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November 27, 2012

Ms. Jaclyn Brillig
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 to Submeter Electricity with Limited Waiver
39 Hegeman Avenue, Brooklyn, N.Y. 11212

Dear Ms. Brillig:

Our firm represents Hegeman Avenue Housing L.P. (Petitioner), a provider of supportive housing for formerly homeless and low-income single adults operated on a not-for-profit basis. Documentation of Petitioner's corporate ownership filed with the NYS Department of State is attached as "Exhibit A."

Petitioner provides supportive, affordable, rent-stabilized housing in a new 161-unit residential rental building located at 39 Hegeman Avenue, Brooklyn, N.Y. 11212 (the "The Hegeman"). Construction began in June of 2010 and was completed in March of 2012. The Hegeman is located within the service territory of Consolidated Edison Company of New York, Inc. (Con Edison) and has a master-meter.

Petitioner respectfully submits this petition to submeter electric service at The Hegeman pursuant to 16 NYCRR § 96.2(c) and applies for a limited waiver to master-meter 100-units. As detailed below, Petitioner is applying for a limited waiver because Regulatory Agreements prohibit Petitioner from charging tenants for electricity in 100-units occupied exclusively by individuals referred by the New York City Department of Homeless Services (DHS) and the New York City Department of Social Services, HIV/AIDS Services Administration (HASA). Since tenants in these 100-units cannot be charged for electricity, using the master-meter will avoid tenant confusion and is cost efficient. If the limited waiver is denied, in the alternative, Petitioner respectfully requests permission to submeter all apartments in the building.

The Hegeman is a supportive housing facility that serves the needs of a special resident population, many of whom are chronically street homeless and suffer from mental illness. Common Ground is the property manager and Center for Urban Community Services (CUCS) provides on-site social and psychiatric services for all residents. The Hegeman is the 10th permanent supportive housing residence Common Ground will operate in New York City. As detailed in the attached letter, The Hegeman propels Common Ground's mission, to end homeless in New York City, and embraces the approach know as "housing first," which refers to a city-wide initiative to house the most vulnerable individuals directly from the streets without traditional prerequisites of stability, such as sobriety. A letter from Common Ground in support of this Petition and the application for a limited waiver is attached as "**Exhibit B.**"

Limited waiver to master-meter 100 DHS & HASA units

The Hegeman 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"), both 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 as "**Exhibit C**", the Home Written Agreement is attached as "**Exhibit D**", and the HPD Regulatory Agreement is attached as "**Exhibit E.**"

As further detailed in the Regulatory Agreements, for at least 30 years The Hegeman shall be used exclusively as housing for persons of low-income and at least 100 of the units shall be occupied exclusively by the formerly homeless.

To comply with the Regulatory Agreements, 73 of the studios at The Hegeman are exclusively for individuals referred by the New York City Department of Homeless Services (DHS) and 27 units are exclusively for individuals referred by the New York City Department of Social Services, HIV/AIDS Services Administration (HASA).

To qualify, the 73 DHS residents must be chronically street homeless and have a diagnosis of severe and persistent mental illness. These 73 residents pay 30% of their gross monthly income towards rent and a Section 8 Project-Based Voucher Program pays the balance. The New York City Department of Housing Preservation and Development (HPD) is the administrator of the Voucher Program on behalf of the U.S. Department of Housing and Urban Development (HUD). The Voucher Program is memorialized in a Housing Assistance Payment contract (HAP Contract), which stipulates that the landlord must pay all utilities.

A copy of the HAP contract is attached for reference as "**Exhibit F.**" The 73 units that are specifically designated for DHS residents are described in "Exhibit A" of the HAP Contract.

The HAP Contract specifically says that: "The Hegeman will provide electricity and gas heat / hot water to tenants. Tenants will not be responsible for paying utilities." See, "Exhibit C" of the HAP contract.

To qualify, the 27 HASA residents must also be chronically street homeless and have severe and persistent mental illness. These residents also pay a percentage of their income towards rent and HASA subsidizes the balance. The agreement between Common Ground and HASA to set aside these units requires that Common Ground provide air conditioning for these residents at no additional charge to the resident. A copy of the Memorandum of Understanding dated March 30, 2012 is attached for reference as "Exhibit G."

Since the HAP Contract, Memorandum of Understanding and Regulatory Agreements prohibit Petitioner from charging the 73 DHS units and 27 HASA units for electricity, Petitioner hereby applies for a limited waiver to master-meter these 100-units. These units are designed for a special tenant population for which a price signal from an individual meter is unlikely to produce a meaningful conservation response.

If the application for a limited waiver is approved, it will be easy to implement because Petitioner has specifically designated apartments for the 73 DHS and 27 HASA units. Therefore, the apartments designated for DHS or HASA tenants would remain master-metered no matter how many tenants move in and out of each designated apartment over time. A breakdown of apartment designations for all 161-units at The Hegeman is attached as "Exhibit H." Please note that "NYNY" on the breakdown indicate DHS units.

A limited waiver to master-meter the 73 DHS and 27 HASA units will be cost efficient and avoid tenant confusion. By using the master-meter for these 100-units, Petitioner will pay 1 monthly bill instead of 100 bills, saving time, resources and expense. For example, by utilizing the master-meter for these 100-units, Petitioner would pay 12 electric bills in a calendar year as opposed to 1,200 electric bills. Utilizing the master-meter for these 100-units would reduce administrative costs and needless paperwork, enabling Petitioner to devote time and resources towards its mission to provide supportive housing services to residents in need. Using the master-meter for billing these 100-units will also avoid confusion amongst the tenant population, which consists of the formerly homeless, many of which suffer from mental health issues. There is no need to burden or confuse these 100-units with electric bills that they are not being asked to pay.

As detailed below, The Hegeman has been designed in accordance with standards that will increase energy conservation and efficiency. The energy saving programs and green technology employed at The Hegeman ensure that energy conservation will be a top priority for residents and staff.

Energy conservation and efficiency

The Hegeman has been designed in accordance with standards that will increase energy conservation and efficiency. Petitioner is participating in the NYSERDA Multifamily Performance Program as well as the NYSERDA Green Affordable Housing Component. The Hegeman 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 Hegeman 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 as "**Exhibit I.**"

Each of the 161-units has an energy efficient refrigerator, cooktop, microwave and A/C unit, in addition to energy star lighting fixtures. Refrigerators and dishwashers in The Hegeman's common areas are also energy star rated.

At The Hegeman, there is an important built-in conservation system: an integrated Building Management System (BMS). This BMS is integrated with fundamental building security operations. Each resident receives a Tenant ID card after signing his/ her lease. In addition to serving as a "front door key" – residents must swipe this ID to access the turnstiles in the lobby – it is also integrated such that when a tenant swipes out of the building, it automatically turns off a breaker, which turns off the air conditioner and lights. When the tenant returns and swipes back in, this breaker turns back on, so that the resident can again use these amenities.

At move-in, case managers and building management staff demonstrate how all appliances work, explain the BMS system, and reinforce conservation tips to each resident. To further encourage energy conservation, at move-in Petitioner provides each resident with the "Energy Saving Ideas" brochure attached as "**Exhibit J.**"

Additional weatherization and energy efficient measures at The Hegeman are described below in Paragraph 11.

Attached to this Petition, please find the following supporting documents:

- (a) Exhibit A: Documentation of Petitioner's corporate ownership filed with the New York State Department of State
- (b) Exhibit B: Letter from Common Ground
- (c) Exhibit C: HFA Regulatory Agreement
- (d) Exhibit D: Home Written Agreement
- (e) Exhibit E: HPD Regulatory Agreement
- (f) Exhibit F: HAP Contract
- (g) Exhibit G: HASA Memorandum of Understanding
- (h) Exhibit H: Apartment designations
- (i) Exhibit I: NYSERDA Participation Agreement
- (j) Exhibit J: Energy Saving Ideas Brochure
- (k) Exhibit K: Specifications for Quadlogic's submetering system
- (l) Exhibit L: Annual Notification of Rights and Responsibilities

As set forth below, Petitioner's submetering plan meets all requirements of the Commission's rules for the submetering of electricity at a new or renovated master-metered residential building owned or operated by a private entity and therefore Petitioner respectfully requests the Commission's approval in accordance with 16 NYCRR § 96.2(c).

Based upon the foregoing, Petitioner respectfully requests that the Commission waive any notice requirements to Con Edison, tenants or the general public that are ordinarily required when submitting this petition.

1. Economic advantages of submetering over direct utility metering

The submetering system installed by Quadlogic Controls Corporation (Quadlogic) 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.

The advantages to the Quadlogic submetering system are many, and include fair energy cost allocation based on actual resident consumption. The Quadlogic system also has the advantages of daily data availability for usage analysis and the convenience of a remotely ready system, whereby entry to individual apartments are not required for meter reading. Usage analysis will help Petitioner assess the usage needs of tenants, budget and generally educate tenants about electricity consumption.

2. Submetering system to be installed, including a validation of reliability and accuracy

Quadlogic's MiniCloset-5 meters measure usage in kilowatt-hours, VARs, VAs, Watts, Amps, and Power Factor. Other features include a non-volatile memory and an easy to read LCD 6-digit display. Additionally, the meter monitors and stores an apartments hourly electric usage and retains this information for approximately 60 days.

Remote reading capability is possible through the use of Quadlogic's Power Line Carrier system, which is installed in more than 30,000 apartment units nationwide. The system also features sophisticated self-diagnostics to ensure reliable operations. For further details, please see the specifications provided by Quadlogic attached as "Exhibit K."

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).

3. Method and basis for calculating rates, which includes a "rate cap"

Each "billing cycle" is approximately 30-days. The amount charged for electricity is calculated by multiplying usage, measured in kilowatt-hours, by the rate, which is a percentage measured to be equal to or less than the SC-1 Rate that Con Edison charges.

In no event will the total rates exceed the utility's tariffed residential rate for direct metered service to such residents as specified in 16 NYCRR § 96.2(b)(3).

Meter reading data and billing calculations will be documented and maintained for a 6-year period for each unit.

4. Complaint procedures and tenant protections

Petitioner certifies that it will provide complaint procedures and tenant protections consistent with the Home Energy Fair Practices Act (HEFPA).

Petitioner's proposed "Annual Notification of Rights and Responsibilities" (Annual Notification) is attached for the Commission's review as "**Exhibit L.**" Special procedures and tenant protections are detailed on page 2 of the Annual Notification and the complaint procedures are detailed on pages 5-6.

5. Enforcement mechanism

Petitioner certifies that enforcement mechanisms are available to tenants to ensure that their rights are protected in full compliance with HEFPA. Enforcement mechanisms, tenant protections, complaint procedures and notice requirements are all detailed in Petitioner's proposed "Annual Notification of Rights and Responsibilities." See, "**Exhibit L.**"

6. Certification that lease language shall sufficiently describe necessary submetering information

Petitioner certifies that the method of rate calculation, the rate cap, complaint procedures, tenant protections and enforcement mechanisms will be incorporated in plain language into all leases.

7. Description of the type of heat provided or to be provided

The Hegeman will use a hot water baseboard heating system utilizing condensing boilers that are natural gas fired. There will be a minimal number of electric heating units in the common areas and office space.

8. Installation of submetering system

Quadlogic has installed the submetering system but it will not be activated until Commission approval. The meters may be upgraded to provide advanced data.

9. Property and tenant description

The Hegeman is a newly constructed supportive housing facility that serves the needs of a special resident population, many of whom are chronically street homeless and suffer from mental illness.

Construction began in June of 2010 and was completed in March of 2012. Approximately 118 of the 161-units are now occupied.

All 161-units at The Hegeman are studio apartments. Each apartment, which will be occupied by a single adult, has its own bathroom and kitchen.

Amenities at The Hegeman 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.

Common Ground is the property manager and Center for Urban Community Services (CUCS) provides on-site social and psychiatric services for all residents. The Hegeman is the 10th permanent supportive housing residence Common Ground will operate in New York City. See, "**Exhibit B.**"

As further detailed in the attached Regulatory Agreements, for at least 30 years The Hegeman 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. All apartments are 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.

Of the 161-units, 73 are exclusively for individuals referred by the New York City Department of Homeless Services (DHS), 27 are exclusively for individuals referred by the New York City Department of Social Services, HIV/AIDS Services Administration (HASA), 60 are exclusively for low-income tenants and 1 will be allocated to an on-site super. The Hegeman has specifically designated apartment numbers for each tenant category. See, "**Exhibit H.**"

The building, common areas and individual units have all been designed in accordance with standards that will increase energy conservation and efficiency.

10. No shadow billing

Shadow billing will not be employed at The Hegeman. Petitioner may periodically monitor electricity usage to assess usage needs and to educate tenants about electricity consumption.

11. Other weatherization or energy efficient measures at the Building

The Hegeman was designed to be energy efficient and to promote energy conservation. Petitioner is participating in the NYSEERDA Multifamily Performance Program as well as the NYSEERDA Green Affordable Housing Component. The Hegeman is expected to receive a Leadership in Energy and Environmental Design Silver Rating (LEED Silver Rating) by the U.S. Green Building Council. See, "**Exhibit I.**"

Each of the 161-units has an energy efficient refrigerator, cooktop, microwave and A/C unit, in addition to energy star lighting fixtures. Refrigerators and dishwashers in The Hegeman's common areas are also energy star rated.

The Hegeman 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.

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.

12. Documentation that information will be provided to tenants to further reduce energy consumption

Common Ground and CUCS will provide a robust tenant activities program at The Hegeman. Anticipated activities include recycling competitions, demonstrations on how to properly use energy-efficient features, panels from experts about how to keep apartments comfortable seasonally without wasting energy and trips to farmers markets.

At move-in, case managers and building staff take each resident to their apartment to demonstrate the way all appliances work, explain the integrated Building Management System (BMS), and reinforce other conservation tips. As detailed above, the BMS system is a built-in conservation system that automatically turns off the tenant's air conditioner and lights when a tenant swipes out of the building with their ID card.

To further encourage energy conservation, at move-in Petitioner provides each resident with the "Energy Saving Ideas" brochure attached as "Exhibit J."

13. Tenants are not financially disadvantaged by this Petition

The Hegeman's submetering system, which is state of the art, energy efficient, cost efficient, user friendly and HEFPA compliant, is beneficial to both Petitioner and residents. Therefore, this Petition does not financially disadvantage tenants.

Petitioner respectfully submits this petition to submeter electric service at The Hegeman pursuant to 16 NYCRR § 96.2(c) and applies for a limited waiver to master-meter 100-units. If the limited waiver is denied, in the alternative, Petitioner respectfully requests permission to submeter all apartments in the building.

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,


Scott E. Buckhout, Esq.

EXHIBIT A

NYS Department of State

Division of Corporations

Entity Information

The information contained in this database is current through November 26, 2012.

Selected Entity Name: HEGEMAN AVENUE HOUSING L.P.

Selected Entity Status Information

Current Entity Name: HEGEMAN AVENUE HOUSING L.P.

DOS ID #: 3853849

Initial DOS Filing Date: SEPTEMBER 09, 2009

County: NEW YORK

Jurisdiction: NEW YORK

Entity Type: DOMESTIC LIMITED PARTNERSHIP

Current Entity Status: ACTIVE

Selected Entity Address Information

DOS Process (Address to which DOS will mail process if accepted on behalf of the entity)

HEGEMAN AVENUE HOUSING L.P.

505 EIGHTH AVENUE, 15TH FLOOR

NEW YORK, NEW YORK, 10018

Registered Agent

NONE

***Stock Information**

# of Shares	Type of Stock	\$ Value per Share
-------------	---------------	--------------------

No Information Available

*Stock information is applicable to domestic business corporations.

Name History

Filing Date	Name Type	Entity Name
SEP 09, 2009	Actual	HEGEMAN AVENUE HOUSING L.P.

A **Fictitious** name must be used when the **Actual** name of a foreign entity is unavailable for use in New York State. The entity must use the fictitious name when conducting its activities or business in New York State.

NOTE: New York State does not issue organizational identification numbers.

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EXHIBIT B



505 Eighth Avenue, 12th Floor
New York, NY 10018
212.389.9300 tel

www.commonground.org

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

Petition to Submeter Electricity with Limited Waiver
39 Hegeman Avenue, Brooklyn, N.Y. 11212

Common Ground submits this letter in support of Hegeman Avenue Housing L.P.'s petition to submeter electric service at The Hegeman and their application for a limited waiver to master-meter 100-units.

The Hegeman provides supportive, affordable, rent-stabilized housing for 160 formerly homeless and low-income single adults. Common Ground is the property manager and Center for Urban Community Services (CUCS) provides on-site social and psychiatric services for all residents. The Hegeman is the 10th permanent supportive housing residence Common Ground will operate in New York City. Common Ground also operates Scatter Site housing in New York City, permanent supportive housing buildings in Rochester and Connecticut, and programs such as Safe Havens, Street to Home Outreach in Brooklyn, Queens and Manhattan.

The Hegeman propels Common Ground's mission, to end homelessness in New York City, and embraces the approach known as "housing first," which refers to a city-wide initiative to house the most vulnerable individuals directly from the streets without traditional prerequisites of stability, such as sobriety. This model aims to prevent high-risk individuals from returning to homelessness and supports them in achieving the goals of housing stability and independence in the community.

73 of the studios at The Hegeman are set aside for individuals referred by the New York City Department of Homeless Services (DHS). To qualify, these residents must be chronically street homeless and have a diagnosis of severe and persistent mental illness. These 73 residents pay 30% of their gross monthly income towards rent and a Section 8 Project-Based Voucher Program pays the balance. The New York City Department of Housing Preservation and Development (HPD) is the administrator of the Voucher Program on behalf of the U.S. Department of Housing and Urban Development (HUD). The Voucher Program is memorialized in a Housing Assistance Payment (HAP) contract, which stipulates that the landlord must pay all utilities.

Ending homelessness in New York.

27 of the studios at The Hegeman are set aside for individuals who are referred by the New York City Department of Social Services, HIV/AIDS Services Administration (HASA). To qualify, these HASA residents must also be chronically street homeless and have severe and persistent mental illness. These residents also pay a percentage of their income towards rent and HASA subsidizes the balance. The Memorandum of Understanding between Common Ground and HASA to set aside these units requires that Common Ground provide air conditioning for these residents at no additional charge to the resident.

As further detailed in the Petition, the HAP Contract, Memorandum of Understanding and Regulatory Agreements prohibit Petitioner from charging the 73 DHS and 27 HASA units for electricity. As such, Common Ground supports Petitioner's application for a limited waiver to master-meter these 100-units. These 100-units are designed for a special tenant population for which a price signal from an individual meter is unlikely to produce a meaningful conservation response. Administering a submetering system for these 100-units would place an undue burden on building staff, on CUCS social workers and on the frail tenant population, detracting from The Hegeman's mission to provide supportive housing. A limited waiver to master-meter the 73 DHS and 27 HASA units will avoid tenant confusion and be cost efficient.

The remaining 60 units at The Hegeman are set aside for self-referred individuals who qualify by meeting an income eligibility range that does not exceed \$34,380. This dollar amount is a ceiling and many of our low-income residents are impoverished. Though self-referred, some of these "community" residents are moving in directly from shelters. These 60 residents, many of whom have a history of homelessness and mental health issues, have access to on-site social and psychiatric services that are provided to all residents at The Hegeman.

To exemplify the unique tenant population that will occupy The Hegeman, the following is true of a similar building operated by Common Ground and CUCS called The Schermerhorn, which is located in downtown Brooklyn:

- 38% of all residents receive SSI and / or SSD
- 17% of all residents received Public Assistance
- 12% of all residents are seniors (62+)

We anticipate an even larger percentage of all residents at The Hegeman will be SSI / SSD recipients as there are a higher percentage of special needs residents overall at The Hegeman. (62.5% at Hegeman v. 53.7% at Schermerhorn)

In addition to severe and persistent mental illness, many residents suffer with serious medical frailty. To meet this host of needs, the Center for Urban Community Services, a long term



505 Eighth Avenue, 12th Floor
New York, NY 10018
212.389.9300 tel

www.commonground.org

partner of Common Ground in the provision of supportive housing, provides extensive case management, on-site psychiatric services, a nurse practitioner, and coordinates an array of services for tenants as needed, such as home health aids or visiting nurse services. CUCS also runs a Supported Employment program and offers money management guidance.

Common Ground and CUCS will also provide a robust tenant activities program at The Hegeman. This programming is designed to achieve several goals: build community, teach daily living skills such as cooking and cleaning, teach financial management, and to raise awareness of environmentally responsible and sustainable living skills. Activities in at other locations have included recycling competitions, demonstrations of how to properly use energy-efficient features, panels from experts about how to keep your apartment comfortable seasonally without wasting energy and trips to farmers markets.

At the Hegeman, there is an important built-in conservation system: an integrated Building Management System (BMS). This BMS is integrated with fundamental building security operations. Each resident receives a Tenant ID card after signing his/ her lease. In addition to serving as a 'front door key' – residents must swipe this ID to access the turnstiles in the lobby – it is also integrated such that when a tenant swipes out of the building, it automatically turns off a breaker, which turns off the air conditioner and lights. When the tenant returns and swipes back in, this breaker turns back on, so that the resident can again use these amenities.

At move-in, case managers and building management staff take each resident up to his / her apartment to demonstrate the way all appliances work, to explain the BMS system, and to reinforce other conservation tips. To further encourage energy conservation, each resident is provided an "Energy Saving Ideas" brochure at move-in. The energy saving programs and green technology employed at The Hegeman ensure that energy conservation will be a top priority for our residents and staff.

Common Ground respectfully submits this letter in support of the Petition to submeter electric service at The Hegeman and the application for a limited waiver to master-meter 100-units.

Best Regards,

Chloe Marin, Associate Director, Housing Operations & Programs

EXHIBIT C

4

x7
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 17/00 (\$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

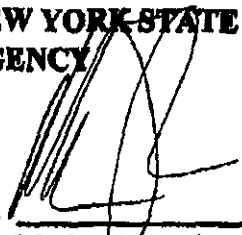
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective duly authorized representatives, as of the day and year first written above.

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. 01V18128481
Qualified in Richmond County
Commission Expires June 27, 2013

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

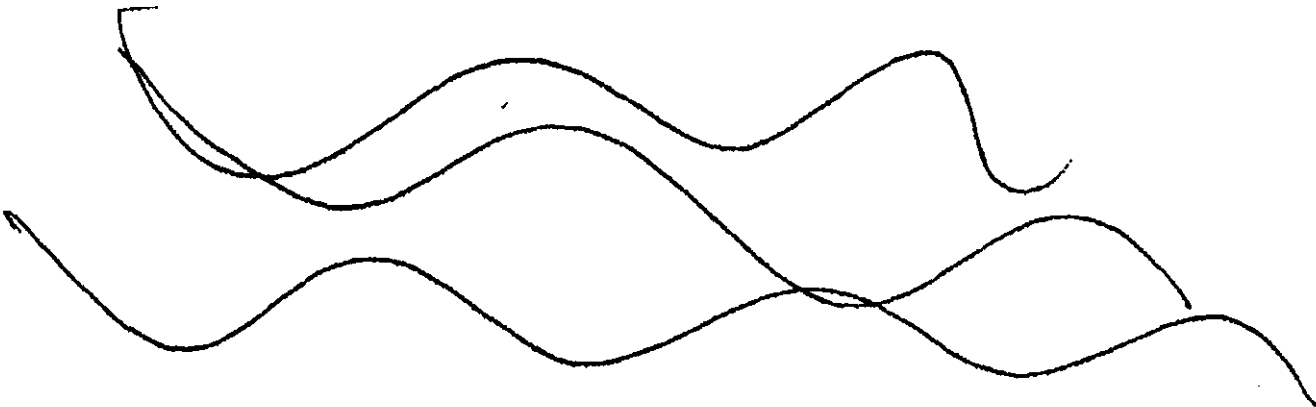
On the 8th day of June in the year 2010, before me, the undersigned, a notary public in and for said state, personally appeared **David Beer** personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose names(s) is (are) subscribed to the within instrument 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
 Gas
 Water
 Cable service
- Heat
 A/C
- Laundry facilities:**
 Washer/Dryer hook-up
 Washer/Dryer in unit
 Laundry room
- Structural or architectural features:**
 Bay windows
 Balconies
 Fireplaces
 Other: _____
- Den in apartment
 Vaulted ceilings

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: 

Dated: 04/26/10

Title: Vice President

EXHIBIT D

27

(6)

HOME WRITTEN AGREEMENT

AGREEMENT ("Agreement") made as of the 9th day of June, 2010 by and among

HEGEMAN AVENUE HOUSING L.P., a New York limited partnership having an address at 505 Eighth Avenue, 15th Floor, New York, New York 10018 (hereinafter referred to as "Beneficial Owner").

HEGEMAN HOUSING DEVELOPMENT FUND CORPORATION, a New York not-for-profit corporation, having an address at 505 Eighth Avenue, 15th Floor, New York, New York 10018 ("Legal Owner"; Beneficial Owner and Legal Owner hereinafter collectively referred to as the "Sponsor") and

THE CITY OF NEW YORK ("City"), acting by and through its Department of Housing Preservation and Development ("HPD"), having an office at 100 Gold Street, New York, New York 10038.

WITNESSETH:

WHEREAS, Sponsor is the owner of the real property described in Schedule A annexed hereto (the "Premises") known as **39 Hegeman Avenue, Brooklyn, New York** and designated as **Block 3622, Lot 56** on the Tax Map of the City of New York and desires to construct affordable housing thereon (the "Project");

WHEREAS, all or a portion of the Project will be financed using funds provided under the federal HOME Investments Partnerships Program ("HOME"; such funds being "HOME Funds" and the portion of the Project assisted thereby, as more particularly defined below, being the "HOME Project") created pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990 and the implementing regulations at 24 CFR 92 (the "Act"); and

WHEREAS, HPD, as the participating jurisdiction administering the HOME Funds for the Project, cannot disburse HOME Funds for the HOME Project unless Sponsor shall enter into a written agreement with HPD ensuring compliance with the requirements of the Act; and

WHEREAS, in furtherance thereof, Sponsor shall agree to repay the HOME Funds if the Sponsor violates any of the terms or conditions of this Agreement and shall grant to the City a mortgage on the Premises as security therefor,

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the parties do hereby agree as follows:

1. HOME Project

The HOME Project shall consist of the fifty-three (53) units set forth in Schedule B annexed hereto (the "Units"). If specific Units are not identified on Schedule B or the identity of the Units shall change, HPD shall, after consultation with Sponsor, identify the Units by notice to Sponsor.

2. Restriction Period

The term of the restrictions set forth in this Agreement ("Restriction Period") shall commence on the date hereof ("Commencement Date") and shall run until the twentieth (20th) anniversary of "project completion." For the purposes of this paragraph "project completion" means that (a) all necessary title transfer requirements and construction work has been performed; (b) the Project complies with the requirements of 24 CFR 92 (including the property standards under Section 92.251), (c) the final drawdown has been disbursed by the United States Department of Housing and Urban Development ("HUD") to HPD for the Project; and (d) the Project completion information has been entered by HPD in the disbursement and information system established by HUD, which information is based on receipt from Sponsor of all required tenant beneficiary information (including but not limited to certified rent rolls and household characteristic data) and project expenditures on a line-item basis. HPD will provide written notification to Sponsor of the date of the project completion when such date is determined ("Completion Date").

3. Use of HOME Funds

Sponsor shall use the HOME Funds to partly finance the costs of constructing the HOME Project, as more specifically set forth in Schedule C annexed hereto. Schedule C sets forth the tasks to be performed, a schedule for completing the tasks, and a budget.

4. Affordability Requirements - Income of Tenants

(a) Each Unit in the HOME Project must be occupied by low-income families as defined in 24 CFR 92.2 throughout the Restriction Period.

(b) A minimum of ninety (90%) of the Units in the HOME Project which are occupied on the Completion Date plus the Units in the HOME Project which are thereafter initially occupied, must be occupied by families whose annual incomes do not exceed sixty (60%) of Adjusted Median Income (as hereinafter defined). For purposes hereof,

"Adjusted Median Income" shall mean the median income for the New York, NY HUD Metro FMR Area calculated by HUD from time to time for a family of four, as adjusted for family size and to reflect the income and housing cost characteristics of the New York, NY HUD Metro FMR Area. For so long as HUD shall establish the income ceiling for "very low-income families" pursuant to (and as defined in) Section 3(b)(2) of the United States Housing Act of 1937 (42 USC sec.1437a(b)(2)), the Adjusted Median Income shall be 200% of the income ceiling so determined for the New York, NY HUD Metro FMR Area. If HUD shall cease to make such determinations, HPD may establish the Adjusted Median Income or substitute such other determination as it shall deem appropriate.

(c) A minimum of twenty (20%) of the units in the HOME Project throughout the Restriction Period must be occupied by very low-income families as defined in 24 CFR 92.2 ("Very Low-Income Units").

(d) [Omitted].

(e) Paragraphs 4(a), 4(b) and 4(c) above will still be deemed satisfied despite a temporary non-compliance thereof, if the noncompliance is caused by increases in the incomes of existing tenants and if actions satisfactory to HUD are being taken to ensure that all vacancies are filled in accordance with this Agreement until the noncompliance is corrected. Tenants who no longer qualify as low-income families must pay as rent the lesser of the amount payable by the tenant under the New York City Rent Stabilization Code or 30% of the family's adjusted monthly income, as recertified annually. The preceding sentence shall not apply with respect to funds made available under the Act for units that have been allocated for low-income tax credits by a housing credit agency pursuant to the Tax Credit Law.

(f) In order to determine whether an applicant meets the aforesaid income requirements, Sponsor shall ascertain the annual income of such applicant's household. "Annual Income" is the anticipated total income from all sources to be received by the household head and spouse (even if temporarily absent) and by each additional member of the household, including all net income derived from assets, for the twelve (12) month period following the date of initial determination of income. The definitions and descriptions of income set forth in regulations of the United States Department of Housing and Urban Development ("HUD") at 24 CFR 5.609 and any successor regulations shall apply for the purposes of this Agreement and shall be deemed incorporated herein. Sponsor shall consult with HPD to obtain advice and guidance with respect to income determinations. Sponsor must retain files of all records and documents relating to Sponsor's determination for at least three (3) years after the Restriction Period. Sponsor shall provide in each lease for the termination of the lease and eviction of the tenant if the tenant falsely or fraudulently certifies income to Sponsor.

(g) Sponsor shall reexamine the income of each tenant household at least annually. Not less than sixty (60) days nor more than ninety (90) days after the date on which a Temporary or Permanent Certificate of Occupancy shall be issued for the Premises and on each anniversary of such date throughout the Restriction Period, Sponsor shall furnish HPD with (a) a certified rent roll for the HOME Project and, at any time HPD so requests, copies of leases, (b) a written certification that every tenant who began occupancy during the prior years meets the aforesaid income requirements, together with all supporting documentation for such income determination, and (c) a written certification that the building is owned and operated in compliance with the provisions of HOME.

5. Affordability Requirements - Residential Rent Levels

(a) Rents cannot exceed the lesser of (i) the fair market rent for existing housing for comparable units in the area as established by HUD under 24 CFR 888.111, less the monthly allowance for the utilities and services (excluding telephone) to be paid by the tenant, or (ii) 30% of 65% of the Adjusted Median Income, less a monthly allowance for any utilities and services (excluding telephone) to be paid by the tenant.

(b) In addition, rents for Very Low-Income Units cannot exceed 30% of the annual income of a family whose income equals 50% of Adjusted Median Income, less the monthly allowance for the utilities and services (excluding telephone) to be paid by the tenant. However, (i) if the rent determined under this paragraph is higher than the applicable rent under (a) of this section, then the maximum rent for units under this

paragraph is that calculated under Paragraph 5(a) above and (ii) notwithstanding the foregoing, if the unit receives Federal or State project-based rental subsidy and the very low income family pays as a contribution toward rent not more than 30% of the family's adjusted income, then the maximum rent (i.e. tenant contribution plus project based rental subsidy) is the rent allowable under the Federal or State project based rental subsidy program.

(c) The maximum HOME rent limits shall be recalculated on a periodic basis after HUD determines fair market rents and median incomes. HUD then provides the new maximum HOME rent limits to participating jurisdictions. Regardless of changes in fair market rents and in median income over time, the HOME rents for this HOME Project are not required to be lower than the HOME rent limits for this HOME Project as of the date of execution of this HOME Written Agreement. HPD shall provide Sponsor with information on updated HOME rent limits so that rents may be adjusted (not to exceed the maximum HOME rent limits in Paragraph 5(a) and (b)) in accordance with this HOME Written Agreement. Sponsor must annually provide HPD with information on rents and occupancy of the HOME Project in accordance with the requirements of this HOME Written Agreement to demonstrate compliance herewith.

(d) Any increase in rents is subject to the provisions of outstanding leases. In any event, Sponsor shall provide tenants of those units not less than thirty (30) days' prior written notice before implementing any increase in rents.

6. Assisted Tenants.

Sponsor shall not refuse to lease a unit to any tenant who is a holder of a certificate of family participation under 24 CFR 882 (Rental Certificate Program) or a rental voucher under 24 CFR 887 (Rental Voucher Program) or to the holder of a comparable document evidencing participation in a HOME tenant-based assistance program on the basis that the prospective tenant is a holder of such certificate of family participation, rental voucher, or comparable HOME tenant-based assistance document.

7. Property Standards.

The HOME Project, at a minimum, must meet the following property standards:

(a) Housing quality standards set forth in 24 CFR 882.109;

(b) All applicable local codes, rehabilitation standards, ordinances, and zoning ordinances;

(c) The cost-effective energy conservation and effectiveness standards in 24 CFR 39; and

(d) The provisions of the federal Fire Administrative Act of 1992.

8. Leases.

(a) Leases for the Units between tenants and the Sponsor may not be for less than one year.

(b) Leases for the Units between a tenant and the Sponsor may not contain any of the following provisions:

(i) Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease.

(ii) Agreement by the tenant that the Sponsor may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The Sponsor may dispose of this personal property in accordance with state law.

(iii) Agreement by the tenant not to hold the Sponsor or the Sponsor's agents legally responsible for any action or failure to act, whether intentional or negligent.

(iv) Agreement by the tenant that the Sponsor may institute a lawsuit without notice to the tenant.

(v) Agreement by the tenant that the Sponsor may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;

(vi) Agreement by the tenant to waive any right to trial by jury.

(vii) Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease;

(viii) Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the Sponsor against the tenant.

(c) Sponsor may not terminate the tenancy or refuse to renew the lease of a tenant except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable federal, state, or local law; or for other good cause. Any termination or refusal to renew must be preceded by not less than 30 days by the Sponsor's service upon the tenant of a written notice specifying the grounds for the action.

(d) The requirements of this Paragraph 8 shall be in addition to the applicable requirements of state and local law governing residential tenancies and leases.

9. Affirmative Marketing.

Sponsor shall comply with the Affirmative Marketing Plan annexed hereto as Schedule D. Sponsor shall promptly notify in writing any rejected applicant of the grounds for any rejection.

10. Other Federal Requirements.

(a) Equal Opportunity.

No person in the United States shall on the grounds of race, color, national origin, religion, sex, or disability be excluded from participation in, be denied the benefits of, or be subjected to discrimination in the Premises. In addition, Sponsor shall comply with the following:

(i) Federal Fair Housing Law (42 U.S.C. 3601-20) and implementing regulations at 24 CFR part 100; Presidential Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1958-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity and Housing) and implementing regulations at 24 CFR part 107; and Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (Nondiscrimination in Federally Assisted Programs) and implementing regulations issued at 24 CFR part 1;

(ii) Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at 24 part CFR 146; Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 part CFR 8;

(iii) Presidential Executive Order 11246 (3 CFR 1964-65, Comp. p. 339) (Equal Employment Opportunity), as amended by Executive Orders 11375, 11478, 112086 and 121107 (3 CFR 1964-1965 Comp., p. 339; 3 CFR, 1968-1970 Comp., p. 803; 3 CFR, 1978 Comp., p. 230; and 3 CFR 1978 Comp. p. 264, respectively) and the implementing regulations at 41 CFR chapter 60;

(iv) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and the implementing regulations at 24 CFR part 135, that (i) to the greatest extent feasible, opportunities for training and employment arising in connection with the planning and carrying out of any project assisted with HOME funds be given to "Section 3 Residents" as such term is defined in 24 CFR 135.5; and (ii) to the greatest extent feasible, contracts for work to be performed in connection with any such project be awarded to "Section 3 Business Concerns" as such term is defined in 24 CFR part 135.5. In addition, Sponsor is required to comply with and must cause all applicable contractors and subcontractors to comply with the terms contained in the Section 3 Rider attached to this Agreement and made a part hereof;

(v) Presidential Executive Orders Nos. 11625 (as amended by Executive Order 12007 (3 CFR, 1971-1975 Comp., p. 616 and 3 CFR, 1971-1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139); 12432 (concerning Minority Business Enterprise) (3 CFR, 1983 Comp. P. 198) and 12138 (concerning Women's Business Enterprise) (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp. P. 245); and

(vi) Americans with Disabilities Act (42 USC 12132) and implementing regulations at 28 CFR Part 35.

(b) Displacement, Relocation, and Acquisition

(i) The HOME Project is subject to the requirements of 24 CFR 92.353 regarding displacement and relocation.

(ii) The acquisition of real property for the HOME Project, if any, is subject to the Uniform Relocation Assistance and Real Property Acquisitions Policy Act of 1970 and the requirements of 49 CFR 24, subpart B.

(c) Labor

If the HOME Project shall contain 12 or more units, the construction of the Project shall be subject to the requirements of the Davis-Bacon Act (40 U.S.C. 276a-5), the Contract Work Hours and Safety Hours and Safety Standards Act (40 U.S.C. 327-332), the regulations promulgated in connection thereto, and with other federal laws and regulations pertaining to labor standards and HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs) as applicable.

(d) Conflict of Interest

No person who is an employee, agent, consultant, officer, or elected official or appointed official of HPD who shall have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they family or business ties, during their tenure or for one year thereafter.

(e) Flood Insurance

The HOME Project is subject to the requirements of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4001-4128.)

(f) Debarred, Suspended, or Ineligible Contractors

The HOME Project is subject to the prohibitions at 24 CFR part 24 on the use of debarred, suspended or ineligible contractors.

(g) Drug-Free Workplace

The Sponsor is subject to the requirements of the Drug-Free Workplace Act of 1988 (41 U.S.C. 701 et seq.) and HUD's implementing regulations at 24 CFR part 24, to the extent applicable.

(h) Disclosure Requirements

The Sponsor is subject to the disclosure requirements and prohibitions of 31 U.S.C. 1352 and implementing regulations at 24 CFR part 87; and the

requirements for funding competitions established by the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3531 et seq.)

(i) Certification Regarding Lobbying

Sponsor certifies, to the best of its knowledge, that:

- (A) No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal amendment or modification of any federal contract, grant, loan or cooperative agreement; and
- (B) If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the HOME funds or HOME Project, Sponsor shall complete and submit Standard Form - LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(j) Faith-based activities.

The Project is subject to and Sponsor shall comply with the provisions of 24 CFR 92.257.

(k) Lead-Based Paint Requirements

If the Project consists of rehabilitation of the Premises, Sponsor shall comply with the applicable requirements of 24 CFR Part 35 (Requirements for the Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance) including, in particular, (i) the notice and general requirements set forth in Subpart B thereof, (ii) the rehabilitation requirements set forth in Subpart J thereof, and (iii) the requirements for ongoing lead-based paint maintenance set forth in 24 CFR 35.935 and 35.1355(a).

11. [INTENTIONALLY DELETED]

12. Requests for Disbursements of Funds.

Sponsor may not request disbursement of HOME funds until the funds are needed for payment of eligible costs. The amount of each request must be limited to the amount needed.

13. Records and Reports

Sponsor shall maintain records and shall submit any information and reports in order to assist HPD in meeting its recordkeeping and reporting requirements under HOME.

14. Enforcement.

(a) Owner shall immediately repay the HOME funds provided for the HOME Project upon any breach or violation of any of the provisions of this Agreement during the Restriction Period.

(b) In the event of a breach or violation of any of the covenants and agreements contained herein, the City shall have the right to exercise one or more of the following remedies, in addition to any and all other remedies available to it at law or in equity:

- (i) Institute and prosecute any proceeding for an injunction or for specific performance of Owner's obligations hereunder.
- (ii) Extend the term of this Agreement by the period of such noncompliance upon the recording an appropriate document, executed solely by the City, against the Premises. The period of noncompliance shall be presumed to be the period running from the date of this Agreement to the date that HPD notifies the Owner of such noncompliance, which presumption may be rebutted by Owner.
- (iii) Upon written notice of HPD, prohibit Owner and/or any of its principals from doing business with HPD for a period of not less than three (3) years from the date of such breach or violation. Such prohibition shall not extend to as-of-right benefits the Owner and/or any of its principals may receive from HPD.

(c) In the event of a threatened breach or violation of any of the covenants and agreements contained herein, the City shall have the right to the remedy described in subparagraph (b)(i) above.

HPD, in its sole and absolute discretion, may, in writing, (i) give Owner a period of up to thirty (30) days to cure a breach or violation of any of the covenants and agreements contained herein, provided that such breach or violation can be cured without affecting the rights of any bona fide tenants who have executed leases with Owner, or (ii) waive any of the provisions of this Section. No such waiver shall be effective unless it is in writing. Further, no delay or waiver in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of the City to enforce this Agreement in the event of a continuation or repetition of such breach or violation or any similar breach or violation hereof at any later time.

15. Binding Nature of Restrictions.

This Agreement shall be recorded against the Premises in the Office of the City Register for the County in which the Premises is located. The restrictions and covenants contained in this Agreement shall run with the land and be binding upon Sponsor and all of Sponsor's successors, assigns, heirs, grantees, or lessees. All references to

"Sponsor" in this Agreement shall include Sponsor's successors, assigns, heirs, grantees, or lessees.

16. Amendments.

This Agreement may not be amended except in writing by HPD and Sponsor by an instrument in recordable form executed by both parties.

17. Notices.

All notices shall be delivered by certified or registered mail, return receipt requested, to the respective parties hereto, at the addresses at first above written, unless such addresses are otherwise modified in writing.

18. Expiration.

Except as otherwise provided in this Agreement or pursuant to applicable laws, all the requirements contained in this Agreement shall become null and void and of no further force or effect upon the expiration of the Restriction Period. HPD shall, at its sole cost and expense, execute and deliver to Sponsor any document in recordable form requested by Sponsor to reflect the expiration of the Restriction Period without prejudice to HPD's rights to enforce this Agreement with respect to any defaults or violations which occurred prior to the expiration of the Restriction Period.

19. Regulatory Agreement.

Sponsor shall comply in all respects with that certain Regulatory Agreement between the parties hereto bearing even date herewith and intended to be recorded simultaneously herewith. All requirements contained in this Home Written Agreement shall be in addition to all requirements contained in said Regulatory Agreement.

20. Environmental Approval.

Sponsor shall comply with and satisfy the terms and conditions contained in the environmental approval annexed hereto as Schedule E.


(Signature page follows)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date stated hereinabove.


**THE CITY OF NEW YORK
By Its DEPARTMENT OF HOUSING
PRESERVATION AND DEVELOPMENT**

By: 
Name: Timothy O'Manion
Title: Assistant Commissioner

**HEGEMAN HOUSING DEVELOPMENT FUND
CORPORATION**

By: 
Name: David Beer
Title: Vice President

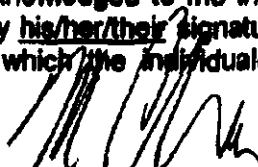
**HEGEMAN AVENUE HOUSING L.P.
By: CG-Hegeman Avenue Housing Corp., general
partner**

By: 
Name: David Beer
Title: Vice President

ACKNOWLEDGEMENTS

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

On the 9 day of June in the year 2010 before me, the undersigned, a Notary Public in and for said State, personally appeared TIMOTHY O'HANLON, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.



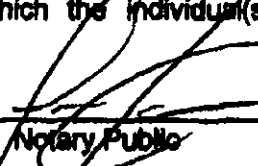
Notary Public

MICHAEL F. CHAU
NOTARY PUBLIC, State of New York
No. 01CH0072272
Qualified in Queens County
Commission Expires April 1, 2014

SEAL

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

On the 9 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 name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.



Notary Public

JAMES KAMNA
Notary Public, State of New York
No. 01KA6079499
Qualified in Westchester County
Commission Expires August 26, 2010

SEAL

**SCHEDULE A
PROPERTY DESCRIPTION**

ALL those certain plots, pieces or parcels of land situate, lying and being in the City and State of New York designated on the Tax Map of the City of New York as:

Borough: Brooklyn

County: Kings

Block: 3622

Lot: 56

Address: 39 Hegeman Avenue

and more particularly described as follows:

[next page]

SCHEDULE "A"

LEGAL DESCRIPTION

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;

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.

SCHEDULE B

HOME Project

The HOME Project is anticipated to consist of 53 studio (0 bedroom) units, of which at least 11 shall be occupied by tenants earning not more than 50% AMI and the balance shall be occupied by tenants earning not more than 60% AMI. Notwithstanding the foregoing, all 53 HOME units will be leased to tenants earning not more than 50% of Adjusted Median Income for so long as project based rent subsidies are available for such units.

SCHEDULE C

Use of HOME Funds

HOME funds will be used for acquisition and construction costs, architectural and other professional fees, surveys, insurance and other related development costs as shown on the attached Budget. Construction of the HOME Project shall be substantially completed approximately 24 months from the date of this Agreement.

PRE-DEVELOPMENT COSTS/INSTRUCTION USES	BONDS	HOME	Capital	Phase A	H&AP	F&LS	H&P	Subsidy Loan	Developer Fee	EQUITY	
Acquisition	4,180,000	0	1,670,000	0	0	0	0	0	0	1,490,000	4,100,000
Survey/Title Insurance	81,091	0	0	0	0	0	0	0	0	0	81,091
Facility Maintenance	15,000	0	0	0	0	0	0	0	0	0	15,000
Property and Liability Insurance	2,100	0	0	0	0	0	0	0	0	0	2,100
Legal	50,000	0	0	0	0	0	0	0	0	0	50,000
Senior Loan Interest	549,044	0	0	0	0	0	0	0	0	549,044	549,044
Subordinated Loan Interest	104,760	0	0	0	0	0	0	19,726	0	85,034	104,760
Appraisal	20,000	0	0	0	0	0	0	0	0	0	20,000
Rural Estate Taxes	52,000	0	0	0	0	0	0	0	0	0	52,000
MADE COSTS	24,873,548	15,182,717	0	250,000	8,540,364	688,274	3,060,000	0	0	0	24,873,548
Contingency	1,294,877	0	0	0	0	0	0	0	0	0	1,294,877
S&C COSTS	72,881	32,184	0	0	0	0	0	0	0	49,407	72,881
Architect - Green Design/Supervision	48,000	0	0	0	0	0	0	0	0	0	48,000
Flng Fees, DCB Related Expenses and Permits	204,500	0	0	0	0	0	0	0	0	0	204,500
Green Bldg Cost (Energy Calc., LEED Consultant, Commissioning)	15,000	0	0	0	0	0	0	0	0	0	15,000
Survey	12,000	0	0	0	0	0	0	0	0	0	12,000
Cost Certification	4,000	0	0	0	0	0	0	0	0	0	4,000
Noise Analysis	137,228	0	0	0	0	0	0	0	0	0	137,228
Phase I/II/III Environmental	570,316	571,768	0	0	0	0	0	0	0	0	571,768
Architect Design Fee	489,053	0	0	0	0	0	0	0	0	0	489,053
Architect Construction Monitoring	87,000	0	0	0	0	0	0	0	0	0	87,000
Tax Credit Systemation Costs	18,000	0	0	0	0	0	0	0	0	0	18,000
400+ 4thc Flng Fee	10,000	0	0	0	0	0	0	0	0	0	10,000
Rental Subsidy Reserve	3,000	0	0	0	0	0	0	0	0	0	3,000
Partnership Management Fee	40,000	0	0	0	0	0	0	0	0	0	40,000
Market/Ferability Study	2,354	0	0	0	0	0	0	0	0	0	2,354
Accounting	250,000	0	0	0	0	0	0	0	0	0	250,000
Partnership Publication	325,313	0	0	0	0	0	0	0	0	0	325,313
Construction Insurance	500,000	0	500,000	0	0	0	0	0	0	0	500,000
Title Insurance	207,364	0	0	0	0	0	0	0	0	0	207,364
Developer's Fee	388,400	0	170,807	0	0	0	0	0	0	200,783	388,400
NON-MADE CAPITAL	241,000	37,300	0	0	0	0	0	0	0	0	241,000
Start-Up Expenses	63,500	0	0	0	0	0	0	0	0	0	63,500
Lending/Building Expenses	7,500	0	0	0	0	0	0	0	0	0	7,500
Furniture and Fixtures	345,023	0	0	0	0	0	0	0	0	0	345,023
SCHEM.C. MAKE-UP FEES	907,765	300	0	0	0	0	0	0	0	0	907,765
Bank Legal	191,520	0	0	0	0	0	0	0	0	0	191,520
Bank Appraisal	40,000	0	0	0	0	0	0	0	0	0	40,000
Bank Engineer/CMA	345,023	0	0	0	0	0	0	0	0	0	345,023
Bank Construction Fee	907,765	0	0	0	0	0	0	0	0	0	907,765
Bank Annual Fee	300	0	0	0	0	0	0	0	0	0	300
Bank L/C Insurance Fee	300	0	0	0	0	0	0	0	0	0	300
Bank/CCA Add. Maint. Fee	191,520	0	0	0	0	0	0	0	0	0	191,520
NYE Bond Fee	45,000	0	0	0	0	0	0	0	0	0	45,000
HFA Application Fee	228,000	0	0	0	0	0	0	0	0	0	228,000
HFA Bond Origination Fee	87,852	0	0	0	0	0	0	0	0	0	87,852
Underwriters Fee	45,000	0	0	0	0	0	0	0	0	0	45,000
Renewing Fee	1,748,100	0	187,500	0	0	0	0	0	0	0	1,748,100
Construction Interest	107,500	0	0	0	0	0	0	0	0	0	107,500
Developer's Comm	38,174,419	22,880,000	3,168,173	0	250,000	5,580,554	988,274	3,060,000	0	2,707,662	38,174,419
TOTAL DEVELOPMENT COSTS	4,500,000	11,000,000	11,000,000	250,000	8,540,364	688,274	3,060,000	688,276	0	2,707,662	43,874,419
PERMANENT USES	0	0	0	0	0	0	0	0	0	0	0
Take-Out Bond Financing	0	0	0	0	0	0	0	250,493	0	7,475,984	0
Developer Fee (Balance)	0	0	0	0	0	0	0	0	1,445,195	3,354,805	4,500,000
Total Development Cost	4,500,000	11,000,000	11,000,000	250,000	8,540,364	688,274	3,060,000	910,209	1,445,195	13,530,481	43,874,419
	4,500,000	0	0	250,000	8,540,364	688,274	3,060,000	910,209	1,445,195	13,530,481	43,874,419

38,174,419

SCHEDULE D

Affirmative Marketing Plan

The Sponsor must take affirmative marketing steps to attract eligible persons from all racial, ethnic, and gender groups and to solicit applications from persons who are not likely to apply for housing without special outreach by the Sponsor.

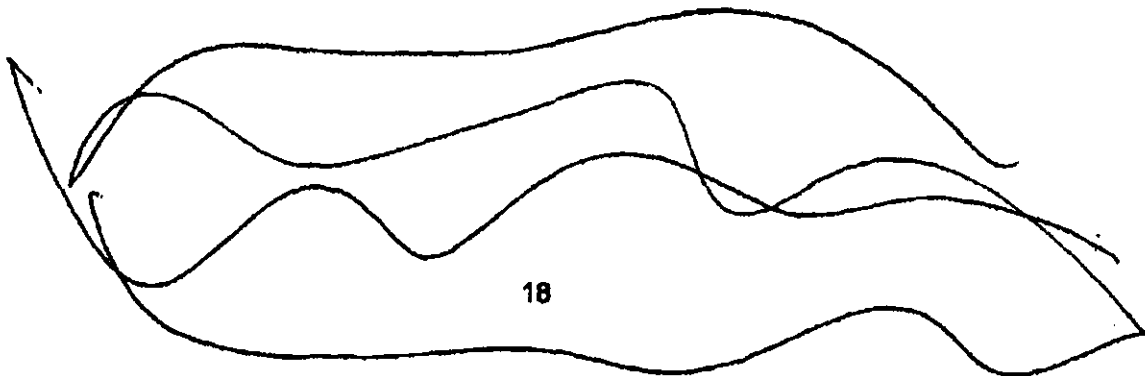
For the HOME Restriction Period, the Sponsor must incorporate the Equal Housing Opportunity logotype or slogan in its advertisements for rental of the apartments. As apartments become available for re-rental or resale the Sponsor must create a list of applications solicited through affirmative marketing actions. The Sponsor must retain a written record of these actions. The applications must be placed on the list in the chronological order that they are received and tenants must be selected in the order of the list. Tenants who are not selected must be given prompt written notice of the grounds for their rejection.

The Sponsor must obtain and submit to HPD a completed income certification form from each tenant upon initial rental or sale and each year thereafter for the HOME Restriction Period.

SCHEDULE E

HOME Environmental Approval

(attached)



Environmental Assessment

Responsible Entity: NYC, Department of Housing Preservation and Development
[24 CFR 58.2(a)(7)]

Certifying Officer: Rafael E. Cestero, Commissioner, NYC, Department of Housing Preservation and Development [24 CFR 58.2(a)(2)]

Project Name: Hegeman Residence

Project Location: 39-47 Hegeman Avenue, Brooklyn NY

Estimated total project cost: \$17,850,000

Grant Recipient: Hegeman Housing Development Fund Corporation
[24 CFR 58.2(a)(5)]

Recipient Address: c/o Common Ground Community II HDFC
505 Eighth Avenue, New York, NY 10018

Project Representative: Olga Jobe, Sr. Project Manager

Telephone Number: (212) 389-9331

Conditions for Approval: (List all mitigation measures adopted by the responsible entity to eliminate or minimize adverse environmental impacts. These conditions must be included in project contracts or other relevant documents as requirements). [24 CFR 58.40(d), 40 CFR 1505.2(c)]

The Hegeman Residence project includes measures to mitigate potential impacts with respect to noise. The project sponsor, Hegeman Housing Development Fund Corporation, would be required to provide a minimum of 30 dBA of window-wall attenuation on the south facade along Hegeman Avenue and the west facade along Amboy Street in order to ensure a minimum interior noise environment of 45 dBA (under closed-window conditions). In addition, an alternate means of ventilation would be provided in the habitable space of each studio apartment in the building. According to Cook and Fox Architects LLP, the project's architect of record, the alternate means of ventilation will be provided by air conditioner units mounted in solid insulating panels installed in a non-operable portion of the window allowing it to be completely sealed in place similar to a through-wall installation.

The measures described above would be required through restrictions contained in the HOME Written Agreement between HPD and the project sponsor, Hegeman Housing Development Fund Corporation.

FINDING: [58.40(g)]

- Finding of No Significant Impact**
(The project will not result in a significant impact on the quality of the human environment)
- Finding of Significant Impact**
(The project may significantly affect the quality of the human environment)

Preparer Signature:  2/9/10
Title / Agency: Aaron Werner, Environmental Planner - HPD **Date:**

RE Approving Official Signature:  2/9/10
Title / Agency: Patrick Blanchfield, Director of Environmental Planning - HPD **Date:**

RE Certifying Officer Signature:  2/9/10
Title / Agency: Shampa Chanda, Assistant Commissioner, HPD **Date:**

SECTION 3 RIDER

Sponsor must comply with and must ensure that the following language is included in all applicable contracts and subcontracts for work related to the HOME Project (the term "Contractor" as used herein shall also be deemed to mean "Sponsor"):

1. **Section 3 Clause (24 CFR 135.38)**
 - A. The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
 - B. The parties to this Agreement agree to comply with HUD'S regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediments that would prevent them from complying with the Part 135 regulations.
 - C. The Contractor agrees to send to each labor organization or representative of workers with which the Contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
 - D. The Contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the Subcontractor is in violation of the regulations in 24 CFR Part 135. The Contractor will not subcontract with any Subcontractor where the Contractor has notice or knowledge that the Subcontractor has been found in violation of the regulations in 24 CFR Part 135.
 - E. The Contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the Contractor is selected but before the Agreement is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the Contractor's obligations under 24 CFR Part 135.

F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.

G. With respect to work performed in connection with Section 3 covered Indian Housing Assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

2. Contractor shall maintain such records, and complete and submit such forms as may be amended from time to time, as required by HPD and/or HUD including but not limited to the Section 3 New Hires Report and the Section 3 Business Certification Package. Such forms shall be submitted in accordance with the directions contained therein and at such other times as HPD and/or HUD may direct.

HOME WRITTEN AGREEMENT

BETWEEN

**HEGEMAN HOUSING DEVELOPMENT FUND CORPORATION and
HEGEMAN AVENUE HOUSING L.P.**

AND

THE CITY OF NEW YORK

The Property affected by this written instrument lies within the:

Borough: Brooklyn
County: Kings
Block: 3622
Lot: 56
Address: 39 Hegeman Avenue

Record and Return to:

**Andrew Linder, Esq.
Department of Housing Preservation and Development
Office of Legal Affairs
100 Gold Street, Room 5Q1
New York, New York 10038**

EXHIBIT E

(5)

REGULATORY AGREEMENT

AGREEMENT ("Agreement") made as of the 9th day of June, 2010 by and among

HEGEMAN AVENUE HOUSING L.P., a New York limited partnership having an address at 505 Eighth Avenue, 15th Floor, New York, New York 10018 (hereinafter referred to as "Beneficial Owner"),

HEGEMAN HOUSING DEVELOPMENT FUND CORPORATION, a New York not-for-profit corporation, having an address at 505 Eighth Avenue, 15th Floor, New York, New York 10018 ("Legal Owner"; Beneficial Owner and Legal Owner hereinafter collectively referred to as the "Owner") and

THE CITY OF NEW YORK ("City"), acting by and through its Department of Housing Preservation and Development ("HPD"), having an office at 100 Gold Street, New York, New York 10038.

WITNESSETH:

WHEREAS, Owner is the owner of the real property described in Schedule A annexed hereto (the "Premises") known as **39 Hegeman Avenue, Brooklyn, New York** and designated as **Block 3622, Lot 56** on the Tax Map of the City of New York and desires to construct affordable housing thereon (the "Project");

WHEREAS, the City has made or will make one or more loans to the Owner (collectively, the "Loan") for the construction of 161 residential dwelling units on the Premises pursuant to Section 576-c of Article XI of the Private Housing Finance Law and such Loan is secured by one or more mortgages on the Premises (collectively, the "Mortgage"); and

WHEREAS, Owner agreed, as a condition to the Loan, to use the Premises exclusively for the purposes permitted under said Section 576-c and as otherwise set forth herein;

WHEREAS, HPD, as the "supervising agency" under said Section 576-c, has the authority to set initial rents for each unit at the Premises and Owner agreed, as a condition to the Loan, to charge the rent determined in accordance herewith,

NOW THEREFORE, in consideration of the premises, the parties agree as follows:

1. Ownership Restrictions. During the Restriction Period (as hereinafter defined), the Premises shall at all times be owned by (i) a housing development fund corporation incorporated under Article XI of the New York Private Housing Finance Law, (ii) a wholly owned subsidiary of such a corporation, (iii) a limited partnership the controlling interest of which is held by such corporation and which has agreed to limit profits or rate of return of investors in accordance with a formula approved by HPD or (iv) any other entity acceptable to HPD. In addition, for so long as any unit at the Premises shall be occupied by a tenant whose occupancy began during the Restriction Period, the Premises shall not be submitted to condominium or cooperative ownership. Nothing contained herein shall be deemed consent by the City to any transfer of ownership of the Premises.

2. Use and Occupancy Restrictions.

(a) During the Restriction Period, the Premises shall be used exclusively as housing accommodations for persons of low income (as hereinafter defined) and not less than one hundred (100) units shall be occupied by Homeless Tenants (as hereinafter defined) unless otherwise approved by HPD. For purposes hereof,

"persons of low income" shall mean, unless otherwise agreed by HPD, individuals whose income (as hereinafter defined) in the calendar year in which their tenancy shall commence shall not exceed sixty percent (60%) of the Adjusted Median Income (as hereinafter defined), provided that a person of low income at the time of initial occupancy in the Premises shall continue to be deemed a "person of low income" entitled to occupy the Premises notwithstanding that the income of such person shall have subsequently increased.

"income" shall mean total income from all sources received or anticipated to be received by the head of the household (including permitted co-occupants) during the then current calendar year. The definitions and descriptions of income set forth in regulations contained in 24 CFR 5.609 or any successor regulations shall apply for the purposes of this Agreement and shall be incorporated herein.

"Homeless Tenants" shall mean persons of low income referred by the City who, prior to their initial occupancy in the Premises, resided in emergency shelter facilities operated by or on behalf of the City or are otherwise in need of emergency shelter as determined by the City.

"Adjusted Median Income" shall mean the median income for the New York, NY HUD Metro FMR Area calculated by HUD from time to time for a family of four, as adjusted for family size and to reflect the income and housing cost characteristics of the New York, NY HUD Metro FMR Area. For so long as HUD shall establish the income ceiling for "very low-income families" pursuant to (and as defined in) Section 3(b)(2) of the United States Housing Act of 1937 (42 USC sec.1437a(b)(2)), the Adjusted Median Income shall be 200% of the income ceiling so determined for the New York, NY HUD Metro FMR Area. If HUD shall cease to make such determinations, HPD may establish the Adjusted Median Income or substitute such other determination as it shall deem appropriate.

(b) Owner shall, following completion of the Project, enter into an agreement with the appropriate agency of the City for the referral of Homeless Tenants to the Premises.

3. Rent Stabilization and PHFL Provisions.

(a) Applicability. Upon completion of the Project, the units shall be subject to the Rent Stabilization Law of 1969, as amended, and the Rent Stabilization Code promulgated and adopted pursuant thereto (the "Rent Stabilization Code") and Owner shall register the rents established by HPD under Section 3(b) below as the initial legal registered rents under and in accordance with the Rent Stabilization Code.

(b) Legal Rent. Upon completion of the Project, HPD shall establish for each unit an initial rent in an amount equal to the Legal Rent (as hereinafter defined). For purposes hereof, the "Legal Rent" shall mean, with respect to any unit, the reasonable rent for such unit, which

shall be the greater of (i) the unit's allocable portion of the amount necessary to pay all maintenance and operating costs and to fully amortize all mortgage loans on the Premises over thirty years with annual interest at a rate equal to the greater of (x) the rate payable on the Loan or (y) two percent (2%) in excess of the "prime rate" published by The New York Times as of the date of completion of the Project, as determined by HPD or (ii) the FMR (as hereinafter defined) of such unit; provided, however, that if the calculated Legal Rent is greater than \$1,750 for a particular unit size, the Legal Rent for that unit size will not exceed the following amounts: studios, 150% of the FMR; 1 bedrooms, 150% of the FMR; 2 bedrooms, 125% of the FMR; and 3 bedrooms, 125% of the FMR.

(c) Adjustment of Legal Rent. The Legal Rent for each unit under the Rent Stabilization Code shall be adjusted from time to time in accordance with the Rent Stabilization Code, except that during the Restriction Period, Owner shall not seek or be entitled to any increase in the Legal Rent by reason of (i) the vacancy of the unit, (ii) any improvements to the unit paid for by income from the Premises, reserves required to be maintained by Owner with respect to the Premises or proceeds of the Loan or (iii) any other supplemental or additional increase granted under the Rent Stabilization Code, unless approved by HPD. In addition, Owner shall not utilize any exemption or exclusion from any requirement of the Rent Stabilization Code to which Owner might otherwise be or become entitled with respect to one or more Units, including, but not limited to, any exemption or exclusion from the rent limits, renewal lease requirements, registration requirements, or other provisions of the Rent Stabilization Code due to (i) the vacancy of a Unit where the rent exceeds a prescribed maximum amount, (ii) the fact that tenant income and/or Unit rent exceed prescribed maximum amounts, (iii) the nature of the tenant, or (iv) any other factor.

4. Additional Rent Restrictions.

(a) Maximum Collectible Rent. Notwithstanding that the Legal Rent which may be charged for a unit under the Rent Stabilization Code may be higher, Owner shall not (except as provided in Section 4(d) below) lease any unit for an amount exceeding the MCR (as hereinafter defined) of such unit. For purposes hereof,

"MCR" shall mean

(A) For Non-FMR Units (as hereinafter defined), the greater of (i) the Shelter Allowance (as hereinafter defined) and (ii) the Percentage Rent (as hereinafter defined) applicable to the tenant of such unit, it being intended that such units shall be affordable at public assistance levels, and

(B) For all other units, the FMR (as hereinafter defined) of such unit.

"FMR" shall mean, for each unit, the fair market rent for such unit determined by HPD from time to time. HPD may rely upon independent, objective measures of the fair market rent of the units, including the determinations and adjustments of fair market rents made by the United States Department of Housing and Urban Development or other government agencies, to the extent it shall deem appropriate. Notwithstanding the foregoing, the FMR for units receiving Federal or State project-based rental subsidies shall not be less than the maximum rent under such project based rental subsidy program.

"Non-FMR Unit" shall mean a unit lawfully occupied by a tenant who, in the opinion of HPD, is unable to pay an amount equal to the FMR for the unit and who is unable to obtain rental or housing assistance which would enable such tenant to pay the FMR for the unit.

"Shelter Allowance" shall mean the public assistance shelter allowance plus the public assistance utility allowance established by the State of New York, as the same may be enhanced or amended from time to time.

"Percentage Rent" shall mean the following:

(i) for Homeless Tenants and Cut-Off Tenants (each as hereinafter defined) whose income is less than fifty-five percent (55%) of the Adjusted Median Income, thirty percent (30%) of such tenant's income;

(ii) for all other tenants whose income is less than or equal to sixty percent (60%) of the Adjusted Median Income, thirty percent (30%) of fifty-five percent (55%) of the Adjusted Median Income;

(iii) for tenants whose income exceeds sixty percent (60%) of the Adjusted Median Income but is less than seventy percent (70%) of the Adjusted Median Income, thirty percent (30%) of sixty-five percent (65%) of the Adjusted Median Income;

(iv) for tenants whose income exceeds seventy percent (70%) of the Adjusted Median Income but is less than eighty percent (80%) of the Adjusted Median Income, thirty percent (30%) of seventy-five percent (75%) of the Adjusted Median Income; and

(v) for tenants whose income exceeds eighty percent (80%) of the Adjusted Median Income, the greater of (A) thirty percent (30%) of eighty percent (80%) of the Adjusted Median Income and (B) the FMR.

"Cut-Off Tenants" shall mean tenants who, upon initial occupancy in the Premises, received assistance under a federal program for rental or housing assistance or a comparable program and who, through no fault of their own, shall no longer receive such assistance.

(b) **Relationship of Legal Rent and MCR.** The restrictions imposed by this Section 4 shall be in addition to and wholly independent of the Rent Stabilization Code and any other restrictions imposed by law or by agreement. If the Legal Rent for a unit under the Rent Stabilization Code shall exceed the MCR for such unit, Owner shall not collect such Legal Rent and the difference between the amount collected by Owner and the Legal Rent shall be deemed a preferential rent. If the MCR for a unit shall exceed the Legal Rent for such unit, Owner shall not charge or collect in excess of the Legal Rent unless otherwise permitted by law. The MCR for a unit shall not be registered as the Legal Rent for such unit under the Rent Stabilization Code, which shall be determined solely under Section 3 above.

(c) **Adjustment of MCR.** The MCR of a unit shall be determined upon initial occupancy thereof by a tenant and not more frequently than once in each calendar year thereafter until

such unit is vacated, except that the MCR of a unit shall be redetermined at such time as such unit shall become or shall cease to be a Non-FMR Unit.

(d) Non-Complying Tenants. The restrictions contained in this Section 4 shall not apply to units occupied by Non-Complying Tenants (as hereinafter defined). If a tenant shall be or become a Non-Complying Tenant, Owner may immediately increase the rent payable by such tenant to the Legal Rent or the maximum amount otherwise permitted to be charged by law.

"Non-Complying Tenant" shall mean a tenant (a) who fails, for more than (30) days after a written request by Owner, to submit annual income information required by Owner or to apply for available rental assistance or (b) who submits false information to Owner or (c) whose rental assistance is denied or discontinued for more than thirty (30) days by reason of the act or omission of such tenant.

(e) Lease Terms. Unless otherwise approved by HPD, Owner shall lease each unit for a term of at least one year for an amount equal to the then applicable MCR payable in twelve equal monthly instalments. Owner shall provide building-standard furniture and basic gas and electric service to each unit without additional charge. The rent payable under each lease shall not be adjusted during the term thereof unless such unit shall become or shall cease to be a Non-FMR Unit or the tenant of such unit shall become or shall cease to be a Non-Complying Tenant.

(f) Survival. The restrictions contained in this Section 4 shall commence upon the completion of construction of the Project and, with respect to units occupied by a tenant whose occupancy of the Premises commenced during or prior to the expiration of the Restriction Period, shall survive the expiration of the Restriction Period and continue for so long as such tenant shall continue to occupy a unit at the Premises.

5. Additional Restrictions. The acquisition and/or construction of the Premises shall be financed in whole or in part by funds received from HUD (or other government agencies) under the following program(s):

- Project Based Section 8 (73 units)
- HOME (53 units; 11 at 50% AMI)
- Other (Specify):

In addition, Owner may be entitled to low income housing tax credits under Section 42 of the Internal Revenue Code with respect to the Premises. Owner shall comply with the use, occupancy and rental restrictions contained in the regulations promulgated in connection with such programs, as applicable.

6. Proof of Compliance. During the Restriction Period, (a) Owner shall use its best efforts to collect and verify income and eligibility information from all tenants upon initial occupancy and annually thereafter and (b) Owner shall furnish to HPD within ninety (90) days after a request therefor and, in any event, on or before April 1 of each year, (i) a certified rent roll for the Premises with copies of leases (if requested), and (ii) a certification that each tenant who began occupancy during the prior year is eligible to occupy the Premises under the terms of this Agreement and the rent being paid by every tenant does not exceed the maximum amount permitted to be collected from such tenant under the terms of this Agreement, together

with supporting documentation. Owner shall retain all documentation relating to such tenant for at least three years after initial occupancy.

7. Investigations. Owner shall be bound by and comply with the provisions of the Investigation Clause Rider annexed hereto.

8. Enforcement.

(a) In the event of a breach or violation of any of the covenants and agreements contained herein, the City shall have the right to exercise one or more of the following remedies, subject to the terms of that certain Subordination of Regulatory and HOME Written Agreement of even date herewith between the City and New York State Housing Finance Agency to be recorded in the Office of the City Register, Kings County, in addition to any and all other remedies available to it at law or in equity:

- (i) Institute and prosecute any proceeding for an injunction or for specific performance of Owner's obligations hereunder.
- (ii) Extend the term of this Agreement by the period of such noncompliance upon the recording an appropriate document, executed solely by the City, against the Premises. The period of noncompliance shall be presumed to be the period running from the date of this Agreement to the date that HPD notifies the Owner of such noncompliance, which presumption may be rebutted by Owner.
- (iii) Upon written notice of HPD, prohibit Owner and/or any of its principals from doing business with HPD for a period of not less than three (3) years from the date of such breach or violation. Such prohibition shall not extend to as-of-right benefits the Owner and/or any of its principals may receive from HPD.

(b) In the event of a threatened breach or violation of any of the covenants and agreements contained herein, the City shall have the right to the remedy described in subparagraph (a)(i) above.

HPD, in its sole and absolute discretion, may, in writing, (i) give Owner a period of up to thirty (30) days to cure a breach or violation of any of the covenants and agreements contained herein, provided that such breach or violation can be cured without affecting the rights of any bona fide tenants who have executed leases with Owner, or (ii) waive any of the provisions of this Section. No such waiver shall be effective unless it is in writing. Further, no delay or waiver in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of the City to enforce this Agreement in the event of a continuation or repetition of such breach or violation or any similar breach or violation hereof at any later time.

9. Lease Riders. Owner shall annex to all leases any riders required by the City or the New York State Division of Housing and Community Renewal advising tenants of their rights under the Rent Stabilization Code and this Agreement and providing for the termination of any lease and eviction of any tenant who falsely or fraudulently certifies income to Owner.

10. Provision of Social Services. During the term of the Restriction Period, Owner shall be responsible for implementing and overseeing the provision of necessary on-site social services, so long as program funding remains available. Such services may be provided by qualified in-house staff and/or qualified consultant organizations.

11. Binding Nature of Restrictions. This Agreement shall be recorded against the Premises. The restrictions and covenants contained in this Agreement shall run with the land and be binding upon Owner and all of Owner's successors, assigns, grantees and lessees. All references to "Owner" in this Agreement shall include Owner's successors, assigns, grantees and lessees.

12. Amendments. This Agreement may only be amended by HPD and Owner by an instrument in recordable form executed by both parties.

13. Notices. All notices shall be given by certified or registered mail, return receipt requested, to the respective parties hereto, at the addresses first above written, unless such addresses are otherwise modified in writing.

14. Expiration. Except as otherwise expressly provided herein, the restrictions contained herein shall remain in effect from the date hereof until the latest of (a) the thirtieth anniversary of the date hereof, (b) the maturity date of the Loan, or (c) the date on which the Loan shall be repaid (such period being the "Restriction Period"), whereupon such restrictions shall expire and be of no further force or effect. The City shall, at its sole cost and expense, execute and deliver to Owner a document in recordable form requested by Owner to reflect the expiration of the Restriction Period. Nothing contained herein shall be construed to terminate any restrictions contained in the Rent Stabilization Code or imposed by any other laws, regulations or agreements applicable to Owner or the Premises.

15. Conflicts. In the event there is any conflict between the terms of this Regulatory Agreement and the terms of the mortgage securing repayment of the Loan, the terms of this Regulatory Agreement shall prevail.

16. No Waiver. No failure or delay on the part of the City to exercise any right, power or remedy under this Agreement or available at law or in equity shall operate as a waiver thereof, or limit or impair the City's right to take any action or to exercise any right, power or remedy hereunder, without notice or demand, or prejudice its rights against Owner in any respect.

17. No Beneficiary. The provisions of this Agreement are solely and exclusively for the benefit of the City and Owner and no other person shall be the beneficiary of such provisions, any or all of which may be modified or waived by the City and Owner in their discretion.

18. Devotion of Premises. The Premises shall be devoted solely to the uses and purposes described in this agreement.

{Signature page follows}

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date stated hereinabove.

**THE CITY OF NEW YORK
By its DEPARTMENT OF HOUSING
PRESERVATION AND DEVELOPMENT**

By: 
Name: Timothy O'Hanlon
Title: Assistant Commissioner

**HEGEMAN HOUSING DEVELOPMENT FUND
CORPORATION**

By: 
Name: David Beer
Title: Vice President

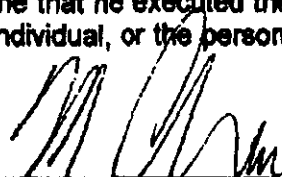
**HEGEMAN AVENUE HOUSING L.P.
By: CG-Hegeman Avenue Housing Corp., general
partner**

By: 
Name: David Beer
Title: Vice President

UNIFORM ACKNOWLEDGEMENTS

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

On the 9 day of June in the year 2010 before me, the undersigned, a Notary Public in and for said State, personally appeared TIMOTHY O'HANLON, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.



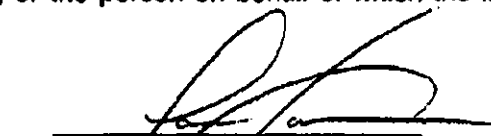
NOTARY PUBLIC

SEAL

MICHAEL F. CHAU
NOTARY PUBLIC, State of New York
No. 01CH6072272
Qualified in Queens County
Commission Expires April 1, 2014

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

On the 9 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 whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.



NOTARY PUBLIC

SEAL

JAMES KAMNA
Notary Public, State of New York
No. 01KAG079499
Qualified in Westchester County
Commission Expires August 26, 2010

**SCHEDULE A
DESCRIPTION OF PREMISES**

ALL those certain plots, pieces or parcels of land situate, lying and being in the City and State of New York described as follows:

Borough: Brooklyn

County: Kings

Block: 3622

Lot: 56

Address: 39 Hegeman Avenue

and more particularly described as follows:

(next page)

SCHEDULE "A"

LEGAL DESCRIPTION

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;

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.

INVESTIGATION CLAUSE RIDER

(a) The parties to this Agreement agree to cooperate fully and faithfully with any investigation, audit or inquiry conducted by a State of New York (State) or City of New York (City) governmental agency or authority that is empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath, or conducted by the Inspector General of a governmental agency that is a party in interest to the transaction, submitted bid, submitted proposal, contracts, lease, permit, or license that is the subject of the investigation, audit or inquiry.

(b) If any person who has been advised that his or her statement, and any information from such statement, will not be used against him or her in any subsequent criminal proceeding refuses to testify before a grand jury or other governmental agency or authority empowered directly or by designation to compel the attendance of witness and to examine witnesses under oath concerning the award of or performance under any transaction, agreement, lease, permit, contract, or license entered into with the City, the State or any political subdivision or public authority thereof, or the Port Authority of New York and New Jersey, or any local development corporation within the City, or any public benefit corporation organized under the laws of the State of New York, or;

(c) If any person refuses to testify for a reason other than the assertion of his or her privilege against self-incrimination in an investigation, audit or inquiry conducted by a City or State governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to take testimony under oath, or by the Inspector General of the governmental agency that is a party in interest in, and is seeking testimony concerning the award of, or performance under, any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision thereof or any local development corporation within the City, then;

(d) The commissioner or agency head whose agency is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license shall convene a hearing upon not less than five (5) days written notice to the parties involved to determine if any penalties should attach for the failure of a person to testify.

(e) If any non-governmental party to the hearing requests an adjournment, the commissioner or agency head who convened the hearing may, upon granting the adjournment, suspend any contract, lease, permit, or license pending the final determination pursuant to paragraph (g) below without the City incurring any penalty or damages for delay or otherwise.

(f) The penalties which may attach after a final determination by the commissioner or agency head may include but shall not exceed:

(1) The disqualification for a period not to exceed five (5) years from the date of an adverse determination for any person, or any entity of which such person was a member at the time the testimony was sought, from submitting bids for, or transacting business with, or entering into or obtaining any contract, lease, permit or license with or from the City; and/or

(2) The cancellation or termination of any and all such existing City contracts, leases, permits, or licenses that the refusal to testify concerns and that have not been assigned as permitted under this agreement, nor the proceeds of which pledged, to an unaffiliated and unrelated institutional lender for fair value prior to the issuance of the notice scheduling the hearing, without the City incurring any penalty or damages on account of such cancellation or termination; monies lawfully due for goods delivered, work done, rentals, or fees accrued prior to the cancellation or termination shall be paid by the City.

(g) The commissioner or agency head shall consider and address in reaching his or her determination and in assessing an appropriate penalty the factors in paragraphs (1) and (2) below. He or

she may also consider, if relevant and appropriate, the criteria established in paragraphs (3) and (4) below in addition to any other information which may be relevant and appropriate:

(1) The party's good faith endeavors or lack thereof to cooperate fully and faithfully with any governmental investigation or audit, including but not limited to the discipline, discharge, or disassociation of any person failing to testify, the production of accurate and complete books and records, and the forthcoming testimony of all other members, agents, assignees or fiduciaries whose testimony is sought.

(2) The relationship of the person who refused to testify to any entity that is a party to the hearing, including, but not limited to, whether the person whose testimony is sought has an ownership interest in the entity and/or the degree of authority and responsibility the person has within the entity.

(3) The nexus of the testimony sought to the subject entity and its contracts, leases, permits or licenses with the City.

(4) The effect a penalty may have on an unaffiliated and unrelated party or entity that has a significant interest in an entity subject to penalties under (f) above, provided that the party or entity has given actual notice to the commissioner or agency head upon the acquisition of the interest, or at the hearing called for in (d) above gives notice and proves that such interest was previously acquired. Under either circumstance the party or entity must present evidence at the hearing demonstrating the potential adverse impact a penalty will have on such person or entity.

(h) (1) The term "license" or "permit" as used herein shall be defined as a license, permit, franchise or concession not granted as a matter of right.

(2) The term "person" as used herein shall be defined as any natural person doing business alone or associated with another person or entity as a partner, director, officer, principal or employee.

(3) The term "entity" as used herein shall be defined as any firm, partnership, corporation, association, or person that receives monies, benefits, licenses, leases, or permits from or through the City or otherwise transacts business with the City.

(4) The term "member" as used herein shall be defined as any person in association with another person or entity as a partner, officer, principal or employee.

(i) In addition to and notwithstanding any other provisions of this Agreement the Commissioner or agency head may in his or her sole discretion terminate this Agreement upon not less than three (3) days written notice in the event the contractor fails to promptly report in writing to the Commissioner of Investigation of the City of New York any solicitation of money, goods, requests for future employment or other benefit or thing of value, by or on behalf of any employee of the City or other person, firm, corporation or entity for any purpose which may be related to the procurement or obtaining of this Agreement by the Contractor, or affecting the performance of this Agreement.

REGULATORY AGREEMENT

Between

THE CITY OF NEW YORK

and

**HEGEMAN HOUSING DEVELOPMENT FUND CORPORATION and
HEGEMAN AVENUE HOUSING L.P.**

The Property affected by this written instrument lies within the:

Borough: Brooklyn

County: Kings

Block: 3622

Lot: 56

Address: 39 Hegeman Avenue

Record and Return to:

**Andrew Linder, Esq.
Department of Housing Preservation
and Development
100 Gold Street, Room 5-Q1
New York, New York 10038**

EXHIBIT F

**U.S. Department Of Housing and Urban Development
Office of Public and Indian Housing**

SECTION 8 PROJECT-BASED VOUCHER PROGRAM

**PBV HOUSING ASSISTANCE PAYMENTS CONTRACT
NEW CONSTRUCTION OR REHABILITATION**

PART 1 OF HAP CONTRACT

This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number. Assurances of confidentiality are not provided under this collection.

I. CONTRACT INFORMATION

a. Parties

This housing assistance payments (HAP) contract is entered into between:

NYC Dept. of Housing Preservation & Development (HPD) (PHA) and

Hegeman Avenue Housing LP (owner).

b. Contents of contract

The HAP contract consists of Part 1, Part 2 and the contract exhibits listed in paragraph c.

c. Contract exhibits

The HAP contract includes the following exhibits:

EXHIBIT A: TOTAL NUMBER OF UNITS IN PROJECT COVERED BY THIS HAP CONTRACT; INITIAL RENT TO OWNER; AND THE NUMBER AND DESCRIPTION OF THE CONTRACT UNITS. (See 24 CFR 983.203 for required items.) If this is a multi-stage project, this exhibit must include a description of the units in each completed phase.

**Project-based Voucher Program
HAP Contract for New Construction or Rehabilitation**

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EXHIBIT B: SERVICES, MAINTENANCE AND EQUIPMENT TO BE PROVIDED BY THE OWNER WITHOUT CHARGES IN ADDITION TO RENT TO OWNER

EXHIBIT C: UTILITIES AVAILABLE IN THE CONTRACT UNITS, INCLUDING A LISTING OF UTILITY SERVICES TO BE PAID BY THE OWNER (WITHOUT CHARGES IN ADDITION TO RENT TO OWNER) AND UTILITIES TO BE PAID BY THE TENANTS

EXHIBIT D: FEATURES PROVIDED TO COMPLY WITH PROGRAM ACCESSIBILITY FEATURES OF SECTION 504 OF THE REHABILITATION ACT OF 1973

ADDITIONAL EXHIBITS

d. Single-Stage and Multi-Stage Contracts (Check the applicable box.)

1. Single-Stage Project

This is a single-stage project.

For all contract units, the effective date of the HAP contract is:

June 1 2012

The PHA enters the effective date, and executes the HAP contract, after completion and PHA acceptance of all units in the single stage project.

2. Multi-Stage Project

This is a multi-stage project. The units in each completed stage are designated in Exhibit A.

The PHA enters the effective date for each stage after completion and PHA acceptance of all units in that stage. The PHA enters the effective date for each stage in the "Execution of HAP contract for contract units completed in stages" (starting on page 8).

The annual anniversary date of the HAP contract for all contract units in this multi-stage project is the anniversary of the effective date of the HAP contract for the contract units included in the first stage. The expiration date of the HAP contract for all of the contract units completed in stages must be concurrent with the end of the HAP contract term for the units included in the first stage. (See 24 CFR 983.206(c).)

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e. Term of the HAP contract

1. Beginning of Term

The PHA may not enter into a HAP contract for any contract unit until the PHA has determined that the unit complies with the housing quality standards. The term of the HAP contract for any unit begins on the effective date of the HAP contract.

2. Length of initial term

- a. Subject to paragraph 2.b, the initial term of the HAP contract for any contract units is: 15 years.
- b. The initial term of the HAP contract for any unit may not be less than one year, nor more than fifteen years.

3. Extension of term

The PHA and owner may agree to enter into an extension of the HAP contract at the time of initial HAP contract execution or any time prior to expiration of the contract. Any extension, including the term of such extension, must be in accordance with HUD requirements.

A PHA must determine that any extension is appropriate to achieve long-term affordability of the housing or expand housing opportunities.

4. Requirement for sufficient appropriated funding

- a. The length of the initial term and any extension term shall be subject to availability, as determined by HUD, or by the PHA in accordance with HUD requirements, of sufficient appropriated funding (budget authority), as provided in appropriations acts and in the PHA's annual contributions contract (ACC) with HUD, to make full payment of housing assistance payments due to the owner for any contract year in accordance with the HAP contract.
- b. The availability of sufficient funding must be determined by HUD or by the PHA in accordance with HUD requirements. If it is determined that there may not be sufficient funding to continue housing assistance payments for all contract units and for the full term of the HAP contract, the PHA has the right to terminate the HAP contract by notice to the owner for all or any of the contract units. Such action by the PHA shall be implemented in accordance with HUD requirements.

f. Occupancy and payment

1. Payment for occupied unit

During the term of the HAP contract, the PHA shall make housing assistance payments to the owner for the months during which a contract unit is leased to and occupied by an eligible family. If an assisted family moves out of a contract unit, the owner may keep the housing assistance payment for the calendar month when the family moves out ("move-out month"). However, the owner may not keep the payment if the PHA determines that the vacancy is the owner's fault.

2. Vacancy payment

THE PHA HAS DISCRETION WHETHER TO INCLUDE THE VACANCY PAYMENT PROVISION (PARAGRAPH f.2), OR TO STRIKE THIS PROVISION FROM THE HAP CONTRACT FORM.

- a. If an assisted family moves out of a contract unit, the PHA may provide vacancy payments to the owner for a PHA-determined vacancy period extending from the beginning of the first calendar month after the move-out month for a period not exceeding two full months following the move-out month.
- b. The vacancy payment to the owner for each month of the maximum two-month period will be determined by the PHA, and cannot exceed the monthly rent to owner under the assisted lease, minus any portion of the rental payment received by the owner (including amounts available from the tenant's security deposit). Any vacancy payment may only cover the period the unit remains vacant.
- c. The PHA may only make vacancy payments to the owner if:
 - 1. The owner gives the PHA prompt, written notice certifying that the family has vacated the unit and the date when the family moved out (to the best of the owner's knowledge and belief);
 - 2. The owner certifies that the vacancy is not the fault of the owner and that the unit was vacant during the period for which payment is claimed;
 - 3. The owner certifies that it has taken every reasonable action to minimize the likelihood and length of vacancy; and

4. The owner provides any additional information required and requested by the PHA to verify that the owner is entitled to the vacancy payment.
 - d. The PHA must take every reasonable action to minimize the likelihood and length of vacancy.
 - e. The owner may refer families to the PHA, and recommend selection of such families from the PHA waiting list for occupancy of vacant units.
 - f. The owner must submit a request for vacancy payments in the form and manner required by the PHA and must provide any information or substantiation required by the PHA to determine the amount of any vacancy payments.
- 3. PHA is not responsible for family damage or debt to owner**

Except as provided in this paragraph f (Occupancy and Payment), the PHA will not make any other payment to the owner under the HAP contract. The PHA will not make any payment to owner for any damages to the unit, or for any other amounts owed by a family under the family's lease.

- g. Income-mixing requirement**
1. Except as provided in paragraphs g.2 and 3, the PHA will not make housing assistance payments under the HAP contract for more than 25 percent of the total number of dwelling units (assisted or unassisted) in any project. The term "project" means a single building, multiple contiguous buildings, or multiple buildings on contiguous parcels of land assisted under this HAP contract.
 2. The limitation in paragraph g.1 does not apply to single-family buildings.
 3. In referring eligible families to the owner for admission to the number of contract units in any project exceeding the 25 percent limitation under paragraph g.1, the PHA shall give preference to elderly or disabled families, or to families receiving supportive services, for the number of contract units designated for occupancy by such families. The owner shall rent the designated number of contract units to such families referred by the PHA from the PHA waiting list.
 4. The PHA and owner must comply with all HUD requirements regarding income mixing.

5. The following specifies the number of contract units (if any):
- a. Designated for occupancy by disabled families;
 - b. Designated for occupancy by elderly families;
 - c. Designated for occupancy by elderly or disabled families; or
 - d. Designated for occupancy by families receiving supportive services.

Check this box if any contract units are designated for disabled families.

The following number of contract units shall be rented to disabled families: 73.

Check this box if any contract units are designated for elderly families.

The following number of contract units shall be rented to elderly families:

_____.

Check this box if any contract units are designated for elderly or disabled families.

The following number of contract units shall be rented to elderly or disabled families:

_____.

Check this box if any contract units are designated for families receiving supportive services.

The following number of contract units shall be rented to families

receiving supportive services: _____.

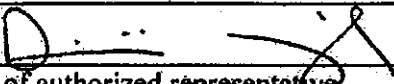
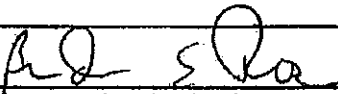
_____.

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HAP Contract for New Construction or Rehabilitation**

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EXECUTION OF HAP CONTRACT FOR SINGLE-STAGE PROJECT

PUBLIC HOUSING AGENCY (PHA)	
Name of PHA (Print) NYC Dept. of Housing Preservation & Development	
By: 	
Signature of authorized representative	
Dinsiri Fikru & Director of Policy & Special Program	
Name and official title (Print)	
8/15/12	
Date	
OWNER	
Name of Owner (Print) Hegeman Avenue Housing LP	
By: 	
Signature of authorized representative	
Brenda E Rosen Executive Director	
Name and title (Print)	
10/12/12	
Date	

EXECUTION OF HAP CONTRACT FOR CONTRACT UNITS COMPLETED AND ACCEPTED IN STAGES

(For multi-stage projects, at acceptance of each stage, the PHA and the owner sign the HAP contract execution for the completed stage.)

STAGE NO. 1. The Contract is hereby executed for the contract units in this stage.
STAGE EFFECTIVE DATE. The effective date of the Contract for this stage is:
PUBLIC HOUSING AGENCY (PHA) Name of PHA (Print)
By: Signature of authorized representative
Name and official title (Print) Date
OWNER Name of Owner (Print)
By: Signature of authorized representative
Name and title (Print) Date

<p>STAGE NO. 2. The Contract is hereby executed for the contract units in this stage.</p> <p>STAGE EFFECTIVE DATE. The effective date of the Contract for this stage is:</p>
<p>PUBLIC HOUSING AGENCY (PHA) Name of PHA (Print)</p>
<p>By: Signature of authorized representative</p>
<p>Name and official title (Print) Date</p>
<p>OWNER Name of Owner (Print)</p>
<p>By: Signature of authorized representative</p>
<p>Name and title (Print) Date</p>

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**Project-based Voucher Program
HAP Contract for New Construction or Rehabilitation**

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<p>STAGE NO. 3. The Contract is hereby executed for the contract units in this stage.</p> <p>STAGE EFFECTIVE DATE. The effective date of the Contract for this stage is:</p>
<p>PUBLIC HOUSING AGENCY (PHA) Name of PHA (Print)</p>
<p>By: Signature of authorized representative</p>
<p>Name and official title (Print) Date</p>
<p>OWNER Name of Owner (Print)</p>
<p>By: Signature of authorized representative</p>
<p>Name and title (Print) Date</p>

STAGE NO.	The Contract is hereby executed for the contract units in this stage.
STAGE EFFECTIVE DATE. The effective date of the Contract for this stage is:	
PUBLIC HOUSING AGENCY (PHA) Name of PHA (Print)	
By: Signature of authorized representative	
Name and official title (Print)	
Date	
OWNER Name of Owner (Print)	
By: Signature of authorized representative	
Name and title (Print)	
Date	

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**Project-based Voucher Program
HAP Contract for New Construction or Rehabilitation**

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**U.S. Department Of Housing and Urban Development
Office of Public and Indian Housing**

SECTION 8 PROJECT-BASED VOUCHER PROGRAM

**PBV HOUSING ASSISTANCE PAYMENTS CONTRACT
NEW CONSTRUCTION OR REHABILITATION**

PART 2 OF HAP CONTRACT

This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number. Assurances of confidentiality are not provided under this collection.

2. DEFINITIONS

Agreement. Agreement to enter into HAP Contract between the owner and the PHA. The HAP contract was entered into following new construction or rehabilitation of the contract units by the owner pursuant to an Agreement.

Contract units. The housing units covered by this HAP contract. The contract units are described in Exhibit A.

Family. The persons approved by the PHA to reside in a contract unit with assistance under the program.

HAP contract. This housing assistance payments contract between the PHA and the owner. The contract consists of Part 1, Part 2, and the contract exhibits (listed in section 1.c of the HAP contract).

Housing assistance payment. The monthly assistance payment by the PHA for a contract unit, which includes: (1) a payment to the owner for rent to the owner under the family's lease minus the tenant rent; and (2) an additional payment to or on behalf of the family if the utility allowance exceeds total tenant payment.

Household. The family and any PHA-approved live-in aide.

Housing quality standards (HQS). The HUD minimum quality standards for dwelling units occupied by families receiving project-based voucher program assistance.

**Project-based Voucher Program
HAP Contract for New Construction or Rehabilitation**

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of Part 2**

HUD. U.S. Department of Housing and Urban Development.

HUD requirements. HUD requirements which apply to the project-based voucher program. HUD requirements are issued by HUD headquarters, as regulations, Federal Register notices or other binding program directives.

Newly constructed housing. Housing units that do not exist on the proposal selection date and are developed after the date of selection pursuant to an Agreement between the PHA and owner for use under the project-based voucher program.

Owner. Any person or entity who has the legal right to lease or sublease a unit to a participant.

Premises. The building or complex in which a contract unit is located, including common areas or grounds.

Principal or interested party. This term includes a management agent and other persons or entities participating in project management, and the officers and principal members, shareholders, investors, and other parties having a substantial interest in the HAP contract, or in any proceeds or benefits arising from the HAP contract.

Program. The project-based voucher program (see authorization for project-based assistance at 42 U.S.C. 1437f(o)(13)).

PHA. Public Housing Agency. The agency that has entered into the HAP contract with the owner. The agency is a public housing agency as defined in the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(6)).

Proposal selection date. The date the PHA gives written notice of proposal selection to the owner whose proposal is selected in accordance with the criteria established in the PHA's administrative plan.

Rehabilitated housing. Housing units that exist on the proposal selection date, but do not substantially comply with the HQS at that date, and are developed, pursuant to an Agreement between the PHA and owner, for use under the project-based voucher program.

Rent to owner. The total monthly rent payable to the owner under the lease for a contract unit. Rent to owner includes payment for any housing services, maintenance and utilities to be provided by the owner in accordance with the lease.

Tenant. The person or persons (other than a live-in aide) who executes the lease as a lessee of the dwelling unit.

Tenant rent. The portion of the rent to owner payable by the family, as determined by the PHA in accordance with HUD requirements. The PHA is not responsible for paying any part of the tenant rent.

3. PURPOSE

- a. This is a HAP contract between the PHA and the owner.
- b. The purpose of the HAP contract is to provide housing assistance payments for eligible families who lease contract units that comply with the HUD HQS from the owner.
- c. The PHA must make housing assistance payments to the owner in accordance with the HAP contract for contract units leased and occupied by eligible families during the HAP contract term. HUD provides funds to the PHA to make housing assistance payments to owners for eligible families.

4. RENT TO OWNER; HOUSING ASSISTANCE PAYMENTS

a. Amount of initial rent to owner

The initial rent to owner for each contract unit is stated in Exhibit A, which is attached to and made a part of the HAP contract. At the beginning of the HAP contract term, and until rent to owner is adjusted in accordance with section 5 of the HAP contract, the rent to owner for each bedroom size (number of bedrooms) shall be the initial rent to owner amount listed in Exhibit A.

b. HUD rent requirements

Notwithstanding any other provision of the HAP contract, the rent to owner may in no event exceed the amount authorized in accordance with HUD requirements. The PHA has the right to reduce the rent to owner, at any time, to correct any errors in establishing or adjusting the rent to owner in accordance with HUD requirements. The PHA may recover any overpayment from the owner.

c. PHA payment to owner

1. Each month the PHA must make a housing assistance payment to the owner for a unit under lease to and occupied by an eligible family in

accordance with the HAP contract.

2. The monthly housing assistance payment to the owner for a contract unit is equal to the amount by which the rent to owner exceeds the tenant rent.
3. Payment of the tenant rent is the responsibility of the family. The PHA is not responsible for paying any part of the tenant rent, or for paying any other claim by the owner against a family. The PHA is only responsible for making housing assistance payments to the owner on behalf of a family in accordance with the HAP contract.
4. The owner will be paid the housing assistance payment under the HAP contract on or about the first day of the month for which payment is due, unless the owner and the PHA agree on a later date.
5. To receive housing assistance payments in accordance with the HAP contract, the owner must comply with all the provisions of the HAP contract. Unless the owner complies with all the provisions of the HAP contract, the owner does not have a right to receive housing assistance payments.
6. If the PHA determines that the owner is not entitled to the payment or any part of it, the PHA, in addition to other remedies, may deduct the amount of the overpayment from any amounts due the owner, including amounts due under any other housing assistance payments contract.
7. The owner will notify the PHA promptly of any change of circumstances that would affect the amount of the monthly housing assistance payment, and will return any payment that does not conform to the changed circumstances.

d. Termination of assistance for family

The PHA may terminate housing assistance for a family under the HAP contract in accordance with HUD requirements. The PHA must notify the owner in writing of its decision to terminate housing assistance for the family in such case.

5. ADJUSTMENT OF RENT TO OWNER

a. PHA determination of adjusted rent

1. At each annual anniversary during the term of the HAP contract, the PHA

shall adjust the amount of rent to owner, upon request to the PHA by the owner, in accordance with law and HUD requirements. In addition, the PHA shall adjust the rent to owner when there is a five percent or greater decrease in the published, applicable Fair Market Rent in accordance with 24 CFR 983.302.

2. The adjustment of rent to owner shall always be determined in accordance with all HUD requirements. The amount of the rent to owner may be adjusted up or down, in the amount defined by the PHA in accordance with HUD requirements.

b. Reasonable rent

The rent to owner for each contract unit, as adjusted by the PHA in accordance with 24 CFR 983.303, may at no time exceed the reasonable rent charged for comparable units in the private unassisted market. The reasonable rent shall be determined by the PHA in accordance with HUD requirements.

c. No special adjustments

The PHA will not make any special adjustments of the rent to owner.

d. Owner compliance with HAP contract

The PHA shall not approve, and the owner shall not receive, any increase of rent to owner unless all contract units are in accordance with the HQS, and the owner has complied with the terms of the assisted leases and the HAP contract.

e. Notice of rent adjustment

Rent to owner shall be adjusted by written notice by the PHA to the owner in accordance with this section. Such notice constitutes an amendment of the rents specified in Exhibit A.

6. OWNER RESPONSIBILITY

The owner is responsible for:

- a. Performing all management and rental functions for the contract units.
- b. Maintaining the units in accordance with HQS.

- c. Complying with equal opportunity requirements.
- d. Enforcing tenant obligations under the lease.
- e. Paying for utilities and housing services (unless paid by the family under the lease).
- f. Collecting from the tenant:
 - 1. Any security deposit;
 - 2. The tenant rent; and
 - 3. Any charge for unit damage by the family.

7. OWNER CERTIFICATION

The owner certifies that at all times during the term of the HAP contract:

- a. All contract units are in good and tenantable condition. The owner is maintaining the premises and all contract units in accordance with the HQS.
- b. The owner is providing all the services, maintenance and utilities as agreed to under the HAP contract and the leases with assisted families.
- c. Each contract unit for which the owner is receiving housing assistance payments is leased to an eligible family referred by the PHA, and the lease is in accordance with the HAP contract and HUD requirements.
- d. To the best of the owner's knowledge, the members of the family reside in each contract unit for which the owner is receiving housing assistance payments, and the unit is the family's only residence.
- e. The owner (including a principal or other interested party) is not the parent, child, grandparent, grandchild, sister, or brother of any member of a family residing in a contract unit.
- f. The amount of the housing assistance payment is the correct amount due under the HAP contract.
- g. The rent to owner for each contract unit does not exceed rents charged by the owner for other comparable unassisted units.

- h. Except for the housing assistance payment and the tenant rent as provided under the HAP contract, the owner has not received and will not receive any payments or other consideration (from the family, the PHA, HUD, or any other public or private source) for rental of the contract unit.
- i. The family does not own, or have any interest in the contract unit. If the owner is a cooperative, the family may be a member of the cooperative.

8. CONDITION OF UNITS

a. Owner maintenance and operation

The owner must maintain and operate the contract units and premises to provide decent, safe and sanitary housing in accordance with the HQS, including performance of ordinary and extraordinary maintenance. The owner must provide all the services, maintenance and utilities set forth in Exhibits B and C, and in the lease with each assisted family.

b. PHA inspections

1. The PHA must inspect each contract unit before execution of the HAP contract. The PHA may not enter into a HAP contract covering a unit until the unit fully complies with the HQS.
2. Before providing assistance to a new family in a contract unit, the PHA must inspect the unit. The PHA may not provide assistance on behalf of the family until the unit fully complies with the HQS.
3. At least annually during the term of the HAP contract, the PHA must inspect a random sample, consisting of at least 20 percent of the contract units in each building, to determine if the contract units and the premises are maintained in accordance with the HQS. Turnover inspections pursuant to paragraph 2 of this section are not counted towards meeting this annual inspection requirement.
4. If more than 20 percent of the annual sample of inspected contract units in a building fail the initial inspection, the PHA must reinspect 100 percent of the contract units in the building.
5. The PHA must inspect contract units whenever needed to determine that the contract units comply with the HQS and that the owner is providing

maintenance, utilities, and other services in accordance with the HAP contract. The PHA must take into account complaints and any other information that comes to its attention in scheduling inspections.

c. Violation of the housing quality standards

1. If the PHA determines a contract unit is not in accordance with the HQS, the PHA may exercise any of its remedies under the HAP contract for all or any contract units. Such remedies include termination, suspension or reduction of housing assistance payments, and termination of the HAP contract.
2. The PHA may exercise any such contractual remedy respecting a contract unit even if the family continues to occupy the unit.
3. The PHA shall not make any housing assistance for a dwelling unit that fails to meet the HQS, unless the owner corrects the defect within the period specified by the PHA and the PHA verifies the correction. If a defect is life threatening, the owner must correct the defect within no more than 24 hours. For other defects, the owner must correct the defect within no more than 30 calendar days (or any PHA-approved extension).

d. Maintenance and replacement—owner's standard practice

Maintenance and replacement (including redecoration) must be in accordance with the standard practice for the building concerned as established by the owner.

9. LEASING CONTRACT UNITS

a. Selection of tenants

1. During the term of the HAP contract, the owner must lease all contract units to eligible families selected and referred by the PHA from the PHA waiting list. (See 24 CFR 983.251.)
2. The owner is responsible for adopting written tenant selection procedures that are consistent with the purpose of improving housing opportunities for very low-income families and reasonably related to program eligibility and an applicant's ability to perform the lease obligations.
3. Consistent with HUD requirements, the owner may apply its own admission procedures in determining whether to admit a family referred

by the PHA for occupancy of a contract unit. The owner may refer families to the PHA, and recommend selection of such families from the PHA waiting list for occupancy of vacant units.

4. The owner must promptly notify in writing any rejected applicant of the grounds for rejection.
5. The PHA must determine family eligibility in accordance with HUD requirements.
6. The contract unit leased to each family must be appropriate for the size of the family under the PHA's subsidy standards.
7. If a contract unit was occupied by an eligible family at the time the unit was selected by the PHA, or is so occupied on the effective date of the HAP contract, the owner must offer the family the opportunity to lease the same or another appropriately-sized contract unit with assistance under the HAP contract.
8. The owner is responsible for screening and selecting tenants from the families referred by the PHA from its waiting list.

b. Vacancies

1. The owner must promptly notify the PHA of any vacancy in a contract unit. After receiving the owner notice, the PHA shall make every reasonable effort to refer a sufficient number of families for owner to fill the vacancy.
2. The owner must rent vacant contract units to eligible families on the PHA waiting list referred by the PHA.
3. The PHA and the owner must make reasonable good faith efforts to minimize the likelihood and length of any vacancy.
4. If any contract units have been vacant for a period of 120 or more days since owner notice of vacancy (and notwithstanding the reasonable good faith efforts of the PHA to fill such vacancies), the PHA may give notice to the owner amending the HAP contract to reduce the number of contract units by subtracting the number of contract units (by number of bedrooms) that have been vacant for such period.

10. TENANCY

a. Lease

The lease between the owner and each assisted family must be in accordance with HUD requirements. In all cases, the lease must include the HUD-required tenancy addendum. The tenancy addendum must include, word-for-word, all provisions required by HUD.

b. Termination of tenancy

1. The owner may only terminate a tenancy in accordance with the lease and HUD requirements.
2. The owner must give the PHA a copy of any owner eviction notice to the tenant at the same time that the owner gives notice to the tenant. Owner eviction notice means a notice to vacate, or a complaint or other initial pleading used to commence an eviction action under State or local law.

c. Family payment

1. The portion of the monthly rent to owner payable by the family ("tenant rent") will be determined by the PHA in accordance with HUD requirements. The amount of the tenant rent is subject to change during the term of the HAP contract. Any changes in the amount of the tenant rent will be effective on the date stated in a notice by the PHA to the family and the owner.
2. The amount of the tenant rent as determined by the PHA is the maximum amount the owner may charge the family for rent of a contract unit, including all housing services, maintenance and utilities to be provided by the owner in accordance with the HAP contract and the lease.
3. The owner may not demand or accept any rent payment from the tenant in excess of the tenant rent as determined by the PHA. The owner must immediately return any excess rent payment to the tenant.
4. The family is not responsible for payment of the portion of the contract rent covered by the housing assistance payment under the HAP contract. The owner may not terminate the tenancy of an assisted family for nonpayment of the PHA housing assistance payment.

5. The PHA is only responsible for making the housing assistance payments to the owner on behalf of the family in accordance with the HAP contract. The PHA is not responsible for paying the tenant rent, or any other claim by the owner.

d. Other owner charges

1. Except as provided in paragraph 2, the owner may not require the tenant or family members to pay charges for meals or supportive services. Nonpayment of such charges is not grounds for termination of tenancy.
2. In assisted living developments receiving project-based voucher assistance, owners may charge tenants, family members, or both for meals or supportive services. These charges may not be included in the rent to owner, nor may the value of meals and supportive services be included in the calculation of reasonable rent. Non-payment of such charges is grounds for termination of the lease by the owner in an assisted living development.
3. The owner may not charge the tenant or family members extra amounts for items customarily included in rent in the locality or provided at no additional cost to the unsubsidized tenant in the premises.

e. Security deposit

1. The owner may collect a security deposit from the family.
2. The owner must comply with HUD and PHA requirements, which may change from time to time, regarding security deposits from a tenant.
3. The PHA may prohibit security deposits in excess of private market practice, or in excess of amounts charged by the owner to unassisted families.
4. When the family moves out of the contract unit, the owner, subject to State and local law, may use the security deposit, including any interest on the deposit, in accordance with the lease, as reimbursement for any unpaid tenant rent, damages to the unit or other amounts which the family owes under the lease. The owner must give the family a written list of all items charged against the security deposit and the amount of each item. After deducting the amount used as reimbursement to the owner, the owner must

promptly refund the full amount of the balance to the family.

5. If the security deposit is not sufficient to cover amounts the family owes under the lease, the owner may seek to collect the balance from the family. However, the PHA has no liability or responsibility for payment of any amount owed by the family to the owner.

11. FAMILY RIGHT TO MOVE

- a. The family may terminate its lease at any time after the first year of occupancy. The family must give the owner advance written notice of intent to vacate (with a copy to the PHA) in accordance with the lease. If the family has elected to terminate the lease in this manner, the PHA must offer the family the opportunity for tenant-based rental assistance in accordance with HUD requirements.
- b. Before providing notice to terminate the lease under paragraph a, the family must first contact the PHA to request tenant-based rental assistance if the family wishes to move with continued assistance. If tenant-based rental assistance is not immediately available upon lease termination, the PHA shall give the family priority to receive the next available opportunity for tenant-based rental assistance.

12. OVERCROWDED, UNDER-OCCUPIED, AND ACCESSIBLE UNITS

The PHA subsidy standards determine the appropriate unit size for the family size and composition. The PHA and owner must comply with the requirements in 24 CFR 983.259.

13. PROHIBITION OF DISCRIMINATION

- a. The owner may not refuse to lease contract units to, or otherwise discriminate against any person or family in leasing of a contract unit, because of race, color, religion, sex, national origin, disability, age or familial status.
- b. The owner must comply with the following requirements: The Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR part 100 *et seq.* ; Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 CFR part 107; title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR part 1; the

Age Discrimination Act of 1975 (42 U.S.C. 6101–6107) and implementing regulations at 24 CFR part 146; section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at part 8 of this title; title II of the Americans with Disabilities Act, 42 U.S.C. 12101 *et seq.*; 24 CFR part 8; section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135; Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107 (3 CFR, 1964–1965 Comp., p. 339; 3 CFR, 1966–1970 Comp., p. 684; 3 CFR, 1966–1970 Comp., p. 803; 3 CFR, 1978 Comp., p. 230; and 3 CFR, 1978 Comp., p. 264, respectively) (Equal Employment Opportunity Programs) and implementing regulations at 41 CFR chapter 60; Executive Order 11625, as amended by Executive Order 12007 (3 CFR, 1971–1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139) (Minority Business Enterprises); Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development); and Executive Order 12138, as amended by Executive Order 12608 (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp., p. 245) (Women's Business Enterprise).

- c. The PHA and the owner must cooperate with HUD in the conducting of compliance reviews and complaint investigations pursuant to all applicable civil rights statutes, Executive Orders, and all related rules and regulations.

14. PHA DEFAULT AND HUD REMEDIES

If HUD determines that the PHA has failed to comply with the HAP contract, or has failed to take appropriate action to HUD's satisfaction or as directed by HUD, for enforcement of the PHA's rights under the HAP contract, HUD may assume the PHA's rights and obligations under the HAP contract, and may perform the obligations and enforce the rights of the PHA under the HAP contract.

15. OWNER DEFAULT AND PHA REMEDIES

a. Owner default

Any of the following is a default by the owner under the HAP contract:

1. The owner has failed to comply with any obligation under the HAP contract, including the owner's obligations to maintain all contract units in accordance with the housing quality standards.
2. The owner has violated any obligation under any other housing assistance payments contract under Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

3. The owner has committed any fraud or made any false statement to the PHA or HUD in connection with the HAP contract.
4. The owner has committed fraud, bribery or any other corrupt or criminal act in connection with any Federal housing assistance program.
5. If the property where the contract units are located is subject to a lien or security interest securing a HUD loan or a mortgage insured by HUD and:
 - A. The owner has failed to comply with the regulations for the applicable mortgage insurance or loan program, with the mortgage or mortgage note, or with the regulatory agreement; or
 - B. The owner has committed fraud, bribery or any other corrupt or criminal act in connection with the HUD loan or HUD-insured mortgage.
6. The owner has engaged in any drug-related criminal activity or any violent criminal activity.

b. PHA remedies

1. If the PHA determines that a breach has occurred, the PHA may exercise any of its rights or remedies under the HAP contract.
2. The PHA must notify the owner in writing of such determination. The notice by the PHA to the owner may require the owner to take corrective action (as verified by the PHA) by a time prescribed in the notice.
3. The PHA's rights and remedies under the HAP contract include recovery of overpayments, termination or reduction of housing assistance payments, and termination of the HAP contract.

c. PHA remedy is not waived

The PHA's exercise or non-exercise of any remedy for owner breach of the HAP contract is not a waiver of the right to exercise that remedy or any other right or remedy at any time.

**16. OWNER DUTY TO PROVIDE INFORMATION AND ACCESS
REQUIRED BY HUD OR PHA**

a. Required information

The owner must prepare and furnish any information pertinent to the HAP contract as may reasonably be required from time to time by the PHA or HUD. The owner shall furnish such information in the form and manner required by the PHA or HUD.

b. PHA and HUD access to premises

The owner must permit the PHA or HUD or any of their authorized representatives to have access to the premises during normal business hours and, for the purpose of audit and examination, to have access to any books, documents, papers and records of the owner to the extent necessary to determine compliance with the HAP contract, including the verification of information pertinent to the housing assistance payments or the HAP contract.

17. PHA AND OWNER RELATION TO THIRD PARTIES

a. Injury because of owner action or failure to act

The PHA has no responsibility for or liability to any person injured as a result of the owner's action or failure to act in connection with the implementation of the HAP contract, or as a result of any other action or failure to act by the owner.

b. Legal relationship

The owner is not the agent of the PHA. The HAP contract does not create or affect any relationship between the PHA and any lender to the owner or any suppliers, employees, contractors or subcontractors used by the owner in connection with the implementation of the HAP contract.

c. Exclusion of third party claims

Nothing in the HAP contract shall be construed as creating any right of a family or other third party (other than HUD) to enforce any provision of the HAP contract, or to assert any claim against HUD, the PHA or the owner under the HAP contract.

d. Exclusion of owner claims against HUD

Nothing in the HAP contract shall be construed as creating any right of the owner to assert any claim against HUD.

18. PHA-OWNED UNITS

Notwithstanding Section 17 of this HAP contract, a PHA may own units assisted under the project-based voucher program, subject to the special requirements in 24 CFR 983.59 regarding PHA-owned units.

19. CONFLICT OF INTEREST

a. Interest of members, officers, or employees of PHA, members of local governing body, or other public officials

1. No present or former member or officer of the PHA (except tenant-commissioners), no employee of the PHA who formulates policy or influences decisions with respect to the housing choice voucher program or project-based voucher program, and no public official or member of a governing body or State or local legislator who exercises functions or responsibilities with respect to these programs, shall have any direct or indirect interest, during his or her tenure or for one year thereafter, or in the HAP contract.
2. HUD may waive this provision for good cause.

b. Disclosure

The owner has disclosed to the PHA any interest that would be a violation of the HAP contract. The owner must fully and promptly update such disclosures.

c. Interest of member of or delegate to Congress

No member of or delegate to the Congress of the United States of America or resident-commissioner shall be admitted to any share or part of this HAP contract or to any benefits arising from the contract.

20. EXCLUSION FROM FEDERAL PROGRAMS

a. Federal requirements

The owner must comply with and is subject to requirements of 2 CFR part 2424.

b. Disclosure

The owner certifies that:

1. The owner has disclosed to the PHA the identity of the owner and any principal or interested party.
2. Neither the owner nor any principal or interested party is listed on the U.S. General Services Administration list of parties excluded from Federal procurement and nonprocurement programs; and none of such parties are debarred, suspended, subject to a limited denial of participation or otherwise excluded under 2 CFR part 2424.

21. TRANSFER OF THE CONTRACT OR PROPERTY

a. When consent is required

1. The owner agrees that neither the HAP contract nor the property may be transferred without the advance written consent of the PHA in accordance with HUD requirements.
2. "Transfer" includes:
 - A. Any sale or assignment or other transfer of ownership, in any form, of the HAP contract or the property;
 - B. The transfer of any right to receive housing assistance payments that may be payable pursuant to the HAP contract;
 - C. The creation of a security interest in the HAP contract or the property;
 - D. Foreclosure or other execution on a security interest; or
 - E. A creditor's lien, or transfer in bankruptcy.

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Previous editions are obsolete

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3. If the owner is a corporation, partnership, trust or joint venture, the owner is not required to obtain advance consent of the PHA pursuant to paragraph a for transfer of a passive and non-controlling interest in the ownership entity (such as a stock transfer or transfer of the interest of a limited partner), if any interests so transferred cumulatively represent less than half the beneficial interest in the HAP contract or the property. The owner must obtain advance consent pursuant to paragraph a for transfer of any interest of a general partner.

b Transferee assumption of HAP contract

No transferee (including the holder of a security interest, the security holder's transferee or successor in interest, or the transferee upon exercise of a security interest) shall have any right to receive any payment of housing assistance payments pursuant to the HAP contract, or to exercise any rights or remedies under the HAP contract, unless the PHA has consented in advance, in writing to such transfer, and the transferee has agreed in writing, in a form acceptable to the PHA in accordance with HUD requirements, to assume the obligations of the owner under the HAP contract, and to comply with all the terms of the HAP contract.

c. Effect of consent to transfer

1. The creation or transfer of any security interest in the HAP contract is limited to amounts payable under the HAP contract in accordance with the terms of the HAP contract.
2. The PHA's consent to transfer of the HAP contract or the property does not change the terms of the HAP contract in any way, and does not change the rights or obligations of the PHA or the owner under the HAP contract.
3. The PHA's consent to transfer of the HAP contract or the property to any transferee does not constitute consent to any further transfers of the HAP contract or the property, including further transfers to any successors or assigns of an approved transferee.

d. When transfer is prohibited

The PHA will not consent to the transfer if any transferee, or any principal or interested party is debarred, suspended subject to a limited denial of participation, or otherwise excluded under 2 CFR part 2424, or is listed on the

U.S. General Services Administration list of parties excluded from Federal procurement or nonprocurement programs.

22. SUBSIDY LAYERING

a. Owner disclosure

The owner must disclose to the PHA, in accordance with HUD requirements, information regarding any related assistance from the Federal Government, a State, or a unit of general local government, or any agency or instrumentality thereof, that is made available or is expected to be made available with respect to the contract units. Such related assistance includes, but is not limited to, any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or any other form of direct or indirect assistance.

b. Limit of payments

Housing assistance payments under the HAP contract must not be more than is necessary, as determined in accordance with HUD requirements, to provide affordable housing after taking account of such related assistance. The PHA will adjust in accordance with HUD requirements the amount of the housing assistance payments to the owner to compensate in whole or in part for such related assistance.

23. OWNER LOBBYING CERTIFICATIONS

a. The owner certifies, to the best of owner's knowledge and belief, that:

1. No Federally appropriated funds have been paid or will be paid, by or on behalf of the owner, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of the HAP contract, or the extension, continuation, renewal, amendment, or modification of the HAP contract.
2. If any funds other than Federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the HAP contract, the owner must complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in

accordance with its instructions.

- b. This certification by the owner is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352.

24. COMPLETION AND ACCEPTANCE OF CONTRACT UNITS

The owner certifies that the contract units have been completed in accordance with the Agreement. Completion and acceptance of the units is subject to the provisions of the Agreement.

25. TERMINATION OF HAP CONTRACT FOR WRONGFUL SELECTION OF CONTRACT UNITS

The HAP contract may be terminated upon at least 30 days notice to the owner by the PHA or HUD if the PHA or HUD determines that the contract units were not eligible for selection in conformity with HUD requirements.

26. NOTICES AND OWNER CERTIFICATIONS

- a. Where the owner is required to give any notice to the PHA pursuant to the HAP contract or any other provision of law, such notice must be in writing and must be given in the form and manner required by the PHA.
- b. Any certification or warranty by the owner pursuant to the HAP contract shall be deemed a material representation of fact upon which reliance was placed when this transaction was made or entered into.

27. ENTIRE AGREEMENT; INTERPRETATION

- a. The Agreement and the HAP contract, including the exhibits, is the entire agreement between the PHA and the owner.
- b. The Agreement and the HAP contract must be interpreted and implemented in accordance with all statutory requirements, and with all HUD requirements, including amendments or changes in HUD requirements during the term of the HAP contract. The owner agrees to comply with all such laws and HUD requirements.

Exhibit B

Services, maintenance and equipment to be provided by the owner without charges in addition to rent to the owner

Onsite laundry, a community space, an intercom, onsite social services and a superintendant will be made available to all tenants

Exhibit C

Utilities available in the contract units, including a listing of utility services to be paid by the owner (without charges in addition to rent to owner) and utilities to be paid by the tenant

The Hegeman will provide electricity and gas heat/ hot water to tenants. Tenants will not be responsible for paying utilities.

ARCHITECT'S CERTIFICATION

TO: Division of Special Needs Housing
Department of Housing Preservation and Development
100 Gold Street, 9M-3
New York, NY 10038

PROJECT: The Hegeman
39-47 Hegeman Ave., Brooklyn
Brooklyn, NY 11212

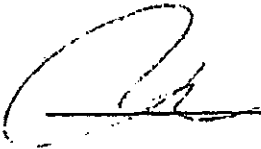
Reference is made to the plans and specifications, working drawings, and addenda for design and construction prepared by Cook + Fox Architects including any permitted changes, modifications and amendments thereto (collectively the "Plans and Specifications") relative to the buildings and improvements (the "Improvements") on certain premises known as and by street number 39 Hegeman Avenue and Block(s) 3622, Lot(s) 56 (the "Premises"). The Improvements constructed on the Premises shall be referred to as the Project.

I, Richard A. Cook, being a duly licensed and registered professional architect in the State of New York, do hereby certify to the New York City Department of Housing Preservation and Development that to the best of my knowledge and belief:

1. The Plans and Specifications are in substantial compliance with all governmental laws, ordinances, rules, restrictions and regulations, including, without limitation, Section 504 of the Rehabilitation Act of 1973 (29. U.S.C. 794), the Fair Housing Act, and those in respect to zoning, building, environmental, fire and health matters.
2. The Project is substantially in accordance with the Plans and Specifications and will be free from material defects in materials and workmanship.
3. Construction of the Improvements and the operation of the Project is in compliance with all current zoning, environmental and other applicable laws, ordinances, rules, and regulations.
4. Each unit assisted by the Project Based Voucher program in the Project complies with the "decent, safe, and sanitary" requirement as determined by a Housing Quality Standards (HQS) inspection of each unit conducted prior to entering a Housing Assistance Payments contract and receiving housing assistance payments.
5. All certificates, permits and licenses required for the Project have been obtained, including, without limitation, the electrical, plumbing, heating, insurance and other certificates required by municipal, state, or federal governmental or quasi-governmental departments or agencies having or asserting jurisdiction over the Project.
6. All of the preconditions have been met justifying the issuance of (i) a temporary or permanent certificate or certificates of occupancy for the Project and, if applicable, a letter or certificate of compliance or completion stating that the work comprising the construction complies with all requirements and restrictions of all governmental ordinances, rules, and regulations and (ii) such other necessary approvals,

certificates, permits and licenses that may be required from the local or municipal fire, health, buildings, housing, environmental, zoning and planning board, agencies or departments and such other governmental authorities having jurisdiction over the Project.

7. All necessary gas, electric, water and sewer services and other utilities are available to the Project.

By:  _____

Name: Richard A. Cook, FAIA

Date: 4/1/12

EXHIBIT G

MEMORANDUM OF UNDERSTANDING dated this 30 day of March, 2012 between the City of New York, acting through the Department of Social Services of the Human Resources Administration ("HRA"), 180 Water Street, New York, New York 10038 and Common Ground Management Corporation ("Operator"), located at 505 Eighth Avenue, 15th Fl. New York, New York 10018.

WITNESSETH

WHEREAS, HRA administers benefits and services to those eligible for public assistance and care, including the issuance of emergency public assistance shelter allowances; and

WHEREAS, HRA has determined that there is insufficient emergency housing in the programs operated by not-for-profit community based corporations for such programs to provide shelter and related services to current HRA clients in need of emergency housing and eligible for a public assistance shelter allowance ("Eligible Persons"); and

WHEREAS, HRA has determined that placing Eligible Persons in an emergency housing facility will help alleviate the homelessness problem; and

WHEREAS, HRA is unable to predict the number of Eligible Persons who may need an emergency housing referral and related services on a particular day; and

WHEREAS, the Operator is in the business of managing a commercial Single Room Occupancy ("SRO") facility with the capacity to appropriately house Eligible Persons referred by HRA; and

NOW, THEREFORE, the parties agree to the following:

ARTICLE 1 **TERM OF PERFORMANCE**

- A. The term of performance hereunder shall be for a two (2) year period from March 1, 2012 through February 28, 2014 unless sooner terminated pursuant to the terms of this Agreement.
- B. HRA shall have the right and option to renew this Agreement for an additional two (2) year term from March 1, 2014 through February 29, 2016 as permitted in this Agreement and to the extent, if any, permitted by law, on the expiration of the term hereunder. The renewal shall be on the same terms and conditions contained in this Agreement and pursuant to such contract amounts as may be established by HRA with respect to such period for which HRA exercises its option.

ARTICLE 2 **OBLIGATIONS OF THE OPERATOR**

- A. The Operator manages an Emergency Housing Facility known as Hegeman (“the Facility”), located at 39 Hegeman Avenue, Brooklyn, New York 11212. During the two-year period following the signing of this MOU, the Operator shall set aside, at most 27 of the Facility’s rooms exclusively for occupancy by Eligible Persons referred by HRA. Initial and continuing eligibility shall be determined and monitored by HRA pursuant to established federal, state and local Public Assistance (“PA”) eligibility rules and regulations.
- B. The Operator agrees to accept referrals from HRA of Eligible Persons, and shall admit all those referred who arrive at the Facility with a Referral for Emergency/Transitional Housing Letter of Introduction (“Letter of Introduction” or “Form W-489”) completed and dated by HRA. The date on the Letter of Introduction must be the same date of the Eligible Person’s arrival at the Facility. The Operator shall register each referred Eligible Person who presents the Letter of Introduction to the Operator or Facility staff, and the Eligible Person shall then be permitted to occupy a dwelling unit and shall have the right to use all common entrances, elevators, and common areas of the Facility, as well as any other facilities that are made available to other commercial guests of the Facility. The Facility shall not accept Eligible Persons that are not referred by HRA or who do not present the current Letter of Introduction to the Operator or Facility. In the event that the Facility is unable to promptly register and admit a referred Eligible Person who arrives at the Facility and requests admission, the Facility shall immediately notify the HRA Emergency Placement Unit (EPU) via an electronic message of the identity of and the reason(s) for not registering and admitting the referred Eligible Person.
- C. The Operator agrees to submit via fax or electronic process each referred Eligible Person’s Form W-489 (Letter of Introduction), including the Facility’s personnel’s signature and the date and time of the referred Eligible Person’s arrival at the Facility to EPU no later than noon of the next business day. The Operator further agrees to have the referred Eligible Person swipe his/her CBIC benefit card through the automated attendance system reader (provided by HRA) daily, to verify that he/she is still an occupant. In the event that the Eligible Person is unable or unwilling to swipe his/her benefit card through the automated attendance system reader, the Operator shall:
- i. notify EPU within 24 hours via an electronic message, and
 - ii. require that Eligible Person sign a registration log each day.
- D. The registration log must be submitted to EPU on a daily basis. If the Operator is unable to obtain the signature of an Eligible Person, who is also unable or unwilling to swipe his/her CBIC benefit card through the automated attendance

card reader, the Operator shall contact EPU within 24 hours, via an electronic message. The message shall identify the Eligible Person and the reason(s) why he/she refuses to swipe or sign in.

- E. Under no circumstances will HRA make any payment for any day of occupancy of a referred Eligible Person unless such Eligible Person has either swiped his/her CBIC benefit card through the automated attendance system reader, or signed a registration log for that day and the Operator submits such registration log to HRA as described in 2(D) above.
- F. The Operator agrees to notify EPU within 24 hours via an electronic message, upon learning that the referred Eligible Person is no longer occupying the dwelling unit assigned to him or her. The Operator agrees that it will submit claims for payment on behalf of a referred Eligible Person to HRA only for the number of nights the Facility can verify, either through the automated attendance system reader (card swiping) or the sign in log, that such Eligible Person actually occupied a Facility room. HRA may from time-to-time issue revised billing guidelines to the Operator as an additional obligation.
- G. The Operator will submit monthly billing requests to HRA's SRO billing unit that will include a cover letter on letterhead stationery indicating the number of verifiable Eligible Persons served that month, the agreed upon per diem rate, the amount due for the month, and will attach a copy of the daily sign-in sheet(s). This will ensure that providers are aware of the presence or absence of Eligible Persons in their facility and will reduce billing discrepancies with placement and exit dates. If there is no swiping information or sign in log information verifying an Eligible Persons presence for a given date, HRA shall not be responsible for payment for that Eligible Person for that date.
- H. All Eligible Persons with a source of income, such as Supplemental Security Income, VA benefits, Social Security Disability Insurance, etc., will be expected to contribute all applicable income above \$359 per month, in accordance with the New York State Public Assistance Law, which may change from time to time, less the restaurant allowance, if applicable, to the Operator. HRA shall notify the Operator of each such Eligible Person with income at the time of referral, or when such Eligible Person begins receiving such income, whichever is later. It shall be the sole responsibility of the Operator to collect the contributions of such Eligible Persons. HRA is not responsible for contributions not paid by Eligible Persons to the Operator. Eligible Persons receiving only Public Assistance are not required to contribute toward their housing costs.
- I. The Operator and Facility staff shall cooperate fully when the Emergency Housing Inspection Unit conducts inspections of the Facility and dwelling units assigned to referred Eligible Persons. Representatives from HRA and/or the City's Department of Health and Mental Hygiene and Department of Housing

Preservation and Development may conduct such inspections on an announced and/or unannounced basis.

- J. The Operator agrees to respond within the determined timeframes noted in the inspection reports issued as a result of the above referenced facility inspections. If the report indicates deficiencies with the Facility or staff and/or that corrective actions are needed, the Operator must include plans for removing the deficiencies within the required time frame set forth by the Agency in the report.
- K. The Operator shall ensure that the Facility includes the following:
1. A separate bedroom unit with a door that locks for privacy. This unit will be furnished with a bed, a closet, a chair, an individual refrigerator no smaller than 1.8 cubic feet, and appropriate lighting fixtures for daily living. The mattress and bedding material will be in good condition.
 2. The unit should be located in a building with a main entrance that securely locks, and that has security services on site.
 3. A clean change of linens will be distributed weekly, and more often where individual circumstances warrant. Towels, soap, and toilet paper will also be distributed weekly.
 4. All shared bathrooms will be regularly cleaned.
 5. All common areas will be maintained in a clean and orderly fashion.
 6. Full bathroom facilities, with doors that lock for privacy, should include a toilet, shower, and sink.
 7. All areas in the facility should be vermin-free.
 8. Air conditioning or a fan should be provided in hot weather; while adequate heat should be made available when the weather warrants. Hot water should be provided at all times.
 9. Rubbish and trash should be removed daily from waste receptacles on each floor.
 10. The fire safety and evacuation plan should be posted on each floor.
- L. In order to provide the best possible living environment for Eligible Persons referred by HRA, the Operator will form linkage agreements with nearby service providers, such as mental health facilities, rehabilitation centers, and health providers and will refer Eligible Persons for these services as the need arises. The purpose of these linkage agreements will be for the provision of mental health services, assessment and treatment of chemical dependency, case management, and/or other harm reduction initiatives/services.

- M. HRA's written approval will be needed before the Operator may remove or evict from the Facility any referred Eligible Person, and such approval shall only be granted when the Operator reasonably believes such Eligible Person is a threat to the health and safety of the Operator's employees or guests or such Eligible Person has become ineligible due to its failure to swipe or sign in or otherwise adhere to the rules and regulations of the EPU. The Operator shall immediately notify EPU via electronic message of any decision to remove or evict a referred Eligible Person on such grounds. However, a referred Eligible Person who has become a permanent tenant in accordance with the provisions of 9 NYCRR §§2520.6(j) and 2522.5(a)(2) of the New York City Rent Stabilization Code, or who has resided in the Facility for thirty (30) consecutive days or longer shall only be removed or evicted pursuant to a warrant of eviction or other order of a court of competent jurisdiction or a governmental vacate order, as required by the New York City Unlawful Eviction Law (NYCAC § 26-521 et. seq.). The Operator agrees to promptly notify EPU whenever it intends to seek the eviction of a referred Eligible Person by means of a legal proceeding.
- N. The Operator agrees that it will comply with applicable state and local laws and regulations affecting the rights of tenants.
- O. The Operator agrees that all information about whether a referred Eligible Person is a recipient of Public Assistance or receives any other form of services through HRA is confidential, pursuant to federal and State law. The Operator agrees to restrict such information only to Facility employees who may need to use such information to verify occupancy or for billing purposes, and the Operator agrees not to disclose such information to anyone else without specific prior written authorization from HRA. The provisions of the MOU with respect to the confidentiality of the information and records of Eligible Persons referred to the Facility by HRA shall remain in full force and effect following termination of this MOU.
- P. The Operator agrees that should the police department and/or emergency medical services ever be called to the Facility concerning an incident involving an Eligible Person referred by HRA, or in the event of any alleged act of domestic abuse or child abuse involving an Eligible Person referred by HRA, the Facility shall immediately notify EPU by telephone or electronic message. In addition, within twenty-four hours of the incident, the Facility shall complete the attached SRO incident report and immediately fax it to EPU.

ARTICLE 3

OBLIGATIONS OF HRA

- A. HRA will refer Eligible Persons to the Facility in an attempt to fill those rooms set aside by the Facility pursuant to Article 2(A) of this MOU. HRA does not guarantee to fill all rooms set aside by the Facility pursuant to Article 2(A) of this MOU, or indeed, any room. HRA is not responsible for and shall not pay for

Eligible Persons accepted by the Facility, who were not referred by HRA pursuant to Article 2(B) of this MOU.

- B. For each room occupied by a referred Eligible Person placed at the Facility during the term of this MOU, HRA shall pay the Operator a nightly rate of fifty four dollars (\$54.00) less any applicable income as determined by Article 2(H). HRA shall pay this rate from the first night the referred Eligible Person registers at the Facility until (a) the day that the Eligible Person departs from the Facility with the Operator's knowledge, or (b) it is otherwise determined that the Eligible Person is no longer eligible for emergency housing.
- C. Following a three (3) day period during which an Eligible Person has neither swiped his/her benefit card through the automated attendance system reader at the Facility, nor signed a daily registration log, on the fourth (4th) day HRA may in its sole discretion notify the Operator that no further payment shall be made on behalf of such Eligible Person without a new referral by HRA to the Facility, pursuant to Article 2(B) of this MOU. Upon such notification to the Operator, the person will no longer be eligible for emergency housing at the facility.
- D. All payments will be made on a monthly basis via an electronic billing method based on the client related information in HRA's database.
- E. HRA will begin the reconciliation payment process promptly upon receipt from the Operator of an original signed HRA Billing Form (see annexed Billing Form), certifying the nights of occupancy by each referred Eligible Person who resided at the Facility at any time during the billing month. A billing month shall be a calendar month. HRA will make a good faith effort to pay the original bills within a month, unless the parties agree to another payment plan. The Operator may submit an amended invoice, based on a reconciliation of HRA payments on behalf of the referred Eligible Persons and the invoice already submitted for the month, no later than fifteen (15) days after receipt of payment. HRA will make a good faith effort to reconcile and pay the amended invoice within 90 days of its receipt.

ARTICLE 4 TERMINATION OR SUSPENSION OF MOU

Termination of this MOU shall occur under the following circumstances:

A. **Expiration**

Forty-five (45) days prior to expiration on February 28, 2014 of this MOU, HRA shall provide written notice to the Operator of its intention to terminate and that it is ending any further referrals and that after the date of termination it will cease responsibility and payment for any remaining SRO occupants who were referred by HRA. In addition, HRA shall simultaneously suspend all referrals, notify all remaining occupants referred by HRA that they will be relocated immediately or as soon thereafter as possible but in any event no

later than February 28, 2014. HRA shall then commence relocation of the remaining referred occupants.

B. Elective Termination.

Either party, at its discretion, may elect to terminate this MOU upon forty-five (45) days prior written notice. If such election is made, by HRA, then HRA shall include in the Notice to Terminate a statement that it is ending any further referrals and that after the date of termination it will cease responsibility and payment for any remaining SRO occupants who were referred by HRA. In addition, HRA shall simultaneously suspend all referrals, notify all remaining occupants referred by HRA that they will be relocated immediately or as soon thereafter as possible but in any event no later than February 28, 2014. HRA shall then commence relocation of the remaining referred occupants.

If such election is made by the Operator, then the Operator shall include in the Notice to Terminate a request that HRA suspend further referrals and a statement that the Operator acknowledges and agrees that after the date of Termination HRA will cease responsibility and payment for any remaining SRO occupants who were referred by HRA. Upon receipt of such Notice to Terminate, HRA shall suspend all further referrals, notify all remaining occupants referred by HRA that they will be relocated immediately or as soon thereafter as possible but in any event no later than February 28, 2014. HRA shall then commence relocation of the remaining referred occupants.

C. Suspension Of MOU

HRA may suspend this MOU for any good faith reason or any instance of material or immaterial non-compliance by the Operator or its agents with this MOU, or if conditions are discovered at the Facility which may be hazardous or detrimental to the life or health of its occupants. In such cases, HRA reserves its right to impose the remedies afforded by the Spiegel Law, Social Services Law § 143-b(2). During a suspension, all referrals to the Facility will cease and HRA payments on behalf of Eligible Persons already placed may be withheld until all hazardous or detrimental conditions, or instances of material or immaterial non-compliance with this MOU, have been cured. If not cured within fourteen (14) calendar days, HRA may give the Operator thirty calendar (30) days Notice to Terminate and Notify the remaining occupants referred by HRA that they will be relocated immediately or as soon thereafter as possible but in any event no later than February 28, 2014. Examples of instances of material or immaterial non-compliance include but are not limited to:

i. Refusal to Register

A refusal by the Operator to register any Eligible Person who has been referred to the Facility in accordance with Article 2(B),

without prior consultation with EPU personnel, except a refusal based on the unavailability of an appropriate dwelling unit; or

- ii. Refusal to Provide Appropriate Privileges and Amenities
A refusal by the Operator to accord to each referred Eligible Person the same privileges and amenities as any other commercial guest of the Facility; or
- iii. Non-Cooperation with CBOs
If the Operator decides not to take advantage of the assistance provided by the Community Based Organizations ("CBO"s), and HRA begins receiving credible complaints that occupants of the Facility are engaging in potentially harmful behavior.

ARTICLE 5 NOTICES

All notices and requests hereunder by either party shall be in writing and directed to the address of the parties as follows:

City Contact:

Mr. John Ruscillo
Director of Housing, HRA/HASA
12 West 14th Street, 5th Floor
New York, New York 10011

Contractor Contact:

Mr. Mike Fagan
Manager, Housing Operations
Common Ground Management Corporation
505 Eighth Avenue
New York, New York 10018

Attachments:

- Referral to Emergency Housing Facility, Letter of Introduction (Form W-489B)
- Billing Form
- Incident Report
- Daily Signature Log

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Understanding on the dates appearing opposite their respective signatures.

THE CITY OF NEW YORK
DEPARTMENT OF SOCIAL SERVICES
HUMAN RESOURCES ADMINISTRATION

By: Vincent P. H.
(Printed Name)

Title: Asst

Signature: [Handwritten Signature]

Date: 3/29/12

[COMMON GROUND MANAGEMENT CORPORATION]

Tax ID# 13-3871134

By: BRENDA ROSEN
(Printed Name)

Title: EXECUTIVE DIRECTOR

Signature: [Handwritten Signature]

Date: FEB 17, 2012

ACKNOWLEDGEMENTS:

STATE OF NEW YORK)
:SS:
COUNTY OF NEW YORK)

On this 35 day of March, 20 12, before me personally came Vincenta Hill, to me known and known to me to be the EMCO of The HUMAN RESOURCES ADMINISTRATION of the CITY OF NEW YORK, the person described in and who is duly authorized to execute the foregoing instrument, and acknowledged to me that she/he executed the same for the purposes therein mentioned.

Sharon C. James
NOTARY PUBLIC

SHARON C. JAMES
Commissioner of Deeds
City of New York No. 2-13026
Commission Expires April 1, 2012

STATE OF NEW YORK)
Queens:SS:
COUNTY OF ~~NEW YORK~~)

On this 17th day of February, 2012, before me personally came Brandi Rosen, to me known, who, being by me duly sworn, did depose and say that she/he resides at 508 E 14th Ave; that she/he is the Executive Director of the Roman Ground, the corporation described in the above instrument and acknowledged that she/he executed the same by order of the Board of Directors of said corporation.

Blanca Suzman
NOTARY PUBLIC
BLANCA SUZMAN
Notary Public, State of New York
No. 24-49877-7
Qualified in Kings County
Commission Expires Oct. 21, 2012



EMERGENCY PLACEMENT UNIT
12 WEST 14TH STREET, 5TH FLOOR
NEW YORK, NY 10011
Phone: 212-620-9764 Fax: 212-337-1600

REFERRAL TO AN EMERGENCY HOUSING FACILITY
LETTER OF INTRODUCTION

To Facility: _____

Date of Referral: _____

Borough: _____

- Caseworker
- Service Line
- Site/Team

From: _____

_____ NY _____

Phone Number: _____

CLIENT PLEASE READ: Today you have requested housing assistance and an eligibility determination has found that you are homeless and eligible for emergency housing placement services. As a result, you have been referred to the emergency housing facility named above. It is important that you check into the facility no later than 9:00 p.m. of the date of your referral. If you have not checked in by 9:00 p.m., facility management may cancel your room. Your signature below indicates that you have read the above and understand your responsibilities regarding this emergency housing referral and that you agree that you were offered an application for medically appropriate non-emergency housing information regarding financial assistance available to assist eligible clients in obtaining housing, and information regarding available housing options. You will be required to use your EBT benefit card to swipe in the device located at the facility front desk. Residents will be expected to swipe in every day.

NOTICE TO CLIENT: If you have difficulty locating the above facility, or the facility is unable or unwilling to admit you as a guest, please call the Emergency Placement Unit (EPU) at 212-620-9764 or 212-620-9895. To obtain assistance, you must speak to a staff member. PLEASE DO NOT LEAVE A MESSAGE.

Client's Last Name (M.I.) First Name

Client's Signature

FACILITY MANAGEMENT: This letter will introduce the client listed above for whom a reservation for a room in your facility was made by the Emergency Placement Unit. Please show this client all courtesies possible. Upon the client's arrival, he or she must sign in front of a facility staff person in order to confirm client's registration at your facility. Overnight receipt of a duly signed Letter of Introduction via fax 212-337-1600 to EPU completes the registration process for the above named client. Your assistance is appreciated.

Client's Signature: _____

Time of Arrival: _____ am pm

Facility Personnel Signature: _____

Date of Arrival: _____

**CITY OF NEW YORK HUMAN RESOURCES ADMINISTRATION
SRO FACILITY INVOICE**

FACILITY NAME:	[]		CODE	[]
	ADDRESS:		[]	

PAGE: _____

BILLING MONTH: []

ROOM #	CLIENT NAME	SSN	PERIOD BILLED		# DAYS	RATE	AMOUNT DUE	NOTES
			FROM	TO				

* Do not include Exit Dates as part of your Billing Period. Remember, the Last Day Payable is the day preceding the Exit Date.

This certifies that the persons listed above were in residence the period(s) indicated above.

PREPARED BY: _____
(Name & Title)

AUTHORIZING SIGNATURE: _____

SIGNATURE: _____ DATE: _____

TITLE: _____ DATE: _____

INCIDENT REPORT

VENDOR'S NAME _____ **ADDRESS** _____ **TODAY'S DATE:** _____ **BORO & ZIP** _____

CONTACT PERSON _____ **TELEPHONE #** _____

DATE OF INCIDENT _____ **TIME OF INCIDENT** _____

1. Names of Persons Involved

Last Name	First Name	Client or Staff Member

2. What happened? (Describe in detail)

3. Where did it happen?

4. How did it happen? (For example what started the incident)

5. Was the police/fire department/EMS called? YES NO

If yes, please provide information below.

Last Name	First Name	Police	Fire	EMS	Precinct

6. Complaint Number: _____

Incident Completed by:

Print Name	Signature	Title	Date
------------	-----------	-------	------

Reviewed by:

Print Name	Signature	Title	Date
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Add additional pages as necessary in order to provide a complete narrative.

EMERGENCY PLACEMENT UNIT

COMMERCIAL SRO HOTEL REGISTRY OF EPU CLIENTS

DATE: ___/___/___

WEEKENDING: ___/___/___

HOTEL NAME: _____

PAGE ___ OF ___

The registry is to be completed on a daily basis. Each customer, residing in emergency housing is expected to sign daily. This registry is to be filed to EPU at 917-639-2455 each day before 12 noon.

Room #	Last Name	First Name	Last 4 Digits SSN	Signature	Date In	Remarks

I hereby certify that the names of listed above have resided in the above hotel for the period reported.

Print Name Hotel Personnel

Signature

Date

EXHIBIT H

Unit #	Unit Category
104	NYNY
105	NYNY
106	Low Income
107	NYNY
108	HASA
109	Low Income
110	NYNY
111	NYNY
112	Low Income
115	HASA
116	NYNY
117	Low Income
118	NYNY
119	NYNY
120	Low Income
121	NYNY
122	NYNY
123	Low Income
124	NYNY
125	NYNY
126	Low Income
127	NYNY
128	Low Income
129	NYNY
130	Low Income
131	NYNY
132	HASA
133	Low Income
201	NYNY
202	NYNY
203	Low Income
204	HASA
205	Low Income
206	NYNY
207	NYNY
208	Low Income
209	HASA
210	Low Income
211	NYNY
212	NYNY

213	Low Income
214	NYNY
215	Low Income
216	NYNY
217	HASA
218	Low Income
219	NYNY
220	NYNY
221	Low Income
222	NYNY
223	Low Income
224	HASA
225	Low Income
226	NYNY
227	NYNY
228	Low Income
229	HASA
230	NYNY
231	Low Income
232	NYNY
233	Low Income
301	NYNY
302	HASA
303	Low Income
304	NYNY
305	Low Income
306	HASA
307	NYNY
308	Low Income
309	HASA
310	Low Income
311	NYNY
312	Low Income
313	NYNY
314	HASA
315	Low Income
316	NYNY
317	NYNY
318	Low Income
319	HASA
320	NYNY
321	Low Income

322	NYNY
323	HASA
324	Low Income
325	NYNY
326	Low Income
327	NYNY
328	Low Income
329	NYNY
330	HASA
331	Low Income
332	NYNY
333	Low Income
401	NYNY
402	HASA
403	Low Income
404	NYNY
405	HASA
406	Low Income
407	NYNY
408	NYNY
409	Low Income
410	HASA
411	NYNY
412	Low Income
413	NYNY
414	Low Income
415	HASA
416	Low Income
417	NYNY
418	Low Income
419	NYNY
420	NYNY
421	Low Income
422	HASA
423	NYNY
424	Low Income
425	NYNY
426	NYNY
427	Low Income
428	HASA
429	Low Income
430	NYNY

431	NYNY
432	Low Income
433	NYNY
501	NYNY
502	Low Income
503	NYNY
504	HASA
505	Low Income
506	NYNY
507	NYNY
508	Low Income
509	NYNY
510	HASA
511	Low Income
512	NYNY
513	NYNY
514	Low Income
515	HASA
516	NYNY
517	Low Income
518	NYNY
519	Low Income
520	NYNY
521	NYNY
522	Low Income
523	HASA
524	NYNY
525	Low Income
526	NYNY
527	Low Income
528	HASA
529	NYNY
530	Low Income
531	NYNY
532	Low Income
533	HASA

EXHIBIT I

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 *David Beer* Date 10-3-07

Print Name & Title David Beer, Director of Housing Development

NYSERDA

Authorized Signature *Jeffrey J. Pitkin* Date 11/2/07

Print Name & Title: Jeffrey J. Pitkin, Treasurer

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

EXHIBIT J

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, NYSERDA, Niagra Mohawk, Southern California Edison.

EXHIBIT K

MiniCloset-5 Technical Specifications (MC5)



Metering Specifications

Metered Voltage:	120, 220, 240, 277, 347, 380, 480, 600 Delta or Wye, 50/60 Hz
Current Input:	0.1 Amp or 5 Amp inputs available
Field programmable:	(8) 3-phase meters, (12) network meters, or (24) single phase meters
Four quadrant Consumption & Demand for each of the 24 channels:	Delivered and received: kW, kVARLeading, kVARLagging, & kVA Volts-squared hours & amp-squared hours
Programmable interval data & peak demand:	5 min to hourly window, block or rolling block demand Meter total and/or by phase
Real time per phase:	Voltage, current, phase angle, power factor, THD, watts, VARs, VA and frequency
Time of Use:	Up to 16 blocks per day available for all metering parameters (except TOU)
Meets ANSI C12.1, C12.16 and Measurement Canada UL, UL-C File E204142	
IEC Optical Communication Interface (Standard Feature)	

Additional Features

Pulse Datalogger Module (PDM-12):	Maximum 4 PDM-12 units per MC5 Up to 48 Form A dry contact pulse inputs for water, BTU, gas, other Power supplied by MC5 Pulses can be logged in programmable intervals and will count during power outage
PDM-12 Specifications:	Max. Distance: 300 feet from pulse meter to PDM (18 gauge min.) 300 feet of CAT5 cable (to connect all 4 PDMs to MC5) Min. Pulse Width: Power on: 50 msec, Power off: 500 msec When the MC5 loses power or is disconnected from the PDM, the PDM has the capability to record pulses but the sample rate is reduced. Max. Pulse Rate: Power on: 10 pulses/sec max, Power off: 1 pulse/sec max Peak voltage: 5.5V, Peak current: not applicable Isolation: 2.5kV isolation between pulse output and AC line Max. signal debounce tolerance: 20 msec
Demand Reset:	Allows local reset of peak demand register
Data Integration Options:	IQ Software MV-90 TIM module ASCII-based, open-data protocol Open-source data conversion program

Communications Options

Power Line Communications (standard feature)
19.2K internal modem
Network data link (4-wire RS-485)

Accuracy

+ 0.5% @ unity and 50% power factor; 1-100% of full-scale (excluding external CT error)

Liquid Crystal Display

Push button scroll, 32 digit liquid crystal display (16 digit x 2 rows)
6 whole digit consumption register, Data digit height: 0.31"
Programmable display scroll & decimal place display

Operating Range

Voltage: Rated Voltage (90% to 110%) Humidity: 0 to 95% R.H. (non-condensing)
Temperature: (-20 C to +60 C) Transient/Surge Suppression: ANSI C37.90.1-1989

Memory

512 kbyte non-volatile flash memory retains daily and interval data
During power outage:
- Flash memory retains daily and interval data
- Long-life lithium battery maintains time, logs incoming pulses and retains data acquired within the incompleting interval at the time of the outage

Shipping Weight & Dimensions

2 enclosures (each): 13.5"H x 8.5"W x 4.5"D
Field mounting option: Top to bottom or side to side
Shipping weight: 1 meter assembly: 34 lbs

For installation diagrams visit
www.quadlogic.com

QUADLOGIC

EXHIBIT L

THE HEGEMAN

39 Hegeman Avenue
Brooklyn, NY 11212

Annual Notification of Rights and Responsibilities

The Apartment is submetered for electricity as permitted by an Order of the New York State Public Service Commission Department of Public Service. In compliance with the Home Energy Fair Practices Act (“HEFPA”), the Submeterer/Utility will annually provide you with an Annual Notification of Rights and Responsibilities.

CUSTOMER BILLING:

Each month you will receive an electric bill along with your monthly rent statement. As indicated on the electric bill by the dates of present and previous meter readings, each “billing cycle” is approximately 30 days. The amount charged for electricity is calculated by multiplying your Usage, measured in Kilowatt-hours, by the Rate, which is a percentage measured to be equal to or less than the SC-1 Rate that Consolidated Edison Company of New York, Inc. charges. An Administrative Fee is noted separately on the electric bill. The Amount Due is the total of the amount charged for electricity plus the Administrative Fee and any applicable late payment charges and arrears. Unless otherwise indicated on the electric bill, the Amount Due is payable to: Common Ground.

CONTENT OF BILLS:

Each electric bill to the tenant shall provide, in clear and understandable form and language, the charges for service. The electric bill shall include:

- the name, address and account number (apartment number) of the tenant, dates of the present and previous meter readings, whether the meter reading is actual or estimated, amount of electricity consumed for the period being billed, the amount owed for the latest period including any applicable fees or taxes for service, the date by which payment may be paid without penalty, the penalty charges for bills paid late, credits from past bills, and any amounts owed and unpaid from previous bills;
- if the bill is issued under a budget or levelized billing plan, an identification of the type of plan, the total of the year’s budget or levelized amounts billed to the end of the period covered by the current bill, and the debit or credit balances; and an explanation of how or where the bill may be paid.

SPECIAL PROCEDURES & PROTECTIONS:

Medical Emergencies: The Submeterer/Utility shall not disconnect or refuse to restore service when a medical emergency exists.

Life Support Systems: If a tenant or a resident of the tenant's apartment suffers from a medical condition requiring utility service to operate a lift-sustaining device, certification by a medical doctor or qualified official of a local board of health shall remain effective until termination by the commission or its designee, provided the residential customer demonstrates an inability to pay charges for service.

Tenants who are Elderly, Blind or Disabled: The Submeterer/Utility shall not disconnect or refuse to restore service where a tenant is known to or identified to the Submeterer/Utility to be elderly, blind, disabled or 62 years of age or older, and all remaining residents of the household are 62 years of age or older, 18 years of age or under, or blind or disabled, without complying with the procedures specified in HEFPA.

Special Notification of Social Services Official: After the Submeterer/Utility has sent a final notice of termination to a tenant who it knows is receiving public assistance, supplemental security income benefits or additional State payments pursuant to the Social Service Law, and for whom the Submeterer/Utility has not received a guaranty of future payments from the local social service commissioner, it shall, not more than five days nor less than three days before the intended termination or disconnection, notify an appropriate official of the local social services district that payment for utility services has not been made.

If you are elderly, blind or disabled; a person with medical emergencies; receiving public assistance, supplemental security income benefits or additional State payments you can contact the Submeterer/Utility for a description of any additional special protections that might be afforded to you. You can also contact the New York State Public Service Commission for further information by calling its HELPLINE at 1-800-342-3377 or by writing to:

New York State Department of Public Service
3 Empire State Plaza
Albany, NY 12223

Or

New York State Department of Public Service
90 Church Street
New York, NY 10007

The Commission's website is: www.dps.ny.gov

VOLUNTARY THIRD-PARTY NOTICE:

The Submeterer/Utility shall permit the tenant to designate a third party to receive all notifications relating to disconnection of service or other credit actions sent to such residential customer, provided that the designated third party agrees in writing to receive such notices. The Submeterer/Utility shall inform the third party that the authorization to receive such notices does not constitute acceptance of any liability on the third party for service provided to the tenant. The Submeterer/Utility shall promptly notify the tenant of the refusal or cancellation of such authorization by the third party.

DEFERRED PAYMENT AGREEMENTS:

A Deferred Payment Agreement (“DPA”) is a written agreement for the payment of outstanding charges over a specific period of time, signed by both the Submeterer/Utility and tenant. The Submeterer/Utility will make reasonable efforts to contact eligible tenants by phone, mail or in person for the purpose of offering a Deferred Payment Agreement and negotiating terms tailored to the tenant’s financial circumstances when a payment of a bill or arrears is owed on an account.

A Deferred Payment Agreement will obligate the tenant to make timely payments of all current charges. For purposes of negotiating a reasonable DPA, the Submeterer/Utility may require that a tenant complete a form showing assets, income and expenses, and provide reasonable substantiation of the information on that form. Please note that a tenant may not be eligible for a DPA if the tenant has broken an existing payment agreement or if the tenant has the resources available to pay the bill.

If a tenant fails to make timely payment in accordance with a DPA, the Submeterer/Utility will send a reminder notice at least eight calendar days prior to the day when a final notice of termination, disconnection or suspension will be sent, stating that the tenant must meet the terms of the existing DPA by making the necessary payment within twenty calendar days of the date payment was due or a final termination, disconnection or suspension notice may be issued.

If by the twentieth calendar day after payment was due, and the Submeterer/Utility has neither received payment nor negotiated a new DPA, the Submeterer/Utility may demand full payment of the total outstanding charges and send a final Notice of Termination to the tenant.

BUDGET OR LEVELIZED PAYMENT PLANS:

The Submeterer/Utility shall offer tenants a voluntary budget billing or levelized payment plan for the payment of charges. The plan shall be designed to reduce fluctuations in electric bills due to seasonal patterns of consumption. The plan shall be based on a tenant’s recent 12-month billing data and if not available then 12-months of billing data for the premises shall be used. If 12-months of billing data are not available for the premises then the Submeterer/Utility shall estimate consumption over the next 12-

month period. Bills should clearly identify consumption and state the amounts that would be due without levelized or budget billing. In addition, each plan shall provide that bills will be subject to regular review for conformity with actual billings. You are liable for all electricity charges to your apartment. If you fail to pay the bill when due, you may be subject to termination of service as described in preceding sections of this Notice.

QUARTERLY BILLING PLAN:

The Public Service Law also allows the Submeterer/Utility to offer tenants who are 62 years of age or older, as an alternative to monthly billing, a plan for payment on a quarterly basis of charges for services rendered provided that such customer's average annual billing is not more than \$150.

DEPOSITS:

Deposits for submetered accounts may be required if:

- Tenant is a seasonal or a short-term tenant.
- Tenant accumulates two consecutive months of arrears without making reasonable payment. Submeterer/Utility shall provide a tenant written notice, at least 20 days before it may access a deposit.
- Tenant had electric service terminated, disconnected or suspended for nonpayment during the preceding six months.
- Submeterer/Utility permits the tenant to pay the deposit in installments over a period not to exceed 12 months.

Deposits for submetered accounts shall not be required or held if:

- Submeterer/Utility knows tenant to be a recipient of public assistance, supplemental security income, or additional State payments.
- Submeterer/Utility knows tenant is 62 years of age or older unless such tenant has had service terminated, disconnected or suspended by the Submeterer/Utility for nonpayment of bills within the preceding six months.

Requirement:

- Deposits should be reasonable amount not greater than twice the average monthly bill except in cases of electric space heating, where it may not exceed twice the estimated monthly bill for the heating season.
- Interest must be paid on deposits at a rate prescribed annually by the Commission. Interest will be applied to the bill when the deposit was held for a period of one year. If the tenant is not delinquent in payment of bills during the one-year period, the deposit and the interest is refunded promptly.

LATE PAYMENT CHARGES:

The Submeterer/Utility may impose a one-time or continuing late payment charge, not in excess of 1 ½ percent per month, on the unpaid balance of any bills for service provided the bill clearly shows the amount billed, whether any charge will be imposed for late payment, when the late payment charge becomes applicable, and the time period during which the bill may be paid without the imposition of the late payment charge. Tenants on fixed incomes shall be offered the opportunity to pay their bills on a reasonable schedule that is adjusted for such tenant's periodic receipt of income without such tenant incurring late payment charges provided that the offer may prescribe a late payment charge where payment is not made within 20 days of the scheduled due date.

NOTIFICATION REQUIREMENTS:

The Submeterer/Utility will annually provide you with a copy of Annual Notification of Rights and Responsibilities in compliance with HEFPA.

COMPLAINT PROCEDURE

Tenant complaints about bills for utility service, deposit requests or other service problems shall first be made to the Submeterer/Utility. The Submeterer/Utility shall allow complaints to be accepted and processed in a simple manner and form. The Submeterer/Utility shall promptly investigate any complaint in a fair manner and report results to the tenant. The tenant shall be informed of the availability of the Commission's complaint handling procedures, including the Commission's address and telephone number.

To initiate a complaint:

If you have any questions or concerns regarding your electric service, please contact the Maintenance Department or submit a concern form to Building Management, who will forward your concern to the Maintenance Department. You will receive a written response from the Maintenance Department within 10 business days from the date you initiated the complaint. The concern form can be hand delivered or mailed to:

Building Management Office
The Hegeman
39 Hegeman Avenue
Brooklyn, NY 11212

To escalate a complaint:

If your concern is not resolved by the Maintenance Department, you may request that the issue be escalated to the Assistant Director of Programs or Associate Director. This request to escalate a complaint can be made by submitting a concern form that details why you think the response from Maintenance is incorrect or by calling the

Assistant Director of Programs at #347-390-7014 or Associate Director of Facilities at #347-390-7013. You will receive a written response from the Assistant Director of Programs or Associate Director of Facilities within 10 business days from the date you escalated the complaint. The concern form can be hand delivered or mailed to:

Building Management Office
The Hegeman
39 Hegeman Avenue
Brooklyn, NY 11212
Attn: Assistant Director of Programs / Associate Director

Further review:

After your concern has been escalated to the Assistant Director of Programs or the Associate Director, if your complaint is still not resolved in whole or in part you may contact the Public Service Commission at New York State Department of Public Service, 3 Empire State Plaza, Albany, NY 12223 or at New York State Department of Public Service, 90 Church Street, New York, NY 10007 or call its HELPLINE at 1-800-342-3377 and file a complaint seeking to have the issue resolved by the Public Service Commission. The website for the Public Service Commission is www.dps.ny.gov

Please take notice, that while the Submeterer/Utility is investigating your complaint, you are required to pay the undisputed portion of your electric bill, including bills for current usage. Failure to make such payments could result in your electricity being terminated, disconnected or suspended. Please see applicable sections in this Notice for further details concerning the potential consequences of failing to pay your electric bill on time.

TERMINATION, DISCONNECTION AND SUSPENSION OF SERVICE:

You will receive an electric bill each month and are required to pay the full "Amount Due" as indicated on the bill.

The Submeterer/Utility may disconnect service under the following conditions if the tenant:

- fails to pay charges for services rendered; or
- fails to pay amounts due under a deferred payment agreement;
- fails to pay a lawfully required deposit; and
- is sent a final disconnection notice no less than 15 days before the disconnection date shown on the notice.

A final disconnection notice shall clearly state or include:

- the earliest date on which disconnection may occur;
- the reasons for disconnection, including the total amount required to be paid, and the manner in which disconnection may be avoided;

- the address and phone number of the office of the Submeterer/Utility that the tenant may contact in reference to his/her account;
- the availability of procedures for handling complaints;
- a summary of protections available under HEFPA; and in a size type capable of attracting immediate attention a statement that reads, "THIS IS A FINAL DISCONNECTION NOTICE. PLEASE REFER TO THIS NOTICE WHEN PAYING THIS BILL."

Dated: _____

Sincerely,

HEGEMAN AVENUE HOUSING L.P.
Submeterer/Utility