, without limitation, the Guaranty and the Environmental Indemnification.

(19) If the Company ceases to be managed or controlled, directly or indirectly, by Eric Bluestone, Steven Bluestone, Sara B. Herbstman, Thomas Potvin and/or Ira Lichtiger.

(20) An Event of Default shall occur under the Amended and Restated Lease Agreement, dated as of the Closing Date, between the Agency and Blue Cassel Site A Realty, LLC, with respect to the Residential Unit, or under any other document, instrument or agreement executed in connection therewith.

(B) Notwithstanding the provisions of Section 10.1(A) hereof if by reason of force majeure (as hereinafter defined) either party hereto shall be unable, in whole or in part, to carry out its obligations under this Lease and if such party shall give notice and full particulars of such force majeure event or cause in writing to the other party within a reasonable time after the occurrence of the event or cause relied upon, the obligations under this Lease of the party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of the inability to perform. The suspension of such obligations for such period pursuant to this subsection (B) shall not be deemed an Event of Default under this Section 10.1. Notwithstanding anything to the contrary in this subsection (B), an event of force majeure shall not excuse, delay or in any way diminish the obligations of the Company to make the payments required under this Lease, to obtain and continue in full force and effect the insurance required by Article VI hereof, to provide the indemnity required by Sections 2.2(G), 3.3, 4.1(F), 6.1, 8.2, 12.9(C) and 12.19(C) hereof and to comply with the provisions of Sections 2.2(G), 6.6, 8.2, 8.4, 8.5 and 8.7(C) hereof. The term "force majeure" as used herein shall include acts outside of the control of the Agency and the Company, including, but not limited to, acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, insurrections, riots, epidemics, landslides, lightning, earthquakes, fire, hurricanes, storms, floods, washouts, droughts, restraint of government and people, civil disturbances, breakage or accident to transmission pipes or canals, and failure of utilities.

SECTION 10.2 REMEDIES ON DEFAULT.

(A) Whenever any Event of Default shall have occurred, the Agency may, to the extent permitted by law, take any one or more of the following remedial steps:

(1) declare, by written notice to the Company, to be immediately due and payable, whereupon the same shall become immediately due and payable, (a) all amounts payable pursuant to Section 5.3 hereof, and (b) all other payments due under this Lease or any of the other Transaction Documents; or

(2) re-enter and take possession of the Project Facility, enforce or terminate this Lease, sell the Project Facility, subject to Permitted Encumbrances, at public or private sale, as a whole or piecemeal, in whole or in part, for such consideration as may be deemed appropriate in the circumstances by the Agency, and hold the Company liable for the amount, if any, by which the aggregate unpaid amounts due hereunder exceed the Net Proceeds received upon such sale, or manage and operate the Project Facility, collect all or any rents accruing therefrom, let or relet the Project Facility or any part thereof for the Agency's own account or the account of the Company, holding the Company liable for payments due up to the effective date of such leasing and for the difference in the rent

and other amounts paid by the lessee pursuant to such lease and the rental payments and other amounts payable by the Company hereunder, cancel or modify leases, evict tenants, bring or defend any suits in connection with the possession of the Project Facility in its own name or in the Company's name, make repairs as the Agency deems appropriate, and perform such other acts in connection with the management, operation or disposition of the Project Facility, or any portion thereof, as the Agency, in its discretion, may deem proper; or

(3) terminate this Lease and convey to the Company all the Agency's right, title and interest in and to the Project Facility. The conveyance of the Agency's right, title and interest in and to the Project Facility shall be effected by the recording by the Agency of the Deed to the Company and the delivery of the Bill of Sale to Company. The Company hereby agrees to pay all expenses and taxes, if any, applicable to or arising from any such transfer of title. The Company hereby waives delivery and acceptance of such deed and bill of sale as a condition to their validity, and appoints the Agency its true and lawful agent and attorney-in-fact (which appointment shall be deemed to be an agency coupled with an interest) with full power of substitution to file on its behalf all affidavits, questionnaires and other documentation necessary to accomplish the recording or filing of such documents; or

(4) bring an action for damages, injunction or specific performance; or

(5) intentionally omitted; or

(6) require the Company to make payments in lieu of real property taxes under the PILOT Agreement in amounts equal to the amounts the Company would otherwise be required to pay if it were the owner of the Project Facility; or

(7) take any other action at law or in equity which may appear necessary or desirable to collect any amounts then due or thereafter to become due hereunder and to enforce the obligations, agreements or covenants of the Company under this Lease.

(B) No action taken pursuant to this Section 10.2 (including repossession of the Project Facility) shall relieve the Company from its obligations to make all payments required by this Lease and the other Transaction Documents.

SECTION 10.3 REMEDIES CUMULATIVE. No remedy herein conferred upon or reserved to the Agency is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Agency to exercise any remedy

reserved to it in this Article X, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

SECTION 10.4 AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES. In the event the Company should default under any of the provisions of this Lease or any other Transaction Document and the Agency should retain attorneys or incur other expenses for the collection of amounts payable hereunder or the enforcement of performance or observance of any obligations or agreements on the part of the Company herein contained, the Company shall, on demand therefor, pay to the Agency such fees and expenses (including, without limitation, attorneys' fees and expenses) so incurred, whether an action is commenced or not.

SECTION 10.5 NO ADDITIONAL WAIVER IMPLIED BY ONE WAIVER. In the event any agreement contained herein should be breached by either party and thereafter such breach be waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE XI OPTIONS AND OBLIGATION TO PURCHASE

SECTION 11.1 EARLY TERMINATION OF THE LEASE. The Company shall have the option to terminate this Lease prior to the termination date specified in Section 5.2 hereof by filing with the Agency a certificate signed by an Authorized Representative of the Company stating the Company's intention to do so pursuant to this Section 11.1. The exercise of the option to terminate pursuant to this Section 11.1 shall constitute a "Recapture Event" (as such term is defined in Section 11.4 hereof). The Company shall not, at any time, assign or transfer its option to purchase the Agency's interest in the Project Facility as contained in this Section 11.1 separate and apart from a permitted assignment of this Lease pursuant to Section 9.1 of this Lease without the prior written consent of the Agency.

SECTION 11.2 OBLIGATION TO SELL AND PURCHASE THE PROJECT FACILITY.

(A) Contemporaneously with the termination of this Lease in accordance with Section 5.2 or Section 11.1 hereof, the Agency shall sell and the Company shall purchase all the Agency's right, title and interest in and to the Project Facility for the purchase price of One Dollar (\$1.00) plus payment of all sums required to be paid to the Agency or any other Person pursuant to this Lease and the other Transaction Documents. The obligation of the Agency under this Section 11.2 to convey the Project Facility to the Company will be subject to there being no Event of Default existing hereunder or under any other Transaction Document, and there being no other event which would, but for the passage of time or the giving of notice, or both, be such an Event of Default.

(B) The sale and conveyance of the Agency's right, title and interest in and to the Project Facility shall be effected by the execution and delivery by the Agency of (1) the Deed to the Company (an unexecuted copy of which is attached hereto as Exhibit C), (2) the Bill of Sale to Company (an unexecuted copy of which is attached hereto as Exhibit D), and (3) the Termination of Lease (an unexecuted copy of which is attached hereto as Exhibit F). The Company hereby agrees to pay all expenses and taxes, if any, applicable to or arising from such transfers of title, including, without limitation, all of the Agency's reasonable costs and expenses in connection therewith (including reasonable attorneys' fees and expenses).

(C) The Company agrees to prepare the Deed to the Company, the Bill of Sale to Company and/or the Termination of Lease, and all schedules thereto, together with all equalization and assessment forms and other necessary documentation, and to forward same to the Agency at least thirty (30) days prior to the date that the Project Facility or any portion thereof is to be conveyed to the Company.

(D) This Lease shall survive the transfer of the Project Facility to the Company pursuant to this Section 11.2 and shall remain in full force and effect until ninety-one (91) days after all of the Indebtedness shall have been paid in full, and thereafter the obligations of the Company shall survive as set forth in Section 12.7 hereof.

(E) Upon the payment in full of all Indebtedness, and notwithstanding the survival of certain obligations of the Company as described in Section 12.7 hereof, the Agency shall upon the request of the Company execute and deliver to the Company such documents as the Company may reasonably request, in recordable form if so requested, to evidence the termination and release of all Liens granted to the Agency hereunder.

SECTION 11.3 CONVEYANCE ON PURCHASE OF THE PROJECT FACILITY.

At the closing of any purchase of the Project Facility pursuant to Section 11.2 hereof, the Agency shall, upon the satisfaction of the conditions set forth in Section 11.1 and Section 11.2 hereof, as appropriate, deliver to the Company all necessary documents (A) to convey to the Company all the Agency's right, title and interest in and to the Project Facility, as such Property then exists, subject only to the following: (1) any Liens or title defects to which title to such Property was subject when conveyed to the Agency, (2) any Liens created at the request of the Company or to the creation of which the Company consented, (3) any Permitted Encumbrances, and (4) any Liens resulting from the failure of the Company to perform or observe any of the agreements on its part contained in this Lease or in any other Transaction Document or arising out of an Event of Default; and (B) to release and convey to the Company all of the Agency's rights and interest in and to any rights of action or any Net Proceeds of insurance settlements or Condemnation awards with respect to the Project Facility.

SECTION 11.4 RECAPTURE OF AGENCY BENEFITS.

(A) It is understood and agreed by the parties to this Lease that the Agency is entering into this Lease in order to provide the Financial Assistance to the Company for the Project and to

accomplish the purposes of the Act. In consideration therefor, the Company hereby agrees that if there shall occur a Recapture Event (as hereinafter defined), then the Company shall pay to the Agency as a return of public benefits conferred by the Agency, an amount as follows:

- (1) one hundred per cent (100%) of the Benefits (as defined below) if the Recapture Event occurs on or before the fifth (5th) anniversary of the Closing Date;
- (2) eighty per cent (80%) of the Benefits if the Recapture Event occurs after the fifth (5th) anniversary of the Closing Date but on or before the sixth (6th) anniversary of the Closing Date;
- (3) sixty per cent (60%) of the Benefits if the Recapture Event occurs after the sixth (6th) anniversary of the Closing Date but on or before the seventh (7th) anniversary of the Closing Date;
- (4) forty per cent (40%) of the Benefits if the Recapture Event occurs after the seventh (7th) anniversary of the Closing Date but on or before the eighth (8th) anniversary of the Closing Date;
- (5) twenty per cent (20%) of the Benefits if the Recapture Event occurs after the eighth (8th) anniversary of the Closing Date but on or before the ninth (9th) anniversary of the Closing Date;
- (6) ten per cent (10%) of the Benefits if the Recapture Event occurs after the ninth (9th) anniversary of the Closing Date but on or before the tenth (10th) anniversary of the Closing Date; or
- (7) zero per cent (0%) of the Benefits thereafter.

(B) The term "Benefits" shall mean the Agency's calculation of, collectively:

- (1) all real estate tax benefits which have accrued to the benefit of the Company during such time as the Agency was the owner of the Project Facility by reason of the Agency's ownership, such tax benefits to be computed by subtracting the payments in lieu of taxes paid under the PILOT Agreement from those payments which the Company would have been required to pay during the term of this Lease (within the meaning of Section 5.2 hereof) had the Company been the owner of the Project Facility during such term; and
- (2) all miscellaneous benefits derived from the Agency's participation in the transactions contemplated by this Lease, including, but not limited to, any exemption from real property transfer taxes, any exemption from mortgage recording taxes and any exemption from applicable sales and use taxes.

(C) For the purposes of this Section 11.4 the term "Recapture Event" shall mean the occurrence of any of the following events:

- (1) The Company shall have liquidated its operations and/or assets; or
- (2) The Company shall have ceased all or substantially all of its operations at the Project Facility (whether by relocation to another facility or otherwise, or whether to another facility either within or outside of the County); or
- (3) The Company shall have transferred all or substantially all of its employees engaged in the construction, maintenance or operation of the Project Facility to a location outside of the County; or
- (4) The occurrence of an Event of Default under this Lease; or
- (5) The Company shall have effected a substantial change in the scope and nature of the operations of the Company at the Project Facility; or
- (6) The Company shall have sold, leased, assigned, transferred or otherwise disposed of all or any part of its interest in the Project Facility in violation of this Lease; or
- (7) The Company fails to maintain the Minimum Employment Requirement at any time during the term of this Lease.

Notwithstanding the foregoing, a Recapture Event shall not be deemed to have occurred if the Recapture Event shall have arisen as a direct, immediate result of (i) a Condemnation by governmental authority of all or substantially all of the Project Facility or any interest therein, or (ii) the inability at law of the Company to rebuild, repair, restore or replace the Project Facility after the occurrence of a casualty to substantially its condition prior to such casualty, which inability shall have arisen in good faith through no fault on the part of the Company.

(D) The Company covenants and agrees to furnish the Agency with written notification upon any Recapture Event, which notification shall set forth the terms of such Recapture Event.

(E) In the event any payment owing by the Company under this Section 11.4 shall not be paid on demand by the Company, such payment shall bear interest from the date of such demand at the Default Interest Rate until the Company shall have paid such payment in full, together with such accrued interest to the date of payment, to the Agency.

ARTICLE XII MISCELLANEOUS

SECTION 12.1 NOTICES.

(A) All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given on the earlier of (1) three (3) Business Days after being sent to the applicable address stated below by registered or certified mail, return receipt requested, or by such other means as shall provide the sender with documentary evidence of such delivery, or (2) the date on which delivery is refused by the addressee, as evidenced by the affidavit of the Person who attempted to effect such delivery.

(B) The addresses to which notices, certificates and other communications hereunder shall be delivered are as follows:

IF TO THE COMPANY:

Blue Cassel Commercial Realty, LLC
193-04 Horace Harding Expressway
Fresh Meadows, NY 11365
Attn: Thomas Potvin

WITH A COPY TO:

Cannon, Heyman & Weiss, LLP
726 Exchange Street, Suite 516
Buffalo, NY 14210
Attn: Steven J. Weiss, Esq.

IF TO THE AGENCY:

Nassau County Industrial Development Agency
1100 Franklin Avenue, Suite 300
Garden City, NY 11530
Attn: Executive Director

WITH A COPY TO:

Phillips Lytle LLP
437 Madison Avenue, 34th floor
New York, NY 10022
Attn: Milan K. Tyler, Esq.

IF TO THE INVESTOR:

Sterling Corporate Tax Credit Fund XXVIII, L.P.
1155 Northern Boulevard
Manhasset, NY 11030
Attn: Ann Soja

(C) The Agency and the Company may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates and other communications shall be sent.

SECTION 12.2 BINDING EFFECT. This Lease shall inure to the benefit of the Agency and the Company and shall be binding upon the Agency, the Company and, as permitted by this Lease, their respective successors and assigns.

SECTION 12.3 SEVERABILITY. If any one or more of the covenants or agreements provided herein on the part of the Agency or the Company to be performed shall, for any reason,

be held or shall, in fact, be inoperative, unenforceable or contrary to law in any particular case, such circumstance shall not render the provision in question inoperative or unenforceable in any other case or circumstance. Further, if any one or more of the phrases, sentences, clauses, paragraphs or sections herein shall be held void, voidable, invalid or unenforceable by a court of competent jurisdiction, then such covenant or covenants or agreement or agreements shall be deemed separable from the remaining covenants and agreements hereof and shall in no way affect the validity of the other provisions of this Lease.

SECTION 12.4 AMENDMENT. This Lease may not be amended, changed, modified, altered or terminated, except by an instrument in writing signed by the parties hereto.

SECTION 12.5 EXECUTION OF COUNTERPARTS. This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 12.6 APPLICABLE LAW. This Lease shall be governed by and construed in accordance with the applicable laws of the State, as in effect from time to time, without regard to its principles of conflicts of law.

SECTION 12.7 SURVIVAL OF OBLIGATIONS.

(A) The obligations of the Company to make the payments required by Sections 5.3, 6.6, 8.9, 8.12, 9.1, 9.3, 10.4, 11.2 and 11.4 hereof and to provide the indemnity required by Sections 2.2(G), 3.3, 4.1(F), 6.1, 8.2, 12.9(C) and 12.19(C) hereof shall survive the termination of this Lease, and all such payments after such termination shall be made upon demand of the party to whom such payment is due.

(B) The obligations of the Company to the Agency with respect to the Unassigned Rights shall survive the termination or expiration of this Lease until the expiration of the period stated in the applicable statute of limitation during which a claim, cause of action or prosecution relating to the Unassigned Rights may be brought and the payment in full or the satisfaction of such claim, cause of action or prosecution and the payment of all expenses and charges incurred by the Agency, or its officers, members, agents (other than the Company), attorneys, servants or employees, past, present or future, related thereto.

SECTION 12.8 TABLE OF CONTENTS AND SECTION HEADINGS NOT CONTROLLING. The Table of Contents and the headings of the several Sections in this Lease have been prepared for convenience of reference only and shall not control, affect the meaning of or be taken as an interpretation of any provision of this Lease.

SECTION 12.9 NO RECOURSE; SPECIAL OBLIGATION.

(A) The obligations and agreements of the Agency contained herein and in the other Transaction Documents and any other instrument or document executed in connection therewith or herewith, and any other instrument or document supplemental thereto or hereto, shall be

deemed the obligations and agreements of the Agency, and not of any member, officer, agent (other than the Company), servant or employee of the Agency in his individual capacity, and the members, officers, agents (other than the Company), servants and employees, past, present and future, of the Agency shall not be liable personally hereon or thereon or be subject to any personal liability or accountability based upon or in respect hereof or thereof or of any transaction contemplated hereby or thereby.

(B) The obligations and agreements of the Agency contained herein and therein shall not constitute or give rise to an obligation of the State of New York or the County of Nassau and neither the State of New York nor the County of Nassau shall be liable hereon or thereon, and, further, such obligations and agreements shall not constitute or give rise to a general obligation of the Agency, but rather shall constitute limited obligations of the Agency payable solely from the revenues of the Agency derived and to be derived from the lease, sale or other disposition of the Agency's interest in the Project Facility (except for revenues derived by the Agency with respect to the Unassigned Rights).

(C) No order or decree of specific performance with respect to any of the obligations of the Agency hereunder shall be sought or enforced against the Agency unless (1) the party seeking such order or decree shall first have requested the Agency in writing to take the action sought in such order or decree of specific performance, and ten (10) business days shall have elapsed from the date of receipt of such request, and the Agency shall have refused to comply with such request (or, if compliance therewith would reasonably be expected to take longer than ten (10) business days, shall have failed to institute and diligently pursue action to cause compliance with such request within such ten (10) business day period) or failed to respond within such notice period, (2) if the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree shall have placed in an account with the Agency an amount or undertaking sufficient to cover such fees and expenses, and (3) if the Agency refuses to comply with such request and the Agency's refusal to comply is based on its reasonable expectation that it or any of its members, officers, agents (other than the Company), servants or employees, past, present or future, shall be subject to potential liability, the party seeking such order or decree shall (a) agree to indemnify, defend (with counsel selected by the Agency) and hold harmless the Agency and its members, officers, agents (other than the Company), attorneys, servants and employees, past, present and future, against any liability incurred as a result of its compliance with such demand, and (b) if requested by the Agency, furnish to the Agency satisfactory security to protect the Agency and its members, officers, agents (other than the Company), servants and employees, past, present and future, against all liability expected to be incurred as a result of compliance with such request.

(D) Anything contained in any provision of this Lease, any other Transaction Document or any other agreement or undertaking executed in connection with the transactions of which this Lease is a part (except the Guaranty and the Environmental Indemnification) to the contrary notwithstanding, in the event of any proceeding to foreclose the PILOT Mortgage or any other mortgage encumbering the Project Facility or otherwise to enforce the provisions of this

Lease or any such other document, instrument or agreement, neither the Agency nor the PILOT Mortgagee nor any other person party to or bound by any such document, instrument or agreement, shall be entitled to take any action to procure any personal money judgment or any deficiency decree against the Company or any member, partner, officer, employee or agent of the Company in their individual capacity, and no recourse shall be had for the payment of amounts due hereunder against any member, partner, officer, employee or agent of the Company, it being understood and agreed that recourse hereon shall be limited to assets of the Company that are the security from time to time provided with respect to this Lease and the other Transaction Documents; provided, however, that nothing herein contained shall limit or be construed to limit or impair the enforcement against the Project Facility or any other additional security as may from time to time be given to the Agency or the PILOT Mortgagee for the performance of the this Lease or any other Transaction Document. Notwithstanding the foregoing, the provisions of this paragraph shall be null and void and have no force and effect to the extent of any loss suffered by the Agency or the PILOT Mortgagee as a result of the Company's: (a) commission of any act of fraud, (b) misapplication of any condemnation award or casualty insurance proceeds, (c) failure to apply the revenues of the Project Facility in the manner and for the purposes provided in this Lease, whether before or after an Event of Default, (d) violation of any Environmental Laws, (e) action challenging the validity of or obligations of the Company under this Lease or any other Transaction Document to which the Company is a party, or (f) failure to observe or perform its covenants and agreements with respect to the Agency's Unassigned Rights after any applicable notice and opportunity to cure. Nothing herein shall be deemed to prohibit the naming of the Company in an action to realize upon the remedies provided herein either at law or in equity, subject to the foregoing limitation against a personal money judgment or deficiency decree against the Company, or to prohibit the naming of any Person in any action to realize upon the remedies provided in any document, instrument or agreement made by any Guarantor in favor of the Agency.

SECTION 12.10 NET LEASE. The obligation of the Company to make the payments specified in this Lease shall be absolutely net to the Agency without any abatement, recoupment, diminution, reduction, deduction, counterclaim, set-off or offset whatsoever, so that this Lease shall yield, net, to the Agency, the payments set forth herein.

SECTION 12.11 WAIVER OF JURY TRIAL. THE COMPANY AND THE AGENCY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LEASE, ANY OTHER TRANSACTION DOCUMENT OR ANY OTHER DOCUMENT EXECUTED IN CONNECTION WITH THIS LEASE.

SECTION 12.12 PRIOR AGREEMENTS. This Lease shall completely and fully supersede all other prior understandings or agreements, written or oral, between the Company and the Agency relating to the Project.

SECTION 12.13 SERVICE OF PROCESS.

(A) The Company represents that it is subject to service of process in the State of New York and covenants that it will remain so subject so long as this Lease shall be in effect. If for any reason the Company should cease to be so subject to service of process in the State of New York, the Company hereby designates and appoints, without power of revocation, Eric Bluestone, and his successor(s) as its agent for service of process, and if such agent shall cease to act or otherwise cease to be subject to service of process in the State of New York, the Secretary of State of the State of New York, as the agents of the Company upon whom may be served all process, pleadings, notices or other papers which may be served upon the Company as a result of any of its obligations under this Lease; provided, however, that the serving of such process, pleadings, notices or other papers shall not constitute a condition to the Company's obligations hereunder.

(B) The Company irrevocably and unconditionally (a) agrees that any suit, action or other legal proceeding arising out of this Lease or the other Transaction Documents may be brought in the courts of record of the State of New York in Nassau County or the courts of the United States, Eastern District of New York; (b) consents to the jurisdiction of each such court in any such suit, action or proceeding; and (c) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts. For such time as this Lease is in effect, the Company's agents designated above shall accept and acknowledge in the Company's behalf service of any and all process in any such suit, action or proceeding brought in any such court. The Company agrees and consents that any such service of process upon such agents and written notice of such service to the Company in the manner set forth in Section 12.1 hereof shall be taken and held to be valid personal service upon the Company whether or not the Company shall then be doing, or at any time shall have done, business within the State of New York and that any such service of process shall be of the same force and validity as if service were made upon the Company according to the laws governing the validity and requirements of such service in the State of New York, and waives all claim of error by reason of any such service. Such agents shall not have any power or authority to enter into any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the Company or to conduct the defense of any such suit, action or any other legal proceeding except as expressly authorized by the Company.

SECTION 12.14 THIRD PARTY BENEFICIARIES. Nothing herein is intended to be for, or to inure to, the benefit of any Person other than the parties hereto.

SECTION 12.15 NON-DISCRIMINATION.

(A) At all times during the term of this Lease, the Company shall not discriminate against any employee or applicant for employment because of race, color, creed, age, gender, sexual orientation or national origin. The Company shall use reasonable efforts to ensure that employees and applicants for employment with the Company or any tenant, subtenant or occupant of the Project Facility, or any part thereof, or any contractor or subcontractor with respect to the Project Facility, are treated without regard to their race, color, creed, age, gender, sexual orientation or national origin. As used herein, the term "treated" shall mean and include,

without limitation, the following: recruited, whether by advertising or other means; compensated, whether in the form of rates of pay or other forms of compensation; selected for training, including apprenticeship; promoted; upgraded; downgraded; demoted; transferred; laid off; and terminated.

(B) The Company shall, in all solicitations or advertisements for employees placed by or on behalf of the Company, state that all qualified applicants will be considered for employment without regard to race, color, creed, national origin, age, gender or sexual orientation.

(C) The Company shall furnish to the Agency all information required by the Agency pursuant to this Section 12.15 and will cooperate with the Agency for the purposes of investigation to ascertain compliance with this Section 12.15.

SECTION 12.16 DATE OF LEASE. The date of this Lease shall be for reference purposes only and shall not be construed to imply that this Lease was executed on the date first above written. This Lease was executed and delivered on December 24, 2008.

SECTION 12.17 RECORDING AND FILING. This Lease or a memorandum hereof shall be recorded by the Company in the appropriate office of the Clerk of the County, or in such other office as may at the time be provided by law as the proper place for the recordation thereof.

SECTION 12.18 SUBORDINATION. This Lease and all of the Transaction Documents (except the Agency's Unassigned Rights) shall be subject and subordinate to the lien and the terms and conditions of the PILOT Mortgage and the Bank Mortgage, including all amounts advanced thereunder and all renewals, modifications and replacements thereof. The Bank Mortgage (including all amounts advanced thereunder and all renewals, modifications and replacements thereof), shall be subject and subordinate to the PILOT Agreement, the PILOT Mortgage and the Agency's rights with respect to the Unassigned Rights under this Lease.

SECTION 12.19 CONDOMINIUM PROVISIONS.

(A) The Agency and the Company acknowledge and agree that this Lease is subject to the Condominium Documents.

(B) The Agency and the Company agree that whenever the Condominium Documents impose an obligation on or grant a right to an owner of the Commercial Unit, then, in each such instance, this Lease shall be read as though (i) such obligation of the owner of the Commercial Unit is in fact the obligation of the Company, and (ii) such right granted to the owner of the Commercial Unit is in fact a right granted to, and to be exercised by, the Company. The Agency shall have no duty to the Company with respect to any such rights or obligations and the Company covenants and agrees with the Agency that the Company shall timely and properly perform each such obligation. The foregoing to the contrary notwithstanding, the Agency reserves the right to exercise any such rights or perform such obligations under the

Condominium Documents, in its sole discretion, to protect its interests under this Lease and the other Transaction Documents.

(C) Subject to the terms of this Lease, the Agency shall permit the Company to institute actions or proceedings against the Board of Managers of the Condominium in the name of the Agency to enforce the Agency's rights under the Condominium Documents as owner of the Commercial Unit, and the Agency shall reasonably cooperate with the Company (at the sole cost and expense of the Company) in connection therewith, provided that (i) no Event of Default has occurred and is continuing under this Lease, and (ii) such action shall be prosecuted at the sole cost and expense of the Company. The Company shall indemnify, defend (with counsel selected by the Agency) and save the Agency and its officers, members, agents, attorneys, servants and employees, past, present and future, harmless from all claims, liabilities, damages, fees, expenses, fines and penalties incurred by the Agency in connection with any such action or proceeding.

(D) The Company shall promptly notify the Agency of all matters of which it has received notice, or has been placed on inquiry notice which may indicate, that a default under, or material variance from, or material non-compliance with, the Condominium Documents exists or is about to occur.

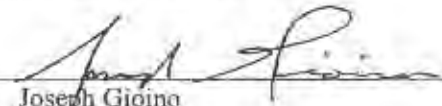
(E) The Company agrees that it (i) shall pay all charges due with respect to the Commercial Unit including, without limitation, common charges and assessments, and (ii) shall not, without the prior written consent of the Agency, vote or take any action at any meeting of the owners of the units comprising the Condominium, or permits its representatives on the Board of Managers to vote or take any action, respecting any matter that would (a) result in any charge, assessment or lien against any or all of the units comprising the Condominium, other than normal common charges and customary special assessments, (b) amend any provision of the Condominium Documents if the provision is for the express benefit of the PILOT Mortgagee or lenders in general, or (c) have the effect of rendering the public liability insurance coverage maintained by the Board of Managers of the Condominium unacceptable to the Agency.

SECTION 12.20 SPECIAL INVESTOR PROVISION. As set forth in Section 12.1 of this Lease, the Agency shall give to the Investor a copy of each notice of default that the Agency is required to give under this Lease concurrently with the giving of any such notice by the Agency to the Company. The Investor shall have the right to remedy such default within the applicable notice, cure or grace period, if any, provided under this Lease with respect to such default; provided, however, in no event shall the Investor have any obligation to remedy any such default. The Agency shall accept performance by the Investor of any covenant, condition or agreement on the Company's part to be performed hereunder with the same force and effect as though performed by the Company. The Agency and the Company agree that, for purposes of this Section, the Investor is deemed to be an intended third-party beneficiary of this Lease.

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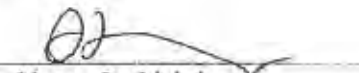
IN WITNESS WHEREOF, the Agency and the Company have caused this Lease to be executed in their respective names by their respective duly authorized officers, all as of the day and year first above written.

NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: 
Joseph Gioino
Executive Director

BLUE CASSEL COMMERCIAL REALTY, LLC

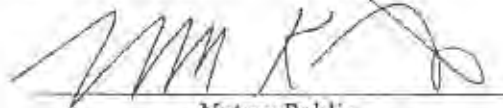
By: BLUE CASSEL REALTY, LLC, its
Managing Member

By: 
Name: Ira Lichtiger
Title: Member

STATE OF NEW YORK)
) ss:
COUNTY OF NASSAU)

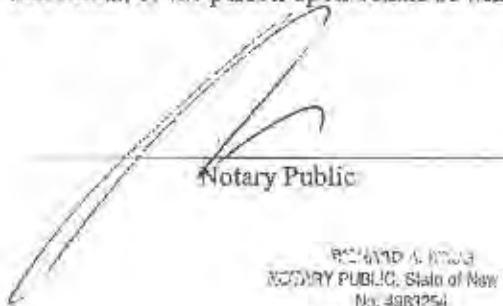
On the 22nd day of December, in the year 2008, before me, the undersigned, a notary public in and for said state, personally appeared Joseph Gioino, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

MILANKA D. PER
Notary Public, State of New York
No. 4983254
Qualified in Nassau County
Commission Expires June 24, 2011
6/24/11


Notary Public

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

On the ____ day of December, in the year 2008, before me, the undersigned, a notary public in and for said state, personally appeared Ira Lichtiger, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.


Notary Public

MILANKA D. PER
Notary Public, State of New York
No. 4983254
Qualified in Nassau County
Commission Expires June 24, 2011

EXHIBIT A

DESCRIPTION OF THE LAND

ALL THAT CERTAIN plot, piece or parcel of land, situate, lying and being in the unincorporated hamlet of New Cassel, Town of North Hempstead, County of Nassau and State of New York, bounded and described as follows:

BEGINNING at a point of intersection where the northerly line of Prospect Avenue is intersected by the westerly line of Rose Place;

RUNNING THENCE from said point of beginning the following courses and distances:

WESTERLY along the Northerly line of Prospect Avenue, South 82 degrees 32 minutes 56 seconds West, 250.05 feet;

THENCE WESTERLY along the Northerly line of Prospect Avenue, South 81 degrees 23 minutes 40 seconds West, 117.64 feet;

THENCE North 7 degrees 27 minutes 04 seconds West, 3.56 feet;

THENCE Northwesterly along a curve, the center of which lies to the East having a radius of 33 feet, for a length of 23.12 feet;

THENCE Northeasterly, along a curve, the center of which lies to the West having a radius of 10 feet for a length of 23.43 feet;

THENCE Northeasterly, along a curve, the center of which lies to the East having a radius of 33 feet, for a length of 26.35 feet;

THENCE North 38 degrees 50 minutes 52 seconds West, 2.91 feet to the Southerly side of Brush Hollow Road;

THENCE Northeasterly along the Southerly side of Brush Hollow Road, 225.06 feet;

THENCE South 37 degrees 15 minutes 04 seconds East, 96.92 feet;

THENCE North 52 degrees 44 minutes 56 seconds East 11.21 feet;

THENCE North 82 degrees 32 minutes 56 seconds East, 131.80 feet to the Westerly side of Rose Place;

THENCE Southerly along the Westerly side of Rose Place, South 7 degrees 27 minutes 04 seconds East 94.96 feet to the point or place of BEGINNING.

EXHIBIT A-2
COMMERCIAL UNIT

See Attached

EXHIBIT B

DESCRIPTION OF THE EQUIPMENT

All equipment, fixtures, machines, building materials and items of personal property and all appurtenances (A) acquired, constructed and/or intended to be installed and/or to be acquired, constructed or installed in connection with the acquisition, construction, installation and equipping of the 2006 Bluestone Site A Project (the "Project") of the Nassau County Industrial Development Agency (the "Agency") located on the real property described on Exhibit A hereto (the "Land"), and (B) now or hereafter attached to, contained in or used in connection with the Land or placed on any part thereof, though not attached thereto, including but not limited to the following:

(1) Pipes, screens, fixtures, heating, lighting, plumbing, ventilation, air conditioning, compacting and elevator plants, call systems, stoves, ranges, refrigerators and other lunch room facilities, rugs, movable partitions, cleaning equipment, maintenance equipment, shelving, flagpoles, signs, waste containers, outdoor benches, drapes, blinds and accessories, sprinkler systems and other fire prevention and extinguishing apparatus and materials, motors and machinery; and

(2) Together with any and all products of any of the above, all substitutions, replacements, additions or accessions therefor and any and all cash proceeds or non-cash proceeds realized from the sale, transfer or conversion of any of the above.

EXHIBIT C

FORM OF DEED TO THE COMPANY

THIS INDENTURE,

Made the _____ day of _____ in the year 20____

BETWEEN NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation organized under the Laws of the State of New York, and having its place of business at 1100 Franklin Avenue, Suite 300, Garden City, in the County of Nassau, and State of New York, party of the first part, and **BLUE CASSEL COMMERCIAL REALTY, LLC**, 193-04 Horace Harding Expressway, Fresh Meadows, NY 11365, party of the second part,

WITNESSETH, that the said party of the first part, in consideration of the sum of ONE AND MORE DOLLARS (\$1.00 and more), lawful money of the United States, paid by the said party of the second part, doth hereby grant and release unto the said party of the second part, its successors and assigns forever,

See Schedule A attached hereto and made a part hereof

TOGETHER with the appurtenances; and all the estate and rights of the said party of the first part in and to said premises.

TO HAVE AND TO HOLD the above granted premises unto the said party of the second part, its successors and assigns forever.

AND the said party of the first part doth covenant with the said party of the second part as follows:

THAT the party of the second part shall quietly enjoy the said premises;

THAT the grantor, in compliance with Section 13 of the Lien Law, will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement, and that the grantor will apply the same first to the payment of the cost of the improvement before using any part of the total of the same for any other purpose.

THAT THIS CONVEYANCE is not of all or substantially all of the property of the party of the first part and is made in the regular course of business actually conducted by the party of the first part.

IN PRESENCE OF

IN WITNESS WHEREOF, The party of the first
part has caused its corporate seal to be hereunto
affixed, and these presents to be signed by its duly
authorized officer this _____ day of _____,
20_____.

NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By _____

STATE OF NEW YORK)
) ss.:
COUNTY OF)

On the ____ day of _____, 20__ before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

EXHIBIT A

ALL THAT CERTAIN plot, piece or parcel of land, situate, lying and being in the unincorporated hamlet of New Cassel, Town of North Hempstead, County of Nassau and State of New York, bounded and described as follows:

BEGINNING at a point of intersection where the northerly line of Prospect Avenue is intersected by the westerly line of Rose Place;

RUNNING THENCE from said point of beginning the following courses and distances:

WESTERLY along the Northerly line of Prospect Avenue, South 82 degrees 32 minutes 56 seconds West, 250.05 feet;

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THENCE Northwesterly along a curve, the center of which lies to the East having a radius of 33 feet, for a length of 23.12 feet;

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THENCE Northeasterly, along a curve, the center of which lies to the East having a radius of 33 feet, for a length of 26.35 feet;

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THENCE South 37 degrees 15 minutes 04 seconds East, 96.92 feet;

THENCE North 52 degrees 44 minutes 56 seconds East 11.21 feet;

THENCE North 82 degrees 32 minutes 56 seconds East, 131.80 feet to the Westerly side of Rose Place;

THENCE Southerly along the Westerly side of Rose Place, South 7 degrees 27 minutes 04 seconds East 94.96 feet to the point or place of BEGINNING.

EXHIBIT D

FORM OF BILL OF SALE TO COMPANY

NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation of the State of New York having an office for the transaction of business located at 1100 Franklin Avenue, Suite 300, Garden City, New York 11530 (the "Grantor"), for the consideration of One Dollar (\$1.00), cash in hand paid, and other good and valuable consideration received by the Grantor from, Blue Cassel Commercial Realty, LLC, a limited liability company organized and existing under the laws of the State of New York, having an office for the transaction of business at 193-04 Horace Harding Expressway, Fresh Meadows, NY 11365 (the "Grantee"), the receipt of which is hereby acknowledged by the Grantor, hereby sells, transfers and delivers unto the Grantee, and its successors and assigns, any and all of Grantor's right, title and interest, if any, in and to those materials, machinery, equipment, fixtures or furnishings which are described in Exhibit B attached hereto (the "Equipment") now owned or hereafter acquired by the Grantor from the Grantee, which Equipment is located or intended to be located on a parcel of land (the "Land") located at 701, 715, 721 and 729 Prospect Avenue, New Cassel, Town of North Hempstead, Nassau County, New York, which Land is more particularly described on Exhibit A attached hereto.

TO HAVE AND TO HOLD the same unto the Grantee, and its successors and assigns, forever.

THE GRANTOR MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF THE EQUIPMENT OR ANY PART THEREOF OR AS TO THE SUITABILITY OF THE EQUIPMENT OR ANY PART THEREOF FOR THE GRANTEE'S PURPOSES OR NEEDS. THE GRANTEE SHALL ACCEPT TITLE TO THE EQUIPMENT "AS IS", WITHOUT RECOURSE OF ANY NATURE AGAINST THE GRANTOR FOR ANY CONDITION NOW OR HEREAFTER EXISTING. NO WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY IS MADE. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE, WHETHER PATENT OR LATENT, THE GRANTOR SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO.

IN WITNESS WHEREOF, the Grantor has caused this bill of sale to be executed in its name by the officer described below on the date indicated beneath the signature of such officer and dated as of the day of the ____ day of _____, 20__.

NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

BY: _____

STATE OF NEW YORK)
) ss.
COUNTY OF)

On the ____ day of _____, in the year _____, before me, the undersigned, a notary public in and for said state, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individuals) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures) on the instrument, the individuals), or the person upon behalf of which the individuals) acted, executed the instrument.

Notary Public

EXHIBIT A

DESCRIPTION OF THE LAND

ALL THAT CERTAIN plot, piece or parcel of land, situate, lying and being in the unincorporated hamlet of New Cassel, Town of North Hempstead, County of Nassau and State of New York, bounded and described as follows:

BEGINNING at a point of intersection where the northerly line of Prospect Avenue is intersected by the westerly line of Rose Place;

RUNNING THENCE from said point of beginning the following courses and distances:

WESTERLY along the Northerly line of Prospect Avenue, South 82 degrees 32 minutes 56 seconds West, 250.05 feet;

THENCE WESTERLY along the Northerly line of Prospect Avenue, South 81 degrees 23 minutes 40 seconds West, 117.64 feet;

THENCE North 7 degrees 27 minutes 04 seconds West, 3.56 feet;

THENCE Northwesterly along a curve, the center of which lies to the East having a radius of 33 feet, for a length of 23.12 feet;

THENCE Northeasterly, along a curve, the center of which lies to the West having a radius of 10 feet for a length of 23.43 feet;

THENCE Northeasterly, along a curve, the center of which lies to the East having a radius of 33 feet, for a length of 26.35 feet;

THENCE North 38 degrees 50 minutes 52 seconds West, 2.91 feet to the Southerly side of Brush Hollow Road;

THENCE Northeasterly along the Southerly side of Brush Hollow Road, 225.06 feet;

THENCE South 37 degrees 15 minutes 04 seconds East, 96.92 feet;

THENCE North 52 degrees 44 minutes 56 seconds East 11.21 feet;

THENCE North 82 degrees 32 minutes 56 seconds East, 131.80 feet to the Westerly side of Rose Place;

THENCE Southerly along the Westerly side of Rose Place, South 7 degrees 27 minutes 04 seconds East 94.96 feet to the point or place of BEGINNING.

EXHIBIT B

DESCRIPTION OF THE EQUIPMENT

All equipment, fixtures, machines, building materials and items of personal property and all appurtenances (A) acquired, constructed and/or intended to be installed and/or to be acquired, constructed or installed in connection with the acquisition, construction, installation and equipping of the 2006 Bluestone Site A Project (the "Project") of the Nassau County Industrial Development Agency (the "Agency") located on the real property described on Exhibit A hereto (the "Land"), and (B) now or hereafter attached to, contained in or used in connection with the Land or placed on any part thereof, though not attached thereto, including but not limited to the following:

(1) Pipes, screens, fixtures, heating, lighting, plumbing, ventilation, air conditioning, compacting and elevator plants, call systems, stoves, ranges, refrigerators and other lunch room facilities, rugs, movable partitions, cleaning equipment, maintenance equipment, shelving, flagpoles, signs, waste containers, outdoor benches, drapes, blinds and accessories, sprinkler systems and other fire prevention and extinguishing apparatus and materials, motors and machinery; and

(2) Together with any and all products of any of the above, all substitutions, replacements, additions or accessions therefor and any and all cash proceeds or non-cash proceeds realized from the sale, transfer or conversion of any of the above.

EXHIBIT F

TERMINATION OF LEASE AGREEMENT

WHEREAS, Blue Cassel Commercial Realty, LLC (the "Company"), as tenant, and the Nassau County Industrial Development Agency (the "Agency"), as landlord, entered into a lease agreement dated as of December 1, 2008 (the "Lease Agreement") pursuant to which, among other things, the Agency leased the Project Facility (as defined in the Lease Agreement) to the Company; and

WHEREAS, pursuant to the Lease Agreement, the Company and the Agency agreed that the Lease Agreement would terminate on the earlier to occur of (1) December 31, 2019 or (2) the date the Lease Agreement would terminate pursuant to Article X or Article XI of the Lease Agreement; and

WHEREAS, the Company and the Agency now desire to evidence the termination of the Lease Agreement;

NOW, THEREFORE, it is hereby agreed that the Lease Agreement has terminated as of the dated date hereof; provided, however, that, as provided in Section 12.7 of the Lease Agreement, certain obligations of the Company shall survive the termination of the Lease Agreement, and the execution of this termination of lease agreement by the Agency is not intended, and shall not be construed, as a waiver or alteration by the Agency or the Company of the provisions of Sections 11.4 and 12.7 of the Lease Agreement.

IN WITNESS WHEREOF, the Company and the Agency have signed this termination of lease agreement and caused same to be dated as of the __ day of _____, ____.

BLUE CASSEL COMMERCIAL REALTY, LLC

By: _____
Authorized Officer

NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: _____
Authorized Officer

STATE OF

954

On the ____ day of _____, in the year _____, before me, the undersigned,
a notary public in and for said state, personally appeared

personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

STATE OF

५५ :

On the _____ day of _____, in the year _____, before me, the undersigned, a notary public in and for said state, personally appeared _____

personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

EXHIBIT G
FORM OF ANNUAL
EMPLOYMENT REPORT

EMPLOYMENT PLAN STATUS REPORT

COMPANY NAME: _____

ADDRESS: _____

TYPE OF BUSINESS: _____

CONTACT PERSON: _____

TELEPHONE NUMBER: _____

Occupation	Number of New Jobs	Number Listed ¹	Number Filled	
			Job Service Division Applicants	Job Training Partnership Act eligible persons

¹ With local Job Service Division and local service delivery office created pursuant to the Job Training Partnership Act.

SCHEDULE 1 #2

Memorandum of Lease
Dated as of December 1, 2008

MEMORANDUM OF LEASE

NAME AND ADDRESS OF LESSOR: NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY
1100 Franklin Avenue, Suite 300
Garden City, NY 11530

NAME AND ADDRESS OF LESSEE: BLUE CASSEL COMMERCIAL REALTY, LLC
193-04 Horace Harding Expressway
Fresh Meadows, NY 11365

DESCRIPTION OF LEASED PREMISES:

All that certain plot, piece or parcel of land described in Exhibit A-2 attached hereto and made a part hereof, including any buildings, structures or improvements affixed or attached thereto, commonly known as the Commercial Unit in the Blue Cassel Condominium (the "Condominium"), together with an undivided 29.7 % interest in the common elements of the Condominium, all located on the real property commonly known as 701, 715, 721 and 729 Prospect Avenue, New Cassel, Town of North Hempstead, Nassau County, New York, and as more particularly described in Schedule A attached hereto and made a part hereof ("Project Facility").

DATE OF EXECUTION OF LEASE: As of December 1, 2008.

TERM OF LEASE: The Lease shall commence December 24, 2008, and shall expire on December 31, 2019.

MISCELLANEOUS PROVISIONS:

The Lease provides for the rental of the Project Facility by the Lessor and for the payment by the Lessee of rent payable pursuant to such Lease over the term of the Lease.

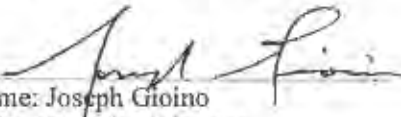
The Lessee has the obligation to purchase the Project Facility for \$1.00 upon expiration or termination of the term of the Lease.

The Lease is available for inspection at the office of the Lessor.

This Memorandum of Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF the parties hereto have respectively executed this Memorandum of Lease as of the 24th day of December, 2008.

NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: 

Name: Joseph Gioino

Title: Executive Director

BLUE CASSEL COMMERCIAL REALTY, LLC

By: BLUE CASSEL REALTY, LLC, its Managing
Member

By: 

Name: Ira Lichtiger

Title: Member

STATE OF NEW YORK)

)SS.:

COUNTY OF NASSAU)

On the 22nd day of December, 2008 before me, the undersigned, personally appeared Joseph Gioino, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

NOTARY PUBLIC
State of New York
No. 4883254
Qualified in Nassau County
Commission Expires June 24, 2013

6/12/11



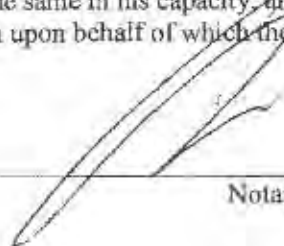
Notary Public

STATE OF NEW YORK)

)SS.:

COUNTY OF Rockland)

On the 24th day of December, 2008 before me, the undersigned, personally appeared Ira Lichtiger, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Notary Public

NOTARY PUBLIC
State of New York
No. 4883254
Qualified in Nassau County
Commission Expires June 24, 2013

Schedule A

ALL THAT CERTAIN plot, piece or parcel of land, situate, lying and being in the unincorporated hamlet of New Cassel, Town of North Hempstead, County of Nassau and State of New York, bounded and described as follows:

BEGINNING at a point of intersection where the northerly line of Prospect Avenue is intersected by the westerly line of Rose Place;

RUNNING THENCE from said point of beginning the following courses and distances:

WESTERLY along the Northerly line of Prospect Avenue, South 82 degrees 32 minutes 56 seconds West, 250.05 feet;

THENCE WESTERLY along the Northerly line of Prospect Avenue, South 81 degrees 23 minutes 40 seconds West, 117.64 feet;

THENCE North 7 degrees 27 minutes 04 seconds West, 3.56 feet;

THENCE Northwesterly along a curve, the center of which lies to the East having a radius of 33 feet, for a length of 23.12 feet;

THENCE Northeasterly, along a curve, the center of which lies to the West having a radius of 10 feet for a length of 23.43 feet;

THENCE Northeasterly, along a curve, the center of which lies to the East having a radius of 33 feet, for a length of 26.35 feet;

THENCE North 38 degrees 50 minutes 52 seconds West, 2.91 feet to the Southerly side of Brush Hollow Road;

THENCE Northeasterly along the Southerly side of Brush Hollow Road, 225.06 feet;

THENCE South 37 degrees 15 minutes 04 seconds East, 96.92 feet;

THENCE North 52 degrees 44 minutes 56 seconds East 11.21 feet;

THENCE North 82 degrees 32 minutes 56 seconds East, 131.80 feet to the Westerly side of Rose Place;

THENCE Southerly along the Westerly side of Rose Place, South 7 degrees 27 minutes 04 seconds East 94.96 feet to the point or place of BEGINNING.

EXHIBIT A-2

COMMERCIAL UNIT

Description

Commercial Unit

ALL THAT CERTAIN plot, piece or parcel of land, situate, lying and being a part of the condominium located in New Cassel, Town of North Hempstead, County of Nassau and State of New York, known and designated as Unit No. 1, together with a 28.07% undivided interest in the common elements of the condominium hereinafter described as the same is defined in the Declaration of Condominium hereinafter referred to.

The real property above described is a Building shown on the plans of a Condominium prepared and certified by FRANCIS J. CORVA, JR. and filed in the Office of the Clerk of the County of Nassau on the 31 day of December, 2008 as Map of Gateway Court Condominium (Map No. 249) defined in the Declaration of Condominium entitled Gateway Court Condominium made by Nassau County Industrial Development Agency under Article 9-B of the New York Real Property Law dated December 16, 2008 and recorded in the Office of the Clerk of the County of Nassau on the 31 day of December, 2008, in Liber 12467 of Conveyances at Page 516 covering the property therein described as same may be amended or modified.

The land area of the property is described as follows:

ALL THAT CERTAIN plot, piece or parcel of land, situate, lying and being in New Castle, Town of North Hempstead, County of Nassau and State of New York, bounded and described as follows:

BEGINNING at a point of intersection where the northerly line of Prospect Avenue is intersected by the westerly line of Rose Place;

RUNNING THENCE from said point of beginning the following courses and distances:

- 1) Westerly along the Northerly line of Prospect Avenue, South 81 degrees 23 minutes 40 seconds West, 250.05 feet;
- 2) Westerly along the Northerly side of Prospect Avenue, South 82 degrees 32 minutes 56 seconds West, 117.64 feet;
- 3) North 7 degrees 27 minutes 04 seconds West, 3.56 feet;
- 4) Northwesterly along a curve, the center of which lies to the East

Description - continued

having a radius of 33 feet, for a length of 23.12 feet;

- 5) Northeasterly, along a curve, the center of which lies to the West having a radius of 10 feet, for a length of 23.43 feet;
- 6) Northeasterly, along a curve, the center of which lies to the East having a radius of 33 feet, for a length of 26.35 feet;
- 7) North 38 degrees 50 minutes 52 seconds West, 2.91 feet to the Southerly side of Brush Hollow Road;
- 8) Northeasterly along the Southerly side of Brush Hollow Road, North 51 degrees 09 minutes 08 seconds East, 225.06 feet;
- 9) South 37 degrees 15 minutes 04 seconds East, 96.92 feet;
- 10) North 52 degrees 44 minutes 56 seconds East, 11.21 feet;
- 11) North 82 degrees 32 minutes 56 seconds East, 131.80 feet to the Westerly side of Rose Place;
- 12) Southerly along the Westerly side of Rose Place, South 7 degrees 27 minutes 04 seconds East, 94.96 feet to the point or place of BEGINNING.



**Combined Real Estate
Transfer Tax Return,
Credit Line Mortgage Certificate, and
Certification of Exemption from the
Payment of Estimated Personal Income Tax**

Recording office (time stamp)

See Form TP-584-I, Instructions for Form TP-584, before completing this form. Please print or type.

Schedule A — Information relating to conveyance

Grantor/Transferor		Name (if individual last, first, middle initial)		Social security number
☐ Individual		NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY		
☒ Corporation		Mailing address		Social security number
☐ Partnership		1100 Franklin Avenue, Suite 300		
☐ Estate/Trust		City	State	ZIP code
☐ Other		Garden City	NY	11530
Grantee/Transferee		Name (if individual last, first, middle initial)		Social security number
☐ Individual		BLUE CASSEL COMMERCIAL REALTY, LLC		
☐ Corporation		Mailing address		Social security number
☐ Partnership		193-04 Horace Harding Expressway		
☐ Estate/Trust		City	State	ZIP code
☒ Other		Fresh Meadows	NY	11365

Location and description of property conveyed

Tax map designation			Address	City/village	Town	County
Section	Block	Lot				
11	100	123	701, 715, 721 & 729 Prospect Avenue		North Hempstead	Nassau

Type of property conveyed (check applicable box)

1 ☐ One- to three-family house	5 ☐ Commercial/Industrial	Date of conveyance	Percentage of real property conveyed which is residential real property <u>0.00%</u> (see instructions)
2 ☐ Residential cooperative	6 ☐ Apartment building	12 24 08 month day year	
3 ☐ Residential condominium	7 ☐ Office building		
4 ☐ Vacant land	8 ☒ Other <u>Mixed Use</u>		

Condition of conveyance (check all that apply)

a. ☐ Conveyance of fee interest	f. ☐ Conveyance which consists of a mere change of identity or form of ownership or organization (attach Form TP-584.1, Schedule F)	i. ☐ Option assignment or surrender
b. ☐ Acquisition of a controlling interest (state percentage acquired _____ %)	g. ☐ Conveyance for which credit for tax previously paid will be claimed (attach Form TP-584.1, Schedule G)	m. ☐ Leasehold assignment or surrender
c. ☐ Transfer of a controlling interest (state percentage transferred _____ %)	h. ☐ Conveyance of cooperative apartment(s)	n. ☒ Leasehold grant
d. ☐ Conveyance to cooperative housing corporation	i. ☐ Syndication	o. ☐ Conveyance of an easement
e. ☐ Conveyance pursuant to or in lieu of foreclosure or enforcement of security interest (attach Form TP-584.1, Schedule E)	j. ☐ Conveyance of air rights or development rights	p. ☒ Conveyance for which exemption from transfer tax claimed (complete Schedule B, Part III)
	k. ☐ Contract assignment	q. ☐ Conveyance of property partly within and partly outside the state
		r. ☐ Other (describe) _____

For recording officer's use	Amount received Schedule B, Part I \$ _____ Schedule B, Part II \$ _____	Date received	Transaction number
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Schedule B — Real estate transfer tax return (Tax Law, Article 31)**Part I — Computation of tax due**

1 Enter amount of consideration for the conveyance (if you are claiming a total exemption from tax, check the exemption claimed box, enter consideration and proceed to Part III) ☒ Exemption claimed	1.	1.00
2 Continuing lien deduction (see instructions if property is taken subject to mortgage or lien)	2.	0.00
3 Taxable consideration (subtract line 2 from line 1)	3.	0.00
4 Tax: \$2 for each \$500, or fractional part thereof, of consideration on line 3	4.	0.00
5 Amount of credit claimed (see instructions and attach Form TP-584.1, Schedule G)	5.	0.00
6 Total tax due* (subtract line 5 from line 4)	6.	0.00

Part II — Computation of additional tax due on the conveyance of residential real property for \$1 million or more

1 Enter amount of consideration for conveyance (from Part I, line 1)	1.	1.00
2 Taxable consideration (multiply line 1 by the percentage of the premises which is residential real property, as shown in Schedule A)	2.	
3 Total additional transfer tax due* (multiply line 2 by 1% (.01))	3.	0.00

Part III — Explanation of exemption claimed on Part I, line 1 (check any boxes that apply)

The conveyance of real property is exempt from the real estate transfer tax for the following reason:

- a. Conveyance is to the United Nations, the United States of America, the state of New York, or any of their instrumentalities, agencies, or political subdivisions (or any public corporation, including a public corporation created pursuant to agreement or compact with another state or Canada) ☐
- b. Conveyance is to secure a debt or other obligation ☐
- c. Conveyance is without additional consideration to confirm, correct, modify, or supplement a prior conveyance ☐
- d. Conveyance of real property is without consideration and not in connection with a sale, including conveyances conveying realty as bona fide gifts ☐
- e. Conveyance is given in connection with a tax sale ☐
- f. Conveyance is a mere change of identity or form of ownership or organization where there is no change in beneficial ownership. (This exemption cannot be claimed for a conveyance to a cooperative housing corporation of real property comprising the cooperative dwelling or dwellings.) Attach Form TP-584.1, Schedule F ☐
- g. Conveyance consists of deed of partition ☐
- h. Conveyance is given pursuant to the federal Bankruptcy Act ☐
- i. Conveyance consists of the execution of a contract to sell real property, without the use or occupancy of such property, or the granting of an option to purchase real property, without the use or occupancy of such property ☐
- j. Conveyance of an option or contract to purchase real property with the use or occupancy of such property where the consideration is less than \$200,000 and such property was used solely by the grantor as the grantor's personal residence and consists of a one-, two-, or three-family house, an individual residential condominium unit, or the sale of stock in a cooperative housing corporation in connection with the grant or transfer of a proprietary leasehold covering an individual residential cooperative apartment ☐
- k. Conveyance is not a conveyance within the meaning of Tax Law, Article 31, section 1401(a) (attach documents supporting such claim) ☐
- l. Other (attach explanation) Conveyance by IDA to beneficiary of IDA financing (GML 874) ☒

*Please make check(s) payable to the county clerk where the recording is to take place. If the recording is to take place in New York City, make check(s) payable to the **NYC Department of Finance**. If a recording is not required, send this return and your check(s) made payable to the **NYS Department of Taxation and Finance**, directly to the NYS Tax Department, RETT Return Processing, PO Box 5045, Albany NY 12205-5045.

Schedule C — Credit Line Mortgage Certificate (Tax Law, Article 11)

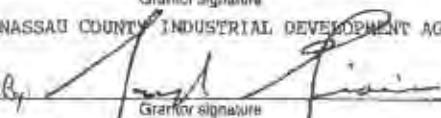
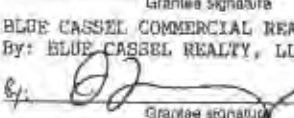
Complete the following only if the interest being transferred is a fee simple interest.

(we) certify that: (check the appropriate box)

1. ☒ The real property being sold or transferred is not subject to an outstanding credit line mortgage.
2. ☐ The real property being sold or transferred is subject to an outstanding credit line mortgage. However, an exemption from the tax is claimed for the following reason:
- ☐ The transfer of real property is a transfer of a fee simple interest to a person or persons who held a fee simple interest in the real property (whether as a joint tenant, a tenant in common or otherwise) immediately before the transfer.
 - ☐ The transfer of real property is (A) to a person or persons related by blood, marriage or adoption to the original obligor or to one or more of the original obligors or (B) to a person or entity where 50% or more of the beneficial interest in such real property after the transfer is held by the transferor or such related person or persons (as in the case of a transfer to a trustee for the benefit of a minor or the transfer to a trust for the benefit of the transferor).
 - ☐ The transfer of real property is a transfer to a trustee in bankruptcy, a receiver, assignee, or other officer of a court.
 - ☐ The maximum principal amount secured by the credit line mortgage is \$3,000,000 or more, and the real property being sold or transferred is not principally improved nor will it be improved by a one- to six-family owner-occupied residence or dwelling.
- Please note:** for purposes of determining whether the maximum principal amount secured is \$3,000,000 or more as described above, the amounts secured by two or more credit line mortgages may be aggregated under certain circumstances. See TSB-M-96(6)-R for more information regarding these aggregation requirements.
- ☐ Other (attach detailed explanation).
3. ☐ The real property being transferred is presently subject to an outstanding credit line mortgage. However, no tax is due for the following reason:
- ☐ A certificate of discharge of the credit line mortgage is being offered at the time of recording the deed.
 - ☐ A check has been drawn payable for transmission to the credit line mortgagee or his agent for the balance due, and a satisfaction of such mortgage will be recorded as soon as it is available.
4. ☐ The real property being transferred is subject to an outstanding credit line mortgage recorded in _____ (insert liber and page or reel or other identification of the mortgage). The maximum principal amount of debt or obligation secured by the mortgage is _____. No exemption from tax is claimed and the tax of _____ is being paid herewith. (Make check payable to county clerk where deed will be recorded or, if the recording is to take place in New York City, make check payable to the NYC Department of Finance.)

Signature (both the grantor(s) and grantee(s) must sign)

The undersigned certify that the above information contained in schedules A, B, and C, including any return, certification, schedule, or attachment, is to the best of his/her knowledge, true and complete, and authorize the person(s) submitting such form on their behalf to receive a copy for purposes of recording the deed or other instrument effecting the conveyance.

Grantor signature NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY  Grantor signature	Title Exec. Director Title	Grantee signature BLUE CASSEL COMMERCIAL REALTY, LLC By: BLUE CASSEL REALTY, LLC, ITS Managing Member  Grantee signature	Title Member Title
--	----------------------------------	--	--------------------------

Reminder: Did you complete all of the required information in Schedules A, B, and C? Are you required to complete Schedule D? If you checked a, f, or g in Schedule A, did you complete Form TP-584.1? Have you attached your check(s) made payable to the county clerk where recording will take place or, if the recording is in New York City, to the **NYC Department of Finance**? If no recording is required, send your check(s), made payable to the **Department of Taxation and Finance**, directly to the NYS Tax Department, RETT Return Processing, PO Box 5045, Albany NY 12205-5045.

Schedule D - Certification of exemption from the payment of estimated personal income tax (Tax Law, Article 22, section 663)

Complete the following only if a fee simple interest or a cooperative unit is being transferred by an individual or estate or trust.

Part I - New York State residents

If you are a New York State resident transferor(s)/seller(s) listed in Schedule A of Form TP-584 (or an attachment to Form TP-584), you must sign the certification below. If one or more transferors/sellers of the real property or cooperative unit is a resident of New York State, **each** resident transferor/seller must sign in the space provided. If more space is needed, please photocopy this Schedule D and submit as many schedules as necessary to accommodate all resident transferors/sellers.

Certification of resident transferor(s)/seller(s)

This is to certify that at the time of the sale or transfer of the real property or cooperative unit, the transferor(s)/seller(s) as signed below was a resident of New York State, and therefore is not required to pay estimated personal income tax under Tax Law, section 663(a) upon the sale or transfer of this real property or cooperative unit.

Signature	Print full name	Date
Signature	Print full name	Date
Signature	Print full name	Date
Signature	Print full name	Date

Note: A resident of New York State may still be required to pay estimated tax under Tax Law, section 685(c), but not as a condition of recording a deed.

Part II - Nonresidents of New York State

If you are a nonresident of New York State listed as a transferor/seller in Schedule A of Form TP-584 (or an attachment to Form TP-584) but are not required to pay estimated personal income tax because one of the exemptions below applies under Tax Law, section 663(c), check the box of the appropriate exemption below. If any one of the exemptions below applies to the transferor(s)/seller(s), that transferor(s)/seller(s) is not required to pay estimated personal income tax to New York State under Tax Law, section 663. **Each** nonresident transferor/seller who qualifies under one of the exemptions below must sign in the space provided. If more space is needed, please photocopy this Schedule D and submit as many schedules as necessary to accommodate all nonresident transferors/sellers.

If none of these exemption statements apply, you must complete Form IT-2663, *Nonresident Real Property Estimated Income Tax Payment Form*, or Form IT-2664, *Nonresident Cooperative Unit Estimated Income Tax Payment Form*. For more information, see *Payment of estimated personal income tax*, on page 1 of Form TP-584-I.

Exemption for nonresident transferor(s)/seller(s)

This is to certify that at the time of the sale or transfer of the real property or cooperative unit, the transferor(s)/seller(s) (grantor) of this real property or cooperative unit was a nonresident of New York State, but is not required to pay estimated personal income tax under Tax Law, section 663 due to one of the following exemptions:

- ☐ The real property or cooperative unit being sold or transferred qualifies in total as the transferor's/seller's principal residence (within the meaning of Internal Revenue Code, section 121) from _____ Date _____ to _____ Date _____ (see instructions).
- ☐ The transferor/seller is a mortgagor conveying the mortgaged property to a mortgagee in foreclosure, or in lieu of foreclosure with no additional consideration.
- ☐ The transferor or transferee is an agency or authority of the United States of America, an agency or authority of the state of New York, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or a private mortgage insurance company.

Signature	Print full name	Date
Signature	Print full name	Date
Signature	Print full name	Date
Signature	Print full name	Date

SCHEDULE I #3

Payment in Lieu of Taxes Agreement
Between IDA and Applicant
Dated as of December 1, 2008

PAYMENT IN LIEU OF TAXES AGREEMENT

THIS PAYMENT IN LIEU OF TAXES AGREEMENT (this "Agreement"), made as of December 1, 2008, by and between BLUE CASSEL COMMERCIAL REALTY, LLC, a limited liability company organized and existing under the laws of the State of New York (the "Company"), and the NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York (the "Agency"). Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Lease (as hereinafter defined).

WITNESSETH

WHEREAS, the Agency is authorized and empowered by the provisions of Chapter 1030 of the 1969 Laws of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 674 of the 1975 Laws of New York, as amended, constituting Section 922 of said General Municipal Law (said Chapter and the Enabling Act, as amended from time to time, being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research, recreation and civic facilities, among others, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, the Agency, which has been created and established pursuant to the Act for the benefit of the County of Nassau and its residents, has undertaken the Project described below; and

WHEREAS, the Agency on behalf of the Company (i) acquired fee simple title to certain land known as 701, 715, 721 and 729 Prospect Avenue, New Cassel, Town of North Hempstead, NY and more particularly described on Schedule A hereto (the "Land"); (ii) undertook certain construction and improvements on the Land (the "Improvements"); and (iii) acquired the equipment more particularly described in Schedule B to the Lease (the "Equipment") (acquisition of the Land and the acquisition, renovation and installation of the Improvements and Equipment are collectively hereinafter referred to as the "Project"); and

WHEREAS, pursuant to the terms of a Lease Agreement dated as of the date hereof (the "Lease") between the Agency and the Company, the Agency has leased to the Company the portion of the Land more particularly described on Exhibit A-2 hereto and known as the Commercial Unit (the "Facility"); and

WHEREAS, under the present provisions of the Act and under the present * Section 412-a of the Real Property Tax Law of the State of New York (the "RPTL"), the Agency is required to pay no taxes or assessments upon any of the property acquired by it or under its jurisdiction or supervision or under its control; and

WHEREAS, prior to the date hereof, the Facility was subject to certain payments in lieu of real property taxes and assessments levied and/or assessed by the Taxing Entities against the Facility pursuant to a Payment in Lieu of Taxes Agreement dated as of May 1, 2006 (the "Existing PILOT Agreement") between the Agency and Blue Cassel Site A Realty, LLC (the "Residential Applicant"); and

WHEREAS, pursuant to certain agreements entered into on or about the date hereof, the Residential Applicant has released its interest in the Facility and the Existing PILOT Agreement has been amended to release the Facility from the coverage thereof; and

WHEREAS, the payment and performance of the Company's obligations under this Agreement shall be secured by a Mortgage and Assignment of Leases and Rents dated as of the date hereof (the "PILOT Mortgage") from the Company and the Agency, as mortgagor, to the County of Nassau (the "PILOT Mortgagee"), its successors and assigns, as mortgagee, pursuant to which the Agency and the Company grant a first mortgage lien on the Facility;

NOW, THEREFORE, in consideration of the premises and the payments, agreements, and covenants hereinafter contained, the Company and the Agency covenant and agree as follows:

Section 1. Tax-Exempt Status of Facility.

A. Application. (1) The Company shall complete, and the Agency shall file, an application for amended tax exemption pursuant to Section 412-a of the RPTL (the "Application") with respect to the Facility. The Application shall be filed with the assessor for each of the various taxing entities having jurisdiction over the Facility, including, without limitation, the County of Nassau (the "County"), the Town of North Hempstead, and each school district and village within which the Facility is located (such taxing entities, and any successors thereto, being hereinafter collectively referred to as the "Taxing Entities" and each individually as a "Taxing Entity"). The Facility shall not be entitled to the amended exemption set forth in this Agreement until the beginning of the first fiscal tax year of a Taxing Entity following the last to occur of (i) the filing by the Agency of the Application, and (ii) the acceptance of such Application by the appropriate tax assessor(s) (such date, the "Amended Abatement Commencement Date").

(2) The Company hereby waives any claim or cause of action against the Agency, and releases the Agency from any liability to the Company, arising from any denial of an exemption from real property taxes and assessments, except to the extent that such denial results solely from the willful failure of the Agency, after demand by the Company, to file the completed Application as set forth in this Agreement.

B. Special Assessments. The parties hereto understand that the tax exemption extended to the Agency by Section 874 of the General Municipal Law of the State of New York and Section 412-a of the RPTL does not entitle the Agency to exemption from special assessments and special ad valorem levies. Pursuant to the Lease, the Company will be required to pay all special assessments and special ad valorem levies levied and/or assessed against the Facility.

C. Other Charges. If any taxes, assessments, service charges or other governmental charges become payable by the Company or the Agency on the Project or the rents paid pursuant to the Lease or the occupancy of or any interest of the Company or the Agency in the Facility or any part thereof or any personal property used in connection with the business conducted and located therein, the amount of any such taxes, assessments or charges shall be paid by the Company as and when due. Furthermore, water charges, sewer rentals, sewage treatment charges, solid waste charges and any other charges in the nature of utility charges shall be paid as and when due directly by the Company and shall not be credited against nor be affected in any manner by any payment in lieu of real property taxes and assessments in any year and shall be computed pursuant to the formula adopted by the relevant Taxing Entity.

Section 2. Payments.

A. Existing PILOT Payments. Prior to the Amended Abatement Commencement Date, the applicable payments in lieu of real property taxes and assessments set forth in the Existing PILOT Agreement shall be payable in full by the Company in accordance with the terms of the Existing PILOT Agreement.

B. PILOT Payments. (i) From the Amended Abatement Commencement Date through and including the last day of the tenth (10th) fiscal tax year thereafter (such date, the "Amended Abatement Expiration Date"), the Company shall make payments in lieu of real property taxes and assessments levied and/or assessed by the Taxing Entities against or with respect to the Facility, as follows:

(1) for the fiscal tax year commencing on the Amended Abatement Commencement Date, \$60,211.62;

(2) for the fiscal tax year commencing on the 1st anniversary of the Amended Abatement Commencement Date, \$67,742.70;

(3) for the fiscal tax year commencing on the 2nd anniversary of the Amended Abatement Commencement Date, \$75,671.46;

(4) for the fiscal tax year commencing on the 3rd anniversary of the Amended Abatement Commencement Date, \$84,014.97;

(5) for the fiscal tax year commencing on the 4th anniversary of the Amended Abatement Commencement Date, \$92,790.99;

(6) for the fiscal tax year commencing on the 5th anniversary of the Amended Abatement Commencement Date, \$102,017.96;

(7) for the fiscal tax year commencing on the 6th anniversary of the Amended Abatement Commencement Date, \$111,715.04;

(8) for the fiscal tax year commencing on the 7th anniversary of the Amended Abatement Commencement Date, \$121,902.13;

(9) for the fiscal tax year commencing on the 8th anniversary of the Amended Abatement Commencement Date, \$132,599.90;

(10) for the fiscal tax year commencing on the 9th anniversary of the Amended Abatement Commencement Date, \$143,829.82.

(ii) After the Amended Abatement Expiration Date, the Company shall make payments-in-lieu of real property taxes and assessments equal to 100% of the real property taxes and assessments that would be levied and/or assessed with respect to or against the Facility by the Taxing Entities computed as if the Facility were owned by the Company, until such time as the Agency shall no longer have any estate, title or interest in the Facility and the Facility has been returned to the tax rolls as taxable property.

(iii) Any provision of this Agreement to the contrary notwithstanding, the amount of the PILOT Payment set forth in Section 2(B)(i) above for each fiscal tax year shall be reduced by the amount, if any, of special assessments and special ad valorem levies assessed against or levied upon the Facility for such fiscal tax year (collectively, "Special Assessments"), whether by the Nassau County Tax Assessor's Office or otherwise, which Special Assessments are payable by the Company pursuant to Section 1(B) of this Agreement. The amount of any such reduction of a PILOT Payment shall be set forth on the applicable PILOT bill issued with respect to such fiscal tax year, if any, but the failure of the Company to receive such bill shall in no event affect the Company's obligation to pay such PILOT Payment. In the event that (i) the amount of Special Assessments for a particular fiscal tax year exceeds the amount of the PILOT Payment for such fiscal tax year, or (ii) the amount of PILOT Payments for a particular fiscal tax year are not reduced by the amount of Special Assessments for such fiscal tax year, then the amount of such unused "credit" or "reduction", as the case may be, shall be carried over as a credit for the following fiscal tax year(s); provided, however, that if there is an unused "credit" under (i) above at the end of the term of the PILOT Payments hereunder, then the Company shall not be entitled to (a) take such "credit" against any further payments hereunder or against real property taxes assessed against the Facility, or (b) an extension of the term of this Agreement.

"PILOT Obligations" shall mean all amounts required to be paid by the Company under this Agreement, including, without limitation, those amounts set forth in Sections 2.A and 2.B hereof.

C. Payments. (1) Amounts due and payable under this Agreement shall be payable to the Treasurer of the County of Nassau (the "Treasurer"), One West Street, Minicola, NY 11501, or at such other address as the Treasurer may notify the Company of in writing.

(2) All PILOT Payments hereunder shall be allocated among the affected tax jurisdictions in proportion to the amount of real property and other taxes and assessments that would have been received by each Taxing Entity had the Project not been tax exempt due to the status of the Agency.

D. Due Dates; Interest; and Penalties. (1) The Company may be billed for PILOT Payments as if the Facility were on the tax rolls at the time when taxes for each Taxing Entity are due.

(2) If any payment required under this Agreement is not made on or before the due date thereof, such payment shall be delinquent and the Company shall pay a late charge equal to the greater of (a) five (5%) percent of the payment, and for each month, or part thereof, that the payment is delinquent beyond the first month, the Company shall pay an additional late charge equal to one (1%) percent per month of the total amount payable; and (b) the late charge applicable from time to time to real property tax levies and assessments that are not paid when due.

(3) Anything contained in this subparagraph to the contrary notwithstanding, the Company shall have the obligation to make all payments of PILOT Obligations (other than payments of penalties, if any) in two equal semi-annual installments on or prior to the date which is five (5) Business Days prior to January 1 and July 1 for the General Tax portion of the PILOT Obligation, and October 1 and April 1 for the School Tax portion of the PILOT Obligation, as applicable, of each year of the term of the Lease or on such other due dates as may be established by the Agency or the Treasurer from time to time during the term of the Lease.

E. Partial Sale; Transferee's Obligation; Apportionment of Reduction to Local Taxing Entities. During the term of this Agreement, in the event that the Facility, or any portion thereof, is sold, transferred, assigned or otherwise disposed of by the Agency, the transferees thereof will thereafter pay the real property taxes and assessments on such Land and the Improvements located on the Land, or on such portion of the Land, that was sold, transferred, assigned or otherwise disposed of, as may be required by applicable law.

F. Sale; Company's Obligation. In the event that the Agency sells, transfers, assigns or otherwise disposes of the Facility to any party other than the Company, the Company's obligation for PILOT Obligations shall be prorated to the date of the closing of the transaction and thereupon all obligations of the Company for payment of PILOT Obligations shall cease, but the Agency shall take such steps with the purchaser other than the Company to assure that each of the Taxing Entities shall suffer no loss of revenue until such Facility can be placed back on the tax rolls and taxes levied and billed therefor.

Section 3. Effective Date; Duration of Agreement. This Agreement shall continue in effect until the earlier of (i) the termination of this Agreement pursuant to the terms of the Lease or of this Agreement, or (ii) the date on which title to the Facility is conveyed to the Company by the Agency pursuant to the Lease or this Agreement and has been placed back on the tax rolls as taxable property.

Section 4. Events of Default. The following shall constitute an "Event of Default" under this Agreement:

A. Failure by the Company to make any payment specified herein and the continuance of such failure for a period of ten (10) days after receipt by the Company of written notice from the Agency and/or any Taxing Entity.

B. Failure by the Company to comply with or perform any provision of this Agreement other than the payment provisions hereof and the continuance of such failure for a period of thirty (30) days after receipt by the Company of written notice thereof from the Agency, or, if such provision is capable of cure but cannot be cured within such thirty (30) day period, the failure of the Company to commence to cure within such thirty (30) day period and to prosecute the cure to completion with due diligence, provided, however, in no event shall such cure period exceed ninety (90) days.

C. The occurrence of an Event of Default under the Lease or any other agreement between the Agency and the Company.

If the Company fails to make any payments pursuant to this Agreement when due, the amount or amounts so in default shall continue as an obligation of the Company until fully paid.

Upon the occurrence and continuance of an Event of Default hereunder, the Company shall be required to make PILOT Payments as if the Facility were owned by the Company, such amounts to commence to be paid for the period subsequent to the date it is determined by the Agency that there is an Event of Default hereunder. In such event, the tax rate, interest and penalties shall be those then in effect in the Taxing Entities in which the Facility is located.

Upon the occurrence and continuance of an Event of Default hereunder, the Agency shall be entitled to sue to enforce any provision of this Agreement and to recover the payments of PILOT Obligations in default from the Company, together with all the costs and expenses of the Agency, its successors or assigns, paid or incurred in such recovery (including court costs and attorneys' fees and expenses) and interest at the rate charged by the respective Taxing Entities on overdue payments of taxes. In addition, the Agency shall have the right to terminate the Lease at any time, and the Company shall accept such termination and any tender of reconveyance from the Agency of title to the Facility.

The Agency, in enforcing payment by the Company of the PILOT Obligations, may take whatever action and exercise any or all of the rights and remedies specified in this Agreement or any other remedy provided by law.

Each and every Event of Default shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

No delay or omission in exercising any right or power accruing upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. Further, no payment by the Agency or receipt by the Agency or a Taxing Entity of a lesser amount than the correct amount or manner of payment due hereunder shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed to effect or evidence an accord and satisfaction, and the Agency and/or any Taxing Entity may accept any check or payment as made without prejudice to the right to recover the balance or pursue any other remedy in this Agreement or otherwise provided at law or in equity.

In no event shall the Agency be liable to any of the Taxing Entities for the payments specified herein, whether or not the Company makes such payments. The Company hereby agrees to indemnify, defend (with counsel selected by the Agency) and hold harmless the Agency and its officers, members, agents (other than the Company), attorneys, servants and employees, past, present and future, against any such liability for such payments and against all penalties, interest, and other charges resulting from the delinquency of such payments.

The Agency and the Company hereby acknowledge the right of the County, as beneficiary of this Agreement (on behalf of itself and all other Taxing Entities), to pursue any appropriate remedies, including an action or proceeding in the courts, to recover directly from the Company any payments of PILOT Obligations in default hereunder and/or to exercise its rights and remedies under the PILOT Mortgage. The Company shall promptly notify the Agency of any action or proceeding brought, or other measure taken, by a Taxing Entity to recover such payments in default hereunder. It is understood that the right of any Taxing Entity herein acknowledged is in addition to, and shall not impair, the Agency's own rights arising from a breach of this Agreement.

In the event that fee title to the Facility is conveyed to the Company or any other party prior to expiration of the term of the Lease, this Agreement shall become null and void and any remaining tax abatement hereunder shall be canceled.

Section 5. Additional Facilities. If any structural additions shall be made to the buildings or other improvements included in the Facility subsequent to the completion of the Project, or if any additional buildings or improvements shall be constructed on the Land (such structural additions, buildings and improvements being referred to hereinafter as "Additional Facilities"), the Company agrees to increase its PILOT Obligations hereunder in an amount, as

determined by the Agency or a tax assessor selected by the Agency, equal to the increased tax payments that would have been payable on such increase if this Agreement were not in effect.

Section 6. Change of Law. In the event the Facility, or any part thereof, is declared to be subject to taxation for real property taxes or assessments by an amendment to the Act, other legislative change or a final judgment of a court of competent jurisdiction, the obligations of the Company hereunder shall, to such extent, be null and void.

Section 7. Waiver of Tax Exemption. The Company, in recognition of the benefits provided under this Agreement, and for so long as the Lease is in effect, hereby expressly waives any rights it may have for any exemption under Section 485-b of the RPTL or any other exemption under any other law or regulation (except, however, for the exemption provided under Article 18-A of the General Municipal Law) with respect to the Facility.

The Company, in recognition of the benefits provided under this Agreement and the Lease, hereby expressly waives the right to institute judicial or other review of an assessment of the real property with respect to the Facility, whether pursuant to the provisions of Article 7 of the Real Property Tax Law or other applicable law, as the same may be amended from time to time. In addition, the Obligor hereby represents and warrants that it has stipulated to the discontinuance (with prejudice) of any and all pending tax certiorari proceedings with respect to the Facility on or before the date hereof.

Section 8. Delivery of PILOT Statement. The Company shall deliver to the Comptroller of the County of Nassau, at One West Street, Mineola, NY 11501, on or before the dates set forth for payment of the PILOT Obligations in Section 2 hereof, in each year during the term of the Lease, a verified statement setting forth the amount of such payments and the dates of such payments.

Section 9. Limited Obligation. The obligations, covenants and agreements of the Agency hereunder shall not constitute or give rise to an obligation of the State of New York, the County, the Town of North Hempstead or any school district or village within which the Facility is located and neither the State of New York, the County, the Town of North Hempstead nor any such school district or village shall be liable thereon, and further, such obligations, covenants and agreements shall not constitute or give rise to a general obligation of the Agency.

Section 10. No Waiver. Failure by the Agency in any instance to insist upon the strict performance of any one or more of the obligations of the Company under this Agreement, or to exercise any election herein contained, shall in no manner be or be deemed to be a waiver by the Agency of any of the Company's defaults or breaches hereunder or of any of the rights and remedies of the Agency by reason of such defaults or breaches, or a waiver or relinquishment of any and all of the Company's obligations hereunder. No waiver, amendment, release or modification of this Agreement shall be established by conduct, custom or course of dealing. Further, no payment by the Company or receipt by the Agency of a lesser amount than the correct amount or manner of payment due hereunder shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any

check or payment be deemed to effect or evidence an accord and satisfaction, and the Agency may accept any check or payments as made without prejudice to the right to recover the balance or pursue any other remedy in this Agreement or otherwise provided at law or in equity.

Section 11. Notices.

A. All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given on the earlier of (1) three (3) Business Days after being sent to the applicable address stated below by registered or certified mail, return receipt requested, or by such other means as shall provide the sender with documentary evidence of such delivery, or (2) the date on which delivery is refused by the addressee, as evidenced by the affidavit of the Person who attempted to effect such delivery.

B. The addresses to which notices, certificates and other communications hereunder shall be delivered are as follows:

IF TO THE COMPANY:

Blue Cassel Commercial Realty, LLC
193-04 Horace Harding Expressway
Fresh Meadows, NY 11365
Attn: Ira Lichtiger

WITH A COPY TO:

Cannon, Heyman & Weiss, LLP
726 Exchange Street, Suite 516
Buffalo, NY 14210
Attn: Steven J. Weiss, Esq.

IF TO THE AGENCY:

Nassau County Industrial Development Agency
1100 Franklin Avenue, Suite 300
Garden City, NY 11530
Attn: Executive Director

WITH A COPY TO:

Phillips Lytle LLP
437 Madison Avenue, 34th Floor
New York, NY 10022
Attn: Milan K. Tyler, Esq.

Section 12. Change of Address. The Agency or the Company may, by notice given hereunder to each other, designate any further or different addresses to which subsequent notices, certificates or other communications to them shall be sent.

Section 13. Assignment of Agreement. This Agreement shall be binding upon the successors and permitted assigns of the Company but no assignment shall be effective to relieve the Company of any of its obligations hereunder unless expressly authorized and approved in writing by the Agency.

Section 14. Independent Agreement. Notwithstanding any other provision of this Agreement, including the recitals thereof, the parties agree that the Lease executed between the parties thereto shall be a separate and independent document from this Agreement, and irrespective of whether any provision of this Agreement or the entirety hereof shall be held invalid or unenforceable by any court of competent jurisdiction, the Lease shall be construed, interpreted, and otherwise regarded separate and apart from this Agreement. The parties hereto specifically note that the considerations and terms provided for in this Agreement and provided for in the Lease are the only considerations and terms for which the parties thereto have executed this Agreement.

Section 15. Invalidity. If any one or more phrases, sentences, clauses or provisions of this Agreement or the entirety hereof shall be declared invalid or unenforceable by any order, decree or judgment of any court of competent jurisdiction, then such phrase, sentence, clause or provision or the entirety of this Agreement shall be deemed to be reformed in such manner as shall be determined by such court, or in the absence of such a determination then in the reasonable judgment of the Agency, to render such phrase, sentence, clause or provision of this Agreement valid and enforceable under applicable law. The parties hereto agree to enter into such documents, agreements and instruments as the Agency reasonably determines are necessary to effect any such reformation. In the event that any one more of the phrases, sentences, clauses or provisions of this Agreement cannot be reformed to comply with applicable law, then this Agreement shall be construed as if such phrase, sentence, clause or paragraph had not appeared in this Agreement.

Section 16. Amendments. This Agreement may not be modified, amended, supplemented, or changed without the written consent of the Agency and the Company.

Section 17. Prior Agreements. This Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, whether written or oral, among the parties with respect to the subject matter hereof, other than the Existing PILOT Agreement.

Section 18. Delivery of Agreement. The Agency covenants to use reasonable efforts to deliver to each Taxing Entity a copy of this Agreement within fifteen (15) days after its execution.

Section 19. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 20. Service of Process; Consent to Jurisdiction; Forum.

A. The Company represents that it is subject to service of process in the State of New York and covenants that it will remain so subject so long as the Lease shall be in effect. If for any reason the Company should cease to be so subject to service of process in the State of New York, the Company hereby designates and appoints, without power of revocation, Eric Bluestone, and his successor(s) as its agent for service of process, and if such agent shall cease to act or otherwise cease to be subject to service of process in the State of New York, the Secretary of State of the State of New York, as the agents of the Company upon whom may be served all process, pleadings, notices or other papers which may be served upon the Company as a result of any of its obligations under this Agreement; provided, however, that the serving of such process, pleadings, notices or other papers shall not constitute a condition to the Company's obligations hereunder.

B. The Company irrevocably and unconditionally (1) agrees that any suit, action or other legal proceeding arising out of this Agreement or the other Transaction Documents may be brought in the courts of record of the State of New York in Nassau County or the courts of the United States, Eastern District of New York; (2) consents to the jurisdiction of each such court in any such suit, action or proceeding; and (3) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts. For such time as the Lease is in effect, the Company's agents designated above shall accept and acknowledge in the Company's behalf service of any and all process in any such suit, action or proceeding brought in any such court. The Company agrees and consents that any such service of process upon such agents and written notice of such service to the Company in the manner set forth in Section 11 hereof shall be taken and held to be valid personal service upon the Company whether or not the Company shall then be doing, or at any time shall have done, business within the State of New York and that any such service of process shall be of the same force and validity as if service were made upon the Company according to the laws governing the validity and requirements of such service in the State of New York, and waives all claim of error by reason of any such service. Such agents shall not have any power or authority to enter into any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the Company or to conduct the defense of any such suit, action or any other legal proceeding except as expressly authorized by the Company.

Section 21. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, as the same may be in effect from time to time, without regard to principles of conflicts of laws.

[Remainder of this page intentionally left blank]

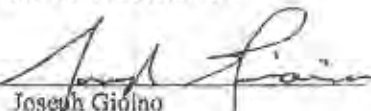
Section 22. Nature of Obligations. This Agreement shall remain in full force and effect until each and every one of the PILOT Obligations shall have been irrevocably paid in full and all other obligations of the Company under this Agreement shall have been paid and performed in full.

Section 23. Indemnification. The Company agrees indemnify, defend (with counsel selected by the Agency) and hold harmless the Agency and its officers, members, agents (other than the Company), attorneys, servants and employees, past, present and future, against any liability arising from any default by the Company in performing its obligations hereunder or any expense incurred hereunder, including, without limitation, any expenses of the Agency and attorneys' fees and expenses.

IN WITNESS WHEREOF, the Agency and the Company have made this Agreement to be executed in their respective names by their duly authorized officers, all on the date first above written.

NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

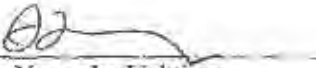
By:


Joseph Gioia
Executive Director

BLUE CASSEL COMMERCIAL REALTY, LLC

By: BLUE CASSEL REALTY, LLC, its
Managing Member

By:


Name: Ira Lichtiger
Title: Member

STATE OF NEW YORK)
)SS:
COUNTY OF NASSAU)

On the 22nd day of December, 2008 before me, the undersigned, personally appeared Joseph Gioino, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

NOTARY PUBLIC
STATE OF NEW YORK
No. 450994
Exp. 12/31/11

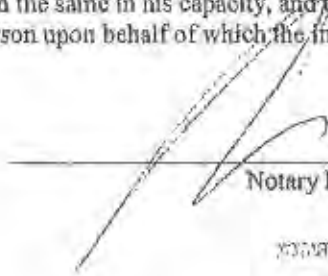
6/12/11



Notary Public

STATE OF NEW YORK)
)SS:
COUNTY OF New York)

On the 24th day of December, 2008 before me, the undersigned, personally appeared Ira Lichtiger, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Notary Public

NOTARY A. R. R. 11/11
NOTARY PUBLIC, State of New York
No. 450994
Qualified in Nassau County
Commission Expires June 24, 2011

EXHIBIT A

Description of the Land

ALL THAT CERTAIN plot, piece or parcel of land, situate, lying and being in the unincorporated hamlet of New Cassel, Town of North Hempstead, County of Nassau and State of New York, bounded and described as follows:

BEGINNING at a point of intersection where the northerly line of Prospect Avenue is intersected by the westerly line of Rose Place;

RUNNING THENCE from said point of beginning the following courses and distances:

WESTERLY along the Northerly line of Prospect Avenue, South 82 degrees 32 minutes 56 seconds West, 250.05 feet;

THENCE WESTERLY along the Northerly line of Prospect Avenue, South 81 degrees 23 minutes 40 seconds West, 117.64 feet;

THENCE North 7 degrees 27 minutes 04 seconds West, 3.56 feet;

THENCE Northwesterly along a curve, the center of which lies to the East having a radius of 33 feet, for a length of 23.12 feet;

THENCE Northeasterly, along a curve, the center of which lies to the West having a radius of 10 feet for a length of 23.43 feet;

THENCE Northeasterly, along a curve, the center of which lies to the East having a radius of 33 feet, for a length of 26.35 feet;

THENCE North 38 degrees 50 minutes 52 seconds West, 2.91 feet to the Southerly side of Brush Hollow Road;

THENCE Northeasterly along the Southerly side of Brush Hollow Road, 225.06 feet;

THENCE South 37 degrees 15 minutes 04 seconds East, 96.92 feet;

THENCE North 52 degrees 44 minutes 56 seconds East 11.21 feet;

THENCE North 82 degrees 32 minutes 56 seconds East, 131.80 feet to the Westerly side of Rose Place;

THENCE Southerly along the Westerly side of Rose Place, South 7 degrees 27 minutes 04 seconds East 94.96 feet to the point or place of BEGINNING.

EXHIBIT A-2

COMMERCIAL UNIT

See Attached

Description

Commercial Unit

ALL THAT CERTAIN plot, piece or parcel of land, situate, lying and being a part of the condominium located in New Cassel, Town of North Hempstead, County of Nassau and State of New York, known and designated as Unit No. 1, together with a 28.07% undivided interest in the common elements of the condominium hereinafter described as the same is defined in the Declaration of Condominium hereinafter referred to.

The real property above described is a Building shown on the plans of a Condominium prepared and certified by FRANCIS J. CORVA, JR. and filed in the Office of the Clerk of the County of Nassau on the 31 day of December, 2008 as Map of Gateway Court Condominium (Map No. 249) defined in the Declaration of Condominium entitled Gateway Court Condominium made by Nassau County Industrial Development Agency under Article 9-B of the New York Real Property Law dated December 16, 2008 and recorded in the Office of the Clerk of the County of Nassau on the 31 day of December, 2008, in Liber 12467 of Conveyances at Page 516 covering the property therein described as same may be amended or modified.

The land area of the property is described as follows:

ALL THAT CERTAIN plot, place or parcel of land, situate, lying and being in New Castle, Town of North Hempstead, County of Nassau and State of New York, bounded and described as follows:

BEGINNING at a point of intersection where the northerly line of Prospect Avenue is intersected by the westerly line of Rose Place;

RUNNING THENCE from said point of beginning the following courses and distances:

- 1) Westerly along the Northerly line of Prospect Avenue, South 81 degrees 23 minutes 40 seconds West, 250.05 feet;
- 2) Westerly along the Northerly side of Prospect Avenue, South 82 degrees 32 minutes 58 seconds West, 117.84 feet;
- 3) North 7 degrees 27 minutes 04 seconds West, 3.58 feet;
- 4) Northwesterly along a curve, the center of which lies to the East

Description - continued

having a radius of 33 feet, for a length of 23.12 feet;

- 5) Northeasterly, along a curve, the center of which lies to the West having a radius of 10 feet, for a length of 23.43 feet;
- 6) Northeasterly, along a curve, the center of which lies to the East having a radius of 33 feet, for a length of 26.35 feet;
- 7) North 38 degrees 50 minutes 52 seconds West, 2.91 feet to the Southerly side of Brush Hollow Road;
- 8) Northeasterly along the Southerly side of Brush Hollow Road, North 51 degrees 08 minutes 08 seconds East, 225.06 feet;
- 9) South 37 degrees 15 minutes 04 seconds East, 96.92 feet;
- 10) North 52 degrees 44 minutes 56 seconds East, 41.21 feet;
- 11) North 82 degrees 32 minutes 56 seconds East, 131.80 feet to the Westerly side of Rose Place;
- 12) Southerly along the Westerly side of Rose Place, South 7 degrees 27 minutes 04 seconds East, 94.96 feet to the point or place of BEGINNING.

SCHEDULE I #4

Amended and Restated Payment in Lieu of Taxes Agreement
Between IDA and Applicant

**AMENDED AND RESTATED
PAYMENT IN LIEU OF TAXES AGREEMENT**

THIS AMENDED AND RESTATED PAYMENT IN LIEU OF TAXES AGREEMENT (this "Agreement"), made as of December 1, 2008, by and between BLUE CASSEL SITE A REALTY, LLC, a limited liability company organized and existing under the laws of the State of New York (the "Company"), and the NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York (the "Agency"). Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Lease (as hereinafter defined).

WITNESSETH

WHEREAS, the Agency is authorized and empowered by the provisions of Chapter 1030 of the 1969 Laws of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 674 of the 1975 Laws of New York, as amended, constituting Section 922 of said General Municipal Law (said Chapter and the Enabling Act, as amended from time to time, being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research, recreation and civic facilities, among others, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, the Agency, which has been created and established pursuant to the Act for the benefit of the County of Nassau and its residents, has undertaken the Project described below; and

WHEREAS, the Agency on behalf of the Company (i) acquired fee simple title to certain land known as 701, 715, 721 and 729 Prospect Avenue, New Cassel, Town of North Hempstead, NY and more particularly described on Schedule A hereto (the "Land"); (ii) undertook certain construction and improvements on the Land (the "Improvements"); and (iii) acquired the equipment more particularly described in Schedule B to the Lease (the "Equipment") (acquisition of the Land and the acquisition, renovation and installation of the Improvements and Equipment are collectively hereinafter referred to as the "Project"); and

WHEREAS, pursuant to the terms of an Amended and Restated Lease Agreement, dated as of the date hereof (the "Lease"), the Agency has released from the Lease the portion of

the Land more particularly described on Exhibit A-2 thereto and referred to therein as the Commercial Unit; and

WHEREAS, the Agency and the Company wish to amend and restate the terms of the Payment in Lieu of Taxes Agreement, dated as of May 1, 2006 (the "Existing PILOT Agreement"), between the Company and the Agency with respect to the Land, to cover only the portion of the Land more particularly described on Exhibit A-1 to the Lease and referred to therein as the Residential Unit (hereinafter, the "Facility"), and to amend the terms of the payments to be made thereunder as hereinafter set forth; and

WHEREAS, under the present provisions of the Act and under the present Section 412-a of the Real Property Tax Law of the State of New York (the "RPTL"), the Agency is required to pay no taxes or assessments upon any of the property acquired by it or under its jurisdiction or supervision or under its control; and

WHEREAS, the payment and performance of the Company's obligations under this Agreement shall be secured by a Mortgage and Assignment of Leases and Rents, dated as of May 1, 2006, as amended by Partial Release of PILOT Mortgage dated as of the date hereof (as amended, modified, supplemented or restated from time to time, the "PILOT Mortgage"), from the Company and the Agency, as mortgagor, to the County of Nassau (the "PILOT Mortgage"), its successors and assigns, as mortgagee, pursuant to which the Agency and the Company grant a second mortgage lien on the Facility;

NOW, THEREFORE, in consideration of the premises and the payments, agreements, and covenants hereinafter contained, the Company and the Agency covenant and agree as follows:

Section 1. Tax-Exempt Status of Facility.

A. Application. (1) As set forth in the Recitals hereto, effective as of the date hereof, the term "Facility" as used in this Agreement shall be deemed to mean and include only the Residential Unit. The Company shall complete, and the Agency shall file, an application for amended tax exemption pursuant to Section 412-a of the RPTL (the "Application") to effect the amendments contemplated by this Agreement. The Application shall be filed with the assessor for each of the various taxing entities having jurisdiction over the Facility, including, without limitation, the County of Nassau (the "County"), the Town of North Hempstead, and each school district and village within which the Facility is located (such taxing entities, and any successors thereto, being hereinafter collectively referred to as the "Taxing Entities" and each individually as a "Taxing Entity"). The Facility shall not be entitled to the amended exemption set forth in this Agreement until the beginning of the first fiscal tax year of a Taxing Entity following the last to occur of (i) the filing by the Agency of the Application, and (ii) the acceptance of such Application by the appropriate tax assessor(s) (such date, the "Amended Abatement Commencement Date").

(2) The Company hereby waives any claim or cause of action against the Agency, and releases the Agency from any liability to the Company, arising from any denial of an exemption from real property taxes and assessments, except to the extent that such denial results solely from the willful failure of the Agency, after demand by the Company, to file the completed Application for tax exemption as set forth in this Agreement.

B. Special Assessments. The parties hereto understand that the tax exemption extended to the Agency by Section 874 of the General Municipal Law of the State of New York and Section 412-a of the RPTL does not entitle the Agency to exemption from special assessments and special ad valorem levies. Pursuant to the Lease, the Company will be required to pay all special assessments and special ad valorem levies levied and/or assessed against the Facility.

C. Other Charges. If any taxes, assessments, service charges or other governmental charges become payable by the Company or the Agency on the Project or the rents paid pursuant to the Lease or the occupancy of or any interest of the Company or the Agency in the Facility or any part thereof or any personal property used in connection with the business conducted and located therein, the amount of any such taxes, assessments or charges shall be paid by the Company as and when due. Furthermore, water charges, sewer rentals, sewage treatment charges, solid waste charges and any other charges in the nature of utility charges shall be paid as and when due directly by the Company and shall not be credited against nor be affected in any manner by any payment in lieu of real property taxes and assessments in any year and shall be computed pursuant to the formula adopted by the relevant Taxing Entity.

Section 2. Payments.

A. Existing PILOT Payments. Prior to the Amended Abatement Commencement Date, the applicable payments in lieu of real property taxes and assessments set forth in the Existing PILOT Agreement shall be payable in full by the Company in accordance with the terms of the Existing PILOT Agreement.

B. PILOT Payments. (i) From the Amended Abatement Commencement Date through and including the last day of the thirtieth (30th) fiscal tax year thereafter (such date, the "Amended Abatement Expiration Date"), the Company shall make payments in lieu of real property taxes and assessments levied and/or assessed by the Taxing Entities against or with respect to the Facility, as follows:

(1) for the fiscal tax year commencing on the Amended Abatement Commencement Date, \$81,874;

(2) for the fiscal tax year commencing on the 1st anniversary of the Amended Abatement Commencement Date, \$84,330;

(3) for the fiscal tax year commencing on the 2nd anniversary of the Amended Abatement Commencement Date, \$86,860;

- (4) for the fiscal tax year commencing on the 3rd anniversary of the Amended Abatement Commencement Date, \$89,466;
- (5) for the fiscal tax year commencing on the 4th anniversary of the Amended Abatement Commencement Date, \$92,150;
- (6) for the fiscal tax year commencing on the 5th anniversary of the Amended Abatement Commencement Date, \$94,914;
- (7) for the fiscal tax year commencing on the 6th anniversary of the Amended Abatement Commencement Date, \$97,762;
- (8) for the fiscal tax year commencing on the 7th anniversary of the Amended Abatement Commencement Date, \$100,695;
- (9) for the fiscal tax year commencing on the 8th anniversary of the Amended Abatement Commencement Date, \$103,715;
- (10) for the fiscal tax year commencing on the 9th anniversary of the Amended Abatement Commencement Date, \$106,827;
- (11) for the fiscal tax year commencing on the 10th anniversary of the Amended Abatement Commencement Date, \$110,032;
- (12) for the fiscal tax year commencing on the 11th anniversary of the Amended Abatement Commencement Date, \$113,333;
- (13) for the fiscal tax year commencing on the 12th anniversary of the Amended Abatement Commencement Date, \$116,733;
- (14) for the fiscal tax year commencing on the 13th anniversary of the Amended Abatement Commencement Date, \$120,235;
- (15) for the fiscal tax year commencing on the 14th anniversary of the Amended Abatement Commencement Date, \$123,842;
- (16) for the fiscal tax year commencing on the 15th anniversary of the Amended Abatement Commencement Date, \$127,557;
- (17) for the fiscal tax year commencing on the 16th anniversary of the Amended Abatement Commencement Date, \$131,384;
- (18) for the fiscal tax year commencing on the 17th anniversary of the Amended Abatement Commencement Date, \$135,325;

(19) for the fiscal tax year commencing on the 18th anniversary of the Amended Abatement Commencement Date, \$139,385;

(20) for the fiscal tax year commencing on the 19th anniversary of the Amended Abatement Commencement Date, \$143,566;

(21) for the fiscal tax year commencing on the 20th anniversary of the Amended Abatement Commencement Date, \$147,873;

(22) for the fiscal tax year commencing on the 21st anniversary of the Amended Abatement Commencement Date, \$152,310;

(23) for the fiscal tax year commencing on the 22nd anniversary of the Amended Abatement Commencement Date, \$156,879;

(24) for the fiscal tax year commencing on the 23rd anniversary of the Amended Abatement Commencement Date, \$161,585;

(25) for the fiscal tax year commencing on the 24th anniversary of the Amended Abatement Commencement Date, \$166,433;

(26) for the fiscal tax year commencing on the 25th anniversary of the Amended Abatement Commencement Date, \$171,426;

(27) for the fiscal tax year commencing on the 26th anniversary of the Amended Abatement Commencement Date, \$176,569;

(28) for the fiscal tax year commencing on the 27th anniversary of the Amended Abatement Commencement Date, \$181,866;

(29) for the fiscal tax year commencing on the 28th anniversary of the Amended Abatement Commencement Date, \$187,322;

(30) for the fiscal tax year commencing on the 29th anniversary of the Amended Abatement Commencement Date, \$192,941.

(ii) After the Amended Abatement Expiration Date, the Company shall make payments-in-lieu of real property taxes and assessments equal to 100% of the real property taxes and assessments that would be levied and/or assessed with respect to or against the Facility by the Taxing Entities computed as if the Facility were owned by the Company, until such time as the Agency shall no longer have any estate, title or interest in the Facility and the Facility has been returned to the tax rolls as taxable property.

(iii) Any provision of this Agreement to the contrary notwithstanding, the amount of the PILOT Payment set forth in Section 2(B)(i) above for each fiscal tax year shall be reduced by the amount, if any, of special assessments and special ad valorem levies assessed against or

levied upon the Facility for such fiscal tax year (collectively, "Special Assessments"), whether by the Nassau County Tax Assessor's Office or otherwise, which Special Assessments are payable by the Company pursuant to Section 1(B) of this Agreement. The amount of any such reduction of a PILOT Payment shall be set forth on the applicable PILOT bill issued with respect to such fiscal tax year, if any, but the failure of the Company to receive such bill shall in no event affect the Company's obligation to pay such PILOT Payment. In the event that (i) the amount of Special Assessments for a particular fiscal tax year exceeds the amount of the PILOT Payment for such fiscal tax year, or (ii) the amount of PILOT Payments for a particular fiscal tax year are not reduced by the amount of Special Assessments for such fiscal tax year, then the amount of such unused "credit" or "reduction", as the case may be, shall be carried over as a credit for the following fiscal tax year(s); provided, however, that if there is an unused "credit" under (i) above at the end of the term of the PILOT Payments hereunder, then the Company shall not be entitled to (a) take such "credit" against any further payments hereunder or against real property taxes assessed against the Facility, or (b) an extension of the term of this Agreement.

"PILOT Obligations" shall mean all amounts required to be paid by the Company under this Agreement, including, without limitation, those amounts set forth in Sections 2.A and 2.B hereof.

C. Payments. (1) Amounts due and payable under this Agreement shall be payable to the Treasurer of the County of Nassau (the "Treasurer"), One West Street, Mineola, NY 11501, or at such other address as the Treasurer may notify the Company of in writing.

(2) All PILOT Payments hereunder shall be allocated among the affected tax jurisdictions in proportion to the amount of real property and other taxes and assessments that would have been received by each Taxing Entity had the Project not been tax exempt due to the status of the Agency.

D. Due Dates, Interest, and Penalties. (1) The Company may be billed for PILOT Payments as if the Facility were on the tax rolls at the time when taxes for each Taxing Entity are due.

(2) If any payment required under this Agreement is not made on or before the due date thereof, such payment shall be delinquent and the Company shall pay a late charge equal to the greater of (a) five (5%) percent of the payment, and for each month, or part thereof, that the payment is delinquent beyond the first month, the Company shall pay an additional late charge equal to one (1%) percent per month of the total amount payable; and (b) the late charge applicable from time to time to real property tax levies and assessments that are not paid when due.

(3) Anything contained in this subparagraph to the contrary notwithstanding, the Company shall have the obligation to make all payments of PILOT Obligations (other than payments of penalties, if any) in two equal semi-annual installments on or prior to the date which is five (5) Business Days prior to January 1 and July 1 for the General Tax portion of the PILOT Obligation, and October 1 and April 1 for the School Tax portion of the PILOT Obligation, as applicable, of each year of the term of the Lease or on such other due

dates as may be established by the Agency or the Treasurer from time to time during the term of the Lease.

E. Partial Sale; Transferee's Obligation; Apportionment of Reduction to Local Taxing Entities. During the term of this Agreement, in the event that the Facility, or any portion thereof, is sold, transferred, assigned or otherwise disposed of by the Agency, the transferees thereof will thereafter pay the real property taxes and assessments on such Land and the Improvements located on the Land, or on such portion of the Land, that was sold, transferred, assigned or otherwise disposed of, as may be required by applicable law.

F. Sale; Company's Obligation. In the event that the Agency sells, transfers, assigns or otherwise disposes of the Facility to any party other than the Company, the Company's obligation for PILOT Obligations shall be prorated to the date of the closing of the transaction and thereupon all obligations of the Company for payment of PILOT Obligations shall cease, but the Agency shall take such steps with the purchaser other than the Company to assure that each of the Taxing Entities shall suffer no loss of revenue until such Facility can be placed back on the tax rolls and taxes levied and billed therefor.

Section 3. Effective Date; Duration of Agreement. This Agreement shall continue in effect until the earlier of (i) the termination of this Agreement pursuant to the terms of the Lease or of this Agreement, or (ii) the date on which title to the Facility is conveyed to the Company by the Agency pursuant to the Lease or this Agreement and has been placed back on the tax rolls as taxable property.

Section 4. Events of Default. The following shall constitute an "Event of Default" under this Agreement:

A. Failure by the Company to make any payment specified herein and the continuance of such failure for a period of ten (10) days after receipt by the Company of written notice from the Agency and/or any Taxing Entity.

B. Failure by the Company to comply with or perform any provision of this Agreement other than the payment provisions hereof and the continuance of such failure for a period of thirty (30) days after receipt by the Company of written notice thereof from the Agency, or, if such provision is capable of cure but cannot be cured within such thirty (30) day period, the failure of the Company to commence to cure within such thirty (30) day period and to prosecute the cure to completion with due diligence, provided, however, in no event shall such cure period exceed ninety (90) days.

C. The occurrence of an Event of Default under the Lease or any other agreement between the Agency and the Company, including, without limitation, the payment in lieu of taxes agreement dated as of the date hereof between the Agency and the Company with respect to the Related Facility.

If the Company fails to make any payments pursuant to this Agreement when due, the amount or amounts so in default shall continue as an obligation of the Company until fully paid.

Upon the occurrence and continuance of an Event of Default hereunder, the Company shall be required to make PILOT Payments as if the Facility were owned by the Company, such amounts to commence to be paid for the period subsequent to the date it is determined by the Agency that there is an Event of Default hereunder. In such event, the tax rate, interest and penalties shall be those then in effect in the Taxing Entities in which the Facility is located.

Upon the occurrence and continuance of an Event of Default hereunder, the Agency shall be entitled to sue to enforce any provision of this Agreement and to recover the payments of PILOT Obligations in default from the Company, together with all the costs and expenses of the Agency, its successors or assigns, paid or incurred in such recovery (including court costs and attorneys' fees and expenses) and interest at the rate charged by the respective Taxing Entities on overdue payments of taxes. In addition, the Agency shall have the right to terminate the Lease at any time, and the Company shall accept such termination and any tender of reconveyance from the Agency of title to the Facility.

The Agency, in enforcing payment by the Company of the PILOT Obligations, may take whatever action and exercise any or all of the rights and remedies specified in this Agreement or any other remedy provided by law.

Each and every Event of Default shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

No delay or omission in exercising any right or power accruing upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. Further, no payment by the Agency or receipt by the Agency or a Taxing Entity of a lesser amount than the correct amount or manner of payment due hereunder shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed to effect or evidence an accord and satisfaction, and the Agency and/or any Taxing Entity may accept any check or payment as made without prejudice to the right to recover the balance or pursue any other remedy in this Agreement or otherwise provided at law or in equity.

In no event shall the Agency be liable to any of the Taxing Entities for the payments specified herein, whether or not the Company makes such payments. The Company hereby agrees to indemnify, defend (with counsel selected by the Agency) and hold harmless the Agency and its officers, members, agents (other than the Company), attorneys, servants and employees, past, present and future, against any such liability for such payments and against all penalties, interest, and other charges resulting from the delinquency of such payments.

The Agency and the Company hereby acknowledge the right of the County, as beneficiary of this Agreement (on behalf of itself and all other Taxing Entities), to pursue any appropriate remedies, including an action or proceeding in the courts, to recover directly from the Company any payments of PILOT Obligations in default hereunder and/or to exercise its rights and remedies under the PILOT Mortgage. The Company shall promptly notify the Agency of any action or proceeding brought, or other measure taken, by a Taxing Entity to recover such payments in default hereunder. It is understood that the right of any Taxing Entity herein acknowledged is in addition to, and shall not impair, the Agency's own rights arising from a breach of this Agreement.

In the event that fee title to the Facility is conveyed to the Company or any other party prior to expiration of the term of the Lease, this Agreement shall become null and void and any remaining tax abatement hereunder shall be canceled.

Section 5. Additional Facilities. If any structural additions shall be made to the buildings or other improvements included in the Facility subsequent to the completion of the Project, or if any additional buildings or improvements shall be constructed on the Land (such structural additions, buildings and improvements being referred to hereinafter as "Additional Facilities"), the Company agrees to increase its PILOT Obligations hereunder in an amount, as determined by the Agency or a tax assessor selected by the Agency, equal to the increased tax payments that would have been payable on such increase if this Agreement were not in effect.

Section 6. Change of Law. In the event the Facility, or any part thereof, is declared to be subject to taxation for real property taxes or assessments by an amendment to the Act, other legislative change or a final judgment of a court of competent jurisdiction, the obligations of the Company hereunder shall, to such extent, be null and void.

Section 7. Waiver of Tax Exemption. The Company, in recognition of the benefits provided under this Agreement, and for so long as the Lease is in effect, hereby expressly waives any rights it may have for any exemption under Section 485-b of the RPTL or any other exemption under any other law or regulation (except, however, for the exemption provided under Article 18-A of the General Municipal Law) with respect to the Facility.

The Company, in recognition of the benefits provided under this Agreement and the Lease, hereby expressly waives the right to institute judicial or other review of an assessment of the real property with respect to the Facility, whether pursuant to the provisions of Article 7 of the Real Property Tax Law or other applicable law, as the same may be amended from time to time. In addition, the Obligor hereby represents and warrants that it has stipulated to the discontinuance (with prejudice) of any and all pending tax certiorari proceedings with respect to the Facility on or before the date hereof.

Section 8. Delivery of PILOT Statement. The Company shall deliver to the Comptroller of the County of Nassau, at One West Street, Mineola, NY 11501, on or before the dates set forth for payment of the PILOT Obligations in Section 2 hereof, in each year during the

term of the Lease, a verified statement setting forth the amount of such payments and the dates of such payments.

Section 9. Limited Obligation. The obligations, covenants and agreements of the Agency hereunder shall not constitute or give rise to an obligation of the State of New York, the County, the Town of North Hempstead or any school district or village within which the Facility is located and neither the State of New York, the County, the Town of North Hempstead nor any such school district or village shall be liable thereon, and further, such obligations, covenants and agreements shall not constitute or give rise to a general obligation of the Agency.

Section 10. No Waiver. Failure by the Agency in any instance to insist upon the strict performance of any one or more of the obligations of the Company under this Agreement, or to exercise any election herein contained, shall in no manner be or be deemed to be a waiver by the Agency of any of the Company's defaults or breaches hereunder or of any of the rights and remedies of the Agency by reason of such defaults or breaches, or a waiver or relinquishment of any and all of the Company's obligations hereunder. No waiver, amendment, release or modification of this Agreement shall be established by conduct, custom or course of dealing. Further, no payment by the Company or receipt by the Agency of a lesser amount than the correct amount or manner of payment due hereunder shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed to effect or evidence an accord and satisfaction, and the Agency may accept any check or payments as made without prejudice to the right to recover the balance or pursue any other remedy in this Agreement or otherwise provided at law or in equity.

Section 11. Notices.

A. All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given on the earlier of (1) three (3) Business Days after being sent to the applicable address stated below by registered or certified mail, return receipt requested, or by such other means as shall provide the sender with documentary evidence of such delivery, or (2) the date on which delivery is refused by the addressee, as evidenced by the affidavit of the Person who attempted to effect such delivery.

B. The addresses to which notices, certificates and other communications hereunder shall be delivered are as follows:

IF TO THE COMPANY:

Blue Cassel Site A Realty, LLC
193-04 Horace Harding Expressway
Fresh Meadows, NY 11365
Attn: Thomas Potvin

WITH A COPY TO:

Cannon, Heyman & Weiss, LLP
54 State Street, 5th floor
Albany, NY 12207
Attn: Steven J. Weiss, Esq.

IF TO THE AGENCY:

Nassau County Industrial Development Agency
1100 Franklin Avenue, Suite 300
Garden City, NY 11530
Attn: Executive Director

WITH A COPY TO:

Phillips Lytle LLP
437 Madison Avenue, 34th floor
New York, NY 10022
Attn: Milan K. Tyler, Esq.

Section 12. Change of Address. The Agency or the Company may, by notice given hereunder to each other, designate any further or different addresses to which subsequent notices, certificates or other communications to them shall be sent.

Section 13. Assignment of Agreement. This Agreement shall be binding upon the successors and permitted assigns of the Company but no assignment shall be effective to relieve the Company of any of its obligations hereunder unless expressly authorized and approved in writing by the Agency.

Section 14. Independent Agreement. Notwithstanding any other provision of this Agreement, including the recitals thereof, the parties agree that the Lease executed between the parties thereto shall be a separate and independent document from this Agreement, and irrespective of whether any provision of this Agreement or the entirety hereof shall be held invalid or unenforceable by any court of competent jurisdiction, the Lease shall be construed, interpreted, and otherwise regarded separate and apart from this Agreement. The parties hereto specifically note that the considerations and terms provided for in this Agreement and provided for in the Lease are the only considerations and terms for which the parties thereto have executed this Agreement.

Section 15. Invalidity. If any one or more phrases, sentences, clauses or provisions of this Agreement or the entirety hereof shall be declared invalid or unenforceable by any order, decree or judgment of any court of competent jurisdiction, then such phrase, sentence, clause or provision or the entirety of this Agreement shall be deemed to be reformed in such manner as shall be determined by such court, or in the absence of such a determination then in the reasonable judgment of the Agency, to render such phrase, sentence, clause or provision of

this Agreement valid and enforceable under applicable law. The parties hereto agree to enter into such documents, agreements and instruments as the Agency reasonably determines are necessary to effect any such reformation. In the event that any one more of the phrases, sentences, clauses or provisions of this Agreement cannot be reformed to comply with applicable law, then this Agreement shall be construed as if such phrase, sentence, clause or paragraph had not appeared in this Agreement.

Section 16. Amendments. This Agreement may not be modified, amended, supplemented, or changed without the written consent of the Agency and the Company.

Section 17. Prior Agreements. This Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, whether written or oral, among the parties with respect to the subject matter hereof, other than the Existing PILOT Agreement.

Section 18. Delivery of Agreement. The Agency covenants to use reasonable efforts to deliver to each Taxing Entity a copy of this Agreement within fifteen (15) days after its execution.

Section 19. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 20. Service of Process; Consent to Jurisdiction; Forum.

A. The Company represents that it is subject to service of process in the State of New York and covenants that it will remain so subject so long as the Lease shall be in effect. If for any reason the Company should cease to be so subject to service of process in the State of New York, the Company hereby designates and appoints, without power of revocation, Eric Bluestone, and his successor(s) as its agent for service of process, and if such agent shall cease to act or otherwise cease to be subject to service of process in the State of New York, the Secretary of State of the State of New York, as the agents of the Company upon whom may be served all process, pleadings, notices or other papers which may be served upon the Company as a result of any of its obligations under this Agreement; provided, however, that the serving of such process, pleadings, notices or other papers shall not constitute a condition to the Company's obligations hereunder.

B. The Company irrevocably and unconditionally (1) agrees that any suit, action or other legal proceeding arising out of this Agreement or the other Transaction Documents may be brought in the courts of record of the State of New York in Nassau County or the courts of the United States, Eastern District of New York; (2) consents to the jurisdiction of each such court in any such suit, action or proceeding; and (3) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts. For such time as the Lease is in effect, the Company's agents designated above shall accept and acknowledge in the Company's behalf service of any and all process in any such suit, action or proceeding brought in any such court. The Company agrees and consents that any such service

NYC Doc. # 204293.1

of process upon such agents and written notice of such service to the Company in the manner set forth in Section 11 hereof shall be taken and held to be valid personal service upon the Company whether or not the Company shall then be doing, or at any time shall have done, business within the State of New York and that any such service of process shall be of the same force and validity as if service were made upon the Company according to the laws governing the validity and requirements of such service in the State of New York, and waives all claim of error by reason of any such service. Such agents shall not have any power or authority to enter into any appearance or to file any pleadings in connection with any suit, action or other legal proceedings against the Company or to conduct the defense of any such suit, action or any other legal proceeding except as expressly authorized by the Company.

Section 21. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, as the same may be in effect from time to time, without regard to principles of conflicts of laws.

[Remainder of this page intentionally left blank]

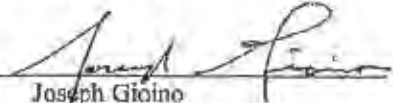
Section 22. Nature of Obligations. This Agreement shall remain in full force and effect until each and every one of the PILOT Obligations shall have been irrevocably paid in full and all other obligations of the Company under this Agreement shall have been paid and performed in full.

Section 23. Indemnification. The Company agrees indemnify, defend (with counsel selected by the Agency) and hold harmless the Agency and its officers, members, agents (other than the Company), attorneys, servants and employees, past, present and future, against any liability arising from any default by the Company in performing its obligations hereunder or any expense incurred hereunder, including, without limitation, any expenses of the Agency and attorneys' fees and expenses.

Section 24. Existing PILOT Agreement. This Agreement is given in renewal, amendment and restatement of, and not in extinguishment, termination or replacement of, the Existing PILOT Agreement. The Company represents and warrants to the Agency that the Company has no right of setoff, defense, claim or counterclaim with respect to its obligations under the Existing PILOT Agreement. The Company represents, warrants, acknowledges and agrees that this Agreement is secured by the PILOT Mortgage and that the PILOT Mortgage is and remains a second mortgage lien on the Facility, subject only to the HEFA Mortgage.

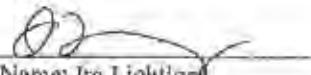
IN WITNESS WHEREOF, the Agency and the Company have made this Agreement to be executed in their respective names by their duly authorized officers, all on the date first above written.

NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: 
Joseph Gioino
Executive Director

BLUE CASSEL SITE A REALTY, LLC

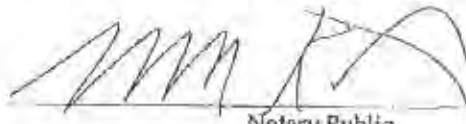
By: BLUE CASSEL REALTY, LLC, its
Managing Member

By: 
Name: Ira Lichtiger
Title: Member

STATE OF NEW YORK)
)SS.:
COUNTY OF NASSAU

On the 22nd day of December, 2008 before me, the undersigned, personally appeared Joseph Gioino, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

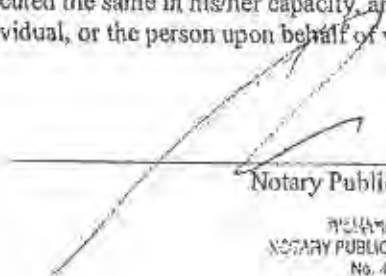
MILAN K. TYLER
Notary Public, State of New York
No. 24-4948790
Qualified in Kings County
Commission Expires 6/12/11



Notary Public

STATE OF NEW YORK)
)SS.:
COUNTY OF ~~NEW YORK~~

On the 24th day of December, 2008 before me, the undersigned, personally appeared Ira Lichtiger, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Notary Public
WILLIAM A. KATUS
NOTARY PUBLIC, State of New York
No. 4083254
Qualified in Nassau County
Commission Expires June 24, 20 11

EXHIBIT A

Description of the Land

See attached

Description

ALL THAT CERTAIN plot, place or parcel of land, situate, lying and being in New Castle, Town of North Hempstead, County of Nassau and State of New York, bounded and described as follows:

BEGINNING at a point of intersection where the northerly line of Prospect Avenue is intersected by the westerly line of Rose Place;

RUNNING THENCE from said point of beginning the following courses and distances:

- 1) Westerly along the Northerly line of Prospect Avenue, South 81 degrees 23 minutes 40 seconds West, 250.05 feet;
- 2) Westerly along the Northerly side of Prospect Avenue, South 82 degrees 32 minutes 56 seconds West, 117.64 feet;
- 3) North 7 degrees 27 minutes 04 seconds West, 3.56 feet;
- 4) Northwesterly along a curve, the center of which lies to the East having a radius of 33 feet, for a length of 23.12 feet;
- 5) Northeasterly, along a curve, the center of which lies to the West having a radius of 10 feet, for a length of 23.43 feet;
- 6) Northeasterly, along a curve, the center of which lies to the East having a radius of 33 feet, for a length of 26.35 feet;
- 7) North 38 degrees 50 minutes 52 seconds West, 2.91 feet to the Southerly side of Brush Hollow Road;
- 8) Northeasterly along the Southerly side of Brush Hollow Road, North 51 degrees 09 minutes 08 seconds East, 225.06 feet;
- 9) South 37 degrees 15 minutes 04 seconds East, 96.92 feet;
- 10) North 52 degrees 44 minutes 56 seconds East, 11.21 feet;
- 11) North 82 degrees 32 minutes 56 seconds East, 131.80 feet to the Westerly side of Rose Place;
- 12) Southerly along the Westerly side of Rose Place, South 7 degrees 27 minutes 04 seconds East 94.96 feet to the point or place of BEGINNING.

EXHIBIT A-1

Residential Unit

See Attached

Description

Residential Unit

ALL THAT CERTAIN plot, place or parcel of land, situate, lying and being a part of the condominium located in New Cassel, Town of North Hempstead, County of Nassau and State of New York, known and designated as Unit No. 2, together with a 71.93% undivided interest in the common elements of the condominium hereinafter described as the same is defined in the Declaration of Condominium hereinafter referred to.

The real property above described is a Building shown on the plans of a Condominium prepared and certified by FRANCIS J. CORVA, JR. and filed in the Office of the Clerk of the County of Nassau on the 31 day of December, 2008 as Map of Gateway Court Condominium (Map No. 249) defined in the Declaration of Condominium entitled Gateway Court Condominium, made by Nassau County Industrial Development Agency under Article 9-B of the New York Real Property Law dated December 16, 2008 and recorded in the Office of the Clerk of the County of Nassau on the 31 day of December, 2008, in Liber 12467 of Conveyances at Page 516 covering the property therein described as same may be amended or modified.

The land area of the property is described as follows:

ALL THAT CERTAIN plot, place or parcel of land, situate, lying and being in New Castle, Town of North Hempstead, County of Nassau and State of New York, bounded and described as follows:

BEGINNING at a point of intersection where the northerly line of Prospect Avenue is intersected by the westerly line of Rose Place;

RUNNING THENCE from said point of beginning the following courses and distances:

- 1) Westerly along the Northerly line of Prospect Avenue, South 81 degrees 23 minutes 40 seconds West, 250.05 feet;
- 2) Westerly along the Northerly side of Prospect Avenue, South 82 degrees 32 minutes 58 seconds West, 117.64 feet;
- 3) North 7 degrees 27 minutes 04 seconds West, 3.56 feet;
- 4) Northwesterly along a curve, the center of which lies to the East

Description - continued

having a radius of 33 feet, for a length of 23.12 feet;

- 5) Northeasterly, along a curve, the center of which lies to the West having a radius of 10 feet, for a length of 23.43 feet;
- 6) Northeasterly, along a curve, the center of which lies to the East having a radius of 33 feet, for a length of 26.35 feet;
- 7) North 38 degrees 50 minutes 52 seconds West, 2.91 feet to the Southerly side of Brush Hollow Road;
- 8) Northeasterly along the Southerly side of Brush Hollow Road, North 51 degrees 09 minutes 08 seconds East, 225.06 feet;
- 9) South 37 degrees 15 minutes 04 seconds East, 96.92 feet;
- 10) North 52 degrees 44 minutes 58 seconds East, 11.21 feet;
- 11) North 82 degrees 32 minutes 58 seconds East, 131.80 feet to the Westerly side of Rose Place;
- 12) Southerly along the Westerly side of Rose Place, South 7 degrees 27 minutes 04 seconds East, 94.96 feet to the point or place of BEGINNING.

SCHEDULE I #5

Regulatory Agreement for the Gateway to New Cassel Apartments Project
Between New York State Housing Finance Agency, IDA and
Blue Cassel Site A Realty, LLC

EXECUTION COPY

NEW YORK STATE HOUSING FINANCE AGENCY
AND
NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY
AND
BLUE CASSEL SITE A REALTY, LLC

REGULATORY AGREEMENT
FOR THE
GATEWAY TO NEW CASSEL APARTMENTS PROJECT

**Regulatory Agreement for HFA Multi Family Project
with Low-Income Housing Tax Credits**



Record and Return to:
Rama Balachandran, Esq.
New York State Housing Finance Agency
641 Lexington Avenue
New York, New York 10022
212-688-4000, extension 370

Premises:	701, 715, 721, 729 Prospect Avenue
	New Cassel, Town of North Hempstead, Nassau County, New York
Section:	11 11 11 11
Block:	93 93 100 100
Lot:	119 120 111 118
County:	Nassau

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This Regulatory Agreement ("Agreement"), entered into as of the 25th day of May, 2006, by and among **BLUE CASSEL SITE A REALTY, LLC** ("Borrower"), a New York limited liability company, having an office at 193-04 Horace Harding Expressway, Fresh Meadows, New York 11365, the **NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY** ("Fee Owner"), having an office at 1100 Franklin Avenue, Suite 300, Garden City, New York 11530 and the **NEW YORK STATE HOUSING FINANCE AGENCY** ("Agency"), a corporate governmental agency established pursuant to Article III of the New York State Private Housing Finance Law ("PHFL"), constituting a public benefit corporation, having its principal place of business at 641 Lexington Avenue, New York, New York 10022,

WITNESSETH:

WHEREAS, the Nassau County Industrial Development Agency ("Fee Owner") holds a fee interest in certain real property located at 701, 715, 721 and 729 Prospect Avenue, New Cassel, Town of North Hempstead, Nassau County, New York, as more fully described in Schedule "A" attached hereto and a made a part hereof ("Premises"), upon which is to be developed by Borrower a 57 unit development consisting of 20 one-bedroom units, 33 two-bedroom units, and 4 three-bedroom units, with amenities including parking, of which 57 underground parking spaces will be financed through the Agency, a laundry room, recreation space and a rooftop terrace (collectively, the "Project"). Twenty-three of the units available for rent shall be leased by Borrower to households with incomes at or below 60% of the Area Median Income (as defined below), thirty-one units shall be leased to households with incomes at or below 90% of Area Median Income (as defined below) and two units will be leased to households with incomes at or below 50% of Area Median Income (as defined below) and one non-revenue unit will be set aside for the superintendent for the Project; and

WHEREAS, pursuant to the terms of Ground Lease between the Fee Owner and the Borrower dated as of May 1, 2006 (the "Ground Lease"), the Fee Owner shall hold fee simple title to the Premises and the Borrower shall have a leasehold interest in the Premises and the Project and shall control all aspects of the management and operation thereof; and

WHEREAS, pursuant to a Building and Project Loan Agreement ("BLA") dated the date hereof and entered into among the Borrower, the Fee Owner and the Agency, the Project is to be financed by a mortgage loan ("Mortgage Loan"), to be made by the Agency in the amount of Nine Million Five Hundred Thousand Dollars (\$9,500,000), which Mortgage Loan will be evidenced by a mortgage note ("Note"), and secured by a fee and leasehold mortgage, assignment of leases and rents and security agreement ("Mortgage") granted by the Borrower and the Fee Owner which will be recorded in the land records of the Office of the County Clerk, Town of North Hempstead, Nassau

County, State of New York; and

WHEREAS, the Mortgage Loan is being financed with funds provided by the Agency through the issuance of its Gateway to New Cassel Housing Revenue Bonds, 2006 Series A ("Bonds"; for purposes of this Agreement, the term "Bonds" shall include any bonds issued to refund the Bonds), the interest on which is to be exempt from federal income tax pursuant to Section 103 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations, Revenue Rulings, Revenue Procedures and other publications of the Internal Revenue Service having binding legal authority applicable thereunder (collectively, the "Code"), pursuant to certain resolutions of the Agency (collectively, the "Resolution"); and

WHEREAS, the Fee Owner, pursuant to Section 12.18 of the Ground Lease, has agreed to subject its fee interest in the Premises to the lien of the Mortgage, provided that the Fee Owner shall not have any personal liability for any default under any note or other obligation secured by the Mortgage; and

WHEREAS, prior to issuance of a temporary or permanent certificate of occupancy or the local equivalent thereof for the Project, the Mortgaged Property will be subjected to the Condominium Act (as defined herein) and the Project will constitute one condominium unit ("Project Unit") in a two-unit condominium regime; and

WHEREAS, pursuant to the terms of the Ground Lease and a Project Conversion Agreement between the Fee Owner and the Mortgagor, the Mortgagor will subject the Project to a Condominium regime and the Fee Owner will lease the Commercial Unit (as defined herein) to an entity other than the Mortgagor; and

WHEREAS, upon satisfaction of certain conditions precedent described in Section 7.19 of the Mortgage, the Mortgagee shall release from the lien of the Mortgage the Commercial Unit (and its related interest in the common elements); and

WHEREAS, HSBC Bank USA, National Association, shall act as trustee under the Resolution for the holders of the Bonds (said trustee or any substitute or successor trustee under the Resolution, is hereinafter referred to as the "Trustee"); and

WHEREAS, the Agency will enter into a pledge and intercreditor agreement dated as of the date of the closing of the Mortgage Loan ("Intercreditor Agreement") with JPMorgan Chase Bank,

N.A. (together with any provider of Alternate Security as defined in the Resolution, the "LOC Bank"), which will issue a letter of credit in support of the Bonds; and

WHEREAS, the Agency has found and determined that the Project is to be occupied by persons or families of low or moderate income pursuant to the restrictions set forth in this Agreement; and

WHEREAS, the Agency is a credit administering agency under Section 42 of the Code, and the Agency has approved the allocation to the Borrower of low-income housing tax credits ("LIHTC") pursuant to Section 42(h) of the Code; and

WHEREAS, the Agency will make a Subsidy Loan in the principal amount not to exceed One Million Nine Hundred Ninety Four Thousand Eight Hundred Fifty Dollars (\$1,994,850) ("Subsidy Loan") (a portion of which will be available for construction financing of the Project), which is subordinate to both the HFA Loan (the Subsidy Loan and the HFA Loan are collectively referred to herein as the "Loan") and the Standby Letter of Credit (as hereinafter defined), and will be evidenced by a promissory note ("Subsidy Note") evidencing the Owner's liability for the Subsidy Loan, and secured by a mortgage and security agreement ("Subsidy Mortgage") granted by the Owner covering the Project which sets forth the terms and conditions thereof and which will be recorded in the land records of the Office of the County Clerk in the County of Nassau, State of New York; and

WHEREAS, the Loan is evidenced by the HFA Note and the Subsidy Note (collectively, the "Note") and secured by the HFA Mortgage and the Subsidy Mortgage (collectively, the "Mortgage"); and

WHEREAS, development of the Project is governed in part by the terms of a Land Disposition Agreement dated as of May 25, 2006 between the Town of North Hempstead Community Development Agency and Borrower (the "LDA"); by a Deed dated May 25, 2006, the ownership of the Premises was transferred to the Borrower, and by a Deed dated May 25, 2006, the ownership of the Premises was transferred to the Fee Owner, and pursuant to the LDA the Borrower is required to develop the Premises as part of the urban renewal area in accordance with the Urban Renewal Plan (as such term is defined in the LDA) set forth in the LDA, and Borrower was conditionally selected as developer for the redevelopment of the Premises; and

WHEREAS, the Project will also benefit from a Payment in Lieu of Taxes ("PILOT") between the Mortgagor and the Fee Owner which will be evidenced by a PILOT Agreement between the Borrower and the Fee Owner as well as an arrangement whereby the Borrower, after it has acquired the site (including the Premises) from the CDA pursuant to the LDA, will convey fee title to the site to the Fee Owner, and will then have the Premises leased back to the Borrower to qualify the Project to benefit from the PILOT, which arrangement will be reflected in the

Ground Lease and PILOT Mortgage, among other documents, which PILOT Mortgage will be recorded in the County Clerk's Office in the County of Nassau in second position behind the Mortgage; and

WHEREAS, the Project shall also constitute the "project" for the purposes of the State Low Income Housing Tax Credit ("SLIHC") program which requires that forty percent of the revenue producing units shall be reserved for households with incomes at or below 90% of the Area Median Income, as defined hereinbelow, which SLIHC credits have been allocated by the New York State Division of Housing and Community Renewal ("DHCR"), as the credit administering agency, to the Mortgagor in a Reservation Letter dated May 3, 2006, and also with the terms and conditions of a carryover allocation letter for all the State Tax Credits to be issued by DHCR within 30 days from the date of this Agreement, which SLIHC shall be subject to the terms and conditions of a separate Low-Income Housing Credit Regulatory Agreement to be entered into between DHCR and the Mortgagor ("DHCR Regulatory Agreement"); and

WHEREAS, the Agency requires, as a condition of the issuance of its Bonds and its financing of the Mortgage Loan, and the allocation to the Project of LIHTCs, that the Borrower agree to the restrictions running with the land and binding on all of Borrower's successors, assigns, heirs, grantees or lessees for the term of the Agreement, as set forth herein, and the Mortgage, and that the Borrower consents to be regulated by the Agency to: (i) meet the requirements of Section 44.29-a of the PHFL; (ii) meet the requirements of Section 42 of the Code with regard to LIHTC; and (iii) to ensure that other public benefit requirements are met; and

WHEREAS, it is contemplated that, upon completion of the construction of the Project, the Borrower shall apply the proceeds of the LIHTCs, to pay down the Mortgage Loan; and

NOW THEREFORE, the parties do hereby agree as follows:

1.0 DEFINITIONS - Except as otherwise defined herein, all capitalized words and phrases herein shall have the meanings assigned to such terms in the Mortgage and the Code. For general rules of interpretation, see section 7.1 hereinbelow. In addition, the following words and phrases as used in this Agreement shall have the following meanings:

- (a) "Agency" shall mean the New York State Housing Finance Agency.
- (b) "Agreement" shall mean this Regulatory Agreement.
- (c) "Applicable Rules" shall have the meaning defined for such term in the "Guidelines," as defined hereinafter.
- (d) "Area Median Income" or "AMI" shall mean the area median gross income for Nassau-Suffolk Primary Metropolitan Statistical Area as determined from time to time by the Secretary of the United States Department of Housing and Urban

Development ("HUD") as applicable pursuant to the Code; references to 60% of AMI shall mean amounts established by HUD constituting 120% of the Very Low Income Limit for HUD's Section 8 programs and references to 50% of AMI shall mean amounts established by HUD constituting the Very Low Income Limit for HUD's Section 8 programs.

- (c) "Assumption Fee" shall have the meaning assigned in section 5.5(c).
- (f) "BLA" shall have the meaning assigned in the recitals to this Agreement.
- (g) "Bonds" shall have the meaning assigned in the recitals to this Agreement.
- (h) "Borrower" shall mean Blue Cassel Site A Realty, LLC, and any transferee or assignee thereof.
- (i) "Code" shall have the meaning assigned in the recitals to this Agreement.
- (j) "Compliance Period" shall have the meaning assigned in section 3.1.
- (k) "Certificates" shall have the meaning assigned in the recitals to this Agreement.
- (l) "Condominium Act" shall mean Article 9-B of the New York Real Property Law, as amended from time to time.
- (m) "Credit Period" shall have the meaning assigned in section 3.1.
- (n) "Early Termination" shall have the meaning assigned in section 3.2(b).
- (o) "ELIHC" shall have the meaning assigned in section 3.2(a).
- (p) "Eligible Basis" shall have the meaning assigned in section 6.2(a)(5).
- (q) "Event of Default" shall have the meaning assigned in section 2.1.
- (r) "Extended Use Period" shall have the meaning assigned in section 3.2(b).
- (s) "Federal Section 8" shall have the meaning assigned in section 3.1.
- (t) "Fee Owner" shall mean the Nassau County Industrial Development Agency, and any transferee or assignee thereof.
- (u) "Governmental Entity" shall have the meaning assigned in section 5.6(a).
- (v) "Gross Rent Floor" shall have the meaning assigned in the Code.
- (w) "Ground Lease" shall have the meaning assigned in the recitals to this Agreement.
- (x) "Guidelines" shall mean the Agency's Fair Housing and Tenant Selection Guidelines, as the same may be amended from time to time.
- (y) "Indemnitees" shall have the meaning assigned in section 2.4.
- (z) "Individuals of Low Income" shall mean individuals and families: (i) whose income is 60% or less of Area Median Income for purposes of the Sections 142(d)(2)(B) and 142(d)(3) of the Code (except that "60 percent" shall be substituted for "80 percent" therein); and (ii) who are individuals of low and moderate income within the meaning of the New York State Housing Finance Agency Act, Article III of the PHFL.
- (aa) "LOC" and "LOC Bank" shall have the meaning assigned in the recitals to this

Agreement.

- (bb) "LIHTC" shall have the meaning assigned in the recitals to this Agreement.
- (cc) "Low Income Units" shall have the meaning assigned in section 4.2(a).
- (dd) "Mortgage" shall have the meaning assigned in the recitals to this Agreement.
- (ee) "Mortgage Loan" shall have the meaning assigned in the recitals to this Agreement.
- (ff) "Note" shall have the meaning assigned in the recitals to this Agreement.
- (gg) "Organized Crime Figure" shall have the meaning assigned in section 5.6(b).
- (hh) "Owner's Tax Certification" shall have the meaning assigned in section 5.8(d).
- (ii) "PHFL" shall have the meaning assigned in the recitals to this Agreement.
- (jj) "Principals" shall have the meaning assigned in section 5.5(a).
- (kk) "Prohibited Person" shall have the meaning assigned in Section 5.6(a).
- (ll) "Project" shall have the meaning assigned in the recitals to this Agreement.
- (mm) "Premises" shall have the meaning assigned in the recitals to this Agreement.
- (nn) "Qualified Basis" shall have the meaning assigned in section 6.2(a)(5).
- (oo) "Qualified Project Period" shall have the meaning assigned in section 3.1.
- (pp) "Replacements" shall have the meaning assigned in section 5.3(b).
- (qq) "Replacement Reserve Account" shall have the meaning assigned in section 5.3(a).
- (rr) "Resolution" shall have the meaning assigned in the recitals to this Agreement.
- (ss) "SLIHC" shall have the meaning assigned in the recitals to this Agreement.
- (tt) "Subsidy Loan" shall have the meaning assigned in the recitals to this Agreement.
- (uu) "Transfer Fee" shall have the meaning assigned in section 5.5(c).
- (vv) "Trustee" shall have the meaning assigned in the recitals to this Agreement.

2.0 ENFORCEMENT

2.1 Incorporation in Mortgage and Termination of Agreement - (a) This Agreement and the restrictions hereunder are to be incorporated by reference in the Mortgage, whenever the Mortgage Loan is made in whole or part, so that noncompliance hereunder shall constitute an "Event of Default" of the Mortgage, as defined therein. If the Agency assigns the Mortgage, the Agency may retain the right to declare a default under and prosecute a foreclosure of the Mortgage Loan, based upon any such noncompliance and Event of Default; provided that the agreement with any successor mortgagee wherein such rights are retained shall contain provisions substantially similar to those set forth in Exhibit "A" attached hereto. In the event of foreclosure or transfer-in-lieu of foreclosure, this Agreement and the restrictions hereunder shall continue in full force and effect notwithstanding the redemption of the Bonds, except notwithstanding anything to the contrary contained herein, sections 5.3, 5.4, 5.5, 5.6, 5.7, 5.8 (if there shall have been an Early Termination) and 6.2 hereinbelow shall be of no further effect after the time of such foreclosure or transfer-in-lieu

of foreclosure and/or redemption of the Bonds, subject to the provisions of the following paragraph.

If the obligor on the Mortgage Loan or a Related Person (as defined in the Code) obtains an ownership interest in the Project for tax purposes after any such foreclosure or transfer-in-lieu of foreclosure but during the term of this Agreement as determined by section 3.1 hereinbelow as though such foreclosure or transfer in lieu of foreclosure had not occurred, this Agreement shall be revived in full force and effect to the extent of the restrictions hereunder that affect the exclusion from federal income taxation of interest on the Bonds.

In addition, this Agreement and the restrictions hereunder shall, in the Agency's sole discretion, cease to apply partially or entirely in the event of involuntary noncompliance caused by unforeseen events such as fire, seizure, requisition, condemnation, change in federal law, or action of a federal agency after the date of issue, which prevents the Agency from enforcing any restriction hereunder, provided the Bonds are retired at the first available call date.

(b) With respect to the Subsidy Loan and the Subsidy Mortgage, upon the occurrence of any Event of Default or in the event of foreclosure or deed-in-lieu of foreclosure of the Subsidy Mortgage in whole or in part, the Agency, in its sole discretion may determine whether to refrain from or to proceed with such foreclosure or deed-in-lieu of foreclosure, and such determination and acceptance of any deed-in-lieu of foreclosure will, in the Agency's discretion, be made subject to the survival of the Subsidy Mortgage, and the preservation of the Agency's interests in the Subsidy Loan.

2.2 Recording and Lien Provisions - The benefits and burdens of this Agreement shall run with the land and bind the interest of the Borrower in the Project, and the land upon which the Project is constructed. The Borrower, at its cost and expense, shall cause this Agreement to be duly recorded, filed, re-recorded, and refiled in such places, and shall pay or cause to be paid all recording, filing, or other taxes, fees and charges, and shall comply with all such statutes and regulations as may be required by law in order to establish, preserve and protect the ability of the Agency to enforce this Agreement. At the request of the Borrower, the Agency shall provide the Borrower with an instrument executed in recordable form at such time as the term of this Agreement has expired and the obligations of the Borrower have been satisfied, releasing the land from this Agreement.

2.3 Remedies - The injury to the Agency arising from noncompliance with any of the terms of this Agreement would be great, and the effect of misrepresentations of fact and any violations by Borrower of warranties and covenants under this Agreement would be irreparable, and the amount of consequential damage would be difficult to ascertain and may not be compensable by money alone. Therefore, upon noncompliance with any of the provisions of this Agreement, misrepresentation of any material fact, or violation of any warranty or covenant under this

Agreement by Borrower, and upon the expiration of all applicable notice and cure periods, the Agency, at its option, may apply to any state or federal court, for specific performance of this Agreement, for an injunction against any noncompliance with or misrepresentation under this Agreement, or for such other relief as may be appropriate in addition to its right to foreclose or require foreclosure of the Mortgage, entirely or partially, pursuant to the terms of the Mortgage and its respective components. Non-compliance with any of the terms of this Agreement may jeopardize the tax-exempt status of the Bonds. For Projects receiving LIHTC, the Agency is obligated to notify the Internal Revenue Service of such non-compliance.

For purposes of this Agreement, the date of non-compliance or misrepresentation shall be the date such non-compliance or misrepresentation was first discovered by the Borrower or the Agency, or would have been first discovered by the Borrower or the Agency by the exercise of reasonable diligence.

2.4 Indemnification - The Borrower shall indemnify and hold harmless the Agency, its members, officers, employees and agents (collectively with the Agency, the "Indemnitees") from and against any and all claims, demands, liability, loss, cost or expense (including but not limited to attorney fees and other costs of litigation) which may be incurred by the Indemnitees arising out of or in any way related to the breach by Borrower of any of its respective obligations under this Agreement or any action taken by the Agency to enforce or exercise its rights under this Agreement as a result of such breach. The obligations under this section shall survive the termination or expiration of this Agreement as necessary to effectuate its provisions. This indemnity is not a guarantee of any portion of the Mortgage Loan.

3.0 **TERM**

3.1 Term of Agreement - The term of this Agreement shall commence on the execution and delivery hereof, irrespective of when or if a Mortgage Loan is ever actually made, and shall extend through a period ("Qualified Project Period") which shall commence immediately and shall end on the latest of the following: (i) the date which is 15 years after the date on which 50% of the residential units in the Project are first occupied; (ii) the first date on which no Bonds are outstanding; (iii) the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 ("Federal Section 8") terminates; (iv) the end of a period (the "Compliance Period") consisting of 15 taxable years of the Borrower commencing with the first taxable year of the credit period ("Credit Period") as defined in Section 42(f)(1) of the Code with respect to the building(s) in the Project; (v) the date on which the Mortgage Loan is no longer outstanding; or (vi) the expiration of the Extended Use Period or Early Termination as such terms are

defined in section 3.2(b) hereinbelow. Additionally, as provided in section 3.2 hereinbelow, certain provisions of this Agreement shall continue in effect beyond the end of the Qualified Project Period. The Borrower acknowledges that the Qualified Project Period and other periods required by this Agreement may represent a longer period than that which would otherwise be required by the Code to ensure the tax-exempt status of the Bonds, allowance of LIHTC or any property tax exemption applicable to the Project.

3.2 Special Rules for Tax Credits - (a) This Agreement constitutes an extended low income housing commitment (the "ELIHC") pursuant to Section 42(h)(6) of the Code arising from an election by the Borrower to accept the benefits of LIHTC and the Agency financing. Failure to comply with the provisions of the ELIHC shall be an Event of Default under the Mortgage and the Agency or its successors may exercise any of the remedies available thereunder. Furthermore, the Agency may seek specific performance of the ELIHC by the Borrower or any successor in interest thereto, without declaring an Event of Default pursuant to the Mortgage and without waiving any remedies under the Mortgage, by filing an action in any court of competent jurisdiction in the State of New York. Any existing, past or prospective tenant of the Project who qualifies, qualified, or would qualify as a low income occupant pursuant to Section 42(g) of the Code is hereby expressly agreed to be a beneficiary of this ELIHC and may apply to any court of competent jurisdiction in the State of New York for specific performance of any provisions of the ELIHC, notwithstanding any action which may or may not be taken by the Agency.

(b) The ELIHC shall begin on the first day of the Compliance Period and remain in effect until 15 years after the end of the Compliance Period ("Extended Use Period"), except that the Extended Use Period will terminate earlier ("Early Termination") on: (i) the date of foreclosure or deed-in-lieu of foreclosure (unless such events are part of an arrangement with the Borrower to cause an early termination as determined by the Internal Revenue Service) or (ii) on the last day of the period specified in Section 42(h)(6)(I) of the Code if the Agency is unable to present during such time a "qualified contract" within the meaning of Section 42(h)(6)(F) of the Code for the acquisition of the building(s) in the Project. Notwithstanding anything herein to the contrary, the terms of this Agreement shall continue through the expiration or Early Termination of the Extended Use Period. The Extended Use Period will not be subject to Early Termination pursuant to §42(h)(6)(E)(i)(II) of the Code.

(c) The parties hereby agree that if, upon issuance of the Internal Revenue Service Form 8609 (the Low Income Housing Tax Credit Allocation Certification) the applicable fraction has changed, this Agreement shall be amended to reflect such change; provided, however, that in no event shall the applicable fraction be below 43.61%.

(d) During the Extended Use Period:

(1) except as provided in Section 4.2 of this Agreement, the Low Income Units, constituting not less than forty percent (40%) (or such other percentage designated by the Agency at the time of issuance of the IRS form 8609 as LIHTC allocating agency) of the revenue-generating units in the Project, shall be occupied or available for occupancy by qualified families or individuals earning not more than 60% of the AMI adjusted for family size;

(2) the rents for Low Income Units, as adjusted by utility allowances and any rental subsidies approved by the Agency in accordance with the Code, shall not be more than 30% of 60% of area median gross income adjusted for family size as follows: for apartments containing at least one bedroom, the designated family size shall be equal to 1.5 times the number of bedrooms;

(3) no portion of any building in the Project shall be disposed of to any person unless all of such building is disposed of to such person;

(4) the Borrower shall not refuse to lease to a holder of a voucher or certificate of eligibility under Federal Section 8 because of the status of the prospective tenant as such a holder; and

(5) during the Extended Use Period and for the three (3) year period following an Early Termination:

(A) no existing tenant (i.e., the tenant occupying the respective Low Income Unit during the Extended Use Period, or upon the occurrence of an Early Termination of the Extended Use Period) may be removed whether by eviction, expiration of lease, or for any reason other than good cause; and

(B) no rent for any Low Income Unit occupied by such existing tenant may be increased, except as permitted under §42 of the Code.

(6) the applicable fraction as defined in §42(c)(1) of the Code for the Project shall not be less than forty three and 61/100 percent (43.61%) assuming that the Project elects to operate under the 40% at 60% of AMI set aside.

(7) On or before the date on which the Agency issues IRS form 8609 as to LIHTC's, the parties hereto shall amend this Agreement to reflect the final determination of the number and percentage of Low Income Units and the applicable fraction.

4.0 TENANTS AND LEASES

4.1 Rental Restrictions - Once available for occupancy each unit must be rented or available for rental on a continuous basis to members of the general public and occupied by individuals or families as their residence. No portion of the Project and none of the units in the Project will, at any time during the term of this Agreement, be used on a transient basis, for example,

as a trailer park or trailer court or a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium or rest home. Use on a transient basis shall mean the rental of units for an initial lease term of less than 12 months.

4.2 Low Income Occupancy Requirements - (a) During the Qualified Project Period, forty percent (40%), or 23, of the rental revenue producing residential units (the "Low Income Units") shall be continuously occupied by Individuals of Low Income, as such term is defined in section 1.0 hereinabove. In addition, at least 2 units shall be occupied or held available for occupancy by Individuals of Low Income whose income does not exceed 50% of the Area Median Income, for a 20 year affordability period as set forth in the HOME Subrecipient Contract between the County of Nassau and the Borrower. In accordance with Treasury Regulation §1.103-8(b)(8), families of low or moderate income shall be determined in a manner consistent with determinations of lower income families under Federal Section 8 (or if such program is terminated, under such program as was in effect immediately before such termination). Determinations under the preceding sentence shall include adjustments for family size. Current adjustments for smaller and larger families are set forth in Exhibit "C" attached hereto. In accordance with procedures established by the Agency, the Borrower shall take reasonable steps to verify the low income status of all families or individuals who occupy the Low Income Units.

(b) During the Extended Use Period:

(1) except as provided in section 4.2 of this Agreement, each Low Income Unit, constituting not less than 40% of the revenue-generating units in the Project, shall be occupied or available for occupancy by qualified families or individuals earning not more than 60% of the Area Median Income adjusted for family size;

(2) the annual rents for each of the Low Income Units, as adjusted by utility allowances and any rental subsidies approved by the Agency in accordance with the Code, shall not be more than 30% of 60% of the AMI adjusted for family size as follows: (i) for studio or efficiency apartments having no separate bedrooms, the designated family size shall be a 1-person family; and (ii) for apartments containing at least one bedroom, the designated family size shall be equal to 1.5 times the number of bedrooms;

(3) no portion of any building in the Project shall be disposed of to any person unless all of such building is disposed of to such person;

(4) the Borrower shall not refuse to lease to a holder of a voucher or certificate of eligibility under Federal Section 8 because of the status of the prospective tenant as such a holder;

(5) for the three year period following an Early Termination:

(A) no tenant who was occupying any of the Low Income Units at the end of the Extended Use Period may be removed (whether by eviction,

- expiration of lease or for any reason other than good cause); and
- (B) no rent for any of the Low Income Units may be increased, except as permitted under Section 42 of the Code, as long as it is occupied by the tenant who is occupying the unit at the end of the Compliance Period; and

(6) the applicable fraction as defined in Section 42(c)(1) of the Code for the Project shall not be less than 43.61%.

Notwithstanding anything herein to the contrary, the provisions of section 3.2 hereinabove shall survive the expiration of the term of this Agreement and shall continue in accordance with the provisions of section 3.2 hereinabove.

(c) The Low Income Units shall continue to be treated as such, notwithstanding any increase in the income of the occupant of such unit except as provided in the next sentence. Any of the Low Income Units in which the aggregate income of the occupants as of the most recent annual recertification (as described in the Code) exceed 140% of the applicable income limit (i.e. 140% of 60% of the Area Median Income as adjusted for family size) shall not be treated as one of the Low Income Units if after such determination but before the next determination, any residential unit of comparable or smaller size in the same building or elsewhere in the Project is occupied by a new resident whose income exceeds the applicable income limit. Occupancy of a unit shall refer to the date that the tenant has possession of the unit and the right to occupy such unit pursuant to a fully executed lease.

4.3 Rents, Fees and Charges for the Low Income Units - (a) The annual rents for the each of the Low Income Units shall not exceed 30% of 60% of the AMI adjusted for the number of individuals occupying the unit as follows: for units not having a separate bedroom, one individual; and for units having one or more separate bedrooms, 1.5 individuals for each separate bedroom. "Rent" for purposes of this section does not include any payment under Federal Section 8 or any comparable rental assistance program, but does include: (i) any utility allowance determined by the Secretary of Housing and Urban Development after taking into account such determinations, or (ii) the cost of any utilities that would be covered by such utility allowance, as determined by the Agency, if the units were receiving Federal Section 8 assistance.

(b) The rents for each of the Low Income Units shall be based on the AMI. The maximum rents shall be trended upward for inflation or downward for deflation annually pursuant to the calculations of the AMI made by HUD in accordance with the Code, but in no case may such rents be reduced to any level less than the gross rent floor level applicable to the unit pursuant to Section 42(g)(2)(A) and (B) of the Code. For example, if the AMI calculations for the year 2006 were to form the basis for setting maximum permitted rents, then such maximum permitted rents for the year

2006 would be set, subject to changes in such AMI calculations as determined by HUD, as follows:

MAXIMUM PERMITTED MONTHLY RENTS

% AMI	ONE-BEDROOM	TWO-BEDROOM	THREE-BEDROOM
50%	\$853	\$0	\$0
60%	\$1023	\$1228	\$1419

Further, the maximum rents to be charged to tenants will be reduced by a utility allowance which will be revised annually. Accordingly, each January, the Borrower shall submit to the Agency a copy of the utility allowance schedule currently used by the local housing authority in connection with its Federal Section 8 programs, or other documentation satisfactory to the Agency relating to the utility usage and cost projections for the following year including documentation which satisfies the requirements under Section 42 of the Code. Based thereon, the Agency will determine, in accordance with the Code, any utility allowance revisions. The Borrower's failure to provide this information annually will result in the Agency delaying or denying a change in income-qualified household rents.

(c) The Borrower shall not impose fees and charges upon the tenants of Low Income Units without the prior written consent of the Agency, except for the following: (1) a late payment charge not to exceed the amount of \$25.00 for any rent payment postmarked after the 5th day of the month that the rent of such tenant is due; and (2) a bounced check fee not to exceed the amount of \$25.00, or the actual amount charged by the bank if greater than \$25.00.

4.4 Lease Provisions for Low Income Units - Tenant leases for Low Income Units shall be for terms of at least one year and shall be expressly subordinate to the Mortgage. In bold-faced type or by way of separate rider acceptable to the Agency, the lease shall: (i) provide for termination of the lease and eviction of the tenant for failure to qualify pursuant to the income standards for that unit if a tenant has falsely certified household income or household composition; (ii) clearly indicate that such false certification constitutes material noncompliance under the lease; (iii) obligate tenants to provide such subsequent recertifications of income as the Agency and the Borrower shall require; (iv) provided that, in the event the unit is not receiving a Federal Section 8 subsidy, the Borrower's right to increase rent for an existing tenant over the amounts provided for by section 4.3(b) hereinabove upon the conclusion of the Qualified Project Period shall be conditioned upon the Borrower meeting the requirements of Section 42 of the Code as referenced in section 3.2 hereinabove and the Borrower furnishing such tenant with a notice at least six months prior to such increase in a form acceptable to the Agency, and that if such notice is not given, such tenants shall be

entitled to lease renewals at the rents provided for in section 4.3(b) hereinabove until such notice has been given and six months has elapsed; (v) prohibit subletting and the tenant's assignment of the lease; and (vi) provide that the Borrower and/or the Agency and their representatives or agents shall have the right to inspect such unit for the purpose of allowing the Agency to fulfill its responsibilities under the Code.

(b) The form of lease and/or lease rider to be utilized by the Borrower in renting the Low Income Units in the Project shall be subject to the Agency's prior approval. Failure to utilize an approved lease and/or lease rider for any of the Low Income Units shall subject the Borrower to a penalty equal to one month's rent for such unit.

4.5 Fair Market Housing Guidelines - The Borrower shall submit to the Agency a marketing and tenant selection plan that is in compliance with the Agency's Fair Housing and Tenant Selection Guidelines, as such may be amended from time to time, accompanied by a certification in form satisfactory to the Agency. Additionally, a certification as to compliance with the Guidelines and applicable rules, as defined in the Guidelines, must be submitted to the Agency on an annual basis for the term of this Agreement. The marketing plan shall specifically describe the method of marketing to and selection of the tenants for the Low Income Units. The Borrower will notify the Agency in writing of the date on which it intends to commence marketing and shall have such pre-occupancy meetings with the Agency as the Agency shall require.

5.0 OPERATING RULES

5.1 Project Restrictions - The Project shall constitute a qualified low-income housing project within the meaning of Section 42(g) of the Code and will be used for such purposes during the term of this Agreement. The Borrower warrants that the Project will be completed with due diligence substantially in accordance with building plans and specifications approved by the Agency for the Project and change orders approved by the Agency, as required. The Project will consist of a building or structure or several proximate buildings or structures which are located on a single tract of land or contiguous tracts of land with or without facilities directly related and essential thereto. The term "tract" means any parcels of land which are contiguous except for the interposition of a road, street, stream or similar property. Parcels are contiguous if their boundaries meet at one or more points. Pursuant to the plans and specifications and any change orders approved by the Agency, all of the units in the Project will be similarly constructed. The Borrower (or a party related to the Borrower) shall not occupy a unit in a building or structure unless such building or structure contains more than four units. All of the units in the Project will contain within the unit complete living, sleeping, eating, cooking and sanitation facilities, all of which are separate and distinct from other units. In addition, the Project will contain a community room for tenant use, laundry and

storage facilities, and shall include such other services and amenities as described in Exhibit D, attached hereto. The Borrower acknowledges that no charge for the use of any common facility may be imposed if the costs allocable to such common facility have been included in the calculation of the Eligible Basis of the Project. All facilities used in connection with the Project are: (i) located on the Premises, (ii) solely for the benefit of tenants at the Project, and (iii) of a character and size commensurate with the needs of such tenants. Borrower shall use its best efforts to ensure that handicapped or disabled individuals in the Project are afforded equal access to such facilities.

5.2 Low Income Unit and State Low Income Unit Requirements - Although typically the Agency requires that the Low Income Units shall (i) constitute forty percent (40%) of each unit type in the Project, by number of bedrooms (rounded to the nearest percentage point) except for the single superintendent's unit, for this Project the parties agree that the proportion of Low Income Units shall be as set forth in the table below; (ii) be located as described in Schedule B attached hereto, (iii) be sized comparably to the units that are receiving SLIHC, and (iv) have amenities comparable to the units receiving SLIHC. These requirements shall continue throughout the Qualified Project Period. To ensure that Low Income Units are occupied by households of an appropriate number of individuals, the Borrower shall comply with the following standard for occupancy upon initial rental or re-rental of such units, or such smaller number if so required by local zoning or building department authorities:

Number of Bedrooms	Number of Persons	% Low Income Units
1	1-2	60%
2	2-4	38%
3	3-6	25%

5.3 Replacement Reserve Account - (a) The Borrower shall establish the following reserve account which shall be held in an account controlled by the Agency on behalf of the Borrower, to be known as the "Replacement Reserve Account." Commencing on the earlier of the first business day of the 37th month after the issuance of the Bonds or the execution of the Mortgage Loan or the first business day of the month following the month in which 90% of the units in the Project have been occupied, and thereafter on the first day of each month during the term of the

Mortgage Loan, the Borrower shall deposit into the Replacement Reserve Account the amount of One Thousand One Hundred Eighty Seven Dollars and 50/100 (\$1,187.50), reduced (but not below zero) by the amounts required to be deposited by the Borrower into the Replacement Reserve Account under any agreement with the LOC Bank. All interest earned on funds in the Replacement Reserve Account shall remain on deposit in the Replacement Reserve Account and will not be used to offset any required payments by the Borrower into the Replacement Reserve Account. The Agency shall not be responsible for any losses resulting from the investment of the Replacement Reserve Account or obtaining any specific level or percentage of earnings on such investment.

(b) The amount of monthly payments to the Replacement Reserve Account shall remain constant, until and unless revised in the reasonable discretion of the Agency based on (i) the results of the physical needs assessment report as described in section 5.3(c) hereinbelow, (ii) the replacement value of the Project, (iii) the Project's history of repairs, (iv) the existing physical condition of the Project, or (v) other factors deemed relevant by the Agency. Upon Borrower's written request, the Agency shall disburse to the Borrower, in a manner reasonably determined by the Agency, such amounts from the Replacement Reserve Account as may be necessary to reimburse the Borrower for the actual approved cost of repairing and/or replacing building systems, equipment and other items of a capital nature, including, without limitation, the repair or refurbishing of common areas, required for the proper operation and marketing of the Project, or to remedy a situation deemed to be of an emergency nature ("Replacements"). No such disbursements shall be made, however, for costs incurred prior to the fifth (5th) anniversary of the date that a deposit is first made by the Borrower into the Replacement Reserve Account. The Agency may require the Borrower to reimburse into the Replacement Reserve Account the amount of any such disbursement, over a reasonable period of time to be determined by the Agency, unless, in its sole discretion, the Agency determines that reimbursement would cause a financial hardship to the Project.

In no event shall the Agency approve or make any payment of funds from the Replacement Reserve Account unless such work and or materials have been performed or installed, as applicable and same has been approved by the Agency, which approval shall not be unreasonably withheld or delayed. If at any time the funds deposited in the Replacement Reserve Account are or will be insufficient to maintain the Replacement Reserve Account at a satisfactory level, as reasonably determined by the Agency, the Borrower, upon notification, shall at such times as may be designated

by the Agency, deposit into the Replacement Reserve Account an amount determined by the Agency to be reasonably necessary to restore the account to a sufficient level.

In no event shall the Agency be obligated to approve the disbursement of funds from the Replacement Reserve Account if an Event of Default (as said term is defined in the Mortgage and as referred to herein) has occurred and is continuing, or if an act, event or condition shall have occurred and then be existing as of that date, which solely with notice or lapse of time, would constitute an Event of Default. Notwithstanding the above, if an Event of Default has occurred, the LOC Bank may request the Agency in writing to release funds from the Replacement Reserve Account and thereupon such funds shall be disbursed.

(c) No earlier than the first day of the first month following the tenth anniversary of the date of the Mortgage and no later than on each tenth anniversary thereafter during the term of the Mortgage Loan, the Borrower shall engage an independent, licensed engineer or architect, acceptable to the Agency, to perform a physical needs assessment with respect to the Project. The physical needs assessment shall be performed at the expense of the Borrower, which expense shall be reimbursable from the Replacement Reserve Account. At the discretion of the Agency, after review of the physical needs assessment report, the Borrower's required monthly payment to the Replacement Reserve Account may be adjusted within 90 days following the Agency's receipt of such report so that the amount in the Replacement Reserve Account will, in the Agency's reasonable determination, be sufficient to pay for required Replacements as identified in said assessment report. The Agency agrees that it shall exercise reasonable judgment as a prudent lender in determining such increases for required Replacements.

(d) After payment in full of all sums secured by the Mortgage and the expiration of the Qualified Project Period, the Agency shall disburse to the Borrower all amounts remaining in the Replacement Reserve Account.

5.4 Project Management - (a) The Borrower shall not employ or otherwise use or retain a management entity for the Project other than NHB Management Associates, LLC, a New York limited liability company, having an office at 193-04 Horace Harding Expressway, Fresh Meadows, NY 11365, without the Agency's prior approval of such management entity and the terms of its retention including compensation, which approval shall not be unreasonably withheld. The Borrower shall also retain a leasing/rental agent, subject to the Agency's approval, which may be the managing agent and/or an affiliate of the Borrower, and may not be replaced without the Agency's prior approval, which shall not be unreasonably withheld.

(b) Any renewal or termination of the management entity's employment shall be subject to the Agency's approval, which approval shall not be unreasonably withheld. The Agency reserves the

right to review the performance of the management entity. If the Agency notifies the Borrower of reasons for which it is not satisfied with the management of the Project, including but not limited to the failure to maintain the property or books and records of the Project, and such deficiency is not remedied within thirty (30) days thereafter, then, at the Agency's request, the Borrower shall engage a replacement managing agent subject to approval by the Agency, which shall not be unreasonably withheld or delayed. The Borrower shall not thereafter employ or otherwise use or retain any managing agent for the property or any part thereof, without having first obtained the Agency's written approval of such managing agent and the agreement setting forth all the terms of such employment or retainer including compensation. If the Borrower retains a managing agent without having first received approval of the Agency, the Borrower will be subject to a monetary penalty equal to the lesser of (i) the amount of the monthly management fee paid to the unapproved agent, or (ii) \$20,000, which amount shall be assessed initially and for each month such agent is in place without Agency approval. The management agreement shall contain a provision that it is subject to termination upon written request by the Agency in accordance with the provisions hereof. The Borrower shall submit to the Agency such information as the Agency reasonably requires to review the background and qualifications of the new management entity, including proof of a valid New York State real estate broker's license, and corporate/individual/principal financial statements in a form acceptable to the Agency. If the Borrower has not submitted a managing agent acceptable to the Agency within 30 days or if there has been noncompliance hereunder which remains uncured for 30 days after written notice provided by the Agency to the Borrower, the Agency may act as the managing agent or unilaterally appoint a managing agent. In this case, the Borrower shall be obligated to pay a management fee to the Agency or the Agency-appointed entity, respectively, on the same terms and in the same amount, as applicable, of the preceding managing agent.

(c) In the event there is a need to replace the managing agent due to premature termination or otherwise, which requires immediate and/or temporary replacement of the managing agent before approval can be obtained from the Agency, the Borrower may employ a replacement managing agent, provided the agreement for such employment is terminable within twenty-one (21) days after receipt by the Borrower of written notice that said managing agent is not acceptable to the Agency.

(d) The Agency reserves the right to review the performance of the leasing agent and may require the removal and replacement of such agent in a manner similar to the provisions set forth in sections 5.4(b) and 5.4(c) hereinabove, except that the Agency shall not act in the capacity of leasing agent.

5.5 Change of Principals and Transfer Restrictions - (a) In addition to the restrictions on conveyance of the Project (or a portion thereof) and the interests of the Fee Owner and Borrower set

forth in the Mortgage, the Fee Owner and the Borrower shall not convey their respective interests in the Project without obtaining the Agency's prior written consent which consent shall not be unreasonably withheld or delayed, except that the Fee Owner may assign or transfer its interest as set forth in the Ground Lease without the Agency's consent. As set forth in a certain Amended and Restated Operating Agreement of the Borrower dated as of May 25, 2006 (the "Operating Agreement") interests in the Borrower are, as of the date hereof, held by: (1) Blue Cassel Realty, LLC, a New York limited liability company, as the managing member of the Borrower ("Managing Member"); (2) Sterling Corporate Services, Inc., as Special Member; (3) Sterling Corporate Tax Credit Fund XXVIII, L.P., as the Investor Member of the Borrower (the "Investor"). The interests in the Managing Member are, as of the date hereof, wholly owned by Norman Bluestone, Harold Bluestone, Eli Bluestone, Steven Bluestone, Eric Bluestone, Joyce Bluestone, Kenneth Bluestone, Thomas Potvin, Sara Herbstman, Michelle Potvin, and Ira Lichtiger ("Principals").

(b) The Borrower shall not permit, without the prior written consent of the Agency in each instance, which consent will not be unreasonably withheld: (i) the sale or other transfer of more than 10% of the outstanding membership interests in the Borrower; (ii) the sale or other transfer of more than 10% of the outstanding interests in the Managing Member of the Borrower; (iii) the dilution by more than 10% of the outstanding membership interests in the Borrower by admission of additional membership interests, other than by death or other operation of law; or (iv) the dilution by more than 10% of the outstanding membership interests in the Managing Member of the Borrower by admission of additional members, other than by death, descent or other operation of law. Notwithstanding the foregoing and subject to section 5.7 herein, below, (W) no consent of the Agency shall be required for the transfer of the Investor Member interest in the Borrower to affiliates of First Sterling Financial, Inc. provided (i) such affiliates are entities regularly engaged in the buying and syndication of LIHTCs, (ii) such transfer is in connection with the purchase of the Project's LIHTC, and (iii) such entity does not have the immediate or conditional right to control, manage or direct the actions of the Borrower, and (iv) such entity is not a Prohibited Party as such term is defined in section 5.6(a), below (X) no consent of the Agency shall be required for the transfers of membership interests between the Principals, Managing Member and the Investor Member subsequent to the prepayment of the Mortgage Loan, (Y) no consent of the Agency shall be required for the transfers of membership interests in the Managing Member of the Borrower between the Principals or to any family member of a Principal, including, without limitation, transfers resulting from death, descent or other operation of law, and (Z) no consent of the Agency shall be required for the transfers of membership interests in the Borrower or transfers of interests in the Property or the Project resulting from an exercise of (i) the right of first refusal under Section 13.12 of the Operating Agreement and the separate Right of First Refusal agreement relating thereto or (ii) the purchase option under Section 13.13 of the Operating Agreement.

(c) The Borrower represents and warrants that as of the date of this Agreement (i) it intends to own the Project for a long-term holding period of ten years commencing from the date when the Project has received a temporary or final certificate of occupancy (if no temporary certificate of occupancy is issued) with respect to at least 50% percent of the units and at least one unit is actually occupied ("Long Term Holding Period"), and (ii) the Borrower has no present intent to transfer, sell, convey or assign majority ownership or control of the Project. In connection with any consent required by section 5.5 herein, the Agency will charge the Borrower a transfer fee of one-half of one percent (0.5%) of the then outstanding principal amount of the Mortgage Loan ("Transfer Fee"); provided, however, that if the proposed transfer, sale, conveyance or assignment effects a change in the majority ownership or control of the Project which requires the consent of the Agency pursuant to section 5.5 herein and occurs during the Long Term Holding Period, the Agency will charge in lieu of a Transfer Fee an assumption fee ("Assumption Fee") based on the then outstanding principal balance of the Mortgage Loan as follows:

If the sale occurs in year(s):	Percentage of then outstanding principal balance of the Mortgage Loan
Year 1	5.0 %
Year 2	4.0 %
Year 3	3.0 %
Year 4 through Year 6	2.0 %
Year 7 through Year 8	1.0 %
Year 9 through Year 10	0.5 %

In addition, upon the sale, transfer or conveyance of the Project, any accrued but unpaid servicing or other financing fees owed to the Agency shall be immediately due and payable.

(d) In the event a transfer of interest under this section has occurred without the prior consent of the Agency, the Borrower will be subject to, in addition to the Transfer Fee or Assumption Fee, as specified above, a penalty of the greater of (i) an additional one-half of one percent (0.5%) of the then outstanding principal balance of the Mortgage Loan or (ii) \$5,000. In connection with any transfer of interest that does not require the Agency's consent, the Agency

reserves the right to charge the Borrower for any reasonable costs for the processing of such transfer as the Agency, in its reasonable discretion, may deem appropriate. No Assumption Fee shall be payable in connection with a transfer, sale, conveyance or assignment effecting a change in the majority ownership or control of the Project that is directly attributable to (1) the exercise or enforcement by a creditor of the Borrower in connection with the Project (which creditor shall be limited to such mortgagee to whom the Agency is required to assign the Mortgage or such mortgagee as has been previously approved by the Agency) of such creditor's rights arising out of the Borrower's bankruptcy or insolvency provided however, that if, in the Agency's sole determination, the transfer is collusive, the transfer shall be treated as voluntary and the Assumption Fee shall be payable by the Borrower or (2) the removal of the Managing Member pursuant to section 6.11 of the Operating Agreement of the Borrower to which the Agency has given its prior written consent in accordance with section 5.5(b) hereinabove, provided, however, that if, in the Agency's sole but reasonable determination, the transfer is collusive, the transfer shall be treated as voluntary and the Assumption Fee shall be payable by the Borrower.

(c) The Borrower shall, within five days after request of the Agency, furnish to the Agency the names of the principals, officers and members of the Borrower, together with such information as the Agency shall request with respect to such persons or entities. The Borrower shall notify the Agency in writing, within 30 days after the occurrence of any transfer of any direct interest in the Borrower or Managing Member or of any comparable governing body of the Borrower that may hereafter be established. The terms and conditions of this Agreement shall remain outstanding and enforceable against any transferee or assignee of Borrower in the Project.

(f) Notwithstanding any of the foregoing provisions, in no event shall any conveyance of the Project or the addition or substitution of the Borrower, or of any other person or entity directly or indirectly holding a membership interest in the Managing Member of the Borrower, be permitted if such conveyance or addition or substitution shall cause the Borrower to become a Prohibited Person.

(g) Notwithstanding any other provision of this Agreement, at any time when the Mortgage shall no longer encumber any interest in the Project, or when none of the Bonds shall any longer be outstanding, the Agency's consent shall not be required (and no Assumption Fee or Transfer Fee shall be charged by the Agency) with respect to any conveyance of any interest in the Project, or for any change in the ownership or control of any entity holding any interest in the Project, provided that such conveyance or change does not cause the Project to be owned by a Prohibited Person.

5.6 Prohibited Persons - (a) A "Prohibited Person" shall mean: (i) any individual who has ever been convicted of a felony or any other crime involving moral turpitude, or is an Organized Crime Figure, as defined in section 5.6(b) herein, or is reputed to have substantial business or other affiliations with an Organized Crime Figure; (ii) any individual or entity against whom any action or proceeding is pending to enforce rights of any municipal, city, state or federal government, or any agency, department, public authority, public benefit corporation or local development corporation thereof ("Governmental Entity") arising out of a contractual obligation to any such Governmental Entity; (iii) any individual or entity with respect to whom any notice of monetary default which remains uncured beyond any applicable notice and cure periods, has been given by any Governmental Entity; (iv) any individual who is an officer, director, or otherwise exercises managerial discretion or has an ownership interest in excess of 25% in: (A) any property other than the Project against which three or more Immediately Hazardous Violations (as defined in the N.Y.C. Housing Maintenance Code) have been placed for failure to comply with local building, housing maintenance and/or construction codes, the N.Y. Multiple Dwelling Law or the New York Multiple Residence Law, or (B) any entity which has ever been, or whose Principals have ever been, suspended, debarred, disqualified, found non-responsible, had its and/or their prequalification revoked or otherwise has been declared ineligible to do business with any Governmental Entity or which could be deemed non-responsible under New York law; (v) any entity with respect to which managerial discretion is directly or indirectly exercised by an individual or entity described in any of the preceding clauses of this paragraph; or (vi) any entity, other than a publicly-traded entity with more than 35 members, shareholders or other beneficiaries, 25% or more of the ownership interest of which is owned, directly or indirectly, by one or more individuals or entities described in the preceding clauses of this paragraph.

(b) An individual shall be deemed to be an "Organized Crime Figure" if he or she is alleged as such in writing by Bishop's Investigation Service, or any other similar private investigation agency, and such allegation has been confirmed by any state or federal prosecutorial, investigative or regulatory agency or authority.

(c) Provided that the Agency shall be furnished with such information concerning a proposed transaction and the parties thereto as the Agency shall reasonably require, the Agency shall upon request, promptly endeavor to determine whether, to the best of the Agency's knowledge based on such information, the consummation of such transaction would violate any of the provisions of section 5.6 hereinabove, and the Agency shall endeavor to give notice of its determination to the party requesting such determination within 30 days after the Agency shall have received such information.

5.7 Changes to Structure of Borrower - The Borrower may not materially modify, amend or otherwise materially change the terms of its Operating Agreement without the prior written approval of the Agency which approval shall not be unreasonably withheld or delayed, except that the approval of the Agency will not be required if such modification or amendment is for the sole purpose of substituting a member pursuant to Section 5.5(b) herein. Notwithstanding anything else contained in this Section 5.7, the Borrower shall promptly notify the Agency of any proposed change in the Operating Agreement.

5.8 General Tax Covenants; Use of Mortgage Proceeds; Other Restrictions - The Borrower covenants and agrees that it will not take any action, or fail to take any action, or make any use of the Project or the proceeds of the Bonds (including investment earnings), in a way which would adversely affect the exclusion of interest on the Bonds from federal income taxation under the Code. The Borrower further covenants and agrees that:

(a) The Borrower will submit a certification in the form attached hereto as Exhibit "B" with each requisition or request for disbursement of the Mortgage Loan except that such certificate shall not be required at the time of the first advance if waived by the Agency.

(b) No portion of the Mortgage Loan shall be used to provide any facilities other than the multi-family housing units and the portion of the Project which is functionally related and subordinate to such units.

(c) Except for the interest of the Borrower in any Pledged Bond (as such term is defined in the Resolution), in no event shall the Borrower or any Principal, or Related Person become the registered or beneficial owner of any of the Bonds.

(d) All certifications, representations and warranties made in the "Owner's Tax Certification" executed by the Borrower in connection herewith, as the same may have been amended and approved by the Agency, together with all supplements thereto and all Disbursement Certifications, except as so amended and approved by the Agency, are and will be as amended true and correct. All such certifications, representations and warranties are hereby incorporated and repeated herein with full force and effect. Specifically and not by way of limitation, the Borrower warrants the accuracy of the schedules of costs included therein as of the respective dates thereof. The Borrower agrees to execute and deliver such amendments and supplements to this Agreement as are necessary to preserve the tax exempt status of interest on the Bonds.

(e) The Borrower covenants that it will comply, with any use or occupancy requirement of any Governmental Entity providing any subsidy, tax abatement or regulatory approval for the Project to the extent such requirements do not irreconcilably conflict with the requirements of this Agreement, the Mortgage or any rule, regulation or policy of any state or federal entity.

5.9 Monitoring Fees - Commencing on the first date on which the Bonds and the Mortgage are no longer outstanding until the expiration of the Qualified Project Period, the Borrower shall pay to the Agency an annual tax credit servicing fee ("Monitoring Fee") in the amount of the greater of: (i) 1% of the maximum annual rents payable with respect to all of the Low Income Units as determined pursuant to section 4.3 of this Agreement (regardless of whether such rents are in fact paid or collected) as such rental amounts shall be redetermined from time to time; or (ii) \$10,000, which fee shall be payable in equal monthly installments. The Monitoring Fee shall be paid by check payable to the New York State Housing Finance Agency and shall be sent to HFA, 641 Lexington Avenue, New York, New York 10022. The check shall bear the Project's SHARS I.D. number and the words "Monitoring Fee". Such Monitoring Fee shall be payable in equal monthly installments.

6.0 REPORTING

6.1 Information and Project Reports - (a) The Borrower covenants and agrees to submit to the Agency annually, or more frequently if required in writing by the Agency, reports detailing such facts as the Agency determines are sufficient to establish compliance with the restrictions contained hereunder including, but not limited to, annual certifications of low or moderate income tenant incomes. The Borrower covenants and agrees to secure and maintain on file for inspection and copying by the Agency such information, reports and certifications as the Agency may from time to time require in writing. The Borrower further covenants and agrees to notify the Agency promptly if the Borrower discovers noncompliance with any restriction or covenant hereunder. The Agency agrees to notify the Borrower if the Agency discovers noncompliance with any restriction or covenant hereunder, but the Agency's failure to do so shall not affect the Borrower's obligations hereunder. The Borrower shall submit to the Secretary of the Treasury, at such time and in such manner as the Secretary shall prescribe, an annual certification as to whether the Project continues to meet the requirements of §142(d) of the Code.

(b) During the term of this Agreement, the Borrower shall, within twenty (20) days of the execution thereof, furnish to the Agency a copy of the lease entered into for each of the Low Income Units, whether on initial rental or re-rental to a new tenant, together with the applicable tenant income certification and such accompanying information as is required by the Agency for the purpose of establishing the qualifications of the tenant in connection with the lease. The Borrower

shall thereafter furnish the Agency, within twenty (20) days of the execution thereof, with copies of each renewal or extension of the lease for each of the Low Income Units and all annual tenant income certifications.

(c) Within 90 days of receipt of all the certificates of occupancy for the Project, the Borrower shall file with the Agency a certificate of actual cost, which shall be accompanied by a certification of an independent certified public accountant who is acceptable to the Agency. The independent certified public accountant shall certify, in a format satisfactory to the Agency, that the amounts claimed as costs are necessary and reasonable, and ordinarily within the scope of the Project. The Agency reserves the right to reject the certificate of actual cost if it is inconsistent with the required format or is otherwise unsatisfactory to the Agency. Additionally, upon completion of the Project, the Borrower shall also certify to the Agency, based upon a review of its books and records by a certified public accountant acceptable to the Agency, that the Mortgage Loan proceeds have been spent in accordance with the Borrower's Tax Certification, as modified and approved by the Agency.

(d) From the date of the first rental of any unit in the Project and monthly throughout the term hereof, the Borrower shall submit to the Agency certifications (including a copy of the certification for any Federal Section 8 eligible tenant) and reports of the Borrower's compliance with the requirements of this Agreement in such detail as may be required by the Agency. The Borrower shall notify the Agency of the date of the following within ten days of the date thereof: (i) the issuance of any certificate of occupancy including any temporary certificate of occupancy, (ii) the rental of 50% of the units in the Project, and (iii) the rental of 80% of the units in the Project.

(e) The Borrower shall submit to the Agency within 90 days of the end of any fiscal year, three copies of the Project's annual audited financial statements. Prior to the expiration of the 90 day period, Borrower may request an additional thirty (30) day extension, which request shall not be unreasonably denied by the Agency. The financial statements must (i) include a balance sheet, a statement of operations, income, and expenses, a statement of cash flows, and all related notes; (ii) be prepared in accordance with generally accepted accounting principles ("GAAP"); (iii) be presented in a two-year comparative format; and (iv) be accompanied by an opinion of an independent certified public accountant reasonably acceptable to the Agency stating that the financial statements were audited in accordance with GAAP. The Agency may require that the financial statements be prepared in a specific format which, where practical, will be provided to the Borrower in advance, and may require that certain subjects be included in the notes to the financial statements. The Agency reserves the right to require interim period financial statements, certified by an officer of the Borrower, which shall be submitted within 60 days of the date of request, unless prior to the

expiration of the applicable period, Borrower has requested an additional thirty (30) day extension, which request shall not be unreasonably denied by the Agency.

(f) From the date of the completion of the Project and thereafter during the term of this Agreement, the Borrower shall submit to the Agency on or before the 20th day of each month a cash flow statement and a schedule of accounts payable for the preceding month. The cash flow statement must be prepared on a monthly basis as well as a cumulative basis (for all months which preceded it in the current fiscal year) for both budgeted and actual results.

6.2 Monitoring and Record Keeping Requirements

(a) The Borrower shall keep records for each building in the Project showing for each year in the Qualified Project Period:

(1) The total number of residential rental units in each such building (including the number of bedrooms and the size in square feet of each residential rental unit);

(2) The rent charged on each residential rental unit in the building (including any utility allowance);

(3) The annual income certification of each tenant of the Low Income Units;

(4) Documentation to support the income certification made by each tenant of the Low Income Units (for example, a copy of the tenant's federal income tax return, Form W-2, or verifications of income from third parties such as employers or state agencies paying unemployment compensation), in accordance with Treasury Regulation §1.42-5(b)(1)(vii);

(5) The eligible basis as defined in §42(d) of the Code ("Eligible Basis") and the qualified basis as defined in §42(c) of the Code ("Qualified Basis") of the building at the end of the first year of the Credit Period;

(6) The character and use of the nonresidential portion of the building included in the building's Eligible Basis (e.g., tenant facilities that are available on a comparable basis to all tenants and for which no separate fee is charged for use of the facilities, or facilities reasonably required by the Project); and

(7) Such other information as the Agency may request from time to time.

(b) The Borrower shall retain the foregoing records for each building in the Project for at least six years after the due date (with extensions) for filing the Borrower's tax return for that year, except that the records for the first year of the Credit Period shall be retained for at least six years beyond the due date (with extensions) for filing the federal income tax return for the last year of the Compliance Period.

(c) The Borrower shall certify in a sworn statement to the Agency, on the last business day of December of each year through and including the end of the Qualified Project Period, that, for the preceding 12 month period:

(1) The Project met the requirements of the 40-60 test under §42(g)(1)(B) of the Code;

(2) There was no change in the applicable fraction as defined in §42(c)(1)(B) of the Code of any building in the Project, or that there was a change, and a description of the change;

(3) The Borrower has received an annual income certification from each tenant of the Low Income Units and documentation to support that certification, or a substitute permitted under Treasury Regulation §1.42-5(c)(1)(iii);

(4) Each of the Low Income Units in the Project have been rent-restricted under §42(g)(2) of the Code;

(5) All units in the Project were for use by the general public and used on a non-transient basis, and there has been no finding of discrimination (as defined in Treasury Regulation §1.42-5(c)(1)(v)) with respect to the Project. (The Borrower should forward a copy of any such finding to the Agency and retain the original or a copy thereof for review by the Agency during the next inspection of the Project.);

(6) (i) Each building in the Project was suitable for occupancy, taking into account local health, safety, and building codes; or (ii) if there is or has been any major or minor violation(s) of any health, safety, or building code applicable to any building in the Project, the Borrower will attach either a statement describing the nature of the violation(s) or a copy of each violation report to the certification; the Borrower will indicate in the certification whether or not each violation has been corrected. (The Borrower should forward a copy of the violation to the Agency and retain the original violation report for review by the Agency during the inspection of the Project. Such reports must be retained until the completion of the Agency's inspection of the Project following the correction of the violation.);

(7) There was no change in the Eligible Basis of any building in the Project or, if there was a change, the nature of the change;

(8) All tenant facilities included in the Eligible Basis of any building in the Project were provided on a comparable basis without charge to all tenants in the building;

(9) If any of the Low Income Units in the Project became vacant during the year; reasonable attempts were or are being made to rent that unit to tenants having a qualifying income;

(10) An extended low-income housing commitment as defined in §42(h)(6)(B) of the Code was in effect with respect to the Project which included the requirement under Code §42(h)(6)(B)(iv) that the Borrower cannot refuse to lease a unit in the Project to an applicant because the applicant holds a voucher or certificate of eligibility under Federal Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437s;

(11) There has been no discrimination against or refusal to lease to any holder of a voucher or certificate of eligibility under Federal Section 8 of the United States Housing Act of 1937, because of the status of the prospective tenant as such a holder;

(12) There were no findings of discrimination under the Fair Housing Act or, if there have been such findings, an explanation of what they were;

(13) The Borrower has complied with all the requirements of the LIHTC program, as they may be amended or supplemented, and any additional reporting requirements the Agency has imposed in order to monitor compliance therewith;

(14) The Project complies with the requirements of the Code applicable to tax-exempt bonds; and

(15) Such other matters as the Agency may reasonably request from time to time.

(d) During each year of the Qualified Project Period, the Borrower shall retain and make available for inspection and review by the Agency a copy of the annual income certification from each tenant of the Low Income Units and a copy of the documentation the Borrower has received to support that certification and such other information as the Agency deems necessary to comply with the monitoring requirements pursuant to the Code.

(e) The Agency shall have the right to perform audits of the Project through the end of the Extended Use Period. For this purpose, an audit includes an inspection of any building in the Project, an inspection of any of the Low Income Units in any building in the Project and a review of the records described in section 6.2(a) hereinabove. The costs and expenses of any audit or inspection performed by Agency personnel shall be borne by the Agency. The Borrower shall be solely responsible for any costs incurred by Borrower or Borrower's consultants in connection with any such audit or inspection. However, in the event the Agency determines in its sole discretion that it is necessary to engage a third party to conduct such audit or inspection as a result of Borrower's failure to perform its obligations hereunder, then such expenses shall be borne by Borrower.

The Borrower shall use reasonable efforts to assist the Agency with obtaining access to each of the Low Income Units, shall accompany Agency representatives with such inspections, and shall include a provision in the lease rider to the effect that the tenant of each of the Low Income Units shall give the Agency and its representatives or agents the right to enter and physically inspect such unit. If the Agency cannot obtain access to any of the Low Income Units in a sufficient number required to fulfill its obligations under the Code, notwithstanding the good faith efforts of the Borrower to assist the Agency in obtaining such access, the Agency will be obligated to report such lack of access to the Internal Revenue Service as an incident of non-compliance with LIHTC regulations.

(f) The Agency shall provide prompt written notice to the Borrower if the Agency does not receive the certification, described in section 6.2(c) hereinabove, or discovers on audit, inspection or review (or in some other manner) that the Project is not in compliance with the provisions of Section 42 of the Code. Additionally, the Agency shall file Form 8823, Low Income Housing Credit Agencies Report of Noncompliance, with the Internal Revenue Service no later than 45 days after the end of the correction period (which period shall commence on the date that the Agency notifies the Borrower of noncompliance pursuant to the preceding sentence and shall extend for 60 days thereafter, unless the Agency determines that there is good cause for granting an extension of the correction period, in which case the period may be extended by the Agency for up to six months).

(g) The Agency shall retain records of noncompliance or failure to certify for six years after the Agency's filing of the respective Form 8823. The Agency shall retain the certifications assigned in section 6.2 (c) hereinabove for three years from the end of the calendar year the Agency receives such certifications.

(h) It is expressly understood by the Borrower that the Agency's monitoring of the Borrower's compliance with the requirements of Section 42 of the Code does not and will not make the Agency liable in any manner whatsoever for any noncompliance with such requirements.

6.3 Late Filing Penalties - Unless otherwise specified herein, all reports, certifications or information required under Article 6 herein shall be submitted to the Agency by the 20th day of the month following the month to which they relate, and shall be in a format reasonably acceptable to the Agency. The Agency shall notify the Borrower in the event it has not received any report required hereunder within fifteen (15) days of the date due (as such due date may be extended upon approval of the Agency). If Borrower fails to submit such delinquent report within five (5) days after the date of such notice, the Borrower will be subject to a late filing fee equal to the lesser of (i) five percent (5%) of the then current monthly mortgage debt service obligation, or (ii) \$5,000, which amount will be assessed initially and for each succeeding month until such report is submitted. Notwithstanding the above, and with respect only to annual audited financial statements required pursuant to section 6.1(e) hereinabove, failure to file such reports upon the expiration of such 30 extension day period (as such period may be further extended at the sole discretion of the Agency) will immediately, and without any notice required from the Agency, subject the Borrower to a late filing penalty in the amount of lesser of (i) five percent (5%) of the then current monthly mortgage debt service obligation, or (ii) \$20,000, which amount will be assessed initially and for each succeeding month until such report is submitted.

7.0 GENERAL PROVISIONS

7.1 Interpretation and Section Headings - In this Agreement: (a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms as used in this Agreement refer to this Agreement, and the term "hereafter" means after, and the term "heretofore" means before the date of this Agreement.

(b) Unless the context otherwise requires, words of the masculine gender mean and include correlative words of the feminine and neuter genders, and words defined in the singular have the same meaning when used in the plural and vice versa.

(c) Words importing persons include firms, associations, partnerships, trusts, corporations, limited liability companies and other legal entities including public bodies, as well as natural persons.

(d) Any headings preceding the texts of any section, article, paragraph or subparagraph of this Agreement and table of contents appended to the copies hereof shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

(e) All certifications, documents and instructions, including those regarding approvals, consents and acceptances, required to be given or made by any person or party hereunder shall be made in writing.

7.2 Parties Bound - This Agreement shall be binding upon the Borrower and the Agency and any of their respective successors and assigns. The Agency shall enforce this Agreement. Prior to any sale, transfer or other disposition of the Project, the Borrower shall require the subsequent purchaser or transferee to assume in writing the Borrower's obligations and duties under this Agreement and shall provide the Agency with a copy of such assumption. Such obligations and duties shall extend to the provisions that all partners or principals of the new Borrower shall also be bound hereby. Any sale, transfer or other disposition of the Project without such written assumption is null and void and not effective to result in the sale, transfer or other disposition of the Project or to relieve the Borrower of obligations under this Agreement. The Borrower acknowledges that to the extent controlled by the Borrower or any of the purchasers, transferees, partners or principals of the new Borrower, it is intended that each person who is "related" to any party bound by this Agreement shall also be bound by this Agreement.

7.3 Compliance with Equal Opportunity Laws and Regulations - The Borrower shall comply with all applicable state and federal laws and regulations regarding affirmative action, equal opportunity in employment and fair housing laws.

7.4 Governing Law - This Agreement has been executed and delivered in, and shall be construed and enforced in accordance with and governed by the laws of the State of New York. In the event of conflict between the provisions of this Agreement and federal laws, regulations and requirements, the latter shall prevail.

7.5 Notices - All notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses first set forth herein, or to such other place as the parties hereto from time to time designate in writing. In addition, notices to the Borrower shall be sent to Blue Cassel Site A Realty, LLC, 193-04 Horace Harding Expressway, Fresh Meadows, New York 11355, Attention: Mr. Eric Bluestone, notices to the Investor Member shall be sent c/o First Sterling Financial, Inc., 1155 Northern Boulevard, Suite 250, Manhasset, NY 11030, Attention: Ann Soja, and notices to the Fee Owner shall be sent to the Nassau County Industrial Development Agency at 1100 Franklin Avenue, Suite 300, Garden City, New York 11530.

7.6 Waiver - No omission by the Agency or act of the Agency other than a writing signed by it waiving a breach by the Borrower, shall constitute a waiver thereof. No such waiver of any breach shall be deemed a waiver of any other or subsequent breach or affect or alter this Agreement, which shall continue in full force and effect with respect to any other then existing or subsequent breach.

7.7 Severability - All rights, powers and remedies provided herein may be exercised only to the extent that exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this Agreement invalid, unenforceable or not entitled to be recorded, registered, or filed under applicable law. If any provision shall be held to be invalid, illegal or unenforceable, only such provision or part thereof shall be affected by such holding and the validity of other provisions of this Agreement and of the balance of any provision held to be invalid, illegal or unenforceable in part only, shall in no way be affected thereby, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision or part thereof had not been contained therein.

7.8 Counterparts - This Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be a duplicate original. All such counterparts shall constitute but one and the same instrument.

7.9 HFA Sign - Subject to compliance with local laws and codes, during construction of

the Project and for a period of up to six months thereafter, Borrower shall at its own expense provide, erect, maintain, and insure a sign in a design format and of a size, materials and appearance required by the Agency, in a location at the Project site acceptable to the Agency, and stating that the Project has been financed by the Agency. If the Borrower uses a sign provided by the Agency, Borrower shall reimburse the Agency for the cost of the sign, including the cost of transporting the sign to the site of the Project.

7.10 Modification and Waiver - This Agreement and the provisions herein may not be waived, amended, modified or rescinded unless such waiver, amendment, modification or rescission is in writing, and signed by the Borrower and the Agency.

7.11 Approval of Commercial Leases Affecting the Mortgaged Property - To the extent applicable to the Project, the Borrower shall submit to the Agency for its prior written approval, which shall not be unreasonably withheld, the identity of any prospective retail or other commercial tenant and the proposed usage of the space.

7.12 Ground Lease - The Borrower agrees to comply with all the terms and conditions of the Ground Lease. The Borrower may not materially modify, amend or otherwise change the terms of the Ground Lease without the prior written approval of the Agency and the LOC Bank.

7.13 Stricter Regulatory Regime to Prevail - In the event of a conflict between the terms of this Regulatory Agreement and the DHCR Regulatory Agreement, the stricter of the two regulatory regimes will prevail.

7.14 Limitation on Fee Owner Liability - With respect to the Fee Owner, it is agreed that the Fee Owner and its officers, members, employees, attorneys, servants, agents (other than the Obligor) and directors shall have no personal liability under this Agreement, nor in their capacity as officers, members, employees, attorneys, servants, agents and directors. The Fee Owner has executed this Agreement to subject its interest in the Mortgaged Property to the lien of this Agreement; however, the Mortgagee shall have no recourse to the Fee Owner but shall have recourse only against the Project and the Borrower. No provision, covenant or agreement contained in this Regulatory Agreement or any obligations herein imposed upon the Fee Owner or the breach thereof shall constitute or give rise to or impose upon the Fee Owner a pecuniary liability or a charge upon its general credit. In making the agreements, provisions and covenants set forth in this Agreement, the Fee Owner has not obligated itself except with respect to the Premises. All covenants, stipulations, promises, agreements and obligations of the Fee Owner contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Fee Owner and not of any member, director, officer, employee, attorney, servant or agent (other than the Borrower) of the Fee Owner in his or its individual capacity, and no recourse shall be had for the payment of the

principal of any debt or interest thereon or any of the obligations or for any claim based thereon or hereunder against any member, director, officer, employee, attorney, servant or agent (other than the Borrower) of the Agency or any natural person executing this Agreement. No covenant herein contained shall be deemed to constitute a debt of the State of New York or of the County of Nassau and neither the State of New York nor the County of Nassau shall be liable on any covenant herein contained, nor shall the obligations secured by this Agreement be payable out of any funds of the Fee Owner other than those expressly pledged therefor.

7.15 Borrower's Representations and Covenants – The Fee Owner is not obligated and shall not be liable to any extent for the representations and covenants of the Borrower made in or contained in this Agreement.

7.16 Amendments. This Agreement cannot be changed, amended, modified, or revised in any manner whatsoever, except by an instrument in writing duly executed by all of the parties to the Agreement. Nothing in the Agreement shall be deemed to amend any of the terms of the Ground Lease or any other document, instrument or agreement between the Borrower and the Fee Owner as between the Borrower and the Fee Owner.

7.17 Fee Owner is Acting at the Borrower's Direction. The Borrower directs the Fee Owner to execute and deliver this Agreement to the Agency and further agrees to indemnify, defend (with counsel selected by the Fee Owner) and hold harmless the Fee Owner (and its members, officers, directors, agents, attorneys, servants and employees) from all loss, cost or damage (including legal fees and expenses) in connection with the execution, delivery, recording, performing and enforcement of this Agreement.

THE BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective duly authorized representatives, as of the day and year first written above.

Approved by Counsel
to the Agency

**NEW YORK STATE HOUSING FINANCE
AGENCY**

By: Rama Balachandran
Rama Balachandran
Assistant Counsel

By: James P. Angley
James P. Angley
Senior Vice President

BORROWER:
BLUE CASSEL SITE A REALTY, LLC,
a New York limited liability company

By: Blue Cassel Realty, LLC,
a New York limited liability company, its managing
member

By: Eric Bluestone
Eric Bluestone
Managing Member

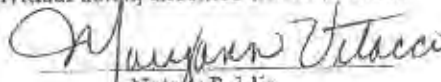
FEE OWNER:

**NASSAU COUNTY INDUSTRIAL DEVELOPMENT
AGENCY**

By: Joseph Gioia
Joseph Gioia
Executive Director

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

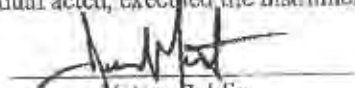
On the 23rd day of May, in the year 2006, before me, the undersigned,
a notary public in and for said state, personally appeared
James P. Angley personally known to me or proved to me on the basis of
satisfactory evidence to be the individual whose names is subscribed to the
within instrument and acknowledged to me that he executed the same in his
capacity, and that by his signature on the instrument, the individual, or
the person on behalf of which the individual acted, executed the instrument.


Notary Public
Commission expires:

MARYANN VITACCO
NOTARY PUBLIC
STATE OF NEW YORK
ID # 01V5628881
COUNTY RICHMOND
EXPIRES: 06/27/2009

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

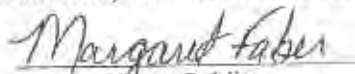
On the 23rd day of May, in the year 2006, before me, the undersigned,
a notary public in and for said state, personally appeared
Eric Bluestone personally known to me or proved to me on the basis of
satisfactory evidence to be the individual whose names is subscribed to the
within instrument and acknowledged to me that he executed the same in his
capacity, and that by his signature on the instrument, the individual, or
the person on behalf of which the individual acted, executed the instrument.


Notary Public
Commission expires:

Jason Mount
Notary Public, State of New York
No. 01MO8141488
Qualified in New York County
Commission Expires February 27, 2010

STATE OF NEW YORK)
) ss.:
COUNTY OF NASSAU)

On the 17th day of May, in the year 2006, before me, the undersigned,
a notary public in and for said state, personally appeared
Joseph Gloino personally known to me or proved to me on the basis of
satisfactory evidence to be the individual whose names is subscribed to the
within instrument and acknowledged to me that he executed the same in his
capacity, and that by his signature on the instrument, the individual, or
the person on behalf of which the individual acted, executed the instrument.


Notary Public
Commission expires:

MARGARET FABER
Notary Public, State of New York
No. 01FA5079338
Qualified in Nassau County
Commission Expires June 2, 2007

SCHEDULE "A"

LEGAL DESCRIPTION OF THE PREMISES

(SEE ATTACHED)

Description

Underwriter No: Chicago

Title Number: 9500 FQN-A

PARCEL 1 (REDEVELOPMENT AREA)

ALL THAT CERTAIN plot, piece or parcel of land, situate, lying and being in New Castle, Town of North Hempstead, County of Nassau and State of New York, bounded and described as follows:

BEGINNING at a point of intersection where the northerly line of Prospect Avenue is intersected by the westerly line of Rose Place;

RUNNING THENCE from said point of beginning the following courses and distances:

- 1) Westerly along the Northerly line of Prospect Avenue, South 81 degrees 23 minutes 40 seconds West, 250.05 feet;
- 2) Westerly along the Northerly side of Prospect Avenue, South 82 degrees 32 minutes 56 seconds West, 117.64 feet;
- 3) North 7 degrees 27 minutes 04 seconds West, 3.56 feet;
- 4) Northwesterly along a curve, the center of which lies to the East having a radius of 33 feet, for a length of 23.12 feet;
- 5) Northeasterly, along a curve, the center of which lies to the West having a radius of 10 feet, for a length of 23.43 feet;
- 6) Northeasterly, along a curve, the center of which lies to the East having a radius of 33 feet, for a length of 26.35 feet;
- 7) North 38 degrees 50 minutes 52 seconds West, 2.91 feet to the Southerly side of Brush Hollow Road;
- 8) Northeasterly along the Southerly side of Brush Hollow Road, 225.06 feet;
- 9) South 37 degrees 15 minutes 04 seconds East, 96.92 feet;
- 10) North 52 degrees 44 minutes 56 seconds East, 11.21 feet;
- 11) North 82 degrees 32 minutes 56 seconds East, 131.80 feet to the Westerly side of Rose Place;
- 12) Southerly along the Westerly side of Rose Place, South 7 degrees 27 minutes 04 seconds East 94.96 feet to the point or place of BEGINNING.

EXHIBIT "A"

MORTGAGEE'S ASSIGNMENT CERTIFICATE

After the Mortgage has been assigned to [insert name of successor mortgagee], the Agency's right to enforce the Mortgage, in its own right, shall be on the condition that the Agency may only cause an acceleration of the amounts due under the Mortgage Note and/or commencement of foreclosure of the Mortgage if the Agency has received the written consent of [insert name of successor mortgagee] or an opinion of a nationally recognized bond counsel acceptable to the Agency to the effect that such noncompliance under the Regulatory Agreement, the failure to accelerate the amount due under the Mortgage Note and/or commence foreclosure of the Mortgage, would adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Agency's bonds issued with respect to such Mortgage Loan. The Agency hereby agrees that it will only exercise its rights under the Loan Agreement, Mortgage and Regulatory Agreement to declare the outstanding balance of the Mortgage Loan to be due and payable and/or to foreclosure on the Mortgage as herein provided. This provision shall affect only the rights of [insert name of successor] and the Agency and it is not intended that the Borrower shall be a third party beneficiary hereof.

EXHIBIT "B"

OWNER'S DISBURSEMENT CERTIFICATION

Pursuant to that certain Regulatory Agreement dated as of the 25th day of May, 2006 ("Regulatory Agreement"), by and among the New York State Housing Finance Agency ("Agency") Blue Cassel Site A Realty, LLC ("Borrower") and the Nassau County Industrial Development Agency ("Fee Owner"), the Borrower hereby certifies to the Agency as set forth hereinbelow. All capitalized terms used but not defined herein shall have the meaning given to them in the Regulatory Agreement.

1. The Borrower has requested a disbursement of a portion of the Mortgage Loan in the amount and for the purposes described on the attachment hereto. Such disbursement is referred to herein as the "Disbursement". The Certifications herein are made with respect to the Disbursement. This Disbursement will only be used for costs of the Project described in the Regulatory Agreement.

2. All certifications, representations and warranties made by the Borrower in the Regulatory Agreement and Owner's Tax Certification executed simultaneously with the Regulatory Agreement, as either may have been amended and approved by the Agency, together with all supplements thereto and all prior Disbursement Certifications, except as so amended and approved, remain true and correct on the date of this Disbursement Certification and are hereby incorporated and repeated herein with full force and effect. Specifically and not by way of limitation the Borrower warrants the accuracy of the schedules of costs, actual or estimated as the case may be, included in the Owner's Tax Certification. Borrower further warrants (x) that the Disbursement does not cause a change in the amount of any line item in the Owner's Tax Certification, or in the alternative (y) that if it does cause such a change, attached hereto is a completed and executed Owner's Tax Certification, revised to reflect any such change, together with the written approval thereof from the Agency.

3. After taking into account the Disbursement, no Mortgage Loan disbursements previously disbursed for payment of Expenditures with respect to the Project, as shown on Schedule A to the Owner's Tax Certification, will have been applied to pay or reimburse the Borrower for the payment of "Unqualified Costs" (as classified in the Owner's Tax Certification) of the Project in excess of the amounts shown on Schedule A of the Owner's Tax Certification.

4. After taking into account the Disbursement and all prior and expected Disbursements, the aggregate amount of all Mortgage Loan disbursements which have been or will be applied to pay or reimburse the Borrower for the payment of the cost of land or any interest therein (including capitalized lease payments) is or will be less than twenty five percent (25%) of the aggregate amount of Mortgage Loan disbursements.

5. After taking into account the Disbursement and all prior and anticipated Disbursements, the "average maturity" of the Bonds will not exceed (120%) of the "average reasonably expected economic life" (within the meanings ascribed to such quoted terms in Section

147(b) of the Code) of the Project financed or to be financed with the Mortgage Loan.

6. The Disbursement is requested to pay, or reimburse the Borrower for the payment of costs of the Project theretofore paid or incurred.

7. The Borrower is in compliance with all of the terms and conditions of the Regulatory Agreement on the part of the Borrower to be observed or performed and is not aware of any impending failure in such compliance.

IN WITNESS WHEREOF, the Borrower has caused this Certification to be duly executed and delivered as of the date first above written.

BORROWER:

BLUE CASSEL SITE A REALTY, LLC,
a New York limited liability company

By: Blue Cassel Realty, LLC,
a New York limited liability company, its managing
member

By: _____
Eric Bluestone
Managing Member

EXHIBIT "C"

**ADJUSTMENTS FOR SMALLER AND LARGER FAMILIES
TO THE AREA MEDIAN INCOME FIGURE**

Number of Persons in Family					
1	2	3	4	5	6
42 %	48 %	54 %	60 %	64.8%	69.6 %

THE PERCENTAGES SET FORTH ABOVE ARE PERCENTAGES TO BE APPLIED TO AREA MEDIAN INCOME TO DETERMINE APPROPRIATE INCOME LEVELS.

EXHIBIT "D"

SERVICES AND AMENITIES FORM

Project: Gateway to New Cassel Apartments

1. The project includes commercial space, either financed by the Agency or included in the total development cost of the project: ☒ Yes ☐ No
2. There will be 1 unit reserved for resident managers, superintendents and/or employees:

Unit # (If Known)	Unit Type	Residential or Commercial Use	Revenue- or Non-Revenue- Generating
101	2 BR	Residential	Non-Revenue

3. The following services and amenities are offered by the project for a fee which is NOT included in the monthly base rent for all tenants (both affordable and market rate):

- ☐ Parking spaces:
- ☐ All spaces
 - ☐ Indoor parking or garages only
 - ☐ Additional space(s) after one
 - ☐ Other:
- ☐ Storage space
- ☐ Recreational facilities
- ☒ Individual utilities
- ☒ Electric
 - ☐ Heat
 - ☐ Gas
 - ☐ A/C

- ☐ Water
- ☒ Cable service
- ☒ Laundry facilities:
 - ☐ Washer/Dryer hook-up
 - ☐ Washer/Dryer in unit
 - ☒ Laundry room
- ☐ Structural or architectural features:
 - ☐
 - ☐
 - ☐
- ☐ Fireplaces
- ☐ Other:

Bay windows

☐ Den in

apartment

Balconies

☐ Vaulted

ceilings

- ☒ Other services and/or amenities for which a fee will be charged:

None

4. If applicable, the service package for senior/congregate/assisted projects includes:

(Handwritten signature)

EXHIBIT A

Upon acceptance of the Application by the Agency for processing and completion of the Cost/Benefit Analysis, the Agency will attach a proposed PILOT Schedule hereto, together with an estimate of the net tax benefit/cost of the proposed PILOT Schedule.

EXHIBIT B

Fair Housing/Equal Housing Opportunity Policy to be adopted by Agency Applicants for Housing Projects

As part of our continuing effort to ensure compliance with federal, state, and local anti-discrimination laws, we would like to take this opportunity to remind you of our policies regarding equal housing opportunity. It is important for all employees to review his or her own actions in light of these requirements and for everyone to keep in mind the importance of treating all persons equally.

It is the policy and practice of this company not to engage in or assist the efforts of others to engage in housing discrimination. Consistent with that policy, we remind you that the antidiscrimination laws of the United States, New York State, and local laws are quite specific in the area of housing, and in conformance with those laws, you must not engage in any of the following conduct during the course of your work for this company:

1. Refuse to show, rent, sell, negotiate for the rental or sale of, or otherwise make unavailable or deny, housing to any person because of race, color, religion, creed, sex/gender, familial status (having or expecting a child under 18), national origin, ethnicity, disability, marital status, age, sexual orientation, military status, source of income or status as survivor of domestic violence (each a "prohibited basis");
2. Discriminate against any person in the terms, conditions or privileges of a rental or sale or in the provision of services or facilities in connection therewith because of a prohibited basis;
3. Make any verbal or written statement with respect to the rental or sale of housing that indicates any preference, limitation or discrimination concerning a prohibited basis, or any statement indicating an intention to make any such preference, limitation or discrimination;
4. Represent to any person because of a prohibited basis that any housing or unit is not available for inspection, rental or sale when such apartment is in fact so available;
5. Steer persons into or away from certain areas of a building, development or neighborhood because of a prohibited basis;
6. Refuse to provide a reasonable accommodation in rules, policies, practices or services for tenants, buyers, or applicants with disabilities; and
7. Refuse to allow a reasonable modification to individual units or common areas for tenants, buyers, or applicants with disabilities.

We are firmly committed to the goal of fair housing. You should understand that any violation of this Fair Housing/Equal Housing Opportunity Policy will lead to discipline, up to and including discharge.

EXHIBIT C

Sample Fair Housing Posters

U. S. Department of Housing and Urban Development



EQUAL HOUSING
OPPORTUNITY

We Do Business in Accordance With the Federal Fair
Housing Law

(The Fair Housing Amendments Act of 1988)

**It is illegal to Discriminate Against Any Person
Because of Race, Color, Religion, Sex,
Handicap, Familial Status, or National Origin**

- | | |
|--|--|
| ☒ In the sale or rental of housing or residential lots | ☒ In the provision of real estate brokerage services |
| ☒ In advertising the sale or rental of housing | ☒ In the appraisal of housing |
| ☒ In the financing of housing | ☒ Blockbusting is also illegal |

Anyone who feels he or she has been
discriminated against may file a complaint of
housing discrimination:

1-800-669-9777 (Toll Free)
1-800-927-9275 (TTY)
www.hud.gov/fairhousing

U.S. Department of Housing and
Urban Development
Assistant Secretary for Fair Housing and
Equal Opportunity
Washington, D.C. 20410

Previous editions are obsolete

Form HUD-928.1 (6/2011)

HOUSING
DISCRIMINATION IS
SOMETIMES **BLATANT**,
SOMETIMES
BUT ALWAYS UNLAWFUL.

Do you suspect you have been discriminated against because of your age, race, disability, familial status, or because you are a member of other protected classes? If you witness or experience discrimination, contact the New York State Division of Human Rights at 1-888-392-3644 or WWW.DHR.NY.GOV

EXHIBIT D
Requirements for Affirmative Marketing Plans for Housing Projects

Affirmative marketing plans submitted by the Applicant shall be required only for affordable or "workforce" units and shall contain the following information:

1. Street address, village, town, zip code, and census tract number for the Project;
2. Number of affordable units to be marketed and whether they will be available for rent or purchase;
3. The number, if any, and location of market rate units included in the Project;
4. Whether the housing will be "housing for older persons", defined as at least 80% occupancy of units with at least one person 55 or older or 100% occupancy of persons age 62 or older;
5. A description of how units will be advertised for sale or rental prior to first occupancy, including whether Applicant will utilize its own website, commercial websites, print media outlets, social media outlets such as Facebook, a sign at the project site, mailings, leaflets/flyers, brochures, and other forms of advertising;
6. A statement that the Applicant will use fair housing logo or phrase "Equal Housing Opportunity" on all advertising described above;
7. A statement that the Applicant will distribute written information regarding the availability of affordable units at the project to a list of organizations provided to the Applicant by the Agency, which list may be updated annually;
8. Whether the Applicant will conduct the marketing and initial rent-up or sales itself or contract with a third-party;
9. A statement that an initial application period with a specific start and end date will be utilized for accepting applications for consideration for the initial rental of the units and that the period will last for at least thirty (30) days after the marketing described in this plan is commenced. In addition, a statement that following the initial application period, all the applications submitted during the initial application period will be considered through the use of a lottery and not on a first-come first-served basis, unless the number of applications received during the initial application period is less than the total number of units available for rental.
10. A statement that the Applicant will maintain records of the activities it undertakes to implement its marketing plan.

Exhibit F
List of Affiliated Entities
34 Woodside Realty, LLC
64TH Crescent Realty Co., LLC
A.H. Realty Co. LLC
Austin Hills Realty, LLC
Banta Homes Corp.
Barclay #2 Realty Co.
Blue Capital Realty, LLC
Bluestone Avenue Assoc. LLC
Bluestone BGN LLC
Bluestone East 118th Street Realty, LLC
Bluestone Forestwood, LLC
Bluestone Gowanus Green Partners LLC
Bluestone Highbrook, LLC
Bluestone Jamaica I, LLC
Bluestone Management Associates, LLC
Bluestone Morningside, LLC
Bluestone RRSI, LLC
Bluestone TOL, LLC
Casa Hills Realty, LLC
Chelsea Gilchrist Realty, LLC
FM Realty Company of New York, LLC
Franklin Avenue Realty Co., LLC
HT Commercial Realty, LLC
Jamaica 161 Commercial, LLC
KGR Company, LLC
Lendx Commercial Realty, LLC
LT Realty Co.
NHE Management Assoc., LLC
NHE Realty Company, LLC
Stone Hill Realty Co., LLC
The Bluestone Organization, Inc.

Exhibit K
Application for Financial Assistance
Blue Cassel Commercial Realty, LLC

Existing Tenants	Names of Contacts	Contact Information	Square Footage	Use
School for Language & Communication	Irahella Pieta	[REDACTED] ex. 338 [REDACTED]@SLCD.org	3,000 sq. ft.	Young Adult with Special Needs Program
Frank's Barbershop	Francisco Ovando	[REDACTED] 5 salmeron_93@hotmail.com	1,000 sq. ft.	Barbershop
My Home Favorites	Mika Rose	[REDACTED] 37 mika@myhomefavorites.com	1,680 sq. ft.	International Grocery Store
KB Department Store	Khalid Khan	[REDACTED] 20 kfk2@aol.com	6,370 sq. ft.	Discount Department Store
Tropical Restaurant	Luis Romero	[REDACTED] 13 k-romero@gmail.com	1,890 sq. ft.	Spanish/Caribbean Restaurant
New Cassel Dentistry	Dr. Sachin Sond	[REDACTED] familydental10@gmail.com	1,200 sq. ft.	Family Dental Office
Total Sq. Ft. Rented			15,740 sq. ft.	
Prospective Tenants	Names of Contacts	Contact Information	Square Footage	Use
Tiegerman Calvin Klein Store	Helewa LaForgia	[REDACTED] HLaForgia@SLCD.org	2,300 sq. ft.	Retail Store for disabled adults
Self Help Organization	TBD	TBD	1,600 sq. ft.	Provide Social Services to the Community
Total Sq. Ft. Not Rented			3,900	
			Total Sq Ft.	19,640

Exhibit L
Application for Educational Assistance
Blue Cassel Commercial Realty, LLC

Application Section	Tenant Information	Building Management Company	Existing Tenant	Existing Tenant	Existing Tenant
Part 1					
A Name	MT Management Assoc., LLC	Tropical Restaurant, Inc.	My Home Favorites	New Cassel Dunkin' Donuts PC	Frank & Barbara Shop
Address	30-11 360th Street, Jamaica	705 Prospect Avenue, Westbury	713 Prospect Avenue	717 Prospect Avenue	715 Prospect Avenue
DOI#	05-900774	52-43572	53-56416	08-60966	
FINCS#	531110	722511	045110	021210	812111
EIN					
Website	www.mtmanagement.com		myhomefavorites.com		
Name of Representative	Ira Lechner	Ira Romic	Ira Romic	Sachin Sood, PhD	Francisco Casado
Title	Managing Member		Sole Managing Member		
Phone	347-572-6302	516-794-6319	516-547-5337	917-575-8124	516-450-0060
e-mail	ira@lechner.com	ira@lechner.com	ira@lechner.com	ira@lechner.com	ira@lechner.com
Business Type	Real Estate Management	Subchapter S	LLC	Subchapter S	Subchapter S
State and Year formed	New York, 11/16/2000	NY		NY - 2013	NY - 11/2014
B Principal Owners	Sara Herbstein, Thomas Potoski, Eric Baustone, Ira Lechner				
C If Employees F/T/P/T					
Proximity	1	2	2	1	owner run, rents out 2 chairs
Future	At this location		owner run	1.5	
Annual Payroll					
Presently	\$47,207	\$25,000		120,950.00	
Future	\$32,000	\$45,000	\$5,000 to \$10,000	120,950.00	
Type of Operation	Building Subcontractor	Restaurant	Southern Supermarket	Dental Office	Barber Shop
Part 2					
A Job Categories					
To be Retained					
To be Created					
B Amount Goods and Services Purchased by Tenant					
Sources in NY					
Sources in County					
Schedule 1 (Form NY-45)					
Note which employees are P/T					
Schedule C					
gross annual revenues					

Prospective Tenant

Prospective Tenant

Existing Tenant

Existing Tenant

Name	KB Department Store (701 Prospect Inc.)	Tingerman Community Services	Tingerman Calibri Kohn Store	Self Help
Address	701 Prospect Avenue	701 Prospect Avenue	701 Prospect Avenue	711 Prospect Avenue
UOL #	88-21790-2	TBD	TBD	TBD
NAICS #	452210	524220	TBD	TBD
FIN				428011 (Self-Help, Inc.) (2010) (Working Services Phil)
Website		www.tingerman.org	www.tingerman.org	
Name of Representative	Rhonda Khan	Helen LaForgia	Helen LaForgia	
Title	Business Manager	Business Manager	Business Manager	
Phone	516-469-1410	516-609-6245	516-609-6245	856-735-1234
E-mail	rhonda.khan@kb.com	hlafor@tingerman.org	hlafor@tingerman.org	
Business Type	Subchapter S, Inc. for Profit Corp			
State and Year Formed	NY, 1984			
Principal Domestics				
# Employees F/T/P/T	2, 5	34	5	13
Presently		At this location		
Future				
Annual Payroll	\$30,400	\$546,000		\$587,000
Presently		5575,000		
Future				
Type of Operation	Discount Department Store	Day Habilitation Services for individuals with developmental disabilities	Provides supported employment services and employment training programs.	Organization providing community and home based services for elder adults.
Job Categories				
To Be Retained		Management - \$50,000 Administrative - \$32,000	Full Salaries - \$100,000	
To Be Created				
Amount Goods and Services Purchased by Tenant				
Sources in NY				
Sources in County				
Form KEYS 35	8			
Note which employees are P/T				
gross annual revenues				