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February 3, 2012

Ms. Jaclyn Brilling
Secretary of the Public Service Commission
3 Empire State Plaza
Albany, N.Y. 12223

Filed with the Office of Secretary at: secretary@dps.ny.gov

Petition For A Waiver To Allow Master Metering
39 Hegeman Avenue, Brooklyn, N.Y. 11212

Dear Ms. Brilling:

Our firm represents Hegeman Avenue Housing L.P. (Petitioner), a provider of supportive housing for formerly homeless and low-income tenants operated on a not-for-profit basis.

Petitioner respectfully submits this petition for a waiver to allow master metering of a new 161-unit residential rental building located at 39 Hegeman Avenue, Brooklyn, N.Y. 11212 (Building).

In furtherance of Petitioner's mission to end homelessness, of the 161-units, 100 will be allocated to the chronically homeless, 60 will be allocated to low-income tenants and 1 will be allocated to an on-site super.

Construction began in June of 2010 and completion is expected early 2012. The Building is located within the service territory of Consolidated Edison Company of New York, Inc. (Con Edison) and has a master-meter.

The Building has been designed in accordance with standards that will increase energy efficiency. Petitioner is participating in the NYSEERDA Multifamily Performance Program as well as the NYSEERDA Green Affordable Housing Component. The Building is expected to receive a Leadership in Energy and Environmental Design Silver Rating (LEED Silver Rating) by the U.S. Green Building Council. Its sustainable design

elements will include a green roof, lighting and motion sensors and storm water irrigation. The Building will use a hot water baseboard heating system utilizing condensing boilers. There will be a minimal number of electric heating units in the common areas and office space. The NYSERDA Participation Agreement is attached for reference.

Other weatherization and energy efficient measures include: insulation in the roof and walls, an air barrier around the Building to control infiltration, low flow water fixtures, energy star lighting fixtures with occupancy sensors, NEMA premium motors, CFC controls on heating pumps, high efficiency rooftop exhaust fans, energy star washing machines, air sealing and reduced duct leakage, duct sealing, thermally efficient windows, high efficiency condensing units for the cooling system and a card access system that controls non-essential electrical devices in apartment units.

Amenities will include a 24/7-lobby attendant, a computer room, an exercise room, a laundry room and a garden for use by neighborhood residents. In conjunction with an independent on-site social service provider, Petitioner will provide tenants individual case management, activities and programming, job training opportunities and additional resources in furtherance of its supportive housing mission.

The Building is subject to the provisions of a Regulatory Agreement with the New York State Housing Finance Agency ("HFA"), dated June 9, 2010 and to the provisions of a Home Written Agreement and a Regulatory Agreement with the New York City Department of Housing Preservation and Development ("HPD"), dated June 9, 2010. The terms of each agreement are effective for 15, 20 and 30 years respectively. The HFA Regulatory Agreement is attached for reference and the Home and HPD agreements are available upon request.

As further detailed in the Regulatory Agreements, for at least 30 years the Building shall be used exclusively as housing for persons of low-income and at least 100 of the apartments shall be occupied by the formerly homeless. Low-income tenants are defined as individuals whose income is 60% or less of the Area Median Income. Homeless tenants are defined as individuals who reside in emergency shelter facilities and are referred to Petitioner by the City of New York. The apartments shall be subject to the Rent Stabilization Law of 1969 and the Rent Stabilization Code. Rents are established by HPD and registered in accordance with the Rent Stabilization Code. Significantly for purposes of this Petition, HPD sets the "maximum collectible rent" for each apartment and tenants are not charged for electricity.

In accordance with the Regulatory Agreements, Petitioner will pay the entire electric bill for all 160 chronically homeless and low-income tenants, in addition for the 1 on-site super. Con Edison will read the Building's master-meter each month and send an electric bill for the entire Building directly to Petitioner, which will be paid in full. Tenants will not be billed for electricity.

Petitioner, operating on a not-for-profit basis with limited resources, would incur significant and unnecessary administrative costs and time if it were to receive 161 monthly bills rather than 1 monthly bill, and is requesting a waiver from the Commission's requirement that residential apartments be individually metered.

By using the master-meter, Petitioner will pay 1 monthly bill instead of 161 bills, thus saving time, resources and expense. For example, by utilizing the master-meter, Petitioner would pay 12 electricity bills in a calendar year as opposed to 1,932 electricity bills. Using the master-meter will also result in lower overall utility charges due to the elimination of multiple meter charges and reduced administrative costs, as Petitioner will only pay 1 electricity bill per month. Using the master-meter would save Petitioner time and avoid needless paperwork, enabling Petitioner to devote time and resources towards its mission: to provide supportive housing to tenants in need. Using the master-meter for billing will also avoid confusion amongst the tenant population, which is populated by formerly homeless and low-income tenants, many of whom suffer from mental health issues who might not comprehend that the electricity bill should be ignored. Since Petitioner is paying the entire electric bill, there is no need to burden or confuse the tenants with electric bills that they are not being asked to pay. Since tenants will not be billed for electricity, they are not disadvantaged by the use of a master-meter.

Since the City of New York is promoting and in some cases requiring buildings to be energy efficient, Petitioner's architects and Quadlogic Controls Corporation (Quadlogic) did advise Petitioner that it is required to install submetering equipment now, while the Building is being constructed, even though the submetering equipment will not be used for billing purposes.

The submetering system will only be used to periodically monitor electricity usage, it will not be used to bill tenants for electricity. The submetering system will help Petitioner comply with NYSEDA reporting requirements, which require Petitioner to provide electricity consumption data for at least 3 years.

Quadlogic's MiniCloset-5 meters measure usage in kilowatt-hours, VARs, VAs, Watts, Amps, and Power Factor. This submetering system is not designed to disconnect any tenant's apartment from the utility system. This submetering system meets the American National Standards Institute Code for Electricity Metering (ANSI C-12.1 & C-12.16). It will include remote reading capabilities utilizing Power Line Carrier. This communication will allow a more cost effective submetering system due to the elimination of control wiring. Each of the meters will communicate daily over the existing power lines in the Building using a data collection device referred to as a Scan Transponder. The data that is sent to the Scan Transponder will include the hourly usage of electricity for each apartment in the Building. Entry to individual apartments is not required for meter reading.

Even though tenants will not be billed for their individual consumption, the information from the submetering system will help Petitioner assess the usage needs of tenants, budget and generally educate tenants about electricity consumption. Petitioner and the on-site social service provider will emphasize the importance of energy conservation to the Building's tenants, many of whom are living in an apartment for the first time since being homeless. Petitioner will distribute the attached "Energy Saving Ideas" brochure to promote energy conservation.

Petitioner respectfully submits this Petition for a waiver from the requirement that residential apartments be individually metered and asks the Public Service Commission to allow master metering based on the following reasons:

- (1) Petitioner provides supportive housing on a not-for-profit basis to formerly homeless and low-income tenants.
- (2) Regulatory Agreements with HFA and HPD set rents for each apartment and tenants are not charged for electricity.
- (3) Petitioner will pay the entire electric bill for the Building and will not bill the tenants for any portion thereof.
- (4) Utilizing the master-meter saves time, resources and expense, enabling Petitioner to better devote time and resources towards its mission: to provide supportive housing to tenants in need.

The advantages of master metering are as follows:

- (a) Petitioner would pay 12 electricity bills in a calendar year as opposed to 1,932 electricity bills.
 - (b) The master-meter will result in lower overall utility charges due to the elimination of multiple meter charges and reduced administrative costs.
 - (c) Paying 1 electricity bill each month, instead of 161 bills, would save Petitioner time and resources and avoid needless paperwork and unnecessary expenses.
 - (d) It will avoid confusion amongst the tenant population, which is populated by formerly homeless and low-income tenants, many of whom suffer from mental health issues who might not comprehend that the electricity bill should be ignored. Since Petitioner is paying the entire electric bill, there is no need to burden or confuse tenants with electric bills they are not asked to pay.
 - (e) Since tenants will not be billed for electricity, they are not disadvantaged by the use of a master-meter.
- (5) A submetering system is being installed to periodically monitor electricity usage and to help Petitioner comply with NYSERDA reporting requirements. The submetering system will not be used to bill tenants for electricity. The submetering system will help Petitioner to assess the usage needs of tenants, budget and generally educate tenants about electricity consumption.
 - (6) The Building has been designed in accordance with standards that will increase energy efficiency. Petitioner is participating in the NYSERDA Multifamily Performance Program as well as the NYSERDA Green Affordable Housing Component. The Building is expected to receive a Leadership in Energy and Environmental Design Silver rating (LEED Silver Rating) by the U.S. Green Building Counsel.

Thank you in advance for your attention to this matter. Please contact me if you have any questions or need further information.

Very truly yours,

A handwritten signature in cursive script, reading "Scott Buckhout". The signature is written in dark ink and is positioned above the printed name.

Scott E. Buckhout, Esq.

MULTIFAMILY PERFORMANCE PROGRAM



NEW CONSTRUCTION COMPONENT

Participation Agreement

(Participant MUST provide two (2) original Participation Agreements with original signatures.
Faxed copies are unacceptable.)

1. The New York State Energy Research and Development Authority (NYSERDA) understands that the Participant named below has undertaken a qualified new construction or substantial renovation project as set forth in this application.
2. Under this Participation Agreement, the Participant agrees:
 - a. to hire a Multifamily Performance Partner to provide the services indicated in their Partnership Agreement with NYSERDA and integrate them into their Design Team to ensure that the design of their project conforms to the requirements of this Program and will achieve a modeled performance target of at least 20% better than a reference building based on ASHRAE Standard 90.1-2004 Appendix G and NYSERDA's Simulation Guidelines;
 - b. to finalize a set of designs that conform to the Program's Minimum Performance Standards and incorporates the recommended measures contributing to the achievement of the minimum 20% performance target;
 - c. to construct their project as described by the final, proposed design plans or commit to make no changes during construction that would cause the as-built project to fail to comply with the Program's Minimum Performance Standards or cause the modeled consumption of the as-built project to fall below the 20% performance target; and,
 - d. to provide NYSERDA or its designees the electricity, fuel, and water consumption data for the entire common area and a sample of the units for at least three (3) years following initial lease-up.
3. NYSERDA will arrange to provide incentives according to those described in Exhibit A as modified at the sole discretion of NYSERDA upon notice to Participant.
4. It is anticipated that NYSERDA will retain a copy of all materials or reports completed in accordance with this Participation Agreement. The NYS Freedom of Information Law, Public Officers law, Article 6, provides for public access to information NYSERDA possesses. Public Officers Law, Section 87(2)(d) provides for exceptions to disclosure for records or portions thereof that "are trade secrets or are submitted to an agency by a commercial enterprise or derived from information obtained from a commercial enterprise and which if disclosed would cause substantial injury to the competitive position of the subject enterprise." Information submitted to NYSERDA that the Participant wishes to have treated as proprietary, and confidential trade secret information, should be identified and labeled "Confidential" or "Proprietary" on each page at the time of disclosure. This information should include a written request to exclude it from disclosure, including a written statement of the reasons why the information should be excluded. See Public Officers Law, Section 89(5) and the procedures set forth in 21 NYCRR Part 501. However, NYSERDA cannot guarantee the confidentiality of any information submitted.

Unless identified as confidential or proprietary by the Participant, information contained in these materials or reports may be used for the purpose of promoting awareness and adoption of energy efficiency strategies, practices, and technologies. NYSERDA does not provide any endorsement of any Multifamily Performance Partner's capabilities to provide services outside of the Scope of Work to be conducted pursuant to this Program.

5. NYSERDA is not responsible for the payment of any taxes assessed by federal, state, or local governments on benefits conferred on the Participant by NYSERDA. No party shall be liable to the others for any indirect, incidental, or consequential damages.
6. I certify that I am, or I am authorized to act on behalf of, the Participant, and I certify that all information provided in this application, including any attachments, is true and correct to the best of my knowledge. I have read and understand the above Terms and Conditions which are part of this application and agree on behalf of the Participant to abide by them. I certify that the Participant is an electricity distribution customer of one of the following utilities: Central Hudson Gas & Electric Corp., Consolidated Edison Company of New York, Inc., New York State Electric & Gas Corporation, National Grid, Orange and Rockland Utilities, Inc., or Rochester Gas and Electric Corporation and that I pay the System Benefits Charge directly, or, if I am a negotiated rate class customer, I further certify that the owner of the building or part thereof receiving benefits through this program pays the System Benefits Charge and will do so for at least the duration of the receipt of benefits under this program.

According to the market type of the project as affordable housing as confirmed from the project's application, Payment #1 from the Performance Incentive schedule in Exhibit A shall be:

Payment #1 – \$30,000

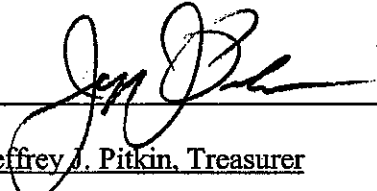
Project Name Hegeman Residence

Participant/Company Name Common Ground Management

Authorized Signature  Date 10-3-07

Print Name & Title David Beer, Director of Housing Development

NYSERDA

Authorized Signature  Date 11/2/07

Print Name & Title: Jeffrey J. Pitkin, Treasurer

Participant MUST provide two (2) original Participation Agreements with original signatures.

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(4)

EXECUTION COPY

REGULATORY AGREEMENT
for the
HEGEMAN RESIDENCE APARTMENTS PROJECT

by and among
NEW YORK STATE HOUSING FINANCE AGENCY
and
HEGEMAN AVENUE HOUSING L.P.
and
HEGEMAN HOUSING DEVELOPMENT FUND CORPORATION

**Regulatory Agreement for HFA Multi Family Housing
with Low Income Housing Tax Credits**

Record and Return to:
Justin Waiser, Esq.
New York State Housing Finance Agency
641 Lexington Avenue
New York, New York 10022

Premises: 39 Hegeman Avenue
County: Kings
Section:
Block: 3622
Lots: 56

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APPENDICES AND EXHIBITS

Schedule A - Legal Description of the Premises

Exhibit A - Agency's Assignment Certificate

Exhibit B - Beneficial Owner's Disbursement Certification

Exhibit C - Adjustments for Smaller and Larger Families to the Area Median Income Figure

Exhibit D - Project Services and Amenities

This **REGULATORY AGREEMENT** ("Agreement"), entered into as of the 9th day of June, 2010, by and among **HEGEMAN AVENUE HOUSING L.P.** ("Beneficial Owner"), a New York limited partnership, **HEGEMAN HOUSING DEVELOPMENT FUND CORPORATION** ("Fee Owner" and together with the Beneficial Owner, the "Owners") having an office at c/o Common Ground Community, 505 Eighth Avenue, New York, NY 10018 and the **NEW YORK STATE HOUSING FINANCE AGENCY** ("Agency"), a corporate governmental agency established pursuant to Article III of the New York State Private Housing Finance Law ("PHFL"), constituting a public benefit corporation, having its principal place of business at 641 Lexington Avenue, New York, New York 10022.

WITNESSETH:

WHEREAS, Fee owner is the record owner of the legal interests in certain real property located at 39 Hegeman Avenue in the City of New York, Kings County, New York and described on Schedule A attached hereto and by this reference made a part hereof (the "Premises") and pursuant to that certain Declaration of Interest and Nominee Agreement between the Fee Owner and the Beneficial Owner, dated as of the date hereof ("Nominee Agreement"), Fee Owner has granted to Beneficial Owner the equitable and beneficial interests in and to the Premises upon which the Beneficial Owner shall complete the construction of a six-story, 161-unit residential rental building, including one superintendent's unit (the "Project"); and

WHEREAS, one hundred percent (100%) of the Project's 160 revenue-generating units are to be set aside for households who have incomes at or below 60% of the Area Median Income, adjusted for family size, ("AMI") for the New York City Metropolitan Statistical Area and of these 160 units, pursuant to restrictions imposed under the Federal Home Loan Bank Affordable Housing Program, 74 units will be rented to households whose incomes are at or below 50% of AMI; and

WHEREAS, in accordance with a Purchase Contract between the Agency and RBC Capital Markets Corporation as Underwriter ("Purchase Contract"), the Agency has issued and sold New York State Housing Finance Agency Hegeman Residence Apartments Housing Revenue Bonds, 2010 Series A in the principal amount of \$22,800,000 (the "2010 Series A Bonds") pursuant to the Hegeman Residence Apartments Housing Revenue Bond Resolution ("General Resolution") and the Hegeman Residence Apartments Housing Revenue Bonds, 2010 Series A Resolution (the "Series Resolutions") all adopted by the Agency on September 10, 2009 (collectively, the "Resolution"); and

WHEREAS, the 2010 Series A Bonds and/or any other bonds(s) issued by the Agency in lieu of the 2010 Series A Bonds, and any replacements of any thereof, are herein collectively called the "Bonds" and the proceeds from the sale of such Bonds will be used to fund a mortgage loan to the Beneficial Owner to finance a portion of the costs of acquisition and construction of the Project

in the amount of not to exceed Twenty-Two Million Eight Hundred Thousand Dollars (\$22,800,000) (the "Mortgage Loan"); and

WHEREAS, The Bank of New York Mellon ("Trustee") has been designated pursuant to the Resolution to act as Trustee for and on behalf of the holders of the Bonds ("Bondholders") and the Trustee has accepted such designation; and

WHEREAS, the Mortgage Loan shall be advanced pursuant to a certain Construction and Project Loan Agreement of even date herewith by and among the Agency, the Fee Owner and the Beneficial Owner (such agreement, as it may hereafter be amended, modified or supplemented, being referred to herein as the "Loan Agreement");

WHEREAS, to evidence the indebtedness and obligations of the Beneficial Owner to the Agency under the Loan Agreement, Beneficial Owner has executed and delivered to the Agency its Mortgage Note dated as of the date hereof ("Note") and the Mortgage to secure the Beneficial Owner's obligations to pay the obligations referred to therein; and

WHEREAS, during the period of construction of the Project, the Mortgage Loan will be secured, inter alia, by an irrevocable direct pay letter of credit (the "Letter of Credit") issued by JPMorgan Chase Bank, N.A. (the "Bank") in the amount of the Mortgage Loan plus (i) an amount equal to thirty-four (34) days interest on the Mortgage Loan, and (ii) an amount equal to sixty (60) days of the HFA Servicing Fee (as hereinafter defined); and

WHEREAS, the Agency will enter into a Pledge and Intercreditor Agreement ("Pledge Agreement") dated as of the date of the closing of the Mortgage Loan with the Bank (together with any provider of Alternate Security as defined in the Resolution); and

WHEREAS, the Mortgagors and the Bank have, in connection therewith, entered into a certain Credit and Disbursement Agreement dated as of the date hereof (as may be amended, modified or supplemented, the "Credit and Disbursement Agreement"); and

WHEREAS, simultaneously herewith, the Agency shall make a subordinate loan to the Beneficial Owner in the aggregate principal amount (exclusive of accrued interest) of up to \$910,209 (the "Subsidy Loan") which will be evidenced by a certain mortgage note ("Subsidy Note") and secured by a certain mortgage dated as the date hereof (the "Subsidy Mortgage"); and

WHEREAS, simultaneously herewith, HPD shall make a loan to the Beneficial Owner and the Fee owner in an aggregate amount not to exceed \$17,850,000 ("HPD Loan"), which loan will be evidenced by a certain Building and Project Loan Note ("HPD Note") and secured by a Building and Project Loan Mortgage ("HPD Mortgage") and which HPD Loan shall further require that one

hundred of the Project's revenue-generating units be reserved for homeless tenants pursuant to a separate regulatory agreement by and among HPD and Mortgagors; and

WHEREAS, it is anticipated that a portion of the HPD Loan and other sources will be made available to the Project on or about June 30, 2012, the anticipated date of completion of the Project, as more particularly set forth in the Loan Agreement, to satisfy the Mortgage Loan and release the Mortgage; and

WHEREAS, simultaneously herewith, Astoria Federal Savings and Loan Association through its Federal Home Loan Bank Affordable Housing Program, will make an award in the amount of One Million Six Hundred Fifty Thousand Dollars (\$1,650,000) to Common Ground Community Housing Development Fund Corporation, Inc. (the "Sponsor") who will in turn loan the proceeds to Beneficial Owner ("FHLB Sponsor Loan") which FHLB Sponsor Loan shall be evidenced by a FHLB Note ("FHLB Sponsor Note") and secured by a certain FHLB Mortgage ("FHLB Sponsor Mortgage"); and

WHEREAS, the New York State Homeless Housing and Assistance Corporation ("HHAC") shall provide a loan to the Beneficial Owner in the amount of Five Million Five Hundred Eighty Thousand Five Hundred Fifty-Four Dollars (\$5,580,554) pursuant to its Homeless Housing Assistance Program, which shall be evidenced by a HHAC Note and secured by a certain HHAC Mortgage ("HHAC Mortgage"); and

WHEREAS, on or about February 19, 2010, the Agency awarded a certain grant to Sponsor in the amount of \$3,000,000 of Neighborhood Stabilization Program ("NSP") funds, as appropriated to the Agency pursuant to Title III of Division B of the Housing and Economic Recovery Act (the "HERA") of 2008 (P.L. 110-289) as amended by the American Recovery and Reinvestment Act (the "ARRA") of 2009 (P.L. 111-5) and 73 FR 58330 (October 6, 2008) (the "NSP Grant Funds") and the Project's 160 revenue-generating units shall remain affordable pursuant to the terms of this Agreement; and

WHEREAS, simultaneously herewith, Sponsor shall loan the NSP Grant Funds to Beneficial Owner ("NSP Sponsor Loan") which NSP Sponsor Loan shall be evidenced by an NSP Sponsor Note ("NSP Sponsor Note") and secured by a certain NSP Sponsor Mortgage ("NSP Sponsor Mortgage"); and

WHEREAS, the HPD Mortgage, the Subsidy Mortgage, the HHAC Mortgage, the FHLB Sponsor Mortgage and the NSP Sponsor Mortgage shall each be subject and subordinate to the lien of the Mortgage, in accordance with their terms and the terms of that certain Subordination and

Intercreditor Agreement and Consent to Encumber by and among the Agency, HPD, HHAC and Sponsor dated as of the date hereof (the "Intercreditor Agreement").

WHEREAS, the Agency has found and determined that the Project is to be occupied by persons or families of low or moderate income pursuant to the restrictions set forth in this Agreement; and

WHEREAS, the Agency is a credit administering agency under §42 of the Code, and the Agency has approved the allocation to the Beneficial Owner of low-income housing tax credits ("LIHTC") pursuant to §42(h)(4) of the Code; and

WHEREAS, the Agency requires, as a condition of the issuance of the Bonds, financing of the Mortgage Loan, awarding the NSP Grant Funds and the allocation to the Project of LIHTC, that the Owner agree to the restrictions running with the land and binding on all of Owner's successors, assigns, heirs, grantees or lessees for the term of this Agreement as set forth herein, and the Mortgage, and that the Owner consent to be regulated by the Agency to: (i) preserve the tax-exempt status of the Bonds; (ii) meet the requirements of §44.29-a of the PHFL; (iii) meet the requirements of §42 of the Code with regard to LIHTC; and (iv) to ensure that other public benefit requirements are met;

NOW THEREFORE, the parties do hereby agree as follows:

1.0 DEFINITIONS - Except as otherwise defined herein, all capitalized words and phrases herein shall have the meanings assigned to such terms in the Mortgage and the Code. For general rules of interpretation, see Section 7.1. In addition, the following words and phrases as used in this Agreement shall have the following meanings:

"Agency" shall mean the New York State Housing Finance Agency.

"Agreement" shall mean this Regulatory Agreement.

"Area Median Income" or "AMI" shall mean shall mean the area median gross income for the area as determined from time to time by the Secretary of the United States Department of Housing and Urban Development ("HUD") as applicable to this Project (as hereinafter defined), and pursuant to the Code. References to 50% of AMI shall mean amounts established by HUD constituting the Very Low Income Limit for HUD's Section 8 programs.

References to 40% of the AMI shall mean amounts established by HUD constituting 80% of the Very Low Income Unit Limit for HUD's Section 8 programs.

"Beneficial Owner" shall have the meaning assigned in the recitals to this Agreement, and its successors and assigns.

"Beneficial Owner's Tax Certification" shall have the meaning assigned in Section 5.8(c).

"Bonds" shall have the meaning assigned in the recitals to this Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended, the Treasury Regulations and published administrative positions of the Internal Revenue Service set forth in Revenue Procedures, Revenue Rulings, and other Internal Revenue Service publications with binding authority applicable thereunder.

"Compliance Period" shall have the meaning assigned in Section 3.1.

"Credit Period" shall have the meaning assigned in sections 3.1.

"Early Termination" shall have the meaning assigned in Section 3.2(b).

"ELIHC" shall have the meaning assigned in Section 3.2(a).

"Eligible Basis" shall have the meaning assigned in Section 6.2(a) (5).

"Event of Default" shall have the meaning assigned in Section 2.1.

"Extended Use Period" shall have the meaning assigned in Section 3.2(b).

"Federal Section 8" shall have the meaning assigned in Section 3.1.

"Fee Owner" shall have the meaning assigned in the recitals to this Agreement, and its successors and assigns.

"General Partner" shall mean CG-Hegeman Avenue Housing Corp.

"General Public" shall have the meaning given in § 1.42-9 of the Treasury Regulations, as clarified by § 42(g) of the Code.

"Governmental Entity" shall have the meaning assigned in Section 5.6(a).

"Gross Rent Floor" shall have the meaning assigned in the Code.

"Guidelines" shall mean the Agency's Fair Housing and Tenant Selection Guidelines, as the same may be amended from time to time.

"Individuals of Low Income" shall mean individuals and families: (i) whose income is 60% or less of area median gross income of the New York County, New York Area for purposes of §§142(d) (2) (B) and 142(d) (3) of the Code and §1.103-8 (b) (8) (v) of the Tax Regulations (except that "60 percent" shall be substituted for "80 percent" therein), (ii) who

are individuals of low income within the meaning of the New York State Housing Finance Agency Act, Article III of the PHFL.

"LIHTC" shall have the meaning assigned in the recitals to this Agreement.

"Limited Partner" shall mean together or individually, Hudson Hegeman LLC and Hudson SLP LLC, each a Delaware limited liability company.

"Loan Agreement" shall have the meaning assigned in the recitals to this Agreement.

"Limited Partnership Agreement" shall mean the Hegeman Avenue Housing L.P. Amended and Restated Agreement of Limited Partnership dated as of the date hereof.

"LOC" and **"Bank"** shall have the meanings assigned in the recitals to this Agreement.

"Low Income Units" shall have the meaning assigned in Section 4.2a.

"Mortgage" and **"Mortgage Loan"** shall have the meanings assigned in the recitals to this Agreement.

"Note" shall have the meaning assigned in the recitals to this Agreement.

"Organized Crime Figure" shall have the meaning assigned in Section 5.6(b).

"PHFL" shall have the meaning assigned in the recitals to this Agreement.

"Premises" shall have the meaning assigned in the recitals to this Agreement.

"Principal(s)" shall mean Common Ground Community II Housing Development Fund Corporation.

"Prohibited Person" shall have the meaning assigned in Section 5.6(a).

"Project" shall have the meaning assigned in the recitals to this Agreement.

"Qualified Basis" shall have the meaning assigned in Section 6.2(a)(7).

"Qualified Project Period" shall have the meaning assigned in Section 3.1.

"Replacements" shall have the meaning assigned in Section 5.3(b).

"Reserve Account" shall have the meaning assigned in Section 5.3(a).

"Resolution" shall have the meaning assigned in the recitals to this Agreement.

"Sponsor" shall mean Common Ground Community Housing Development Fund Corporation, Inc.

"Subsidy Loan" shall have the meaning assigned in the recitals to this Agreement.

"Subsidy Note" shall have the meaning assigned in the recitals to this Agreement.

"Subsidy Mortgage" shall have the meaning assigned in the recitals to this Agreement.

"Transfer Fee" shall have the meaning assigned in Section 5.5(b).

2.0 ENFORCEMENT

2.1 Incorporation in Mortgage and Termination of Agreement - (a) This Agreement and the restrictions hereunder are to be incorporated by reference in the Mortgage, whenever the Mortgage Loan is made in whole or part, so that noncompliance hereunder, after expiration of applicable notice and cure periods, shall constitute an "Event of Default" of the Mortgage and the Subsidy Mortgage. For purposes of this Agreement, an Event of Default shall be deemed to have occurred if the Owners shall fail to observe any requirement or perform any obligation imposed on the Owners by this Agreement, and the Owners fail to cure such default within thirty (30) days after the Owners and the Bank receive written notice of such default from the Agency, unless such default shall not be a willful default and can be cured but cannot by its nature be cured within such thirty (30) day period, in which case an Event of Default shall not be deemed to have occurred so long as the Owners or the Bank on the Owners' behalf, as the case may be, commence such cure as soon as reasonably possible and proceed with due diligence to cure such default; provided, however, that in any case, an Event of Default shall be deemed to have occurred (i) when and if interest on the Bonds shall be includable in gross income for federal income tax purposes or (ii) thirty (30) days before the Agency shall be required to commence foreclosure of the Mortgage in order to prevent interest on the Bonds from becoming includable in gross income for such purposes.

In addition, if the Agency assigns the First Mortgage (except where the mortgage is assigned to the Bank pursuant to a draw on the LOC under Section 15 of the Servicing and Release Agreement), the Agency may retain the right to declare a default under and prosecute foreclosure of the Mortgage Loan, based upon any such noncompliance and Event of Default; provided that the agreement with any successor mortgagee wherein such rights are retained shall contain provisions substantially similar to those set forth in Exhibit A attached hereto. Except as limited in section 3.2 hereof in regard to LIHTC, in the event of foreclosure or deed-in-lieu of foreclosure, this Agreement and the restrictions hereunder shall automatically terminate with respect to the Mortgage Loan, provided the Bonds are redeemed at the first available call date. However, if the obligor on the Mortgage Loan or a related person (within the meaning of §144(a)(3) of the Code) thereafter obtains, during the term of this Agreement (as determined by Section 3.1), an ownership interest in the Project for tax purposes, this Agreement shall be revived in full force and effect to the extent of the

restrictions hereunder which affect the exclusion from federal income taxation of interest on the Bonds. In addition, this Agreement and the restrictions hereunder shall, in the Agency's sole discretion, cease to apply partially or entirely in the event of involuntary noncompliance caused by unforeseen events such as fire, seizure, requisition, condemnation, change in federal law, or action of a federal agency after the date of issue, which prevents the Agency from enforcing any restriction hereunder, provided the Bonds are retired at the first available call date.

2.2 Recording and Lien Provisions - The benefits and burdens of this Agreement shall run with the land and bind the interest of the Beneficial Owner and the Fee Owner of the Project, and the land upon which the Project is constructed. The Beneficial Owner, at its cost and expense, shall cause this Agreement to be duly recorded, filed, re-recorded, and refiled in such places as to the Premises, and shall pay or cause to be paid all recording, filing, or other taxes, fees and charges, and shall comply with all such statutes and regulations as may be required by law in order to establish, preserve and protect the ability of the Agency to enforce this Agreement. At the request of the Beneficial Owner or the Fee Owner, the Agency shall provide the Beneficial Owner with an instrument executed in recordable form at such time as the term of this Agreement has expired and the obligations of the Beneficial Owner and the Fee Owner have been satisfied, releasing the Beneficial Owner, the Fee Owner and the land from this Agreement.

2.3 Remedies - The injury to the Agency arising from noncompliance with any of the terms of this Agreement would be great, and the effect of misrepresentations of fact and any violations by Beneficial Owner or the Fee Owner of warranties and covenants under this Agreement would be irreparable, and the amount of consequential damage would be difficult to ascertain and may not be compensable by money alone. Therefore, upon noncompliance with any of the material provisions of this Agreement, misrepresentation of any material fact, or violation of any material warranty or covenant under this Agreement by Beneficial Owner or the Fee Owner, the Agency, after expiration of applicable notice and cure periods, at its option, may apply to any state or federal court, for specific performance of this Agreement, for an injunction against any noncompliance with or misrepresentation under this Agreement, or for such other relief as may be appropriate in addition to its right to foreclose or require foreclosure of the Mortgage, entirely or partially, pursuant to the terms of the Mortgage and its respective components. Noncompliance with any of the terms of this agreement may jeopardize the tax-exempt status of the Bonds. For projects receiving LIHTC's, the Agency is obligated to notify the Internal Revenue Service of such non-compliance.

For purposes of this Agreement, the date of noncompliance or misrepresentation shall be the date such noncompliance or misrepresentation was first discovered by the Beneficial Owner, the Fee

Owner or the Agency, or would have been first discovered by the Beneficial Owner, the Fee Owner or the Agency by the exercise of reasonable diligence.

2.4 Indemnification - The Beneficial Owner shall indemnify and hold the Agency harmless from and against any and all claims, demands, liability, loss, cost or expense (including but not limited to reasonable attorney fees and other costs of litigation) which may be incurred by the Agency arising out of or in any way related to the Beneficial Owner's breach of any of its obligations under this Agreement or any action taken by the Agency to enforce or exercise its rights under this Agreement as a result of such breach. The obligations under this section shall survive the termination or expiration of this Agreement as necessary to effectuate its provisions. This indemnity is not a guarantee of any portion of the Mortgage Loan. The Beneficial Owner shall not be required to indemnify the Agency for any claim, demand, liability, loss cost or expense arising out of or related to the fraud, intentional misconduct or gross negligence of the Agency.

3.0 TERM

3.1 Term of Agreement - The term of this Agreement shall commence on the execution and delivery hereof, irrespective of when or if a Mortgage Loan is ever actually made, and shall extend through a period ("Qualified Project Period") which shall commence immediately and shall end on the latest of the following: (i) the date which is 15 years after the date on which 50% of the residential units in the Project are first occupied; (ii) the first date on which no Bonds are outstanding; (iii) if applicable, the date on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937 ("Federal Section 8") terminates; (iv) the date on which the Mortgage Loan is no longer outstanding; (v) the date on which the Subsidy Loan is no longer outstanding; (vi) the end of a period (the "Compliance Period") consisting of 15 taxable years of the Beneficial Owner commencing with the first taxable year of the credit period ("Credit Period") as defined in §42(f)(1) of the Code with respect to any building in the Project; or (vii) the expiration or earlier termination of the Extended Use Period, as defined in Section 3.2 (b), below. Additionally, as provided in section 3.2 hereof, certain provisions of this Agreement shall continue in effect beyond the end of the Qualified Project Period. The Beneficial Owner acknowledges that the Qualified Project Period and other periods required by this Agreement may represent a longer period than that which would otherwise be required by the Code to ensure the tax-exempt status of the Bonds or the allowance of LIHTC or any property tax exemption.

(b) Any periodic servicing, transfer or approval fees that may be payable to the Agency under the terms of the Note shall continue to be payable until the later of the following: (i) the date

on which the Mortgage Loan is no longer held by the Agency, or (ii) the earlier of (x) the last day of the Extended Use Period or (y) Early Termination.

3.2 Special Rules for Tax Credits - (a) This Agreement constitutes an extended low income housing commitment (the "ELIHC") pursuant to §42(h)(6) of the Code, arising from an election by the Beneficial Owner to accept the benefits of LIHTC and the Agency financing. Failure to comply with the provisions of the ELIHC shall be an Event of Default under this Agreement and thereby, the Mortgage and the Agency or its successors may exercise any of the remedies available thereunder. Furthermore, the Agency may seek specific performance of the ELIHC by the Beneficial Owner or any successor in interest thereto, without declaring an Event of Default pursuant to the Mortgage and without waiving any other available remedies under the Mortgage, by filing an action in any court of competent jurisdiction in the State of New York. Any existing, past or prospective tenants of the Project who qualify, qualified or would qualify as low income occupants pursuant to §42(g) of the Code are hereby expressly agreed to be beneficiaries of this ELIHC and may apply to any court of competent jurisdiction in the State of New York for specific performance of any provisions of the ELIHC, notwithstanding any action which may or may not be taken by the Agency.

(b) The ELIHC shall begin on the first day of the Compliance Period and remain in effect until 15 years after the end of the Compliance Period ("Extended Use Period") except that the Extended Use Period will terminate earlier ("Early Termination") on the date of foreclosure of the Mortgage or deed-in-lieu of foreclosure (unless such events are part of an arrangement with the Beneficial Owner to cause an early termination as determined by the Internal Revenue Service). The Extended Use Period will not be subject to Early Termination pursuant to §42(h)(6)(E)(i)(II) of the Code.

(c) Notwithstanding anything herein to the contrary, the terms of this Agreement necessary to effectuate the terms and conditions of this Section 3.2 shall continue through the expiration or Early Termination of the Extended Use Period.

(d) During the Extended Use Period:

- (1) except as provided in section 4.2 of this Agreement, the Low Income Units, constituting in no event not less than 100% of the revenue-generating units in the Project (or such other percentage determined by the Agency upon issuance of the Internal Revenue Service form 8609 in relation to the Project) shall be occupied or available for occupancy by qualified families or individuals earning not more than 60% of the AMI, as adjusted for family size;

- (2) the rents for the Low Income Units, as adjusted by utility allowances and any rental subsidies approved by the Agency in accordance with the Code, shall not be more than 30% of 60% of AMI adjusted for family size as follows: (i) for studio or efficiency apartments having no separate bedrooms, the designated family size shall be a 1-person family; and (ii) for apartments containing at least one bedroom, the designated family size shall be equal to 1.5 times the number of bedrooms;
- (3) no portion of any building in the Project shall be disposed of to any person unless all of such building is disposed of to such person;
- (4) the Beneficial Owner shall not refuse to lease to a holder of a voucher or certificate of eligibility under the Federal Section 8 program because of the status of the prospective tenant as such a holder;
- (5) during the Extended Use Period and for the three (3) year period following an Early Termination:

(A) no existing tenant (i.e., the tenant occupying the respective Low Income Unit during the Extended Use Period, or upon the occurrence of an Early Termination of the Extended Use Period) may be removed whether by eviction, expiration of lease, or for any reason other than good cause; and

(B) no rents for any Low Income Unit occupied by such existing tenant may be increased, except as permitted under §42 of the Code; and

(6) the "applicable fraction" (as defined in §42(c)(1) of the Code) for the Project shall be 100% or such other amount as determined by the Agency upon the issuance of the Internal Revenue Service Form 8609 (the Low Income Housing Tax Credit Allocation Certification).

4.0 TENANTS AND LEASES

4.1 Rental Restrictions - Once available for occupancy each unit (other than any unit approved by the Agency for occupancy by a superintendent) must be rented or available for rental on a continuous basis to members of the "General Public" (as defined in § 42(g) (9) of the Code) and occupied by individuals or families as their residence, it being acknowledged that the Low-Income Units (defined below) shall be reserved for occupancy by Individuals of Low Income. No portion of the Project and none of the units in the Project will, at any time during the term of this Agreement, be used on a transient basis, for example, as a trailer park or trailer court or a hotel, motel, dormitory,

fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium or rest home. Use on a transient basis shall mean the rental of units for an initial lease term of less than 12 months.

4.2 Low Income Occupancy Requirements - (a) Continuously during the term of this Agreement, all rental revenue producing residential units (the "Low Income Units") shall be occupied or, once having been so occupied, held available for occupancy by Individuals of Low Income.

In accordance with Treasury Regulation §1.103-8(b)(8) and for LIHTC purposes, in accordance with Treasury Regulation 1.42-(5)(1)(vii) and for LIHTC purposes, in accordance with Treasury Regulation 1.42(5)(1)(vii), families of low income shall be determined in a manner consistent with determinations of "lower income families" under Federal Section 8 (or if such program is terminated, under such program as was in effect immediately before such termination). Determinations under the preceding sentence shall include adjustments for family size. Current adjustments for smaller and larger families are set forth in Exhibit C. In accordance with procedures established by the Agency, the Beneficial Owner shall take reasonable steps to verify the low income status of all families or individuals who occupy Low Income Units.

(b) A Low Income Unit shall continue to be treated as such, notwithstanding any increase in the income of the occupant of such Low Income Unit except as provided in the next sentence. Any Low Income Unit in which the aggregate income of the occupants as of the most recent recertification (as described in the Code) exceeds 140% of the applicable income limit (i.e. 140% of 60% of the AMI as adjusted for family size) shall not be treated as a Low Income Unit if after such determination but before the next determination, any residential unit of comparable or smaller size in such Project is occupied by a new resident whose income exceeds the applicable income limit. Occupancy of a unit shall refer to the date that the tenant has possession of the unit and the right to occupy such unit pursuant to a fully executed lease.

4.3 Low Income Unit Rents, Fees and Charges - (a) The annual rents for the Low Income Units shall not exceed 30% of 60% of AMI adjusted for the number of individuals occupying the unit, as follows: (i) for studio or efficiency apartments having no separate bedrooms, the designated family size shall be a 1-person family; and (ii) for apartments containing at least one bedroom, the designated family size shall be equal to 1.5 times the number of bedrooms. "Rent" for purposes of this section and Section 3.2(d)(2), does not include any payment under Federal Section 8 or any comparable rental assistance program, but does include: (i) any utility allowance determined by the Secretary of Housing and Urban Development as may be adjusted by the Agency, or (ii) the cost of

any utilities that would be covered by such utility allowance, as determined by the Agency, if the units were receiving Federal Section 8 assistance.

(b) Pursuant to the Code, the rents for Low Income Units shall be based on the AMI and may be trended upward for inflation annually pursuant to the calculations of AMI made by HUD in accordance with the Code. For example, if the AMI calculations in effect on the date hereof were to form the basis for setting maximum permitted rents, then such maximum rents would be set as follows:

MAXIMUM PERMITTED MONTHLY RENTS

Studio	One Bedroom	Two Bedroom	Three Bedroom
\$807	\$864	\$1,036	\$1,197

Further, the maximum rents will be reduced by a utility allowance, if applicable, which may be revised annually. The Beneficial Owner shall review the utility allowance annually pursuant to the provisions of Treasury Regulation Section 1.42-10(c)(2). Accordingly, each January the Beneficial Owner shall submit to the Agency documentation satisfactory to the Agency of any utility estimates, usage, cost projections and proposed utility allowance with respect to units in the building for the upcoming year. Based thereon, in accordance with the Code, the Agency shall approve the proposed utility allowance or determine the appropriate utility allowance applicable to the units in the building for such period. The Beneficial Owner's failure to provide such information on a timely, annual basis, to the satisfaction of the Agency, may result in the Agency delaying or denying a change in Low Income Unit rents, and may constitute noncompliance with applicable requirements of the Code.

(c) The Beneficial Owner shall not impose fees and charges upon the tenants of Low Income Units without the prior written consent of the Agency, except for the following: (1) a late payment charge not to exceed \$25.00 after the tenth day that the rent of such tenant is due; and (2) a bounced check fee not to exceed \$25.00.

4.4 Lease Provisions for Low Income Units - Tenant leases for Low Income Units shall be for terms of at least one year and shall be expressly subordinate to the Mortgage. In a separate rider acceptable to the Agency the lease shall state that: (i) the lease shall be terminated and the tenant may be evicted for failure to qualify pursuant to the income standards for that unit if a tenant has falsely certified family income or family composition; (ii) false certification constitutes material noncompliance under the lease; (iii) tenants shall be obligated to provide income certification, and

any additional recertifications of income as the Agency and/or the Beneficial Owner shall require; (iv) in the event the unit is not receiving a Federal Section 8 subsidy, the Beneficial Owner's right to increase rent for an existing tenant over the amounts provided in Section 4.3(b) hereof upon the conclusion of the Qualified Project Period shall be conditioned upon the Beneficial Owner meeting the requirements of §42 of the Code as referenced in Section 3.2 hereof and the Beneficial Owner furnishing such tenant with a notice at least six months prior to such increase in a form acceptable to the Agency, and that if such notice is not given, such tenant shall be entitled to lease renewals at the rents provided for in Section 4.3(b) until such notice has been given and six months has elapsed; (v) subletting and the tenant's assignment of the lease shall be prohibited; and (vi) the Agency and its representatives or agents shall have the right to inspect such unit for the purpose of fulfilling the Agency's responsibilities under the Code. The form of lease to be utilized by the Beneficial Owner in renting the Low Income Units in the Project shall be subject to the Agency's prior written approval. Failure to utilize an approved form of lease for such units shall subject the Beneficial Owner to a penalty equal to one month's rent for each affected unit.

4.5 Fair Market Housing Guidelines - The Beneficial Owner has submitted to the Agency for its records a marketing and tenant selection plan that is in compliance with the Agency's affirmative fair housing marketing guidelines. Such marketing plan specifically describes the method of marketing to and selection of tenants for the Low Income Units. Additionally, a certification as to compliance with the Guidelines and Applicable Rules, as defined in the Guidelines, must be submitted to the Agency at mortgage closing and on an annual basis for the term of this Agreement.

5.0 OPERATING RULES

5.1 Project Restrictions - The Project shall constitute a qualified multi-family residential rental project within the meaning of §142(d) of the Code and will be used for such purposes during the term of this Agreement. The Beneficial Owner warrants that the Project will be completed with due diligence substantially in accordance with building plans and specifications approved by the Agency for the Project and change orders approved by the Agency, to the extent approval of such change orders is required. The Project consists of a building or structure or several proximate buildings or structures which are located on a single tract of land or contiguous tracts of land with or without facilities directly related and essential thereto. The term "tract" means any parcels of land which are contiguous except for the interposition of a road, street, stream or similar property. Parcels are contiguous if their boundaries meet at one or more points. Pursuant to the plans and specifications and any change orders, all of the units in the Project will be similarly constructed. The Beneficial Owner (or a party related to the Beneficial Owner) shall not occupy a unit in a building or structure unless such building or structure contains more than four units. All of the units in the

Project will contain within the unit complete living, sleeping, eating, cooking and sanitation facilities, all of which are separate and distinct from other units. In addition, the Project shall contain such other services and amenities as described in Exhibit D, attached hereto. All facilities used in connection with the Project are: (i) located on the premises of the Project, (ii) solely for the benefit of tenants at the Project, and (iii) of a character and size commensurate with the needs of such tenants. Beneficial Owner shall use its best efforts to ensure that handicapped or disabled individuals in the Project are afforded equal access to such facilities.

5.2 Low Income Unit Requirements - The Low Income Units shall constitute all units except for one non-revenue superintendent's unit. These requirements shall continue throughout the Qualified Project Period. To ensure that Low Income Units are occupied by households of an appropriate number of individuals, the Beneficial Owner shall comply with the following standard for occupancy upon initial rental or re-rental of such units, or such smaller number if so required by local zoning or building department authorities:

Number of Bedrooms	Number of Persons	% Low Income Units
Studio	1-2	100%
One Bedroom	1-2	100%
Two Bedroom	2-4	100%
Three Bedroom	3-6	100%

5.3 Replacement Reserve Account - (a) The Beneficial Owner shall establish a Replacement Reserve Account or another similar capital improvement account as required pursuant to any agreements executed by and among the Fee Owner, the Beneficial Owner and HPD in connection with the HPD Loan. In the event HPD does not require the establishment of such Replacement Reserve Account, the Beneficial Owner shall comply with the requirements of sub-sections (b)-(e) below.

(b) Subject to the terms of sub-section (a) above, the Beneficial Owner shall establish the following reserve account which shall be held in an account controlled by the Agency on behalf of the Beneficial Owner, to be known as the "Replacement Reserve Account". Commencing on the earlier of the first business day of the month following the date when principal payments are first due under the Mortgage Loan or the first business day of the month following the date in which 90% of the units in the Project have been occupied, and thereafter on the first day of each month during the term of the Mortgage Loan, the Beneficial Owner shall deposit into the Replacement Reserve Account the amount of Three Thousand Three Hundred Fifty-Four Dollars and 17/100 (\$3,354.17).

All interest earned on funds in the Replacement Reserve Account shall remain on deposit in the Replacement Reserve Account and will not be used to offset any required payments by the Beneficial Owner into the Replacement Reserve Account. The Agency shall not be responsible for any losses resulting from the investment of the Replacement Reserve Account or obtaining any specific level or percentage of earnings on such investment.

(c) Subject to the terms of sub-section (a) above, the amount of monthly payments to the Replacement Reserve Account shall remain constant, until and unless revised in the reasonable discretion of the Agency based on (i) the results of the physical needs assessment report as described in section 5.3(d) hereinbelow, (ii) the replacement value of the Project, (iii) the Project's history of repairs, (iv) the existing physical condition of the Project, or (v) other factors deemed relevant by the Agency. Upon Beneficial Owner's written request, the Agency shall disburse to the Beneficial Owner, in a manner reasonably determined by the Agency, such amounts from the Replacement Reserve Account as may be necessary to reimburse the Beneficial Owner for the actual approved cost of repairing and/or replacing building systems, equipment and other items of a capital nature, including, without limitation, the repair or refurbishing of common areas, required for the proper operation and marketing of the Project, or to remedy a situation deemed to be of an emergency nature ("Replacements"). No such disbursements shall be made, however, for costs incurred prior to the fifth (5th) anniversary of the date that a deposit is first made by the Beneficial Owner into the Replacement Reserve Account. The Agency may require the Beneficial Owner to reimburse into the Replacement Reserve Account the amount of any such disbursement, over a reasonable period of time to be determined by the Agency, unless, in its sole discretion, the Agency determines that reimbursement would cause a financial hardship to the Project.

In no event shall the Agency approve or make any payment of funds from the Replacement Reserve Account unless such work and or materials have been performed or installed, as applicable and same has been approved by the Agency, which approval shall not be unreasonably withheld or delayed. If at any time the funds deposited in the Replacement Reserve Account are or will be insufficient to maintain the Replacement Reserve Account at a satisfactory level, as reasonably determined by the Agency, the Beneficial Owner, upon notification, shall at such times as may be designated by the Agency, deposit into the Replacement Reserve Account an amount determined by the Agency to be reasonably necessary to restore the account to a sufficient level.

In no event shall the Agency be obligated to approve the disbursement of funds from the Replacement Reserve Account if an Event of Default (as said term is defined in the Mortgage and as referred to herein) has occurred and is continuing under this Agreement or the Loan Documents, or if an act, event or condition shall have occurred and then be existing as of that date, which solely with notice or lapse of time, would constitute an Event of Default under this Agreement or the Loan Documents. Notwithstanding the above, if an Event of Default has occurred, the Bank may request

the Agency in writing to release funds from the Replacement Reserve Account or Replacement and thereupon such funds shall be disbursed.

(d) Subject to the terms of sub-section (a) above, no earlier than the first day of the first month following the tenth anniversary of the date of the Mortgage and no later than on each tenth anniversary thereafter during the term of the Mortgage Loan, the Beneficial Owner shall engage an independent, licensed engineer or architect, acceptable to the Agency, to perform a physical needs assessment with respect to the Project. The physical needs assessment shall be performed at the expense of the Beneficial Owner, which expense shall be reimbursable from the Replacement Reserve Account. At the discretion of the Agency, after review of the physical needs assessment report, the Beneficial Owner's required monthly payment to the Replacement Reserve Account may be adjusted within 90 days following the Agency's receipt of such report so that the amount in the Replacement Reserve Account will, in the Agency's reasonable determination, be sufficient to pay for required Replacements as identified in said assessment report. The Agency agrees that it shall exercise reasonable judgment as a prudent lender in determining such increases for required Replacements.

(e) After payment in full of all sums secured by the Mortgage, then to the extent that the HPD Mortgage is still outstanding, then the Borrower shall have the right to transfer all amounts remaining in the Replacement Reserve Account to a replacement reserve account with HPD, in accordance with a certain funding and disbursement agreement by and between HPD and the Beneficial Owner. If the HPD Mortgage is not outstanding, all sums secured by the Mortgage have been paid and the Qualified Project Period has expired, then the Agency shall disburse all amounts remaining in the Replacement Reserve Account to the Beneficial Owner.

5.4 Project Management - (a) The Beneficial Owner shall not employ or otherwise use or retain a management entity for the Project other than Common Ground Management Corporation without the Agency's prior approval of such management entity and the terms of its retention including compensation, which approval shall not be unreasonably withheld or delayed. Any renewal or termination of the management entity's employment shall be subject to the Agency's approval, which approval shall not be unreasonably withheld or delayed. If the Beneficial Owner shall also retain a leasing/rental agent, other than the managing agent, such leasing/rental agent shall be subject to the Agency's approval, and may not be replaced without the Agency's prior approval, which approval shall not be unreasonably withheld or delayed. If the Beneficial Owner retains a managing agent without having first received approval of the Agency, the Beneficial Owner will be subject to a monetary penalty equal to the lesser of (i) the amount of the monthly management fee paid to the unapproved agent, or (ii) \$20,000, which amount shall be assessed initially and for each month such agent is in place without Agency approval.

(b) The Agency reserves the right to review the performance of the management entity. If the Agency notifies the Beneficial Owner of reasons for which it is not satisfied with the management of the Project, including but not limited to the failure to maintain the property or books and records of the Project, the Beneficial Owner shall cure such condition, or cause the managing agent to cure such condition, in a period of time not to exceed 30 days, provided that said time period may be extended for a reasonable period of time if Beneficial Owner is diligently and expeditiously seeking to cure such condition so long as such condition is curable in the Agency's reasonable judgement, or if such condition is not curable, Beneficial Owner shall engage a managing agent subject to approval by the Agency. The Beneficial Owner shall not thereafter employ or otherwise use or retain any managing agent for the property or any part thereof, without having first obtained the Agency's written approval of such managing agent and the agreement setting forth all the terms of such employment or retainer including compensation. The management agreement shall contain a provision that it is subject to termination upon written request by the Agency in accordance with the provisions hereof. The Beneficial Owner shall submit to the Agency such information as the Agency reasonably requires to review the background and qualifications of the new management entity, including proof of a valid New York State real estate broker's license, and corporate/individual/principal financial statements in a form acceptable to the Agency. If the Beneficial Owner has not submitted a managing agent acceptable to the Agency within 30 days or if there has been noncompliance hereunder which remains uncured for more than 30 days after notice provided by the Agency to the Beneficial Owner, the Agency may act as the managing agent or unilaterally appoint a managing agent. In this case, the Beneficial Owner shall be obligated to pay a management fee to the Agency or the Agency-appointed entity, respectively, in the amount equal to the fee paid including accrued incentive payments, if any, to the preceding managing agent.

(c) Notwithstanding the provisions of Section 5.4(b) above, in the event there is a need to replace the management entity due to premature termination or otherwise, which requires immediate temporary replacement of the management entity before approval can be obtained from the Agency, Beneficial Owner may employ a replacement management entity, provided the agreement for such employment is terminable upon receipt by Beneficial Owner of written notice that said management entity is not acceptable to the Agency.

(d) The Agency reserves the right to review the performance of the leasing agent and may require the removal and replacement of such agent in a manner similar to the provisions set forth in subsections (b) and (c), above, except that the Agency shall not act in the capacity of leasing agent.

5.5 Change of Principals and Transfer Restrictions - (a) As used in this Section 5.5, the term "transfer" shall include any sale, transfer, assignment or other conveyance, provided, however, that the meaning of the term "transfer" shall not include a mortgaging of the Property.

(b) In addition to the restrictions on conveyance of the Project and the Premises as set forth in the Mortgage, neither the Beneficial Owner nor the Fee Owner shall transfer the Premises, the Project, or any part of either, without the prior written consent of the Agency which consent shall not be unreasonably withheld or delayed.

(c) No consent of the Agency shall be required for the transfer of any direct or indirect ownership interest in the Beneficial Owner, provided that after giving effect to such transfer: (i) there shall not be a change of more than 10% of the ownership interests in the Beneficial Owner or of the General Partner, provided that the Fee Owner may transfer up to 21% of its stock ownership interest in the General Partner without the consent of the Agency, provided such transfer is to a "qualified nonprofit organization", as such term is defined in Section 42 of the Internal Revenue Code of 1986, as amended, and (ii) the Principal shall retain the day to day management and control of the Beneficial Owner and the Project. The consent of the Agency shall be required for the removal of the General Partner in accordance with the provisions of the Limited Partnership Agreement, except where the temporary substitute General Partner is an affiliate of the Limited Partner, provided that the Agency's consent is obtained for the permanent substitution of the General Partner.

Notwithstanding any of the foregoing provisions, the following direct or indirect transfers of interests in the Beneficial Owner shall be permitted without the prior written consent of the Agency, provided that the Principal maintains all operational, managerial and financial control of the Beneficial Owner, the Fee Owner and the Project, and, in each case, the Beneficial Owner shall give the Agency prompt written notice thereof:

- (1) any transfer to an entity wholly owned by the Principal;
- (2) a transfer by a Limited Partner to (A) a nationally recognized entity regularly engaged in the purchase and syndication of LIHTC, if (i) such transfer is in connection with the purchase of Project's LIHTC; and (ii) such entity is not a Prohibited Person as such term is defined in Section 5.6 below, and (iii) such entity does not have the immediate or conditional right to exercise operational, managerial and financial control of the Owner and the Project; or (B) to an affiliate of the Limited Partner which is an entity regularly engaged in the purchase and syndication of LIHTC;

- (3) transfers by operation of law or, in the case of any partner who is a natural person, transfers resulting from the death or incapacity of such partner.

In addition, a transfer of the Beneficial Owner's interest in the Project and the Premises to the Fee Owner shall be permitted without the prior written consent of the Agency, provided that the Principal maintains all operational, managerial and financial control of the Fee Owner and the Project, the Beneficial Owner has given the Agency prior written notice of such transfer, and all documents relating to such transfer from the Beneficial Owner to the Fee Owner have been approved by the Agency, which approval shall not be unreasonably withheld or delayed.

(d) The Beneficial Owner and the Fee Owner each represent and warrant that as of the date of this Agreement (i) it intends to own the Project for a long-term holding period of eight years commencing from the date when at least 50% percent of the units have received a temporary certificate of occupancy and at least one unit is actually occupied ("Long Term Holding Period") and (ii) each have no present intent to transfer direct or indirect ownership or control of the Project prior to the termination of the Long Term Holding Period. In connection with its consent to any transfer, as required by this Section 5.5, the Agency will charge the Owners a fee of one-half of one percent (0.5%) of the then outstanding principal amount of the First Mortgage Loan ("Transfer Fee"); provided, however, that if the proposed transfer occurs during the Long Term Holding Period, then in lieu of a Transfer Fee the Agency will charge an assumption fee ("Assumption Fee") based on the then outstanding principal amount of the First Mortgage Loan as follows:

Year 1. -	5.0%
Year 2. -	4.0%
Year 3. -	3.0%
Year 4. -	2.0%
Year 5. -	2.0%
Year 6. -	2.0%
Year 7 and Year 8. -	1.0%

(e) In the event a transfer which requires Agency consent has occurred without the prior consent of the Agency, then in addition to the applicable Assumption Fee or Transfer Fee, the Owners will be subject to a penalty of the greater of (i) an additional one half of one percent (0.5%) of the then outstanding principal balance of the Mortgage Loan, or (ii) \$5,000. The Agency agrees that it will not charge the Owners the Transfer Fee or Assumption Fee in connection with any transfers that do not require the Agency's consent under Section 5.5(c) above, however, the Agency

reserves the right to charge Owners for any reasonable related out-of-pocket expenses and such other fees as the Agency, in its reasonable discretion, may deem appropriate for such transfers.

(f) The Beneficial Owner shall, within five days after request of the Agency, furnish to the Agency the names of the officers, directors, members, partners and shareholders of Beneficial Owner or the Fee Owner, together with such information as the Agency shall request with respect to such persons.

(g) Notwithstanding any of the foregoing provisions, in no event shall any conveyance of the Project or the addition or substitution of any constituent of the Beneficial Owner, or of any other person or entity directly or indirectly holding an ownership interest in the Beneficial Owner, be permitted if such conveyance or addition or substitution shall cause the Beneficial Owner to become a Prohibited Person.

(h) Notwithstanding any other provision of this Agreement, at any time when the Mortgage shall no longer encumber any interest in the Project, or when none of the Bonds shall be outstanding, the Agency's consent shall not be required (and no assumption fee shall be charged by the Agency) with respect to any conveyance of any interest in the Project, or for any change in the ownership or control of any entity holding any interest in the Premises or the Project; provided that such conveyance or change does not cause the Premises or the Project to be owned by a Prohibited Person.

(i) The terms and conditions of this Agreement shall remain outstanding and enforceable against any new owner of the Project.

(j) The Beneficial Owner shall notify the Agency in writing, within 30 days after the occurrence thereof, of: (A) any transfer of any direct ownership interest in Beneficial Owner or the General Partner; or (B) any material change in the Limited Partnership Agreement of the Beneficial Owner.

5.6 Prohibited Persons - A "Prohibited Person" shall mean:

(a) any individual who has ever been convicted of a felony or any other crime involving moral turpitude, or is an Organized Crime Figure, as defined in Section 5.6(e) hereof, or is reputed to have substantial business or other affiliations with an Organized Crime Figure;

(b) any individual or entity against whom any action or proceeding is pending to enforce rights of any municipal, city, state or federal government, or any agency, department, public authority, public benefit corporation or local development corporation thereof ("Governmental Entity") arising out of a contractual obligation to any such Governmental Entity;

(c) any individual or entity with respect to whom any notice of monetary default which remains uncured has been given by any Governmental Entity;

(d) any individual who is an officer, director, or otherwise exercises managerial discretion or has an ownership interest in excess of 25% in:

(i) the owner of any one or more dwelling(s) subject to New York State Multiple Residence Law, which dwelling, while under the ownership of the owner in which the individual is an officer, director, or otherwise exercises managerial discretion, has been declared a nuisance by the responsible department, and such nuisance has not been removed by the owner in the time specified in the notice or order declaring the dwelling a nuisance (as such terms are defined and used in New York State Multiple Residence Law);

(ii) the owner of any one or more dwelling(s) subject to New York State Multiple Residence Law, with respect to which dwelling or combination of dwellings, on three distinct occasions, a tenant or tenants have withheld rent pursuant to a rent impairing violation having been noted in the official records of the responsible department, which violation the owner in which the individual is or was an officer, director, or otherwise exercises managerial discretion has failed to remove prior to that amount of time after which such failure permits a resident of such dwelling to legally withhold rent from the owner, and either no action to recover rent or possession has been brought by the owner, or the resident has prevailed in such action (as such terms are defined and used in New York State Multiple Residence Law);

(iii) the owner of any one or more dwelling(s) subject to New York State Multiple Dwelling Law, which dwelling, while under the ownership of the owner in which the individual is an officer, director, or otherwise exercises managerial discretion, has been declared a nuisance by the responsible department, and such nuisance has not been removed by the owner in the time specified in the notice or order declaring the dwelling a nuisance or fines and/or penalties have not been paid with respect thereto (as such terms are defined and used in New York State Multiple Dwelling Law);
or

(iv) the owner of any one or more dwelling(s) subject to New York State Multiple Dwelling Law, with respect to which dwelling or combination of dwellings, on three distinct occasions, a tenant or tenants have withheld rent pursuant to a rent impairing violation having been noted in the official records of the responsible department, which violation the owner in which the individual is or was an officer, director, or otherwise exercises managerial discretion has failed to remove prior to that amount of time after which such failure permits a resident of such dwelling to legally withhold rent from the owner, and either no action to recover rent or possession has been

brought by the owner, or the resident has prevailed in such action (as such terms are defined and used in New York State Multiple Dwelling Law).

(v) any entity which has ever been, or whose principals have ever been, suspended, debarred, disqualified, found non-responsible, had its and/or their prequalification revoked or otherwise has been declared ineligible to do business with any Governmental Entity or which could be deemed non-responsible under New York law.

(e) An individual shall be deemed to be an "Organized Crime Figure" if he or she is alleged as such in writing by a private investigation agency and such allegation has been confirmed by any state or federal prosecutorial, investigative or regulatory agency or authority.

5.7 Changes to Structure of Beneficial Owner Entity - The Owners may not materially modify, amend or otherwise materially change the terms of their respective organizational documents without the prior written approval of the Agency, which approval shall not be unreasonably withheld, except that the approval of the Agency shall not be required if such modification or amendment is for the purpose of substituting or admitting a limited partner of the Beneficial Owner in accordance with Section 5.5 herein. In any event, the Beneficial Owner or the Fee Owner shall provide the Agency with such documents with revisions indicated, within 30 days of the execution thereof.

5.8 General Tax Covenants; Use of Mortgage Proceeds; Other Restrictions - The Beneficial Owner and the Fee Owner each covenant that they will not take any action, or fail to take any action, or make any use of the Project or the proceeds of the Bonds (including investment earnings), in a way which would adversely affect the exclusion of interest on the Bonds from federal income taxation under the Code. The Owners each further covenant and agree that:

(a) The Beneficial Owner will submit a certification in the form attached hereto as Exhibit B with each requisition or request for disbursement of the Mortgage Loan except that such certificate shall not be required at the time of the first advance if waived by the Agency.

(b) No portion of the Mortgage Loan shall be used to provide any facilities other than the multi-family housing units and the portion of the Project which is functionally related and subordinate to such units.

(c) All certifications, representations and warranties made in the tax certification executed by the Beneficial Owner ("Beneficial Owner's Tax Certification"), in connection herewith, as the same may have been amended and approved by the Agency, together with all supplements thereto and all Disbursement Certifications, except as so amended and approved by the Agency, are and will be true and correct. All such certifications, representations and warranties are hereby

incorporated and repeated herein with full force and effect. Specifically and not by way of limitation, the Beneficial Owner warrants the accuracy of the schedules of costs included therein. The Beneficial Owner and the Fee Owner agree to execute and deliver such amendments and supplements to this Agreement as are necessary to preserve the tax exempt status of interest on the Bonds.

(d) The Beneficial Owner will comply with any use or occupancy requirement of any governmental entity providing any subsidy, tax abatement or regulatory approval for the Project, to the extent such requirements do not irreconcilably conflict with the requirements of this Agreement, the Mortgage or any rule, regulation or policy of any state or federal entity.

(e) In no event shall the Beneficial Owner, the Fee Owner or any Principal become the registered or beneficial owner of any of the Bonds.

6.0 REPORTING

6.1 Information and Project Reports - (a) The Beneficial Owner shall submit to the Secretary of the Treasury, at such time and in such manner as the Secretary shall prescribe, an annual certification as to whether the Project continues to meet the requirements of §142(d) of the Code. The Beneficial Owner is on notice that the Code provides that failure to comply will subject the Beneficial Owner to penalty as provided in §6652(j) of the Code.

(b) The Beneficial Owner covenants and agrees to submit to the Agency annually, or more frequently if required in writing by the Agency, reports detailing such facts as the Agency determines are sufficient to establish compliance with the restrictions contained hereunder. The Beneficial Owner covenants and agrees to secure and maintain on file for inspection and copying by the Agency, for at least six (6) years after the later of (i) the due date (including any extensions) for any filings required to be made by the Beneficial Owner with the Internal Revenue Service or its successor agency for that year or (ii) the end of the Qualified Project Period, such information, reports and certifications as the Agency may from time to time require in writing. The Beneficial Owner further covenants and agrees to notify the Agency promptly if the Beneficial Owner discovers noncompliance with any restriction or covenant hereunder. The Agency agrees to notify the Beneficial Owner if the Agency discovers noncompliance with any restriction or covenant hereunder, but the Agency's failure to do so shall not affect the Beneficial Owner's obligations hereunder.

(c) Within 90 days of the closing of the Mortgage Loan, the Beneficial Owner shall furnish a copy of each lease and Low Income Rider entered into for each Low Income Unit with a copy of each annual tenant income certification.

(d) Prior to issuance of the Internal Revenue Service form 8609 with respect to the Project, the Beneficial Owner shall file with the Agency a certificate of actual cost, which shall be accompanied by a certification of an independent certified public accountant reasonably acceptable to the Agency. The independent certified public accountant shall certify, in a format reasonably satisfactory to the Agency, that the amounts claimed as costs are necessary and reasonable, and ordinarily within the scope of the Project. The Agency reserves the right to reject the certificate of actual cost if it is inconsistent with the required format or is otherwise unsatisfactory to the Agency. Additionally, upon completion of the Project, the Beneficial Owner shall also certify to the Agency, based upon a review of its books and records by such certified public accountant, that the Mortgage Loan proceeds have been spent in accordance with the Beneficial Owner's Tax Certification, as modified and approved by the Agency.

(e) The Beneficial Owner shall submit to the Agency within 90 days of the end of any other fiscal year, three copies of the Project's annual audited financial statements. The financial statements must (i) include a balance sheet, a statement of operations, income, and expenses, a statement of cash flows, and all related notes; (ii) be prepared in accordance with generally accepted accounting principles ("GAAP"); (iii) be presented in a two-year comparative format; and (iv) be accompanied by an opinion of an independent certified public accountant acceptable to the Agency stating that the financial statements were audited in accordance with GAAP. The Agency may require that the financial statements be prepared in a specific format which, where practical, will be provided to the Beneficial Owner in advance, and may require that certain subjects be included in the notes to the financial statements. The Agency may require interim period financial statements, certified by an officer of the Beneficial Owner, which shall be submitted within 60 days of the date of request, unless prior to the expiration of the applicable period, Beneficial Owner has requested an additional thirty (30) day extension, which request shall not be unreasonably denied by the Agency.

(f) The Beneficial Owner shall submit to the Agency, on or before the 20th day of each month, a cash flow statement and a schedule of accounts payable for the preceding month certified by an authorized representative of the Beneficial Owner. Such cash flow statement must also be prepared on a monthly basis as well as a cumulative basis (for all months which preceded it in the current fiscal year) for both budgeted and actual results and presented in a format reasonably acceptable to the Agency.

6.2 Monitoring and Record Keeping Requirements - (a) The Beneficial Owner shall keep records for each building in the Project showing for each year in the Qualified Project Period (except where otherwise indicated):

- (1) The total number of residential rental units in the building (including the number of bedrooms and the size in square feet of each residential rental unit);
- (2) The percentage of residential rental units in the building that are Low Income Units;
- (3) The rent charged for each residential rental unit in the building (including any utility allowance);
- (4) The Low Income Unit vacancies in the building and information that shows when and to whom the next such available originally designated Low Income Units were rented;
- (5) The annual income certification of each tenant unless and until the Agency in its sole discretion waives the requirement to collect and preserve income certifications on an annual basis;
- (6) Documentation to support the income certification made by each tenant (for example, a copy of the tenant's federal income tax return, Form W-2, or verifications of income from third parties such as employers or state agencies paying unemployment compensation), in accordance with Treasury Regulation §1.42-5(b)(1)(vii);
- (7) The eligible basis as defined in §42(d) of the Code ("Eligible Basis") and the qualified basis as defined in §42(c) of the Code of the building at the end of the first year of the Credit Period;
- (8) The character and use of the nonresidential portion of the building included in the building's Eligible Basis (e.g., tenant facilities that are available on a comparable basis to all tenants and for which no separate fee is charged for use of the facilities, or facilities reasonably required by the Project); and
- (9) Such other information as the Agency may reasonably request from time to time.

(b) The Beneficial Owner shall retain the foregoing records for each building in the Project for at least six years after the due date (with extensions) for filing the Beneficial Owner's tax return for that year, except that the records for the first year of the Credit Period shall be retained for at least six years beyond the due date (with extensions) for filing the federal income tax return for the last year of the Compliance Period.

(c) The Beneficial Owner shall certify in a sworn statement to the Agency, on the last business day of December of each year through and including the end of the Qualified Project Period, that, for the preceding 12 month period:

- (1) The Project met the requirements of the 20-50 test under §42(g)(1)(A) of the Code, or the 40-60 test (25-60 in New York City) under §42(g)(1)(B) of the Code;
- (2) There was no change in the "applicable fraction" as defined in §42(c)(1)(B) of the Code of any building in the Project, or that there was a change, and a description of the change;
- (3) The Beneficial Owner has received an annual income certification from each tenant of the Low Income Units (unless the Agency in its sole discretion waives the requirement to collect and preserve income certifications on an annual basis) and documentation to support that certification, or a substitute permitted under Treasury Regulation §1.42-5(c)(1)(iii);
- (4) Each Low Income Unit in the Project was rent-restricted under §42(g)(2) of the Code;
- (5) All units in the Project were for use by the general public, except those units otherwise subject to the restrictions under any regulatory agreement imposed on the Owners by HPD;
- (6) Each building in the Project was suitable for occupancy, taking into account local health, safety, and building codes applicable to the Project; or, if there have been any violations of such health, safety or building code, a copy of any notice or summons related thereto has been forwarded to the Agency with a description of the violation and a remedial action plan of the Beneficial Owner. The Beneficial Owner shall further indicate whether the violation has been corrected as of the time of certification or Beneficial Owner's estimate of the time frame necessary for correction;
- (7) There was no change in the Eligible Basis of any building in the Project or, if there was a change, the nature of the change;
- (8) All tenant facilities included in the Eligible Basis of any building in the Project, were provided on a comparable basis without charge to all tenants in the building;

- (9) If a Low Income Unit in the Project became vacant during the year, reasonable attempts were or are being made to rent that unit to tenants having a qualifying income before any units in the Project were or will be rented to tenants not having a qualifying income;
- (10) An extended low-income housing commitment as defined in §42(h) (6) (B) of the Code was in effect with respect to the Project, which included the requirement under Code §42(h) (6) (B) (iv) that the Beneficial Owner cannot refuse to lease a unit in the Project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437s;
- (11) Each building in the Project complies with the requirements of the Code applicable to the Bonds;
- (12) The Project has been and is in compliance with the Agency's Guidelines; the Beneficial Owner's marketing and tenant selection plan applicable to the Project, as filed with the Agency for its records, complies with the applicable rules as defined in the Agency's Guidelines; and there has been no finding of discrimination under any of such applicable rules, nor any complaint, investigation, administrative inquiry, or other action under such applicable rules, or, if there has been any such finding, complaint, investigation, administrative inquiry, or other action, a listing and an explanation thereof;
- (13) The Beneficial Owner has complied with all requirements of the LIHTC program, as the same may be amended or supplemented, and with any additional reporting requirements which the Agency may have imposed in order to monitor compliance therewith;
- (14) Such other matters as the Agency may reasonably request from time to time.

(d) Each year, during the term of this Agreement, the Beneficial Owner shall retain and make available for inspection and review by the Agency a copy of the annual income certification (unless the Agency in its sole discretion waives the requirement to collect and preserve income certifications on an annual basis) from each tenant and a copy of the documentation the Beneficial Owner has received to support that certification and such other information as the Agency deems necessary to comply with the monitoring requirements of §42 of the Code.

(e) The Agency shall have the right to perform audits of the Project through the end of the Compliance Period. For this purpose, an audit includes an inspection of the building in the Project, an inspection of any unit in the Project and a review of the records described in paragraph (a) of this section. The costs and expenses of any audit or inspection performed by Agency personnel shall be borne by the Agency. The Beneficial Owner shall be solely responsible for any costs incurred by Beneficial Owner or Beneficial Owner's consultants in connection with any such audit or inspection. However, in the event the Agency determines in its sole discretion that it is necessary to engage a third party to conduct such audit or inspection as a result of Beneficial Owner's failure to perform its obligations hereunder, then such expenses shall be borne by Beneficial Owner.

The Beneficial Owner shall use reasonable efforts to assist the Agency with obtaining access to any unit in the Project, shall accompany Agency representatives with such inspections, and shall include a provision in the lease rider to the effect that the tenant shall give the Agency, its representatives or its agents the right to enter and physically inspect such unit. If the Agency cannot obtain access to a sufficient number of Low Income Units required to fulfill its obligations under the Code, notwithstanding the good faith efforts of the Beneficial Owner to assist the Agency in obtaining such access, the Agency will be obligated to report such lack of access to the Internal Revenue Service as an incident of non-compliance with LIHTC regulations.

(f) The Agency shall provide prompt written notice to the Beneficial Owner if the Agency does not receive the certification described in paragraph (c) of this section 6.2 or discovers on audit, inspection or review (or in some other manner) that the Project is not in compliance with the provisions of §42 of the Code. Additionally, the Agency shall file Form 8823, Low-Income Housing Credit Agencies Report of Noncompliance, with the Internal Revenue Service no later than 45 days after the end of the correction period (which period shall commence on the date that the Agency notifies the Beneficial Owner of noncompliance pursuant to the preceding sentence and shall extend for 60 days thereafter, unless the Agency determines that there is good cause for granting a extension of the correction period, in which case the period may be extended by the Agency for up to six months).

(g) The Agency shall retain records of noncompliance or failure to certify for six years after the Agency's filing of the respective Form 8823. The Agency shall retain the certifications described in subsection (c) of this section for three years from the end of the calendar year the Agency receives such certifications.

(h) It is expressly understood by the Beneficial Owner that the Agency's monitoring of the Beneficial Owner's compliance with the requirements of §42 of the Code does not and will not make the Agency liable in any manner whatsoever for any noncompliance with such requirements.

6.3 Late Filing Penalties - Unless otherwise specified herein, all reports, certifications or information required under this Article 6 shall be submitted to the Agency by the 20th day of the month following the month to which they relate, and shall be in a format reasonably acceptable to the Agency. The Agency shall notify the Beneficial Owner in the event it has not received any report required hereunder within fifteen (15) days of the date due (as such due date may be extended upon approval of the Agency). If Beneficial Owner fails to submit such delinquent report within five (5) business days after the date of such notice, the Beneficial Owner will be subject to a late filing fee equal to the lesser of (i) five percent (5%) of the then current monthly mortgage debt service obligation, or (ii) \$5,000, which amount will be assessed initially and for each succeeding month until such report is submitted. Notwithstanding the above, and with respect only to annual audited financial statements required pursuant to section 6.1(f) above which have been granted a 30 day filing extension, failure to file such reports upon the expiration of such 30 day period (as such period may be further extended at the sole discretion of the Agency) will immediately, and without any notice required from the Agency, subject the Beneficial Owner to a late filing penalty equal to the lesser of (i) five percent (5%) of the then current monthly mortgage debt service obligation, or (ii) \$20,000, which amount will be assessed initially and for each succeeding month until such report is submitted.

7.0 GENERAL PROVISIONS

7.1 Interpretation and Section Headings - In this Agreement: (a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms as used in this Agreement refer to this Agreement, and the term "hereafter" means after, and the term "heretofore" means before the date of this Agreement.

(b) Unless the context otherwise requires, words of the masculine gender mean and include correlative words of the feminine and neuter genders, and words defined in the singular have the same meaning when used in the plural and vice versa.

(c) Words importing persons include firms, associations, partnerships, trusts, corporations, limited liability companies and other legal entities including public bodies, as well as natural persons.

(d) Any headings preceding the texts of any section, paragraph or subparagraph of this Agreement and table of contents appended to the copies hereof shall be solely for convenience of

reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

(e) All certifications, documents and instructions, including those regarding approvals, consents and acceptances, required to be given or made by any person or party hereunder shall be made in writing.

7.2 Parties Bound - This Agreement shall be binding upon the Beneficial Owner, the Fee Owner and the Agency and any of their respective successors and assigns. Prior to any sale, transfer or other disposition of the Project, the Beneficial Owner and the Fee Owner shall require the subsequent purchaser or transferee to assume in writing the Beneficial Owner's and Fee Owner's obligations and duties under this Agreement and shall provide the Agency with a copy of such assumption. Such obligations and duties shall extend to the provisions that all partners or principals of the new owner shall also be bound hereby. Any sale, transfer or other disposition of the Project without such written assumption is null and void and not effective to result in the sale, transfer or other disposition of the Project or to relieve the Beneficial Owner or the Fee Owner of obligations under this Agreement. The Beneficial Owner and the Fee Owner acknowledge that to the extent controlled by the Beneficial Owner or the Fee Owner or any of the purchasers, transferees, partners or principals of the new owner, it is intended that each person who is "related" to any party bound by this Agreement shall also be bound by this Agreement.

7.3 Compliance with Equal Opportunity Laws and Regulations - The Beneficial Owner and the Fee Owner shall comply with all applicable state and federal laws and regulations regarding affirmative action, equal opportunity in employment and fair housing laws.

7.4 Governing Law - This Agreement has been executed and delivered in, and shall be construed and enforced in accordance with and governed by the laws of the State of New York. In the event of conflict between the provisions of this Agreement and federal laws, regulations and requirements, the latter shall prevail.

7.5 Notices - All notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses first set forth herein, and to the following:

If to Owners:

Hegeman Avenue Housing L.P.
c/o Common Ground Community
505 Eighth Avenue - 15th Floor

New York, New York 10018
Attention: Mr David Beer.

With a copy to:

Geoffrey Cannon, Esq.
Cannon Heyman & Weiss, LLP
54 State Street – 5th Floor
Albany, New York 12207

&

Hudson SLP LLC
630 Fifth Avenue, 28th Floor
New York, NY 10011
Attn: Joseph Macari

If to the Agency:

New York State Housing Finance Agency
641 Lexington Avenue
New York, New York 10022
Attention: Senior Vice President and Counsel

If to the Bank or Agency (for so long as the Letter of Credit shall be in effect):

JPMorgan Chase Bank, N.A.
One Chase Manhattan Plaza, 6th Floor
New York, New York 10081
Attn: Andrew Blumetti

with a copy to:

Jones Day
222 East 41st Street
New York, New York 10017
Attn: Aviva Yakren, Esq.

or to such other place as the Agency or the Beneficial Owner from time to time designate in writing.

7.6 Waiver - No omission by the Agency or act of the Agency other than a writing signed by it waiving a breach by the Beneficial Owner shall constitute a waiver thereof. No such waiver of

any breach shall be deemed a waiver of any other or subsequent breach or affect or alter this Agreement, which shall continue in full force and effect with respect to any other then existing or subsequent breach.

7.7 Severability - All rights, powers and remedies provided herein may be exercised only to the extent that exercise thereof does not violate any applicable law, and are intended to be limited to the extent necessary so that they will not render this Agreement invalid, unenforceable or not entitled to be recorded, registered, or filed under applicable law. If any provision shall be held to be invalid, illegal or unenforceable, only such provision or part thereof shall be affected by such holding and the validity of other provisions of this Agreement and of the balance of any provision held to be invalid, illegal or unenforceable in part only, shall in no way be affected thereby, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision or part thereof had not been contained therein.

7.8 Counterparts - This Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be a duplicate original. All such counterparts shall constitute but one and the same instrument.

7.9 HFA Sign - Subject to compliance with local laws and codes, during construction of the Project and for a period of up to six months thereafter, Beneficial Owner shall at its own expense provide, erect, maintain, and insure a sign in a design format and of a size, materials and appearance required by the Agency, in a location at the Project site acceptable to the Agency, and stating that the Project has been financed by the Agency. If the Beneficial Owner uses a sign provided by the Agency, Beneficial Owner shall reimburse the Agency for the cost of the sign, including the cost of transporting the sign to the site of the Project.

7.10 Modification and Waiver - This Agreement and the provisions herein may not be waived, amended, modified or rescinded unless such waiver, amendment, modification or rescission is in writing, and signed by the Beneficial Owner and the Agency.

7.11 Servicing Fee - (a) The Owner shall pay to the Agency (i) an annual servicing of 0.25% per annum on the outstanding principal amount of the Mortgage Loan, payable in equal monthly installments, commencing upon the Mortgage Loan closing and terminating on the first day on which the Mortgage is no longer outstanding.

(b) Commencing on the first date on which the Bonds and the Mortgage are no longer outstanding until the expiration of the Qualified Project Period, the Borrower shall pay to the

Agency an annual tax credit servicing fee of \$10,000 ("Monitoring Fee"), which fee shall be payable in equal monthly installments.

7.12 Approval of Commercial Leases Affecting the Mortgaged Property – To the extent applicable, the Owners shall submit to the Agency for its prior written approval, which shall not be unreasonably withheld, the identity of any prospective retail or other commercial tenant and the proposed usage of the space. If there is no response by the Agency within ten (10) business days after receipt of the Owners' request for the Agency's approval of the identity of any prospective retail or other commercial tenant and the proposed usage of the space, such request shall be deemed approved.

7.13 Green Building Guidelines - The Project shall comply with the Agency's Green Building Guidelines.

7.14 NSP Affordability – This Agreement simultaneously secures the Affordable Housing Requirements of the NSP-Assisted Units for the Affordability Period (as such terms are defined in that certain Assistance Agreement by and between the Agency and Sponsor) which shall commence as of the date hereof and run concurrently with this Agreement.

SIGNATURE PAGE FOLLOWS

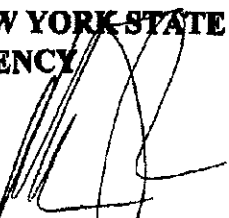
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective duly authorized representatives, as of the day and year first written above.

AGENCY:

Approved by Counsel
to the Agency

**NEW YORK STATE HOUSING FINANCE
AGENCY**

By: 
Justin Waiser
Assistant Counsel

By: 
Marian A. Zucker
Executive Vice President

BENEFICIAL OWNER:

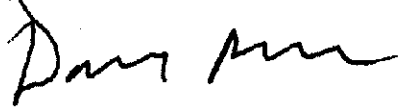
HEGEMAN AVENUE HOUSING L.P.

By: CG-Hegeman Avenue Housing Corp.,
its General Partner

By: 
Name: David Beer
Title: Vice President

FEE OWNER:

**HEGEMAN HOUSING DEVELOPMENT FUND
CORPORATION**

By: 
Name: David Beer
Title: Vice President

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

On the 8th day of June in the year 2010, before me, the undersigned, a notary public in and for said state, personally appeared **Marian A. Zucker**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose names(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 on behalf of which the individual(s) acted, executed the instrument.



Notary Public

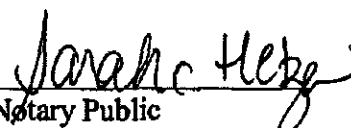
Commission expires:

SEAL

MARYANN VITACCO
Notary Public, State of New York
No. 01VI8129481
Qualified in Richmond County
Commission Expires June 27, 2013

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

On the 8th day of June in the year 2010, before me, the undersigned, a notary public in and for said state, personally appeared **David Beer** personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose names(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 on behalf of which the individual(s) acted, executed the instrument.



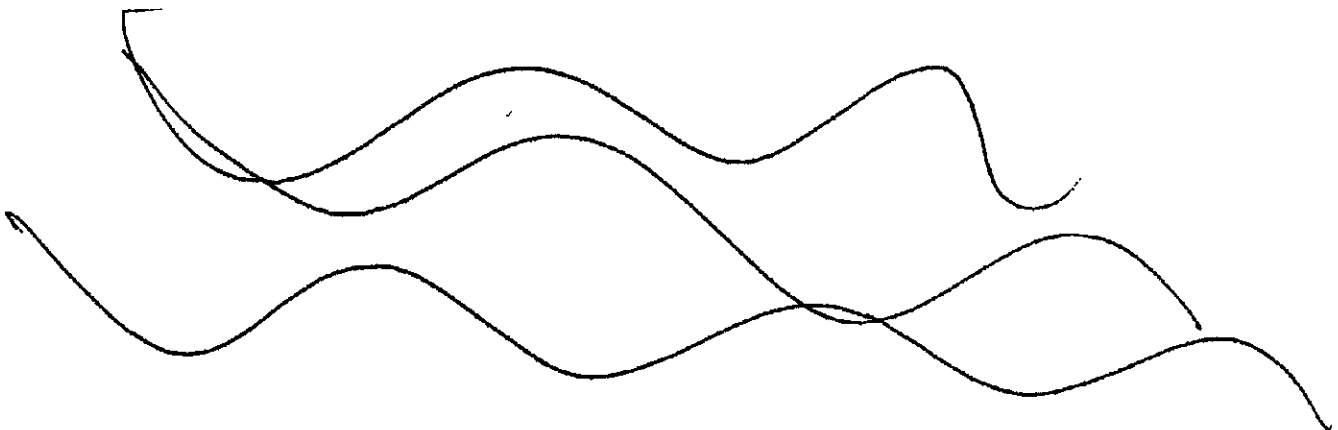
Notary Public

Commission expires:

SARAH C. HETZER
Notary Public, State of New York
No. 01HE6117403
Qualified in Rensselaer County
Commission Expires October 25, 2012

SEAL

SCHEDULE A
DESCRIPTION OF PREMISES
(see attached)



ALL NEW YORK TITLE AGENCY, INC.

Title No. ANY2008-5302C

SCHEDULE A

Amended 05-21-2010

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

BEGINNING at a point on the westerly side of Hopkinson Avenue, distant 100 feet northerly from the corner formed by the intersection of the westerly side of Hopkinson Avenue and the northerly side of Hegeman Avenue;

RUNNING thence westerly at right angles to the westerly side of Hopkinson Avenue, 50 feet;

THENCE southerly parallel with the westerly side of Hopkinson Avenue, 99 feet;

THENCE southeasterly a distance 1 foot 5-3/8 inches to a point on the northerly side of Hegeman Avenue, distant 151 feet 5/8 inches from corner formed by the intersection of the northerly side of Hegeman Avenue and the easterly side of Amboy Street;

THENCE westerly along the northerly side of Hegeman Avenue, 151 feet 5/8 inches to said easterly side of Amboy Street;

THENCE northerly along the easterly side of Amboy Street, 150 feet 6 inches;

THENCE easterly at right angles to the westerly side of Hopkinson Avenue, 200 feet to said westerly side of Hopkinson Avenue;

THENCE southerly along the westerly side of Hopkinson Avenue, 50 feet 6 inches to the point or place of BEGINNING.

FOR OWNER'S POLICY ONLY:

NOTE: FOR INFORMATION ONLY: NOT INSURED

Known as Block 3622, Lot 56: 39 Hegeman Avenue, Brooklyn

EXHIBIT A

AGREEMENT BETWEEN AGENCY AND SUCCESSOR AGENCY IN THE EVENT OF ASSIGNMENT OF THE MORTGAGE

After the Mortgage has been assigned to [insert name of successor Agency], the Agency's right to enforce the Mortgage, in its own right, shall be on the condition that the Agency may only cause an acceleration of the amounts due under the Mortgage Note and/or commencement of foreclosure of the Mortgage if the Agency has received the written consent of [insert name of successor Agency] or an opinion of a nationally recognized bond counsel acceptable to the Agency to the effect that such noncompliance under the Regulatory Agreement, the failure to accelerate the amount due under the Mortgage Note and/or commence foreclosure of the Mortgage, would adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Agency's bonds issued with respect to such Mortgage Loan. The Agency hereby agrees that it will only exercise its rights under the Loan Agreement, Mortgage and Regulatory Agreement to declare the outstanding balance of the Mortgage Loan to be due and payable and/or to foreclosure on the Mortgage as herein provided. This provision shall affect only the rights of [insert name of successor] and the Agency and it is not intended that the Beneficial Owner shall be a third party beneficiary hereof.

EXHIBIT B

PURSUANT TO NYSHFA REGULATORY AGREEMENT

Pursuant to that certain Regulatory Agreement dated as of the __ day of May, 2010 ("Regulatory Agreement"), by and among the **NEW YORK STATE HOUSING FINANCE AGENCY** ("Agency"), and **HEGEMAN AVENUE HOUSING L.P.** ("Beneficial Owner"), and **HEGEMAN HOUSING DEVELOPMENT FUND CORPORATION**, ("Fee Owner"), the Beneficial Owner hereby certifies to the Agency as set forth below. All capitalized terms used but not defined herein shall have the meaning given to them in the Regulatory Agreement.

1. The Beneficial Owner has requested a disbursement of a portion of the Mortgage Loan in the amount and for the purposes described on the attachment hereto. Such disbursement is referred to herein as the "Disbursement". The Certifications herein are made with respect to the Disbursement. This Disbursement will only be used for costs of the Project described in the Regulatory Agreement.

2. All certifications, representations and warranties made by the Beneficial Owner in the Regulatory Agreement and Beneficial Owner's Tax Certification executed simultaneously with the Regulatory Agreement, as either may have been amended and approved by the Agency, together with all supplements thereto and all prior Disbursement Certifications, except as so amended and approved, remain true and correct on the date of this Disbursement Certification and are hereby incorporated and repeated herein with full force and effect. Specifically and not by way of limitation the Beneficial Owner warrants the accuracy of the schedules of costs, actual or estimated as the case may be, included in the Beneficial Owner's Tax Certification. Beneficial Owner further warrants (x) that the Disbursement does not cause a change in the amount of any line item in the Beneficial Owner's Tax Certification, or in the alternative (y) that if it does cause such a change, attached hereto is a completed and executed Beneficial Owner's Tax Certification, revised to reflect any such change, together with the written approval thereof from the Agency.

3. After taking into account the Disbursement, no Mortgage Loan disbursements previously disbursed for payment of Expenditures with respect to the Project, as shown on Part 2 of the "Expected Uses of Loan Proceeds Schedule" included as part of the Beneficial Owner's Tax Certification, will have been applied to pay or reimburse the Beneficial Owner for the payment of "Unqualified Costs" (as classified in the Beneficial Owner's Tax Certification) of the Project in excess of the amounts shown on Schedule A of the Beneficial Owner's Tax Certification.

4. After taking into account the Disbursement and all prior and expected Disbursements, the aggregate amount of all Mortgage Loan disbursements which have been or will be applied to pay or reimburse the Beneficial Owner for the payment of the cost of land or any interest therein (including capitalized lease payments) is or will be less than twenty five percent (25%) of the aggregate amount of Mortgage Loan.

5. After taking into account the Disbursement and all prior and anticipated Disbursements, the "average maturity" of the Bonds will not exceed (120%) of the "average

reasonably expected economic life" (within the meanings ascribed to such quoted terms in Section 147(b) of the Code) of the Project financed or to be financed with the Mortgage Loan.

6. The Disbursement is requested to pay, or reimburse the Beneficial Owner for the payment of costs of the Project theretofore paid or incurred. After giving effect to the payment of costs for which this Disbursement request is made, Beneficial Owner expects that, at the time the costs are certified for LIHTC purposes in connection with preparation of Form 8609 for any building in the Project, the proceeds of the Bonds will be allocable to costs in the sequence and manner provided in Section 4.6 of the Loan Agreement.

7. The Beneficial Owner is in compliance with all of the terms and conditions of the Regulatory Agreement on the part of the Beneficial Owner to be observed or performed and is not aware of any impending failure in such compliance in any material respect.

IN WITNESS WHEREOF, the Beneficial Owner has caused this Certification to be duly executed and delivered as of the date hereof.

BENEFICIAL OWNER:

HEGEMAN AVENUE HOUSING L.P.

By: CG-Hegeman Avenue Housing Corp.,
its General Partner

By: _____
Name: David Beer
Title: Vice President

EXHIBIT C
ADJUSTMENTS FOR SMALLER AND LARGER FAMILIES
TO THE AREA MEDIAN INCOME FIGURE

Number of Persons in Family

50% LOW INCOME UNITS

1	2	3	4	5	6
35%	40%	45%	50%	54%	58%

60% LOW INCOME UNITS

1	2	3	4	5	6
42.0%	48.0%	54.0%	60.0%	64.8%	69.6%

THE PERCENTAGES SET FORTH ABOVE ARE PERCENTAGES TO BE APPLIED TO
AREA MEDIAN INCOME TO DETERMINE APPROPRIATE INCOME LEVELS

HOWEVER, THE ACTUAL APPLICABLE INCOME LIMITS ADJUSTED FOR FAMILY
SIZE ARE THOSE PUBLISHED BY HUD FROM TIME TO TIME

SERVICES AND AMENITIES FORM

Project: **Hegeman Avenue Residence**

- 1) The project includes commercial space, either financed by the Agency or included in the total development cost of the project: _____ Yes _____ ☒ No

- 2) There will be 1 unit reserved for resident managers, superintendents and/or employees:

Unit # (If Known)	Unit Type	Residential or Commercial Use	Revenue- or Non-Revenue- Generating
	1 Bedroom	Residential	Non-revenue

- 3) The following services and amenities are offered by the project for a fee which is NOT included in the monthly base rent for all tenants (both affordable and market rate):

Parking spaces:
_____ All spaces
_____ Indoor parking or garages only
_____ Additional space(s) after one
_____ Other: _____

_____ Storage space

_____ Recreational facilities

Individual utilities:
_____ Electric _____ Heat
_____ Gas _____ ☒ A/C
_____ Water
_____ Cable service

Laundry facilities:
_____ Washer/Dryer hook-up
_____ Washer/Dryer in unit
_____ ☒ Laundry room

Structural or architectural features:
_____ Bay windows _____ Den in apartment
_____ Balconies _____ Vaulted ceilings
_____ Fireplaces
_____ Other: _____

Other services and/or amenities for which a fee will be charged:

_____ None

If applicable, the service package for senior/congregate/assisted projects includes:

Certification: I, David Beer, Owner, hereby certify that the information contained herein is accurate and correct.

Signed: David Beer

Dated: 04/26/10

Title: Vice President

ENERGY SAVING IDEAS

Conserve Energy. Save Money. Protect the Environment.

What can you do to lower your electric bill? Quadlogic has put together the following guidelines to help you conserve energy and lower your electric bill. This information was collected from various sources*, and is intended to show you how easy it can be to make a few changes that won't have a big impact on your lifestyle but *will* have a big impact on your electric bill.

LIGHTING

- ❖ Replace ordinary light switches with dimmers. Dimmers let you set bulb brightness to suit different needs. Whenever lights are set at less than full brightness, you save energy.
- ❖ Replace ordinary incandescent bulbs with new compact fluorescent bulbs. Compact fluorescent bulbs give the same light levels as the ordinary bulbs they replace, but use 40-60% less energy.
- ❖ Use timers to turn off lights when you're away from home. That saves energy and adds security to your home.
- ❖ Use lower wattage bulbs whenever you can. Wattage isn't a measure of brightness, it's a measure of energy usage. The lower the wattage, the less energy used.
- ❖ Replace ordinary switches with motion sensors. Motion sensors monitor a room for the presence of people. When someone enters the room, lights go on automatically so you don't light an unoccupied room.

APPLIANCES

- ❖ Choose Energy Star appliances, which use considerably less energy than other appliances.
- ❖ Use your refrigerator as efficiently as possible by keeping the condenser coils clean.
- ❖ Use washers, dryers and dishwashers efficiently. Every time these appliances go through a cycle, they use very nearly the same amount of energy whether empty or full. So cleaning with full loads makes for best efficiency and best value on your energy dollars.
- ❖ Switch off the "instant on" feature in electronic devices. Many electronic products have an "instant on" circuit that uses energy continuously, even when the device is turned off. On some electronic devices, you can choose to turn it off.

COMPUTER & HOME OFFICE EQUIPMENT

- ❖ Turn your computer off when it is not in use. Much of the energy use associated with computer is wasted because PC's are often left on when not in use, including nights, weekends, and even extended periods of inactivity during the day.

- ❖ Turn off your display device or monitor. Monitors consume a significant portion of the energy used by PC's.
- ❖ Use a laptop. A typical laptop computer has a maximum power consumption of 15 watts, and extensive power management capabilities. A typical desktop PC, with display consumes about 10 times that or 150 watts, and has limited power management features. The potential energy savings from substituting PC's with portable laptops are large, up to 90% or more.
- ❖ Select a printer with power management capabilities. Printers with automatic "power down" features can reduce electricity use by over 65%.
- ❖ Select a fax machine with power management capabilities. Fax machines are generally turned on 24 hours-a-day to receive incoming faxes. However, they are typically in use for only 5% of the total time they are turned on. Fax machines with power management features can reduce energy costs by almost 50%.

AVERAGE ANNUAL ENERGY CONSUMPTION			
Equipment	Conventional Products	Energy Saving Products	Potential Energy Savings
Desktop PC's	500 kWh	250 kWh	50%
Fax Machines	300 kWh	135 kWh	55%
Laser Printers	750 kWh	270 kWh	65%
Copier (Medium)	1200 kWh	535 kWh	55%
Copier (Large)	2800 kWh	1200 kWh	55%

You may find "Energy Star" appliances at your local retail stores.

USEFUL LINKS

www.sears.com
www.circuitcity.com
www.bestbuy.com
www.pcrichard.com
www.allcityappliance.com

OTHER HELPFUL HINTS

- ❖ Stop drafts coming in near doors, windows, or air conditioners. Drafts make the heating and cooling systems work harder therefore costing you more money.
- ❖ Stop leaks at faucets, toilets, tubs, and showers. If the leak is from hot-water faucets, it wastes the energy from your hot water heater and costing you more money.

* Sources: Con Edison, LIPA, Orange and Rockland, NYSEDA, Niagra Mohawk, Southern California Edison.