

NASSAU COUNTY INDUSTRIAL DEVELOPMENT AGENCY
as Lessor

AND

PINE TOWN HOMES, L.P.
as Lessee

LEASE AGREEMENT

DATED AS OF JUNE 1, 2011

ADDRESS: 151B East Pine Street
CITY: Long Beach
COUNTY: Nassau
STATE: New York
SECTION: 59
BLOCKS: 277, 104
LOTS: 3 and 78

Prepared by:

Harris Beach PLLC
100 Wall Street
New York, NY 10005
Attention: Andrew Komaromi, Esq.

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	DEFINITIONS..... 4
SECTION 1.1	INTERPRETATION..... 12
ARTICLE II	REPRESENTATIONS, WARRANTIES, AND COVENANTS 13
SECTION 2.2	REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY..... 13
ARTICLE III	CONVEYANCE AND USE OF PROJECT FACILITY 17
SECTION 3.1	CONVEYANCE TO THE AGENCY 17
SECTION 3.2	USE OF PROJECT FACILITY..... 18
SECTION 3.3	HAZARDOUS MATERIALS..... 18
SECTION 3.4	NON-MERGER..... 20
SECTION 3.5	TITLE INSURANCE..... 20
ARTICLE IV	UNDERTAKING AND COMPLETION OF THE PROJECT 21
SECTION 4.1	ACQUISITION, CONSTRUCTION, RENOVATION, INSTALLATION AND EQUIPPING OF THE PROJECT FACILITY. 21
SECTION 4.2	COMPLETION OF THE PROJECT FACILITY; FEES. 23
SECTION 4.3	REMEDIES TO BE PURSUED AGAINST CONTRACTORS, SUBCONTRACTORS, MATERIALMEN AND THEIR SURETIES..... 24
ARTICLE V	DEMISE OF PROJECT FACILITY; RENTAL PAYMENTS AND OTHER AMOUNTS PAYABLE..... 25
SECTION 5.1	LEASE OF THE PROJECT FACILITY 25
SECTION 5.2	DURATION OF THE LEASE TERM; QUIET ENJOYMENT. 25
SECTION 5.3	RENTAL PAYMENTS AND OTHER AMOUNTS PAYABLE. 25
SECTION 5.4	NATURE OF OBLIGATIONS OF THE COMPANY HEREUNDER. 26
ARTICLE VI	MAINTENANCE, MODIFICATIONS, TAXES AND INSURANCE 27

TABLE OF CONTENTS

	<u>Page</u>
SECTION 6.1 MAINTENANCE AND MODIFICATIONS OF THE PROJECT FACILITY.	27
SECTION 6.2 TAXES, ASSESSMENTS AND UTILITY CHARGES.....	29
SECTION 6.3 INSURANCE REQUIRED	30
SECTION 6.4 ADDITIONAL PROVISIONS RESPECTING INSURANCE.....	31
SECTION 6.5 APPLICATION OF NET PROCEEDS OF INSURANCE.....	32
SECTION 6.6 PAYMENTS IN LIEU OF TAXES.....	33
ARTICLE VII DAMAGE, DESTRUCTION AND CONDEMNATION.....	33
SECTION 7.1 DAMAGE OR DESTRUCTION.....	33
SECTION 7.2 CONDEMNATION.....	34
SECTION 7.3 ADDITIONS TO THE PROJECT FACILITY.....	36
ARTICLE VIII SPECIAL COVENANTS.....	36
SECTION 8.1 NO WARRANTY OF CONDITION OR SUITABILITY BY THE AGENCY; ACCEPTANCE “AS IS”.....	36
SECTION 8.2 HOLD HARMLESS PROVISIONS.	37
SECTION 8.3 RIGHT OF ACCESS TO THE PROJECT FACILITY	38
SECTION 8.4 COMPANY NOT TO TERMINATE EXISTENCE OR DISPOSE OF ASSETS.....	38
SECTION 8.5 AGREEMENT TO PROVIDE INFORMATION	38
SECTION 8.6 BOOKS OF RECORD AND ACCOUNT; COMPLIANCE CERTIFICATES.....	38
SECTION 8.7 COMPLIANCE WITH APPLICABLE LAWS.....	39
SECTION 8.8 DISCHARGE OF LIENS AND ENCUMBRANCES.....	39
SECTION 8.9 PERFORMANCE OF THE COMPANY’S OBLIGATIONS.....	40
SECTION 8.10 DEPRECIATION DEDUCTIONS AND TAX CREDITS	40
SECTION 8.11 EMPLOYMENT OPPORTUNITIES.....	40
SECTION 8.12 SALES AND USE TAX EXEMPTION.....	41
SECTION 8.13 IDENTIFICATION OF THE EQUIPMENT.....	44
SECTION 8.14 FINANCIAL STATEMENTS	44
ARTICLE IX ASSIGNMENTS; LEASING; MERGER OF THE AGENCY	44

TABLE OF CONTENTS

	<u>Page</u>
SECTION 9.1 ASSIGNMENT OF THE LEASE	44
SECTION 9.2 MERGER OF THE AGENCY.....	44
SECTION 9.3 SALE OR LEASE OF THE PROJECT FACILITY.....	45
ARTICLE X EVENTS OF DEFAULT AND REMEDIES	45
SECTION 10.1 EVENTS OF DEFAULT DEFINED.....	45
SECTION 10.2 REMEDIES ON DEFAULT.....	48
SECTION 10.3 REMEDIES CUMULATIVE	50
SECTION 10.4 AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES.....	50
SECTION 10.5 NO ADDITIONAL WAIVER IMPLIED BY ONE WAIVER.....	50
ARTICLE XI OPTIONS AND OBLIGATION TO PURCHASE.....	50
SECTION 11.1 EARLY TERMINATION OF THE LEASE.....	50
SECTION 11.2 OBLIGATION TO SELL AND PURCHASE THE PROJECT FACILITY.	50
SECTION 11.3 CONVEYANCE ON PURCHASE OF THE PROJECT FACILITY	51
SECTION 11.4 RECAPTURE OF AGENCY BENEFITS.....	52
ARTICLE XII MISCELLANEOUS	54
SECTION 12.1 NOTICES.....	54
SECTION 12.2 BINDING EFFECT	56
SECTION 12.3 SEVERABILITY	56
SECTION 12.4 AMENDMENT.....	57
SECTION 12.5 EXECUTION OF COUNTERPARTS	57
SECTION 12.6 APPLICABLE LAW	57
SECTION 12.7 SURVIVAL OF OBLIGATIONS.	57
SECTION 12.8 TABLE OF CONTENTS AND SECTION HEADINGS NOT CONTROLLING	57
SECTION 12.9 NO RECOURSE; SPECIAL OBLIGATION.....	57
SECTION 12.10 NET LEASE	59
SECTION 12.11 WAIVER OF JURY TRIAL.....	59

TABLE OF CONTENTS

	<u>Page</u>
SECTION 12.12 PRIOR AGREEMENTS.....	59
SECTION 12.13 SERVICE OF PROCESS.....	59
SECTION 12.14 THIRD PARTY BENEFICIARIES.....	60
SECTION 12.15 NON-DISCRIMINATION.....	60
SECTION 12.16 DATE OF LEASE.....	61
SECTION 12.17 RECORDING AND FILING.....	61
SECTION 12.18 SUBORDINATION.....	61
SECTION 12.19 COMPANY TAX CREDIT INVESTOR PROVISIONS.....	61
SECTION 12.20 HFA AND FREDDIE MAC CURE RIGHTS.....	63
EXHIBIT A - Description of the Land	
EXHIBIT B - Description of the Equipment	
EXHIBIT C - Form of Deed to the Company	
EXHIBIT D - Form of Bill of Sale to Company	
EXHIBIT E - Form of Sales Tax Exemption Letter	
EXHIBIT F - Termination of Lease	
EXHIBIT G - Form of Annual Employment Report	
SCHEDULE A - Approved Agent	

LEASE AGREEMENT

THIS LEASE AGREEMENT dated as of June 1, 2011 (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 1550 Franklin Avenue, Suite 235, Mineola, New York 11501 (the "Agency"), and **PINE TOWN HOMES, L.P.**, a limited partnership formed under the laws of the State of New York, having an office at Pilot House, Lewis Wharf, Boston, MA 02110 (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, manufacturing, industrial and commercial 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, on or about June 8, 2011, Pine Town Homes, L.P., a limited partnership organized and existing under the laws of the State of New York (the "Applicant" or "Company"), presented an application (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 an approximately 3.6 acre parcel of land located at 151B East Pine Street, Long Beach, Nassau County, New York (the "Land"), (2) the renovation of eight (8) existing two-story multifamily housing structures (comprised of approximately 130 low-income housing units) with a collective gross residential square footage of approximately 125,000 sq. ft., located on the Land, together with related improvements (collectively, the "Building"), and (3) the acquisition and installation therein and thereon of certain furniture, fixtures, machinery and equipment (the "Equipment"), all of the foregoing to continue to constitute a housing complex comprised of approximately 130 low-income housing rental units, (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 and real property

taxes (but not including special assessments and ad valorem levies) (the “Financial Assistance”); and (C) the lease (with an obligation to purchase), license or sale of the Project Facility to the Applicant or such other entity as may be designated by the Applicant and agreed upon by the Agency; 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 June 8, 2011 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 June 8, 2011 in the Nassau edition of Newsday, a newspaper of general circulation available to residents of the Village of Hempstead and the County of Nassau, New York, (C) attended the Public Hearing, which was conducted by the Administrative Director of the Agency on June 22, 2011 at 11:30 a.m., local time, at the City Hall in the City of Long Beach, 1 West Chester Street, Long Beach, 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, (A) the Executive Director of the Agency 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 June 8, 2011 to the chief executive officer of each affected tax jurisdiction, and (B) the Executive Director of the Agency conducted the IDA Meeting on June 22, 2011, and the Executive Director of the Agency 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 the Agency approved the proposed deviation; 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 Applicant and made any necessary comments to members of the Agency, and by resolution of the members of the Agency adopted on June 22, 2011, 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

WHEREAS, by resolution adopted by the members of the Agency on June 22, 2011 (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 June 22, 2011 (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 Agency proposes to appoint the Company as agent of the Agency to undertake the acquisition, construction, renovation, installation and equipping of the Project Facility and to lease the Project Facility to the Company, and the Company desires to act as agent of the Agency to undertake the acquisition, construction, renovation, installation and equipping of the Project Facility and to lease the Project Facility from the Agency, all pursuant to the terms and conditions hereinafter set forth in this Lease and in the other Transaction Documents; and

WHEREAS, the acquisition of the Project Facility, the straight lease of the Project Facility and the granting of the Financial Assistance to the Company 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, the granting of the financial assistance by the Agency to the Company has been determined by the Agency to be necessary to induce the Company to proceed with the Project; and

WHEREAS, immediately prior to the execution and delivery of this Lease, the Company will execute and deliver or cause to be executed and delivered to the Agency (A) a certain deed dated the Closing Date (as hereinafter defined) (the "Deed to the Agency") to the Agency, which conveys to the Agency all right, title and interest of the grantor in and to the Premises (as hereinafter defined), and (B) a bill of sale dated as of the Closing Date (the "Bill of Sale to Agency"), which conveys to the Agency all right, title and interest of the grantor in and to the Equipment; and

WHEREAS, pursuant to a certain Payment in Lieu of Taxes Agreement (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 Land and the improvements thereon, and such obligation is secured by a subordinate 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 third mortgage on the Land and the improvements thereon 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

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 any 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.

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

“Approved Agents” shall mean those Persons set forth on Schedule A to this Lease, as such Schedule A may be amended or supplemented from time to time with the written consent of the Agency, which consent shall not be unreasonably withheld, conditioned or delayed, subject to the execution and delivery of such agreements and documentation as the Agency may require in connection therewith.

“Assignment Agreement” means the Assignment and Intercreditor Agreement dated as of June 1, 2011 by and among Freddie Mac, HFA and Trustee and acknowledged, accepted and agreed to by Company

“Authorizing Resolution” means the resolution duly adopted by the Agency on June 22, 2011 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 Chair, Vice-Chair, 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 its President or any Vice President, or such other Person as may be authorized in writing by the board of directors of the Company, as the case may be.

“Bill of Sale to Agency” shall have the meaning assigned to such term in the recitals to this Lease.

“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, 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 Guarantors, 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.

“Company” means Pine Town Homes, L.P., its successors and assigns, to the extent permitted pursuant to this Lease.

“Completion Date” means such date as shall be certified by the Company to the Agency as the date of completion of the Project pursuant to Section 4.2 of this Lease, or such earlier date as the Company shall notify the Agency as being the date of completion of the Project.

“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.

“County” means the County of Nassau, New York.

“Deed to the Agency” shall have the meaning assigned to such term in the recitals to this Lease.

“Deed to the Company” means the deed from the Agency to the Company, pursuant to which the Agency will convey to the Company, the Agency’s interest in the Premises created by the Deed to the Agency, 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 Guarantors 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 Phase I Environmental Site Assessment dated March 18, 2011, prepared for the Company in connection with the Project by Nova Consulting Group, Inc.

“Equipment” shall have the meaning assigned to such term in the recitals and include 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.

“Freddie Mac” means the Federal Home Loan Mortgage Corporation.

“Freddie Mac Mortgage” means the Second Multifamily Mortgage Assignment of Rents and Security Agreement dated as of June 1, 2011, made by the Company and the Agency in favor of Freddie Mac securing repayment of the Company’s obligations under the Reimbursement Agreement, which Freddie Mac Mortgage the Agency has executed for the sole purpose of subjecting to the lien thereof its interest in the Land and the improvements thereon, and pursuant to which the Company and the Agency grant to Freddie Mac a second mortgage lien in the Project Facility and the leasehold estate created by 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.

“Guarantors” means Christopher W. Collins, Anthony A. Nickas.

“Guaranty” means the Guaranty of even date herewith from the Guarantors 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. Section 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 federal, state or local environmental law, ordinance, rule or regulation of any Governmental Authority having jurisdiction.

“HFA” means the New York State Housing Finance Agency, 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.

(a) “HFA Bonds” means the New York State Housing Finance Agency previously issued \$276,130,000 principal amount Affordable Housing Revenue Bonds (Federal New Issue Bond Program), 2009 Series 1 (the “2009 NIBP Bonds”), a portion of which 2009 NIBP Bonds has been redesignated the New York State Housing Finance Agency Affordable Housing Revenue Bonds (Federal New Issue Bond Program), 2009 Series 1, Subseries C in the principal amount of \$19,650,000 pursuant to the provisions of the Indenture.

“HFA Mortgage” means the First Multifamily Mortgage, Assignment of Rents and Security Agreement dated as of June 1, 2011 made by the Company and the Agency in favor of HFA, securing repayment of the HFA Note, which HFA Mortgage the Agency has executed for the sole purpose of subjecting to the lien thereof its interest in the Land and the improvements thereon, and pursuant to which the Company and the Agency grant to HFA a first mortgage lien in the Project Facility and the leasehold estate created by this Lease; and which HFA Mortgage has been assigned to Freddie Mac and Trustee, as their respective rights may appear pursuant to the Assignment Agreement.

“HFA Note” means the mortgage note dated the Closing Date in the original principal amount of \$19,650,000 made by the Company in favor of HFA, as endorsed to Freddie Mac and Trustee, as their interests may appear.

“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 (other than the Company), 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 June 22, 2011, offering to undertake the Project.

“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.

“Limited Partnership Agreement” means the Amended and Restated Limited Partnership Agreement of the Company, as amended or modified to the date hereof.

“Maximum Sales Tax Benefit” means \$152,100.00.

“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 and (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 but reasonable discretion, (E) the HFA Mortgage, (F) the Freddie Mac Mortgage; (G) the PILOT Mortgage, and (H) the Regulatory Agreement in favor of HFA.

“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 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 with respect to the Premises.

“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 reasonably 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 being undertaken by the Agency consisting of (A) the acquisition of the Land, (B) the construction and renovation 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, all as more particularly described in the recitals to this Lease.

“Project Facility” shall have the meaning assigned to such term in the recitals to this Lease.

“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.

“Quarterly Sales Tax Report” shall have the meaning assigned to such term in Section 8.12(C) of 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.

“Reimbursement Agreement” means that Reimbursement and Security Agreement entered into between Freddie Mac and Company, dated as of June 1, 2011

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

“Sales Tax Exemption Letter” shall have the meaning assigned to such term in Section 8.12 of this Lease.

“Scheduled Completion Date” shall have the meaning assigned to such term in Section 4.2(A) of this Lease.

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

“Special Counsel” means the law firm of Troutman Sanders LLP, New York, 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 Agency and the Company terminate 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 Deed to the Agency, the Bill of Sale to Agency, the PILOT Agreement, the PILOT Mortgage, this Lease, the Guaranty, the Environmental Indemnification, the Sales Tax Exemption Letter 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.

“Trustee” shall mean Bank of New York Mellon, a New York banking corporation, as trustee for the HFA Bonds.

“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(B), 4.1(D), 4.1(E), 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, 8.12, 8.13, 8.14, 9.1, 9.3, 10.2, 10.3, 10.4, 11.2, 11.4, 12.4, 12.7 and 12.9 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 and 11.2(B) 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, and Article X of this Lease.

SECTION 1.1 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

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 partnership formed under the laws of the State of New York, 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 the managing member of its general partner, 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 managing member of the general partner 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 Limited Partnership Agreement, as amended to the date hereof or any other 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 undertaking nor completion of the Project Facility by the Agency nor the leasing 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 within the State.

(D) The Project Facility 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 (other than the Company), 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; provided that such claims,

liabilities, damages, fees, expenses, fines and penalties of the Agency are not incurred or do not result solely from the intentional wrongdoing of the Agency or any of its members, officers, agents (other than the Company), attorneys, servants or employees. 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 any 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 (other than the Company), attorneys, servants and employees, past, present and future harmless, from all claims, liabilities, damages, fees, expenses, fines and penalties due to failure, or alleged failure, to comply therewith; provided that such claims, liabilities, damages, fees, expenses, fines and penalties of the Agency are not incurred or do not result solely 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 (other than the intentional wrongdoing of such parties) and notwithstanding the breach of any statutory obligation or any rule of comparative or apportioned liability.

(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 and the negative declaration issued by the Agency on June 22, 2011, under SEQRA applicable to the acquisition, construction, renovation, 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 and the date of issuance of such negative declaration which would cause the determination contained therein to be untrue.

(I) The Company acknowledges the provisions of Section 874(8) of the Act, which require that the Company as agent of the Agency annually file a statement with the New York State Department of Taxation and Finance, on a form and in such a manner as is prescribed by the Commissioner of Taxation and Finance, of the value of all sales and use tax exemptions claimed by the Company (or any of its agents) under the authority granted by the Agency.

(J) The Company acknowledges the provisions of Section 874(9) of the Act, which require the Agency to file within thirty (30) days of the date the Company is appointed the agent of the Agency, a statement with the New York State Department of Taxation and Finance, on a form and in such a manner as is prescribed by the Commissioner of Taxation and Finance, identifying the Company as agent of the Agency, setting forth the taxpayer identification number of the Company, giving a brief description of the goods and/or services intended to be exempted from sales and use taxes as a result of such appointment as agent, indicating a rough estimate of the value of the goods and/or services to which such appointment as agent relates, indicating the date when such designation as agent became effective and indicating the date upon which such designation as agent shall cease. The Company agrees to timely provide the foregoing

information to the Agency and to otherwise reasonably cooperate with the Agency in connection with the preparation and filing of such form.

(K) There are no actions, suits, investigations or proceedings of or before any Governmental Authority pending or to the knowledge of the Company, 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, which may have a material adverse effect on the Company or any of its Property.

(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, collectively, (i) commencing on the Completion Date and at all times thereafter during the term of this Lease, employ or cause to be employed at least three (3) full-time employees and one (1) part-time employee with respect to the Project Facility (including, without limitation, managerial and maintenance service employees); and (ii) create or cause to be created from time-to-time, in the aggregate, at least seventy-five (75) full-time equivalent, private sector construction jobs during the period from the Closing Date until the Completion Date, all of which jobs shall, at all times during the term of this Lease, be located at the Project Facility (collectively, the "Minimum Employment Requirement").

(O) The funds available to the Company are sufficient to pay all costs in connection with the acquisition, construction, renovation, installation and equipping of the Project Facility.

(P) The Company is not a Prohibited Person, no Guarantor is a Prohibited Person, and no Affiliate of the Company or any Guarantor is a Prohibited Person and no partner, director or shareholder, as the case may be, of the Company 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 any 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) Except as provided in Section 12.19 hereof, the Company is, and shall at all times during the term of this Lease continue to be, managed solely by Anthony A. Nickas and Christopher W. Collins who shall remain members of the majority member of the Company's general partner and Edward Lubitz who shall remain a member of the Company's general partner; further, Anthony A. Nickas shall remain the President of the manager of the Company's general partner.

(T) The Project Facility is located entirely within the boundaries of the Village of Hempstead, located in the Town of Hempstead, Nassau County, New York, and is located only within the Hempstead Union Free School District.

(U) The total cost of the Project that is subject to the Agency's Financial Assistance is at least \$31,981,795.00.

(V) As of the date hereof, no leases exist with respect to the Project Facility except this Lease and no person (other than the Company) is in occupancy or possession of any portion of the Project Facility other than tenant unit occupants pursuant to tenant leases in the ordinary course of business of the Company.

ARTICLE III CONVEYANCE AND USE OF PROJECT FACILITY

SECTION 3.1 CONVEYANCE TO THE AGENCY. (A) Pursuant to the Deed to the Agency, the Company has conveyed or will convey, or will cause to be conveyed, to the Agency all of its right, title and interest in and to the Premises for the purpose of undertaking and completing the Project. The Company hereby represents and warrants that prior to giving effect to such conveyance, it has good and marketable title to the Premises, free and clear from all Liens except for Permitted Encumbrances, and agrees that the Company will defend (with counsel selected by the Agency), indemnify and hold the Agency harmless from any expense or liability due to any defect in title thereto.

(B) The Company and the Agency acknowledge that the Project Facility and the interest therein conveyed to the Agency from the Company and leased by the Agency back to the Company are not "property" as defined in Title 5-A of the Public Authorities Law of the State because such property and the interests therein are security for the Company's obligations to the Agency under this Lease and the other Transaction Documents, including, without limitation, (i) the Company's obligation to acquire, construct, renovate, install, equip and maintain the Project

Facility on behalf of the Agency, and (ii) the performance by the Company to the Agency of the Company's other obligations under this Lease and the other Transaction Documents.

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 reasonable 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 affordable housing, together with uses incidental or ancillary 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 nuisance, under applicable law, or (4) for any use that would terminate any casualty or liability insurance required under Section 6.3, or (5) by any tenant 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 (i) the Company has not used Hazardous Materials on, from or affecting the Project Facility 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) except as set forth in the Environmental Report, 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 construct, renovate and operate the Project Facility and is in compliance with their requirements in all material respects, (iv) except as set forth in the Environmental Report, 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) except as set forth in the Environmental Report, 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) except as set forth in the Environmental Report, 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) except as set forth in the Environmental Report, 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 partners, agents, servants, employees or representatives, a release of Hazardous Materials that violates Environmental Laws on, under or from the Project Facility.

(C) The Company shall comply with, and shall use its best efforts to ensure compliance by all other tenants, subtenants and occupants of the Project Facility with, all Environmental Laws whenever and by whomever triggered, and shall obtain and comply with, and shall use its best efforts to ensure that all other 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, notifications, 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, reasonable attorney and consultant fees, reasonable costs of remediation, investigation and laboratory fees,

court costs and litigation expenses. Costs under this subsection (D) will be repaid upon demand with interest at the Default Interest Rate commencing fifteen (15) days after such demand.

(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 previously discussed in the Environmental Report or 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 partners, agents, employees, servants or representatives, may at any reasonable time upon reasonable advance notice (except in the event of an emergency for which no such advance notice is required) and at the Company's reasonable 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 Premises 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 Premises 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 Premises 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 reasonably satisfactory to the Agency, (a) a fee title insurance policy (the "Title Policy") insuring the Agency's fee simple interest in the Premises against loss as a result of defects in title, subject only to Permitted Encumbrances, (b) a mortgagee title insurance policy insuring the PILOT Mortgagee's mortgage interest in the Premises against loss as a result of defects in title, subject only to Permitted Encumbrances, and (c) a current survey of the Premises 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 lawful corporate purpose.

ARTICLE IV
UNDERTAKING AND COMPLETION OF THE PROJECT

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

(A) The Company shall, on behalf of the Agency, promptly acquire, construct, renovate, install and equip the Project Facility, or cause the acquisition, construction, renovation, 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) No material change in the Plans and Specifications shall be made unless the Agency shall have consented thereto in writing (which consent shall not be unreasonably withheld or delayed). If the Agency fails to respond to the Company's written request for such consent within twenty (20) days after delivery of such request to the Agency, then the Agency shall be deemed to have consented unless such consent requires the approval of the members of the Agency. If such request requires the approval of the members of the Agency, the Agency shall have such reasonable additional period of time as may be required to convene a meeting of the members of the Agency to consider such request.

(C) Title to all materials, equipment, machinery and other items of Property presently incorporated or installed in and which are a part of the Project Facility shall vest in the Agency immediately upon execution of the Bill of Sale to Agency. 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 Premises 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 reasonably 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) The Agency hereby appoints the Company, and the Company hereby accepts such appointment, as its true and lawful agent to perform the following in compliance with the terms, purposes and intent of the Transaction Documents: (1) to acquire the Project Facility, (2) to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions with any other Persons, and in general to do all things which may be required or proper, all for the acquisition, construction, renovation, installation and equipping of the Project Facility, with the same powers and with the same validity as the Agency could do if acting in its own behalf, provided that the liability of the Agency thereunder shall be limited to the moneys made

available therefore by the Company and advanced for such purposes by the Company pursuant to Section 4.1(H) of this Lease, (3) to pay all fees, costs and expenses incurred in the acquisition, construction, renovation, installation and equipping of the Project Facility from funds made available therefore in accordance with this Lease, and (4) to ask, demand, sue for, levy, recover and receive all such sums of money, debts, dues and other demands whatsoever which may be due, owing and payable to the Agency under the terms of any contract, order, receipt, writing or instruction in connection with the acquisition, construction, renovation, installation and equipping of the Project Facility and to enforce the provisions of any contract, agreement, obligation, bond or other performance security in connection with the same.

(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.

(H) The Company agrees, for the benefit of the Agency, to undertake and complete the Project and to pay all such sums as may be required in connection therewith. Title to portions of the Project Facility acquired at the Company's cost shall immediately upon such acquisition vest in the Agency, subject to Permitted Encumbrances. The Company shall execute, deliver and record or file such instruments as the Agency may reasonably request in order to perfect or protect the Agency's title to such portions of the Project Facility.

(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) The Company agrees, (i) at the option of the Agency and at the sole expense of the Company, to erect signage at the Project Facility during the term of this Lease, which signage shall be in form and content reasonably satisfactory to the Agency and shall identify the Agency and its role in the Project, and (ii) that the Agency may otherwise publicize the Agency's role in the Project.

(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 construction (including, without limitation, the initial construction, renovation, installation and equipping of the Project Facility and for buildout of subtenant premises), 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. 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.

(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 (including, without limitation, the initial construction, renovation, installation and equipping of the Project Facility and for buildout of subtenant premises), 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.

(M) The Company shall furnish to the Agency all information and/or documentation requested by the Agency pursuant to this Section 4.1 and will cooperate with the Agency for the purposes of investigation to ascertain compliance with this Section 4.1.

SECTION 4.2 COMPLETION OF THE PROJECT FACILITY; FEES.

(A) The Company will proceed with due diligence to commence construction, renovation, installation and equipping of the Project Facility in accordance with Section 4.1 of this Lease, within thirty (30) days after the Closing Date, and shall thereafter proceed with due diligence to complete the construction, renovation, installation and equipping of and shall have commenced its operations in the Project Facility on or before January 1, 2013 subject to one (1) extension of up to six (6) months at the option of the Company exercisable on not less than thirty (30) days notice prior to January 1, 2013 provided that no Event of Default has occurred and is continuing hereunder (such date, the "Scheduled Completion Date"). The Company covenants to diligently prosecute its application for all appropriate building permits for the Project Facility.

Completion of the Project Facility shall be evidenced by a certificate signed by an Authorized Representative of the Company delivered to the Agency stating (A) the date of such completion, (B) that all labor, services, materials and supplies used therefor and all costs and expenses in connection therewith have been paid or any amount not paid shall have been bonded, (C) that the acquisition, construction, renovation, installation and equipping of the Project Facility has been completed in a good and workmanlike manner, (D) that the Company or the Agency has good and valid title to all Property constituting a portion of the Project Facility, free and clear of all Liens, unless bonded, and encumbrances except Permitted Encumbrances, and (E) that the Project Facility is ready for occupancy, use and operation for its intended purposes. Such certificate shall be accompanied by a permanent or temporary certificate of occupancy for the Project Facility and any and all permissions, licenses or consents required of Governmental Authorities for the occupancy, operation and use of the Project Facility for its intended purposes.

(B) The Company shall pay or cause to be paid within the time periods required by applicable Governmental Authorities, all construction related and other fees for the Project, if any, including, without limitation, building permit fees, plumbing fixture permit fees, recreation fees, site planning fees, city consultant review fees, special use fees, variance fees, sewer hook up fees, water service installation fees and fire line fees, if any.

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 acquisition, construction, renovation, installation and equipping of 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 Agency shall deliver to the Company possession of the Project Facility, subject to the provisions of this Lease, and the leasehold estate created hereby shall commence, on the Closing Date, and the Company shall accept 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) January 1, 2044 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 reasonable 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) the sum of \$1.00, (2) all fees and expenses of counsel to the Agency and Special Counsel to date with respect to the Project, and (3) 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 agrees to pay to the Agency the following fees: (1) a closing compliance fee in the amount of \$2,500.00, and (2) an Agency administrative fee in the amount of \$143,965.00 with respect to the Project (collectively, the "Administrative Fee"). The Administrative Fee is due and payable by the Company to the Agency on the Closing Date. The Administrative Fee is non-refundable and is deemed earned in full upon the execution and delivery of this Lease.

(C) The Company agrees to pay to the Agency an annual administrative fee in the amount of \$1,000.00 (the "Annual Fee"). The Annual Fee for the first year of the lease term (or part thereof) shall be due and payable on the Closing Date and the Annual Fee for each year thereafter shall be due and payable, in advance, on or before 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 fifteen (15) days after receipt of a demand therefor from the Agency, the Company shall pay to the Agency the sum of the reasonable costs and 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 reasonable fee or expense of the Agency with respect to the Project Facility, the leasing or sale of the Project Facility to the Company, or any of the other Transaction Documents, the payment of which is not otherwise provided for under this Lease.

(E) The Company agrees to make the above-mentioned payments in immediately available funds, without any further notice or demand, by wire transfer or other form of payment satisfactory to the Agency, 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 fifteen (15) 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, failure to complete the Project, 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.

(C) Reserved.

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, 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 beyond any applicable notice, cure or grace periods;

(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 fifteen (15) 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, \$100,000 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 reasonable judgment of the Agency;

(7) if the cost of such alterations, modifications or improvements is estimated to exceed \$100,000, 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 reasonably 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 Premises, 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 “financial assistance” (as such quoted term is defined in the Act”) from the Agency; 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.

The provisions of this Subsection (B) shall not apply to the initial construction, renovation, installation and equipping of the Project Facility pursuant to the Plans and Specifications, which are hereby approved by the Agency as well as any approved change orders.

(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 (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.

(D) Any provision of this Lease to the contrary notwithstanding, the Company shall not construct any building or structure 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, without inurrence of penalty or interest: (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 and governmental charges 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, or cause to be paid, 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, upon ten (10) days' prior written notice to the Company. 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 terms, amount, 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 beyond any applicable notice, cure or grace period, (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 reasonably satisfactory to the Agency.

SECTION 6.3 INSURANCE REQUIRED. During the term of this Lease, the Company shall maintain, or cause to be maintained, insurance with respect to the Project Facility against such risks and liabilities and for such amounts as are, in the Agency's reasonable 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, and including coverage against acts of terrorism. 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 reasonably 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 or who are responsible for the acquisition, construction, renovation, installation or equipping of 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 Subsection (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 reasonably satisfactory to the Agency and having an A.M. Best rating reasonably 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 calendar year thereafter 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 calendar 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, or caused to 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 Premises 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 any portion of the HFA Bonds are outstanding and the HFA Mortgage and the Freddie Mac Mortgage remains a Lien on the Project Facility, the Agency agrees that (i) HFA's assignee under the HFA Mortgage and Freddie Mac 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 Assignment Agreement.

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 New York State Board of Real Property Services Form RP-412-a (a "Real Property Tax Exemption Form") with respect to the Project Facility. 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, which consent shall not be unreasonably withheld or delayed, 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 or, so long as the Freddie Mac Mortgage is a lien on the Project Facility, with Freddie Mac or an independent trustee acceptable to Freddie Mac) such moneys as may be necessary to pay the costs of the replacement, repair, rebuilding or restoration of the Project Facility, and (2) any balance of such funds from the Net Proceeds of any insurance settlement, if any, remaining on deposit with the Agency or, so long as the Freddie Mac Mortgage is a lien on the Project Facility, with Freddie Mac or an independent trustee acceptable to Freddie Mac 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 and subject to the applicable provisions of the HFA Mortgage and the Freddie Mac Mortgage, along with the Assignment Agreement, 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; provided, however that so long as the HFA Mortgage and/or the Freddie Mac Mortgage remains a lien on the Project Facility, HFA and Freddie Mac shall have the right to participate in the adjustment of all claims in accordance with the requirements of the Assignment Agreement.

(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 has been commenced 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, which consent shall not be unreasonably withheld or delayed, 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 or, so long as the Freddie Mac Mortgage is a lien on the Project Facility, with Freddie Mac or an independent trustee acceptable to Freddie Mac) 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 or, so long as the Freddie Mac Mortgage is a lien on the Project Facility, with Freddie Mac or an independent trustee acceptable to Freddie Mac, provided by the Agency or, so long as the Freddie Mac Mortgage is a lien on the Project Facility, with Freddie Mac or an independent trustee acceptable to Freddie Mac, 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 or, so long as the Freddie Mac Mortgage is a lien on the Project Facility, with Freddie Mac or an independent trustee acceptable to Freddie Mac, 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 HFA Mortgage and the Freddie Mac Mortgage, along with the Assignment

Agreement, 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; provided however, that so long as the HFA Mortgage and/or the Freddie Mac Mortgage remains a lien on the Project Facility, HFA and Freddie Mac shall have the right to supervise and control the receipt and disbursement of condemnation awards in accordance with the requirements of the Assignment Agreement. 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 or HFA or Freddie Mac, 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 and Permitted Encumbrances.

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) all claims arising from the exercise by the Company of the authority conferred on it pursuant to Section 4.1(E) hereof, 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 advance notice (other than in the event of an emergency) 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, but the exercise of such right shall in no event be construed to mean that the Agency has assumed any obligation hereunder to perform such maintenance.

SECTION 8.4 COMPANY NOT TO TERMINATE EXISTENCE OR DISPOSE OF ASSETS. The Company agrees that, during the term of this Lease, except as permitted pursuant to Section 12.19 hereof, it will maintain its limited partnership 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 corporation or other Person, or permit one or more corporations 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, which consent shall not be unreasonably withheld or delayed. 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 Guarantors 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) Within thirty (30) days after the end of each fiscal year of the Company, 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, beyond any applicable notice, cure or grace period, 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 reasonably 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, promptly 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, after the expiration of any applicable notice or cure period, without further 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 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 treated as the owner of the Project Facility for federal income tax purposes and 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" including the low-income housing tax credit under Section 42 of the Code 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 effective date of this Lease, 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 SALES AND USE TAX EXEMPTION.

(A) Pursuant to Section 874 of the Act, the parties understand that the Agency is exempt from certain sales and use taxes imposed by the State and local governments in the State, and that the Project may be exempted from those taxes due to the involvement of the Agency in the Project. Any exemption from the payment of New York sales and use taxes resulting from Agency involvement in the Project shall be limited to purchases of services and the purchase or lease of tangible personal property conveyed to the Agency or utilized by the Agency or by the Company (itself or through an Approved Agent) as agent of the Agency as a part of or incorporated within the Project Facility. No operating expenses (including, without limitation, costs of utilities, cleaning services or supplies) of the Project and no other purchases of services or property shall be subject to an exemption from the payment of New York sales or use taxes. The Agency makes no representations or warranties that any property or service is exempt from the payment of New York sales or use taxes.

(B) On the Closing Date, the Agency shall execute and deliver to the Company, a sales and use tax exemption letter in the form attached hereto as Exhibit E (the "Sales Tax Exemption Letter"). The granting of the sales and use tax exemption herein is subject to the following additional terms and conditions:

(1) The Sales Tax Exemption Letter shall be dated the Closing Date and shall be effective for a term commencing on its date and expiring upon the earliest to occur of: (a) the termination of this Lease, (b) March 1, 2013, or (c) the termination of the Sales Tax Exemption Letter pursuant to the terms hereof and thereof;

(2) Anything in this Lease or the Sales Tax Exemption Letter to the contrary notwithstanding, the sales and use tax exemption to be provided pursuant to the Sales Tax Exemption Letter (a) shall not be available for any date subsequent to which the Sales Tax Exemption Letter shall have been suspended as provided in this Lease; provided, however, that in the event the Company shall thereafter cure the default(s) giving rise to such suspension, or the Agency shall thereafter waive such suspension and the sales and use tax exemption shall again continue from the date of such cure or waiver; (b) shall not be available for or with respect to any tangible personal property having a useful life of less than one year; and (c) shall not be available after the Company and the Approved

Agents shall have made purchases under the Sales Tax Exemption Letter resulting in sales and use tax exemptions in the aggregate amount of the Maximum Sales Tax Benefit;

(C) The Company agrees to furnish to the Agency within fifteen (15) days after the end of each calendar quarter through the end of the calendar quarter following the expiration of the Sales Tax Exemption Letter, a sales and use tax exemption report (the "Quarterly Sales Tax Report"), in form and substance satisfactory to the Agency in its reasonable judgment, with respect to the use of the Sales Tax Exemption Letter by the Company and its agents, contractors and subcontractors, including, without limitation, the Approved Agents, during the preceding calendar quarter. Each said Quarterly Sales Tax Report shall be certified by an Authorized Representative of the Company and shall: (1) identify the contracts and specific property exempted from sales taxes and/or use taxes during such period; (2) indicate the parties to said contract; (3) indicate the maximum amount payable under said contract, and indicate what portion of said amount would normally be subject to sales and use taxes imposed in the State; (4) indicate the amount of sales tax benefit expected to be received with respect to said contract; and (5) indicate the cumulative sales tax benefit received by the Company (including through its Approved Agents) with respect to the Project for the calendar year.

(D) Pursuant to Section 874(8) of the Act, the Company agrees to file annually, with the New York State Department of Taxation and Finance (the "Department"), on a form and in such manner as is prescribed by the New York State Commissioner of Taxation and Finance (the "Annual Sales Tax Report"), a statement of the value of all sales and use tax exemptions claimed by the Company and all contractors, subcontractors, consultants and other agents of the Company, including, without limitation, the Approved Agents, under the authority granted to the Company pursuant to Section 4.1(E) of this Lease. Pursuant to Section 874(8) of the Act, the penalty for failure to file the Annual Sales Tax Report shall be the termination of authority to act as agent of the Agency. Additionally, if the Company shall fail to comply with the requirements of this subsection (D), the Company shall immediately cease to be the agent of the Agency in connection with the Project.

(E) The Company agrees to furnish to the Agency, simultaneously with its delivery of such report to the Department, a copy of each such Annual Sales Tax Report submitted to the Department by the Company pursuant to Section 874(8) of the Act.

(F) Pursuant to Section 874(9) of the Act, the Agency shall file within thirty (30) days of the Closing Date with the Department on a form and in such manner as is prescribed by the New York State Commissioner of Taxation and Finance (the "Thirty-Day Sales Tax Report"), a statement identifying the Company as agent of the Agency, setting forth the taxpayer identification number of the Company, giving a brief description of the goods and/or services intended to be exempted from sales taxes as a result of such appointment as agent, indicating a rough estimate of the value of the goods and/or services to which such appointment as agent relates, indicating the date when such designation as agent became effective and indicating the date upon which such designation as agent shall cease. The Company agrees to timely provide

the foregoing information to the Agency and to otherwise cooperate with the Agency in connection with the preparation and filing of the Thirty-Day Sales Tax Report.

(G) The Company agrees to furnish to the Agency, on request, an opinion of the chief financial officer or, upon request of the Agency, a certified public accountant to the effect that such officer or accountant has audited the use by the Company (and the Approved Agents) of the Sales Tax Exemption Letter for the preceding calendar year, and has reviewed the terms and provisions of the Sales Tax Exemption Letter and of this Section 8.12, and has further audited the Quarterly Sales Tax Reports for the preceding calendar year, and that such Quarterly Sales Tax Reports were properly prepared and accurately reflect the matters certified therein.

(H) The Company covenants and agrees that it shall include the following language in and as a part of each contract, invoice, bill or purchase order entered into by the Company, as agent of the Agency, in connection with the acquisition, construction, renovation, installation and equipping of the Project Facility:

“This [contract] is being entered into by Pine Town Homes, L.P., (the “Agent”), as agent for and on behalf of the Nassau County Industrial Development Agency (the “Agency”) in connection with a certain project of the Agency for the Agent consisting in part of the acquisition, construction and renovation of a commercial facility and the acquisition and installation of certain machinery, equipment and building materials, all for incorporation and installation in certain premises located at 151B East Pine Street, City of Long Beach, County of Nassau, New York (the “Premises”). The machinery, equipment and building materials to be incorporated and installed in the Premises shall be exempt from the sales and use taxes levied by the State of New York if the acquisition thereof is effected in accordance with the terms and conditions set forth in the attached sales tax exemption letter of the Agency; and the Agent hereby represents that this [contract] is in compliance with the terms of the sales tax exemption letter. This [contract] is non-recourse to the Agency, and the Agency shall not be directly, indirectly or contingently liable or obligated hereunder in any manner or to any extent whatsoever. By execution or acceptance of this [contract], the [vendor/contractor] hereby acknowledges and agrees to the terms and conditions set forth in this paragraph.”

If the Company fails to include, incorporate by reference or otherwise cause the contract, invoice, bill or purchase order to be subject to the above provision, then such contract, invoice, bill or purchase order shall not be an undertaking on behalf of the Agency and shall not be entitled to any of the benefits that may be conferred by the Agency, the Company shall not claim any sales or use tax benefits or exemptions with respect thereto, and the Company shall return to the Agency any such benefits or exemptions so taken, together with interest thereon at the Default Interest Rate, from the date of such taking.

(I) Without limitation of any of the Agency's other rights under this Lease, in the event that the Company shall utilize the sales or use tax exemption provided pursuant to the Sales Tax Exemption Letter in violation of the provisions of this Section 8.12, the Company shall promptly deliver notice of same to the Agency, and the Company, upon demand of the Agency, shall pay to the Agency a return of sales or use tax exemptions in an amount equal to all such unauthorized sales or use tax exemptions together with interest at the Default Interest Rate from the date and with respect to the dollar amount for which each such unauthorized sales or use tax exemption was used by the Company.

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, including 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 and the Transaction Documents 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, other than in the ordinary course of business, without the prior written consent of the Agency, which consent may be granted or withheld in the Agency's sole and absolute discretion.

(B) Intentionally Omitted.

(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.

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 fifteen (15) 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 thirty (30) 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 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.

(3) The occurrence of an "Event of Default" under any other Transaction Document which is not cured within any applicable cure period.

(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) Except as permitted pursuant to Section 12.19 hereof, 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. Notwithstanding anything to the contrary contained herein (i) transfers permitted pursuant to Section 12.19 hereof shall not constitute an Event of Default hereunder, and (ii) either Guarantor may, upon

reasonable prior notice to the Agency, transfer ownership interests in the Company to their immediate family members or to trusts or other entities established for estate planning purposes, provided that in any event, the Guarantors shall continue to control the day-to-day management and operation of the Company and the Project Facility.

(8) The imposition of a Lien on the Project Facility other than a Permitted Encumbrance, subject to the right of the Company to obtain the discharge thereof pursuant to Section 8.8(B) of this Lease.

(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 any 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 any 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 fails to (a) notify Government Authorities within the time period required under Environmental Laws; or (b) commence all legally required and/or reasonably appropriate emergency containment, assessment, cleanup, and other remedial actions (collectively, "Remedial Action") within twenty (20) days of the Company's notification or discovery of the existence of such Hazardous Materials or within such other, shorter time period as may apply under Environmental Laws; or (c) pursue such Remedial Action diligently to completion within a reasonable period of time, which shall in no event exceed one hundred twenty (120) days after the notification or discovery.

(12) Any loss of title by the Agency to the Project Facility, or any part thereof.

(13) The Company, its General Partner, any Guarantor or any Affiliate thereof or any director, partner, manager or shareholder of the Company, 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) Failure by the Company to commence the construction, renovation, installation and equipping of an economic development project, satisfactory to the Agency in its sole discretion, on the Land, within twelve (12) months after the Closing Date.

(16) If any of the events enumerated in clauses (4) through (6) of this Section 10.1(A) shall happen to any Guarantor; provided, however that the Agency at its sole discretion may accept a replacement Guarantor as set forth in Section 12.19(A) hereof.

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

(18) Except as permitted pursuant to Section 12.19 hereof, if the Company ceases to be managed or controlled, directly or indirectly, by Christopher W. Collins, Anthony A. Nickas and Edward Lubitz.

(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), 3.1, 3.3, 4.1(F), 6.1, 8.2 and 12.9(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 which is not cured within the applicable notice and cure period, the Agency may, to the extent permitted by law, take any one or more of the following remedial steps subject to (except with respect to the Agency Unassigned Rights) any rights of HFA and Freddie Mac under their respective Mortgages:

(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) except as limited by Section 11.2(A) hereof, 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) except as limited by Section 11.2(A), bring an action for damages, injunction or specific performance; or

(5) suspend the right of the Company to act as agent for the Agency in connection with the Project, including, without limitation, as its agent for the purpose of the sales and use tax exemption afforded to the Company pursuant to this Lease; 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) except as limited by Section 11.2(A), 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 at any time 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. In the event the Company exercises its option under Section 11.1 if an Event of Default has occurred or is continuing, the obligation of the Agency under this Section 11.2 to convey the Project Facility to the Company will be subject to the Company paying all amounts due pursuant to 11.4 hereof and any reasonable costs and expenses of the Agency in connection with such conveyance. Upon the Event of Default, the Agency shall not exercise its remedies pursuant to Section 10.2(A) (2), (4) and (7) if within a period of thirty (30) days following the Agency providing written notice to the Company that an Event of Default has occurred or is continuing, the Company has commenced and is diligently pursuing exercising its option pursuant to Section 11.1 hereof.

(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 taxes, if any, and reasonable expenses 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 fifteen (15) days prior to the date that the Project Facility or any portion thereof is to be conveyed to the Company.

(D) Notwithstanding the provisions of this Lease (i.e. Sections 10.2 and 11.1) that permit the Agency or the Company to terminate the Lease and transfer fee title to the Company, if the parties terminate this Lease but an Event of Default has occurred under the bankruptcy provisions of Section 10.1(A)(6) without the knowledge of the Agency, then, in such event, the termination of the Lease shall be voided and of no effect, and 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 the Agency not been involved in the Project; 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 mortgagee under any mortgage, encumbering the Project Facility, or any part thereof, including, without limitation, the PILOT Mortgage, the HFA Mortgage, or the Freddie Mac Mortgage, shall commence proceedings or exercise any right to foreclose such mortgage; 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; or

(8) 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 the County); or

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:

Pine Town Homes, L.P.
Pilot House,
Lewis Wharf, Boston, MA 02110

WITH A COPY TO:

Nixon Peabody LLP
437 Madison Avenue
New York, New York 10022
FAX: 212-940-3111

WITH A COPY TO:

Hudson Housing Capital LLC
630 Fifth Avenue
New York, NY 10111
Attn: Joseph A. Macari
Fax: 212-218-4488

WITH A COPY TO:

New York State Housing Finance Agency
641 Lexington Avenue
New York, New York 10022
Attention: Executive Vice President

WITH A COPY TO:

Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive
Mail Stop B4F
McLean, Virginia 22102
Attention: Director of Multifamily Loan Servicing
Facsimile: (703) 714-3003
Telephone: (703) 903-2000

WITH A COPY TO:

Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive
McLean, Virginia 22102
Attention: Associate General Counsel - Multifamily
Legal Department
Facsimile: (703) 903-2885
Telephone: (703) 903-2000

WITH A COPY TO:

Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive
Mail Stop B4Q
McLean, Virginia 22102
Attention: Director of Multifamily Loan Accounting
Facsimile: (703) 714-3273
Telephone: (703) 903-2000

WITH A COPY TO:

Prudential Affordable Mortgage Company
8401 Greensboro Drive, Second Floor
McLean, VA 22102
Attention: President – Affordable Housing
Telephone Number: (703) 610-1340
Telecopier Number: (703) 610-1405

WITH A COPY TO:

Prudential Asset Resources
2100 Ross Avenue, Suite 2500
Dallas, TX 75201
Attention: Director – Structured Products
Telephone Number: (214) 777-4523
Telecopier Number: (214) 777-4556

IF TO THE AGENCY:

Nassau County Industrial Development Agency
1550 Franklin Avenue, Suite 235
Mineola, New York 11501
Attn: Executive Director

WITH A COPY TO:

Harris Beach
100 Wall Street
New York, New York 10005
Attn: Andrew Komaromi, Esq.

(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), 3.1, 3.3, 4.1(F), 6.1, 8.2 and 12.9(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 or the County and neither the State nor the County 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, Nixon

Peabody LLP, 437 Madison Ave., New York 10022 Attn: Joseph Lynch, Esq., and his/her 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 June 29, 2011.

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 HFA Mortgage, the Freddie Mac Mortgage, and the PILOT Mortgage, including all amounts advanced thereunder and all renewals, modifications and replacements thereof.

SECTION 12.19 COMPANY TAX CREDIT INVESTOR PROVISIONS. Notwithstanding any other provisions hereof or of the Transaction Documents to the contrary, the following provisions shall apply:

(A) Removal of General Partner. The withdrawal, removal and/or replacement of Company's general partner(s) for cause in accordance with the Limited Partnership Agreement shall not require the consent of the Agency and shall not constitute a default under hereunder or under the Transaction Documents. The Special Limited Partner (as defined in the Limited Partnership Agreement) of the Company may exercise its right to remove a general partner and replace it with an affiliate of Hudson Housing Capital LLC without the consent of the Agency. The Agency shall not unreasonably withhold its consent to any other substitute general partner. Notwithstanding the foregoing, the substitute general partner shall assume all of the rights and obligations of the removed general partner hereunder and under all of the Transaction Documents. Upon removal of the General Partner and if no Event of Default has occurred and is continuing, the Company shall have the right to offer to replace the Guarantors under the Guarantee and the Environmental Indemnification Agreement or to provide any other form of a substitution of the Guaranty. The Agency shall not unreasonably withhold its consent to the replacement of Guarantors or the substitution of the Guaranty, so long as the Agency is provided with reasonable opportunity to review the proposed replacement Guarantor(s) or the adequacy of the proposed substitute Guaranty and the Agency reasonably determines that the credit quality thereof is not inferior to the credit quality of the Guarantors or Guaranty proposed to be replaced.

Upon the replacement of the Guarantors or the substitution of the Guarantee the Guarantors shall be released from their obligations under the Transaction Documents.

(B) Assignment of Limited Partner Interests. The respective interests of the Company's Special Limited Partner and Investor Limited Partner (as defined in the Limited Partnership Agreement) shall be transferable to any affiliate of Hudson Housing Tax Credit Fund XLII LP without the consent of the Agency. The respective interests of the Company's Special Limited Partner and Investor Limited Partner shall be transferable to a non-affiliate Hudson Housing Capital LLC, with the consent of the Agency, which consent shall not be unreasonably withheld.

(C) Notice and Cure Rights. The Agency hereby agrees that any cure of any default made or tendered by Company's Administrative Limited Partner and/or Investor Limited Partner shall be deemed to be a cure by the Company and shall be accepted or rejected on the same basis as if made or tendered by Company. Copies of all notices which are sent to Company under the terms of the Transaction Documents shall also be sent to Hudson Housing LLC.

(D) Insurance and Condemnation Proceeds. Notwithstanding anything to the contrary contained in the Transaction Documents, in the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Project, or any part thereof, the Company shall have the right to rebuild the Project, and to use all available insurance or condemnation proceeds therefor, provided that (a) such proceeds are sufficient to keep the Loan in balance and rebuild the Project in a manner that provides adequate security to Mortgagee of the HFA Mortgage and the Mortgagee of the Freddie Mac Mortgage, or if such proceeds are insufficient then the Company shall have funded any deficiency, (b) the Agency and so long as the HFA Mortgage and/or the Freddie Mac Mortgage remains a lien on the Project Facility, HFA and Freddie Mac shall have the right to supervise and control the receipt and disbursement of condemnation awards in accordance with the requirements of the Assignment Agreement, the Agency and so long as the HFA Mortgage and/or the Freddie Mac Mortgage remains a lien on the Project Facility, HFA and Freddie Mac shall have the right to approve plans and specifications for any major rebuilding, and (c) no continuing material default then exists by the Company under the Transaction Documents. If the casualty or condemnation affects only part of the Project and total rebuilding is infeasible, then proceeds may be used for partial rebuilding.

(E) Purchase Option/First Refusal Right. Notwithstanding anything to the contrary contained in the Transaction Documents, the execution and delivery of a purchase option agreement shall not constitute a default under the Transaction Documents. Any requisite consent of the Agency or Mortgagee of the HFA Mortgage and the Mortgagee of the Freddie Mac Mortgage to (a) the exercise of such purchase option agreement by the optionee thereunder and (b) the assumption without penalty of the obligations by the optionee thereunder, and the release of the Company from such obligations, shall not be unreasonably withheld. Subject to any such consent requirement, the exercise of the rights under such purchase option agreement shall not constitute a default.

(F) Extended Use Agreement. Notwithstanding anything to the contrary contained in the Transaction Documents, Agency agrees that the lien created under the Transaction Documents shall be subordinate to any extended low-income housing commitment (as such term is defined in Section 42(h)(6)(B) of the Code) (the "Extended Use Agreement") recorded against the Project, provided that such Extended Use Agreement, by its terms, must terminate upon foreclosure under the Mortgage/Deed of Trust or upon a transfer of the Project by instrument in lieu of foreclosure, in accordance with Section 42(h)(6)(E) of the Code.

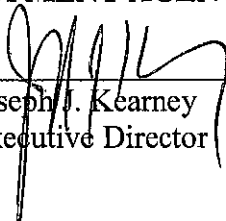
(G) Inconsistency. In the event of any inconsistency or conflict between the covenants, terms and conditions of any of the Transaction Documents and this Section 12.19, the covenants, terms and conditions of this Section 12.19 shall control.

SECTION 12.20 HFA AND FREDDIE MAC CURE RIGHTS. The Agency hereby agrees that (A) HFA and FREDDIE MAC shall each have the right, but not the obligation, to cure any default, (B) any cure of any default made or tendered by HFA or FREDDIE MAC shall be deemed to be a cure by the Company and shall be accepted or rejected on the same basis as if made or tendered by Company, and (C) the time period given to HFA and FREDDIE MAC for curing a default shall be the same as the time period for curing a default which is given to the Company hereunder, except that HFA and FREDDIE MAC time period for curing a default shall begin on the date on which they receive notice of the default or Event of Default. Copies of all notices which are sent to Company under the terms of the Transaction Documents shall also be sent to HFA and FREDDIE MAC at their respective addresses set forth in Section 12.1 hereinabove.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

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 J. Kearney
Executive Director

PINE TOWN HOMES, L.P.,
a New York limited partnership

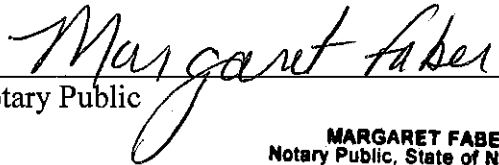
BY: Long Beach Apartments II, LLC,
its general partner

BY: C&N Manager, Inc.,
its manager

BY:  _____
Name: Anthony A. Nickas
Title: President

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

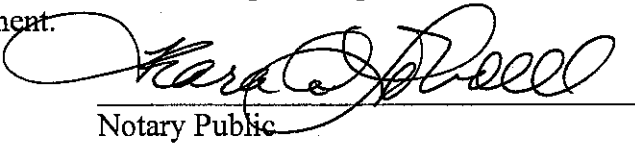
On the 23rd day of June, in the year 2011, before me, the undersigned, a notary public in and for said state, personally appeared Joseph J. Kearney, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and 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

MARGARET FABER
Notary Public, State of New York
No. 01FA5079336
Qualified in Nassau County
Commission Expires June 2, 2015

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

On the 24 day of June, in the year 2011, before me, the undersigned, a notary public in and for said state, personally appeared Anthony A. Nickas, 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 she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.


Notary Public

KARA A. LOBDELL
Notary Public, State of New York
No. 02LO6031220
Qualified in New York County
Commission Expires Sept. 27, 2013

EXHIBIT A

DESCRIPTION OF THE LAND

PARCEL I

SECTION: 59: BLOCK: 277 LOT: 3

ALL that certain plot, piece or parcel of land situate, lying and being in the City of Long Beach, County of Nassau, and State of New York bounded and described as follows:

BEGINNING at a point the following two courses and distances from the corner formed by the intersection of the North side of Pine Street and the east side of Park Place, both streets as shown on Map No. 4 Amending and Subdividing Block 92 of Map No. 1, Estates of Long Beach and filed in the Office of the County Clerk of the County of Nassau on January 3, 1926 as Case No. 710;

1. North 41 degrees 22 minutes 35 seconds East, 24.68 feet;
2. South 84 degrees 30 minutes 40 seconds East, 8.57 feet from said point of BEGINNING;

SAID POINT OR PLACE OF BEGINNING is also located 85.61 feet Easterly from the corner formed by the intersection of the North side of Pine Street and the East side of Park Place as both streets are currently located;

RUNNING THENCE North 5 degrees 29 minutes 20 seconds East along the Easterly line of the proposed Day Center, 100 feet;

THENCE South 84 degrees 30 minutes 40 seconds East, 411.17 feet and North 85 degrees 23 minutes 45 seconds East, 616.97 feet along a line 120 feet North of and parallel with Pine Street, as shown on the aforementioned map to the Northwest corner of a proposed park area;

THENCE South 3 degrees 16 minutes 14 seconds East, along the said Westerly side of the proposed park area, 100.02 feet to the proposed new line of Pine Street;

THENCE, along the proposed new line of Pine Street, which is 20 feet North of and parallel with the North side of Pine Street as shown on the aforementioned map, the following two courses and distances:

1. South 85 degrees 23 minutes 45 seconds West, 623.48 feet; and
2. North 84 degrees 30 minutes 40 seconds West, 420 feet to the point or place of BEGINNING.

PARCEL II

SECTION: 59 BLOCK: 104 LOT 78

ALL that certain plot, piece or parcel of land, situate, lying and being in the City of Long Beach, County of Nassau and State of New York being bounded and described as follows:

BEGINNING at a point on the Northerly side of Pine Street distant 150 feet West of the corner formed by the intersection of the Northerly side of Pine Street and the Westerly side of Long Beach Road, both streets as shown on Map No. 1, Estates of Long Beach, filed in the Office of the County Clerk of the County of Nassau on April 20, 1911 as File No. 31, Case No. 231;

SAID POINT OR PLACE OF BEGINNING is also located 100 feet Westerly from the corner formed by the intersection of the North side of Pine Street and the West side of Marginal Road Bridge Plaza as both streets are currently located;

RUNNING THENCE South 89 degrees 35 minutes 00 seconds West along the Northerly side of Pine Street, 540 feet;

THENCE North 00 degrees 25 minutes 00 seconds West, 100 feet;

THENCE North 89 degrees 35 minutes 00 seconds East, 540 feet; and

THENCE South 00 degrees 25 minutes 00 seconds East, 100 feet to the Northerly side of Pine Street, 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, renovation and installation of the project (the "Project") of the Nassau County Industrial Development Agency (the "Agency") located on the real property described on Exhibit A hereto (the "Land"), said Project to be acquired, constructed, renovated and installed by Pine Town Homes, L.P. (the "Company") as agent of the Agency pursuant to a lease agreement dated as of the date hereof (the "Lease Agreement") by and between the Agency and the Company 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 **PINE TOWN HOMES, L.P.**, a limited partnership formed under the laws of the State of New York, 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

DESCRIPTION OF THE LAND

PARCEL I

SECTION: 59: BLOCK: 277 LOT: 3

ALL that certain plot, piece or parcel of land situate, lying and being in the City of Long Beach, County of Nassau, and State of New York bounded and described as follows:

BEGINNING at a point the following two courses and distances from the corner formed by the intersection of the North side of Pine Street and the east side of Park Place, both streets as shown on Map No. 4 Amending and Subdividing Block 92 of Map No. 1, Estates of Long Beach and filed in the Office of the County Clerk of the County of Nassau on January 3, 1926 as Case No. 710;

3. North 41 degrees 22 minutes 35 seconds East, 24.68 feet;
4. South 84 degrees 30 minutes 40 seconds East, 8.57 feet from said point of BEGINNING;

SAID POINT OR PLACE OF BEGINNING is also located 85.61 feet Easterly from the corner formed by the intersection of the North side of Pine Street and the East side of Park Place as both streets are currently located;

RUNNING THENCE North 5 degrees 29 minutes 20 seconds East along the Easterly line of the proposed Day Center, 100 feet;

THENCE South 84 degrees 30 minutes 40 seconds East, 411.17 feet and North 85 degrees 23 minutes 45 seconds East, 616.97 feet along a line 120 feet North of and parallel with Pine Street, as shown on the aforementioned map to the Northwest corner of a proposed park area;

THENCE South 3 degrees 16 minutes 14 seconds East, along the said Westerly side of the proposed park area, 100.02 feet to the proposed new line of Pine Street;

THENCE, along the proposed new line of Pine Street, which is 20 feet North of and parallel with the North side of Pine Street as shown on the aforementioned map, the following two courses and distances:

3. South 85 degrees 23 minutes 45 seconds West, 623.48 feet; and
4. North 84 degrees 30 minutes 40 seconds West, 420 feet to the point or place of BEGINNING.

PARCEL II

SECTION: 59 BLOCK: 104 LOT 78

ALL that certain plot, piece or parcel of land, situate, lying and being in the City of Long Beach, County of Nassau and State of New York being bounded and described as follows:

BEGINNING at a point on the Northerly side of Pine Street distant 150 feet West of the corner formed by the intersection of the Northerly side of Pine Street and the Westerly side of Long Beach Road, both streets as shown on Map No. 1, Estates of Long Beach, filed in the Office of the County Clerk of the County of Nassau on April 20, 1911 as File No. 31, Case No. 231;

SAID POINT OR PLACE OF BEGINNING is also located 100 feet Westerly from the corner formed by the intersection of the North side of Pine Street and the West side of Marginal Road Bridge Plaza as both streets are currently located;

RUNNING THENCE South 89 degrees 35 minutes 00 seconds West along the Northerly side of Pine Street, 540 feet;

THENCE North 00 degrees 25 minutes 00 seconds West, 100 feet;

THENCE North 89 degrees 35 minutes 00 seconds East, 540 feet; and

THENCE South 00 degrees 25 minutes 00 seconds East, 100 feet to the Northerly side of Pine Street, 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, NY 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, PINE TOWN HOMES, L.P., a limited partnership formed under the laws of the State of New York, having an office at Pilot House, Lewis Wharf, Boston, MA 02110 (together, 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, which Equipment is located or intended to be located on a parcel of land (the "Land") located at 151B East Pine Street, Long Beach, 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 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 A

DESCRIPTION OF THE LAND

PARCEL I

SECTION: 59: BLOCK: 277 LOT: 3

ALL that certain plot, piece or parcel of land situate, lying and being in the City of Long Beach, County of Nassau, and State of New York bounded and described as follows:

BEGINNING at a point the following two courses and distances from the corner formed by the intersection of the North side of Pine Street and the east side of Park Place, both streets as shown on Map No. 4 Amending and Subdividing Block 92 of Map No. 1, Estates of Long Beach and filed in the Office of the County Clerk of the County of Nassau on January 3, 1926 as Case No. 710;

5. North 41 degrees 22 minutes 35 seconds East, 24.68 feet;
6. South 84 degrees 30 minutes 40 seconds East, 8.57 feet from said point of BEGINNING;

SAID POINT OR PLACE OF BEGINNING is also located 85.61 feet Easterly from the corner formed by the intersection of the North side of Pine Street and the East side of Park Place as both streets are currently located;

RUNNING THENCE North 5 degrees 29 minutes 20 seconds East along the Easterly line of the proposed Day Center, 100 feet;

THENCE South 84 degrees 30 minutes 40 seconds East, 411.17 feet and North 85 degrees 23 minutes 45 seconds East, 616.97 feet along a line 120 feet North of and parallel with Pine Street, as shown on the aforementioned map to the Northwest corner of a proposed park area;

THENCE South 3 degrees 16 minutes 14 seconds East, along the said Westerly side of the proposed park area, 100.02 feet to the proposed new line of Pine Street;

THENCE, along the proposed new line of Pine Street, which is 20 feet North of and parallel with the North side of Pine Street as shown on the aforementioned map, the following two courses and distances:

5. South 85 degrees 23 minutes 45 seconds West, 623.48 feet; and
6. North 84 degrees 30 minutes 40 seconds West, 420 feet to the point or place of BEGINNING.

PARCEL II

SECTION: 59 BLOCK: 104 LOT 78

ALL that certain plot, piece or parcel of land, situate, lying and being in the City of Long Beach, County of Nassau and State of New York being bounded and described as follows:

BEGINNING at a point on the Northerly side of Pine Street distant 150 feet West of the corner formed by the intersection of the Northerly side of Pine Street and the Westerly side of Long Beach Road, both streets as shown on Map No. 1, Estates of Long Beach, filed in the Office of the County Clerk of the County of Nassau on April 20, 1911 as File No. 31, Case No. 231;

SAID POINT OR PLACE OF BEGINNING is also located 100 feet Westerly from the corner formed by the intersection of the North side of Pine Street and the West side of Marginal Road Bridge Plaza as both streets are currently located;

RUNNING THENCE South 89 degrees 35 minutes 00 seconds West along the Northerly side of Pine Street, 540 feet;

THENCE North 00 degrees 25 minutes 00 seconds West, 100 feet;

THENCE North 89 degrees 35 minutes 00 seconds East, 540 feet; and

THENCE South 00 degrees 25 minutes 00 seconds East, 100 feet to the Northerly side of Pine Street, 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, renovation, installation and equipping of the project (the "Project") of the Nassau County Industrial Development Agency (the "Agency") located on the real property described on Exhibit A hereto (the "Land"), said Project to be acquired, constructed, renovated, installed and equipped by Pine Town Homes L.P. (the "Company") as agent of the Agency pursuant to a lease agreement dated as of June 1, 2011 (the "Lease Agreement") by and between the Agency and the Company 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 E

FORM OF SALES TAX EXEMPTION LETTER

See attached

EXHIBIT F

TERMINATION OF LEASE AGREEMENT

WHEREAS, Pine Town Homes, L.P. (the "Company"), as tenant, and the Nassau County Industrial Development Agency (the "Agency"), as landlord, entered into a lease agreement dated as of June 1, 2011 (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) January 1, 2044 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 desires 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 _____, ____.

[_____]

By: _____

NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: _____
Authorized Officer

STATE OF)
) 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 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 signatures) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

STATE OF)
) 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 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 signatures) 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 Jobs Service Division and local service delivery office created pursuant to the Job Training Partnership Act.

SCHEDULE A
APPROVED AGENTS

1. Pine Town Homes, L.P.

MEMORANDUM OF LEASE AGREEMENT

DATED AS OF JUNE 1, 2011

NAME AND ADDRESS OF
LESSOR:

NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY
1100 Franklin Avenue, Suite 300
Garden City, New York 11530

NAME AND ADDRESS OF
LESSEE:

PINE TOWN HOMES, L.P.
PILOT House
Lewis Wharf
Boston, Massachusetts 02110

DESCRIPTION OF LEASED PREMISES:

Eight (8) existing two-story multifamily housing structures comprised of approximately 130 low-income housing units ("Project Facility") located on an approximately 3.6-acre parcel of land located at 151B East Pine Street, City of Long Beach, County of Nassau, New York, which real property is more particularly described in Schedule A attached hereto and made a part hereof.

DATE OF EXECUTION OF LEASE: As of June 29, 2011.

TERM OF LEASE: The Lease shall commence as of June 1, 2011, and shall expire on January 1, 2044 unless terminated earlier pursuant to the provisions thereof.

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 accept the termination of the Lease and re-convey 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 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.

[Signature Page to Memorandum of Lease Agreement]

IN WITNESS WHEREOF the parties hereto have respectively executed this Memorandum of Lease Agreement as of this 29th day of June, 2011

**NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

By



Joseph J. Kearney
Executive Director

PINE TOWN HOMES, L.P.,
a New York limited partnership

BY: Long Beach Apartments II, LLC,
its general partner

BY: C&N Manager, Inc.,
its manager

BY: _____


Anthony A. Nickas
President

[Acknowledgment Page to Memorandum of Lease Agreement]

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

On the 23rd day of June, in the year 2011, before me, the undersigned, a Notary Public in and for said State, personally appeared **Joseph J. Kearney**, 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 executed the instrument.



Notary Public

MARGARET FABER
Notary Public, State of New York
No. 01FA5079338
Qualified in Nassau County
Commission Expires June 2, 2015

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

On the 24 day of June, in the year 2011, before me the undersigned, a Notary Public in and for said State, personally appeared **Anthony A. Nickas**, 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 executed the instrument.



Notary Public

KARA A. LOBDELL
Notary Public, State of New York
No. 02LO6031220
Qualified in New York County
Commission Expires Sept. 27, 2013

<p><u>Record and Return to:</u> Amy Abbink Harris Beach PLLC 99 Garnsey Road Pittsford, NY 14534</p>	<p><u>Property:</u> 151 East Pine Street City of Long Beach County of Nassau s/b/l: 59-277-3 and 59-104-78</p>
---	---

Schedule A

DESCRIPTION OF THE LAND

PARCEL I

SECTION: 59: BLOCK: 277 LOT: 3

ALL that certain plot, piece or parcel of land situate, lying and being in the City of Long Beach, County of Nassau, and State of New York bounded and described as follows:

BEGINNING at a point the following two courses and distances from the corner formed by the intersection of the North side of Pine Street and the east side of Park Place, both streets as shown on Map No. 4 Amending and Subdividing Block 92 of Map No. 1, Estates of Long Beach and filed in the Office of the County Clerk of the County of Nassau on January 3, 1926 as Case No. 710;

1. North 41 degrees 22 minutes 35 seconds East, 24.68 feet;
2. South 84 degrees 30 minutes 40 seconds East, 8.57 feet from said point of BEGINNING;

SAID POINT OR PLACE OF BEGINNING is also located 85.61 feet Easterly from the corner formed by the intersection of the North side of Pine Street and the East side of Park Place as both streets are currently located;

RUNNING THENCE North 5 degrees 29 minutes 20 seconds East along the Easterly line of the proposed Day Center, 100 feet;

THENCE South 84 degrees 30 minutes 40 seconds East, 411.17 feet and North 85 degrees 23 minutes 45 seconds East, 616.97 feet along a line 120 feet North of and parallel with Pine Street, as shown on the aforementioned map to the Northwest corner of a proposed park area;

THENCE South 3 degrees 16 minutes 14 seconds East, along the said Westerly side of the proposed park area, 100.02 feet to the proposed new line of Pine Street;

THENCE, along the proposed new line of Pine Street, which is 20 feet North of and parallel with the North side of Pine Street as shown on the aforementioned map, the following two courses and distances:

1. South 85 degrees 23 minutes 45 seconds West, 623.48 feet; and
2. North 84 degrees 30 minutes 40 seconds West, 420 feet to the point or place of BEGINNING.

PARCEL II

SECTION: 59 BLOCK: 104 LOT 78

ALL that certain plot, piece or parcel of land, situate, lying and being in the City of Long Beach, County of Nassau and State of New York being bounded and described as follows:

BEGINNING at a point on the Northerly side of Pine Street distant 150 feet West of the corner formed by the intersection of the Northerly side of Pine Street and the Westerly side of Long Beach Road, both streets as shown on Map No. 1, Estates of Long Beach, filed in the Office of the County Clerk of the County of Nassau on April 20, 1911 as File No. 31, Case No. 231;

SAID POINT OR PLACE OF BEGINNING is also located 100 feet Westerly from the corner formed by the intersection of the North side of Pine Street and the West side of Marginal Road Bridge Plaza as both streets are currently located;

RUNNING THENCE South 89 degrees 35 minutes 00 seconds West along the Northerly side of Pine Street, 540 feet;

THENCE North 00 degrees 25 minutes 00 seconds West, 100 feet;

THENCE North 89 degrees 35 minutes 00 seconds East, 540 feet; and

THENCE South 00 degrees 25 minutes 00 seconds East, 100 feet to the Northerly side of Pine Street, the point or place of BEGINNING.



Recording office time stamp

New York State Department of Taxation and Finance

Combined Real Estate Transfer Tax Return, Credit Line Mortgage Certificate, and Certification of Exemption from the Payment of Estimated Personal Income Tax

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) Nassau County Industrial Development Agency	Social security number
<input type="checkbox"/> Individual	Mailing address 1550 Franklin Avenue, Suite 235	Social security number
<input checked="" type="checkbox"/> Corporation	City: Mineola State: NY ZIP code: 11501	Federal employer ident. number
<input type="checkbox"/> Partnership		
<input type="checkbox"/> Estate/Trust		
<input type="checkbox"/> Other		
Grantee/Transferee	Name (if individual: last, first, middle initial) Pine Town Homes, L.P.	Social security number
<input type="checkbox"/> Individual	Mailing address PILOT House, Lewis Wharf	Social security number
<input type="checkbox"/> Corporation	City: Boston State: MA ZIP code: 02110	Federal employer ident. number
<input checked="" type="checkbox"/> Partnership		
<input type="checkbox"/> Estate/Trust		
<input type="checkbox"/> Other		

Location and description of property conveyed

Tax map designation			Address	City/village	Town	County
Section	Block	Lot				
59	277	3	151 East Pine Street	City of Long Beach		Nassau
59	104	78				

Type of property conveyed (check applicable box)

1 <input type="checkbox"/> One- to three-family house 2 <input type="checkbox"/> Residential cooperative 3 <input type="checkbox"/> Residential condominium 4 <input type="checkbox"/> Vacant land	5 <input type="checkbox"/> Commercial/Industrial 6 <input checked="" type="checkbox"/> Apartment building 7 <input type="checkbox"/> Office building 8 <input type="checkbox"/> Other _____	Date of conveyance <div style="border: 1px solid black; padding: 2px; display: inline-block;"> 06 29 2011 <small>month day year</small> </div> Percentage of real property conveyed which is residential real property <u>100</u> % <small>(see instructions)</small>
---	--	--

Condition of conveyance (check all that apply)

- | | | |
|--|--|--|
| a. <input type="checkbox"/> Conveyance of fee interest
b. <input type="checkbox"/> Acquisition of a controlling interest (state percentage acquired _____ %)
c. <input type="checkbox"/> Transfer of a controlling interest (state percentage transferred _____ %)
d. <input type="checkbox"/> Conveyance to cooperative housing corporation
e. <input type="checkbox"/> Conveyance pursuant to or in lieu of foreclosure or enforcement of security interest (attach Form TP-584.1, Schedule E) | f. <input type="checkbox"/> Conveyance which consists of a mere change of identify or form of ownership or organization (attach Form TP-584.1, Schedule F)
g. <input type="checkbox"/> Conveyance for which credit for tax previously paid will be claimed (attach Form TP-584.1, Schedule G)
h. <input type="checkbox"/> Conveyance of cooperative apartment(s)
i. <input type="checkbox"/> Syndication
j. <input type="checkbox"/> Conveyance of air rights or development rights
k. <input type="checkbox"/> Contract assignment | l. <input type="checkbox"/> Option assignment or surrender
m. <input type="checkbox"/> Leasehold assignment or surrender
n. <input checked="" type="checkbox"/> Leasehold grant
o. <input type="checkbox"/> Conveyance of an easement
p. <input checked="" type="checkbox"/> Conveyance for which exemption from transfer tax claimed (complete Schedule B, Part III)
q. <input type="checkbox"/> Conveyance of property partly within and partly outside the state
r. <input type="checkbox"/> Other (describe) _____ |
|--|--|--|

For recording officer's use	Amount received Schedule B., Part I \$ _____ Schedule B., Part II \$ _____	Date received	Transaction number
-----------------------------	--	---------------	--------------------

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**
- 2 Continuing lien deduction (see instructions if property is taken subject to mortgage or lien)
- 3 Taxable consideration (subtract line 2 from line 1)
- 4 Tax: \$2 for each \$500, or fractional part thereof, of consideration on line 3
- 5 Amount of credit claimed (see instructions and attach Form TP-584.1, Schedule G)
- 6 Total tax due* (subtract line 5 from line 4)

1.	0
2.	0
3.	0
4.	0
5.	0
6.	0

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)
- 2 Taxable consideration (multiply line 1 by the percentage of the premises which is residential real property, as shown in Schedule A)
- 3 Total additional transfer tax due* (multiply line 2 by 1% (.01))

1.	
2.	
3.	

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) a
- b. Conveyance is to secure a debt or other obligation b
- c. Conveyance is without additional consideration to confirm, correct, modify, or supplement a prior conveyance c
- d. Conveyance of real property is without consideration and not in connection with a sale, including conveyances conveying realty as bona fide gifts d
- e. Conveyance is given in connection with a tax sale e
- 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 f
- g. Conveyance consists of deed of partition g
- h. Conveyance is given pursuant to the federal Bankruptcy Act h
- 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 i
- 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 j
- k. Conveyance is not a conveyance within the meaning of Tax Law, Article 31, section 1401(e) (attach documents supporting such claim) k
- l. Other (attach explanation) l

GRANTEE IS A BENEFICIARY OF NEW YORK STATE INDUSTRIAL DEVELOPMENT AGENCY FINANCIAL ASSISTANCE AND THE CONVEYOR IMMEDIATELY PRIOR THERETO OF THE INVOLVED PROPERTY TO INDUSTRIAL DEVELOPMENT AGENCY (20 NYCRR 575.11)

*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.

I (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.

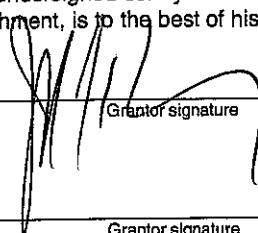

Please note: for purposes of determining whether the maximum principal amount secured is \$3,000,000 or more as described above, the amounts secured by two or more credit line mortgages may be aggregated under certain circumstances. See TSB-M-96(6)-R for more information regarding these aggregation requirements.

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.

By: 	Exec. Dir. Title	By: 	BY: PINE TOWN HOMES, L.P. BY: LONG BEACH APARTMENTS LLC BY: GEN MANAGER, INC. Title
_____ Grantor signature	_____ Title	_____ Grantee signature	_____ 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 e, 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

PAYMENT IN LIEU OF TAXES AGREEMENT

THIS PAYMENT IN LIEU OF TAXES AGREEMENT (this "Agreement"), made as of June 1, 2011, by and among PINE TOWN HOMES, LP, a limited partnership formed under the laws of the State of New York, having an address at Pilot House, Lewis Wharf, Boston, MA 02110 (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, having an office at 1550 Franklin Avenue, Suite 235, Mineola, New York 11501 (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, manufacturing, industrial and commercial 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, proposes to undertake the Project described below; and

WHEREAS, the Agency on behalf of the Company intends to undertake a project (the "Project") consisting of the following: (1) the acquisition of an interest in an approximately 3.6 acre parcel of land located at 151B East Pine Street, Long Beach, Nassau County, New York (the "Land"), (2) the renovation of eight (8) existing two-story multifamily housing structures (comprised of approximately 130 low-income housing units) with a collective gross residential square footage of approximately 125,000 sq. ft., located on the Land, together with related improvements (collectively, the "Building"), and (3) the acquisition and installation therein and thereon of certain furniture, fixtures, machinery and equipment (the "Equipment"), all of the foregoing to continue to constitute a housing complex comprised of approximately 130 low-income housing rental units, (collectively, the "Project Facility").

WHEREAS, the Agency is or will be the owner of a fee simple interest in the Land and the Building (collectively, the "Facility"); and

WHEREAS, the Agency proposes to undertake the Project as an authorized project under the Act and to lease the interest of the Agency to the Company pursuant to a Lease Agreement dated as of the date hereof between the Agency, as lessor, and the Company, as lessee (as amended, modified, supplemented or restated from time to time, the "Lease"), 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 (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 Mortgagee"), its successors and assigns, as mortgagee, pursuant to which the Agency and the Company grant a second mortgage lien on 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.

NOW, THEREFORE, in consideration of the premises and the payments, agreements, and covenants hereinafter contained, the parties hereto covenant and mutually 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 tax exemption pursuant to Section 412-a of the RPTL (the "Application"). 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") and each city, town, village and school district 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 exempt status on the tax rolls of any Taxing Entity until the beginning of the first fiscal tax year of such Taxing Entity following the first taxable status date of such Taxing Entity occurring subsequent to the last to occur of (i) the Agency becoming the owner of record of the Facility, (ii) the filing by the Agency of the appropriate Application for tax exemption, and (iii) the acceptance of such Application by the appropriate tax assessor(s) (such date, the "PILOT 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 or with respect to 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, 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. The City of Long Beach residential sanitation taxes are not "Other Charges" and are included in the PILOT Payments (as such term is hereinafter defined).

Section 2. Payments.

A. Tax Payments. Prior to the PILOT Commencement Date, the applicable real property taxes and assessments levied and/or assessed against or with respect to the Facility shall be payable in full by the Company to the applicable Taxing Entity as if the Agency were not the owner of the Facility or otherwise involved in the Project.

B. PILOT Payments. (1) From the PILOT Commencement Date through and including the last day of the twentieth (20th) fiscal tax year thereafter (such date, the "Initial 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 the Facility as follows:

1	for the fiscal tax year commencing on the PILOT Commencement Date,	\$315,304.00
2	for the fiscal tax year commencing on the 1st anniversary of the PILOT Commencement Date,	\$315,304.00
3	for the fiscal tax year commencing on the 2nd anniversary of the PILOT Commencement Date	\$315,304.00
4	for the fiscal tax year commencing on the 3rd anniversary of the PILOT Commencement Date	\$315,304.00
5	for the fiscal tax year commencing on the 4th anniversary of the PILOT Commencement Date	\$315,304.00
6	for the fiscal tax year commencing on the 5th anniversary of the PILOT Commencement Date	\$321,610.00
7	for the fiscal tax year commencing on the 6th anniversary of the PILOT Commencement Date	\$321,610.00
8	for the fiscal tax year commencing on the 7th anniversary of the PILOT Commencement Date	\$321,610.00
9	for the fiscal tax year commencing on the 8th anniversary of the PILOT Commencement Date	\$321,610.00
10	for the fiscal tax year commencing on the 9th anniversary of the PILOT Commencement Date	\$321,610.00

11	for the fiscal tax year commencing on the 10th anniversary of the PILOT Commencement Date	\$331,258.00
12	for the fiscal tax year commencing on the 11th anniversary of the PILOT Commencement Date	\$331,258.00
13	for the fiscal tax year commencing on the 12th anniversary of the PILOT Commencement Date	\$331,258.00
14	for the fiscal tax year commencing on the 13th anniversary of the PILOT Commencement Date	\$331,258.00
15	for the fiscal tax year commencing on the 14th anniversary of the PILOT Commencement Date	\$331,258.00
16	for the fiscal tax year commencing on the 15th anniversary of the PILOT Commencement Date	\$341,196.00
17	for the fiscal tax year commencing on the 16th anniversary of the PILOT Commencement Date	\$341,196.00
18	for the fiscal tax year commencing on the 17th anniversary of the PILOT Commencement Date	\$341,196.00
19	for the fiscal tax year commencing on the 18th anniversary of the PILOT Commencement Date	\$341,196.00
20	for the fiscal tax year commencing on the 19th anniversary of the PILOT Commencement Date	\$341,196.00

(2) Upon demonstration by the Company to the satisfaction of the Agency no later than 90 calendar days prior to the Initial Abatement Expiration Date that the Housing Assistance Payment Contract, or functional equivalent thereof, with the U.S. Department of Housing and Urban Development, or its legal successor, benefitting not less than 120 low-income housing units at the Facility at that time, shall be renewed for at least an additional ten (10) years following the Initial Abatement Expiration Date, then the Initial Abatement Expiration Date shall be extended and the Company shall from the Initial Abatement Expiration Date through and including the last day of the tenth (10th) fiscal tax year thereafter (such date, the "Extended Abatement Expiration Date"), make payments in lieu of real property taxes and assessments levied and/or assessed by the Taxing Entities against the Facility as follows:

21	for the fiscal tax year commencing on the 20th anniversary of the PILOT Commencement Date	\$348,020.00
22	for the fiscal tax year commencing on the 21st anniversary of the PILOT Commencement Date	\$354,980.00
23	for the fiscal tax year commencing on the 22nd anniversary of the PILOT Commencement Date	\$362,080.00
24	for the fiscal tax year commencing on the 23rd anniversary of the PILOT Commencement Date	\$369,322.00
25	for the fiscal tax year commencing on the 24th anniversary of the PILOT Commencement Date	\$376,708.00
26	for the fiscal tax year commencing on the 25th anniversary of the PILOT Commencement Date	\$384,242.00
27	for the fiscal tax year commencing on the 26th anniversary of the PILOT Commencement Date	\$391,927.00
28	for the fiscal tax year commencing on the 27th anniversary of the PILOT Commencement Date	\$399,766.00
29	for the fiscal tax year commencing on the 28th anniversary of the	\$407,761.00

PILOT Commencement Date	
30 for the fiscal tax year commencing on the 29th anniversary of the PILOT Commencement Date	\$415,916.00

The foregoing payments set forth under Section 2.B.(1) and (2) are hereinafter referred to as the "PILOT Payments".

(3) From and after the Initial Abatement Expiration Date or if such date has been extended then from and after the Extended Abatement Expiration Date, and until fee title to the Facility is conveyed to the Company pursuant to the terms of the Lease and the Facility has been returned to the tax rolls as fully taxable property, the Company shall make PILOT Payments (defined in Section 2 hereof) equal to one hundred percent (100%) of the amount of real property taxes and assessments that would have been levied and/or assessed against or with respect to the Facility as if the Facility were owned by the Company and the Agency were not otherwise involved in the Project.

The Agency shall provide notice of the extension of the Initial Abatement Expiration Date to all Taxing Entities in writing no later than 90 calendar days prior to Initial Abatement Expiration Date and the Company shall complete, and the Agency shall file, an amended application for tax exemption pursuant to Section 412-a of the RPTL, if required at that time.

"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.

(4) Any provision of this Agreement to the contrary notwithstanding, the amount of PILOT Payments set forth in Section 2.B(1) and (2) hereof for each fiscal tax year from the PILOT Commencement Date through the Initial Abatement Expiration Date or if the extended, the Extended Abatement Expiration Date, 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, including without limitation City of Long Beach residential sanitation taxes, if those are determined to be such assessments to billed separately by the City of Long Beach Tax Assessor, (collectively, "Special Assessments"), whether by the Nassau County Tax Assessor's Office, the City of Long Beach Tax Assessor's Office or otherwise, which Special Assessments would otherwise be payable by the Company pursuant to 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 (such excess is hereinafter referred to as an "SA Credit"), 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 (the amount of such Special Assessments is hereinafter referred to as an "SA Reduction"), then the amount of such SA Credit or SA 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 SA Credit at the end of the term of the PILOT Payments hereunder, then the Company shall not be entitled to (a) take

such SA 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.

C. Payments. (1) Amounts due and payable under this Agreement shall be payable (1) to the Treasurer of the County of Nassau (the "Treasurer"), 240 Old Country Road, 3rd Floor, Mineola, NY 11501, or at such other address as the Treasurer may notify the Company of in writing; and (2) to the City of Long Beach Treasurer ("Long Beach Treasurer"), 1 West Chester Street, Long Beach, NY 11561 or at such other address as the Long Beach 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 Obligations, April 1 and October 1 for the School Tax portion of the PILOT Obligations and July 1 and January 1 for the City of Long Beach portion of the PILOT Obligations, 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 or interest therein, 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 Building and the Addition 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 transferee or assignee other than the Company to assure that each of the Taxing Entities shall suffer no loss of revenue until the Facility can be placed back on the tax rolls as fully taxable real property and taxes levied and billed therefor.

Section 3. Effective Date; Duration of Agreement. This Agreement shall become effective upon the execution and delivery of the Lease by the Company and the Agency and this Agreement by both Company and the Agency and the execution and delivery of the deed from the Company to the Agency and 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 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 fifteen (15) 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.

C. Default in the terms of the Lease or a related agreement, if any, between the Agency and the Company (beyond any applicable grace or notice period).

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 after an Event of Default which is not cured within any

applicable cure period, 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 make such payments. The Company hereby agree 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 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 or change in use shall be made to the buildings or other improvements included in the Project subsequent to the date hereof, 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 their 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. Nothing herein shall constitute the Agency's consent to the construction of any such additions or additional buildings or improvements other than the Addition, which the Agency has expressly consented to and approved.

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. Provided further, that if the State of New York enacts any new law or regulation limiting real property taxes in the State, and as a result of such law or regulation, real property taxes that would be payable with respect to the Project Facility in any fiscal year would be less than the PILOT Payment payable in such fiscal year, then the PILOT Payment in that fiscal year will be reduced to be equal to the real property taxes that otherwise would be payable with respect to the Project Facility.

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 they 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.

Section 8. Delivery of PILOT Statement. The Company shall deliver to the Comptroller of the County of Nassau, 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 City of Long Beach or any school district 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 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:

Pine Town Homes, L.P.
Pilot House,
Lewis Wharf, Boston, MA 02110

WITH A COPY TO:

Nixon Peabody LLP
437 Madison Avenue
New York, New York 10022
FAX: 212-940-3111

WITH A COPY TO:

Hudson Housing Capital LLC
630 Fifth Avenue
New York, NY 10111
Attn: Joseph A. Macari
Fax: 212-218-4488

WITH A COPY TO:

New York State Housing Finance Agency
641 Lexington Avenue
New York, New York 10022
Attention: Executive Vice President

WITH A COPY TO:

Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive

Mail Stop B4F
McLean, Virginia 22102
Attention: Director of Multifamily Loan Servicing
Facsimile: (703) 714-3003
Telephone: (703) 903-2000

WITH A COPY TO:

Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive
McLean, Virginia 22102
Attention: Associate General Counsel - Multifamily
Legal Department
Facsimile: (703) 903-2885
Telephone: (703) 903-2000

WITH A COPY TO:

Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive
Mail Stop B4Q
McLean, Virginia 22102
Attention: Director of Multifamily Loan Accounting
Facsimile: (703) 714-3273
Telephone: (703) 903-2000

WITH A COPY TO:

Prudential Affordable Mortgage Company
8401 Greensboro Drive, Second Floor
McLean, VA 22102
Attention: President – Affordable Housing
Telephone Number: (703) 610-1340
Telecopier Number: (703) 610-1405

WITH A COPY TO:

Prudential Asset Resources
2100 Ross Avenue, Suite 2500
Dallas, TX 75201
Attention: Director – Structured Products
Telephone Number: (214) 777-4523
Telecopier Number: (214) 777-4556

IF TO THE AGENCY:

Nassau County Industrial Development Agency

1550 Franklin Avenue, Suite 235
Mineola, New York 11501
Attn: Executive Director

WITH A COPY TO:

Harris Beach
100 Wall Street
New York, New York 10005
Attn: Andrew Komaromi, 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 hereof, 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.

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 they are subject to service of process in the State of New York and covenant that they 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, Nixon Peabody LLP, 437 Madison Ave., New York 10022 Attn: Joseph Lynch, Esq., and his/her successor(s) as 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 such Company upon whom may be served all process, pleadings, notices or other papers which may be served upon such 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) agree 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) consent to the jurisdiction of each such court in any such suit, action or proceeding; and (3) waive any objection which they 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 waive 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.

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.

If the Company consists of more than one (1) Person, the obligations of such Persons under this Agreement shall be joint and several.

Section 23. Indemnification. The Company agree 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 liability arising from any default by the Company in performing their obligations hereunder or any expense incurred hereunder, including, without limitation, any expenses of the Agency and attorneys' fees and expenses.

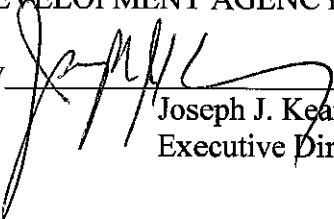
[Remainder of this page intentionally left blank]

[Signature Page to PILOT Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

NASSAU COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By



Joseph J. Kearney
Executive Director

PINE TOWN HOMES, L.P.

a New York limited partnership

By: Long Beach Apartments II, LLC,
its general partner

By: C & N Manager, Inc.,
its manager

By:



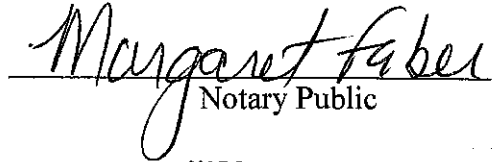
Anthony A. Nickas
President

STATE OF NEW YORK)

: ss.:

COUNTY OF NASSAU)

On the 03rd day of June, in the year 2011, before me, the undersigned, a Notary Public in and for said State, personally appeared Joseph J. Kearney, 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 executed the instrument.


Notary Public

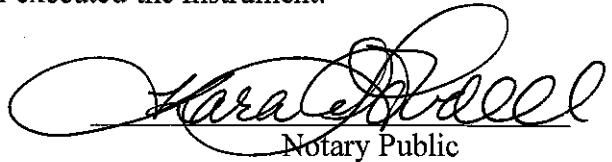
MARGARET FABER
Notary Public, State of New York
No. 01FA5079338
Qualified in Nassau County
Commission Expires June 2, 2015

STATE OF NEW YORK)

: ss.:

COUNTY OF NEW YORK)

On the 24th day of June, in the year 2011, before me, the undersigned, a Notary Public in and for said State, personally appeared ANTHONY A. NICKAS, 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 executed the instrument.


Notary Public

KARA A. LOBDELL
Notary Public, State of New York
No. 02LO6031220
Qualified in New York County
Commission Expires Sept. 27, 2013

SCHEDULE A

DESCRIPTION OF THE LAND

PARCEL I

SECTION: 59: BLOCK: 277 LOT: 3

ALL that certain plot, piece or parcel of land situate, lying and being in the City of Long Beach, County of Nassau, and State of New York bounded and described as follows:

BEGINNING at a point the following two courses and distances from the corner formed by the intersection of the North side of Pine Street and the east side of Park Place, both streets as shown on Map No. 4 Amending and Subdividing Block 92 of Map No. 1, Estates of Long Beach and filed in the Office of the County Clerk of the County of Nassau on January 3, 1926 as Case No. 710;

1. North 41 degrees 22 minutes 35 seconds East, 24.68 feet;
2. South 84 degrees 30 minutes 40 seconds East, 8.57 feet from said point of BEGINNING;

SAID POINT OR PLACE OF BEGINNING is also located 85.61 feet Easterly from the corner formed by the intersection of the North side of Pine Street and the East side of Park Place as both streets are currently located;

RUNNING THENCE North 5 degrees 29 minutes 20 seconds East along the Easterly line of the proposed Day Center, 100 feet;

THENCE South 84 degrees 30 minutes 40 seconds East, 411.17 feet and North 85 degrees 23 minutes 45 seconds East, 616.97 feet along a line 120 feet North of and parallel with Pine Street, as shown on the aforementioned map to the Northwest corner of a proposed park area;

THENCE South 3 degrees 16 minutes 14 seconds East, along the said Westerly side of the proposed park area, 100.02 feet to the proposed new line of Pine Street;

THENCE, along the proposed new line of Pine Street, which is 20 feet North of and parallel with the North side of Pine Street as shown on the aforementioned map, the following two courses and distances:

1. South 85 degrees 23 minutes 45 seconds West, 623.48 feet; and
2. North 84 degrees 30 minutes 40 seconds West, 420 feet to the point or place of BEGINNING.

PARCEL II

SECTION: 59 BLOCK: 104 LOT 78

ALL that certain plot, piece or parcel of land, situate, lying and being in the City of Long Beach, County of Nassau and State of New York being bounded and described as follows:

BEGINNING at a point on the Northerly side of Pine Street distant 150 feet West of the corner formed by the intersection of the Northerly side of Pine Street and the Westerly side of Long Beach Road, both streets as shown on Map No. 1, Estates of Long Beach, filed in the Office of the County Clerk of the County of Nassau on April 20, 1911 as File No. 31, Case No. 231;

SAID POINT OR PLACE OF BEGINNING is also located 100 feet Westerly from the corner formed by the intersection of the North side of Pine Street and the West side of Marginal Road Bridge Plaza as both streets are currently located;

RUNNING THENCE South 89 degrees 35 minutes 00 seconds West along the Northerly side of Pine Street, 540 feet;

THENCE North 00 degrees 25 minutes 00 seconds West, 100 feet;

THENCE North 89 degrees 35 minutes 00 seconds East, 540 feet; and

THENCE South 00 degrees 25 minutes 00 seconds East, 100 feet to the Northerly side of Pine Street, the point or place of BEGINNING.