

Section 3. Gender. The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 4. Waiver. No restriction, condition, obligation or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 5. Insurance Trustee. The Insurance Trustee, if selected, shall be a bank, trust company or savings and loan association in the State of New York, designated by the Board of Managers. In the event that the Insurance Trustee shall resign, the new Insurance Trustee shall also be a bank, trust company or savings and loan association in the State of New York, designated by the Board of Managers. The Board of Managers shall pay the fees and disbursements of any Insurance Trustee and such fees and disbursements shall constitute a Common Expense of the Condominium.

Section 6. Definition of "Mortgagee". As used in these By-Laws, the term "mortgagee" or "holder of a first mortgage" shall include the holder of any construction loan mortgage which shall be a lien on a Unit.

ARTICLE XIII

AMENDMENTS TO THE BY-LAWS

Section 1. General. These By-Laws may be modified or amended by the vote of 66 2/3% in number and in Common Interest of all Unit Owners at a meeting of Unit Owners duly held for such purpose. However, for as long as Sponsor and its designee remains the Owner of one or more Units, these By-Laws, including the Rules and Regulations of the Condominium attached hereto, may not be amended or modified in any way so as to adversely affect Sponsor and its designee, in Sponsor's and its designee's sole discretion without the prior written consent of Sponsor and its designee. Additionally, these By-Laws, including the Rules and Regulations of the Condominium attached hereto, may not be amended or modified in any way so as to adversely affect a Commercial Unit or a Commercial Unit Owner without the prior written consent of such Commercial Unit Owner. No amendment may change the percentage of Common Interests allocated to any Unit or Units without the written consent of such Owner. No amendment of a material nature shall be made to these By-Laws without the prior written consent of HDC, for as long as any HDC loan is outstanding with respect to the Property.

Section 2. Special Amendments. Any amendment, modification, addition or deletion of or to any of the provisions of these By-Laws that, pursuant to the terms of the Declaration or these By-Laws, may be effected by the Sponsor without the consent of the Condominium Board or the Unit Owners shall be embodied in an instrument executed and recorded in the Register's Office by

the Sponsor as attorney-in-fact of both the Condominium Board and all Unit Owners, which power-of-attorney shall be deemed to be irrevocable and coupled with an interest. Attached to each such instrument shall be an original, executed Certification by the Sponsor certifying that the amendment, modification, addition or deletion set forth therein was effectuated by the Sponsor pursuant to the terms of the Declaration and/or these By-Laws, in which Certification there shall be set forth the Article and/or Section of the Declaration or these By-Laws pursuant to which the same was effectuated. No such amendment, modification, addition or deletion shall be effective unless and until such an instrument shall be duly recorded in the Register's Office.

ARTICLE XIV

CONFLICTS

Section 1. Conflicts. These By-Laws are set forth to comply with the requirements of Article 9-B of the Real Property Law of the State of New York. In case any of these By-Laws conflict with the provisions of said statute or of the Declaration, the provisions of said statute or of the Declaration, as the case may be, shall control.

ARTICLE XV

FURTHER ASSURANCES

Section 1. General. Any Person that is subject to the terms of these By-Laws, whether such Person is a Unit Owner, a lessee or a sublessee of a Unit Owner, an occupant of a Unit, a member of the Condominium Board, an officer of the Condominium or otherwise shall, at the expense of any other Person requesting the same, execute, acknowledge and deliver to such other Person such instruments, in addition to those specifically provided for herein, and take such other action as such other Person may reasonably request in order either to effectuate the provisions of these By-laws or any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

Section 2. Failure to Deliver or Act. If any Unit Owner or other Person that is subject to the terms of these By-Laws fails to execute, acknowledge or deliver any instrument or fails or refuses, within ten days after request therefor, to take any action that such Unit Owner is required to execute, acknowledge and deliver or to take pursuant to these By-Laws, then the Condominium Board is hereby authorized, as attorney-in-fact for such Unit Owner or other Person, coupled with an interest, to execute, acknowledge and deliver such instrument or to take such action, in the name of such Unit Owner or other Person, and such document or action shall be binding on such Unit Owner or other Person.

If the Condominium Board, any Unit Owner, or other Person that is subject to the terms of these By-Laws fails to execute, acknowledge, or deliver any instrument or fails or refuses, within ten days after request therefor, to take any action that the Condominium Board, such Unit Owner or Person is required to execute, acknowledge and deliver or to take pursuant to these By-Laws at the request of Sponsor, then the Sponsor is hereby authorized, as attorney-in-fact for the Condominium Board, such Unit Owner or other Person, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of the Condominium Board, such Unit Owner or other Person, and such document or action shall be binding on the Condominium Board, such Unit Owner or other Person. The Condominium Board shall not unreasonably withhold or delay its consent or approval with respect to any matter contained in these By-Laws which requires the consent or approval of the Condominium Board.

SCHEDULE A
RULES AND REGULATIONS
OF
STRIVERS GARDENS CONDOMINIUM

1. Except as set forth in the Declaration and By-Laws and herein, no industry, business, trade, occupation or profession of any kind, commercial, religious, educational or otherwise, designed for profit, altruism or otherwise, shall be conducted, maintained or permitted in any part of the Units or Common Elements, nor shall any "For Sale", "For Rent" or "For Lease" signs or other window displays or advertising be maintained or permitted in any Unit therein or adjoining Common Elements, nor shall any Unit be rented for transient, hotel or motel purposes. The right, however, is reserved by the Sponsor and its designee and the Board of Managers or its agent, to place "For Sale", "For Rent" or "For Lease" or similar signs on any unsold or unoccupied Units. Additionally, the right is reserved by Sponsor and its designee, to maintain and staff one or more vacant and unsold Units in the Building as a sales office and/or model Units. Sponsor and its designee shall have the right to place "For Sale," "For Rent" or "For Lease" signs or similar signs on or in the vicinity of the Building without regard to size. Sponsor or its designee shall be responsible for installing and removing such signs.
2. There shall be no playing or lounging in the entrances, passages, public halls, vestibules, corridors, stairways or fire towers of the Building, except in any recreational areas, if any, or other areas designated as such in the Declaration or by the Condominium Board.
3. Except as elsewhere provided in the Condominium Documents, no exterior of any Residential Unit, including the windows or doors thereof or any other portions of the Common Elements shall be painted or decorated by any Owner in any manner without prior written consent of the Board of Managers.
4. No personal articles (including, but not limited to, garbage cans or bottles) and no furniture, artwork or equipment shall be placed or stored in entrances, hallways, stairways, or other Common Elements which are not limited to the exclusive use of a specific Unit Owner. No Unit Owner shall change or alter in any way the design, layout, color scheme or furnishings in entrances, hallways, stairways or other Common Elements, which are not limited to the exclusive use of a specific Unit Owner.
5. No Unit Owner shall make, cause or permit any unusual, disturbing or objectionable noises or odors to be produced upon or to emanate from his Unit or its appurtenant Limited Common Elements or permit anything to be done therein that will interfere with the rights, comforts or conveniences of the other Unit Owners. No Unit Owner shall play upon or suffer to be played upon any musical instrument, or shall operate or permit to be operated a phonograph, radio, television set or other loudspeaker in such Unit Owner's Unit between

midnight and the following 8:00 A.M., if the same shall disturb or annoy other occupants of the Building, and in no event shall any Unit Owner practice or suffer to be practiced either vocal or instrumental music between the hours of 10:00 P.M. and the following 9:00 A.M. No construction, repair work or other installation involving noise shall be conducted in any Unit except on weekdays (not including legal holidays) and only between the hours of 8:00 A.M. and 5:00 P.M., unless such construction or repair work is necessitated by an emergency. No jackhammering shall be permitted without prior written approval of the Board of Managers.

6. Each Unit Owner shall keep his Unit in a good state of preservation and cleanliness and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors or windows of a Unit, any dirt or other substances. No clothes, sheets, blankets or other articles of any kind shall be hung or shaken from any doors, windows, open terraces or open balconies, or placed upon the window sills of the Building.
7. No exterior shades, awnings, window guards, ventilators, decorations, fans or air-conditioning devices shall be used on or about the Building or Common Elements except such as shall have been approved by the Board of Managers or as required by law.
8. Except as provided above or elsewhere in the Condominium Documents, no sign, notice, lettering or advertisement shall be inscribed or exposed on or at any window, door or other part of the Building, except such as shall have been approved in writing by the Board of Managers, nor shall anything be projected out of any window of the Building without similar approval.
9. All garbage and refuse from the Building shall be deposited with care in plastic bags or other suitable receptacles intended for such purpose only at such times and in such manner as the Board of Managers and/or City of New York may direct. Unit Owners shall be responsible for complying with all applicable recycling laws pertaining thereto. Each Commercial Unit Owner shall be responsible for its own garbage removal by a private carter at its own expense.
10. Water closets and other water apparatus in the Building shall not be used for any purposes other than those for which they were constructed, nor shall any sweepings, rubbish, rags, paper, ashes or any other article be thrown into the same. Any damage resulting from misuse of any water closet or other apparatus shall be paid for by the Unit Owner causing such damage.
11. No Unit Owner shall engage any employee of the Condominium for any private business of the Unit Owner without prior written consent of the Board of Managers.
12. One dog of up to thirty (30) lbs. in weight or one cat per Residential Unit and a replacement thereof shall be permitted without consent from the Board of Managers. Subject to that exception, no bird or other animal shall be kept or harbored in the Building unless the same

in each instance be expressly permitted in writing by the Board of Managers. Any such consent, if given, shall be revocable at any time by the Board of Managers. In no event shall dogs or cats be permitted in any of the public portions of the Building or Property unless carried or on a leash. Additionally, in no event shall any bird, reptile or other animal be permitted in any elevator of the Building other than the elevator designated by the Board of Managers or the Managing Agent for that purpose. The individual Unit Owners who keep an animal in the Building shall each indemnify the Board of Managers and hold it harmless against any loss or liability of any kind or character whatsoever arising from or as a result of the Unit Owner having any animal in the Building. No pigeons or other birds or animals shall be fed from the window sills or other public portions of the Building or on the sidewalk adjacent to the Building.

13. No radio or television aerial or dish shall be attached to or hung from the exterior of the Building without written approval of the Board of Managers. To the extent permitted by law, the Board of Managers, upon the request of any Unit Owner, shall allow the installation of any hook-up necessary to provide cable television service to the Units.
14. All radio, television or other electrical equipment of any kind or nature installed or used in each Unit shall fully comply with all rules, regulations, requirements or recommendations of the New York Board of Fire Underwriters and the public authorities having jurisdiction, and the Unit Owner alone shall be liable for any damage or injury caused by any radio, television or other electrical equipment.
15. The Board of Managers or the Managing Agent shall retain a pass-key to each Unit. No Residential Unit Owner shall change any lock on any door leading into his Residential Unit without the prior written consent of the Board of Managers. As a condition to obtaining such consent, the Residential Unit Owner must provide the Board of Managers with a key to such changed lock for their use. If Sponsor or the Board of Managers must gain access to a Residential Unit for emergency purposes and a Residential Unit Owner has not furnished a key to the Board of Managers as provided in this paragraph, then the affected Residential Unit Owner shall be liable and responsible for any damage to the Common Elements or such Unit caused by Sponsor or the Board of Managers in gaining access to such Residential Unit. Furthermore, if the Residential Unit Owner is not personally present to open and permit an entry to his Residential Unit at any time when an entry therein is necessary or permissible under these Rules and Regulations or under the By-Laws, and has not furnished a key to the Board of Managers or the Managing Agent, then the Board of Managers or Managing Agent or their agents (but, except in an emergency, only when specifically authorized by an officer of the Condominium or an officer of the Managing Agent) may forcibly enter such Residential Unit without liability for damages or trespass by reason thereof (if, during such entry, reasonable care is given to such Residential Unit Owner's property).
16. If any key or keys are entrusted by a Unit Owner, by any Family Member thereof or by his agent, servant, employee, licensee or visitor to an employee of the Condominium or of the

Managing Agent, whether for such Unit Owner's Unit or an automobile, trunk or other item of personal property, the acceptance of the key shall be at the sole risk of such Unit Owner, and neither the Board of Managers nor the Managing Agent shall (except as provided above) be liable for injury, loss or damage of any nature whatsoever, directly or indirectly, resulting therefrom or connected therewith.

17. No Unit Owner or any visitor, guest, patient, employee or any client of a Unit Owner shall be allowed in any mechanical equipment area without the express permission of the Board of Managers.
18. All damage to the Building or Common Elements caused by the moving or carrying of any article therein shall be paid by the Unit Owner responsible for the presence of such article.
19. No Unit Owner shall interfere in any manner with any portion of any equipment and/or fixtures which are part of the Common Elements and not part of the Unit Owner's Unit.
20. Subject to the right of any Commercial Unit Owner to use its Unit for any legal usage, nothing shall be done or kept in any Unit or in the Common Elements that will increase the rate of insurance of the Building, or the contents thereof, without the prior written consent of the Condominium Board. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Elements, that will result in the cancellation of insurance on the Building, or the contents thereof, or that would be in violation of any Law. No Unit Owner or any of his Family Members, agents, servants, employees, licensees or visitors shall, at any time, bring into or keep in his Unit or Limited Common Elements any inflammable, combustible or explosive fluid, material, chemical or substance.
21. Except as provided in the Condominium Documents, no Residential Unit Owner shall be allowed to put his or her name on any entry to the Building or entrance to any Residential Unit, except in the proper places approved by the Board of Managers for such purposes.
22. Any damage to the Building or equipment caused by Unit Owners, their guests, visitors, clients, patients or employees shall be repaired at the expense of the said Unit Owner.
23. Complaints regarding the management of the Building or regarding the actions of other Unit Owners shall be made in writing to the Board of Managers.
24. Certain parts of the Common Elements are intended for use for the purpose of affording pedestrian movement within the Condominium and of providing access to the Units. No part of the Common Elements shall be obstructed as to interfere with its use for the purposes hereinabove recited, nor shall any part of the Common Elements be used for general storage purposes, except maintenance storage or where specifically designated as such, nor shall anything be done thereon in any manner which shall increase the rate of hazard and liability insurance covering said area and improvements situated thereon.

25. No immoral, improper, offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be eliminated by and at the sole expense of the Unit Owners or the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.
26. Smoke detectors must be installed in every Residential Unit as required by New York City Building Code. It is the obligation of the Unit Owner to maintain the alarms and to make certain the smoke detectors are in working order at all times.
27. Each Residential Unit Owner shall notify the Managing Agent in writing when a child or children under the age of eleven (11) years lives or resides (even temporarily) in the Unit. Each Unit Owner shall install, at such Unit Owner's expense, the required window guards in all windows of the Unit. However, all window guards must be approved in advance in writing by the Condominium Board or the Managing Agent, which approval shall not be unreasonably withheld or delayed. The Unit Owner shall maintain all window guards installed in the Unit and shall not remove same until permitted by applicable law and, in any event, without full knowledge of the Managing Agent.
28. The entrances, passages, public halls, corridors and stairways of or appurtenant to the Building shall not be obstructed or used for any purpose other than ingress to and egress from the Units. No vehicle belonging to a Unit Owner, to a family member of a Unit Owner or to a guest, tenant, subtenant, licensee, invitee, employee or agent of a Unit Owner shall be parked in such a manner as to impede or prevent ready access to any entrance to, or exit from, the Building by another vehicle.
29. No group tour or exhibition of any part of a Residential Unit or its contents shall be conducted nor shall any auction sale be held in any part of a Residential Unit without the consent of the Board of Managers or the Managing Agent in each instance.
30. Plantings on any terrace or balcony shall be contained in boxes of wood, lined with metal or other materials impervious to dampness, and standing on supports at least two inches from the terrace or balcony surface, and, if adjoining a wall, at least three inches from such wall. Suitable weep holes shall be provided in the boxes to draw off water. In special locations, such as a corner abutting a parapet wall, plantings may be contained in masonry or hollow tile walls which shall be at least three inches from the parapet and flashing, with the floor of drainage tiles and suitable weep holes at the sides to draw off water. Such masonry planting beds shall not, however, rest directly upon the surface of such terrace or balcony, but shall stand on supports at least two inches above such surface. It shall be the responsibility of the

Unit Owner to maintain the containers in good condition and the drainage tiles and weep holes in operating condition. Such Unit Owner shall pay the cost of any repairs rendered necessary, or damage caused, by such plantings.

31. The agents of the Board of Managers or the Managing Agent, and any contractor or worker authorized by the Board of Managers or the Managing Agent, may enter any room or Unit at any reasonable hour of the day, on at least one day's prior notice to the Unit Owner, for the purpose of inspecting such Unit for the presence of any vermin, insects or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects, or other pests, however, such entry, inspection and extermination shall be done in a reasonable manner so as not to unreasonably interfere with the use of such Unit for its permitted purposes.
32. The cost of keeping the sidewalks and adjacent curbs free from snow, ice, dirt and rubbish shall be the responsibility of the Condominium for that part of the sidewalk and adjacent curb adjoining the Building, with the exception of that part of the sidewalk and curb directly in front of a Commercial Unit, which shall be the responsibility of each respective Commercial Unit Owner. The Garage Unit Owner shall be responsible for that portion of the sidewalk and curb directly in front of the ramp to the Garage Unit. Any fees or fines assessed or levied for failure to properly keep the sidewalks and adjacent curbs free from snow, ice, dirt and rubbish shall be the responsibility of that entity with the obligation of such maintenance. All other maintenance, repair and/or replacement of the sidewalks and adjacent curbs shall be the responsibility of the Condominium.
33. All service and delivery persons will be required to use the service entrance or such other entrance of the building designated by the Condominium Board or the Managing Agent. In addition, all servants, messengers and tradespeople visiting the Building shall use the elevator designated by the Condominium Board or the Managing Agent for the purpose of ingress and egress, and shall not use any of the other elevators for any purpose, provided, however, that nurses and nannies in the employ of Unit Owners or their Family Members, guests, tenants, subtenants, licensees or invitees may use any of the other elevators when accompanying said Unit Owners, Family Members, guests, tenants, subtenants, licensees or invitees.
34. Trunks and heavy baggage shall be taken in or out of the Building only by the elevator designated by the Condominium Board or the Managing Agent for the purpose and only through the service entrance.
35. There shall be no barbecuing in the Units, in their appurtenant Limited Common Elements, if any, or in the Common Elements.

36. The Rules and Regulations govern the use of the Units and Common Elements and may be amended from time to time by the Board of Managers. However, no amendment of the Rules and Regulations, including any additions to such Rules and Regulations and/or deletions therefrom, shall be applicable to any Unsold Unit or any Commercial Unit unless agreed to by Sponsor and Sponsor-designee, and the Commercial Unit Owner, as the case may be.
37. Any consent or approval given under the Rules and Regulations of the Condominium may be amended, modified, added to or repealed at any time by resolution of the Board of Managers. Further, any such consent or approval may, in the discretion of the Board of Managers or the Managing Agent, be conditional in nature.

EXHIBIT 1

**REGULATORY AGREEMENT
WITH RESTRICTIVE COVENANTS**

among

STRIVERS GARDENS REALTY LLC

**NYC PARTNERSHIP HOUSING
DEVELOPMENT FUND COMPANY, INC.**

and

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Dated: June 26, 2003

BLOCK: 1959

LOT(S): 31

COUNTY: New York

RECORD AND RETURN TO:

New York City Housing
Development Corporation
110 William Street, 10th Floor
New York, New York 10038
Attention: General Counsel

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

REGULATORY AGREEMENT WITH RESTRICTIVE COVENANTS

THIS REGULATORY AGREEMENT WITH RESTRICTIVE COVENANTS ("Agreement") is made and entered into as of the 26th day of June, 2003 by and among **STRIVERS GARDENS REALTY LLC**, a New York limited liability company, whose address is 5 East 86th Street, New York, New York 10028 ("Sponsor"), the **NYC PARTNERSHIP HOUSING DEVELOPMENT FUND COMPANY, INC.**, whose address is One Battery Park Plaza, New York, New York 10004 ("Partnership") and the **NEW YORK CITY HOUSING DEVELOPMENT CORPORATION**, a corporate governmental agency constituting a public benefit corporation of the State of New York ("HDC"), whose address is 110 William Street, New York, New York 10038.

WITNESSETH:

WHEREAS, the Sponsor desires to develop on the premises more particularly described on Exhibit A attached hereto and made a part hereof (the "Premises") a condominium housing project known as Strivers Gardens Condominium, located at 300 West 135th Street (a.k.a. 317 West 134th Street), New York, New York (the "Building" and together with the Premises, the "Project"); and

WHEREAS, during construction, title to the Premises will be held by the Partnership; and

WHEREAS, a portion of the Project will be financed in part by the proceeds of a construction loan ("Construction Loan") to be provided by Fleet National Bank ("Construction Lender"), which Construction Loan is evidenced by one or more notes ("Construction Note") and secured by one or more mortgages ("Construction Mortgage") dated the date hereof; and

WHEREAS, HDC will make a loan to provide financing for the Project in order to create certain affordable housing units for households who would not otherwise be able to afford to purchase such units through the ordinary operation of private enterprise; and

WHEREAS, pursuant to the provisions of Construction Financing Commitment and Agreement dated June 26, 2003 ("HDC Commitment") a portion of the Project will be financed with the proceeds of a construction loan financed by HDC ("HDC Construction Loan"), which HDC Loan is evidenced by one or more notes ("HDC Construction Note") and secured by one or more mortgages subordinate to the Construction Mortgage ("HDC Construction Mortgage") dated the date hereof; and

WHEREAS, it is anticipated that a Declaration of Condominium (the "Declaration") will be filed and recorded with the Office of the City Register, New York County as required by law and regulation which will establish The Strivers Gardens Condominium (the "Condominium"); and

WHEREAS, it is anticipated that the Condominium will contain three commercial units which will consist of a garage unit, a retail unit and an office unit (collectively the "Commercial Unit"), and 170 residential units as individual condominium units (the "Residential Units", collectively with the Commercial Units, the "Units"); and

WHEREAS, at such time as the Condominium is legally created, the rights to manage and operate the Condominium and incur certain indebtedness on behalf of the unit owners will be vested in a Board of Managers (the "Board of Managers"); and

WHEREAS, subsequent to the creation of the Condominium, the Sponsor and the Board of Managers will enter into such agreements as are necessary to modify and extend the HDC Construction Loan to form a permanent loan ("HDC Permanent Loan") which HDC Permanent Loan shall be evidenced by a Note Extension and Modification Agreement (the "HDC Permanent Note"); and

WHEREAS, the Board of Managers will assume the obligations under the HDC Permanent Note, and will also execute permanent financing documents each evidencing the obligations of the Board of Managers to HDC with regard to the HDC Permanent Loan (the "Financing Documents"); and

WHEREAS, at or prior to the conversion of the HDC Construction Loan to the HDC Permanent Loan, the Board of Managers shall execute an amendment to this Agreement by which it shall agree to be bound by and assume and perform all the provisions of this Agreement that are applicable to it; and

WHEREAS, the Residential Units are expected to receive a tax exemption pursuant to Section 421-a of the New York Real Property Tax Law ("421-a tax benefits"); and

WHEREAS, the Units will be sold by the Sponsor pursuant to the terms of an Offering Plan to be filed with the New York State Department of Law ("AG") which may be amended from time to time (the "Offering Plan"); and

WHEREAS, subsequent to the creation of the Condominium, the Sponsor will transfer, or cause to be transferred, each Residential Unit that has been sold to a purchaser under the Offering Plan and such purchaser thereupon will become an owner of a Residential Unit (the "Residential Unit Owner"); and

WHEREAS, this Agreement sets forth affordability restrictions for the Residential Units in the Project, which restrictions are required by HDC as a condition to making the HDC Construction and the HDC Permanent Loans and are intended to run with the land and be binding on Residential Unit Owners, their successors and/or assigns for so long as this Regulatory Agreement is in effect.

NOW, THEREFORE, in consideration of the premises and for the purpose of inducing HDC to provide the moneys required for the funding of the HDC Construction Loan, the provision of which is essential to the construction of the Building and the sale of the Residential Units at prices which are affordable to households not otherwise served by the operation of private enterprise and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto mutually agree as follows:

Section 1 - General Provisions

1.1 The Sponsor, the Partnership and the Board of Managers shall comply at all times with Article XII of the Private Housing Finance Law of the State of New York ("PHFL"), and any rules and regulations adopted by HDC to regulate those housing projects financed and assisted by HDC pursuant to and in accordance with the PHFL.

Section 2 - Compliance with Other Agencies and Lender Documents

2.1 The Sponsor, the Partnership and the Board of Managers, as applicable, shall do all things necessary to obtain and keep the 421-a tax benefits for the Residential Units in good standing and shall comply with the requirements of agencies administering any programs which provide or have provided benefits to the Project, including, without limitation, the New York City Department of Housing Preservation and Development ("HPD").

2.2 (a) The Sponsor and the Partnership shall comply with all terms and conditions of this Agreement, all documents relating to the financing of the Project, applicable to each of them, including, without limitation, the Construction Note, Construction Mortgage, HDC Construction Note, HDC Construction Mortgage and any land conveyance documents, purchase money or enforcement notes and mortgages and/or regulatory agreement with or to HPD.

(b) The Board of Managers shall comply with all terms and conditions of this Agreement, all documents relating to the financing of the Project applicable to it, including, without limitation, the HDC Permanent Loan, and the HDC Permanent Note and Financing Documents and any land conveyance documents, purchase money or enforcement notes and mortgages and/or Article 22 Loan agreement with or to HPD.

Section 3 - Declaration of Condominium; By-Laws; Deed Restriction

3.1 The following documents shall be subject to prior written approval of HDC and may not be amended in a material respect without the prior written consent of HDC for so long as the HDC Construction Mortgage and/or the HDC Permanent Loan are outstanding:

- (a) Declaration;
- (b) By-Laws of the Condominium.

Each of the above documents shall contain a provision stating that no amendment of a material nature is permitted without the prior written consent of HDC.

Material, as used herein shall mean any matter referring to or affecting in any way this Agreement, the Construction Mortgage, the HDC Permanent Loan and/or a Residential Unit.

3.2 This Agreement shall be referred to in the Declaration and the By-Laws of the Condominium and made a part thereof.

3.3 The restrictions contained in this Agreement, shall apply to each owner of a Residential Unit during their ownership of such Residential Unit and such restrictions shall be incorporated by reference into the form of deed transferring ownership to such Residential Unit.

Section 4 - Residence Requirement

4.1 Each Residential Unit Owner is required to occupy his/her unit as his/her principal residence within sixty (60) days from the date of the transfer of legal title to a Residential Unit Owner, which transfer shall constitute a "Unit Closing" under this Agreement.

4.2 A Residential Unit Owner may sublease his/her unit, provided, however (i) the purchasing Unit Owner must be the initial occupant of the unit, (ii) such Unit Owner must reside in such unit for not less than six (6) months, and (iii) such unit may only be leased for a period not to exceed two (2) years out of every consecutive four (4) year period.

4.3 A Residential Unit Owner shall not use his/her unit as an investment property or as a vacation home.

4.4 A Residential Unit Owner shall only be a natural person.

Section 5 - Condominium Housing Requirement

5.1 During the term of this Agreement, the Sponsor and the Board of Managers shall operate the Project as a condominium, in accordance with the laws of the State of New York.

Section 6 - Income Limitations

6.1 (a) For the initial sale of 75% of the Residential Units (or 127 units), by the Sponsor or subsequent sale by a Residential Unit Owner, the annual household income of a prospective purchaser of a Residential Unit ("Purchaser") shall not exceed 175% of the area median income for the New York Metropolitan statistical area* as determined from time to time by the Secretary of HUD under Section 8 of the United States Housing Act of 1937, as amended, or if such program is terminated, under such program as was in effect immediately before such termination ("Median Income"). For the initial sale by the Sponsor, as well as subsequent sale by a Residential Owner of the remaining 25% of the Residential Units (or 42 units) the household income of a Purchaser shall not exceed 250% of Median Income.

(b) Upon request, HDC shall furnish the Sponsor, the Board of Managers or any Residential Unit Owner or Purchaser with the current Median Income amounts.

6.2 Annual household income is to be calculated and determined in a manner consistent with the standards for determination of income under Section 8 of the United States Housing Act of 1937, as amended ("Income Determination Procedures"). Annual household income includes gross pay, overtime pay, part-time pay, bonuses, commissions, tips, dividends, interest, royalties, trust income, net rental income, Veterans Administration compensation, pensions, social security benefits, unemployment compensation, alimony, child support, public assistance, sick pay, business activity income, investment income and other income. Annual household income includes the annual gross income of the Purchaser and any other person who is expected to reside in the unit.

Section 7 - Procedures for Sales of Residential Units

7.1 Not more than fourteen (14) days prior to the execution of any purchase contract for the purchase of a Residential Unit by a Purchaser, the Sponsor (for the initial sale of a Residential Unit) or a Residential Unit Owner (for a sale subsequent to the initial sale of such Residential Unit) (a) shall require such Purchaser to complete and execute (i) a Purchaser's Affidavit, substantially in the form attached hereto as Exhibit B, and (ii) a Purchaser Income Eligibility Worksheet, substantially in the form attached hereto as Exhibit C and (b) for an initial sale, Sponsor shall complete and execute a Seller's Affidavit, substantially in the form attached hereto as Exhibit D.

7.2 Prior to executing a purchase contract for the purchase of a Residential Unit, the Sponsor shall review both (i) the applicable Purchaser's Affidavit and (ii) the applicable Purchaser Income Eligibility Worksheet in order to determine that the Purchaser's income has been calculated pursuant to the Income Determination Procedures and does not exceed the income limit set forth in Section 6 of this Agreement. After the initial sale of a Residential Unit by the Sponsor, the Board of Managers shall perform the review and determination required by this Section 7.2.

7.3 (a) Any Purchaser of a Residential Unit whose annual household income exceeds the applicable income limit as more fully described in Section 6 of this Agreement, may not purchase a Residential Unit. Neither a Residential Unit Owner nor the Sponsor shall execute a purchase contract for a Residential Unit with a Purchaser whose annual household income exceeds such limits.

(b) Any Purchaser who, within the five (5) year period prior to their application for ownership in this Project, has purchased a residential unit in a project financed or assisted by HPD or HDC ("Restricted Project"), is not eligible for ownership in the Project and may not execute a purchase contract for a Residential Unit. A list of Restricted Projects will be provided by HDC and/or HPD along with HDC's Marketing Guidelines referred to in Section 8 hereof.

(c) The Purchaser's Affidavit, the Purchaser Income Eligibility Worksheet and the Seller's Affidavit, along with such supporting documentation as may be required by HDC to verify a Purchaser's eligibility to purchase a Residential Unit shall be submitted to HDC for approval prior to the execution of a purchase contract for a Residential Unit.

(d) A Residential Unit may not be transferred without the prior written consent of HDC (which consent shall be based upon compliance with Sections 4, 6 and 7 hereof) and a statement to this effect shall appear in bold type as a legend on the deed for each Residential Unit. Any purported transfer of a Residential Unit without HDC's prior written consent shall be null and void ab initio. Each Purchaser shall re-affirm and re-execute the Purchaser's Affidavit which re-affirmation shall be furnished to HDC on or before the date of Unit Closing, if such Unit Closing date is greater than six (6) months from the date Purchaser executed the Purchaser's Affidavit. If the re-affirmation and re-execution reveals that any information set forth in the Purchaser's Affidavit or Purchaser Income Eligibility Worksheet has changed since the date of initial execution of such documents by the Purchaser, the Purchaser shall indicate such changed information in the space provided on the Purchaser's Affidavit. If the Purchaser revises either of these documents, then the Residential Unit Owner or the Sponsor shall not permit a transfer of such Residential Unit until HDC has approved such revisions and any purported transfer of such Residential Unit shall be null and void ab initio.

7.4 On the first day of the fourth month following the occupancy of ten percent (10%) of the Residential Units in the Condominium and every three months thereafter, Sponsor or the Board of Managers shall provide HDC with a listing of all Residential Unit Closings which have occurred during the previous three (3) months.

7.5 A devise or bequest by a Residential Unit Owner of his/her Residential Unit through testamentary disposition, intestacy, or otherwise by operation of law shall not constitute a sale of such Residential Unit under this Agreement. However, the individuals or entities (in the case of an estate) acquiring such Residential Unit in such a manner shall be deemed a Residential Unit Owner under this Agreement and shall be fully subject to the terms and conditions contained in this Agreement including upon the resale of such Residential Unit the (i) procedural requirements for the sale of such Residential Unit set forth in Section 7 and (ii) income limitations set forth in Section 6 of this Agreement. Any sale made pursuant to this Section 7.5 shall be reported to HDC in accordance with the requirements of Section 7.4 of this Agreement. Notwithstanding the foregoing, an entity (but not a natural person(s)) that acquires a Residential Unit as aforesaid shall be exempt from the provisions of Section 4.1 and 4.4 of this Agreement for a period not to exceed one (1) year.

Section 8 - Marketing

8.1 The Sponsor shall comply with all HDC procedures as set forth in HDC's marketing guidelines pertaining to the marketing of the Residential Units as HDC may require from time to time. The initial sales price, as well as the initial common charges allocable to each Residential Unit, have been approved by HDC.

Section 8A - Resale Profits

8A.1 Upon resale of any Residential Unit, Resale Profits (as defined herein) shall be paid to HDC to be applied by HDC to the repayment of the HDC Construction or Permanent Loan until the indebtedness evidenced by the HDC Construction Note or HDC Permanent Note is paid in full. The Board of Managers agrees to collect such Resale Profits and transmit them to HDC not later than two business days from the Residential Unit Closing.

"Resale Profits" shall mean 100% of the Net Appreciation (defined below), for the first three years from the date of the HDC Permanent Loan and 50% of the Net Appreciation for years four through fifteen, if any, received by a Residential Unit Owner upon the sale of the Residential Unit owned by that Residential Unit Owner.

Such Resale Profits shall be collected from a Residential Unit Owner at the closing of the sale of the unit, and remitted to HDC within five (5) business days after the closing. Three (3) business days prior to such closing the Board of Managers shall submit to HDC a worksheet indicating how Net Appreciation and Resale Profits are to be calculated. The worksheet, and any changes to the worksheet at closing, must be approved by HDC prior to completion of closing. The Board of Managers shall apply any such Resale Profits so received in reduction of the outstanding Principal Amount of the HDC Construction Note or HDC Permanent Note.

"Acquisition Cost" shall mean the total amount of cash and non-cash consideration paid by a Residential Unit Owner to a seller to acquire a Residential Unit, plus Permitted Expenses (defined below) incurred by the Residential Unit Owner in acquiring such unit, plus the cost of Residential Unit Owner's properly documented capital improvements in the unit up to a maximum of Two Thousand Five Hundred Dollars (\$2,500), plus in the case of a Residential Unit Owner who acquired Unit from Sponsor, the sum of One Thousand Dollars (\$1,000).

"Net Appreciation" as used in this Agreement shall mean the amount by which Net Sales Proceeds received by a Residential Unit Owner upon the sale of Residential Unit exceeds Residential Unit Owner's Acquisition Cost for the Unit.

"Net Sales Proceeds" shall mean the total amount of cash and non-cash consideration received by a Residential Unit Owner from a Purchaser in exchange for the sale and conveyance of the Unit, less the Permitted Expenses (defined below) incurred by Residential Unit Owner in connection with such sale.

"Permitted Expenses" means the following costs in connection with the sale or purchase of a Residential Unit: reasonable attorneys fees and disbursements, reasonable brokerage fees, title insurance fees, reasonable processing fees of the Condominium Corporation and fees of the Condominium Corporation's agents and attorneys related to such sale or purchase, recording fees, State and local transfer taxes, stamp taxes, and usual and reasonable fees and expenses in connection with financing or satisfaction of unit mortgage loans, including without limitation, credit report fees, legal fees, appraisal fees and loan origination fees.

Section 9 - Management

9.1 The managing agent, any sub-agents, any management agreement or management plan and any change in management or renewals of the management agreement or management plan shall be approved in writing by HDC. HDC has approved Pennmark Realty Corporation as the initial managing agent for the condominium. The management agreement or management plan shall contain a provision that it is subject to termination, with or without cause and without penalty upon a request made by HDC in accordance with the following sentence. In the event HDC determines, after written notice and reasonable opportunity to cure, that the Project is not being operated in compliance with this Agreement and/or the terms and conditions of the HDC Construction Mortgage, the HDC Permanent Loan and/or the Financing Documents, HDC may request that Sponsor or the Board of Managers, as applicable, terminate the management agreement or management plan. Upon such request, the Sponsor, or the Board of Managers, as applicable, shall terminate the management agreement within a period of time not to exceed thirty (30) days thereafter and shall make arrangements satisfactory to HDC for continuing proper management of the Condominium.

Section 10 - Restrictions on Transfers and Debt

10.1 The Sponsor, the Partnership and the Board of Managers each covenant that it shall not sell, lease, sublease, convey or transfer the Project or Premises or any portion thereof without the prior written consent of HDC. This covenant shall not be construed to prohibit the Sponsor from selling the Residential Units or the Commercial Units pursuant to the Offering Plan and consistent with the provisions of this Agreement.

10.2 The Sponsor, the Partnership and the Board of Managers each covenant that it shall not incur any debt other than those loans described in that certain Building Loan Agreement dated the date hereof among the Sponsor, the Partnership and Fleet National Bank, unless specifically approved in writing by HDC.

Section 11 - Changes in Common Charges

11.1 If HDC determines, in its sole discretion, that the Condominium's projected annual revenues are not sufficient to pay for the projected annual maintenance and operating expenses for the Condominium including payments due with respect to the HDC Construction Loan or the HDC Permanent Loan, as well as to provide for sufficient reserves for capital replacements or operational shortfalls, then the Sponsor or the Board of Managers, as applicable, shall, upon request of HDC, either increase the common charges paid by the Unit Owners or charge a special assessment to the Unit Owners.

11.2 The Sponsor or the Board of Managers may not reduce the common charges below those necessary to pay for the projected annual maintenance and operating expenses for the Condominium including payments due with respect to the HDC Permanent Loan, as well as to provide for sufficient reserves for capital replacements or operational shortfalls without prior approval of HDC.

Section 12 - Reporting Requirements

12.1 In addition to the documents described elsewhere herein, the Sponsor, the Partnership and/or the Board of Managers shall furnish any reports, records, documents or information reasonably requested by HDC, in form and substance satisfactory to HDC, regarding, without limitation, the construction, marketing, occupancy, maintenance and operation of the Project and the Condominium including a status report on unsold Residential Units, an annual schedule of common charges for all Residential Units and Commercial Unit(s), and annual financial reports and budgets of the Sponsor until 90% of the Residential Units have been sold and the Condominium thereafter. Audited financial statements for the Condominium shall be prepared and maintained in accordance with generally accepted accounting principles and must be received within one hundred-twenty (120) days of the Project's fiscal year end.

12.2 The Sponsor and/or the Board of Managers, as applicable, shall maintain and keep current all books, documents, contracts, invoices, plans and records concerning the Project and the Condominium. Upon prior notice, HDC may, during business hours, (a) audit and examine these books, documents, contracts, invoices, plans and records and remove the same for duplication and (b) inspect the buildings, units, grounds, equipment and offices of the Project and the Condominium.

Section 13 - Enforcement

13.1 Upon violation of any of the provisions of this Agreement by the Sponsor, the Partnership, and/or the Board of Managers, as applicable, HDC may give written notice thereof to such entity, as applicable. If after giving written notice, such violation is not corrected or if the Sponsor, the Partnership, and/or the Board of Managers, as applicable, has not commenced to correct such violation to the satisfaction of HDC within thirty (30) days after the date of such notice or, if HDC determines that such violation cannot be cured by the Sponsor, the Partnership, and/or the Board of Managers, as applicable, within such thirty (30) days or within such further time as may be necessary to cure such violation, as determined by HDC, provided that the Sponsor, the Partnership, and/or the Board of Managers, as applicable, shall proceed promptly and diligently to do so, then HDC, without further notice, may declare a default under this Agreement effective on the date of such written notice of violation, provided, however, if such violation is not capable of cure as determined by HDC in its sole and absolute discretion, HDC may declare a default under this Agreement simultaneously with the giving of written notice of such violation.

(X) Prior to the release of the Sponsor and/or the Partnership from the Construction Mortgage, upon such default, HDC may resort to one, all or any combination of the following courses of action against Sponsor and/or the Partnership:

(a) declare the entire unpaid principal balance of the HDC Construction Note together with all interest accrued and unpaid thereon, if any, and all other sums due under such notes and the Construction Mortgage immediately due and payable;

(b) foreclose the HDC Construction Mortgage subject to the terms thereof;

(c) apply to any court of competent jurisdiction for:

(i) specific performance of this Agreement;

(ii) an injunction against any violation of this Agreement;

(iii) any other or further relief which may be appropriate or desirable;

(d) take any other form of action as may be permitted by law.

(Y) At such time as the Board of Managers has executed the Financing Documents, upon such default by the Board of Managers, HDC may resort to one, all or any combination of the following courses of action against the Board of Managers:

(a) declare the entire unpaid principal balance of the HDC Permanent Note together with all interest accrued and unpaid thereon, if any, and all other sums due under such notes and the Financing Documents immediately due and payable;

(b) enforce its remedies under the Financing Documents, subject to the terms thereof;

(c) apply to any court of competent jurisdiction for:

(i) specific performance of this Agreement;

(ii) an injunction against any violation of this Agreement;

(iii) any other or further relief which may be appropriate or desirable;

(d) take any other form of action as may be permitted by law.

13.2 In addition to the remedies set forth in Section 13.1 hereof, in the event of a default by the Sponsor, the Partnership and/or the Board of Managers under this Agreement, the HDC Construction Mortgage, the HDC Construction Note, the HDC Permanent Note or the Financing Documents, HDC may remove the Sponsor or any member of the Sponsor in accordance with applicable law, and any or all of the members of the Board of Managers, and appoint such person or persons as HDC, in its sole discretion deems advisable including officers or employees of HDC, as new members to serve in the places of those removed. Individuals so appointed need not be Residential Unit Owners or meet other qualifications which may be prescribed by the Declaration or By-laws of the Condominium. Members so appointed shall not be personally liable for debts, obligations or liabilities of the Sponsor or the Board of Managers and shall be defended, indemnified and held harmless by the Sponsor or the Board of Managers, as applicable. Individuals so appointed shall serve only for a period coexistent with the duration of such default or until HDC is assured in a manner satisfactory to it against violations of a similar nature. Officers or employees of HDC who are so appointed as members or representatives shall serve in such capacity without compensation. No such removal may take place without written notice and an opportunity for the affected individuals or representatives to appear and be heard before HDC with respect to any alleged violation.

13.3 After having given notice to the Sponsor, the Partnership and/or the Board of Managers, as applicable, and opportunity to cure, and if a default shall have been declared, HDC may, in its sole discretion, remedy such default, and charge any costs and expenses incurred to remedy the default, including, but not limited to, attorney's fees and court costs and expenses to the Sponsor or the Board of Managers, as applicable.

13.4 Any costs and expenses incurred to remedy a default declared hereunder, including, but not limited to, court costs and expenses and attorney's fees, shall be paid by the Sponsor or the Board of Managers within ten (10) business days after demand. Any amounts not paid shall bear interest at a rate equal to the prime rate of interest as reported from day to day in The Wall Street Journal as the base rate on corporate loans posted by at least 75% of the nation's thirty largest banks, plus four percent (4%) per annum, or, if such rate is no longer available, the base rate or prime rate of interest of any "money center" bank as may be designated by HDC in its sole discretion, plus four percent (4%) per annum ("Delinquent Interest").

13.5 All rights and remedies of HDC shall be cumulative and may be exercised singularly or concurrently, at the option of HDC, and the exercise or enforcement of any one such right or remedy shall neither be condition to nor bar the exercise or enforcement of any other right to remedy. The enumeration of the rights and remedies herein shall not preclude the enforcement or exercise by HDC of any other rights and remedies available to HDC.

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13.6 The delay or failure of HDC to act (beyond notice periods set forth herein) shall not constitute a waiver and shall not preclude the enforcement of any of its rights or remedies. Any waiver by HDC of any default hereunder shall not be deemed a waiver of a preceding, current or subsequent default, whether of a same, similar or different nature.

Section 14 - Equal Opportunity

14.1 The Sponsor shall use its best efforts to ensure that businesses owned by minority groups, which traditionally have been disadvantaged, and women are afforded equal opportunity to participate in any development and construction contracts entered into in connection with the Project.

Section 15 - Modification

15.1 This Agreement may not be altered, modified or amended except by a written document signed by the Sponsor, the Partnership and HDC, or at such time as the Board of Managers becomes a party to this Agreement, by all parties thereto.

Section 16 - Term of Agreement

16.1 This Agreement shall terminate on the date that any outstanding HDC Construction or Permanent Loan is paid in full.

16.2 Upon termination or expiration of all the provisions of this Agreement applicable to a party hereto, HDC shall provide the Sponsor, the Partnership and/or the Board of Managers, as applicable, upon request, with a release from of this Agreement in recordable form.

16.3 In the event of a foreclosure by the Construction Lender of the Construction Mortgage and upon repayment to HDC of all amounts due under either the HDC Construction or Permanent Loan, HDC shall provide the Construction Lender with a termination of this Agreement in recordable form.

16.4 In the event that the Condominium is not established and the Project is operated as a rental Project with HDC financing, this Agreement shall be amended and modified consistent with HDC programmatic requirements for such Project.

Section 17 - Parties

17.1 This Agreement shall bind the Sponsor, the Partnership and the Board of Managers and HDC and their respective successors and assigns.

Section 18 - Severability

18.1 The invalidity of any clause or provision of this Agreement shall not affect the validity of the remaining portions of the Agreement.

Section 19 - Covenants Run with the Land

19.1 This Agreement shall be recorded against the Premises in the County in which the Premises are located. The Sponsor, the Partnership and the Board of Managers and HDC agree that, during the term hereof, all provisions herein shall run with the Premises and the Units and be enforceable by HDC and its successors and assigns, and against the Sponsor, the Partnership, the Board of Managers and Residential Unit Owners and their successors and assigns. HDC, the Sponsor, the Partnership and the Board of Managers declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Sponsor's, the Partnership's and the Board of Manager's legal and/or other interest in the Project and the Condominium is rendered less valuable thereby. HDC, the Sponsor, the Partnership and the Board of Managers hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project and the Condominium by persons (i.e., the Residential Unit Owners) for whom the ordinary operations of private enterprise cannot provide an adequate supply of safe, sanitary and affordable dwelling accommodations, the intended beneficiaries of such covenants.

Section 20 - Notices

20.1 Any notice, demand, service of process, direction, request or other instrument authorized or required hereunder to be given to or filed with the parties named below shall be deemed to have been sufficiently given or filed for all purposes hereof if and when sent by registered or certified mail return receipt requested, facsimile transmission or hand delivery to the following respective addresses, if to the Sponsor to the address set forth above; if to the Partnership to the address set forth above; Attention: General Counsel; if to HDC, 110 William Street, 10th Floor, New York, New York 10038; Attention: General Counsel; if to the Board of Managers, 5 East 86th Street, New York, New York 10028 or to such other address as may be subsequently designated by any party by written notice to the other parties.

Section 21 - Non-Recourse Liability

21.1 HDC agrees that in the enforcement of any monetary obligations of the Sponsor, the Partnership or the Board of Managers under this Agreement it will look solely to the property subject to the HDC Construction Mortgage or the Financing Documents, to the common charges, rents, income and profits thereof and to any reserve, escrow or other account held by or for the benefit of the Sponsor, the Board of Managers, the Project or the Condominium. Nothing contained in this Agreement shall be deemed to impose any personal liability on any officers, directors, members, managers, Unit Owners or employees of the Sponsor, the Partnership or the Board of Managers, except that HDC may seek to impose personal liability to the extent of (i) fraud or gross negligence, (ii) misappropriation of funds or other property, or (iii) damage intentionally inflicted to the Project or the Condominium.

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Section 22 - Forum

22.1 The Sponsor, the Partnership, the Board of Managers and HDC unconditionally and irrevocably agree that this Agreement shall be governed by and construed in accordance with the applicable laws of the State of New York without regard to New York's conflict of laws principles and the parties hereto unconditionally and irrevocably accept the nonexclusive jurisdiction of the courts of the State of New York, waive any objection to the bringing of action in such jurisdiction, and consent to venue in any state or Federal court located in New York City, County of New York.

Section 23 - Regarding the Sponsor

23.1 The Sponsor will prepare the Offering Plan and submit the Offering Plan to the AG for filing. Upon receipt of the requisite number of purchase contracts set forth in the Offering Plan, Sponsor shall submit an amendment of the Offering Plan declaring the plan effective to the AG for filing. Subsequent to the filing of such amendment, and prior to the first unit closing the Sponsor will submit the Declaration for recording. The Sponsor will market the Residential Units pursuant to the terms of the Offering Plan and this Agreement, the HDC Commitment and HDC's marketing requirements. The provisions of this Agreement shall be binding upon and enforceable against the Sponsor until completion of the sale and closing of the Residential Units, at which time Sponsor shall be released from any future obligations under this Agreement.

Section 24 - Regarding the Partnership

24.1 The Partnership shall hold title to the Project during construction. The provisions of this Section 24.1 and Sections 1, 2, 10, 12, 13, 15, 16, 17, 18, 19, 20, 21 and 22 of this Agreement shall be binding upon and enforceable against the Partnership until such time as the Condominium is legally in existence and title to all of the Residential Units is transferred to bona fide Residential Unit Owners at which time the Partnership shall be released from this Agreement. The Partnership is a party to this Agreement solely to confirm its consent to be bound as specified in this Section 24.

Section 25 - Priority

25.1 This Agreement shall be recorded as a lien for the Premises prior to the Construction Mortgage.

Section 26 - Board of Managers

26.1 At such time as the Board of Managers is created, the Board of Managers will execute an amendment to this Agreement by which it shall agree to be bound by, and assume and perform all the provisions described in this Agreement that are applicable to it.

Section 27 - Sign

27.1 During construction, the Sponsor shall maintain a sign indicating that HDC has provided financing for the Project. HDC will provide a sign which shall be erected within five (5) days of delivery.

Section 28 - Offering Plan

28.1 This agreement and its provisions shall be incorporated in the Offering Plan for the Project.

[NO FURTHER TEXT - SIGNATURES SET FORTH ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto by their duly authorized agents have executed this Agreement on the date first here above written.

STRIVERS GARDENS REALTY LLC, a New York
limited liability company, Member

By: 

Bernard Friedman
Managing Member

**NYC PARTNERSHIP HOUSING
DEVELOPMENT FUND COMPANY, INC.,**

By: 

Sandra Acosta
Vice President

**NEW YORK CITY HOUSING
DEVELOPMENT CORPORATION**

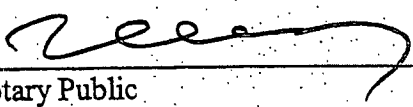
By: 

Lisa A. Gomez
Senior Vice President

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

On the 26th day of June, 2003, before me, the undersigned, a notary public in and for said state, personally appeared **BERNARD FRIEDMAN** 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.

M. CASSIN MALONEY, JR.
NOTARY PUBLIC, State of New York
No. 31-5047468
Qualified in New York County
Commission Expires August 7, 2005

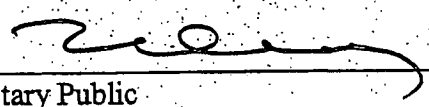


Notary Public
Commission expires:

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

On the 26th day of June, 2003, before me, the undersigned, a notary public in and for said state, personally appeared **SANDRA ACOSTA** 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.

M. CASSIN MALONEY, JR.
NOTARY PUBLIC, State of New York
No. 31-5047468
Qualified in New York County
Commission Expires August 7, 2005



Notary Public
Commission expires:

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

On the 26th day of June, 2003, before me, the undersigned, a notary public in and for said state, personally appeared **LISA A. GOMEZ** 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
Commission expires:

JOY F. WILLIG
Notary Public, State of New York
No. 02WI5079477
Qualified in Bronx County
Commission Expires June 9, 2007

EXHIBIT A

STRIVERS GARDENS CONDOMINIUMS

New York, New York

Block: 1959 / Lot(s): 31

PROPERTY DESCRIPTION

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

BEGINNING at a corner formed by the intersection of the Northerly side of W. 134th Street and the Westerly side of Frederick Douglass Boulevard (a/k/a 8th Avenue);

RUNNING THENCE Northerly along the Westerly side of Frederick Douglass Boulevard a distance of 199 feet 10 inches to the corner formed by the intersection of the Westerly side of Frederick Douglass Boulevard with the Southerly side of West 135th Street;

RUNNING THENCE Westerly, and forming an interior angle of 90 degrees 00 minutes 00 seconds with the last mentioned course, a distance of 225 feet 2 inches;

RUNNING THENCE Southerly and parallel with Frederick Douglass Boulevard a distance of 99 feet 11 inches;

RUNNING THENCE Westerly and parallel with West 135th Street a distance 49 feet 10 inches;

RUNNING THENCE Southerly and parallel with Frederick Douglass Boulevard a distance of 99 feet 11 inches to the Northerly side of West 134th Street;

RUNNING THENCE Easterly along the Northerly side of West 134th Street a distance of 275 feet 00 inches, and forming an interior angle of 90 degrees 00 minutes 00 seconds with the Westerly side of Frederick Douglass Boulevard, to the Point or Place of BEGINNING.

EXHIBIT B

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
PURCHASER'S AFFIDAVIT

I/We, _____ [insert names of all purchasers to be listed on deed] as purchaser(s) ("Purchaser") of Condominium Unit Number _____ ("Unit") owned by _____ ("Seller") located at 317 West 134th Street, (a.k.a. 300 West 135th Street), New York, New York ("Condominium"), understanding and acknowledging that a portion of the construction and permanent financing of the Condominium has been provided by the New York City Housing Development Corporation ("HDC") which has entered into a Regulatory Agreement With Restrictive Covenants concerning the Condominium ("Regulatory Agreement") which Regulatory Agreement has restrictions concerning, among other things, the use of the Unit and the income of the Purchaser of the Unit, and which Regulatory Agreement is an encumbrance upon title to the aforementioned Unit, do hereby represent and warrant as follows:

1. (I/We) have received and reviewed the Regulatory Agreement and understand the restrictions set forth therein which are applicable to the Unit.
2. (I/We) intend to occupy the Unit as (my/our) principal place of residence within 60 days after (I/we) acquire (my/our) Unit and will not use the Unit as an investment property or vacation home.
3. Other than as described in this Affidavit, (I/we) have no present intent, understanding or agreement (i.e. other than a mere expectation or possibility) to lease, sell, assign or transfer any interest in the Unit to another party and have not entered into any agreement, understanding or other arrangement to lease, sell, assign or transfer the Unit. (I/We) understand that the Unit may only be sublet in accordance with the provisions of Section 4.2 of the Regulatory Agreement.
4. Acquisition Costs. [FOR INITIAL SALE ONLY]
 - A. The Acquisition Cost of the Residential Unit is \$ _____ which consists of the amount paid in cash or in kind by the Purchaser(s) to or for the benefit of the Seller(s) or a related party to the Seller(s) for the Unit and does not include the items listed in the next sentence. Acquisition Cost does not include: attorney's fees and disbursements, brokerage fees, title insurance fees, reasonable processing fees of the Sponsor and its agents and attorneys related to such acquisition, recording fees, State and local transfer taxes, stamp taxes and the usual fees and expenses in connection with obtaining financing for the purchase of my Unit including without limitation, bank fees, credit report fees, legal fees, appraisal fees and origination fees.
 - B. (I/We) hereby certify that a true and correct copy of the purchase contract representing the terms of the entire transaction for the purchase of the Unit from STRIVERS GARDENS REALTY LLC, and all other contracts, agreements and understandings between (me/us) or anyone acting on (my/our) behalf, directly or

indirectly, and the seller or anyone acting on behalf of the seller, directly or indirectly, or any other person, relating to the purchase of the Unit and any related real or personal property or fixtures has been provided to STRIVERS GARDENS REALTY LLC.

- C. Neither (I/We) nor anyone on (my/our) behalf has made any payment other than the amount indicated in item 4A above to the seller or to any person on behalf of the seller, nor have (I/we) canceled any debt of STRIVERS GARDENS REALTY LLC or any related person to STRIVERS GARDENS REALTY LLC.
5. Within the last five years, (I/We) have not purchased a Residential Unit in any HPD or HDC financed home ownership project listed as a Restricted Project on the attached Schedule of Currently Restricted Projects. [Schedule to be provided by Sponsor.]
6. The information in this Affidavit, (my/our) unit application and (my/our) Purchaser Income Eligibility Worksheet is true, accurate, complete and correct.
7. (I/We) understand that if (I/We) have made any material misstatements in the foregoing representations or have omitted to state any of the information requested such misstatement or omission will render any deed for the Unit null and void ab initio.

NOTE TO SPONSOR: This document must be executed not more than fourteen (14) days prior to execution of the sales contract by the Purchaser.

Date: _____, 20____

L.S. _____
Purchaser

Date: _____, 20____

L.S. _____
Purchaser

ACKNOWLEDGMENT BY INDIVIDUAL

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

On this _____ day of _____, 20____, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and he acknowledged to me he executed the same.

Notary Public

ACKNOWLEDGMENT BY INDIVIDUAL

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

On this _____ day of _____, 20____, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and he acknowledged to me the he executed the same.

Notary Public

ACKNOWLEDGMENT BY INDIVIDUAL

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

On this _____ day of _____, 20____, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

Notary Public

REAFFIRMATION

NOTE TO SPONSOR: Purchaser(s) must execute this reaffirmation if title closing is expected to occur or actually occurs, more than six (6) months subsequent to the date the Purchaser(s) executed their Purchaser Income Eligibility Worksheet. The reaffirmation must be submitted to HDC at least five (5) business days prior to the expected date of title closing (or earlier if there has been a change in family composition, assets or liabilities).

(I/We) as Purchaser(s) of the Unit have reviewed all of the foregoing representations and warranties made by (me/us) including information set forth on my/our Purchaser Income Eligibility Worksheet as of this _____ day of _____, 20__.

(I/We) do hereby reaffirm all of the foregoing representations and warranties previously made except as otherwise provided in the space below (e.g. list changes in family composition, assets etc.):

L.S. _____
Purchaser

L.S. _____
Purchaser

L.S. _____
Purchaser

ACKNOWLEDGMENT BY INDIVIDUAL

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

On this _____ day of _____, 20____, before me personally came _____, to me known and known to be the same person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

Notary Public

ACKNOWLEDGMENT BY INDIVIDUAL

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

On this _____ day of _____, 20____, before me personally came _____, to me known and known to be the same person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

Notary Public

ACKNOWLEDGMENT BY INDIVIDUAL

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

On this _____ day of _____, 20____, before me personally came _____, to me personally known and _____, known to me to be the same person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

Notary Public

EXHIBIT C

**NEW YORK CITY HOUSING DEVELOPMENT CORPORATION ("HDC")
PURCHASER INCOME ELIGIBILITY WORKSHEET**

Purchaser: _____

Condominium Unit Number: _____ ("Unit")

The financial information requested on this worksheet must be provided by all purchasers and any other persons who (a) are expected to reside in the Unit and (b) receive income ("Other Household Members"). The information requested below must be provided in order to determine eligibility under certain income limits. These limits have been established principally in response to HDC's programmatic requirements set forth in the HDC Regulatory Agreement which is an encumbrance upon title to the Unit.

THIS DOCUMENT MUST BE COMPLETED AND APPROVED BY HDC PRIOR TO THE EXECUTION OF A SALES CONTRACT BY THE SELLER OF THE UNIT.

Part 1 - General Information (Names and Social Security Numbers)

A. Purchasers	1.	_____	Soc Sec No.	_____
	2.	_____	Soc Sec No.	_____
	3.	_____	Soc Sec No.	_____
B. Other Household Members	1.	_____	Soc Sec No.	_____
	2.	_____	Soc Sec No.	_____
	3.	_____	Soc Sec No.	_____
	4.	_____	Soc Sec No.	_____

Part 2 - Determine the Current Gross Income for all Purchasers and Other Household Members

SOURCES OF CURRENT ANNUAL INCOME

1.	Gross Pay (including any Part-time Pay)	\$	_____
2.	Overtime	\$	_____
3.	Bonuses, Commissions, and Tips	\$	_____
4.	Dividends, Interest, Royalties & Trust	\$	_____
5.	Business Activities	\$	_____
6.	Net Rental Income	\$	_____
7.	Pension/Social Security Benefits	\$	_____
8.	Veterans Administration	\$	_____
9.	Unemployment Compensation	\$	_____
10.	Sick Pay	\$	_____
11.	Public Assistance	\$	_____

- | | |
|---|----------|
| 12. Any other | \$ _____ |
| 13. Alimony, Child Support or separate Maintenance Income | \$ _____ |
| 14. Other | \$ _____ |
| 15. TOTAL ANNUAL GROSS INCOME | \$ _____ |

NOTE TO PURCHASERS: If Total Annualized Gross Income are above the applicable limits at the time of computation, then you will not be eligible to purchase the Unit.

NOTE TO SELLER: Execution of this Worksheet by Purchasers and Other Household Members must occur not more than fourteen (14) days prior to execution of the sales contract by the Purchasers. The Seller may not countersign the sales contract until HDC approves the income eligibility of the Purchasers. HDC's approval is valid for six (6) months from the date Purchasers execute this Worksheet. HDC's approval is void after such six (6) month period and title closing for the Unit may not occur after such date except with HDC's prior written approval and only after Purchasers execute the Reaffirmation on the Purchaser's Affidavit and list all information changes, if any.

PURCHASERS' AFFIDAVIT: I/We, being duly sworn, (1) certify that the information in this Purchaser Income Eligibility Worksheet is true and complete to the best of my/our knowledge and belief; (2) understand and agree that all of the above information is being relied upon by the Seller and HDC in order to determine my/our eligibility as a purchaser of the Unit and that any false, misleading or incomplete information in this Purchaser Income Eligibility Worksheet will render any deed I/we receive for this Unit null and void ab initio; and (3) consent to disclosure of all of the above information and any verification materials to HDC.

L.S. _____
Purchaser

L.S. _____
Purchaser

L.S. _____
Purchaser

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

On this _____ day of _____, 20____, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and he/she acknowledged to me that he/she executed the same.

Notary Public

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

On this _____ day of _____, 20____, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and he/she acknowledged to me that he/she executed the same.

Notary Public

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

On this _____ day of _____, 20____, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and he/she acknowledged to me that he/she executed the same.

Notary Public

EXHIBIT D

**NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
CONDOMINIUM UNIT
SELLER'S AFFIDAVIT**

In order to comply with the requirements of the New York City Housing Development Corporation, as lender for the benefit of the Condominium, in connection with the acquisition of a Residential Unit in the STRIVERS GARDENS CONDOMINIUM by _____ [insert name of Purchaser(s)] (the "Purchaser" whether one or more) from the undersigned ("Seller"), for Condominium Unit Number _____ (including fixtures) ("Unit"), the Seller does hereby depose and say:

1. The Acquisition Cost of the Unit is \$ _____ which consists of the amount paid in cash or in kind by the Purchaser(s) to or for the benefit of the Seller(s) or a related party to the Seller(s) for the Unit and does not include the items listed in the next sentence). Acquisition Cost does not include: attorney's fees and disbursements, brokerage fees, title insurance fees, processing fees of the Seller and its agents and attorneys related to such acquisition, recording fees, State and local transfer taxes, stamp taxes and the usual and reasonable fees and expenses in connection with obtaining financing for the purchase of the Unit including without limitation, bank fees, credit report fees, legal fees, appraisal fees and origination fees. Such amounts described in the foregoing sentence must not exceed the usual and reasonable fees and expenses for these services.
2. This information is true, correct and complete to the best of (my/our) knowledge and belief. A true and correct copy of the sales contract representing the terms of the entire transaction for the acquisition of the Unit is provided herewith.
3. In connection with the sale of the Unit, neither (I/we) nor anyone acting on (my/our) behalf (directly or indirectly) has entered into any contract, arrangement or understanding to receive any payment to any persons other than as included in the Acquisition Cost stated above.

This document must be executed not more than fourteen (14) days prior to the execution of the sales contract by the Purchaser.

STRIVERS GARDENS REALTY LLC

By: _____

Name: _____

Title: _____

Attach Sales Contract

STATE OF NEW YORK)

) ss.:

COUNTY OF NEW YORK)

On the ____ day of _____, 20__, before me, the undersigned, a notary public in and for said state, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.

Notary Public

SCHEDULE 1

Condominium
Unit Type

No. of
Residential Units

1 Bedroom	20
2 Bedroom	135
3 Bedroom	14

HDC MORTGAGE COMMITMENT



June 26, 2003

CONSTRUCTION FINANCING COMMITMENT AND AGREEMENT

PART I

NYC Partnership Housing
Development Fund Company, Inc.
One Battery Park Plaza
New York, New York 10004

Strivers Gardens Realty LLC
5 East 86th Street
New York, NY 10028
Attn: Robert G. Friedman

Re: Strivers Gardens Condominium
317 West 134th Street (a.k.a. 300 West 135th Street)
New York, NY

Ladies and Gentlemen:

Subject to the terms and conditions hereinafter set forth in this Construction Financing Commitment and Agreement, Parts I and II (the "Commitment"), the New York City Housing Development Corporation ("HDC") hereby agrees to provide a portion of the funds (the "Loan") for the construction of the Development (as defined in Section 1 herein). This Commitment further sets forth the terms and conditions pursuant to which HDC will agree to transfer, extend and modify the Loan in order to convert such Loan to permanent financing to be assumed by the Board of Managers of the Strivers Gardens Condominium ("Board of Managers"). The Condominium is further described in Section 1 herein.

The Loan shall be referred to as the "Construction Loan" during construction of the Development. Upon the occurrence of certain events as described herein ("Permanent Loan Conversion") the Board of Managers will become an obligor under the Permanent Loan (as defined herein) and thereafter the Construction Loan shall be referred to as the "Permanent Loan." The Construction Loan will be evidenced by one or more notes ("Construction Note") secured through one or more subordinate mortgages during construction (the "Construction Mortgage"). Upon Permanent Loan Conversion, the Construction Notes will be modified and assigned to the Board of Managers who will assume the debt. The Construction Note will simultaneously be extended and secured as described in Section 4 herein (the "Permanent Financing Documents," and together with the documents evidencing the Construction Loan, the "Loan Documents"). During construction, the owner of the

Development, and upon the Permanent Loan Conversion, the Board of Managers, shall comply with and operate the Development and the Condominium pursuant to all of the provisions set forth in Article XII of the New York Private Housing Finance Law ("PHFL"), all requirements of HDC, all applicable New York City, State and federal laws, and the terms and conditions contained herein.

This Commitment also contains ongoing obligations and financial undertakings as more specifically set forth herein of the Borrower as well as Robert Friedman and Bernard Friedman (each, a "Guarantor") regarding the Development, the Condominium, the Loan and the transactions contemplated by this Commitment which shall continue for so long as this Commitment remains in effect.

1. The Development

A. 1. The development, as more fully described on Exhibit 1, is to be located in New York County and will involve the construction on a vacant lot of two residential towers containing approximately one hundred sixty-nine (169) residential units (plus one superintendent's unit), and three (3) commercial condominium units consisting of a garage unit of approximately 34,600 square feet of underground parking; a retail unit and an office unit collectively consisting of approximately 36,500 square feet of commercial space (collectively, the "Development").

2. Prior to Permanent Loan Conversion, the Development shall be subjected by the Borrower (as defined herein) to the Declaration of Condominium ("Declaration") and pursuant thereto the residential space shall become 170 separate condominium units, each with its own tax lot (each, a "Residential Unit", collectively the "Residential Units"). The parking garage, retail unit and office unit shall be separate condominium units with their own tax lots (collectively the "Commercial Units"). The Residential Units and Commercial Units shall collectively comprise the Condominium (the "Condominium").

3. In order to qualify for the Permanent Loan, the Condominium shall be operated as a condominium housing project, subject to the marketing, use and occupancy restrictions contained in a Regulatory Agreement ("HDC Regulatory Agreement") to be entered into at Construction Loan Closing (as defined herein) among HDC, the Borrower and the Partnership (all as defined in Section 2 hereof). At, or prior to Permanent Loan Conversion, the Board of Managers shall be added as party to, and shall assume the obligations of the Regulatory Agreement. The HDC Regulatory Agreement shall require, among other things, that the household income of the purchasers of 75% of the Residential Units at the time of purchase of their units shall not exceed 175% of the New York City area median income (as adjusted for family size) ("Median Income") ("175% Restricted Units"); the remaining 25% of the Residential Units may be sold to purchasers whose income at the time at purchase of their units shall not exceed 250% of median income ("250% Restricted Units").

4. The Condominium documents including the Condominium Offering Plan, By-Laws (as defined in Paragraph 7.E hereof) and the Declaration and any amendments thereto, shall be subject to the prior written approval of HDC and the Construction Lender (as defined herein) which approval by HDC shall not be unreasonably withheld, delayed or denied. The Borrower shall also be required to comply with the provisions of Section 7 of Article I hereof.

B. The plans and specifications for the Development (the "Plans and Specifications") and trade payment breakdowns shall be satisfactory to and approved by the Construction Lender and HDC prior to the closing of the Construction Loan. A complete set of "as built" drawings shall be furnished to HDC upon completion of the Development.

2. The Borrower, the Condominium and the Partnership

The borrower for the Construction Loan shall be Strivers Gardens Realty LLC (the "Borrower") which is a New York limited liability company. The borrower for the Permanent Loan shall be the Board of Managers of the Strivers Gardens Condominium, an unincorporated business association to be formed by the Borrower pursuant to Article 9B of the New York Real Property Law (the "Condominium Act") of New York. The NYC Partnership Housing Development Fund Company, Inc. (the "Partnership"), a New York corporation, shall be the owner of the land for the Development during construction and an obligor under the Construction Mortgage. Prior to their participation in the Development, all of the aforementioned entities and the composition thereof shall be subject to the approval of HDC. Any changes in the composition of any of the foregoing entities, or in members of such entities (if any), shall be subject to the prior approval of HDC, provided that Bernard and Robert Friedman may transfer their interest in the Borrower to immediate family members or trusts created for their respective benefits, provided however that either Robert Friedman or Bernard Friedman maintain controlling ownership interest in the Borrower.

3. Construction Loan; Other Construction Financing

A. The principal amount of the Construction Loan shall equal \$3,380,000. The interest rate on the outstanding principal balance of the Construction Loan shall equal one percent (1.0%) per annum. The Construction Loan shall have a term of twenty-four (24) months ("Scheduled Construction Period") which shall be extended for a period of not more than 12 months if the Fleet Construction Loan (defined below) shall have been extended on terms satisfactory to HDC. The Construction Loan shall be secured by the Construction Mortgage which mortgage shall be subordinate to the Fleet Mortgage (as defined below) and superior to the HPD Mortgages (as described in Section 5 of Part I hereof).

B. 1. As a condition to making the Construction Loan, the Borrower shall be required to obtain a first position construction loan in the amount of approximately \$42,656,592 with an interest rate set at one (1) month LIBOR plus 200 basis points or prime rate plus 50 basis points and a term not less than twenty-four (24) months and secured by one or more mortgages (collectively, the "Fleet Construction Mortgage") from Fleet National Bank (the "Construction Lender") and with such other terms and conditions as shall be acceptable to HDC ("Fleet Construction Loan"). The closing of the Construction Loan and the Fleet Construction Loan shall occur simultaneously ("Construction Loan Closing").

2. It is anticipated that HDC and the Construction Lender shall enter into an agreement whereby the Construction Lender will service the Construction Loan ("Servicing Agreement") and the Borrower shall be responsible for paying any fees and expenses required by such Servicing Agreement if any, as set forth in the budget for the Development. On and after Construction Loan Closing, HDC shall hold the proceeds of the Construction Loan in its own account, and such proceeds shall be disbursed by HDC pursuant to the direction of the Construction Lender in accordance with the

Servicing Agreement. The Construction Loan proceeds and the Fleet Construction Loan proceeds shall be advanced dollar for dollar until the entire proceeds of the Construction Loan have been advanced. The terms of the commitment for the Fleet Construction Loan are hereby incorporated herein by reference and a default under such commitment or any of the other documents related to the Fleet Construction Loan shall be a default under this Commitment.

C. The forms of the Construction Mortgage and the Construction Note that secure and evidence the Construction Loan shall be provided by and/or be acceptable to HDC. The Construction Loan may be prepaid, in whole or in part, at any time without penalty or premium. A late charge of two percent (2%) of the amount due shall be charged on any payment of principal and/or interest due on the Construction Loan which is received fifteen (15) days after the date such payment is due. Any increase in the Construction Loan shall be at the sole discretion of HDC and upon such terms, conditions and interest rates as HDC may require.

D. The HDC Regulatory Agreement shall provide, among other things, that a sign shall be erected in public view on the site indicating HDC's provision of financing. HDC will provide a sign, at its sole cost and expense, which shall be erected within five (5) days of delivery.

E. Prior to Construction Loan Closing, Borrower shall have submitted and HDC shall have accepted an independent appraisal satisfactory to HDC and the Construction Lender made by an appraiser approved by HDC and the Construction Lender, setting forth the "as is" value of the Development and the value of the Development predicated upon the completion of the proposed improvements, which latter value shall not be less than the Minimum Appraisal Amount set forth in Exhibit 1.

F. The Borrower shall pay all costs and expenses incurred by HDC in connection with its retention of an architect or engineer to monitor construction and completion of the Development ("Construction Monitor") and to deliver such certificates as may be reasonably required by HDC. The Construction Monitor selected by the Construction Lender shall be used by HDC for the purposes of this Commitment provided (i) such Construction Monitor is acceptable to HDC and (ii) HDC is entitled to rely on the reports of such Construction Monitor.

4. Permanent Loan

✓ A. 1. On the Permanent Loan Conversion date the Construction Note will be modified and extended to form the Permanent Loan evidenced by a permanent note ("Permanent Note") to be assumed by the Board of Managers who will become the sole obligor of the debt evidenced by the Permanent Note. At that time, the Board of Managers shall execute the Permanent Financing Documents, the Construction Mortgage shall be released from the Commercial Units and the Residential Units. The Construction Mortgage will be subordinate to the Declaration.

/ 2. The interest rate on the Permanent Loan shall be one percent (1.00%) per annum. The Permanent Loan shall have a term of thirty (30) years and shall be self amortizing. The Permanent Loan shall be paid in accordance with the Permanent Loan Payment Schedule (Annual) set forth on Exhibit 1, and payments of principal shall commence on the first day of the first month subsequent to the Permanent Loan Conversion.

3. The Permanent Financing Documents shall include, among other things: (i) a Loan Agreement between the Board of Managers and HDC; (ii) an Assignment of the Board of Managers' rights to receive future income and common charges from the Residential Units; (iii) UCC-1's and/or other security instruments evidencing HDC's security interest in any funds or personal property held or controlled by the Board of Managers; (iv) a Trust Agreement with the Board of Managers that confirms that funds received by it shall constitute trust funds for the payment of the indebtedness evidenced by the Permanent Note (this provision shall also be included in the Declaration and By-Laws) under conditions to be described in the Permanent Financing Documents; (v) an agreement to increase common charges at HDC's discretion and direction and an acknowledgment by the Board of Managers that it shall comply with the prohibitions to be contained in the Declaration and By-Laws against any reduction of common charges without HDC consent; (vi) a Lock Box Agreement for payment of common charges from the Residential Units, the Parking Units and the Commercial Unit; and (vii) a Letter of Resignation of the Board of Managers providing HDC with the right to remove and replace Residential Representatives to the Board of Managers under conditions to be described in the Permanent Financing Documents.

4. All documents provided or executed by the Borrower and/or the Board of Managers in connection with the Permanent Loan shall comply with all requirements of Fleet loan documents and this Commitment and shall be satisfactory to HDC.

B. The Board of Managers shall not incur any debt other than the Permanent Loan following the Permanent Loan Closing without the consent of HDC. The provisions of this section shall be included in the Declaration and Condominium By-Laws.

C. The Permanent Loan may be prepaid, in whole or in part at any time without penalty or premium.

D. A late charge penalty of two percent (2%) of the amount due shall be charged on any payment of principal and/or interest due under the Permanent Note and the Permanent Financing Documents which is received more than fifteen (15) days after such payment is due.

E. The Permanent Financing Documents shall require monthly escrow payments to HDC, for among other things, a reserve for replacements, water and sewer charges, if any, fire and extended coverage and such other insurance as may be required so that there will be sufficient moneys on deposit to secure payment of each such item one month before the due date of such item, unless HDC is satisfied in its sole discretion that such payments will be made by the Board of Managers.

F. Any increases in the amount of the Permanent Loan shall be at the sole and absolute discretion of HDC and upon such terms, conditions and interest rates as HDC may require.

5. HPD Land Disposition and Subordinate Loans

A. The making of the Loan is subject to the conveyance of the Development site by The City of New York acting by and through its Department of Housing Preservation and Development ("HPD") to the Partnership. HPD must provide a purchase money mortgage loan for the Development site in the approximate sum of \$2,499,830 ("Purchase Money Mortgage") which mortgage loan must

be subordinate to the Construction Mortgage and the Mortgages securing the Fleet Construction Loan. The terms and conditions of, and all instruments and documents relating to, such transfer of title and any purchase money mortgage must be subject to the prior review and approval of HDC and the Construction Lender, including, without limitation, the Deed and Land Disposition Agreement (including all conditions, restrictions and encumbrances set forth therein) and the regulatory agreement between HPD and the Partnership ("HPD Regulatory Agreement"), if any. The terms and conditions of such Deed, Land Disposition Agreement and HPD Regulatory Agreement must be subordinated to the Fleet Construction Mortgage and the Construction Mortgage pursuant to a subordination agreement acceptable to HDC and the Construction Lender. This Commitment shall become null and void in the event HPD is not able to convey such site upon terms and conditions acceptable to HDC and the Construction Lender.

B. During construction of the Development, HPD must provide construction financing in an amount not less than \$12,569,295 which will consist of (i) a loan made pursuant to Article 22 of the Private Housing Finance Law (the "Article 22 Loan"); (ii) a loan from federal Economic Development Initiative funds and (iii) a loan provided under Section 108 Title I of the Housing and Community Development Act of 1974 all of which may be secured by one or more mortgages (collectively, the "Other Subordinate Loans") each of which will be secured by one or more mortgages (collectively, the "Other Subordinate Mortgages"). The Other Subordinate Mortgages must be subordinate to the Construction Mortgage and be on terms acceptable to, and subject to the prior approval of, HDC.

C. Any Event of Default under the Fleet Construction Mortgage, the HPD purchase money mortgage or the Other Subordinate Mortgages, shall constitute an Event of Default under this Commitment and the Loan.

D. At or before Permanent Loan Conversion, the Other Subordinate Mortgages, except for the mortgage securing the Article 22 Loan shall be released from the Residential Units and shall only be a lien against the Commercial Unit. The mortgage securing the Article 22 loan and the Purchase Money Mortgage shall become pro rata lien on the Residential Units.

6. Commitment Fee

On or before the date of execution of this Commitment, the Borrower shall pay HDC a fee ("Commitment Fee") in the amount of THIRTY-THREE THOUSAND EIGHT HUNDRED

B. 1. The Plan shall be in form and content acceptable to the AG and not be fraudulent or contain any material false misrepresentation or statement with intent to deceive or defraud prospective purchasers, as required by the Condominium Act. The Plan shall include, among other things, adequate disclosure of the relevant terms of this Commitment, the Construction Loan, the Permanent Loan and the HDC Regulatory Agreement.

2. The Plan shall be declared effective and the Declaration recorded upon the execution by the Borrower, pursuant to the Plan, of purchase agreements for at least seventy-five percent (75%) of the Residential Units with bona-fide, non-Borrower related purchasers. At the time of the Permanent Loan Conversion, Borrower shall certify that at least seventy-five percent (75%) of the Residential Units are subject to bona-fide written purchase agreements with bona-fide non-Borrower related purchasers and all such bona-fide non-Borrower related purchasers shall have been approved by HDC.

C. The Borrower shall provide HDC with a copy of:

- (i) the Plan and any amendments;
- (ii) the AG acceptance of the Plan for filing; and
- (iii) the AG acceptance of all amendments to the Plan.

D. Upon acceptance of this Commitment, the Borrower shall use its best efforts to meet the following timetable:

- (i) Submission of the Plan to Attorney General within six months from Construction Loan Closing;
- (ii) Acceptance of the Plan by Attorney General within nine months of Construction Loan Closing, unless such date is extended pursuant to the BLA;
- (iii) Fifty (50%) of the Residential Units are subject to purchase agreements with bona-fide non-Borrower related purchasers by 15 months from Construction Loan closing; and
- (iv) Seventy-five percent (75%) of the Residential Units are subject to purchase agreements with bona-fide non-Borrower related purchasers by 18 months from Construction Loan closing.

E. The Declaration and the Condominium By-laws ("By-Laws") shall contain such provision necessary to provide HDC with security for its Permanent Loan and shall otherwise be satisfactory to HDC.

F. The Declaration shall be subject to the HDC Regulatory Agreement.

8. Term of the Commitment and Extensions

A. This Commitment shall expire on June 30, 2003 unless HDC has made the Construction Loan on or prior to that date.

B. At its sole discretion, HDC may extend this Commitment beyond June 30, 2003 upon such terms as it may require in its sole discretion including, without limitation, (i) payment of extension and other fees and (ii) evidence of the consent to such extension by the Construction Lender.

C. Neither the Borrower nor the Partnership shall assign this Commitment without HDC's prior written approval.

D. The Borrower, the Partnership and HDC shall provide written notice to each other whenever notice is required in this Commitment. HDC shall send all notices to the Borrower and the Partnership at the address stated on the first page of this Commitment, unless otherwise instructed by the Borrower or Partnership. Notice shall be deemed given three (3) business days after mailing or upon hand delivery by the party giving such notice, or upon receipt of telecopy by the party receiving such notice, as the case may be.

9. Termination

A. (i) Upon the failure of the Borrower or the Partnership, as applicable, to comply with any terms of this Commitment, or (ii) upon an Event of Default under the Loan Documents, including if the Permanent Loan Conversion has not occurred on or prior to the expiration of the Scheduled Construction Period, following ten (10) business days written notice by HDC of such failure and the Borrower's or the Partnership's, as applicable, failure to cure same, or in the event HDC reasonably determines that such failure cannot be cured within ten (10) business days or within such greater period of time as HDC reasonably determines provided the Borrower or the Partnership as applicable, is making diligent efforts to cure such failure as determined by HDC, the obligation of HDC to make the Construction Loan or to make further advances under the Construction Loan or to make the Permanent Loan shall terminate and HDC shall send notice of same to the Borrower and/or the Partnership, as applicable. In such event HDC reserves all rights it may have against the Borrower or the Partnership as applicable, hereunder or otherwise. This Commitment shall be automatically voided, with no need for further notice to the Borrower or the Partnership as applicable, if the Construction Lender declines to provide the Fleet Construction Loan, if HPD declines to provide the Purchase Money Mortgage or declines to convey the Development site to the Partnership under such conditions as are acceptable to HDC and the Construction Lender, or the Other Subordinate Loans are not made.

B. In the event of any expiration or termination of this Commitment pursuant to Section 8(A) or 9(A), the parties shall have no rights against each other and shall release each other from any or all claims or damages in connection with the aforementioned financing; provided, however, that the obligations of the Borrower as set forth in Sections 10 and 11 hereof shall survive until satisfied. Notwithstanding anything else in this Commitment, in the absence of bad faith or willful misconduct any relief sought by HDC against the Partnership shall be limited solely to its interest in the Development site and, other than the Development site, none of the Partnership's real property, personal property or other assets shall be subject to levy, execution or other enforcement procedure for

the satisfaction of HDC's remedies and no action for damages or any other claim that would result in any monetary imposition shall be sought, maintained or enforced against the Partnership.

10. Indemnification

A. The Borrower covenants and agrees, absolutely and unconditionally, at its sole cost and expense, to indemnify, defend and hold harmless HDC and each of its past, present and future Members, officers, employees and agents (each individually a "Covered Party") from any and all claims, actions, suits or proceedings arising from, out of, attributable to, by reason of or resulting from HDC's issuance of this Commitment, the making of the Loan and/or the holding of any of the Notes, or Mortgages related thereto (collectively, the "Covered Proceedings") which Covered Proceedings arise from, out of, are attributable to, or result from any acts or omissions of the Borrower, its members and their employees or agents in connection with this Commitment, the Development, the Condominium, the Servicing Agreement, the Loan, the Loan Documents including any of the mortgages and notes related thereto, (but excluding Covered Proceedings finally determined to have resulted from a Covered Party's own gross negligence or willful misconduct) and to pay any and all expenses, costs and charges of any kind or nature, whether foreseen or unforeseen, including, without limitation, attorneys' and experts' fees and expenses and court and discovery costs (collectively, "Legal Fees") which Legal Fees are imposed upon, incurred by or awarded against a Covered Party except as such legal fees were incurred to defend such Covered Parties' own gross negligence or willful misconduct. Covered Proceedings shall not include claims, actions, suits or proceedings brought by or on behalf of HDC to recover principal and interest evidenced and secured by the Notes or Mortgages.

B. 1. Promptly after receipt by a Covered Party of notice of the commencement of any Covered Proceeding, HDC, on behalf of itself and each Covered Party, shall, if a claim in respect thereof is to be made against the Borrower hereunder, notify the Borrower in writing of the commencement thereof; but the omission to so notify shall not relieve the Borrower from any obligation hereunder unless such failure to so notify shall materially prejudice the Borrower's rights hereunder or the Borrower's ability or opportunity to assume the defense of any Covered Party hereunder.

2. In the event that any Covered Proceeding is brought against any Covered Party, and such Covered Party notifies the Borrower of the commencement thereof, the Borrower shall be entitled to participate in and shall assume the defense thereof with counsel selected by the Borrower and reasonably satisfactory to such Covered Party, provided, however, the Borrower agrees that it shall not (a) settle any Covered Proceedings which are covered under this Section 10 wherein the settlement of such Covered Proceeding would contain admissions of fault, guilt or wrongdoing on the part of a Covered Party without the prior written consent of such Covered Party, or (b) except in the case of a settlement, refrain from the appeal of any decision which is adverse to any Covered Party without the consent of such Covered Party which consent shall not be unreasonably withheld or delayed.

3. If counsel, who is representing the Covered Parties and the Borrower hereunder in defense of such Covered Proceeding, shall have concluded in good faith that a conflict of interest exists between such Covered Parties and the Borrower, and if the Covered Parties determine that the conflict is not one that can be waived, or for any other reason elect not to waive the conflict, then, so long as such conflict continues, such Covered Parties shall have the right to retain a single counsel or firm and to participate in the defense of any such action on their own behalf and all Legal Fees incurred by such

Covered Parties shall be borne by the Borrower. If such single counsel shall have concluded in good faith that a conflict of interest exists between any of the Covered Parties and if the Covered Parties determine that the conflict is not one that can be waived, or for any other reason elect not to waive the conflict, then, so long as such conflict continues, each such Covered Party, with respect to which such a conflict exists, shall have the right to participate in the defense of any such action on its own behalf and all Legal Fees incurred by each such Covered Party shall be borne by the Borrower, provided that any such parties who do not have a conflict with each other shall be represented by the same counsel. Any separate counsel shall be approved by the Borrower which consent shall not be unreasonably withheld.

4. If separate counsel are employed as described above, the Borrower and any such Covered Party agree to cooperate as may reasonably be required in order to ensure the proper and adequate defense of any Covered Proceeding, including, but not limited to, making available to each other, and their counsels and accountants, all books and records relating to such Covered Proceeding, but if any such counsel reasonably determines that the rendering of such assistance will adversely affect the defense of their client, such counsel shall not be required to comply with the terms of this sentence. Notwithstanding the foregoing, each counsel selected by a Covered Party due to the existence of a conflict of interest as provided above shall be permitted to participate in the defense of such Covered Proceeding provided that counsel selected by the Borrower shall be lead counsel ("Lead Counsel") with respect to such defense and shall (except to the extent of a conflict of interest) control such defense. It is the intent of the Borrower and the Covered Parties that any separate counsel representing a Covered Party shall use its reasonable efforts to avoid duplication of legal work undertaken by Lead Counsel to reduce fees and costs which may be due hereunder. All settlements of any Covered Proceeding made in accordance with these provisions, which are consented to in writing by the Borrower, shall be paid in full by the Borrower in accordance with its consent. A party claiming status as a "Covered Party" shall be bound by the foregoing by virtue of HDC's issuance of this Commitment. Before the Borrower's defense of such Covered Party shall commence, the Covered Party shall execute an agreement to be bound by the foregoing.

C. If the Borrower fails to pay all or any portion of any amounts, including Legal Fees, due under this Section 10 within thirty (30) days from written demand of a Covered Party, the amount of such Legal Fees and all other sums payable by the Borrower to a Covered Party under this Section 10 shall bear interest from the date of demand at the prime rate of interest as reported from day to day in The Wall Street Journal as the base rate on corporate loans posted by at least seventy-five percent (75%) of the nation's thirty largest banks, plus four percent (4%) per annum, or, if such rate is no longer available, the base rate or prime rate of interest of any "Money Center" bank designated by HDC in its sole discretion, plus four percent (4%) per annum. The Borrower hereby agrees to pay all reasonable costs, charges and expenses, including reasonable attorneys' fees and actual out-of-pocket expenses and including costs of collection, that may be incurred by any Covered Party in enforcing the covenants and agreements of the Borrower under this Section 10.

11. Guarantors

A. Each Guarantor, jointly and severally, absolutely and unconditionally, agrees (1) to provide the hazardous materials guaranty referenced in Part II, Section 1(C) of this Commitment, and (2) to guaranty to HDC all of the obligations of Borrower under this Commitment set forth in

subparagraphs (i) and (ii) of this Section 11(A) below for as long as those obligations remain outstanding:

- (i) Payment of amounts payable under Part I, Section 3(F) of this Commitment (Construction Monitor Fees); and
- (ii) Fulfillment of the obligations under Part I, Section 10 hereof, including payment of Legal Fees, as defined therein, in an amount not to exceed Five Million Dollars (\$5,000,000.00).

B. The limitations on the scope of each Guarantor's guaranty set forth in Section 11(A) above shall neither apply to nor limit the obligations of the Borrower or the Partnership under any documents executed by Borrower or the Partnership in favor of HDC in connection with this Commitment or the origination of the Loan.

12. Certain Conditions Precedent to Permanent Loan Conversion

The Permanent Loan Conversion shall occur (1) subsequent to the execution of a commitment issued to the Board of Managers on terms substantially similar to those described herein and otherwise satisfactory to HDC or the agreement of the Board of Managers to be bound by the terms of this Commitment; (2) upon receipt of the documents and the fulfillment of conditions set forth in this Commitment including without limitation Section 4(A) and Section 7; and (3) upon the fulfillment of such other conditions as may be reasonably required by HDC in order to provide the Permanent Loan including those items (i) set forth on the Checklist attached as Exhibit 2 hereto, (ii) set forth in this Section 12, and (iii) set forth in Part II of this Commitment.

A. The Condominium shall have achieved Substantial Completion pursuant to the Plans and Specifications. As used herein, the term "Substantial Completion" shall mean the date of the issuance of a permanent certificate of occupancy for all Residential Units ("PCO") or a temporary certificate of occupancy for at least one of the Residential Units together with Collateral Security. As used herein, the term "Collateral Security" shall mean security in form and amount acceptable to HDC as follows: As determined from time to time by HDC, the sum of: (a) an amount equal to the amount necessary to complete all work necessary to receive PCOs on all Residential Units including PCOs for Common Areas, if applicable; (b) an amount equal to two times the amount necessary to complete all punch list items as certified by the Construction Monitor for the Residential Units closed; plus (c) \$50,000 to be held as security for receipt of PCOs on all Units. Such Collateral Security may be held by Fleet and released in accordance with the Building Loan Agreement pertaining to retainage and shall be released to the Borrower upon certification by the Construction Monitor that such PCOs have been issued, and all punchlist items have been satisfactorily completed; provided, however, the punchlist portion of the Collateral Security may be released on a floor by floor basis upon HDC's receipt of a certification from the Construction Monitor stating that the punch list items attributed to that particular floor have been completed.

B. The Borrower shall provide HDC with:

(1) A certification, satisfactory to HDC, from the Borrower's architect, construction manager, or such other entity satisfactory to HDC and familiar with the construction of the Development and the Residential Units, stating that the Development and the Residential Units have been constructed substantially in accordance with the Plans and Specifications and are free from material defects in materials and workmanship and the construction and the intended operation of the Development and the Residential Units are in substantial compliance with the applicable zoning and all other applicable laws, ordinances, rules, regulations, restrictions and governmental requirements including unit accessibility and adaptability for the disabled; and

(2) The Certificate of Eligibility pursuant to the Section 421-a program for each of the Residential Units, together with proof of filing of the applicable application for such real estate tax benefits.

C. The Borrower shall certify to HDC that the total income projected to be received from the Residential Units by the Board of Managers meets the Income Achievement Level set forth in Exhibit 1.

D. The Borrower shall certify to HDC that the Income to Expense Ratio is expected to be at least 1.00 to 1.00 for the first year of operation. In determining the Income to Expense Ratio, "Income" shall mean and include the anticipated minimum annual common charges (as required by the Declaration and By-Laws) and income from other sources (e.g., the operation of a laundry service, or storage facility), if any (all as set forth in Exhibit 1), after deducting a vacancy/bad debt/contingency allowance of ten percent (10%) for any source of Condominium Income other than Residential Unit common charges ("Vacancy Deduction") and "Expenses" shall mean and include all of the costs and expenses expected to be paid or incurred by the Board of Managers which are necessary and incident to the operation of the Condominium, including debt service on the Permanent Loan, the payment of the required deposits into the reserve for replacement and all escrows for taxes, water and sewer assessments and insurance.

13. Rental Fallback

It is anticipated that the commitment for the Fleet Construction Loan will provide that the Development shall not be converted to a Condominium unless purchase agreements for seventy-five percent of the Residential Units have been submitted to the Construction Lender within eighteen (18) months from Construction Loan Closing. If the Plan is not declared effective, as aforesaid, then it is anticipated that the Development will be owned and operated by the Borrower as a rental housing project and the Construction Loan will be converted upon completion of the Development to a permanent loan ("Rental Loan"), which Rental Loan shall be secured by a mortgage subordinate to the Fleet Construction Loan or other Permanent Loan made by an institutional lender. The Rental Loan shall have an interest rate of one percent (1.0%) per annum, a term not to exceed thirty (30) years and require payments equal to at least interest only on the outstanding principal balance with a balloon payment due at the end of its term. The actual term of the Rental Loan, if made, will equal the term of whatever other permanent first mortgage loan may be made to the Borrower for the rental Development by Fleet or another first position lender.

In the event of a rental fallback, HDC shall have the right, but not the obligation, to provide a permanent first mortgage loan for the rental Development on such terms as may be determined by HDC in its sole and absolute discretion. The Borrower shall be obligated to accept HDC's permanent first mortgage financing for the rental Development if the terms and conditions of such financing are substantially similar to any other permanent first mortgage loan that is offered by any other lender.

Upon receipt of bona fide financing commitment as evidenced by an executed term sheet, or other evidence satisfactory to HDC, HDC will advise the Borrower, within thirty (30) days, as to whether HDC is willing to provide such permanent first mortgage loan and the terms thereof.

The Borrower will be required to execute an Amended and Restated HDC Regulatory Agreement with terms and conditions satisfactory to HDC including without limitation that for so long as the Rental Loan is outstanding, seventy-five percent (75%) of the Residential Units be rented to families earning less than 175% of Median Income for a family of four and twenty-five percent (25%) of the Residential Units be rented to families earning less than 250% of Median Income for a family of four.

14. Survival

The obligations of the parties under this Commitment shall not terminate upon the making of the Loan by HDC but shall survive until all obligations are satisfied in their entirety.

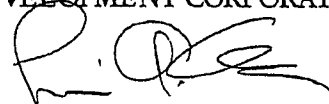
[NO FURTHER TEXT - SIGNATURES ON NEXT PAGE]

Please signify your acceptance of the terms and conditions of this Commitment by executing and returning one original of this Commitment together with the Commitment Fee.

Very truly yours,

NEW YORK CITY HOUSING
DEVELOPMENT CORPORATION

By:



Lisa A. Gomez
Senior Vice President

Accepted and Agreed to:

BORROWER:

PARTNERSHIP:

By: Strivers Gardens Realty LLC

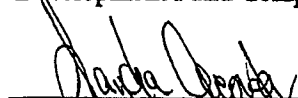
NYC Partnership Housing
Development Fund Company, Inc.

By:



Bernard Friedman
Managing Member

By:



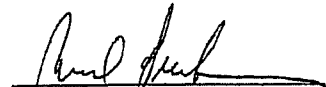
Sandra Acosta
Vice President

Agreed to as provision of Part I, Paragraph 11 of this Commitment:

Guarantors:



Robert Friedman



Bernard Friedman

Attachments Incorporated Herewith:

- Part II - Permanent Loan Commitment
- Exhibit 1 - Description of Development and the Condominium
- Exhibit 2 - Permanent Loan Conversion Checklist

FINANCING COMMITMENT AND AGREEMENT

PART II

Re: Development: Strivers Gardens
317 West 134th Street (a.k.a 300 West 135th Street)
New York, New York

Borrower: Strivers Gardens Realty LLC

1. Governmental Approvals

A. HDC's obligation to make the Loan is contingent upon receipt, in form satisfactory to HDC, of all necessary governmental approvals concerning the Development and the principals of the Borrower.

B. The Development must have received clearance under the State Environmental Quality Review Act ("SEQRA") from all lead and involved agencies. The Borrower shall cooperate fully with the SEQRA review of the Development and comply with any requirements imposed as part of such review or findings. The Loan shall not be made until the SEQRA review process has been completed. HDC reserves the right not to make the Loan if an action challenging the SEQRA determination for the Development is instituted.

C. The Borrower must comply with any HDC requirements concerning inspection of the Development site for hazardous materials and shall provide HDC with a satisfactory environmental audit and certification, addressed to HDC and any other party involved in this financing as may be directed by HDC, from an entity satisfactory to HDC which shall indicate that the Development site and the surrounding area have been surveyed and that there is no evidence of hazardous materials or hazardous material activity. The Borrower and the Board of Managers shall also comply with all applicable federal, State and City laws, rules, regulations, orders or directives relating to the removal, containment or cleaning up of hazardous materials. The Borrower, the Board of Managers, and the Guarantors shall provide HDC with a hazardous materials guaranty and indemnity indemnifying HDC and its members, officers, employees and agents from any liability, loss or impairment of rights due to the presence of any hazardous materials.

D. The Borrower shall pay for (i) all costs in conducting and obtaining the environmental audit and certification and (ii) all costs of complying with any mitigation, remediation or other requirements of HDC or any governmental agency having jurisdiction in connection with any environmental audit.

2. The Borrower's and the Partnership's Cooperation

The Borrower shall cooperate in all matters relative to the Construction Loan Closing and Permanent Loan Conversion. The Borrower and the Partnership shall provide all documents and comply with all requirements in connection with the making of and administration of the Loan. The

Borrower and the Partnership shall supply all information and certifications reasonably required by HDC relative to the Development, the Condominium and the Residential Units.

3. Borrower's Organizational Documents; Managing Agent

The Borrower and all principals thereof, ^{has been} and the managing agent for the Condominium, Penmark Realty Corporation, ~~shall be approved by HDC prior to their participation in the Development or the Condominium.~~ The Borrower or Board of Managers must provide to HDC a fully executed management agreement for the Condominium satisfactory to HDC prior to the Permanent Loan Conversion which management agreement must be terminable on thirty days notice with or without cause and without penalty upon the request of HDC pursuant to the provisions of the HDC Regulatory Agreement.

The Borrower's organizational documents must be acceptable to HDC and shall comply with the provisions of the HDC Regulatory Agreement and this Commitment. The Borrower's organizational documents shall indicate that the Borrower's sole purpose shall be to acquire, construct and operate the Development. The Borrower's organizational documents must contain provisions, satisfactory to HDC, stating that the Borrower shall comply with the provisions of the HDC Regulatory Agreement and that the Borrower will not permit any change of more than (20%) in the ownership of membership interests in the Borrower without the prior written consent of HDC.

The Borrower or its attorney must certify that the organizational documents presented at the Construction Loan Closing are complete and that there are no amendments thereto.

4. Benefit of Funds

The Borrower and the Partnership agree that they are in no way entitled to any benefits that may accrue to HDC as a result of the sale or investment of any funds deposited by the Borrower and the Partnership with HDC in connection with the Loan including, without limitation, any payments made to HDC for fees, principal, interest, escrows, or penalties, except as required by law. Notwithstanding the above, upon Permanent Loan Conversion the Board of Managers shall be entitled to the principal in the reserve fund in accordance with the terms of the Permanent Financing Documents.

5. Closing Documents

HDC shall have reviewed and approved all Loan Documents prior to the Construction Loan Closing and Permanent Loan Conversion. The documents required to be provided by the Borrower, the Partnership and the Board of Managers for the Construction Loan Closing and Permanent Loan Conversion, must be submitted to HDC at least fifteen (15) working days in advance of such event and must be acceptable to HDC. The Borrower and the Partnership each agrees to provide, execute and comply with all the documents required by HDC and the Construction Lender in connection with the Construction Loan Closing and Permanent Loan Conversion and to do all things necessary to achieve such closing and release as expeditiously as is possible.

6. Letters of Credit

All letters of credit required or permitted to be delivered hereunder must be unconditional, irrevocable, fully assignable as often as necessary at no charge to HDC. The terms, amount and duration of such letters of credit must be acceptable to HDC. They shall not contain any reference to the ICC Uniform Customs and Practice for Documentary Credits. All letters of credit must be issued by an institution acceptable to HDC and be accompanied by evidence satisfactory to HDC that they have been issued by duly authorized officers or agents of the issuing institution. The Borrower and any other party furnishing letters of credit, may also be required to enter into agreements required by HDC concerning their use.

7. Insurance

At the time of the Permanent Loan Conversion, the Board of Managers shall provide evidence of insurance for the Condominium satisfactory to HDC as required by the Permanent Financing Documents. In addition, the Development shall be insured by the Board of Managers of the Condominium in a manner satisfactory to HDC. During construction, the Borrower shall provide evidence of insurance for the Development and the Condominium satisfactory to HDC and the Construction Lender as set forth in the Fleet Construction Loan documents and the Construction Mortgage.

8. Title Insurance and Survey

A. At the Construction Loan Closing, the Borrower shall provide HDC with a standard American Land Title Association ("ALTA") Mortgagee's Title Policies for the Construction Loan, issued by a company or companies acceptable to HDC, in an amount equal to the maximum principal amount of the Loan. The policy must be in a form and contain only those exceptions acceptable to HDC and shall include without limitation ALTA Form 8.1 re: Environmental Protection Liens omitting the exception for Section 1307 of the Public Health Law. The title policy shall contain affirmative insurance that subsequently filed mechanics' and materialmen's liens shall not take priority over the lien of the Loan, and be otherwise satisfactory to HDC and the Construction Lender.

B. At the Construction Loan Closing, the Borrower shall provide HDC with a survey certified to HDC and the Construction Lender and the title company showing that title to the Development site is free of any exceptions except those approved by HDC and the Construction Lender. The survey delivered to facilitate the Permanent Loan Conversion shall show the Development as constructed and contain such information as may be required by HDC.

9. Attorney's Opinion

A. At Construction Loan Closing, the Borrower's counsel, the Partnership's counsel, and the counsel to the Guarantors shall each provide an opinion acceptable in form and substance to HDC.

B. At Permanent Loan Conversion, the Borrower's and the Board of Manager's counsel shall provide an opinion acceptable in form and substance to HDC.

10. Marketing

The Residential Units shall be marketed pursuant to HDC's Marketing Guidelines and HPD's marketing preferences. The marketing agreement and marketing plan shall be subject to the prior approval of HDC. The entity marketing the Residential Units shall comply with the HDC Regulatory Agreement and HDC's income verification procedures for each applicant for a Residential Unit.

11. Miscellaneous Fees

Except where otherwise specifically provided in this Commitment, the Borrower shall pay all expenses in connection with the Construction Loan Closing and the Permanent Loan Conversion including, but not limited to, title examination charges, title insurance premiums, survey charges, departmental and UCC searches, closing costs, all attorneys fees (other than those of HDC), mortgage and documentary stamp taxes, if any, recording charges, any other tax, levy, imposition or charge of any governmental authority upon or with reference to the Development, the Condominium, the Loan, appraisal fees, the fees of any supervising architect or engineer, and any application, commitment or extension fees. To the extent incurred, the foregoing expenses shall be paid by the Borrower whether or not the Loan is made by HDC.

12. Assignment, Waiver and Benefit

A. This Commitment, when executed by the parties hereto, contains the complete and entire terms, conditions and understandings of the parties hereto of HDC's agreement to provide the Loan as indicated, and no changes will be recognized as valid unless they are reduced to writing and similarly executed. No specific waiver of any of the terms hereof shall be considered as a general waiver. This Commitment shall be binding upon the successors and assigns of the Board of Managers, but shall not inure to their benefit unless HDC shall specifically consent thereto in writing. This Commitment shall be binding upon and inure to the benefit of HDC's successors.

B. Nothing in this Commitment expressed or implied is intended or shall be construed to confer upon, or give to, any person, other than HDC, the Borrower and the Partnership, any right, remedy or claim under or by any reason of this Commitment or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of HDC shall be for the sole and exclusive benefit of the Borrower and Partnership.

13. Conflicting Provisions

In the event of any conflict between the terms hereof and the terms and conditions of the documents executed at the time of the Construction Loan Closing or the Permanent Loan Conversion, the documents executed at the Construction Loan Closing or Permanent Loan Conversion, as applicable, shall prevail but this provision shall not affect the survival of those Sections of this Commitment which are intended to constitute ongoing obligations of the Borrower or the Guarantor.

14. Severability

If any one or more of the covenants or agreements provided herein on the part of the Borrower, the Partnership or the Guarantor to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed separable from the remaining covenants and agreements hereof and shall in no way affect the validity of the other provisions of this Commitment.

15. Applicable Law

This Commitment shall be governed by and construed in accordance with applicable laws of the State of New York.

16. Jurisdiction

The Borrower, the Partnership and the Guarantors unconditionally and irrevocably (a) agree that any suit, action or other legal proceeding arising out of or relating to this Commitment may be brought in a court of record in the County and State of New York or in the Courts of the United States of America located in the Southern District of New York, (b) consent to the jurisdiction of each such court in any such suit, action or proceeding, and (c) waive any objection which it may have to the laying of venue or that any such suit, action or proceeding has been brought in an inconvenient forum. The Borrower, the Partnership and the Guarantor irrevocably consent to the service of any and all process in any such suit, action or proceeding by service of copies of such process to such entity at its address as set forth herein (for the Guarantors, the address will be the Borrower's address) or such other address as is their principal place for business as they may advise in writing from time to time or as otherwise permitted by law.

EXHIBIT 1

DRAFT

DEVELOPMENT LOCATION: Strivers Gardens
317 West 134th Street (a.k.a. 300 West 135th Street)
New York, New York

BLOCK: 1959

LOT: 31

<u>Condominium Unit Type</u>	<u>No. of Units</u>	<u>175% Price Maximum</u>	<u>Maximum Common Charges *</u>
1 Bedroom	20	\$317,724.00	\$534.42
2 Bedroom	116	\$364,338.00	\$687.28
3 Bedroom	<u>9</u>	\$358,410.00	\$724.92
		<u>250% Price Maximum</u>	<u>Maximum Common Charges</u>
2 Bedroom	19	\$502,533	\$846.51
3 Bedroom	<u>5</u>	\$529,034	\$904.41
Total	169 + 1 Super		

- Any changes in the average monthly common charges shall be submitted to HDC; any increases in the average monthly common charges which are greater than ten percent (10%) of these figures requires the prior written approval of HDC. No decreases in such charges may be made without the express prior written consent of HDC.

Minimum Residential Income from common charges:	\$ 1,272,456.00
Minimum Appraisal Amount:	\$45,700,000.00
Building Reserve Fund Monthly Payment:	\$ 3,541.67
Scheduled Construction Period:	24 months
Permanent Loan Payment Schedule (Annual):	\$ 130,456.99

*** The above italicized numbers are in draft form, actual number are to be determined.*

EXHIBIT 2

1. The Board of Managers has executed a Permanent Loan Commitment with HDC and has fulfilled the conditions thereof.
2. The Borrower has fulfilled the conditions of HDC's Commitment (in particular Section 12 of Part I).
3. The Construction Monitor and the Borrower's Architect (or such other entity acceptable to HDC) shall have delivered a certificate acceptable in form and substance to HDC indicating that the Development and the Residential Unit are substantially completed.
4. The Borrower shall have delivered to HDC an estoppel certificate in a form to be provided by HDC.
5. HDC shall possess an "as built" survey certified to it which shows no substantial changes from the Survey other than the location of the improvements within the boundaries of the Development site.
6. HDC shall possess insurance policies or evidence thereof acceptable to HDC as required by the Permanent Financing Documents.
7. All escrow and reserve accounts for the Condominium required by the Permanent Financing Documents as of such date to be funded shall be fully funded in such required amount.
8. The Offering Plan and all amendments thereto for the Condominium shall have been accepted for filing by the AG and the Declaration shall have been recorded.
9. A Certificate of Completion for the Condominium shall have been issued by HPD or other indication by HPD of satisfactory completion of the Development, or the Units being released from the Construction Mortgage.
10. The Board of Managers has executed the Permanent Financing Documents.
11. The Borrower, Board of Managers and the Partnership shall have furnished such other information, documentation and certifications as may be reasonably required by HDC.

**FORM OF APARTMENT
SUBSIDY NOTE**

APARTMENT SUBSIDY NOTE

New York, New York, _____, _____

FOR VALUE RECEIVED, _____, an individual residing at _____, Block _____ Lot _____ ("Obligor"), promises to pay to the order of the City of New York (the "City"), a municipal corporation, acting by and through its Department of Housing Preservation and Development, having its principal office at 100 Gold Street, New York, New York 10038 ("HPD") at the office of HPD or at such other place as may be designated in writing by HPD, the sum of _____ Dollars (\$ _____) ("Apartment Subsidy"), or such lesser amount as may be due and owing in accordance with the terms of this note.

Obligor hereby acknowledges (1) that the City conveyed to the NYC Partnership Housing Development Fund Company, Inc. (the "Sponsor") the land upon which the building containing the Property (as defined below) was constructed (the "Land"); (2) that \$ _____ of the Apartment Subsidy ("Apartment Land Subsidy") represents a portion of the purchase price for the Land; (3) that HPD provided the Apartment Land Subsidy in reliance upon Sponsor's promise either to repay such subsidy or to provide HPD with a note and mortgage equal to at least the unpaid portion of such subsidy; and (4) that in consideration of such subsidy Obligor agrees to repay the Apartment Land Subsidy as provided in this note.

Obligor also hereby acknowledges (1) that HPD has provided Sponsor with a loan which funded in part the construction of the improvements on the Land; (2) that \$ _____ of the Apartment Subsidy ("Apartment Development Subsidy") represents a portion of the construction loan provided by HPD; (3) that HPD provided such loan in reliance upon Sponsor's promise either to repay such loan or to provide HPD with a note and mortgage equal to at least the unpaid portion of such subsidy; and (4) that in consideration of such loan Obligor agrees to repay the Apartment Development Subsidy as provided in this note.

1. This note is secured by a mortgage ("Apartment Subsidy Mortgage") having the same date as this note made by Obligor as Mortgagor to the City as Mortgagee covering the estate or interest of Obligor in and to certain property described in Schedule A to the Apartment Subsidy Mortgage ("Property").

2. Except as otherwise provided in this note or in the Apartment Subsidy Mortgage, the Apartment Subsidy shall be reduced by one twenty-fifth (1/25) of the original amount of the Apartment Subsidy for each full year during which Obligor or Obligor's successors and assigns, owns and continuously occupies

the Property as a primary residence. Based on an analysis of the underwriting of the Apartment Subsidy, HPD has determined that such reduction is necessary to ensure the continued affordability and economic viability of the Property. However, if Obligor refinances the debt secured by the lien of an institutional lender and a portion of this note is paid to HPD pursuant to Paragraph 3 hereof, the remaining outstanding balance of this note shall be reduced by a sum equal to the then remaining outstanding balance of this note divided by the number of years remaining at such time until the twenty-fifth anniversary of this note, for each full year during which Obligor or Obligor's successors and assigns, owns and continuously occupies the Property as a primary residence.

3. Except as provided otherwise in this note or in the Apartment Subsidy Mortgage, this note shall be payable solely from the Appreciation (hereinafter defined) of the Property gained by Obligor or any subsequent owner of the Property upon the transfer for consideration of the Property or from Refinancing Profits (hereinafter defined). "Appreciation" shall mean the amount by which the Total Consideration which Obligor or a subsequent owner receives on the transfer of the Property exceeds the Purchase Price, minus any reasonable attorney's fees, reasonable brokerage fees, title policy fees, recording fees, or transfer taxes incurred by Obligor or a subsequent owner in both the purchase of the Property and the subsequent sale of the Property to a resale purchaser. The term "Purchase Price" shall mean the amount paid by Obligor or a subsequent owner in purchasing the Property, excluding the amount of the Apartment Subsidy Note. The term "Total Consideration" shall mean the cash and non-cash consideration which Obligor or a subsequent owner receives for the Property including cash, real property, personal property, the unamortized principal of any purchase money mortgage encumbering the Property which is assumed by the resale purchaser and the principal of any purchase money mortgage which the resale purchaser gives Obligor or a subsequent owner to secure any unpaid portion of the Purchase Price. "Refinancing Profits" shall mean the amount by which any debt resulting from the refinancing of the lien by an institutional lender exceeds the Purchase Price.

(a) If the Property is resold within three years of its initial purchase, this note shall be due and payable upon each transfer for consideration of the Property by each seller to the extent of one hundred per centum (100%) of the Appreciation upon such transfer, up to the amount of the Apartment Subsidy.

(b) If the Property is resold after three years of its initial purchase, this note shall be due and payable upon each transfer for consideration of the Property by each seller to the extent of fifty per centum (50%) of the Appreciation upon each such transfer, up to the amount of the Apartment Subsidy.

(c) If Obligor refinances the debt secured by the lien of an institutional lender, the amount due and payable at such time under this note shall be fifty

per centum (50%) of the Refinancing Profits, up to the amount of the Apartment Subsidy.

Payments received shall first be applied to reduce the Apartment Development Subsidy, and second to reduce the Apartment Land Subsidy.

The payment of this note shall remain the obligation of Obligor and each seller and owner regardless of whether the consideration for the transfer or refinancing shall be cash, purchase money mortgage or such other non-cash consideration.

4. This note shall be a standing obligation which shall be without interest and shall not require the payment of installments, except as provided by the terms hereof. During the term of this note, Obligor shall continuously occupy the Property as his or her primary residence. Upon any transfer of the Property, this note must be either fully satisfied or assigned to and assumed by the transferee, pursuant to the terms and conditions contained in this note. In the event of such an assignment and assumption, such transferee/assignee must continuously occupy the Property as his or her primary residence during the remaining term of this note and comply with all of the terms, conditions and obligations contained in this note.

5. This note shall, at the option of HPD, become due on the happening of any default or event by which, under the terms of this note or the Apartment Subsidy Mortgage, this note may or shall become due and payable ("Default"). No payments of principal, interest, or servicing fee shall be payable hereunder, and HPD shall not demand any payments of principal or interest, except upon a Default.

6. All terms and provisions of this note and the Apartment Subsidy Mortgage shall be subject and subordinate to the lien of any permanent mortgage made by an institutional lender, a lender approved by the Federal Housing Administration, or any other mortgagee approved by HPD, for the purchase of the Property heretofore made (hereinafter referred to as the "Lender"), and any payments or expenses already made or incurred or which may hereafter be made or incurred, pursuant to the terms thereof, or incidental thereto, or to protect the security thereof, to the full extent thereof. If any action or proceeding to foreclose such mortgage shall be instituted by Lender, Obligor shall immediately upon service thereof, deliver to HPD a true copy of each notice, petition, summons or paper howsoever designated, served in such action or proceeding. It is hereby expressly agreed that should any default occur in the payment of principal or interest on any prior mortgage, and should such installment remain unpaid beyond any applicable grace period, or should any action be commenced to foreclose such mortgage, then the amount of this note shall become due and payable at the option of HPD.

7. Obligor hereby waives presentment and demand for payment, notice of dishonor, protest and notice of protest of this note and agrees to pay all costs of collection when incurred, including reasonable attorney's fees (which costs may be added to the amount due under this note and be receivable therewith) and to perform and comply with each of the terms, covenants and conditions contained in this note and the Apartment Subsidy Mortgage on the part of Obligor to be observed or performed.

8. The terms, covenants and conditions of this note shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of New York.

9. This note is secured by the Apartment Subsidy Mortgage. All of the terms, covenants, and conditions of the Apartment Subsidy Mortgage are hereby made a part of hereof as if fully set forth herein.

10. This note may not be modified, amended, changed, discharged or terminated orally, but only by an agreement in writing signed by the party against whom the enforcement of the modification, amendment, change, discharge or termination is sought.

11. Obligor (and the undersigned representatives or Obligor, if any) has full power, authority and legal right to execute and deliver this note and represents that the obligation evidenced by this note constitutes a valid and binding obligation of Obligor.

12. If there are more than one Obligor each shall be separately liable. The words "Obligor," the "City" and "HPD" shall include their heirs, executors, administrators, successors and assigns. If there are more than one Obligor or HPD the words "Obligor" and "HPD" used in this note shall be read as if written in the plural.

IN WITNESS WHEREOF, Obligor has duly signed this note as of the date at the top of the first page.

OBLIGOR

**FORM OF APARTMENT
SUBSIDY MORTGAGE**

EXHIBIT E

FORM OF APARTMENT SUBSIDY MORTGAGE

[on following pages]

THIS APARTMENT SUBSIDY MORTGAGE is made the ____ day of _____, between _____, an individual(s) residing at _____, Block _____ Lot _____, ("Mortgagor") and the City of New York (the "City"), a municipal corporation acting by and through its Department of Housing Preservation and Development, having an office at 100 Gold Street, New York, New York 10038 ("HPD").

1. This mortgage is made to secure a note ("Apartment Subsidy Note") made by Mortgagor as Obligor to the City in the amount of _____ dollars (\$_____) ("Apartment Subsidy").

2. Mortgagor hereby mortgages to HPD all right, title and interest of Mortgagor in and to the following unit as more fully described on Schedule A attached hereto and made a part hereof ("Property");

(a) Together with all of Mortgagor's right, title and interest in the common elements of the building described in Schedule A (collectively, the "Premises");

(b) Together with all fixtures and personal property which now are or which may hereafter be attached to or used or useful in connection with the Premises;

(c) Together with all right, title and interest of Mortgagor in and to all leases and other agreements affecting the use or occupancy of the Premises or any portion thereof now or hereafter entered into and the rents, issues and profits from the Premises or any portion thereof.

(d) Together with any insurance proceeds.

3. Except as otherwise provided in this mortgage, or the Apartment Subsidy Note, the Apartment Subsidy shall be reduced by one-twenty fifth (1/25) of the original amount of the Apartment Subsidy for each full year during which Mortgagor or Mortgagor's successors and assigns, owns and continuously occupies the Property as a primary residence. Based on an analysis of the underwriting of the Apartment Subsidy, HPD has determined that such reduction is necessary to ensure the continued affordability and economic viability of the Property. However, if Mortgagor refinances the debt secured by the lien of an institutional lender and a portion of the Apartment Subsidy is paid to HPD pursuant to the terms hereof, the remaining outstanding Apartment Subsidy shall be reduced by a sum equal to the remaining outstanding Apartment Subsidy divided by the number of years remaining at such time until the twenty-fifth anniversary of this mortgage, for each full year during which Mortgagor or

Mortgagor's successors and assigns, owns and continuously occupies the Property as a primary residence.

4. Except as provided otherwise in this mortgage or the Apartment Subsidy Note, this mortgage shall be payable solely from the Appreciation (hereinafter defined) of the Property gained by Mortgagor or any subsequent owner of the Property upon the transfer for consideration of the Property or from Refinancing Profits (hereinafter defined). "Appreciation" shall mean the amount by which the Total Consideration which Mortgagor or a subsequent owner receives on the transfer of the Property exceeds the Purchase Price, minus any reasonable attorney's fees, reasonable brokerage fees, title policy fees, recording fees, or transfer taxes incurred by Mortgagor or a subsequent owner in both the purchase of the Property and the subsequent sale of the Property to a resale purchaser. The term "Purchase Price" shall mean the amount paid by Mortgagor or a subsequent owner in purchasing the Property, excluding the amount of the Apartment Subsidy. The term "Total Consideration" shall mean the cash and non-cash consideration which Mortgagor or a subsequent owner receives for the Property including cash, real property, personal property, the unamortized principal of any purchase money mortgage encumbering the Property which is assumed by the resale purchaser and the principal of any purchase money mortgage which the resale purchaser gives Mortgagor or a subsequent owner to secure any unpaid portion of the Purchase Price. "Refinancing Profits" shall mean the amount by which any debt resulting from the refinancing of the lien by an institutional lender exceeds the Purchase Price.

(a) If the Property is resold within three years of its initial purchase, the indebtedness secured by the lien of this mortgage shall be due and payable upon each transfer for consideration of the Property by each seller to the extent of one hundred per centum (100%) of the Appreciation upon such transfer, up to the amount of the Apartment Subsidy.

(b) If the Property is resold after three years of its initial purchase, this mortgage shall be due and payable upon each transfer for consideration of the Property by each seller to the extent of fifty per centum (50%) of the Appreciation upon each such transfer, up to the amount of the Apartment Subsidy.

(c) If Mortgagor refinances the debt secured by the lien of an institutional lender, the amount due and payable at such time under this note shall be fifty per centum (50%) of the Refinancing Profits, up to the amount of the Apartment Subsidy.

Payments received shall first be applied to reduce the Apartment Development Subsidy, and second to reduce the Apartment Land Subsidy.

The payment of the indebtedness secured by the lien of this mortgage shall remain the obligation of Mortgagor and each seller and owner regardless of

whether the consideration for the transfer or refinancing shall be cash, purchase money mortgage or such other non-cash consideration.

5. The parties hereto agree that all terms and provisions of this mortgage and the Apartment Subsidy Note shall be subject and subordinate to the lien of any mortgage heretofore granted to an institutional lender or an FHA approved lender or any other mortgagee approved by HPD for the purpose of financing the purchase of the Property (the "Prior Mortgagee") and any payments or expenses already made or incurred or which may hereafter be made or incurred, pursuant to the terms thereof, or incidental thereto, or to protect the security thereof, to the full extent thereof. If any action or proceeding of foreclosure shall be instituted by the Prior Mortgagee, Mortgagor shall immediately upon service thereof, deliver to HPD a true copy of each notice, petition, summons or papers howsoever designated, served in such action or proceeding or in any such action or proceeding. It is hereby expressly agreed that should any default occur in the payment of principal or interest on any prior mortgage, and should such installment remain unpaid beyond any applicable grace period, or should any action be commenced to foreclose such mortgage, then any unpaid portion of the Apartment Subsidy shall become due and payable at the option of HPD.

6. Mortgagor will keep the Property insured against loss by fire and other risks as required by the Prior Mortgagee, or as required by HPD if there is no Prior Mortgagee. Mortgagor shall also name the City as a loss payee as its interest may appear. Except to the extent required otherwise by the Prior Mortgagee, the proceeds of insurance shall be assigned to and be payable to the City and shall be applied to rebuilding unless HPD determines rebuilding is infeasible, in which event the proceeds shall be distributed as follows: (i) to the Prior Mortgagee to the extent of its interest, (ii) to Mortgagor to the extent of Mortgagor's equity in the Property ("Mortgagor's Equity") which shall be equal to the initial cash down-payment paid by Mortgagor and aggregate amortization of principal paid by Mortgagor to the Prior Mortgagee; (iii) to HPD pursuant to this mortgage up to the full amount of the Apartment Subsidy; and (iv) to Mortgagor to the extent of the remaining balance.

7. Except to the extent required otherwise by the Prior Mortgagee, if any part of the Premises is condemned for public use of any nature, any proceeds or award shall be assigned to and be payable to the City to be applied as follows: (i) to the Prior Mortgagee to the extent of its interest, (ii) to Mortgagor to the extent of Mortgagor's Equity, (iii) to the City pursuant to this mortgage up to the full amount of the Apartment Subsidy, (iv) to Mortgagor to the extent of the remaining balance.

8. The Property shall not be removed or demolished or structurally altered in any way without the prior written consent of HPD.

9. Mortgagor will keep the Property in good repair.

10. Mortgagor warrants the title to the Property.

11. Mortgagor warrants and represents that Mortgagor (and the undersigned representatives of Mortgagor, if any) has full power, authority and legal right to execute and deliver this mortgage and the note and to mortgage all right, title and interest of Mortgagor in and to the Property pursuant to the terms hereof and to keep and observe all of the terms, covenants and conditions of this mortgage and the note on Mortgagor's part to be performed.

12. Mortgagor shall, during the term of this mortgage, continuously occupy the Property as a primary residence.

13. Upon any transfer of the Property, this mortgage must be either discharged or assigned to and assumed by the transferee, pursuant to the terms of this mortgage and the Apartment Subsidy Note. In the event of such an assignment and assumption, such transferee/assignee must continuously occupy the Property as his or her primary residence during the remaining term of this mortgage and comply with all the terms, conditions and obligations contained in this mortgage and the Apartment Subsidy Note.

14. The whole of the Apartment Subsidy shall immediately become due and payable at the option of HPD upon any default under this mortgage, and/or the Apartment Subsidy Note, or in the absence of the assignment and assumption provided for in Paragraph 13 hereof, upon the date this mortgage shall become due and payable.

15. The Apartment Subsidy secured hereby shall be a standing obligation which shall be without interest and shall not require the payment of installments, except as provided for by the terms of the note.

16. Unless HPD has commenced a proceeding to foreclose this mortgage prior to such date, this mortgage shall be deemed of no further force and effect upon either: (i) the repayment in full of the Apartment Subsidy and the satisfaction of the Apartment Subsidy Note; or (ii) the twenty-fifth anniversary of continuous ownership and occupancy of the Property as a primary residence by Mortgagor, his/her successors and assigns. HPD shall, on or after such date, upon written request by Mortgagor, execute a satisfaction or discharge of this mortgage.

17. Mortgagor shall, within ten (10) days after request by HPD and at Mortgagor's expense, furnish HPD with a statement, duly acknowledged and certified, setting forth the amount of the Apartment Subsidy and whether any offsets or defenses exist against the Apartment Subsidy.

18. Any notices, demands, certifications, requests, communications or the like required or permitted to be given under this mortgage, unless otherwise specifically provided in this mortgage, shall be in writing and shall be delivered personally or given by regular, certified, or registered mail, correct postage prepaid, to the addresses first set forth above, or such other addresses as the parties may for themselves designate in writing for the purpose of receiving notices hereunder. Notices shall be deemed given when actually, personally delivered and receipted or when deposited with the post office registry clerk or an official U.S. post box.

19. The terms, covenants and conditions of this mortgage shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of New York.

20. This mortgage is subject to the terms, covenants and conditions of the note to the same extent and effect as if fully set forth herein.

21. This mortgage may not be modified, amended, changed, discharged or terminated orally, but only by an agreement in writing signed by the party against whom the enforcement of the modification, amendment, change, discharge or termination is sought.

22. If there are more than one Mortgagor each shall be separately liable. The words "Mortgagor," the "City" and "HPD" shall include their heirs, executors, administrators, successors and assigns. If there are more than one Mortgagor or HPD the words "Mortgagor" and "HPD" used in this mortgage shall be read as if written in the plural.

23. HPD shall be entitled to the appointment without notice of a receiver in any action to foreclose this mortgage. Such receiver shall be bound by the provisions hereof with respect to the application of any payments received in connection with the Apartment Subsidy.

24. This mortgage may be executed in one or more duplicate originals bearing the same date.

MORTGAGOR

HUD SECTION 108
NOTE AND MORTGAGE

NOTE

\$7,500,000

June __, 2003
New York, New York

FOR VALUE RECEIVED, Strivers Gardens Realty LLC, a New York limited liability company having its principal place of business at 5 East 86th Street, New York, New York 10028 ("Maker"), promises to pay to The City Of New York (the "City" or "Payee"), a municipal corporation acting by and through its Department of Housing Preservation and Development, having its principal office at 100 Gold Street, New York, New York 10038 or order, the principal sum of Seven Million Five Hundred Thousand Dollars (\$7,500,000) (the "Indebtedness"), which Indebtedness Maker hereby covenants to pay Payee, its successors or assigns, as follows:

PRINCIPAL PAYMENTS

Principal payments hereunder shall be due and payable as follows:

- A principal payment in the amount of \$202,000 on May 1, 2006.
- A principal payment in the amount of \$215,000 on May 1, 2007.
- A principal payment in the amount of \$233,000 on May 1, 2008.
- A principal payment in the amount of \$277,000 on May 1, 2009.
- A principal payment in the amount of \$319,000 on May 1, 2010.
- A principal payment in the amount of \$364,000 on May 1, 2011.
- A principal payment in the amount of \$388,000 on May 1, 2012.
- A principal payment in the amount of \$412,000 on May 1, 2013.
- A principal payment in the amount of \$438,000 on May 1, 2014.
- A principal payment in the amount of \$465,000 on May 1, 2015.
- A principal payment in the amount of \$495,000 on May 1, 2016.
- A principal payment in the amount of \$526,000 on May 1, 2017.
- A principal payment in the amount of \$559,000 on May 1, 2018.
- A principal payment in the amount of \$594,000 on May 1, 2019.

A principal payment in the amount of \$631,000 on May 1, 2020.

A principal payment in the amount of \$670,000 on May 1, 2021.

A principal payment in the amount of \$712,000 on May 1, 2022.

Each such date shall be referred to as a "Principal Due Date."

INTEREST PAYMENTS

For the purposes of this section and Appendix A, the definitions of the capitalized terms not defined herein shall have the meanings ascribed to them in that certain Variable/Fixed Rate Note from the City of New York to Afterwatch & Co. dated June 2003 ("Section 108 Note") and that certain Contract for Loan Guarantee Assistance Under Section 108 of the Housing and Community Development Act of 1974 between HPD and the Secretary for Housing and Urban Development dated June 2003.

The "HUD Conversion Date" shall mean shall mean the date when the Section 108 Note is (i) delivered by the holder thereof to JP Morgan Chase Bank as fiscal agent and (ii) assigned to JP Morgan Chase Bank (or any successor thereto) ("Fiscal Agent") acting in its capacity as Trustee pursuant to that certain Trust Agreement with United States Department of Housing and Urban Development ("HUD") dated as of January 1, 1995.

PRIOR TO AND ON THE HUD CONVERSION DATE.

The following applies for the period prior to and including the HUD Conversion Date.

Interest Rate Prior to HUD Conversion Date

- ✓ The interest rate hereunder prior to the HUD Conversion Date ("Pre-Conversion Interest Rate") shall be as follows: The initial interest rate will be equal to 20 basis points (0.2%) above the Applicable LIBO Rate (as hereinafter defined) and thereafter will be adjusted monthly on the first day of each month (each, a "Reset Date") to a variable interest rate equal to 20 basis points (0.2%) above the Applicable LIBO Rate (such interest rate, as reset from time to time, the "Standard Note Rate"). If the HUD Conversion Date has not occurred by the May 1 following the date of this Note, then the terms of Appendix A shall be used to set the variable interest rate. If the Fiscal Agent does not receive notice of either a Negotiated Special Interest Rate or Holder Determined Special Interest Rate (as defined in Appendix A attached hereto) from the Secretary or Holder, respectively, by the times specified in Appendix A to this Note, then the Standard Note Rate shall apply for the period to which such Negotiated Special Interest Rate or Holder Determined Special Interest Rate would otherwise apply. The Fiscal Agent may conclusively rely on

any such notice as to the correctness of any matters set forth therein. Appendix A shall be inapplicable to this Note on or after the HUD Conversion Date.

"LIBO Rate" for any given Business Day means, except in the case of manifest error, the interest rate per annum published on that day in the Eastern Edition of The Wall Street Journal or any successor publication ("WSJ"), published by Dow Jones & Company, Inc., in the section titled "Money Rates" (or any successor section) and opposite the caption "London Interbank Offered Rates (LIBOR) -- three months" (or any successor caption). If such rate does not appear in WSJ on a given Business Day, for each interest period, the LIBO Rate shall be the interest rate, converted to a bond-equivalent yield basis, for deposits in U.S. dollars for three months which appears on Telerate Page 3750 or such other page as may replace Page 3750 on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying such rate (together, "Telerate Page 3750") as of 11:00 a.m., London time, on the day (the "Determination Date") that is two London Banking Days preceding the relevant Reset Date or Advance. If such rate does not appear on Telerate Page 3750 on such Determination Date, such rate shall be obtained from the Reuters Screen ISDA Page as of 11:00 a.m., London time, on such Determination Date. If, in turn, such rate does not appear on the Reuters Screen ISDA Page on such Determination Date, the offered quotation from each of four reference banks (expressed as a percentage per annum) as of approximately 11:00 a.m., London time, on such Determination Date for deposits in U.S. dollars to prime banks on the London interbank market for a 3-month period, commencing on the Reset Date or date of such Advance, shall be obtained. If at least two such quotations are provided, the LIBO Rate for such Reset Date or date of such Advance will be the arithmetic mean of the quotations, rounded to five decimal places. If fewer than two such quotations are provided as requested, the LIBO Rate for that Determination Date shall be the rate for the most recent day preceding such Determination Date for which the LIBO Rate shall have been displayed on Telerate Page 3750. The LIBO Rate for any interest period shall be converted to a bond-equivalent yield basis by multiplying such rate by the actual number of days in such interest period and dividing that number by 180.

"Applicable LIBO Rate" means: (1) with respect to the initial interest rate for the first Advance hereunder, the LIBO Rate two London Banking Days before the date of such first Advance; (2) with respect to the initial interest rate for any subsequent Advance made before the first Reset Date, the interest rate borne by the first Advance; (3) with respect to the initial interest rate for any subsequent Advance made after the first Reset Date, the LIBO Rate two London Banking Days before the immediately preceding Reset Date; and (4) with respect to the subsequent interest rate at any Reset Date for any Advance, the LIBO Rate two London Banking Days before such Reset Date.

"London Banking Day" means any day in which dealings in deposits in United States dollars are transacted in the London interbank market. Interest payable on or before the Conversion Date shall be calculated on the basis of a 360-day year and the actual number of days lapsed.

Interest Payments Prior to and on the HUD Conversion Date:

Interest at the Pre-Conversion Interest Rate shall be due and payable on each January 1, April 1, July 1 and October 1 of each year prior to the HUD Conversion Date and including the HUD Conversion Date (each such date shall be referred to as an "Interim Payment Date").

The amount of interest payable on each Interim Payment Date will represent interest accrued during the three-month period ending immediately prior to such Interim Payment Date, or in the case of the first Interim Payment Date, the period from and including the date of this Note to but excluding the first Interim Payment Date following the date of this Note.

Interest at the Pre-Conversion Interest Rate also shall be paid on the HUD Conversion Date and each Principal Due Date prior to the HUD Conversion Date. The amount of interest payable on the HUD Conversion Date or on any Principal Due Date that precedes such Conversion Date will represent interest accrued during the period from the last Interim Payment Date to the HUD Conversion Date or Principal Due Date, respectively.

AFTER THE HUD CONVERSION DATE

The following applies for the period after the HUD Conversion Date until the Indebtedness together with all accrued interest thereon is fully paid.

Interest Rate After HUD Conversion Date

- ✓ The interest rate hereunder on and after the HUD Conversion Date (the "Post-Conversion Interest Rate") shall be the greater of (i) 6.25% per annum or (ii) the Public Offering Interest Rate (as hereinafter defined)

On the HUD Conversion Date, trust certificates backed by this Note will be purchased for a purchase price of the full principal amount thereof by underwriters selected by the Secretary of HUD (the "Underwriters") pursuant to an Underwriting Agreement between the Underwriters and the Secretary, at a closing on such Conversion Date as determined by the Secretary and the Underwriters. The "Public Offering Interest Rate" is the interest rate at which the trust certificate of a specified maturity is sold to the Underwriters.

Interest Payments After HUD Conversion Date:

Interest at the Post-Conversion Interest Rate shall be due and payable on conversion date on January 1 and July 1 of each year.

On June 1, 2023, (the "Maturity Date"), the balance of the Indebtedness then remaining unpaid with the interest then accrued thereon together with any additional payments which may be due the Payee pursuant to the provisions of this Note, shall be due and payable.

IT IS HEREBY EXPRESSLY AGREED that the entire principal sum of the Indebtedness, interest thereon and all other sums which may or shall become due under this Note or the mortgage

securing this Note (all such sums being hereinafter referred to as the "Indebtedness") shall, at the option of the Payee, become due and payable upon the happening of any default or event by which, under the terms of this Note or the Mortgage securing this Note or any other document or instrument evidencing, securing or guaranteeing principal payment of the Indebtedness or any other document between Maker and Payee executed with regard to the Premises, in whole or in part (the "Other Loan Documents"), the Indebtedness may or shall become due and payable ("Default").

This Note is secured by a certain mortgage of even date herewith between the NYC Partnership Housing Development Fund Company, Inc. and Maker, as co-mortgagors, and Payee, as mortgagee ("Mortgage"). The Mortgage encumbers certain real property described therein, located in the County of New York, City and State of New York and known as and by the street address 300 West 135th Street, designated as Block 1959, Lot 31 on the Tax Map of the City as more fully described in the Mortgage ("Premises"). This Note evidences, and the Mortgage secures, Maker's obligation to repay a loan for the rehabilitation of the Premises. Such loan was made pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974, as amended. All of the terms, covenants, and conditions contained in the Mortgage, that certain building loan agreement by and among Maker, Strivers Gardens Realty LLC and Fleet National Bank, dated of even date herewith ("Building Loan Agreement"), and the Other Loan Documents are hereby made part of this Note, with the same force and effect as if fully set forth herein. This Note, the Mortgage, the Building Loan Agreement, and the Other Loan Documents (collectively, "Loan Documents") set forth all of the agreements and understandings between Maker and Payee concerning the Indebtedness.

If there shall be an event of Default, then, at the option of Payee: (i) interest shall accrue from the date of such default or violation on the entire outstanding principal sum of the Indebtedness at the rate of fourteen (14%) percent per annum or at the maximum interest rate permitted by law; or (ii) the entire outstanding principal sum of the Indebtedness, together with accrued interest thereon, shall become immediately due and payable with interest payable at the rate of fourteen (14%) percent per annum or the maximum interest rate permitted by law until fully paid.

The principal balance of this Note may not be prepaid.

This Note is subject to the express condition that at no time shall the Maker be obligated or required to pay interest on the principal balance of this Note at a rate which could subject the Payee to either civil or criminal liability as a result of being in excess of the maximum rate which the Maker is permitted by law to contract or agree to pay and the Payee is permitted by law to collect. If by the terms of this Note or the Mortgage, the Maker is at any time required or obligated to pay interest on the principal balance of this Note at a rate in excess of such maximum rate, the rate of interest under this Note shall be deemed to be immediately reduced to such maximum rate and the interest payable hereunder shall be computed at such maximum rate and the portion of all prior interest principal payments in excess of such maximum rate shall, without further agreement or notice, be deemed applied to principal immediately upon receipt of such monies by the Payee with the same force and effect as though the Maker had specifically designated such sums to be so applied to principal and the Payee had accepted such sums as a premium-free principal payment. The provisions of this paragraph shall control every other provision of this Note.

Notwithstanding anything to the contrary contained in this Note, the liability and obligation of Maker to perform and observe and make good the obligations contained in the Loan Documents shall not be enforced by any action or proceeding wherein damages or any money judgment shall be sought against Maker, except a foreclosure action against the Premises. Any judgment in any such foreclosure action shall be enforceable against Maker only to the extent of Maker's right, title, and interest in and to the Premises and the Rents (as defined in the Mortgage). Payee, by accepting this Note and the Mortgage, irrevocably waives any and all right to sue for, seek, or demand any deficiency judgment against Maker in any such foreclosure action, under or by reason of or in connection with this Note or the Mortgage. For purposes of this paragraph, "Maker" shall include the individual partners, officers, directors, manager or members of Maker, as applicable.

The Maker hereby waives presentment and demand for principal payment, notice of dishonor, protest and notice of protest of this Note and agrees to pay all costs of collection when incurred, including reasonable attorneys' fees (which costs may be added to the amount due under this Note and be receivable therewith) and to perform and comply with each of the terms, covenants and conditions contained in this Note, the Mortgage, the Building Loan Agreement, and the Other Loan Documents on the part of the Maker to be observed or performed. No release of any security for the principal sum due under this Note or extension of time for principal payment of this Note, or any installment hereof, and no alteration, amendment or waiver of any provision of this Note, the Mortgage, the Building Loan Agreement, or the Other Loan Documents made by agreement between the Payee and the Maker (except to the extent explicitly set forth therein) or any other person or party shall release, discharge, modify, change or affect the liability of the Maker under this Note, the Mortgage, the Building Loan Agreement, or the Other Loan Documents.

Notwithstanding that the proceeds of the loan evidenced hereby are to be disbursed under the Building Loan Agreement, the indebtedness evidenced hereby as of the date of this Note shall be the entire Indebtedness in the amount of \$7,500,000.

Maker hereby represents and warrants to Payee that:

- a. Maker is duly formed under the laws of the State of New York and has all necessary power, authority, and legal right to execute and deliver this Note, to enter into and perform the obligations under this Note and the Other Loan Documents, and to conduct its business as presently conducted or proposed to be conducted.
- b. The Maker and the undersigned representative(s) of Maker executing and delivering this Note have the power and authority to execute and deliver this Note.
- c. Each of the Loan Documents, as executed and delivered, constitutes a legal, valid, and binding obligation of Maker, enforceable against Maker in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditor's rights generally and principles of equity.

- d. The consummation of the transactions herein contemplated and the execution, delivery, and performance by Maker of its obligations under each of the Loan Documents have been approved through all necessary actions of Maker and will not violate any law, regulation, order, writ, or decree of any court of governmental body agency or other instrumentality applicable to (and, in the case of any order, writ, or decree, known to) Maker, or result in a breach of any terms, conditions or provisions of (or constitute a default under or result in the creation or imposition of) any mortgage, lien, charge, or encumbrance of any nature whatsoever upon any of the assets of Maker (except as contemplated and intended by the Loan Documents).
- e. There are no actions, suits or proceedings at law or at equity pending or threatened against or affecting Maker or any portion of the Premises (including, without limitation, any condemnation or eminent domain proceeding against the Premises or any part thereof), or which affect or might affect the validity or enforceability of any of the Loan Documents (including, but not limited to, the Mortgage and the priority of the lien thereof), or which might materially adversely affect the ability of Maker to perform any of its obligations under the Loan Documents, and Maker is not in default with respect to any order, writ, injunction, decree, or demand of any governmental authority.

If Maker consists of more than one person or entity, the obligations and liabilities of each such person or entity hereunder shall be joint and several.

Words in the singular shall include the plural and vice-versa. The words "Payee" and Maker" shall include their respective successors and assigns.

This Note shall be governed, construed, applied, and enforced in accordance with the laws of the State of New York, without regard to principles of conflicts of laws.

This Note may not be modified, amended, changed, discharged, or terminated orally, but only by an agreement in writing signed by the party against whom enforcement of such modification, amendment, change, discharge, or termination is sought.


If any term or provision of this Note shall be found to be void, voidable, or otherwise unenforceable, such term or provision shall be deemed severed from this Note and shall have no further force or effect, and the remaining terms and provisions shall thereafter continue in full force and effect to accomplish the intent and purpose of this Note to the fullest extent possible.

To the extent permitted by law, Maker hereby waives any and all rights it may have, at law or equity, to challenge, modify, set aside, extinguish, enjoin enforcement of, or seek relief from any of the terms, conditions, covenants, restrictions, or agreements in this Note.

This Indebtedness is made pursuant to, and is thereby subject to, the provisions of Section 108 of

the Housing and Community Development Act of 1974, as amended.

Strivers Gardens Realty LLC

By: 
Bernard Friedman
Managing Member

APPROVED AS TO FORM:

By: /s/ Len Wasserman
(Acting) Corporation Counsel

APPENDIX A

Special Pre-HUD Conversion Interest Rates.

For the purposes of this Appendix A, the definitions of the capitalized terms herein shall have the definitions ascribed to them in that certain Variable/Fixed Rate Note from the City of New York to Afterwatch & Co. dated June , 2003 and that certain Contract for Loan Guarantee Assistance Under Section 108 of the Housing and Community Development Act of 1974 between HPD and the Secretary for Housing and Urban Development dated June , 2003.

- (a) The Holder and the Secretary contemplate that the majority of the outstanding Variable/Fixed Rate Notes will be purchased by underwriters selected by the Secretary for sale in public offerings to occur each year. If a public offering including this Note has not occurred by each March 1 following the initial Advance under this Note, the Secretary shall, upon request, advise the Holder as to when a public offering including this Note is expected to occur, and the Holder and the Secretary agree to consult with each other as to what the interest rate on this Note will be after May 1 of that year if a public offering has not occurred by such May 1. The Holder shall notify the Secretary if such consultation has not occurred by April 1 of that year. If no public offering including this Note has occurred on or before such May 1, the applicable interest rate on this Note from such May 1 shall be the rate (if any) negotiated and agreed upon by the Secretary and the Holder. Such rate may be the Standard Note Rate or some other rate agreed upon by the Holder and the Secretary at least two Business Days before such May 1 (such other rate, the "Negotiated Special Interest Rate"). The Secretary shall notify the Fiscal Agent and the Holder in writing of any Negotiated Special Interest Rate within two Business Days of the determination thereof.
- (b) If the Secretary and the Holder do not, by the April 15th preceding such May 1, negotiate and agree under Section (a) of this Appendix on an interest rate applicable to this Note, then the Holder may, on or before the April 20th preceding such May 1, give written notice to the Secretary of its intent to change the interest rate on this Note and, if such notice was given during such period, the Holder may, on such May 1, unilaterally determine (subject to the terms of this paragraph) the interest rate that this Note will bear (such rate, the "Holder Determined Interest Rate") from and including such May 1 to but excluding the earliest of: (i) the Conversion Date; (ii) the date that this Note is purchased by a new Holder (as described in Section (c) below) or (iii) a Monthly Special Reset Date (as defined below). Interest from and including such May 1 to but excluding the Public Offering Date shall be paid on the unpaid principal balance of all outstanding Advances under this Note at the rate(s) to be determined by the Holder which, based upon then prevailing market conditions and taking into account all the circumstances, will enable the Holder to sell this Note at one hundred percent (100%) of the aggregate amount of all Advances hereunder prior to the date of such sale. Such interest rate shall be determined as of such

May 1 and shall be determined again on the foregoing basis on the first of each month thereafter (the first of each month after such May 1, a "Monthly Special Reset Date"). The Holder shall notify the Fiscal Agent and the Secretary in writing within two Business Days following such dates of the determination of the Holder Determined Interest Rate and each applicable interest rate determined on a Monthly Special Reset Date.

- (c) If the Secretary and the Holder have failed to agree upon an interest rate pursuant to Section (a) of this Appendix A, the Secretary, upon seven calendar days notice to the Holder, may arrange for the purchase of this Note in full by another entity on the following May 1 or any Business Day thereafter. If such a purchase occurs, the Holder shall sell and assign this Note to the purchaser thereof without recourse to the Holder and deliver this Note and its Guarantee to the Fiscal Agent for registration in the name of the purchaser thereof in accordance with the Secretary's written instructions. The purchase price for this Note shall be 100% of the aggregate amount of all Advances owing hereunder plus accrued interest to the date of purchase. Payment to the Holder of the purchase price for this Note shall be made by the purchaser thereof in Federal funds at the offices of the Holder, or at such other place as shall be agreed upon by the Holder and the Secretary, at 10:00 a.m., New York time, on the date of purchase. After such purchase date this Note shall bear a rate of interest negotiated between the Secretary and the new interim Holder (the "New Purchaser Special Interest Rate"). The Secretary shall notify the Fiscal Agent and the new purchaser in writing of any New Purchaser Special Interest Rate within two Business Days following the date of determination thereof.
- (d) Notwithstanding Sections (a) through (c) (inclusive) of this Appendix, no Borrower is obligated to pay interest at a variable rate exceeding the maximum rate permitted by generally applicable law of the Borrower's state (such rate, the "Maximum Rate"). If the Borrower receives notice of a variable interest payment that exceeds the Maximum Rate, then the Borrower shall timely pay such amount as does not exceed the Maximum Rate, and concurrently shall notify the Secretary and the Fiscal Agent of the reason for any interest non-payment.

HPD SECTION 108 RETAIL MORTGAGE

THIS MORTGAGE ("Mortgage"), entered into as of this 26 day of June, 2003, between **NYC PARTNERSHIP HOUSING DEVELOPMENT FUND COMPANY, INC.**, an New York non-profit corporation having an office at One Battery Park Place, New York, NY 10004 (the "Owner"), **STRIVERS GARDENS REALTY LLC**, a New York limited liability company having its principal place of business at 5 East 86th Street, New York, New York 10028 (the "Developer") (the Owner and Developer shall collectively be referred to as the "Mortgagor") and **THE CITY OF NEW YORK** (the "City"), a municipal corporation having its principal office at City Hall, New York, New York 10007, acting by and through its Department of Housing Preservation and Development ("HPD"), having its principal office at 100 Gold Street, New York, New York 10038 ("Mortgagee").

To secure the payment of an indebtedness in the principal sum of Seven Million Five Hundred Thousand Dollars (\$7,500,000) lawful money of the United States, to be paid with interest thereon according to a certain note dated the date hereof made by Developer, as maker, to Mortgagee, as payee ("Note") (said principal sum, interest, and all other sums which may or shall become due and payable under the Note and/or this Mortgage being hereinafter collectively referred to as the "Indebtedness"), Mortgagor hereby mortgages to Mortgagee all right, title and interest of Mortgagor in and to the property described in Schedule A annexed hereto and made a part hereof located in the County of New York, City and State of New York and known as and by the street address 300 West 135th Street, and as Block 1959, Lot 31 on the Tax Map of the City.

- A. Together with all right, title and interest, if any, of Mortgagor of, in and to the lands lying in the beds of the streets, roads and avenues, through or across or in front of and adjoining the above described property.
- B. Together with all right, title and interest of Mortgagor in and to any and all buildings, improvements and appurtenances now standing or at any time hereafter constructed or placed upon said property or any part thereof, and all the right, title and interest of Mortgagor in and to all fixtures and articles of personal property now or hereafter attached to, used in the operation of, or located in or about the above described property, together with any and all replacements thereof and additions thereto.
- C. Together with all easements and rights of way now or hereafter benefiting the above described property.
- D. Together with all right, title and interest of Mortgagor in and to any and all awards or payments, including interest thereon, heretofore made or hereafter made or to be made by any government, Municipal, State or Federal authorities to the present and all subsequent owners of the above described property for any taking of or injury to said property through eminent domain or otherwise, including any awards or damages for any change or changes of grade of or the widening of streets, parkways, turnpikes, roads or avenues affecting said property (such awards and payments, including interest thereon shall hereinafter be referred to as the "Awards").
- E. Together with all right, title and interest of Mortgagor in and to all leases and other agreements affecting the use or occupancy of the above described property now or hereafter entered into ("Leases") and the rents, issues and profits of the above described property ("Rents").

- F. Together with all right, title and interest of Mortgagor in and to all proceeds of and any unearned premiums on any insurance policies covering the above described property, said proceeds shall include any sums paid by the insurer with respect to the policies.
- G. All of the rights, interests and property described in attached Schedule A and paragraphs A, B, C, D, E and F immediately preceding shall hereinafter be collectively referred to as the "Premises".

AND Mortgagor covenants with and represents and warrants to Mortgagee as follows:

1. Payment. Mortgagor shall pay the Indebtedness at the time and in the manner provided for its payment in the Note and in this Mortgage.
2. Insurance. Mortgagor shall keep the buildings, improvements and all other insurable property on the Premises owned by Mortgagor insured for the benefit of Mortgagee by procuring Builder's Risk/All Risk policies providing coverage against fire, vandalism, malicious mischief, collapse, flood (if in a federally designated flood area), earthquakes and other risks customarily insured against under extended coverage policies in the City of New York, and such policies of general liability as Mortgagee shall require, in amounts sufficient to prevent Mortgagor or Mortgagee from becoming a co-insurer under the terms of the applicable policies, and in no event less than eighty per cent (80%) of the full replacement value thereof. The policies shall be in form and amount satisfactory to Mortgagee and shall be issued by companies acceptable to Mortgagee. After the Completion Date, as such term is defined in the Building Loan Agreement between Mortgagor and Fleet National Bank, ("Bank") bearing even date herewith ("Building Loan Agreement"), Mortgagor will no longer be required to maintain Builder's Risk Insurance but shall insure the Premises against loss or damage by fire, with the usual extended coverage endorsement not less than the total amount of the Indebtedness. Such policies shall specifically name the City and HPD as a mortgagee and provide that losses thereunder shall be payable to Mortgagee as its interests may appear. Mortgagor shall keep such policies in force so long as any part of the Mortgage remains unpaid. The policies shall be endorsed to name Mortgagee as an insured thereunder, as its interests may appear, with loss payable to Mortgagee without contribution under a standard New York Mortgagee Clause. Mortgagor hereby assigns the policy to Mortgagee, and shall execute and deliver such further instruments as may be requested by Mortgagee to confirm such assignment, and shall upon request of Mortgagee deliver to Mortgagee all insurance policies as collateral and further security for the payment of the Indebtedness. Mortgagor shall pay the premiums for the policies as the same become due and payable. Not later than thirty (30) days prior to the expiration date of each of the policies, Mortgagor shall deliver to Mortgagee a certificate or confirmation evidencing renewal of the policy or a replacement policy acceptable to Mortgagee, accompanied by evidence satisfactory to Mortgagee that the premium has been paid. If Mortgagor defaults in so insuring the Premises, or in so executing and delivering such further instruments confirming the aforesaid assignment, or after request by Mortgagee, in delivering the policies, or in delivering such renewal certificate of replacement policy, Mortgagee, at its option, may effect such insurance and pay the premiums therefor, and Mortgagor shall reimburse Mortgagee upon demand for any and all premiums so paid, with interest at the maximum rate of interest which Mortgagor may by law pay and Mortgagee may by law collect, from the date of such payment by Mortgagee to the date of payment by Mortgagor to

Mortgagee, and such premiums so paid with interest shall be secured by this Mortgage. Notwithstanding any such payment of premiums by Mortgagee, this Mortgage and the whole Indebtedness secured by this Mortgage shall, at the option of Mortgagee, immediately become due and payable if the policies are not kept in full force and effect by Mortgagor. Sums paid to Mortgagee by any insurer may at the option of Mortgagee, be retained and applied by Mortgagee toward payment of the Indebtedness in such priority or proportions as Mortgagee in its discretion shall deem proper, or be paid over wholly or in part to Mortgagor for the repair or replacement of the damaged or lost property or for such purposes as Mortgagee shall designate.

3. Alterations. No building or improvement on the Premises shall be structurally altered, removed, or demolished without the prior written consent of Mortgagee, nor shall any fixture or article of personal property covered by this Mortgage be removed at any time without such consent unless actually replaced by an article of equal value and suitability for the proper use and enjoyment of the Premises, owned by Mortgagor free and clear of all security interests, liens and encumbrances except this Mortgage and the other mortgages set forth in the Building Loan Agreement (collectively, the "Other Mortgages").
4. Repairs. Mortgagor shall maintain or cause to be maintained, the Premises in good condition, order and repair and shall neither commit nor suffer to be committed any waste thereof. Mortgagor shall promptly, but in no event later than two (2) months after the issuance thereof, comply with all requirements or order or notice of violation of law or ordinance issued by any governmental authority claiming jurisdiction over the Premises. Mortgagor shall promptly repair, restore, replace or rebuild any part of the Premises now or hereafter covered by this Mortgage which may be damaged or destroyed by any casualty whatsoever (including any casualty for which insurance was not obtained or obtainable) or which may be affected by any eminent domain proceeding, taking or deed in lieu thereof. If such casualty shall be covered by the insurance policies referred to in paragraph 2 above, Mortgagor's obligation to repair, replace or rebuild such portion of the Premises shall be contingent upon Mortgagee paying Mortgagor the insurance proceeds, or such portion thereof as shall be sufficient to complete such repair, replacement or rebuilding, whichever is less. Mortgagor shall not, without the prior written consent of Mortgagee, initiate, join in or consent to any restrictive covenant, zoning ordinance or other public or private restrictions limiting or defining the uses which may be made of the Premises or any part thereof.
5. Title. Subject to the conditions contained in the deed by which the Premises were conveyed to Mortgagor, Owner warrants title to the Premises in fee simple absolute.
6. Taxes. Mortgagor shall pay all taxes, assessments (and installments of any assessments that are payable in installments), water rates, sewer rents, and other charges, including without limitation, vault charges and license fees for the use of vaults, chutes, and similar areas adjoining the Premises, now or hereafter levied or assessed against the Premises (hereinafter referred to as the "Taxes") prior to the date upon which any fine, penalty, interest or cost may be added thereto or imposed by law for the nonpayment thereof. If Mortgagor defaults in so paying the Taxes, and provided such payments are not being made under the Bank Mortgage or HDC Mortgage (as such mortgages are defined hereinafter), Mortgagee, at its option, may pay the same, and Mortgagor shall reimburse Mortgagee upon demand for any and all Taxes so paid, with interest at the maximum rate of interest which Mortgagor may by law pay and Mortgagee may by law collect, from the

date of such payment by Mortgagee to the date of payment by Mortgagor to Mortgagee, and such taxes so paid by Mortgagee, with interest, shall be secured by this Mortgage. Mortgagor shall deliver to Mortgagee, upon request, duly issued receipts or other evidence satisfactory to Mortgagee evidencing payment of the Taxes as required by this paragraph.

7. Mortgagee's Right to Make Certain Payments. In addition to the monthly payments of principal and/or interest payable under the Note, Mortgagor shall, at the option of Mortgagee pursuant to paragraph 6 above, pay to Mortgagee or its duly authorized agent on the first day of each calendar month a sum equal to the Taxes next due on the Premises, if any, plus (until the Declaration defined in paragraph 40 below is recorded) the premiums that will next become due and payable on the insurance policies referred to in paragraph 2 above (all Taxes and insurance premiums as estimated by Mortgagee) less all sums already paid therefor divided by the number of months to elapse before one month prior to the date when such Taxes and insurance premiums will become delinquent, such sums to be held by Mortgagee or its duly authorized agent in trust and without interest to pay such Taxes and insurance premiums before the same become delinquent. Mortgagor shall furnish to Mortgagee, promptly upon receipt, all bills for Taxes and insurance. If such monthly payments for Taxes and insurance premiums shall not be sufficient to pay the Taxes and insurance premiums when the same shall become due and payable, then Mortgagor shall, upon demand of Mortgagee, pay to Mortgagee or its duly authorized agent, an amount which Mortgagee shall estimate as sufficient to make up the deficiency, on or before the date when the next payment of Taxes or insurance premiums shall become due. Any such deficiency shall, unless paid by Mortgagor prior to the due date of the next such payment, constitute a default hereunder. If the aggregate of such monthly payments for Taxes and insurance premiums shall exceed an amount sufficient to pay such Taxes and insurance premiums, Mortgagee shall in its discretion, (a) return such excess to Mortgagor, or (b) credit such excess against the next payments for Taxes and insurance premiums required to be made by Mortgagor hereunder.
8. Awards. Mortgagor shall file and prosecute its claim or claims for any and all Awards in good faith and with due diligence and cause the same to be collected and paid over to Mortgagee. Mortgagee, at its option, is hereby authorized and empowered in the name of Mortgagor or otherwise, to file and prosecute such claim or claims and to collect and receive the proceeds of any such Award or Awards from the authorities making the same and to give proper receipts and acquittances therefor, and at the option of Mortgagee, to apply the same toward the payment of the Indebtedness last falling due under this Mortgage and the Note notwithstanding that no sum secured hereby is then due and payable, in such priority and proportions as Mortgagee in its discretion shall deem proper. Such application of any Awards shall not affect the obligation of Mortgagor to continue to pay the regular installments pursuant to the terms of the Note until the entire Indebtedness has been paid. Mortgagor shall, upon request by Mortgagee, make, execute and deliver any and all assignments and other instruments sufficient for the purpose of evidencing such assignment to Mortgagee, free, clear and discharged of any and all encumbrances of any kind or nature whatsoever. The amount which Mortgagee may receive for any Award shall not exceed the amount of the Indebtedness remaining unpaid at the date of the receipt by Mortgagee of any Award. If the Premises are sold, through foreclosure or otherwise, prior to the receipt by Mortgagee of such Award, Mortgagee shall have the right, whether or not a deficiency judgment on the Note shall have been sought, recovered or denied, to receive such Award or a portion thereof sufficient to pay the Indebtedness, whichever is less.

9. Assignment of Rents. Mortgagor represents that all existing leases were made in the ordinary course of Mortgagor's business and do not violate the terms of this Mortgage, the Note or the Building Loan Agreement. Mortgagor shall not enter into any future Leases affecting the Premises without the prior written consent of Mortgagee except for Leases made in the normal course of business, the provisions of which do not violate any terms of the Note, this Mortgage, or the Building Loan Agreement. Upon request of Mortgagor, Mortgagee shall execute and deliver a subordination non-disturbance agreement substantially in the form attached hereto as Schedule B, which may include revisions thereto reasonably requested by the proposed lessee. Mortgagor, as further security for the payment of the Indebtedness, hereby assigns and transfers to Mortgagee all Rents and the right, title and interest of Mortgagor in and under all Leases, and Mortgagor grants to Mortgagee the right to enter upon and take possession of the Premises for purposes of collecting the Rents and to let the Premises or any part thereof. So long as no Event of Default (defined below) shall exist in compliance with any provision hereof or of any other or further instrument now or at any time hereafter executed with respect to this Mortgage, Mortgagee waives its right to enter upon and take possession of the Premises for purpose of collecting the Rents and Mortgagor may collect the assigned Rents as the same fall due, but upon the occurrence or during the continuation of any such Event of Default, at such time as Mortgagee in its sole discretion may fix by written notice, all right of Mortgagor to collect or receive the Rents shall wholly terminate. Following such notice Mortgagee may retain and apply the Rents at its option either toward payment of the Indebtedness in such priority and proportions as Mortgagee, in its discretion, shall deem proper, or to the Taxes upon, or the operation, maintenance and repair of, the Premises.

All Rents which Mortgagor shall be permitted to collect hereunder shall be received by it in trust to pay the usual and reasonable operation expenses, and the Taxes upon, the Premises and the sums due on the Indebtedness as they become due and payable as provided in the Note or in this Mortgage. Mortgagor shall not, without Mortgagee's prior written consent (i) assign (except with respect to Other Mortgages prior to the filing of the Declaration defined in paragraph 40 below) the whole or any part of the Rents or accept any installment of the Rents for a period more than one month in advance or change the general nature of the occupancy, (ii) make, or suffer to be made, any Leases or terminate, surrender, accept the surrender of, or modify, any Leases if thereby the security for the Indebtedness would be impaired, other than Leases in the normal course of business, subject to the provisions of this paragraph or (iii) suffer any act or thing which would impair the security for the Indebtedness or Mortgagee's lien upon the Premises or the interest of Mortgagee under this paragraph. In addition to the rights which Mortgagee may have herein, in the event of any Event of Default under this Mortgage, Mortgagee, at its option, may require Mortgagor to pay monthly in advance to Mortgagee, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Premises as may be in possession of Mortgagor. Upon default in any such payment, Mortgagor will vacate and surrender possession of such part of the Premises to Mortgagee, or to such receiver and, in default thereof, Mortgagor may be evicted by summary proceedings or otherwise. Nothing contained in this paragraph shall be construed as imposing on Mortgagee any of the obligations of the Mortgagor as landlord or lessor under the Leases.

10. Statement of Indebtedness. Mortgagor, within ten (10) days after request by Mortgagee and at Mortgagor's sole expense, will deliver to Mortgagee a duly acknowledged and

certified statement setting forth the amount of the Indebtedness and whether any offsets or defenses exist against the Indebtedness.

11. Managing Agent. Until the Declaration (defined in paragraph 40 below) is recorded and the first dwelling unit in the Premises is sold, Mortgagee shall have the right to approve the managing agent and management contract for the Premises, which approval shall not be unreasonably withheld, and to require the replacement of such managing agent if the maintenance of the Premises or the performance of such managing agent is, in Mortgagee's opinion, unsatisfactory.
12. Sale in One or More Parcels. If this Mortgage is foreclosed, the Premises, or any interest therein, may, at the discretion of Mortgagee, be sold in one or more parcels or in several interests or portions and in any order or manner.
13. Receiver. Mortgagee, in any action to foreclose this Mortgage or upon the actual or threatened waste to any part of the Premises or upon the occurrence of any default hereunder, shall be at liberty, without notice, to apply for the appointment of a receiver of the Rents, and shall be entitled to the appointment of such receiver as a matter of right, without regard to the adequacy of any security for the Indebtedness or the solvency or insolvency of any person then liable for the payment of the Indebtedness. Such receiver shall have, in addition to all his rights and powers under law and custom, all the rights and powers granted to such receiver or Mortgagee under the provisions of paragraph 9 hereof.
14. Modification to Tax Laws. In the event of any passage after the date hereof of any law of the United States or the State of New York or The City of New York deducting from the value of real property for the purpose of taxation any lien or encumbrance thereon or changing in any way the laws for the taxation of mortgages or debts secured by mortgages for federal, state or local purposes or the manner of the collection of any such taxes, and imposing a tax, either directly or indirectly, on this Mortgage, the Note or the Indebtedness, Mortgagee shall have the right, at its option, to declare the Indebtedness due and payable on a date to be specified by not less than thirty (30) days' written notice to be given to Mortgagor by Mortgagee; provided, however, that such election shall be ineffective if payment by Mortgagor of the whole of such tax in addition to all other payments required hereunder is not illegal and if Mortgagor, prior to such specified date, does pay such tax and agrees to pay any such tax when thereafter levied or assessed against the Premises, and such agreement shall constitute a modification of this Mortgage.
15. Revenue Stamps. If at any time the United States, any state thereof or any governmental subdivision of any such state, shall require revenue or other stamps to be affixed to the Note or this Mortgage, Mortgagor will pay for the same, with interest and penalties thereon, if any, and in default thereof after demand Mortgagee may pay same. All sums so paid by Mortgagee with interest thereon at the maximum rate of interest which is authorized or permitted under law to be collected by Mortgagee and which is not usurious or otherwise is a violation of law, shall immediately be due and payable by Mortgagor to Mortgagee upon demand, and shall be secured by this Mortgage.
16. Demand for Credits. Mortgagor will not claim or demand or be entitled to any credit or credits on account of the Indebtedness for any part of the Taxes levied or assessed against the Premises or any part thereof, and no deduction shall otherwise be made or

claimed from the taxable value of the Premises, or any part thereof, by reason of this Mortgage or the Indebtedness.

17. Events of Default. The Indebtedness secured hereby shall become due at the option of Mortgagee upon the occurrence of any of the following events (each, an "Event of Default"):
- a. if any portion of the Indebtedness is not paid within fifteen (15) days after the same is due;
 - b. if Mortgagor shall fail to pay any of the Taxes prior to the date upon which any fine, penalty, interest or cost may be added thereto or imposed by law for the nonpayment thereof;
 - c. if the insurance policies referred to in paragraph 2 above are not kept in full force and effect, or if the policies are not assigned and delivered to Mortgagee as hereinabove provided, or if Mortgagee is not reimbursed by Mortgagor for premiums paid on the policies as hereinabove provided, or if on application of Mortgagee, two or more fire insurance companies lawfully doing business in the State of New York refuse to issue policies insuring the buildings and improvements on the Premises, which violation continues for fifteen (15) days after notice thereof, provided that Mortgagee shall have no obligation to give such notice after the Release Date (defined below);
 - d. if, upon request of Mortgagee, Mortgagor fails to furnish a statement of the Indebtedness and whether any offsets or defenses exist against the Indebtedness, as hereinabove provided, which violation continues for fifteen (15) days after notice thereof, provided that Mortgagee shall have no obligation to give such notice after the Release Date (defined below);
 - e. upon the actual or threatened removal or demolition of, or structural alteration to, any part of the Premises, except as permitted under paragraph 3 above, which violation continues for fifteen (15) days after notice thereof, provided that Mortgagee shall have no obligation to give such notice after the Release Date (defined below);
 - f. if any federal tax lien is filed against Mortgagor and/or the Premises and the same is not discharged of record within thirty (30) days thereafter;
 - g. if without the prior written consent of Mortgagee the Premises, or any part thereof or any interest therein is in any manner further encumbered, sold, leased, transferred or conveyed in violation of paragraph 18 hereof;
 - h. if without the prior written consent of Mortgagee any Leases are made, canceled or modified in violation of Paragraph 9 hereof or if any portion of the Rents is paid for a period of more than one (1) month in advance or if any of the Rents are further assigned, except with respect to the Other Mortgages;
 - i. if any representation or warranty of Mortgagor made herein or in any certificate, report, financial statement or other instrument furnished in connection with the

making of this Mortgage, the Note, shall prove false or misleading in any material respect;

- j. If (i) Mortgagor shall: (A) admit in writing its inability to pay its debts generally as they become due; (B) file a petition in bankruptcy or a petition to take advantage of any insolvency act; (C) make a general assignment for the benefit of creditors; (D) consent to, or acquiesce in the appointment of a receiver, liquidator or trustee of itself or of the Premises or any part thereof; (E) file a petition or answer seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the federal bankruptcy laws or any other applicable law; or if (ii) (A) a court of competent jurisdiction shall enter an order, judgment or decree appointing a receiver, liquidator or trustee of Mortgagor, or of the Premises or any part thereof; or (B) a petition shall be filed by or against Mortgagor seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the federal bankruptcy laws or any other applicable law, or (C) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of Mortgagor or of the Premises or any part thereof; or (iii) an attachment or execution is levied against the Premises or any part thereof;
- k. if Mortgagor shall be in default after the giving of any required notice and the lapse of any applicable cure period under the Note or under any other mortgage, instrument or document evidencing, securing or guaranteeing payment of the Indebtedness, in whole or in part, or otherwise executed and delivered in connection with the Note, this Mortgage or the loan evidenced and secured thereby beyond any applicable grace periods contained therein;
- l. if Mortgagor fails to perform, observe and comply with any of the terms, covenants or conditions contained in any mortgage covering the Premises or any part thereof which is superior in lien to this Mortgage, or if Mortgagor shall be in default of any such mortgage beyond any applicable grace periods contained therein;
- m. if the Premises shall become subject (i) to any tax lien, other than a lien for the Taxes not due and payable or (ii) to any mechanic's, materialperson's or other lien and such lien shall remain undischarged or unbonded for thirty (30) days after notice;
- n. if in Mortgagee's judgment the Premises or any part thereof is not maintained in good condition, order and repair, or upon Mortgagor's failure to comply with the requirements or orders or notice of violation of law or ordinance issued by any Federal, State or local department, authority, bureau or official within two (2) months after an order making such requirements has been issued, which violation continues for fifteen (15) days after notice thereof, provided that Mortgagee shall have no obligation to give such notice after the Release Date (defined below);
- o. if Mortgagor or any of its members, officers, directors or shareholders, if any, violates or fails to observe or perform any of the provisions contained in the attached Investigation Clause Rider, attached hereto as Schedule C, and made a part hereof, which violation continues for fifteen (15) days after notice thereof,

provided that Mortgagee shall have no obligation to give such notice after the Release Date (defined below);

- p. if Mortgagor violates or fails to observe or perform any of the other covenants, terms, conditions or agreements contained herein or in the Note or the Building Loan Agreement, which violation continues beyond any applicable grace periods therein, provided that Mortgagee shall have no obligation to give such notice after the Release Date (defined below);
 - q. if the Premises are occupied for any purpose by which the fire risk is increased, without the prior written consent of Mortgagee, or if the Premises shall be used for any unlawful purpose, which violation continues for fifteen (15) days after notice thereof, provided that Mortgagee shall have no obligation to give such notice after the Release Date (defined below);
 - r. if Mortgagor violates or fails to observe or perform any of the terms, covenants or conditions applicable to it contained in (i) the deed of the Premises from Mortgagee to Mortgagor executed the date hereof; or (ii) the Land Disposition Agreement affecting the Premises executed the date hereof except as may be otherwise set forth in any cure provisions therein, which violation continues for fifteen (15) days after notice thereof, provided that Mortgagee shall have no obligation to give such notice after the Release Date (defined below);
 - s. if the payment of the debt evidenced by that certain Variable/Fixed Rate Note from Mortgagee to Afterwatch & Co. in the amount of \$7,500,000 bearing even date herewith is accelerated; provided, however, that if such debt is accelerated due solely to the actions or omissions of Mortgagee and provided Mortgagor is current in all payments under the Note, then such acceleration shall not constitute an Event of Default hereunder.
18. Conveyance of Premises. Mortgagor shall not, without the prior written approval of Mortgagee, (a) encumber (except with respect to the Other Mortgages prior to filing of the Declaration described in Section 40 hereof) the Premises with any lien imposed in connection with any other financing, or (b) permit the Premises or any part thereof or any interest therein to be sold (subject to Section 40 hereof), transferred or conveyed to any other person or entity, or (c) sell, transfer or convey the Premises or any part thereof or any interest therein, which shall include, but not be limited to, (y) where Mortgagor is a corporation (i) the sale or transfer of more than forty-nine percent (49%) of the outstanding shares of the corporation, or (ii) the dilution of present stockholding or corporate control by issuance of new or treasury stock or by conversion of any non-voting stock or other securities to voting stock, or (z) where Mortgagor is a partnership, the withdrawal (except by death), resignation or retirement, of any general partner, or the appointment of any new, or other, or substitute general partner or partners.

Except as set forth above, the provisions of this paragraph shall apply to each and every such further encumbrance, sale, transfer or conveyance, regardless of whether or not Mortgagee has consented to, or waived by its action or inaction its rights hereunder with respect to any such previous further encumbrance, sale, transfer or conveyance. No transfer of all or part of the Premises, whether or not Mortgagee has consented thereto

shall be made by Mortgagor to a grantee or successor in interest without the express assumption by such grantee or successor in interest of all the terms and covenants hereof; and in the event any transfer is made without such assumption, the Indebtedness secured hereby at the option of Mortgagee shall become immediately due and payable.

19. Mortgagee's Right to Defend. Mortgagee shall have the right to appear in and defend any action or proceeding brought with respect to the Premises and to bring any action or proceeding after notice to Mortgagor, in the name and on behalf of Mortgagor, which Mortgagee, in its discretion, feels should be brought to protect its interest in the Premises and/or the lien of this Mortgage.
20. Remedies Upon Default. If a default in the performance of any of the covenants of Mortgagor herein occurs, Mortgagee may, at its discretion, remedy the same and for such purpose shall have the right to enter upon the Premises or any portion thereof without thereby becoming liable to Mortgagor or any person in possession thereof holding under Mortgagor. If Mortgagee shall remedy such a default or appear in, defend, or bring any action or proceeding to protect its interest in Premises and/or the lien of the Mortgage or to foreclose this Mortgage or collect the Indebtedness, the costs and expenses thereof (including reasonable attorneys' fees to the extent permitted by law), with interest as provided in this paragraph, shall be paid by Mortgagor to Mortgagee upon demand. All such costs and expenses incurred by Mortgagee in remedying such default or in appearing in, defending or bringing any such action or proceeding shall be paid by Mortgagor to Mortgagee upon demand, with interest at the maximum interest rate which Mortgagor may by law pay and Mortgagee may by law collect, from the date that such costs or expenses were incurred by Mortgagee to the date of payment to Mortgagee. All such costs and expenses incurred by Mortgagee pursuant to the terms of this Mortgage, with interest, shall be secured by this Mortgage and shall be a lien against the Premises prior to any right, title or interest in or to, or claim upon, the Premises attaching or accruing subsequent to the lien of this Mortgage.
21. Right to Inspect. Mortgagee and its officers, employees, agents or inspectors shall have the right to enter and inspect the Premises at all reasonable times upon reasonable prior notice to Mortgagor.
22. Observance of Lease Terms. To the extent that Mortgagor enters into any Leases permitted by this Mortgage, Mortgagor shall observe and perform each and every term to be observed or performed by Mortgagor pursuant to the terms of such Leases and any other agreements or recorded instruments affecting or pertaining to the Premises.
23. Notices. Any notices, demands, certifications, requests, communications or the like ("Notices") required or permitted to be given under this Mortgage, unless otherwise specifically provided in this Mortgage, shall be in writing and shall be delivered personally or given by registered or certified mail, correct postage prepaid, return receipt requested, to the addresses first set forth above, for the respective party, or such other addresses as the parties may for themselves designate in writing in like manner for the purpose of receiving Notices hereunder. Notices to Mortgagee shall be marked "Attention: Assistant Commissioner, Division of New Construction." Copies of Notices to Developer shall be marked: Attn: Bernard Friedman. Copies of Notices to Owner shall also be delivered to: Stempel Bennett Claman & Hochberg, P.C., 655 Third Avenue, New York, New York 10007, Attn: Steven R. Hochberg, Esq. Copies of Notices to Developer and/or Owner

shall also be delivered to Fleet National Bank at 1133 Avenue of the Americas, New York, New York 10036, (to the attention of Diane Borradaile, Vice President). Notices shall be deemed given on the day on which the same is mailed, deposited with the post office registry clerk, or personally delivered as the case may be. Each party may designate a change of address by notice given, as herein provided, to the other party as soon as practical.

24. Waiver. Any failure by Mortgagee to insist upon the strict performance by Mortgagor of any covenant, term or provision hereof shall not be deemed to be a waiver of any of the covenants, terms and provisions hereof and Mortgagee, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by Mortgagor of any and all of the covenants, terms and provisions of this Mortgage to be performed by Mortgagor. Subject to Section 46 hereof, Mortgagor shall not be relieved of such obligation by reason of the (i) failure of Mortgagee to comply with any request of Mortgagor to take any action to foreclose this Mortgage or otherwise enforce any of the provisions of this Mortgage, the Note or any other instrument evidencing, securing or guaranteeing payment of the Indebtedness or any portion thereof, or (ii) the release regardless of consideration, of the whole or any part of the Premises or any other security for the Indebtedness, or (iii) any agreement or stipulation between any subsequent owner(s) of the Premises or other person and Mortgagee extending the time of payment or otherwise modifying the terms of the Note, this Mortgage or any other instrument evidencing, securing or guaranteeing payment of the Indebtedness or any portion thereof, without first having obtained the consent of Mortgagor, , and in the latter event, Mortgagor shall continue to be obligated to pay the Indebtedness at the time and in the manner provided in the Note and this Mortgage, as so extended and modified, unless expressly released and discharged by Mortgagee. Regardless of consideration, and without the necessity for any notice to or consent by the holder of any subordinate lien, encumbrance, right, title or interest in or to the Premises, Mortgagee may release the obligation of any person at any time liable for the payment of the Indebtedness or any portion thereof or any part of the security held for the Indebtedness and may extend the time of payment or otherwise modify the terms of the Note and/or this Mortgage, including, without limitation, a modification of the interest rate payable on the principal balance of the Note, without in any manner impairing or affecting this Mortgage or the lien thereof or the priority of such lien as security for the Indebtedness as it may be so extended and modified, over any such subordinate lien, encumbrance, right, title or interest. Mortgagee may resort for the payment of the Indebtedness to any other security held therefor by Mortgagee in such order and manner as Mortgagee, in its discretion, may elect. Mortgagee may take action to recover the Indebtedness, or any portion thereof, or to enforce any covenant, term or provision hereof without prejudice to the right of Mortgagee thereafter to foreclose this Mortgage. Mortgagee shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every additional right and remedy now or hereafter afforded by law or in equity. The rights of Mortgagee under this Mortgage shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Mortgagee shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision.
25. Joint and Several Liability. If Mortgagor consists of more than one person, the obligations and liabilities of each such person hereunder shall be joint and several.

26. Applicable Law. The terms, covenants and conditions of this Mortgage shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of New York.
27. Security Agreement Under UCC. This Mortgage is both a real property mortgage and a "Security Agreement" as defined in the Uniform Commercial Code. The Premises includes both real and personal property and all other rights and interest, whether tangible or intangible in nature, of Mortgagor in the Premises. Mortgagor shall, from time to time at the request(s) of Mortgagee, execute, acknowledge and deliver any financing statement, renewal, affidavit, certificate, continuation statement or other instrument as Mortgagee may request in order to perfect, preserve, continue, extend or maintain the security interest under, and the priority of this Mortgage, and Mortgagee is hereby authorized to file financing statements under the Uniform Commercial Code without the signatures of the present or any future owner of the Premises and Mortgagor hereby authorizes and irrevocably appoints Mortgagee attorney-in-fact of Mortgagor, to execute, deliver and file such other financing statements and instruments for said purpose as Mortgagee may require. Mortgagor shall pay to Mortgagee on demand all costs and expenses incurred by Mortgagee in connection with preparation, execution, recording, filing and refiling of any such instrument or document.
28. Delivery of Requested Documents. Within five (5) business days of a written demand of Mortgagee, Mortgagor will, at the cost and expense of Mortgagor, and without any cost or expense to Mortgagee, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers and assurances as Mortgagee shall from time to time require, for the better assuring, conveying, assigning, transferring and confirming unto Mortgagee the property and rights hereby conveyed or assigned or mortgaged or intended now or hereafter so to be, or which Mortgagor may be or may hereafter become bound to convey or assign or mortgage to Mortgagee, or for carrying out the intention or facilitating the performance of the terms of this Mortgage, or for filing, registering or recording this Mortgage.
29. Building Loan Agreement. This Mortgage is security for a loan made for the purpose of financing certain rehabilitation and renovation work (the "Improvement") on the Premises. This Mortgage is subject to the terms, covenants and conditions of the Note and the Building Loan Agreement to the same extent and effect as if fully set forth herein. The proceeds of the loan secured hereby are to be disbursed to Mortgagor in accordance with the provisions of the Building Loan Agreement, which is intended to be filed in the office of the Clerk of the County where the Premises is located, on or before the date of the recording of this Mortgage. Mortgagor shall observe and perform all of the terms, covenants and conditions of the Building Loan Agreement on Mortgagor's part to be observed or performed. All advances made with respect to the Section 108 Loan under the Building Loan Agreement shall be secured hereby. In the event of any conflict or ambiguity between the terms, covenants and conditions of this Mortgage, the Note and the Building Loan Agreement, the terms, covenants and conditions which shall enlarge the rights and remedies of Mortgagee and the interest of Mortgagee in the Premises, afford Mortgagee greater financing security in the Premises and/or better assure payment of the Indebtedness in full, shall control. Notwithstanding that the proceeds of the loan secured hereby are to be disbursed under the Building Loan Agreement, the indebtedness secured hereby as of the date of this Mortgage shall be the entire Indebtedness.

30. [INTENTIONALLY DELETED]
31. Lien Law. In compliance with Section 13 of the New York State Lien Law, Mortgagor shall receive the advances secured by this Mortgage and shall hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of any improvement, and Mortgagor shall apply the same first to the payment of the cost of any such improvement before using any part of the total of same for any other purpose.
32. Usury. This Mortgage and the Note are subject to the express condition that at no time shall Mortgagor be obligated or required to pay interest on the principal balance due under the Note at a rate which could subject Mortgagee to either civil or criminal liability as a result of being in excess of the maximum interest rate which Mortgagor is permitted by law to contract or agree to pay and Mortgagee is permitted by law to collect. If by the terms of this Mortgage or the Note Mortgagor is at any time required or obligated to pay interest on the principal balance due under the Note at a rate in excess of such maximum rate, the rate of interest under the Note shall be deemed to be immediately reduced to such maximum rate and the interest payable shall be computed at such maximum rate and the portion of all prior interest payments in excess of such maximum rate shall, without further agreement or notice between or by any party hereto, be deemed applied to principal immediately upon receipt of such monies by Mortgagee with the same force and effect as though Mortgagor had specifically designated such sums to be so applied to principal and Mortgagee had accepted such sums as premium-free prepayment. The provisions of this paragraph shall control every other provision of this Mortgage.
33. Acceleration. Mortgagee shall have the right from time to time to sue for any sum or sums which constitute a part of the Indebtedness or are required to be paid under the terms of this Mortgage or the Note as the same become due, without regard to whether or not the balance of the Indebtedness or any other sums secured hereby shall be due and without prejudice to the right of Mortgagee thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Mortgagor existing at the time such earlier action was commenced.
34. Authority to Execute Mortgage. Mortgagor (and the undersigned representatives of Mortgagor, if any) has full power, authority and legal right to execute and deliver this Mortgage and the Note and to mortgage all right, title and interest of Mortgagor in and to the Premises pursuant to the terms hereof and to keep and observe all of the terms, covenants and conditions of this Mortgage and the Note on Mortgagor's part to be performed. Specifically, if Mortgagor is a corporation, the execution and delivery of this Mortgage and the Note by the officer or officers who have executed the same has been duly authorized by its board of directors and, if required by Mortgagor's certificate of incorporation, by the vote or consent of its shareholders in accordance with Mortgagor's certificate of incorporation, its by-laws and the laws of the state of its incorporation, and said authorization has not been revoked or modified.
35. Mortgagor Waiver of Notice. Mortgagor shall not be entitled to any notices of any nature whatsoever from Mortgagee except with respect to matters for which this Mortgage specifically and expressly provides for the giving of notice by Mortgagee to Mortgagor and Mortgagor hereby expressly waives the right to receive any notice from Mortgagee with respect to any matter for which this Mortgage does not specifically and expressly provide for the giving of notice by Mortgagee to Mortgagor.

36. Amendments to Mortgage. This Mortgage may not be modified, amended, changed, discharged or terminated orally, but only by an agreement in writing signed by the party against whom the enforcement of the modification, amendment, change, discharge or termination is sought.
37. Binding Effect. All of the terms, covenants and conditions of this Mortgage shall run with the land and shall apply to, bind and inure to the benefit of Mortgagor and Mortgagee and their respective heirs, personal representatives, successors and permitted assigns, and all subsequent owners, encumbrancers, tenants and subtenants of the Premises or any part thereof or interest therein and all subsequent holders of the Note.
38. Terms. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, the word "person" as used in this Mortgage shall include an individual, corporation, partnership, trust, unincorporated association or other entity, and the word "rents" or "rentals" shall mean carrying charges if Mortgagor is duly organized, existing and operating under New York law as a housing cooperative on the date of this Mortgage, or, with the prior written consent of Mortgagee, on any subsequent date.
39. Severability Clause. If any provision of this Mortgage or the application thereof to any party hereto or to any circumstance shall, to any extent, be invalid or unenforceable under any applicable statute, regulation or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform to such statute, regulation or rule of law, and the remainder of this Mortgage and the application of any such invalid or unenforceable provision to parties or circumstances other than to whom or to which it is held invalid or unenforceable, shall not be affected thereby nor shall the same affect the validity or enforceability of any other provision of this Mortgage to the fullest extent permitted by law.
40. Condominium Declaration. Subsequent to the filing with and acceptance by the NYS Attorney General of an amendment declaring the Developer's offering plan for the Premises effective but prior to closing of the first residential condominium unit, Developer or Owner shall record a Declaration of Condominium (the "Declaration") establishing the Premises as a 173-unit condominium comprised of 170 residential units including one residential condominium for the superintendent (collectively, "Residential Unit"), and three commercial units consisting of (i) a retail unit of, in the aggregate approximately 27,129 square feet; (ii) an office unit of approximately 8,735 square feet; and (iii) a garage unit with approximately 140 parking spaces (collectively, the "Commercial Units"), containing terms and conditions acceptable to HPD, shall be recorded in the City Register's Office. Following the establishment of the condominium and simultaneous with the sale of the first residential unit, and prior to the final advance of funds under the Building Loan Agreement, the lien of this mortgage shall be released with respect to the Residential Unit so that this Mortgage shall encumber the Commercial Units only ("Release Date"), subject to Paragraph 41 below, and this Mortgage shall be subject and subordinate to the Declaration. Notwithstanding any contrary provision contained in this Agreement, the sale of the Residential Unit, or the Commercial Units in accordance with that certain (i) land disposition agreement between Owner and Mortgagee dated of even date herewith, (ii) Article 22 Loan Agreement between Mortgagee and Owner dated of even date herewith, (iii) Site Development Agreement between Owner and Developer dated of even date herewith, and (iv)

regulatory agreement with restrictive covenants between Owner, Developer and the New York City Housing Development Corporation dated of even date herewith shall be deemed approved transfers, and shall not constitute Events of Default hereunder.

Developer and Mortgagee shall, upon a mutual agreement to do so, execute such documents as may be necessary in order to effectuate the modification of this Mortgage, including the execution of substitute mortgages, so as to create coordinate liens on the three units constituting the Commercial Units in such amounts as may be mutually agreed upon but in no event to exceed, in the aggregate, the indebtedness on the Commercial Units as of the Release Date. Mortgagor shall pay all costs in connection with said modification, including, but not limited to, title examination costs, title insurance premiums, charges, and any mortgage recording taxes. Nothing contained herein shall require the Mortgagee to execute said documents if the property encumbered by said substitute mortgages shall be less than the property constituting the Commercial Units as of the Release Date.

41. Lien Priority. Until the Release Date, this Mortgage shall be subject and subordinate to those certain building and project loan mortgages between Mortgagor and Fleet in the aggregate amount of \$42,656,592 affecting the Premises and bearing even date herewith (the "Bank Mortgages"), and shall be co-equal in lien priority and coordinate with those certain building and project loan mortgages between Mortgagor and the New York City Housing Development Corporation in the aggregate amount of \$3,380,000 affecting the Premises and bearing even date herewith to be recorded simultaneously herewith (the "HDC Mortgages"). On the Release Date, the Bank Mortgages and the HDC Mortgages shall be released from the Commercial Units. As of the Release Date, this Mortgage shall be a first lien on the Commercial Units portion of the Premises.
42. Counterparts. This Mortgage may be executed in one or more counterparts, each of which shall be deemed an original.
43. Gender. All personal pronouns used herein whether in the masculine, feminine or neuter gender shall include all other genders; words in the singular shall include the plural and vice versa.
44. Sources of Funding. Mortgagor understands that this Mortgage and the loan secured hereby are made pursuant to Section 108 of the Housing and Community Development Act of 1974 (collectively the "Laws"). Mortgagor shall observe, perform and comply with, and this Mortgage is subject to, all of the foregoing Laws, including any amendments thereto made subsequent to the date of this Mortgage.
45. [INTENTIONALLY DELETED]
46. Nonrecourse Mortgage. Notwithstanding anything to the contrary contained in this Mortgage, the liability and obligation of Mortgagor to perform and observe and make good the obligations contained in this Mortgage, the Note, the Building Loan Agreement or any other loan documents or instrument executed in connection herewith or therewith shall not be enforced by any action or proceeding wherein damages or any money judgment shall be sought against Mortgagor, except a foreclosure action against the Premises, but any judgment in any such foreclosure action shall be enforceable against Mortgagor only to the extent of Mortgagor's right, title and interest in and to the Premises and the Rents and

Mortgagee, by accepting this Mortgage and the Note, irrevocably waives any and all right to sue for, seek or demand any deficiency judgment against Mortgagor, its members, directors, officers, employees and agents in any such foreclosure action, under or by reason of or in connection with this Mortgage or the Note. If Mortgagor is a partnership, for purposes of this paragraph the word "Mortgagor" shall include the individual partners of Mortgagor.

Notwithstanding the foregoing, if any of the events mentioned in subparagraphs (i) or (o) of paragraph 17 of this Mortgage occurs, then interest shall accrue at the rate of fourteen (14) percent per annum from the time such event occurs until the time the default or breach caused by such event is cured to the satisfaction of Mortgagee, and the foregoing exculpatory provisions shall not apply to Mortgagor's obligation to pay interest so accrued during such period (but shall continue to apply with respect to Mortgagor's obligation to repay the principal amount secured by this Mortgage and for all other purposes), provided that in no event shall interest so accrued exceed fourteen (14) percent of the outstanding principal balance of the Mortgage.

47. Conflict of Interest. Mortgagor warrants and represents that no officer, agent, employee or representative of the City of New York has received or will receive any payment or other consideration for the making of this Mortgage and that no officer, agent, employee or representative of the City of New York has any interest or will have any interest, directly or indirectly, in this Mortgage or the proceeds thereof.

IN WITNESS WHEREOF, Mortgagor has duly executed this Mortgage as of the day and year first above written.

NYC PARTNERSHIP HOUSING
DEVELOPMENT FUND COMPANY, INC.,

By: 

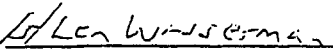
Sandra Acosta
Vice President

Strivers Gardens Realty LLC

By: 

Bernard Friedman
Managing Member

APPROVED AS TO FORM

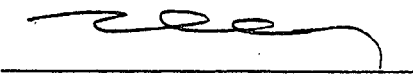
By: 
Acting Corporation Counsel

OWNER ACKNOWLEDGMENT

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

On the 26 day of June in the year 2003 before me, the undersigned, personally appeared Brenda Acosta, 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.

M. CASSIN MALONEY, JR.
NOTARY PUBLIC, State of New York
No. 31-5047468
Qualified in New York County
Commission Expires August 7, 2005



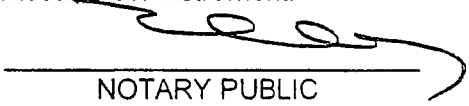
NOTARY PUBLIC

DEVELOPER ACKNOWLEDGMENT

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

On the 26 day of June in the year 2003 before me, the undersigned, personally appeared Bernard Friedman, 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.

M. CASSIN MALONEY, JR.
NOTARY PUBLIC, State of New York
No. 31-5047468
Qualified in New York County
Commission Expires August 7, 2005



NOTARY PUBLIC

SCHEDULE B
FORM OF SUBORDINATION NON-DISTURBANCE AGREEMENT

SCHEDULE C
INVESTIGATION CLAUSE

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 transaction, submitted bid, submitted proposal, contract, lease, permit, or license that is the subject of the investigation, audit or inquiry.

A. 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 witnesses 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;

B. 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;

C. 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.

D. 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 1.5 below without the City incurring any penalty or damages for delay or otherwise.

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

(i) 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 permit or license with or from the City; and/or

(ii) 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 by the City.

F. 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 (a) and (b) below. He or she may also consider, if relevant and appropriate, the criteria established in paragraphs (c) and (d) below in addition to any other information which may be relevant and appropriate:

(i) 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 or testimony of all other members, agents, assignees or fiduciaries whose testimony is sought.

(ii) 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.

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

(iv) The effect a penalty may have on an unaffiliated and unrelated party or entity that has significant interest in an entity subject to penalties under 1.4 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 1.3(a) 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.

G. (i) 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.

(ii) 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.

(iii) 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.

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

H. In addition to and notwithstanding any other provision 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 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.

MORTGAGE

THE CITY OF NEW YORK

TO

STRIVERS GARDENS REALTY LLC

SECTION:
BLOCK: 1959
LOT: 31
COUNTY: New York

RECORD AND RETURN TO:

John C. Fields, Esq.
Department of Housing Preservation
and Development
Office of Legal Affairs
100 Gold Street, Room 5Q-1
New York, New York 10038

ESDC LOAN COMMITMENT

Empire State Development

Susanna Stein
Vice President
Loans and Grants

June 26, 2003

Community Partnership Development Corporation
C/O New York City Housing Partnership
One Battery Park Plaza
New York, NY 10004
Attn: Sandra P. Acosta, Vice President

Strivers Gardens Realty LLC
C/O York Resources, LLC
5 East 86th Street
New York, NY 10028
Attn: Robert Friedman

Re: **Strivers Gardens Project** – Partnership Plaza Neighborhood
Commercial Development Program Site 4 –
Metropolitan Economic Revitalization Fund (Loan) --
ESD Project No. Q763

Dear Ms. Acosta and Mr. Friedman:

The New York State Urban Development Corporation ("UDC") doing business as Empire State Development Corporation ("ESD") is pleased to inform you that your application for a loan of up to \$1,476,000 (the "Loan") has been approved by ESD and the New York State Public Authorities Control Board. Please note, however, that the commitment by ESD to make the Loan is subject to compliance with all applicable laws and regulations and with the terms, covenants and conditions set forth herein and in the General Conditions, and Riders A & B annexed hereto.

PROJECT SITE: 300 West 135th Street, New York, NY 10031
Block 1959, Lots 31 – 52 and 54
New York County, New York City Region

THE PROJECT: Development of a mixed-use project that will include two interconnected residential buildings over a retail base with an underground parking garage. The development includes approximately 37,000 square feet of commercial space (including approximately 27,649 square feet of retail space and approximately

Empire State Development Corporation
633 Third Avenue New York, New York 10017-6754 Tel 212 803 3641 Fax 212 803 3625
Internet Address: sstein@empire.state.ny.us

9,369 square feet of professional office space), approximately 26,455 square feet of underground parking (approximately 180 cars) and approximately 222,897 square feet of residential space (169 condominium units plus one superintendent's unit) on the upper floors. Collectively, these activities are hereinafter referred to as the "Project".

Upon issuance of temporary Certificate(s) of Occupancy by the NYC Department of Buildings and evidence that the condominium offering plan has been declared effective in accordance with the laws of New York, the component of the Project comprised of the retail space, professional offices and underground parking shall each become one unit of the condominium (the "Commercial Condominium").

BORROWER: Strivers Garden Realty LLC or approved assignee

DEVELOPER: Strivers Garden Realty LLC
C/O York Resources LLC
5 East 86th Street
New York, NY 10028

COMMUNITY SPONSOR: Greater Harlem Chamber of Commerce, Inc.
200-A West 136th Street
New York, NY 10030

BENEFICIARY COMPANY: A corporate entity to be formed by members of the Community Sponsor. In the event that the Beneficiary Company shall seek to become the borrower, within 60 days of the acceptance of the Offering Plan for filing by the Office of the Attorney General, the Beneficiary Company shall provide ESD with such information as ESD shall require to make a determination as to the acceptability of the Beneficiary company as Borrower. Further, upon becoming the Borrower hereunder, the Beneficiary Company will be the sole obligor for the Loan and for compliance with the Loan terms and conditions.

GUARANTORS: Bernard Friedman and Robert G. Friedman (the "Guarantors") shall provide a joint and several personal guarantee of the loan for a period of 3 years commencing on the date of closing of the Loan, and the Guarantors' obligation under that guaranty shall be limited to an amount equal to one year's debt service on the Loan.

USE OF LOAN
PROCEEDS:

The ESD Loan will provide post-construction permanent financing for the Commercial Condominium.

EMPLOYMENT GOAL:

During Construction: 250 jobs (estimated)
Permanent Employment: 128 retail jobs plus
6 building management jobs.

LOAN TERMS

Loan Closing Date: ESD's commitment to make the Loan will expire 36 months after the closing of the construction loan but no later than May 31, 2006.

Loan Amount: \$1,476,000

Interest Rate: 3% per annum

Loan Term: 20 years

Repayment: Payment in 240 equal installments of principal and interest payable in arrears on the first day of each month commencing on the first business day of the second full calendar month after closing, provided that interest shall be payable in advance at closing for the period from the date of disbursement of the Loan to the end of the then current calendar month. The Loan may be prepaid at any time, in whole or from time to time in part, upon adequate notice but without penalty.

Security: The ESD Loan will be secured by a second mortgage on the Commercial Condominium and assignment of rents, (the "Mortgage"), which Mortgage shall be subject and subordinate only to a first mortgage lien and assignment of rents in favor of the New York City Department of Housing Preservation and Development ("HPD"), which is administering a loan to the project guaranteed by the United States Department of Housing and Urban Development ("HUD"), in a maximum principal amount not to exceed \$7,500,000 (the "HUD 108 Loan"), but not to any modifications, extensions or renewals thereof. The ESD Loan will share the second mortgage position on the Commercial Condominium with a \$450,000 Upper Manhattan Empowerment Zone Corporation ("UMEZ") loan.

Conditions Precedent to

Closing the Permanent Loan:

1. Certificate of Occupancy ("C of O"): Issuance of a permanent C of O or a temporary C of O ("TCO") which permits the use and occupancy of the Commercial Condominium for retail, commercial and parking operations, or evidence, satisfactory to ESD, that the only outstanding items required to be completed as a condition to issuance of a TCO are items to be performed by tenants.
2. Commercial Leases: Developer/Borrower shall have entered into commercial leases, satisfactory to ESD, for not less than 75% of the Commercial Condominium rentable square footage with initial rents not less than those set for in section 9(g) of the annexed General Conditions.
3. Appraisal by the Leitner Group, Inc. or other appraiser satisfactory to ESD showing the value of the Commercial Unit at stabilized occupancy to be at least \$11,782,500.
4. Other Financing Sources: Borrower shall provide evidence, satisfactory to ESD, that all other financing required for permanent of the Commercial Condominium, including funds to be provided by HPD, the Upper Manhattan Empowerment Zone and the owner of the Commercial Condominium are available in the amounts and on the terms stated in the approved ESD Directors Materials.

Design and Construction
Requirements:

Design and Construction ("D&C") Requirements, as set forth in **Rider A** attached hereto, shall apply during the construction phase of the Commercial Component. ESD shall be invited to attend all scheduled inspections of the Project coordinated by Fleet National Bank for the purpose of approving requisitions.

Non-Discrimination
and
Affirmative Action:

ESD's Non-Discrimination and Affirmative Action Program as set forth in **Rider B** annexed hereto shall apply to the Borrower during the construction phase of the project. The Borrower/Developer shall use its best efforts to achieve a Minority and Women-owned Business Enterprise participation of not less than 20% of the total dollar value of work performed pursuant to the contracts or purchase orders entered into in connection with the construction work related to the Project, and an overall goal of 25% Minority and Female Workforce participation during construction.

Commitment Fee:

Upon acceptance of this commitment, Borrower shall pay ESD a fee of \$29,520 (2% of the Loan amount), of which a maximum of \$14,760 (1% of the Loan amount), less actual out-of-pocket expenses incurred by ESD in connection with the Loan, shall be reimbursed to the Borrower at closing of the Loan. With respect to this commitment, Borrower shall have no liability except for the payment of the entire commitment fee without any reimbursement from ESD.

Harlem CDC Contacts:

Diane P. Phillpotts, President
(212) 961-4100

Wayne A. Benjamin, Director, Residential Development
(212) 961-4192

ESD Contact:

Richard Dorado, Esq., Project Attorney
(212) 803-3756

Please confirm that the terms and conditions for the Loan set forth herein are acceptable to you by signing both duplicate originals of this letter and returning one to the Project Attorney, at the above-stated address, not later than the date of closing of the construction loans or 12 business days from the date of this letter, whichever is earlier, together with the Borrower's check for \$29,520. In the event we do not receive a signed original of this letter on or before the date specified, this offer of commitment shall become null and void.

Very truly yours,

NEW YORK STATE URBAN DEVELOPMENT
CORPORATION d/b/a EMPIRE STATE
DEVELOPMENT CORPORATION

By: 

Susanna Stein

Vice President, Loans and Grants

AGREED TO AND ACCEPTED BY:

STRIVERS GARDENS REALTY LLC

Name: 

Title: 

Date: 

cc: Community Partnership Development Corporation
Greater Harlem Chamber of Commerce
Department of Housing Preservation and Development

GENERAL CONDITIONS

(Permanent Financing - Real Estate)

1. DOCUMENTATION

The Loan shall be evidenced by the note of Borrower and secured by a valid mortgage on the Premises and improvements thereon, (the "Mortgage"), and all fixtures and articles of personal property attached to or used in the operation thereof (except personal property of tenants), free of survey exceptions, violations of governmental regulations, defects and encumbrances except as may be acceptable to ESD's counsel. The Mortgage shall be subject and subordinate only to a first mortgage lien in favor of HPD's first mortgage in a maximum principal amount of \$7,500,000, but not to any modifications, extensions or renewals thereof; provided however, that the combined totals of the first and second mortgages shall not exceed 80% of the appraised value of the Commercial Condominium. At closing Borrower shall execute and deliver to ESD a loan agreement, mortgage, note, guaranties and such other additional documents, instruments and certificates as ESD shall require, each of which shall be satisfactory to ESD in form and content. ESD will order a title insurance policy, with survey coverage, from a title insurance company of its choice but will attempt to use the title company and surveyor acceptable to the other lenders.

2. ENVIRONMENTAL REVIEW

Borrower shall, at its own expense, provide evidence satisfactory to ESD that the site has been successfully remediated, e.g. sign-off by the NYC Department of Environmental Protection, prior to closing of the Loan.

3. INSURANCE

Borrower shall furnish, or cause to be furnished, ESD with an all-risk insurance policy covering the Commercial Condominium in form, in amounts and with companies satisfactory to ESD in addition to any other insurance that ESD may reasonably require. The insurance policy or certificate of insurance shall name ESD and its successors and assigns as mortgagee. Borrower shall furnish to ESD proof of payment of the first year's premium.

4. LEASES

The Borrower shall grant a security assignment of the leases with respect to the Commercial Condominium to ESD, which assignment shall be subordinate to an assignment to HPD. ESD shall enter into a customary non-disturbance agreement with the respective retail, professional office and parking tenants. Borrower shall obtain ESD's written consent before executing any lease, which consent shall not be unreasonably withheld. If ESD fails to deliver its written consent or objection to any given lease within twenty-one (21) days from the date the Borrower submits required documents as outlined in 9(g), below, ESD shall be deemed to have consented to said lease.

5. **EXPENSES**

All reasonable expenses incurred by ESD in connection with the Loan shall be paid by Borrower, including, but not limited to, credit reports, environmental reports, appraisal fees, recording and filing fees, title examination expenses, survey expenses, and title insurance premiums, if any. To the extent ascertained, all expenses shall be paid by Borrower at closing. The obligations of Borrower set forth in this paragraph 5 shall survive closing.

6. **NO BROKERS**

Borrower represents that no broker has been involved with respect to the Loan and no brokerage commission or other fee, commission or compensation is due and payable in connection therewith.

7. **NO ASSIGNMENT**

Neither this commitment nor the proceeds hereof may be assigned, pledged or otherwise transferred or encumbered without ESD's prior written consent, with the exception of an assignment to the Beneficiary Company.

8. **TERMINATION OF COMMITMENT**

ESD may, in its sole discretion, terminate its commitment if the Borrower, (i) fails to undertake completion of the Project with reasonable expediency or (ii) fails to satisfy the conditions precedent to the making of the Loan imposed by ESD within a reasonable time or (iii) fails to obtain financing on terms and in amounts sufficient to fund total Project costs.

9. **CERTAIN CONDITIONS PRECEDENT**

ESD's commitment to Borrower is contingent upon the following conditions:

- (a) **Pre-closing Audit.** Borrower shall permit ESD and any of its officers, employees or agents, during business hours and upon reasonable notice, to conduct an inspection of the Premises and an audit of Borrower's books and financial records in order to verify the costs and expenses incurred by Borrower in connection with the Project and Borrower's equity contribution thereto;
- (b) **No Material Misstatements.** No information, application or document furnished by Borrower to ESD in connection with the Loan contains any material misstatement of fact or omits a material fact or any fact necessary to make the statements contained therein not materially misleading;
- (c) **No Materially Adverse Change.** ESD shall receive current financial statements (not more than three months old) for the Borrower, Developer and Guarantors showing that there has been no materially adverse change in the condition (financial or otherwise) or business operations of Borrower and Guarantors from the date of application to the date of closing, and Borrower and Guarantors are not in default in any respect in the performance or observance of any material obligation, covenant or condition contained in any agreement or instrument to

which they are a party which default has caused or is reasonably likely to cause a material adverse change;

- (d) [intentionally omitted]
- (e) No Litigation. At the time of closing there are no existing, threatened or pending actions or proceedings affecting Borrower, the Community Sponsor or the Project or, to the best of Borrower's knowledge without any independent investigation, any property adjacent to the Project, which would materially adversely affect the Commercial Condominium, the business of tenants in the Commercial Condominium or the Project;
- (f) Certificate of Occupancy. ("C of O") Issuance of a permanent C of O, or a temporary C of O which permits the use and occupancy of the Commercial Condominium for retail or other approved used, or evidence, satisfactory to ESD, that the only outstanding items required to be completed as a condition to issuance of a temporary C of O are items to be performed by tenants;
- (g) Commercial Leases. Prior to the ESD Loan Closing, Developer shall have entered into commercial leases satisfactory to ESD for not less than 75% of the gross leaseable area ("GLA") of the Commercial Condominium, with initial rents of not less than an average of \$25.00 per square foot per annum for retail space, an average of \$22.00 per square foot for office space and \$376,000 per annum for the parking garage space. Each prospective tenant will be required to submit a financial package that shows a strong credit history and financial condition (including guarantees, if necessary). In connection with obtaining ESD's consent on any given lease Borrower shall submit the following documents to ESD for review and approval.
 - i. Proposed Lease
 - ii. Any guaranty of proposed lease
 - iii. Financial Statements of proposed lessee and the guarantor, if any.
 - iv. Description of principals (if the proposed lessee is not a publicly traded entity) and business experience of proposed lessee, including business experience in Harlem or in urban markets similar to the project site.

If ESD fails to deliver its written consent or objection to the proposed lease or lessee within twenty-one (21) days from the date on which ESD's Loans and Grants Department receives the foregoing documents and information, ESD shall be deemed to have consented to said lease.
- (h) Appraisal. Prior to closing, ESD shall have approved an as-built appraisal showing that the amount of all loans senior, equal to and including ESD's loan does not exceed 80% of appraised value of the Commercial Condominium at stabilized occupancy. Said appraisal shall be provided by Borrower, or ESD may order it at Borrower's expense;
- (i) Title to Commercial Condominium. All legal requirements related to the formation of the Commercial Condominium shall be in effect, the Condominium

Plan for the Project shall have been declared effective and Borrower shall pledge clear title to the Commercial Condominium;

- (j) Project Costs. Prior to closing, Borrower shall provide evidence to ESD that aggregate Project Costs equal or exceed \$63,583,489.
- (k) Permanent Financing. Prior to closing, Borrower shall provide evidence, satisfactory to ESD, of final commitments from all funding sources which are to provide permanent financing for the Commercial Condominium including HPD (the \$7,500,000 HUD 108 loan), the Economic Development Incentives Fund ("EDIF") (a \$1,252,845 loan), the Upper Manhattan Empowerment Zone (a \$450,000 loan), the City of New York (approximately \$457,849 subordinate land lien), and the Borrower (\$879,281 in equity);
- (l) ESD and the New York City Department of Housing Preservation and Development ("HPD") shall have entered into an inter-creditor agreement with respect to permanent financing for the Project provided by the City of New York.

10. MISCELLANEOUS LOAN PROVISIONS

The ESD Loan agreement will include, among other provisions, the following covenants, any violation of which may constitute an event of default:

- (a) No Transfer of Ownership. Borrower shall not transfer ownership of the Commercial Condominium, in whole or in part, without ESD's consent, except to the Beneficiary Company. A transfer of an interest in the Borrower (except among family members of Bernard Friedman and Robert G. Friedman and trusts for such family members, provided, however, that Bernard Friedman and/or Robert Friedman shall continue to manage the Borrower defined as a "Family Transfer") may constitute a transfer of ownership of the Commercial Condominium.
- (b) Related Parties Loans. All loans made to Borrower by any of its directors, shareholders, officers or employees shall be subordinated to the Loan pursuant to a Subordination Agreement satisfactory to ESD in form and substance.
- (c) The ESD Loan shall become due and payable in full in the event that Strivers Gardens Realty LLC sells or assigns its interest in the Borrower or the Commercial Condominium, except for sale to the Beneficiary Company or a Family Transfer.

11. CLOSING DOCUMENTS

Prior to the scheduling of a closing, Borrower shall submit to ESD the following documents, in form and substance satisfactory to ESD:

- (a) Form of opinion of Borrower's counsel to be delivered at closing, as to such matters as ESD shall reasonably require.
- (b) A copy of the all-risk insurance policy or certificates of insurance.
- (c) A copy of financial statements for the Borrower and the Guarantors.
- (d) Joint and several personal guarantee Bernard Friedman and Robert G. Friedman
- (e) Issuance of a permanent Certificate of Occupancy ("C of O") or a temporary C of O which permits the commercial use and occupancy of the Commercial Condominium or evidence satisfactory to ESD that the only outstanding items required to be completed as a condition to issuance of a Temporary C of O are items to be performed by tenants.
- (f) Title Insurance and survey of the Commercial Condominium, certified to ESD.
- (g) Affidavit of Project Costs in form prepared by ESD with any supporting documentation referenced therein.
- (h) Appraisal of the Commercial Condominium at stabilized occupancy satisfactory to ESD, showing that the value of the real property securing ESD's loan is consistent with the requirements of section 9 (h) above.
- (i) Any other documents referenced herein or reasonably requested by ESD.

RIDER A

EMPIRE STATE DEVELOPMENT CORPORATION
DESIGN AND CONSTRUCTION REQUIREMENTS

for
Strivers Gardens
June 24, 2003

The following design and construction submissions and review documents shall be supplied to ESDC:

Design Phase

The developer shall furnish to the Design and Construction Department (D&C):

- ▶ Project and construction budget with trade breakdowns
- ▶ Work scope including plans & specifications or written descriptions
- ▶ Code and zoning analysis
- ▶ Special agency approvals (highways, utility co., etc.)
- ▶ Surveys (metes and bounds, easements, utilities, grades)
- ▶ Evidence of existing utility service adequacy
- ▶ Consultant's code certification letter-See Attachment A

Construction Phase

The developer shall furnish to D&C copies of the following:

At start of construction:

- ▶ Building permit
- ▶ Plans with Building Department approval stamp
- ▶ Construction and CM Agreements
- ▶ Insurance policies naming ESD as additionally insured
- ▶ Construction schedule
- ▶ Trade payment breakdown

During construction:

- ▶ Progress schedules and updates
- ▶ Minutes of field meetings
- ▶ Building Department amendments and approvals
- ▶ Payment requests (requisitions and change orders)
- ▶ Architects bulletins
- ▶ Foundation survey
- ▶ Field inspection and test reports with architect's or engineer's approvals

At completion of construction:

- ▶ Final punch list
- ▶ Temporary and Final Certificate of Occupancy
- ▶ Contractor's Waiver of Liens
- ▶ Contractor's Affidavit and Final Waiver of Claims and Liens and Release of Rights.
- ▶ Guarantees
- ▶ Final Survey
- ▶ As Built drawings

RIDER A

EMPIRE STATE DEVELOPMENT CORPORATION
DESIGN AND CONSTRUCTION REQUIREMENTS

for
Strivers Gardens
June 24, 2003

The following design and construction submissions and review documents shall be supplied to ESDC:

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- ▶ Surveys (metes and bounds, easements, utilities, grades)
- ▶ Evidence of existing utility service adequacy
- ▶ Consultant's code certification letter-See Attachment A

Construction Phase

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At start of construction:

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- ▶ Trade payment breakdown

During construction:

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- ▶ Minutes of field meetings
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- ▶ Foundation survey
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At completion of construction:

- ▶ Final punch list
- ▶ Temporary and Final Certificate of Occupancy
- ▶ Contractor's Waiver of Liens
- ▶ Contractor's Affidavit and Final Waiver of Claims and Liens and Release of Rights.
- ▶ Guarantees
- ▶ Final Survey
- ▶ As Built drawings

- ▶ Contractor's Certification of Completed Construction -
See Attachment B
- ▶ Consultant's Certification of Completed Construction -
See Attachment C

Construction Contract Provisions

The construction agreement shall contain provisions satisfactory to D&C concerning:

- ▶ Payment and Performance Bonds, if any
- ▶ Insurance: (type, amounts, provisions)
- ▶ Method, schedule and terms of payments
- ▶ Provisions for contractor and subcontractor audits
- ▶ Contractor and Subcontractor lien waivers with monthly requisitions
- ▶ Contractor's warranty and clearing of liens at completion of construction
- ▶ [Intentionally Omitted].
- ▶ Guarantees
- ▶ ESDC sign
- ▶ As Built drawings
- ▶ Surveys of foundations, structure, underground utilities

Provisions for D&C Field Representative

The developer shall provide an appropriate space satisfactory to the D&C field representative at the job site during inspection visits.

CONSULTANT'S CODE CERTIFICATION LETTER

Attachment A

The following Certification Letter shall be included in the initial report submitted to ESDC for approval.

DATE

Empire State Development
633 Third Avenue
New York, NY 10017-6754

Attention: Ms. Frances Huppert, FAIA
Senior Vice President
Design and Construction

Re: Certification of Architect (Engineer)
(Insert Location and Name of Project)

Gentlemen:

The undersigned, a principal of the firm of _____, duly qualified
and registered to practice architecture/engineering in the State of New York, in connection with the
project, does hereby certify that final plans and specifications will be designed to conform with
the (insert name of applicable building code) and applicable municipal regulations.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 200__.

SIGNATURE

ARCHITECT'S (OR ENGINEER'S) NAME

SEAL

CONTRACTOR'S CERTIFICATION OF COMPLETED CONSTRUCTION

Attachment B

The following Certification shall be submitted to ESDC at completion of construction on Contractor's letterhead.

DATE

Empire State Development
633 Third Avenue
New York, NY 10017-6754

Attention: Ms. Frances Huppert, FAIA
Senior Vice President
Design and Construction

Re: Certification of Contractor
(Insert Location and Name of Project)

Gentlemen:

The undersigned, an officer of (firm name), in connection with the _____ project, does hereby certify that construction of all work required by the construction agreement has been substantially completed in accordance with final construction documents regarding the commercial space, the (insert name of applicable building code) and applicable municipal regulations.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 199

Notary Public

SIGNATURE

OFFICER'S NAME & TITLE

CONSULTANT'S CERTIFICATION OF COMPLETED CONSTRUCTION

Attachment C

The following Certification shall be submitted to ESDC at completion of construction.

DATE

Empire State Development
633 Third Avenue
New York, NY 10017-6754

Attention: Ms. Frances Huppert, FAIA
Senior Vice President
Design and Construction

Re: Certification of Consultant
(Insert Location and Name of Project)

Gentlemen:

The undersigned, a principal of the firm of
duly qualified and registered to practice architecture/engineering in the State of New York, in
connection with the (insert location and name of project) project, does hereby certify that
construction of work required by the contract has been substantially completed in accordance with
the drawings regarding the commercial space approved by the Building Department and
requirements of the applicable building code.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 199

SIGNATURE

ARCHITECT'S (OR ENGINEER'S) NAME

SEAL

NEW YORK STATE URBAN DEVELOPMENT CORPORATION
d/b/a EMPIRE STATE DEVELOPMENT CORPORATION
AFFIDAVIT AND FINAL WAIVER OF CLAIMS AND LIENS
AND RELEASE OF RIGHTS

STATE OF)
COUNTY OF) SS:

The undersigned, who is the _____
(designate title) of _____
which is the _____ (designate whether the
subcontractor, supplier or otherwise) for the _____
(designate the type of work, supplies or services rendered) on the
improvements constructed or being constructed on the premises hereafter identified, declares that
his contract with _____
(name of party contracted with) is in the total amount of \$ _____
_____, which includes extras and all change orders to the date hereof.

In consideration of the amounts and sums previously received, and the payment of \$ _____
being full and final payment amount due, the undersigned does hereby waive and release to the
Owner, New York State Urban Development Corporation d/b/a Empire State Development
Corporation ("ESD") and to _____

any and all claims and liens and rights to liens upon the premises described below (which may be
more particularly described by an Exhibit "A" attached), and upon improvements now or hereafter
thereon, and upon the monies or other considerations (due or to become due from the Owner, ESD
or from _____

_____ or from any other person, firm or corporation), said claims
and liens and rights to liens being on account of labor, services, materials, fixtures or apparatus
heretofore furnished by or which may be furnished at any time hereafter by or at the request of the
undersigned. The premises as to which said claims and liens and rights to liens are hereby released
are identified as follows:

Project Name: _____
Address or Project: _____
City: _____ County: _____ State: _____

The undersigned further represents and warrants that he is duly authorized and empowered
to sign and execute this wavier on his own behalf and on behalf of the company or business for
which he is signing; that he has properly performed all work and furnished all the materials of the
specified quality per plans and specifications and in a good and workmanlike manner, fully and
completely; that he has paid for all the labor, materials, equipment and services; that he has used or
supplied or may hereafter use or supply to the above premises that he has no other outstanding and
unpaid payment applications, invoices, retentions, holdbacks, chargebacks or unbilled work or
materials, as of the date of the aforementioned last and final payment application of invoice; and
that any materials which have been supplied or incorporated into the above premises were either
taken from his fully-paid or open stock or were fully paid for and supplied as stated on the
statement accompanying the last and final payment application or invoice.

Strivers Gardens Project

The undersigned further agrees to reimburse and does hold harmless and fully indemnify Owner, ESD and _____ for any losses or expenses should any such claim, lien, or right to a lien be asserted (by the undersigned or by any laborer, materialman or subcontractor of the undersigned), including, without implied limitation, attorneys' fees incurred in the defense thereof.

In addition, for and in consideration of the amounts and sums received, the undersigned hereby waives, releases and relinquishes any and all claims, rights or causes of action whatsoever arising out of or in the course of the work performed on the above-mentioned project, contract or event.

Signed and delivered this ____ day of _____, 20__.

Individual or Corporation Name

By: _____

Title _____

On the ____ day of _____ in the year 20__ before me the undersigned, a Notary Public in and for said state, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledge to me that se executed the same in her capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

My Commission Expires:

Residence County: _____

DC-105i

RIDER B

ESDC NON-DISCRIMINATION AND AFFIRMATIVE ACTION

Policy

It is the policy of the State of New York and ESDC, to comply with all federal, State and local law, policy, orders, rules and regulations which prohibit unlawful discrimination because of race, creed, color, national origin, sex, sexual orientation, age, disability or marital status, and to take affirmative action to ensure that Minority and Women-owned Business Enterprises (M/WBEs), Minority Group Members and women share in the economic opportunities generated by ESDC's participation in projects or initiatives, and/or the use of ESDC funds.

- 1) The recipient of State funds represents that its equal employment opportunity policy statement incorporates, at a minimum, the policies and practices set forth below:
 - a) Borrower shall (i) not unlawfully discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, sexual orientation, age, disability or marital status, (ii) undertake or continue existing programs of affirmative action to ensure that Minority Group Members and women are afforded equal employment opportunities, and (iii) make and document its conscientious and active efforts to employ and utilize M/WBEs, Minority Group Members and women in its workforce on contracts. Such action shall be taken with reference to, but not limited to, solicitations or advertisements for employment, recruitment, job assignment, promotion, upgrading, demotion, transfer, layoff or termination, rates of pay or other forms of compensation, and selection for training or retraining, including apprenticeship and on-the-job training.
 - b) At the request of the AAO, the Borrower shall request each employment agency, labor union, or authorized representative of workers with whom it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, labor union, or representative does not unlawfully discriminate, and that such union or representative will affirmatively cooperate in the implementation of the Borrower's obligations herein.
- 2) Borrower shall use its best efforts to achieve: (i) M/WBE participation of not less than 20% of the total dollar value of work performed pursuant to contracts or purchase orders entered into in connection with the construction work related to the Project; and (ii) an overall goal of 25% Minority and Female Workforce (M/FWF) participation during construction.
- 3) Borrower represents and warrants that, for the duration of the Agreement, it shall furnish all information and reports required by the AAO and shall permit access to its books and records by ESDC, or its designee, for the purpose of ascertaining compliance with provisions hereof.
- 4) In the event that the Borrower or any Contracting Party violates any of the provisions of this Agreement, the ESDC may require that the following sanctions and remedies for non-compliance be imposed: (i) Summon the Borrower or Contracting Party for a hearing with the AAO. (ii) After any such hearing, and a determination by the AAO that the Borrower or any Contracting Party has failed to comply with any of these provisions, and the passage of time in which to remedy such failure has transpired, this Agreement may be canceled, terminated or suspended, in whole or in part. Alternatively, the AAO, in his/her sole discretion, may assess liquidated damages against the Borrower for failure to demonstrate its best efforts in complying with the affirmative action program. Liquidated damages may be assessed in an amount equal to the dollar value of Contracts that would have been realized by M/WBEs if the goals had been achieved. (iii) If such an award is assessed against Borrower, the amount of such assessment may be withheld from any monies due to the Borrower by the ESDC or may be paid to the ESDC by the Borrower. Any liquidated damages collected hereunder shall be paid into one or more M/WBE technical assistance funds administered by the ESDC. (iv) Such sanctions that may be imposed and remedies invoked hereunder, shall be considered independent of, or in addition to, sanctions and remedies otherwise provided by law.
- 5) Borrower shall include or cause to be included, paragraphs (1) through (4) herein, in every contract, subcontract or purchase order with a Contracting Party executed in connection with the Project, in such a manner that said provisions shall be binding upon each Contracting Party as to its obligations incurred in connection with the Project.

Strivers Gardens Project

ESDC NON-DISCRIMINATION AND AFFIRMATIVE ACTION DEFINITIONS

Affirmative Action

Shall mean the actions to be undertaken by the Borrower, Grantee and any Contracting Party in connection with any project or initiative to ensure non-discrimination and Minority/Women-owned Business Enterprise and minority/female workforce participation, as set forth in paragraph 2 herein, and developed by ESDC.

Affirmative Action Officer ("AAO")

Shall mean ESDC's Affirmative Action Officer or his/her designee, managing the affirmative action program for ESDC.

Contract

Shall mean (i) a written agreement or purchase order instrument, or amendment thereto, executed by or on behalf of a Contracting Party, providing for a total expenditure in excess of \$5,000 for labor, services, supplies, equipment, materials or any combination of the foregoing funded in whole or in part with ESDC funds and (ii) any loan or grant agreement funded in whole or in part with ESDC funds.

Contracting Party

Shall mean (i) any contractor, subcontractor, consultant, subconsultant or vendor supplying goods or services, pursuant to a contract or purchase order in excess of \$1,500, in connection with any projects or initiatives funded in whole or in part by ESDC and (ii) any borrower or grantee receiving funds from ESDC pursuant to a loan or grant document.

Subcontract

Shall mean an agreement providing for a total expenditure in excess of \$1,500 between a Contracting Party and any individual or business enterprise, for goods or services rendered in connection with any project or initiative funded in whole or in part with ESDC funds.

Minority Business Enterprise ("MBE")

Shall mean a business enterprise, including a sole proprietorship, partnership or corporation that is: (i) at least fifty-one percent (51%) owned by one or more Minority Group Members; (ii) an enterprise in which such minority ownership is real, substantial and continuing; (iii) an enterprise in which such minority ownership has and exercises the authority to control and operate, independently, the day-to-day business decisions of the enterprise; (iv) an enterprise authorized to do business in the State of New York and is independently owned and operated; and (v) an enterprise certified by New York State as a minority business.

Minority Group Member

Shall mean a United States citizen or permanent resident alien who is and can demonstrate membership in one of the following groups: (i) Black persons having origins in any of the Black African racial groups; (ii) Hispanic persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American descent of either Indian or Hispanic origin, regardless of race; (iii) Asian and Pacific Islander persons having origins in any of the Far East countries, South East Asia, the Indian subcontinent or the Pacific Islands; and (iv) Native American or Alaskan native persons having origins in any of the original peoples of North America.

Women-owned Business Enterprise ("WBE")

Shall mean a business enterprise, including a sole proprietorship, partnership or corporation that is: (i) at least fifty-one percent (51%) owned by one or more citizens or permanent resident aliens who are women; (ii) an enterprise in which the ownership interest of such women is real, substantial and continuing; (iii) an enterprise in which such women ownership has and exercises the authority to control and operate, independently, the day-to-day business decisions of the enterprise; (iv) an enterprise authorized to do business in the State of New York and is independently owned and operated; and (v) an enterprise certified by New York State as woman-owned.

Strivers Gardens Project

Best Efforts - Minority and Women-owned Business Enterprise Participation

For the purposes of this Agreement, it is understood that (i) best efforts are not limited to the efforts specified herein, and (ii) the role of M/WBE firms are not restricted to that of a subcontractor/subconsultant. Where applicable, M/WBE firms should be considered for roles as prime contractors. Such best efforts shall include at least the following:

- (a) Dividing the contract work into smaller portions in such a manner as to permit subcontracting to the extent that it is economically and technically feasible to do so;
- (b) Actively and affirmatively soliciting bids from qualified M/WBEs, including circulation of solicitations to Minority and Women's trade associations. Each Contracting Party shall maintain records detailing the efforts made to provide for meaningful M/WBE participation in the work, including the names and addresses of all M/WBEs contacted and, if an M/WBE is the low bidder and is not selected for such work or portion thereof, the reasons for such decision;
- (c) Making plans and specifications for prospective work available to M/WBEs in sufficient time for review;
- (d) Utilizing the services and cooperating with those organizations providing technical assistance to the Contracting Party in connection with potential M/WBE participation on the Contract;
- (e) Utilizing the resources of the AAC to identify New York State certified M/WBE firms for the purpose of soliciting bids and subcontracts;
- (f) Encouraging the formation of joint ventures, associations, partnerships, or other similar entities, where appropriate, to ensure that the Contracting Party will meet its obligations herein; and
- (g) Remitting payment in a timely fashion.
- (h) A Contracting Party's best efforts will be assessed by examining the total dollar value of the work performed by M/WBEs. The total dollar value of the work performed by M/WBEs will be determined as: (i) the dollar value of the work subcontracted to M/WBEs; (ii) where the Contracting Party is a joint venture, association, partnership or other similar entity including one or more M/WBEs - the contract price multiplied by the percentage of the entity's profits/losses which are to accrue to M/WBE(s) under the Contracting Party's agreement; or (iii) where the M/WBE is the Contracting Party - the contract price.

Best Efforts - Minority Group Member and Female Workforce Participation

The Contracting Party shall use best efforts to provide for meaningful Minority Group Member and female workforce participation; such best efforts shall include at least the following in connection with the work:

- (a) Ensure and maintain a working environment free of harassment, intimidation, and coercion at the premises. The Contracting Party shall specifically ensure that all foremen, superintendents, and other on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to Minority Group Member or female individuals working at the premises;
- (b) State in all solicitations or advertisement for employees that all qualified applicants will receive consideration for employment without regard to race, creed, color, national origin, sex, sexual orientation, age disability or marital status;
- (c) Send to each labor union or representative of workers with which a collective bargaining agreement or understanding is in place, a notice advising the said labor union or workers' representative of commitments under this Section, and post copies of the notice in conspicuous places available to employees and applicants for employment;
- (d) Establish and maintain a current list of Minority Group Member and female recruitment sources and community organizations, and provide written notification to them when employment opportunities are available. Maintain a record of the organizations' responses;
- (e) Maintain a current file of the name, address and telephone number of each Minority Group Member and female applicant and any referrals from a union, recruitment source or community organization, and of the action taken with respect to each individual. If such individual was sent to the union hiring hall for referral and was not referred back by the union or, if referred, was not employed, this shall be documented in writing in the file with the reasons therefor, along with whatever additional actions the Contracting Party may have taken;

- employment of minority or female workers, as the case may be, used by any Contracting Party, divided by the total person hours of training and employment of all workers (including supervisory personnel).
- (j) The required participation for minority and female employment and training must be substantially uniform throughout the work.
 - (k) Contracting Party shall not participate in the transfer of minority or female employees or trainees from employer-to-employer or from project-to-project for the sole purpose of meeting the Contracting Party's obligations herein.
 - (l) In striving to provide for meaningful M/FWF participation, Contracting Party shall use its best efforts to identify and employ qualified minority and female supervisory personnel and journey persons.
 - (m) The non-working hours of trainees or apprentices may not be considered in measuring M/FWF participation unless: (i) such trainees or apprentices are employed by Contracting Party during the training period; (ii) the Contracting Party has made a commitment to employ the trainees or apprentices at the completion of their training, subject to the availability of employment opportunities; and (iii) the trainees are trained pursuant to an approved training program.

UMEZ MORTGAGE COMMITMENT



Upper Manhattan Empowerment Zone Development Corporation

290 Lenox Avenue, 3rd Floor

New York, NY 10027

Tel: (212) 410-0030 Fax: (212) 410-9616

June 24, 2003

Mr. Robert Friedman
Strivers Gardens Realty, LLC
5 East 86th Street
New York, NY 10028

Dear Mr. Friedman:

The New York Empowerment Zone Corporation ("NYEZ") Board of Directors, at its March 14, 2003 meeting, approved a loan of up to \$2,000,000 by the Upper Manhattan Empowerment Zone Development Corporation ("UMEZ") to Strivers Gardens Realty, LLC ("the Borrower"). The proceeds of the loan shall be used by the Borrower solely for the construction and permanent financing of a mixed-use condominium building located on Frederick Douglass Boulevard between West 134th and West 135th Streets (the "Project"). The terms and conditions of the construction and permanent loans are summarized below.

Subject to satisfaction of the conditions described herein, a construction loan in the amount of \$1,926,000 will be made by UMEZ to the Borrower. The term of the construction loan will be 24 months from the date of the construction loan closing, subject to two six-month extension options. The interest rate for the construction loan shall be 5.5% per annum. The Borrower will pay interest only during the initial 24-month term of the construction loan. During each extension period, the Borrower will also be required to make principal payments on the construction loan in the amount of \$8,200 per month. The construction loan will be prepayable in whole or in part at any time without penalty or premium. At the end of the construction loan term, subject to the structuring of the permanent loan, the outstanding principal amount of the construction loan will be due in the form of a balloon payment.

Subject to the prior or simultaneous payment of the remaining balance of the construction loan, UMEZ will rollover \$450,000 of the construction loan at the end of the construction loan term as permanent financing. UMEZ agrees to use reasonable efforts to cooperate with the Borrower in structuring the permanent financing in a manner designed to minimize mortgage recording tax thereon. The term of the permanent loan shall be five years from the date of the permanent loan closing. The interest rate for the permanent loan shall be 5.5%. The Borrower will also be required to make monthly amortization payments on the permanent loan based on a five-year amortization schedule. The permanent loan will be prepayable in whole or in part at any time without penalty or premium.

As security for the construction loan and the permanent loan, the Borrower shall grant UMEZ a security interest in the real estate, property, and improvements comprising the Project as more fully set forth in the applicable loan documents.

The closing of both the construction loan and the permanent loan will be contingent upon delivery of loan documents satisfactory to UMEZ and the satisfaction of the terms and conditions to closing as set forth in such loan documents. UMEZ agrees that the permanent loan documents will be in substantially the same form as the construction loan documents. The closing of the construction loan is also subject to payment by the Borrower to UMEZ of a facility fee due at construction loan closing equal to 1.0% of the construction loan amount.

Should you have any questions, please contact me at (212) 410-0030 Ext. 204, or Alisa Alston at (212) 410-0030 Ext. 260.

Sincerely,

A handwritten signature in cursive script, appearing to read "Paul Quintero".

Paul Quintero
Senior Vice President, Business Investments

EDI AND HPD
MORTGAGE COMMITMENT



DEPARTMENT OF HOUSING PRESERVATION
AND DEVELOPMENT

JERILYN PERINE, Commissioner

Office of Development
DIVISION OF HOUSING FINANCE
100 GOLD STREET, NEW YORK, N.Y. 10038

WILLIAM TRAYLOR, Deputy Commissioner
AILEEN C. GRIBBIN, Assistant Commissioner

June 26, 2003

NYC Partnership Housing Development Fund Company, Inc.
c/o New York City Partnership and Chamber of Commerce
One Battery Park Plaza
New York, NY 10004

Attn: Sandra P. Acosta

Strivers Gardens Realty LLC
5 East 86th Street
New York, NY 10028

Attn: Robert Friedman

Re: Strivers Gardens
ANCHOR PROGRAM
Block 1959, Lot 31
West 134th and West 135th Streets
and Frederick Douglass Boulevard
New York, New York

Dear Ms. Acosta and Mr. Friedman:

The City of New York (the "City"), acting through its Department of Housing Preservation and Development ("HPD") is pleased to inform you that it will make construction and permanent mortgage loans described below on the captioned property and the improvements now or hereafter thereon (the "Property") subject to satisfaction of the terms of this letter (including the General Conditions annexed hereto) and to the availability of City and Federal funds (hereinafter, the "Commitment").

The loans will provide financing for the construction of two buildings on the Property that will be converted to 170 residential condominium apartment units ("Residential Units"), one commercial/retail condominium unit ("Commercial Unit"), one office condominium unit ("Office Unit"), and one garage condominium unit ("Garage Unit"). (The development of the portion of the building that will contain the Residential Units shall be referred to as the "Residential Project," and the development of the Commercial Unit, the Office Unit, and the Garage Unit shall be referred to collectively, as the "Commercial Project"; the Residential Project and the Commercial Project shall collectively be referred to as the "Project.") The 170 Residential Units will include one superintendent's unit. The Commercial Unit will consist of approximately 27,129 square feet of commercial/retail space, the Office Unit will consist of approximately 8,735 square feet of office space, and the Garage Unit will consist of 140 parking spaces.

HPD's construction financing will consist of (i) City funds provided under Article 22 of the Private Housing Finance Law ("Article 22 Construction Loan"), (ii) federal Economic Development Initiative funds provided under the Community Development Block Grant Program ("EDI Program") and Section 99-h of the General Municipal Law (the "EDI Permanent Commercial Loan"), and (iii) federal funds provided under Section 108 of Title I of the Housing and Community Development Act of 1974 ("Section 108 Program") ("Section 108 Loan") and Section 99-h of the General Municipal Law. The Article 22 Construction Loan shall be used solely to fund construction work and eligible soft costs attributable to the Residential Project. The EDI Loan and the Section 108 Loan shall each be used solely to fund construction work and eligible soft costs attributable to the Commercial Project.

Upon completion of construction of the Commercial Project and satisfaction of all other applicable terms of this Commitment, the EDI Loan will convert to permanent financing of the Commercial Project (the "EDI Permanent Loan"). Upon completion of construction of the Residential Project, satisfaction of all other applicable terms of this Commitment, and the sale of Residential Units, the Article 22 Construction Loan will convert to permanent financing on each Residential Unit as sold (collectively, the "HPD Residential Permanent Loan"). The EDI Permanent Loan will be made pursuant to the EDI Program, the Section 108 Program, and Section 99-h of the General Municipal Law and the HPD Residential Permanent Loan will be made pursuant to Article 22 of the Private Housing Finance Law.

I. DESCRIPTION OF PROPERTY:

The Property, located in Manhattan Community District No. 10 at West 135th Street and Frederick Douglass Boulevard, and consisting of approximately 67,855 square feet of vacant city-owned land will be developed as two interconnected residential buildings over a retail base with an underground parking garage. The residential building on West 134th Street will be seven stories and the residential building on West 135th Street will be twelve stories, with the Commercial Project occupying the ground floor and basement and the Residential Project occupying floors 2-7 in the building on West 134th Street and floors 2-12 in the building on West 135th Street.

II. CONSTRUCTION LOAN:

A. Mortgagor / Developer: The owner and mortgagor of the Property during the construction loan period shall be the NYC Partnership Housing Development Fund Company, Inc. (the "HDFC"), and the borrower shall be Strivers Gardens Realty LLC (the "Developer").

B. Construction Loan: Construction financing for the Project will be provided on the following terms by the lenders indicated below:

1. **Lenders.** The construction of the Project will be financed with construction loans provided by Fleet National Bank ("Fleet"), the New York City Housing Development Corporation ("HDC"), HPD, and the Upper Manhattan Empowerment Zone ("UMEZ") (collectively, the "Construction Loan"), and advanced pursuant to a building loan agreement made among Fleet, the HDFC, and Developer (the "Building Loan Agreement") described below.

2. **Construction Loan Amounts:**

Fleet Construction Loan:	\$42,656,593
HPD Construction Loan:	\$12,569,295*
HDC Residential Construction Loan:	\$3,380,000
UMEZ Commercial Construction Loan:	\$1,926,000
Total:	\$60,531,888

*The HPD Construction Loan will consist of the following components:

Article 22 Construction Loan:	\$3,726,450 (to be used solely to fund construction work and eligible soft costs attributable to the Residential Project)
EDI Construction Loan:	\$1,342,845 (to be used solely to fund construction work and eligible soft costs attributable to the Commercial Project)
Section 108 Construction Loan:	\$7,500,000 (to be used solely to fund construction work and eligible soft costs attributable to the Commercial Project), to be provided as described in paragraph 3(a) below.

3. **Special Conditions Relating to Section 108 Construction Loan.**

- (a) Provided Fleet executes the letter agreements ("Account Letter Agreements") required by the Section 108 Contract in connection with the establishment of the accounts described below ("Section 108 Accounts") and is the custodian bank for such accounts, the funds for the Section 108 Construction Loan, when available, shall be immediately deposited with Fleet (i) to the extent of \$100,000, into a separate identifiable custodial account, the Section 108 Loan Guarantee Program Custodial Account – Guaranteed Loan Funds Account, and (ii) to the extent of the amount in excess of \$100,000, into a Section 108 Loan Guarantee Program Custodial Account as a Custodial Investment Account. The "Guaranteed Loan Funds Account" and "Custodial Investment Account" (collectively referred to as the "Section 108 Accounts") are accounts that meet the terms and conditions for such accounts that are described in that certain Contract for Loan guarantee

Assistance to be entered into between HPD and HUD with respect to the Section 108 Loan ("Section 108 Contract").

- (b) The Borrower shall have executed and delivered to HPD (i) a note and mortgage in the amount of \$7,500,000 as described in this Commitment and on terms and conditions satisfactory to HPD, which evidences and secures the Section 108 Construction Loan ("Section 108 Loan Documents"), (ii) a collateral assignment of licenses, permits, and other agreements, (iii) a collateral assignment of rents, and (iv) a security agreement, all as required by the Section 108 Contract.

4. **Interest Rates.**

Fleet Construction Loan:	LIBOR plus 2% per annum
HDC Construction Loan:	1.0% per annum
Article 22 Construction Loan:	no interest
EDI Construction Loan:	no interest
Section 108 Construction Loan:	see Paragraph V(F)
UMEZ Construction Loan:	6.0% per annum

5. **Security.**

Fleet Construction Loan:	secured by a first mortgage
HDC Construction Loan:	secured by a joint second mortgage
Section 108 Construction Loan:	secured by a joint second mortgage
UMEZ Construction Loan:	secured by a third mortgage
Article 22 Construction Loan:	secured by a fourth mortgage
EDI Construction Loan:	secured by a fifth mortgage

All mortgages will be held by Fleet pursuant to a Construction Loan Participation Agreement(s) and/or servicing agreement(s) to be entered into between Fleet and HPD, HDC, and UMEZ. No other mortgages may encumber the Property during the Construction Loan period except for the PM Mortgage (hereinafter defined).

6. **Order of Advances.** Advances of the Construction Loan shall be made in the following order:

For work attributable to the Residential Project, advances shall be made dollar for dollar from Fleet, the HPD Article 22 Construction Loan, and HDC.

For work attributable to the Commercial Project, advances shall be made dollar for dollar from the Section 108 Construction Loan, UMEZ, and EDI Construction Loan.

7. **Construction Loan Closing Date:** No later than June 30, 2003. If there has been no closing of the Construction Loan by this date and such date has not been extended by HPD, this commitment shall terminate without notice to you and, in this event, HPD shall have no further liability or obligation to you.
8. **Servicing.** The Construction Loan shall be advanced and serviced by Fleet pursuant to the Construction Loan Participation Agreement and a servicing agreement. Section 108 Funds shall be administered and invested in a Guaranteed Loan Fund Account.
9. **Construction Loan Substantial Completion Date.** No later than 24 months plus one six-month extension after the closing of the Construction Loan.

III. **PERMANENT LOANS**

Upon completion of construction, a Declaration of Condominium establishing the Property as a 173-unit condominium, as described in the second opening paragraph above (the "Condominium"), containing terms and conditions acceptable to HPD, shall be recorded in the City Register's Office. The Offering Plan for the Condominium shall be in form and substance satisfactory to HPD prior to submission to the Attorney General.

Upon the recording of the Declaration of Condominium and prior to the closing of the earlier of the Commercial Permanent Loan (as hereinafter defined) or the Residential Permanent Loan (as hereinafter defined), the HDPC will convey the Commercial Project to the Developer, and the Developer will become the owner and mortgagor of the Commercial Project.

HPD must approve the sale of any portion, or all, of the Commercial Project to a third-party entity.

- A. **Permanent Loan for Commercial Project.** Permanent financing for the Commercial Project ("Commercial Permanent Loan") will be provided on the following terms by the lenders indicated below.

1. **Mortgagor.** The Developer shall be the owner and mortgagor of the Commercial Project.

2. **Lenders.** The lenders for the Commercial Permanent Loan shall be HPD, UMEZ, and the Manhattan Economic Revitalization Fund ("MERF"), acting through the Empire State Development Corporation ("ESDC").

3. **Releases, Assignments, and Extensions of Construction Loan Mortgages.**

- (a) **HPD.** As of the date of the Commercial Permanent Loan closing, the liens of the mortgages securing the EDI Construction Loan and Section 108 Construction Loan shall have been released with respect to the Residential Unit so that each mortgage shall encumber the Commercial Project only, and the liens of the mortgage securing the Article 22 Construction Loan shall be released with respect to the Commercial Project so that such mortgage shall encumber the Residential Unit only. At the Commercial Permanent Loan Closing, Fleet shall assign to HPD the mortgages encumbering the Commercial Project
- (b) **HDC.** As of the date of the closing for the Commercial Permanent Loan, through a partial release of the mortgage securing the HDC Construction Loan, HDC (which is not a lender for the Commercial Permanent Loan) will not hold any mortgage encumbering the Commercial Project.

4. **Commercial Permanent Loan Amounts:**

Section 108 Permanent Loan:	\$7,500,000
ESDC Commercial Permanent Loan:	\$1,476,000
UMEZ Commercial Permanent Loan:	\$450,000
EDI Commercial Permanent Loan:	\$1,342,845
Total:	\$10,768,845

5. **Interest Rates, and Servicing Fees:**

Section 108 Permanent Loan:	see Paragraph V(F)
ESDC Permanent Loan:	3.00% per annum
UMEZ Permanent Loan	6.00% per annum
EDI Permanent Loan:	no interest, plus servicing fee, if any.

6. **Terms:**

Section 108 Permanent Loan:	20 years from the date of the construction loan closing
ESDC Permanent Loan:	20 years
EDI Permanent Loan:	30 years
UMEZ Permanent Loan:	5 years

7. **Repayment Terms:**

Section 108 Permanent Loan:	see Paragraph V(F)
ESDC Permanent Loan:	annual payments of principal and interest in the amount of \$99,210.38; self-amortizing over its 20-year term
EDI Permanent Loan:	annual payments of principal in the amount of \$0 in year 1, \$25,656.12 in year 2 and \$47,042.46 in years 3-30; self-amortizing over its 30-year term
UMEZ Permanent Loan:	annual payments of principal and interest in the amount of \$106,828.38; self-amortizing over its 5 year term

8. **Security:**

Section 108 Permanent Loan:	secured by a first mortgage
ESDC Permanent Loan:	secured by a second mortgage
UMEZ Permanent Loan:	secured by a third mortgage
EDI Permanent Loan:	secured by a fourth mortgage

No other mortgages may encumber the Commercial Project, except for the PM Mortgage (hereinafter defined).

9. **Commercial Permanent Loan Closing Date:** No later than 24 months after the closing of the Construction Loan.

10. **Servicing Agreement.** At the closing of the Commercial Permanent Loan, HPD and a servicing agent acceptable to HPD shall enter into a

servicing agreement covering the servicing of the EDI Permanent Loan and the Section 108 Permanent Loan.

- B. **Permanent Loan for Residential Project.** As of the date of the Residential Permanent Loan closing, the liens of the mortgages securing the EDI Construction Loan and Section 108 Construction Loan shall have been released with respect to the Residential Unit so that each mortgage shall encumber the Commercial Project only, and the liens of the mortgage securing the Article 22 Construction Loan shall have been released with respect to the Commercial Project so that such mortgage shall encumber the Residential Unit only.

At the Residential Permanent Loan Closing, Fleet shall assign to HPD the mortgages encumbering the Commercial Unit, the Office Unit, and the Garage Unit.

1. **HPD.** Permanent financing for the Residential Project ("Residential Permanent Loan") will be provided by HPD as described below:

Following the recording of the Declaration of Condominium, Residential Units are to be sold in accordance with the Building Loan Agreement, Article 22 Loan Agreement between HPD and the HDfC to be executed at the Construction Loan closing (described below in Paragraph V.B). Upon each sale of a Residential Unit, (i) the purchaser shall assume the portion of the Article 22 Construction Loan attributable to the Residential Unit ("Apartment Development Subsidy") by executing a new note and mortgage to HPD, (ii) the Residential Unit shall be released from the lien of the mortgage securing the Article 22 Construction Loan, and (iii) the lien secured by such mortgage shall be reduced by the amount of the lien assumed by the purchaser.

The Apartment Development Subsidies shall evaporate 1/25 per year over years 1-25 provided there shall have been no defaults thereunder, and, among other things, shall require repayment out of (i) 100% of resale profits from the sale of the Residential Unit during years 1-3, and (ii) 50% of resale profits during years 4-25, and (iii) 50% of refinancing profits from the refinancing of the Residential Unit.

2. **HDC.** HDC's permanent financing for the Residential Project will be secured by liens on condominium common charges and assessments from the Residential Units.

IV. **PURCHASE MONEY FINANCING**

- A. **Purchase Money Note and Mortgage.** Upon the sale of the Property from the City to the HDfC, the HDfC shall execute a purchase money mortgage to HPD in the amount of \$2,499,830 representing the difference between the purchase price for the Property, \$2,500,000, and the \$170 cash paid towards the purchase ("PM Mortgage") and a purchase money note in the same amount. The PM Mortgage shall be subject and subordinate to the mortgages securing

respectively the Fleet Construction Loan, the HDC Construction Loan, the HPD Construction Loan, and the UMEZ Construction Loan. During the Construction Loan, the PM Mortgage shall be repayable upon any resale or refinancing of the Property. Upon the recording of the Declaration of Condominium, the PM Mortgage shall be severed into separate mortgages in the amounts of \$1,928,658 ("Residential PM") and \$571,172 ("Commercial PM"). The Residential PM will encumber the Residential Unit and the Commercial PM will encumber the Commercial, the Office, and the Garage Units.

- B. Residential Unit.** Upon each sale of a Residential Unit, (i) the purchaser shall assume the portion of the Residential PM attributable to the Residential Unit ("Apartment Land Subsidy") by executing a new note and mortgage to HPD, (ii) the Residential Unit shall be released from the lien of the Residential PM, and (iii) the lien secured by the Residential PM shall be reduced by the amount of the lien assumed by the purchaser. The Apartment Land Subsidies shall evaporate 1/25 per year over years 1-25 following the permanent loan closing provided there shall have been no defaults thereunder, and, among other things, shall require repayment out of (i) 100% of resale profits from the sale of the Residential Unit during years 1-3, and (ii) 50% of resale profits during years 4-25, and (iii) 50% of refinancing profits from the refinancing of the Residential Unit. Provided, however, that such profits shall first be paid to reduce the Apartment Development Subsidy and second, to the extent of the remaining portion, if any, of such profits, paid to reduce the Apartment Land Subsidy. The mortgage securing the Apartment Land Subsidy shall be (i) subject and subordinate to the lien of institutional lenders providing purchase money financing for the Residential Unit to the purchasers and (ii) equal in lien to the mortgage securing the Apartment Development Subsidy.
- C. Commercial Unit.** During years 1-5 of the Commercial Permanent Loan, the Commercial PM shall be due and payable in full upon any sale of or refinancing of permanent superior mortgages on the Commercial Project. Following such period, as to be more fully described therein, the Commercial PM shall be repaid to the extent of 50% of resale or refinancing profits. The Commercial PM shall be extinguished upon its 30th anniversary, provided there shall have been no defaults thereunder. The Commercial PM shall be subject and subordinate to the mortgages securing respectively the Section 108 Permanent Loan, the ESDC Permanent Loan, the UMEZ Permanent Loan, and the EDI Permanent Loan.

V. OTHER TERMS AND CONDITIONS

- A. Site Development Agreement.** Prior to or at the Construction Loan closing, the HDPC and Developer shall have entered into a Site Development Agreement ("SDA") wherein the Developer, among other things, will be obligated to (i) perform the construction of the Project, (ii) acquire title to the Commercial Unit upon completion of construction and (iii) sell Residential Units upon completion of construction. The HDPC will monitor the performance of the Developer under the approved development schedule and keep HPD informed of such progress.

- B. **Article 22 Loan Agreement.** At the Construction Loan closing, HPD and the HDPC shall enter into an Article 22 Loan Agreement which, among other things, shall (i) contain a marketing plan approved by HPD for the marketing of Residential Units by Developer, (ii) set forth initial average sales prices for the sale of Residential Units, (iii) set forth income restrictions for purchasers of Residential Units, (iv) require that each Residential Unit shall be sold to a purchaser who agrees to occupy the Residential Unit, (v) set forth the requirements for the Residential Unit purchasers to execute a note and mortgage to HPD securing the Apartment Development Subsidy and the Apartment Land Subsidy for such Residential Unit.
- C. **EDI Grant Agreement.** Prior to the construction loan closing, HPD and the United States Department of Housing and Urban Development ("HUD") shall have entered into an Economic Development Initiatives Grant Agreement whereby HUD has agreed to provide EDI funds to HPD for the EDI Commercial Permanent Loan. In connection therewith, the Commercial Project is subject to the terms and conditions contained in the EDI Rider annexed hereto. Developer shall be bound with and comply with all the provisions of the EDI Rider.
- D. **EDI Capitalization and Reserve.** At the Commercial Permanent Loan closing, HPD will deposit federal EDI funds in the amount of \$856,272 into a reserve account ("EDI Reserve") which, together with accrued interest thereon, shall be used as additional collateral for the Section 108 Loan Guarantee (hereinafter defined). In addition, HPD will deposit repayments of the EDI Commercial Permanent Loan into the EDI Reserve.
- E. **Section 108 Documents.** HPD and HUD shall have entered into a certain Contract for Loan Guarantee Assistance with respect to the Section 108 Loan ("Section 108 Contract"), and all documents required by such contract and in connection thereto shall have been executed and delivered. The "Section 108 Guarantee" is a guarantee provided by HUD under the Section 108 Program for repayment of a certain promissory note from HPD as maker and to a lender as payee ("Section 108 Note"), pursuant to which HPD receives federal Section 108 funds.

F. **Interest Rates and Repayment Terms for Section 108 Loan.**

On the date of the making of the Section 108 Construction Loan (i.e., the date of the Section 108 Loan Documents), the principal amount of such loan shall be deemed to be \$7,500,000, *regardless of the fact that the entire loan may have not yet have been advanced to Borrower.* Therefore, the interest rate shall at all times be calculated based on the full principal amount of \$7,500,000.

The principal payments due on the Section 108 Loan shall be as set forth in the annexed Schedule B. The interest rate payable on the Section 108 Loan until and including the HUD Conversion Date (hereinafter defined) shall not be less than the interest rate of the Section 108 Note. The interest rate after the HUD Conversion Date shall be the greater of (i) 6.25% per annum or (ii) the interest rate of the Section 108 Note to be determined at the time of the HUD Conversion Date in accordance with the terms and conditions of such note. The "HUD

Conversion Date" shall mean the date when the Section 108 Note is (i) delivered by the holder to The Chase Manhattan Bank as fiscal agent and (ii) assigned to the Chase Manhattan Bank (or any successor thereto) acting in its capacity as Trustee pursuant to that certain Trust Agreement with United States Department of Housing and Urban Development ("HUD") dated as of January 1, 1995.

In no event shall principal and interest payments due on the Section 108 Loan Documents be less than the amounts to be set forth in the Section 108 Note, at the interest rate set forth above.

If this Commitment and the provisions and conditions attached hereto are acceptable to you, please date and sign each of the six enclosed copies of this Commitment and have your signature acknowledged by a Notary Public on the attached page. Also, please complete and sign the Vendor Code Information Reporting Form and Affirmation at the back of each Commitment, initial each page of the General Conditions and the HPD Mortgage Schedule and return five signed copies of the Commitments with attachments to: HPD, Attention Aileen Gribbin, Assistant Commissioner for Housing Finance, Office of Development, 100 Gold Street, Room 9-O3, New York, New York 10038. If such fully executed copies have not been received by HPD within five (5) days after the date of this Commitment, this Commitment shall be of no force and effect.

Very truly yours,

THE CITY OF NEW YORK, acting
by and through its DEPARTMENT OF
HOUSING PRESERVATION AND
DEVELOPMENT

By: 

Aileen Gribbin
Assistant Commissioner

Accepted and Agreed to this ____ day of ____, 2003

NYC PARTNERSHIP HOUSING DEVELOPMENT FUND COMPANY, INC.

By: 

STRIVERS GARDENS REALTY LLC

By: 

GENERAL CONDITIONS TO HPD COMMITMENT

The following definitions apply for the purposes of these General Conditions:

"Construction Loan" shall mean the HPD Construction Loan.

"Construction Loan Closing" shall mean the Construction Loan closing for the Project.

"Borrower" shall mean collectively, the HDFC and the Developer.

A- CONSTRUCTION LOAN GENERAL PRECONDITIONS.

1. No Assignment: Any assignment or attempted assignment of this Commitment, or material change in the principals constituting the Borrower, whether by operation of law or otherwise, or if this Commitment is made to a corporation or other entity, any change or transfer or ownership interest therein, shall be void unless the prior written consent of HPD shall first be had and obtained. HPD may, in such event, terminate this Commitment.
2. Inspector General / Equal Opportunity Clearance: The entire transaction shall be subject to approval by the HPD Office of Equal Opportunity and the Inspector General prior to the Construction Loan closing. In connection with obtaining such approval, Borrower shall furnish to HPD a list of all of Borrower's real estate interests and projects in New York City, together with such other information as HPD shall request.
3. Organizational Documents. Prior to Construction Loan Closing, Borrower shall submit all organizational documents to HPD, which shall be subject to HPD approval, including, but not limited to, a Certificate of (Limited) Partnership (if Borrower is a (limited) partnership) and a Certificate of Incorporation (if Borrower is a corporation or if Borrower includes a corporate general partner(s)), and an affidavit from an authorized principal of Borrower listing all officers, directors, and shareholders of such corporation(s).
4. Construction Requirements.

Prior to Construction Loan Closing,

- (a) The general contractor and construction manager shall have been approved by HPD.
- (b) Developer and the general contractor shall have entered a construction contract for the Project approved by HPD and Developer and construction manager shall have entered into a construction management agreement.
- (c) The plans and specifications for both the Commercial Project and the Residential Project shall have been approved by HPD.
- (d) All building permits and approvals necessary for the start of construction shall have been obtained.

- (e) The Construction Consultant shall have been approved by HPD. The Construction Consultant shall be hired by the lead lender and shall be responsible for approving construction requisitions and certifying as to completion of the Work (as hereinafter defined). The form and substance of Construction Consultant's Certificate of Substantial Completion shall have been agreed to by HPD prior to Construction Loan closing.
 - (f) The Developer's architect and construction monitor shall have been approved by HPD.
5. Construction Loan Documents: All documents executed at or in connection with the Construction Loan closing, including, by way of example, commitment letters, buy-sell agreement, notes and mortgages, building loan agreement, and construction contract, shall be in form and in substance satisfactory to HPD.
6. Title Insurance. A title company satisfactory to HPD shall have issued a policy of title insurance, with a current survey certified to HPD, insuring that the Construction Loan made by HPD is secured by a mortgage constituting a valid lien on a good and marketable title to the Property in fee simple, not subject to or subordinate to any other lien or encumbrance unless specifically approved by HPD. Said policy or policies shall be free of exceptions objectionable to HPD, and shall be issued by title companies in good standing licensed to issue title insurance in New York State, and in such amounts and form and containing such provisions as are satisfactory to HPD.
7. Liability and Property Insurance. Developer shall have furnished HPD with a policy of fire insurance with extended coverage endorsements not less than the amount of the Construction Loan, and liability insurance in such amounts approved by HPD, all of which shall be fully prepaid for a period of not less than one (1) year, listing HPD as additional insured, and issued by companies satisfactory to HPD in good standing licensed to issue fire insurance in New York State on such forms, and providing such coverages, as shall be satisfactory to HPD.
8. Attorney's Opinion. The Developer and the HDFC shall each have furnished HPD with an opinion of New York counsel satisfactory to HPD stating that: (a) Developer or the HDFC, as the case may be, (i) is duly organized pursuant to the laws of the State of New York; (ii) is qualified to do business in the State of New York; (iii) has complied with all provisions of New York law relative to the making of this loan applicable to it; and (iv) has paid all New York corporate income and franchise taxes; and (b) the Construction Loan and documents as executed and delivered by the Developer or the HDFC, as the case may be, are valid and enforceable as against the Developer.

B. PERMANENT LOAN GENERAL PRECONDITIONS.

In addition to the satisfaction of the Construction Loan pre-conditions as set forth in this Commitment, the following items are conditions to the closing of the permanent loan for both the Commercial Unit and the Residential Units (collectively, the "Permanent Loan").

Notwithstanding anything to the contrary contained herein, if HPD makes the Construction Loan or Permanent Loan prior to the satisfaction by Borrower of any other conditions stated herein as conditions precedent for, respectively, the Construction Loan and Permanent Loan, Borrower

shall not be relieved of its obligation to comply with, and HPD shall not have been deemed to have waived such condition and failure to satisfy same shall be deemed a default under, respectively, the Construction Loan and Permanent Loan.

1. Advances of Construction Loan. All advances of the Construction Loan shall have been in accordance with the annexed Mortgage Schedule unless a modification to the Mortgage Schedule is made with the prior written approval of HPD; no advances shall be made in excess of the mortgageable amounts set forth in each line item amount in the Mortgage Schedule. Savings in soft cost line items in the Mortgage Schedule may be applied to other eligible project costs only with the prior written approval of HPD. The use of hard cost contingency and all change orders shall be subject to HPD approval. All releases of construction retainage (except for the routine release of retainage as part of the final advance) shall be subject to HPD approval.
2. Completion of Construction. The construction of the improvements on the Property (the "Work") must be completed to the satisfaction of the Construction Consultant (described below) in accordance with the approved plans and specifications, the construction contracts and building loan agreements approved by HPD. The Construction Consultant shall be an independent professional engineer hired by the lead lender and approved by HPD prior to the closing of the Construction Loan.

All materialmen, laborers and mechanics who have furnished materials or services in connection with the Work shall have been paid in full, the condition of the Property shall be satisfactory to HPD in all respects, and all necessary governmental approvals, licenses, permits and certificates shall have been duly issued, including, without limitation, a temporary or permanent certificate of occupancy and/or a certificate of substantial completion, as the case may be.

Developer shall have submitted to HPD on a monthly basis copies of all requisitions and change orders which are submitted to the Construction Lender and shall have granted HPD access to the Work site during working hours.

Borrower shall have complied with all applicable federal, state and city laws, codes and ordinances and all rules and regulations promulgated thereunder in connection with the Work, including, without limitation, the New York State Labor Law, EDI of the General Municipal Law, Article 22 of the Private Housing Finance Law, the New York City Zoning Resolution, and the New York City Building Code, and shall furnish satisfactory evidence of such compliance upon request.

3. Title Insurance. With respect to both the Commercial Project and Residential Unit, a title company satisfactory to HPD shall have issued a policy of title insurance, with a current survey certified to HPD, insuring that the loan made by HPD with respect to those Units is secured by a mortgage constituting a valid lien on a good and marketable title to the Units and its appurtenant interests pursuant to Article 22 of the Private Housing Finance Law in fee simple, not subject to or subordinate to any other lien or encumbrance unless specifically approved by HPD. Said policy or policies shall be free of exceptions objectionable to HPD, and shall be issued by title companies in good standing licensed to issue title insurance in New York State, and in such amounts and form and containing such provisions as are satisfactory to HPD.

4. Liability and Property Insurance. Developer shall have furnished HPD with a policy of fire and hazard insurance with "all risk" coverage with extended coverage endorsements not less than the amount set forth in this Commitment, and liability insurance in such amounts approved by HPD, all of which shall be fully prepaid for a period of not less than one (1) year; listing HPD as additional insured, and issued by companies satisfactory to HPD in good standing licensed to issue fire insurance in New York State on such forms, and providing such coverages, as shall be satisfactory to HPD.
5. Attorney's Opinion. With respect to the Commercial Permanent Loan, the Developer shall have furnished HPD with an opinion of New York counsel satisfactory to HPD stating that: (a) Developer (i) is duly organized pursuant to the laws of the State of New York; (ii) is qualified to do business in the State of New York; (iii) has complied with all provisions of New York law relative to the making of this loan applicable to it; and (iv) has paid all New York corporate income and franchise taxes; and (b) the EDI Permanent Loan documents as executed and delivered by the Developer are valid and enforceable as against the Developer, as the case may be.
6. Estoppel Certificate. The HDFC and the Developer shall have each furnished HPD with affidavits or certificates setting forth (i) the amount of principal and interest owing on the Construction Loan, and (ii) that the HDFC or the Developer, respectively (as the case may be), is not aware of any defaults thereunder.
7. Affidavit of No Litigation. Developer and the HDFC shall have each executed, acknowledged and delivered to HPD an affidavit of a principal primarily responsible for supervising the affairs of the Developer or the HDFC, as the case may be, in form and substance satisfactory to HPD, stating that there is no litigation, pending or threatened, against the Developer or the HDFC, as the case may be, which might interfere with or adversely affect its ability to repay the Construction Loan and Permanent Loan and that Developer or the HDFC, as the case may be, is not aware of any default under any loan, contract or other obligation in favor of the City of New York.
8. Tax Exemptions. Developer shall have made application to the New York City Department of Finance ("DOF") for approval and determination of the benefits under the Industrial and Commercial Tax Incentive Program with respect to the Commercial Unit and DOF shall have issued a certificate or other appropriate document that evidences final approval of the granting of such tax benefits with respect to the Commercial Unit.
9. Other Loans. All the other construction and permanent loans cited in this Commitment shall have been funded in accordance with the terms herein.
10. Permanent Loan Documents. All documents executed at or in connection with the Permanent Loan closing, including, by way of example, notes and mortgages and servicing agreement, shall have been in form and in substance satisfactory to HPD.
11. Leases. All leases and occupancy agreements in force and effect at the time of the closing of the Construction Loan and Permanent Loan, must be satisfactory to HPD in form and substance, and subordinate to the lien of the mortgages securing the Construction Loan and Permanent Loan. Borrower shall furnish copies of all signed leases and occupancy agreements.

12. Documents. Borrower shall execute and deliver all documents and instruments deemed necessary by HPD to effectuate this Commitment and close the Construction Loan and Permanent Loan. Such documents shall be in such form and substance satisfactory to HPD and the City of New York Law Department. Further, Borrower shall take such action as shall be, in the judgment of HPD, necessary or convenient to effectuate the purposes of this Commitment and close the Construction Loan and Permanent Loan. All documents executed by Developer in connection with the Construction Loan and Permanent Loan shall be in form and substance satisfactory to HPD.

C. OTHER GENERAL CONDITIONS

1. Closing Expenses. Developer shall pay all expenses, fees, disbursements, title premiums and charges for title examination, mortgage insurance and survey, recording fees, if any, recording and transfer taxes, and all other expenses incident to closing the Construction Loan and Permanent Loan.
2. No Subordinate Financing. Except as set forth in this Commitment, no subordinate financing affecting the Property at the time of Permanent Loan closing, or during the term of the Permanent Loan including secured transactions under the Uniform Commercial Code, shall be permitted without the prior written consent of HPD.
3. No Brokers. HPD shall be under no obligation to pay any brokerage commission or fee of any kind with respect to this Commitment. The HDPC and Developer each hereby agrees to indemnify and hold HPD harmless of and from any claims by any person or entity for any fees or commissions with respect to the conveyance of the Property by HPD, this Commitment, or the Construction Loan and Permanent Loan.
4. Signs. Developer shall erect and maintain on the Property during the construction period, at Developer's sole cost and expense, a sign provided by HPD describing the project and noting the participants in the financing.
5. Location of Closing. The Construction Loan and Permanent Loan closings will be held at a time and place in The City of New York to be designated by Fleet upon not less than five (5) days prior notice to all parties concerned.
6. Permanent Loan Documents. The Construction Loan and Permanent Loan shall be evidenced by promissory note(s) and secured by (i) a mortgage(s) which shall be a valid lien(s) on a good and marketable title in fee simple on the Unit for which the loan is made and (ii) a prior security interest in all fixtures, equipment, machinery and articles of personal property, now or hereafter affixed to or used in the operation of the Property, except personal property owned by bona fide tenants. The HPD mortgages securing the Permanent Loan shall provide, among other things, that:
 - (a) (i) during the term of the Permanent Loan the mortgagor shall provide HPD with certified statements of operations, listing in detail all earnings, income and expenses in connection with the Unit for the preceding calendar year or fiscal period, not later than thirty (30) days after requested to do so by HPD, and (ii) HPD shall have the right to audit the books and records of the Developer at no cost to Developer whenever HPD deems it necessary or desirable to do so;

- (b) HPD shall have the right to inspect the Units from time to time;
 - (c) if not required by the holder of the first mortgage, in addition to the monthly payments on account of principal and interest, where applicable, the Developer shall be required to make monthly escrow payments, in such amounts as are satisfactory to HPD, from time to time, with respect to taxes, water and sewer charges, insurance premiums;
 - (d) upon occurrence of any Unauthorized Transfer (as defined in Paragraph C.8 below), HPD may, at HPD's option, declare the indebtedness and the accrued interest secured thereby to be immediately due and payable;
 - (e) the principal balance of the loan may be prepaid at any time without penalty.
7. Report to Commissioner of Investigation. Developer and the HDFC shall each direct in writing all its officers, principals, employees, and agents 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 Commitment by the Developer or the HDFC, as the case may be, or affecting the performance of this Commitment.
8. No Transfers Prior to Construction Loan and Permanent Loan Closing. If prior to the Construction Loan and Permanent Loan closing (i) the fee title to all or any part of the Property is transferred or conveyed by the HDFC, or (ii) title to the Property shall become vested in any person, partnership, corporation, trust, venture or other entity in any manner whatsoever, whether by operation of law or otherwise, other than the HDFC, or (iii) all or substantially all of the Property shall be leased or licensed to any party (except leases of the Commercial Project or any portion approved by HPD), or (iv) if the Developer or a general partner of Developer is a corporation and the controlling interest of such corporation is changed by transfer of ownership interests thereof, by operation of law or otherwise, or (v) if the Developer is a general or limited partnership and one or more general partners shall be added, removed or substituted without the prior written consent of HPD, or (vi) the Developer is a limited liability company and one or more members shall be added, removed or substituted or added without the prior written consent of HPD (collectively, all transactions listed in (i) through (iv) are defined as "Unauthorized Transfers"), then HPD may, at HPD's option, cancel this Commitment and render same null and void, after which HPD shall have absolutely no obligations hereunder.
9. Casualties. If prior to the Construction Loan and Permanent Loan closing (i) the improvements on the Property are damaged or destroyed by fire or other casualty and the Property is not promptly repaired or restored to HPD's reasonable satisfaction, or (ii) there is a diminution in the value of the Property as a result of eminent domain or condemnation, HPD may elect to cancel this Commitment and render it null and void, after which HPD shall have absolutely no obligation hereunder.

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EDI Rider

All Construction work performed or administered by the Contractor pursuant to the attached Construction Contract, shall be subject to the following federal requirements under the Community Development Block Grant Program ("CDBG") pursuant to Title I of the Housing and Community Development Act of 1974 (as amended from time to time), and the implementing regulations at 24 CFR Part 570 (the "Act"):

A. FEDERAL LABOR STANDARDS:

1. The Davis-Bacon Act, as amended (40 U.S.C. 267a - 276a-5): In Construction contracts in excess of \$2,000.00, unless exclusively in connection with the rehabilitation of a structure designed for residential use by less than 8 families, all laborers and mechanics must be paid at a rate not less than those determined by the Secretary of Labor to be prevailing for the City of New York, which rates are to be provided by the New York City Department of Housing Preservation and Development (HPD). These wage rates are a federally mandated minimum only, and will be superseded by any State or City requirement mandating higher wage rates. The Contractor also agrees to comply with Department of Labor Regulations pursuant to the Davis-Bacon Act found in 29 CFR Parts 1, 3, 5 and 7 which enforce statutory labor standards provisions; 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.
2. Sections 103 and 107 of the Contract Work Hours and Safe Standards Act, which provide that no laborer or mechanic shall be required or permitted to work more than eight hours in a calendar day or in excess of forty hours in any work week, unless such laborer or mechanic is paid at an overtime rate of 1 1/2 times his/her basic rate of pay for all hours worked in excess of these limits, under any Construction contract costing in excess of \$2,000.00. In the event of a violation of this provision, the Contractor shall not only be liable to any affected employee for his/her unpaid wages, but shall be additionally liable to the United States for liquidated damages.
3. Section 2 of the Copeland Act (anti-kickback provision) requiring that all laborers and mechanics be paid unconditionally and not less often than once a week, and prohibiting all but "permissible" salary deductions.

B. NON-DISCRIMINATION

1. Title VI of the Civil Rights Act of 1964 (P.L. 88-352), which states that no person shall, on the ground of race, color or national origin, be excluded from participation in, be denied the benefits of, or otherwise be subject to discrimination under any program or activity made possible by, or resulting from, this Construction Contract. The provisions of this Paragraph shall be incorporated in and made a part of all agreements and/or sub-contracts executed in connection with this Construction Contract.
2. Age Discrimination Act of 1975 (42 U.S.C. 3601-20) and implementing regulations at 24 CFR Part 100, which prohibits discrimination on the basis of age.

3. The Contractor shall warrant that all design documents used under this Construction Contract, and all Construction or alteration undertaken by the Contractor under this contract shall be performed in accordance with all federal, state and local laws and regulations regarding accessibility standards for persons with disabilities, including, but not limited to, the following: Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8, which prohibits discrimination with respect to an otherwise qualified handicapped person; the Architectural Barriers Act of 1968, and regulations at 41 CFR 101-19.603; and the Americans with Disabilities Act, P.L. 101-336 (1990).
4. Presidential Executive Order 11246, as amended by Executive Orders 11375 and 12086, pursuant thereto (41 CFR Chapter 60, as amended) which prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex or national origin. This provision shall be set forth and incorporated in all sub-contracts for work pursuant to this Construction Contract.
 - a. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, sex, religion or national origin.
 - b. The Contractor will send to each labor union or representative or workers with which he/she has a collective bargaining agreement or other contract or understanding, a notice to be provided by the Agency contracting officer, advising the labor union or workers' representatives of the Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, as amended, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
 - c. The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, as amended, and of the rules, regulations and relevant orders of the Secretary of Labor.
 - d. The Contractor will furnish all information and reports required by Executive Order of 11246 of September 24, 1965, as amended, and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and accounts by the Department and the Secretary of Labor for purposes of investigations to ascertain compliance with such rules, regulations, and orders.
 - e. In the event of the Contractor's noncompliance with the non-discriminations clauses of this Contract or with any of such rules, regulations, or orders, this Contract may be canceled, terminated or suspended, in whole or in part, and the Contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, as amended, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, as amended, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

C. EQUAL OPPORTUNITY

1. The Contractor shall take affirmative action to insure that employees and applicants for employment are treated without regard to their race, color, religion, sex or national origin. Such affirmative action shall include, but not be limited to, the following: employment upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; pay rates or other forms of compensation; and selection for training, including apprenticeship.
2. The Contractor shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by HUD setting forth the provisions of this non-discrimination clause. The Contractor shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
3. Non-Segregated Facilities: (Applicable to federally assisted Construction Contracts and related sub-contracts exceeding \$10,000.00 which are not exempt from the Equal Opportunity clause.) The Contractor certifies that it has not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Contractor agrees that a breach of this certification is a violation of the Equal Opportunity clause in this Contract. As used herein, the term "segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms, and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, creed, color, or national origin, because of habit, local custom, or otherwise. The Contractor agrees that it will obtain identical certifications from proposed sub-contractors prior to the award of sub-contracts exceeding \$10,000.00 which are not exempt from the provisions of the Equal Opportunity clause, and that it will retain such certifications in its files.

D. AFFIRMATIVE ACTION REQUIREMENTS

1. The Contractor agrees that it shall be committed to carry out an Affirmative Action Program in keeping with the principles as provided in Presidential Executive Order 11246 of September 24, 1965.
2. The Contractor shall use its best efforts to afford minority and women-owned business enterprises the maximum practicable opportunity to participate in the performance of this Construction Contract. As used in this Contract, the term "minority and female business enterprise" means a business at least fifty-one (51%) percent owned and controlled by minority group members or women. For the purpose of this definition, "minority group members" are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian-Americans, and American Indians. The Contractor may rely on written representations by sub-contractors regarding their status as minority and female business enterprises in lieu of an independent investigation:

3. The Contractor shall take specific affirmative actions to ensure equal employment opportunity. The evaluation of the Contractor's compliance with these specifications shall be based upon its effort to achieve maximum results from its actions. The Contractor shall document these efforts fully, and shall implement affirmative action steps at least as extensive as the following:
 - a. Ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which the Contractor's employees are assigned to work. The Contractor, where possible, will assign two or more women to each Construction project. The Contractor shall specifically ensure that all foremen, superintendents, and other on-site supervisory personnel are aware of and carry out the Contractor's obligation to maintain such a working environment, with specific attention to minority or female individuals working at such sites or in such facilities.
 - b. Establish and maintain a current list of minority and female recruitment sources, provide written notification to minority and female recruitment sources and to community organizations when the Contractor or its unions have employment opportunities available, and maintain a record of the organizations' responses.
 - c. Maintain a current file of the names, addresses and telephone numbers of each minority and female off-the-street applicant and minority or female referral from a union, a recruitment source or community organization and of what action was taken with respect to each such individual. If such individual was sent to the union hiring hall for referral and was not referred back to the Contractor by the union or, if referred, not employed by the Contractor, this shall be documented in the file with the reason therefor, along with whatever additional actions the Contractor may have taken.
 - d. Provide immediate written notification to the Director when the union or unions with which the Contractor has a collective bargaining agreement has not referred to the Contractor a minority person or woman sent by the Contractor, or when the Contractor has other information that the union referral process has impeded the Contractor's efforts to meet its obligations.
 - e. Develop on-the-job training opportunities and/or participate in training programs for the area which expressly include minorities and women, including upgrading programs and apprenticeship and trainee programs relevant to the Contractor's employment needs, especially those programs funded or approved by the Department of Labor. The Contractor shall provide notice of this programs to the sources compiled under Paragraph 3(b) above.
 - f. Disseminate the Contractor's EEO policy by providing notice of the policy to unions and training programs and requesting their cooperation in assisting the Contractor in meeting its EEO obligations; by including it in any policy manual and collective bargaining agreement; by publicizing it in the company newspaper, annual report, etc.; by specific review of the policy with all management personnel and with all minority and female employees at least once a year; and by positing the company EEO policy on bulletin boards accessible to all employees at each location where Construction work is performed.

- g. Review, at least annually, the company's EEO policy and affirmative action obligations under these specifications with all employees having any responsibility for hiring, assignment, layoff, termination or other employment decisions including specific review of these items with on-site supervisory personnel such as Superintendents, General Foremen, etc. prior to the initiation of Construction work at any job site. A written record shall be made and maintained identifying the time and place of these meetings, persons attending, subject matter discussed, and disposition of the subject matter.
- h. Disseminate the Contractor's EEO policy externally by including it in any advertising in the news media, specifically including minority and female news media, and providing written notification to and discussing the Contractor's EEO policy with other Contractors and Subcontractors with whom the Contractor does or anticipates doing business.
- i. Direct its recruitment efforts, both oral and written, to minority, female and community organizations, to schools with minority and female students and to minority and female recruitment and training organizations serving the Contractor's recruitment area and employment needs. Not later than one month prior to the date for the acceptance of applications for apprenticeship or other training by any recruitment source, the Contractor shall send written notification to organizations such as the above, describing the openings, screening procedures, and tests to be used in the selection process.
- j. Encourage present minority and female employees to recruit mother minority persons and women and, where reasonable, provide after school, summer and vacation employment to minority and female youth both on the site and in other areas of a Contractor's work force.
- k. Validate all tests and other selection requirements where there is an obligation to do so under 41 CFR Part 60-3.
- l. Conduct, at least annually, an inventory and evaluation at least of all minority and female personnel for promotional opportunities and encourage these employees to seek or to prepare for, through appropriate training, etc., such opportunities.
- m. Ensure that seniority practices, job classifications, work assignments and other personnel practices, do not have a discriminatory effect by continually monitoring all personnel and employment related activities to ensure that the EEO policy and the Contractor's obligations under these specifications are being carried out.
- n. Ensure that all facilities and company activities are non-segregated except that separate or single-user toilet and necessary changing facilities shall be provided to assure privacy between the sexes.
- o. Document and maintain a record of all solicitations of offers for subcontracts from minority and female Construction contractors and suppliers, including circulation of solicitations to minority and female contractor associations and other business associations.

- p. Conduct a review, at least annually, of all supervisors' adherence to and performance under the Contractor's EEO policies and affirmative action obligations.
- 4. A single goal for minorities and a separate single goal for women have been established. The Contractor, however, is required to provide equal employment opportunity and to take affirmative action for all minority groups, both male and female, and all women, both minority and non-minority. Consequently, the Contractor may be in violation of the Executive Order if a particular group is employed in a substantially disparate manner (for example, even though the Contractor has achieved its goals for women generally, the Contractor may be in violation of the Executive Order if a specific minority group of women is underutilized).
- 5. Neither the provisions of any collective bargaining agreement, nor the failure by a union with whom the Contractor has a collective bargaining agreement, to refer either minorities or women shall excuse the Contractor's obligations under the above-stated contractual provisions, Executive Order 11246, or the regulations promulgated pursuant thereto.
- 6. The Contractor shall designate a responsible official to monitor all employment related activity to ensure that the company EEO policy is being carried out, to submit reports relating to the provisions hereof as may be required by the Government and to keep records. Records shall at least include for each employee the name, address, telephone numbers, construction trade, union affiliation, if any.

E. SECTION 3 CLAUSE

- 1. Section 3 of the Housing and Urban Development Act of 1968, and related regulations under 24 CFR 135, requires, inter alia, that sub-contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by persons residing in, the City of New York. Contractor certifies and agrees that no contractual or other disability exists which would prevent compliance with these requirements.
- 2. Contractor further agrees to comply with these "Section 3" requirements and to include the following language in all sub-contract executed under this Construction Contract:

"The work to be performed under this contract is a project assisted under a program providing direct federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701. Section 3 requires that to the greatest extent feasible opportunities for training and employment be given to lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part by persons residing in the areas of the project."

- 3. Contractor agrees to send to each labor organization or representative of workers with which it has a collective bargaining agreement or other contract or understanding, if any, a notice advising said labor organization or worker's representative of its commitments

under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.

4. Contractor agrees to include this Section 3 clause in every sub-contract and will take appropriate action pursuant to the sub-contract upon a finding that the sub-contractor is in violation thereof. The Contractor will not sub-contract with any sub-contractor where it has notice or knowledge that the latter has been found in violation of regulations under 24 CFR 135 and will not sign or award any sub-contract unless the sub-contractor has first provided it with a preliminary statement of ability to comply with the requirements of these regulations.

F. OTHER MISCELLANEOUS FEDERAL REQUIREMENTS

24 CFR Part 24 forbids the use of fund to employ, award contracts to, or otherwise engage the services of, or fund any contractor during any period of debarment, suspension, or placement in ineligibility status. The Contractor hereby certifies that it is not presently suspended, debarred or in any ineligibility status. Moreover, the Contractor shall not enter into or award any sub-contract with any person or firm debarred, suspended, or in any other way ineligible from Government contracts pursuant to Executive Order 11246.

In July, 1998, Governor Pataki signed into law the repeal of subdivision 2-d of section 352-e of the General Business Law ("GBL") and signed into law GBL Section 352-L and Real Property Law ("RPL") Section 339-kk. GBL Section 352-L pertains to cooperatives. RPL Section 339-kk pertains to condominiums.

In summary, RPL Section 339-kk provides that if a non-occupying owner fails to pay in full, within sixty (60) days after the expiration of any grace period, any common charges, assessment or late fees due for his or her unit, then the Board of Managers shall provide written notice to the tenant and the non-occupying owner stating that the tenant is to forthwith commence paying rent directly to the Condominium Association. The Board may elect not to send such notice if a majority of the Board is elected from unit owners who are in occupancy of their units. Payments of rent directly to the Board shall continue until the non-occupying owner once again becomes current with respect to common charges, assessments and late fees to the Board of Managers.

A text of RPL Section 339-kk appears below.

§ 3. The real property law is amended by adding a new section 339-kk to read as follows:

§ 339-KK. RENTS. (A) FOR THE PURPOSES OF THIS SECTION, "NON-OCCUPYING OWNER" SHALL MEAN A UNIT OWNER IN A CONDOMINIUM ASSOCIATION WHO DOES NOT OCCUPY THE DWELLING UNIT.

(B) IF A NON-OCCUPYING OWNER RENTS ANY DWELLING UNIT TO A RENTAL TENANT AND THEN FAILS TO MAKE PAYMENTS DUE FOR COMMON CHARGES, ASSESSMENTS OR LATE FEES FOR SUCH UNIT WITHIN SIXTY DAYS OF THE EXPIRATION OF ANY GRACE PERIOD AFTER THEY ARE DUE, UPON NOTICE IN ACCORDANCE WITH SUBDIVISION (C) OF THIS SECTION, ALL RENTAL PAYMENTS FROM THE TENANT SHALL BE DIRECTLY PAYABLE TO THE CONDOMINIUM ASSOCIATION.

(C) IF THE COMMON CHARGES, ASSESSMENTS OR LATE FEES DUE FOR ANY UNIT HAVE NOT BEEN PAID IN FULL, WITHIN SIXTY DAYS AFTER THE EXPIRATION OF ANY GRACE PERIOD OF THE EARLIEST DUE DATE, THE BOARD OF MANAGERS SHALL PROVIDE WRITTEN NOTICE TO THE TENANT AND THE NON-OCCUPYING OWNER PROVIDING THAT, COMMENCING IMMEDIATELY AND UNTIL SUCH TIME AS ALL PAYMENTS FOR COMMON CHARGES, ASSESSMENTS OR LATE FEES ARE MADE CURRENT, ALL RENTAL PAYMENTS DUE SUBSEQUENT TO THE ISSUANCE OF SUCH NOTICE ARE TO BE MADE PAYABLE TO THE CONDOMINIUM ASSOCIATION AT THE ADDRESS LISTED ON THE NOTICE. WHERE A MAJORITY OF THE BOARD OF MANAGERS HAS BEEN ELECTED BY AND FROM AMONG THE UNIT OWNERS WHO ARE IN OCCUPANCY, THE BOARD MAY ELECT NOT TO REQUIRE THAT RENTAL PAYMENTS BE MADE PAYABLE TO THE CONDOMINIUM ASSOCIATION. AT SUCH

TIME AS PAYMENTS FOR COMMON CHARGES, ASSESSMENTS AND LATE FEES FROM THE NON-OCCUPYING OWNER ARE ONCE AGAIN CURRENT, NOTICE OF SUCH FACT SHALL BE GIVEN WITHIN THREE BUSINESS DAYS TO THE RENTAL TENANT AND NON-OCCUPYING OWNER. THEREAFTER, ALL RENTAL PAYMENTS SHALL BE MADE PAYABLE TO THE NON-OCCUPYING OWNER OR A DESIGNATED AGENT. A NON-OCCUPYING OWNER WHO DISPUTES THE ASSOCIATION'S CLAIM TO RENTAL PAYMENTS PURSUANT TO THIS SECTION SHALL BE ENTITLED TO PRESENT FACTS SUPPORTING SUCH OWNER'S POSITION AT THE NEXT SCHEDULED MEETING OF THE BOARD OF MANAGERS, WHICH MUST BE HELD WITHIN THIRTY DAYS OF THE DATE THAT SUCH BOARD RECEIVES NOTICE THAT SUCH OWNER SEEKS TO DISPUTE SUCH CLAIM.

(D) NOTHING IN THIS SECTION SHALL LIMIT ANY RIGHTS OF UNIT OWNERS OR OF THE BOARD OF MANAGERS EXISTING UNDER ANY OTHER LAW OR AGREEMENT.

(E) PAYMENT BY A RENTAL TENANT TO THE CONDOMINIUM ASSOCIATION MADE IN CONNECTION WITH THIS SECTION SHALL RELIEVE THAT RENTAL TENANT FROM THE OBLIGATION TO PAY SUCH RENT TO THE NON-OCCUPYING OWNER AND SHALL BE AN ABSOLUTE DEFENSE IN ANY NON-PAYMENT PROCEEDING COMMENCED BY SUCH NON-OCCUPYING OWNER AGAINST SUCH TENANT FOR SUCH RENT.

§ 4. This act may be enforced by any party by means of a special proceeding brought pursuant to article 4 of the civil practice law and rules.

§ 5. This act shall take effect immediately, and is applicable to all cooperative corporations and condominiums in existence on or after such date.

CHAP. 422

The Legislature of the STATE OF NEW YORK SS:

Pursuant to the authority vested in us by section 70-b of the Public Officers Law, we hereby jointly certify that this slip copy of this session law was printed under our direction and, in accordance with such section, is entitled to be read into evidence.

JOSEPH L. BRUNO
TEMPORARY PRESIDENT OF THE SENATE

SHELDON SILVER
SPEAKER OF THE ASSEMBLY

Form **W-9**
(Rev. December 1996)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give form to the requester. Do NOT send to the IRS.

Please print or type

Name (If a joint account or you changed your name, see Specific Instructions on page 2.)

Business name, if different from above. (See Specific Instructions on page 2.)

Check appropriate box: ☐ Individual/Sole proprietor ☐ Corporation ☐ Partnership ☐ Other ▶

Address (number, street, and apt. or suite no.)

City, state, and ZIP code

Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). However, if you are a resident alien OR a sole proprietor, see the instructions on page 2. For other entities, it is your employer identification number (EIN). If you do not have a number, see **How To Get a TIN** on page 2.

Note: If the account is in more than one name, see the chart on page 2 for guidelines on whose number to enter.

Social security number

--	--	--	--	--	--	--	--	--	--

OR

Employer identification number

--	--	--	--	--	--	--	--	--	--

List account number(s) here (optional)

Part II For Payees Exempt From Backup Withholding (See the instructions on page 2.)

Part III Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

Certification Instructions.—You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 2.)

Sign Here

Signature ▶

Date ▶

Purpose of Form.—A person who is required to file an information return with the IRS must get your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 to give your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are an exempt payee.

Note: If a requester gives you a form other than a W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

What Is Backup Withholding?—Persons making certain payments to you must withhold and pay to the IRS 31% of such payments under certain conditions. This is called "backup withholding." Payments that may be subject to backup withholding

include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

If you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return, payments you receive will not be subject to backup withholding. Payments you receive will be subject to backup withholding if:

- You do not furnish your TIN to the requester, or
- The IRS tells the requester that you furnished an incorrect TIN, or
- The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
- You do not certify to the requester that you are not subject to backup withholding under 3 above (for reportable interest and dividend accounts opened after 1983 only), or

- You do not certify your TIN when required. See the Part III instructions on page 2 for details.

Certain payees and payments are exempt from backup withholding. See the Part II instructions and the separate **Instructions for the Requester of Form W-9**.

Penalties

Failure To Furnish TIN.—If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil Penalty for False Information With Respect to Withholding.—If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal Penalty for Falsifying Information.—Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs.—If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name.—If you are an individual, you must generally enter the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage, without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first and then circle the name of the person or entity whose number you enter in Part I of the form.

Sole Proprietor.—You must enter your individual name as shown on your social security card. You may enter your business, trade, or "doing business as" name on the **business name** line.

Other Entities.—Enter the business name as shown on required Federal tax documents. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or "doing business as" name on the business name line.

Part I—Taxpayer Identification Number (TIN)

You must enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see **How To Get a TIN** below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, using your EIN may result in unnecessary notices to the requester.

Note: See the chart on this page for further clarification of name and TIN combinations.

How To Get a TIN.—If you do not have a TIN, apply for one immediately. To apply for an SSN, get **Form SS-5** from your local Social Security Administration office. Get **Form W-7** to apply for an ITIN or **Form SS-4** to apply for an EIN. You can get Forms W-7 and SS-4 from the IRS by calling 1-800-TAX-FORM (1-800-829-3676).

If you do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, you will generally have 60 days to get a TIN and give it to the requester. Other payments are subject to backup withholding.

Note: Writing "Applied For" means that you have already applied for a TIN **OR** that you intend to apply for one soon.

Part II—For Payees Exempt From Backup Withholding

Individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends. For more information on exempt payees, see the separate instructions for the Requester of Form W-9.

If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding. Enter your correct TIN in Part I, write "Exempt" in Part II, and sign and date the form.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester a completed **Form W-8**, **Certificate of Foreign Status**.

Part III—Certification

For a joint account, only the person whose TIN is shown in Part I should sign (when required).

1. Interest, Dividend, and Barter Exchange Accounts Opened Before 1984 and Broker Accounts Considered Active During 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, Dividend, Broker, and Barter Exchange Accounts Opened After 1983 and Broker Accounts Considered Inactive During 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real Estate Transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other Payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services (including attorney and accounting fees), and payments to certain fishing boat crew members.

5. Mortgage Interest Paid by You, Acquisition or Abandonment of Secured Property, Cancellation of Debt, or IRA Contributions. You must give your correct TIN, but you do not have to sign the certification.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to give your correct TIN to persons who must file information returns with the IRS to report interest, dividends,

and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation and to cities, states, and the District of Columbia to carry out their tax laws.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ³
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
5. Sole proprietorship	The owner ³
For this type of account:	Give name and EIN of:
6. Sole proprietorship	The owner ³
7. A valid trust, estate, or pension trust	Legal entity ⁴
8. Corporate	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name, but you may also enter your business or "doing business as" name. You may use either your SSN or EIN (if you have one).

⁴ List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

Note: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.



Form W-8BEN

(Rev. December 2000)

Department of the Treasury
Internal Revenue Service**Certificate of Foreign Status of Beneficial Owner
for United States Tax Withholding**▶ Section references are to the Internal Revenue Code. ▶ See separate instructions.
▶ Give this form to the withholding agent or payer. Do not send to the IRS.

OMB No. 1545-1621

Do not use this form for:

- A U.S. citizen or other U.S. person, including a resident alien individual W-9
- A person claiming an exemption from U.S. withholding on income effectively connected with the conduct of a trade or business in the United States. W-8ECI
- A foreign partnership, a foreign simple trust, or a foreign grantor trust (see instructions for exceptions). W-8ECI or W-8IMY
- A foreign government, international organization, foreign central bank of issue, foreign tax-exempt organization, foreign private foundation, or government of a U.S. possession that received effectively connected income or that is claiming the applicability of section(s) 115(2), 501(c), 892, 895, or 1443(b) (see instructions) W-8ECI or W-8EXP

Note: These entities should use Form W-8BEN if they are claiming treaty benefits or are providing the form only to claim they are a foreign person exempt from backup withholding.

- A person acting as an intermediary W-8IMY

Note: See instructions for additional exceptions.

Instead, use Form:

Part I Identification of Beneficial Owner (See instructions.)

- 1 Name of individual or organization that is the beneficial owner
- 2 Country of incorporation or organization

- 3 Type of beneficial owner:
- | | | | | |
|--|--|---|--------------------------------------|---|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Corporation | <input type="checkbox"/> Disregarded entity | <input type="checkbox"/> Partnership | <input type="checkbox"/> Simple trust |
| <input type="checkbox"/> Grantor trust | <input type="checkbox"/> Complex trust | <input type="checkbox"/> Estate | <input type="checkbox"/> Government | <input type="checkbox"/> International organization |
| <input type="checkbox"/> Central bank of issue | <input type="checkbox"/> Tax-exempt organization | <input type="checkbox"/> Private foundation | | |

- 4 Permanent residence address (street, apt. or suite no., or rural route). Do not use a P.O. box or in-care-of address.

City or town, state or province. Include postal code where appropriate.

Country (do not abbreviate)

- 5 Mailing address (if different from above)

City or town, state or province. Include postal code where appropriate.

Country (do not abbreviate)

- 6 U.S. taxpayer identification number, if required (see instructions)
- ☐ SSN or ITIN ☐ EIN
- 7 Foreign tax identifying number, if any (optional)

- 8 Reference number(s) (see instructions)

Part II Claim of Tax Treaty Benefits (if applicable)

- 9 I certify that (check all that apply):

- a ☐ The beneficial owner is a resident of within the meaning of the income tax treaty between the United States and that country.
- b ☐ If required, the U.S. taxpayer identification number is stated on line 6 (see instructions).
- c ☐ The beneficial owner is not an individual, derives the item (or items) of income for which the treaty benefits are claimed, and, if applicable, meets the requirements of the treaty provision dealing with limitation on benefits (see instructions).
- d ☐ The beneficial owner is not an individual, is claiming treaty benefits for dividends received from a foreign corporation or interest from a U.S. trade or business of a foreign corporation, and meets qualified resident status (see instructions).
- e ☐ The beneficial owner is related to the person obligated to pay the income within the meaning of section 267(b) or 707(b), and will file Form 8833 if the amount subject to withholding received during a calendar year exceeds, in the aggregate, \$500,000.

- 10 Special rates and conditions (if applicable—see instructions): The beneficial owner is claiming the provisions of Article of the treaty identified on line 9a above to claim a % rate of withholding on (specify type of income):
- Explain the reasons the beneficial owner meets the terms of the treaty article:

Part III Notional Principal Contracts

- 11 ☐ I have provided or will provide a statement that identifies those notional principal contracts from which the income is not effectively connected with the conduct of a trade or business in the United States. I agree to update this statement as required.

Part IV Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

- I am the beneficial owner (or am authorized to sign for the beneficial owner) of all the income to which this form relates,
- The beneficial owner is not a U.S. person,
- The income to which this form relates is not effectively connected with the conduct of a trade or business in the United States or is effectively connected but is not subject to tax under an income tax treaty, and
- For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions.

Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can disburse or make payments of the income of which I am the beneficial owner.

Sign Here

Signature of beneficial owner (or individual authorized to sign for beneficial owner)

Date (MM-DD-YYYY)

Capacity in which acting

**CERTIFICATION BY SPONSOR AND PRINCIPALS
PURSUANT TO SEC.20.4(b)
OF THE REGULATIONS ISSUED
PURSUANT TO GENERAL BUSINESS LAW,
ARTICLE 23-A, AS AMENDED**

Date *October 27, 2003*

New York State Department of Law
120 Broadway
23rd Floor
New York, New York 10271

Attn: Investment Protection Bureau

Re: Striver Gardens Condominium
300 West 135th Street
New York, New York 10030

The undersigned certify as follows:

We are the Sponsor and principals of Strivers Gardens Realty LLC, the Sponsor of the Condominium Offering Plan for the captioned property.

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Attorney General in Part 20, and such other laws and regulations as may be applicable.

We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for making this certification. We jointly and severally certify that the offering plan does, and that all documents submitted hereafter by us which amend or supplement the offering plan will:


- i) set forth the detailed terms of the transaction and be complete, current and accurate;
- ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;
- iii) not omit any material fact;
- iv) not contain any untrue statement of a material fact;

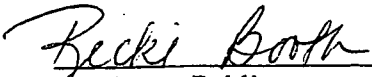
- v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;
- vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- vii) not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representations or statements made.1.2.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business and Penal Law.

SPONSOR:
STRIVERS GARDENS REALTY LLC

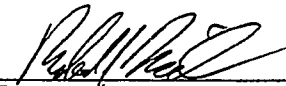
Sworn to before me this
27 day of October, 2003

By: 
Robert G. Friedman


Notary Public


PRINCIPALS OF SPONSOR

Sworn to before me this
27 day of October, 2003

RICKI BOOTH
NOTARY PUBLIC, State of New York
No. 01805085197
Qualified in New York County
Commission Expires Sept. 15, 2005

Robert G. Friedman


Notary Public

Sworn to before me this
27 day of October, 2003

RICKI BOOTH
NOTARY PUBLIC, State of New York
No. 01805085197
Qualified in New York County
Commission Expires Sept. 15, 2005

Bernard Friedman


Notary Public

RICKI BOOTH
NOTARY PUBLIC, State of New York
No. 01805085197
Qualified in New York County
Commission Expires Sept. 15, 2005



CERTIFICATION OF ARCHITECT

13 October 2003

Lewis Davis, FAIA
J. Max Bond, Jr., FAIA
Steven M. Davis, FAIA
William H. Paxson, AIA
Christopher K. Grabé, AIA
Carl F. Krebs, AIA
Frank V. Michielli, AIA

New York State Department of Law
Investment Protection Bureau
120 Broadway, 23rd Floor
New York, New York 10271

Re: 300 W. 135th Street
New York, New York

Gentlemen/Mesdames:

"The sponsor of the offering plan to convert the captioned property to condominium ownership retained out firm to prepare a report describing the construction of the property (the "Report"). We examined the building plans and specifications that were prepared by Davis Brody Bond, LLP, dated April 18, 2003 and prepared the report dated October 13, 2003. A copy of which is intended to be incorporated into the offering plan so that prospective Purchasers may rely on the Report.

I am a registered architect in the State in which the property is located.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to this Report.

We have read the entire Report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this certification. This certification is made for the benefit of all persons to whom this offer is made.

We certify that the Report

- (i) sets forth in narrative form the description and/or physical condition of the entire property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that we examined;
- (ii) in our professional opinion affords potential investors, purchasers and participants in adequate basis upon which to found their judgment concerning the description and/or physical condition of the property as it will exist upon completion of construction provided that construction is in accordance with the plans and specifications that we examined;
- (iii) does not omit any material fact;
- (iv) does not contain any untrue statement of a material fact;
- (v) does not contain any fraud, deception, concealment, or suppression;
- (vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and

Davis Brody Bond, LLP
Architects and Planners
315 Hudson Street
New York, New York 10013
Tel: 212.633.4700
Fax: 212.633.4762

E-mail Address:
info@davisbrody.com
Website: www.davisbrody.com



- (vii) does not contain any representation or statement which is false, where we:
- (a) knew the truth;
 - (b) with reasonable effort could have known the truth;
 - (c) made no reasonable effort to ascertain the truth; or
 - (d) did not have knowledge concerning the representation or statement made.

We further certify that we are not owned or controlled by and have no beneficial interest in the sponsor and that our compensation for preparing this Report is not contingent on the conversion of the property to a condominium or on the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property."

DAVIS BRODY BOND, LLP

A handwritten signature in dark ink, appearing to read "William H. Paxson", written over a horizontal line.

By: William H. Paxson

Sworn to Before Me This 14th
Day of OCTOBER, 2003

A handwritten signature in dark ink, appearing to read "Lourdes Hazelton", written over a horizontal line.

Notary Public

LOURDES HAZELTON
NOTARY PUBLIC, State of New York
No. 01HA6022042
Qualified in Queens County
Commission Expires 08/01/07

Saparn Realty, Inc.

Main Office:

Suite 2D

450 West 42nd Street

New York, New York 10036

(212) 629-8288 FAX: (212) 268-9929

October 17, 2003

New York State Department of Law
Investment Protection Bureau
120 Broadway, 23rd Floor
New York, New York 10271

CERTIFICATION OF ADEQUACY - RESIDENTIAL

**RE: 300 WEST 135TH STREET
NEW YORK, NEW YORK 10030**

Ladies and Gentlemen:

The undersigned certifies as follows:

"The sponsor of the condominium-offering plan for the captioned property retained our firm to review Schedules B and B-1 containing projections of income and expenses for the first year of condominium operation. Our experience in this field includes:

The undersigned is the president and founder of Saparn Realty, Inc., a N.Y.S. Licensed Real Estate Broker; Accredited Property Manager; N.Y.S. Registered Mortgage Broker and a Commissioner of Deeds. I have been engaged in the Real Estate Property Management business since 1969, actively managing Cooperative, Condominium, Rental and Commercial properties in the five boroughs of New York. Saparn Realty, Inc., currently has thirty-nine (39) Condominium and Cooperative properties in its' management portfolio. The majority of these properties have been managed by our organization for at least five years. I am the former Co-Chairperson of the Residential Management Council of the Real Estate Board of New York (REBNY) and I am the President of the Association of Cooperative and Condominium Managers (ACCM).

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law, in Part 20 insofar as they are applicable to Schedules B and B-1.

We have reviewed the Schedule and investigated the facts set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in Schedules B and B1 appear reasonable and adequate under existing circumstances, and the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of Condominium operation.

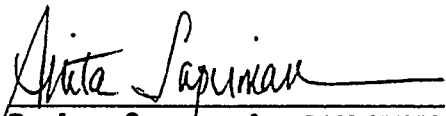
We certify that the Schedules:

- (i) set forth in detail the projected income and expenses for the first year of condominium operation;
- (ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgement concerning the first year of condominium operation;
- (iii) do not omit any material fact;
- (iv) do not contain any untrue statement of a material fact;
- (v) do not contain any fraud, deception, concealment, or suppression;
- (vi) do not contain any representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) do not contain any representation or statement which is false, where we:
 - (a) knew the truth;
 - (b) with reasonable effort could have known the truth;
 - (c) made no reasonable effort to ascertain the truth; or
 - (d) did not have knowledge concerning the representation or statement made.

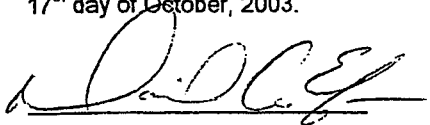
We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the income and expenses for the first year of condominium operation.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law."

SAPARN REALTY, INC.


BY: ANITA SAPIRMAN, ADV. RAM; NYARM
PRESIDENT

SWORN TO BEFORE ME THIS
17th day of October, 2003.



DAVID A. EPSTEIN
Notary Public, State of New York
No. 01EP6017057
Qualified in Westchester County
Commission Expires December 7, 2006

Saparn Realty, Inc.

Main Office:

Suite 2D

450 West 42nd Street

New York, New York 10036

(212) 629-8288 FAX: (212) 268-9929

October 17, 2003

New York State Department of Law
Investment Protection Bureau
120 Broadway, 23rd Floor
New York, New York 10271

CERTIFICATION OF ADEQUACY - COMMERCIAL

RE: 300 WEST 135TH STREET

NEW YORK, NEW YORK 10030

Ladies and Gentlemen:

The undersigned certifies as follows:

"The sponsor of the condominium-offering plan for the captioned property retained our firm to review Schedule B and containing projections of income and expenses for the first year of condominium operation and includes projections of common charges payable by the owner of the Commercial Units. Our experience in this field includes:

The undersigned is the president and founder of Saparn Realty, Inc., a N.Y.S. Licensed Real Estate Broker; Accredited Property Manager; N.Y.S. Registered Mortgage Broker and a Commissioner of Deeds. I have been engaged in the Real Estate Property Management business since 1969, actively managing Cooperative, Condominium, Rental and Commercial properties in the five boroughs of New York. Saparn Realty, Inc., currently has thirty-nine (39) Condominium and Cooperative properties in its' management portfolio. The majority of these properties have been managed by our organization for at least five years. I am the former Co-Chairperson of the Residential Management Council of the Real Estate Board of New York (REBNY) and I am the President of the Association of Cooperative and Condominium Managers (ACCM).

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law, in Part 20 insofar as they are applicable to the Commercial Units listed in Schedule B.

We have reviewed the Schedule as it impacts upon the Commercial Units and investigated the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in Schedule B for common charges payable by the owner of the Commercial Units appear reasonable and adequate under existing circumstances to meet the anticipated operating expenses that are attributable to such Commercial Units for the projected first year of condominium operation and that the allocation of common charges attributable to the Commercial Units also reflects special or exclusive use or availability or exclusive control of Particular common areas.

We certify that the estimates in Schedule B for the common charges payable by the owners of the Commercial Units:

- (i) set forth in detail the projected common charges for the Commercial Units for the first year of condominium operation;
- (ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgement concerning the common charges payable by the owners of the Commercial Units;
- (iii) do not omit any material fact;
- (iv) do not contain any untrue statement of a material fact;
- (v) do not contain any fraud, deception, concealment, or suppression;
- (vi) do not contain any representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) do not contain any representation or statement which is false, where we:
 - (a) knew the truth;
 - (b) with reasonable effort could have known the truth;
 - (c) made no reasonable effort to ascertain the truth; or
 - (d) did not have knowledge concerning the representation or statement made.

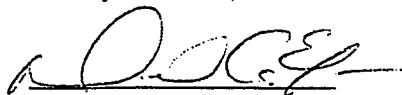
We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the common charges fairly attributable to the Commercial Units for the first year of condominium operation.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law."

SAPARN REALTY, INC.


BY: ANITA SAPIRMAN, ADV. RAM; NYARM
PRESIDENT

SWORN TO BEFORE ME THIS
17th day of October, 2003.



STRIVERS GARDENS CONDOMINIUM

STRIVERS
 GARDENS