
**NEW YORK CITY
INDUSTRIAL DEVELOPMENT AGENCY**

AND

SPENCE-CHAPIN, SERVICES TO FAMILIES AND CHILDREN

**INSTALLMENT SALE AGREEMENT
AND ASSIGNMENT OF LEASE**

Dated as of June 1, 2006
New York City Industrial Development Agency
Variable Rate Demand Civic Facility Revenue Bonds
(2006 Spence-Chapin, Services to Families and Children Project)

<u>Record and Return to:</u>	<u>Address</u>	<u>Section</u>	<u>Block</u>	<u>Lots</u>
Hawkins Delafield & Wood LLP One Chase Manhattan Plaza New York, New York 10005 Attention: Arthur M. Cohen, Esq.	410 East 92 nd Street New York, New York		1571	1002, 1003, 1004 and 1005

TABLE OF CONTENTS

Page

ARTICLE I
Definitions and Representations

Section 1.1. Definitions.....3
Section 1.2. Construction.....6
Section 1.3. Representations and Warranties by Agency6
Section 1.4. Findings by Agency6
Section 1.5. Representations and Warranties by Institution7

ARTICLE II
The Project

Section 2.1. The Project.....10
Section 2.2. Completion by Institution10
Section 2.3. Issuance of Series 2006 Bonds11
Section 2.4. Title Insurance11

ARTICLE III
Sale of Interest in Facility, Installment Purchase Payments and Related Provisions

Section 3.1. Lease and Sale of the Facility12
Section 3.2. Duration of Term12
Section 3.3. Payment Provisions; Pledge of Agreement and Installment Purchase
Payments.....12
Section 3.4. Obligation of Institution Unconditional.....14
Section 3.5. Payment for Tendered Series 2006 Bonds.....15
Section 3.6. Mortgages16
Section 3.7. Continuing Disclosure16

ARTICLE IV
Maintenance, Taxes Payments in Lieu of Taxes and Insurance

Section 4.1. Maintenance, Alterations and Improvements18
Section 4.2. [Reserved].....19
Section 4.3. Payment in Lieu of Real Estate Taxes19
Section 4.4. Taxes, Assessments and Charges.....19
Section 4.5. Insurance20
Section 4.6. Advances by Agency, Trustee or Bank.....23
Section 4.7. Compliance with Legal Requirements.....23

ARTICLE V
Damage, Destruction and Condemnation

Section 5.1. Damage, Destruction and Condemnation25

ARTICLE VI
Particular Covenants

Section 6.1. Dissolution or Merger; Restriction on Institution.....28
 Section 6.2. Indemnity28
 Section 6.3. Compensation and Expenses of Trustee, Bond Registrar, Tender Agent,
 Remarketing Agent, Paying Agents and Agency32
 Section 6.4. Retention of Interest in Facility; Grant of Easements; Release of Certain
 Land; Release of a Facility32
 Section 6.5. Institution’s Covenant as to Tax Exemption.....32
 Section 6.6. Financial Statements; No-Default Certificates33
 Section 6.7. Discharge of Liens34
 Section 6.8. Agency’s Authority.....35
 Section 6.9. No Warranty of Condition or Suitability35
 Section 6.10. Amounts Remaining in Funds35
 Section 6.11. Issuance of Additional Bonds36
 Section 6.12. Employment Information, Opportunities and Guidelines.....36
 Section 6.13. Redemption Under Certain Circumstances; Special Covenants.....37
 Section 6.14. Further Assurances.....39
 Section 6.15. Recording and Filing.....39
 Section 6.16. Right to Cure Agency Defaults.....41
 Section 6.17. Preservation of Exempt Status.....41
 Section 6.18. Certain Limitations on Accumulated Funds **Error! Bookmark not defined.**
 Section 6.19. Securities Law Status.....42
 Section 6.20. Obligations under and Covenants with Respect to the Condominium
 Documents43
 Section 6.21. Certain Income and Expense Statements.....43

ARTICLE VII
Events of Default; Remedies

Section 7.1. Events of Default44
 Section 7.2. Remedies on Default.....45
 Section 7.3. Remedies Cumulative46
 Section 7.4. No Additional Waiver Implied by One Waiver.....47
 Section 7.5. Effect on Discontinuance of Proceedings47
 Section 7.6. Agreement to Pay Attorneys’ Fees and Expenses47
 Section 7.7. Rights of Bank47

ARTICLE VIII

Options

Section 8.1. Options.....48
Section 8.2. Termination on Exercise of Option to Terminate.....49
Section 8.3. Option to Purchase or Invite Tenders of Bonds.....50
Section 8.4. Termination of Agreement.....50

ARTICLE IX

Miscellaneous

Section 9.1. Indenture; Amendment51
Section 9.2. Force Majeure51
Section 9.3. Assignment or Sublease.....51
Section 9.4. Priority of Indenture.....53
Section 9.5. Benefit of and Enforcement by Bank and Bondholders53
Section 9.6. Amendments53
Section 9.7. Notices53
Section 9.8. Prior Agreements Superseded.....55
Section 9.9. Severability55
Section 9.10. Inspection of Facility55
Section 9.11. Effective Date; Counterparts.....55
Section 9.12. Binding Effect.....55
Section 9.13. Net Agreement55
Section 9.14. Law Governing55
Section 9.15. Investment of Funds.....55
Section 9.16. Investment Tax Credit.....56
Section 9.17. Waiver of Trial by Jury.....56
Section 9.18. Non-Discrimination56
Section 9.19. No Recourse under This Agreement or on Bonds Against Individuals.....56
Section 9.20. References to Bank Ineffective.....56
Section 9.21. Conflict with Reimbursement Agreement56
Section 9.22. Date of Agreement for Reference Purposes Only.....57

APPENDICES

DESCRIPTION OF FACILITY

- SCHEDULE A - Project Completion Certificate
- SCHEDULE B - Annual Employment Report
- SCHEDULE C - Subtenant Survey
- SCHEDULE D - Location and Contact Information

**INSTALLMENT SALE AGREEMENT
AND ASSIGNMENT OF LEASE**

THIS INSTALLMENT SALE AGREEMENT AND ASSIGNMENT OF LEASE, made and entered into as of June 1, 2006, by and between **NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY**, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, duly organized and existing under the laws of the State of New York (the "Agency"), having its principal office at 110 William Street, New York, New York 10038, party of the first part, and **SPENCE-CHAPIN, SERVICES TO FAMILIES AND CHILDREN**, a not-for-profit corporation organized and existing under and by virtue of the laws of the State of New York (the "Institution"), having its principal office at 6 East 94th Street, New York 10128, party of the second part (capitalized terms not otherwise defined in the recitals herein shall have the meaning ascribed to them in Section 1.1 herein):

WITNESSETH:

WHEREAS, the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act"), authorizes and provides for the creation of industrial development agencies in the several counties, cities, villages and towns in the State of New York and empowers such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and furnish land, any building or other improvement, and all real and personal properties, including but not limited to machinery and equipment deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial, industrial or civic purposes and which may include or mean an industrial pollution control facility to the end that such agencies may be able to promote, develop, encourage, assist and advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living; and

WHEREAS, pursuant to and in accordance with the provisions of the Enabling Act the Agency was established by Chapter 1082 of the 1974 Laws of New York, as amended (together with the Enabling Act, the "Act"), for the benefit of The City of New York (the "City") and the inhabitants thereof; and

WHEREAS, to accomplish the purposes of the Act, the Agency has entered into negotiations with the Institution, in order that the Agency may assist in the financing of a civic facility (the "Facility") in the City, consisting of the acquisition of four (4) commercial condominium units in a building located at 410 East 92nd Street, New York, New York, all for use by the Institution in its operations (the "Project"); and

WHEREAS, the Agency has determined that financing of the costs of the Project will assist the Institution in reducing its costs and thereby effectuate its civic purposes for the benefit of the inhabitants of the City; and

WHEREAS, as a result of such negotiations, the Institution has requested that the Agency issue its bonds in the aggregate principal amount of \$9,875,000 to effect such financing; and

WHEREAS, the Agency adopted a resolution on June 13, 2006 (the "Bond Resolution"), authorizing the issuance of its revenue bonds to effect such financing, and the leasing of the Facility by the Agency from the Institution for sale by the Agency of its leasehold interest in the Facility to the Institution; and

WHEREAS, concurrently with the execution hereof, the Institution will lease the Facility to the Agency pursuant to the Lease, and the Agency will sell its leasehold interest in the Facility to the Institution pursuant to this Agreement; and

WHEREAS, to provide funds for a portion of the costs of the Project and for incidental and related costs and to provide funds to pay the costs and expenses of the issuance of the Series 2006 Bonds hereinafter mentioned, the Agency has authorized the issuance of its Variable Rate Demand Civic Facility Revenue Bonds (2006 Spence-Chapin, Services to Families and Children Project), in the aggregate principal amount of \$9,875,000 (the "Series 2006 Bonds") pursuant to the Act, the Bond Resolution and the Indenture, dated as of even date herewith, between the Agency and The Bank of New York, as trustee (the "Trustee"); and

WHEREAS, pursuant to a Letter of Credit Reimbursement Agreement, dated as of even date herewith, between the Institution and the Bank as referred to below (as the same may be amended or supplemented, the "Reimbursement Agreement"), an irrevocable direct pay letter of credit has been issued by Allied Irish Banks, p.l.c., New York Branch (the "Bank"), in favor of the Trustee for the benefit of the holders of the Series 2006 Bonds to secure the payment of the principal or Purchase Price of, and up to forty-four (44) days interest (at the maximum interest rate of ten percent (10%) per annum) on, the Series 2006 Bonds;

NOW, THEREFORE, in consideration of the premises and the respective representations and agreements hereinafter contained, the parties hereto agree as follows (provided that in the performance of the agreements of the Agency herein contained, any obligation it may incur for the payment of money shall not subject the Agency to any pecuniary or other liability nor create a debt of the State of New York or of the City, and neither the State of New York nor the City shall be liable on any obligation so incurred, but any such obligation shall be payable solely out of the installment purchase payments, revenues and receipts derived from or in connection with the Facility, including moneys received under this Agreement):

ARTICLE I

Definitions and Representations

Section 1.1. Definitions

Act shall mean, collectively, the New York State Industrial Development Agency Act (constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York), as heretofore amended and as hereinafter amended, and Chapter 1082 of the 1974 Laws of New York, as heretofore amended and as hereinafter amended.

Agency shall mean the New York City Industrial Development Agency, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized and existing under the laws of the State, and any body, board, authority, agency or other governmental agency or instrumentality which shall hereafter succeed to the powers, duties, obligations and functions thereof.

Agreement shall mean this Installment Sale Agreement, dated as of June 1, 2006, between the Agency and the Institution, and shall include any and all amendments hereof and supplements hereto hereafter made in conformity herewith and with the Indenture.

Authorized Representative shall mean (i) in the case of the Agency, the Chairman, Vice Chairman, Executive Director, Deputy Executive Director, General Counsel, Vice President for Legal Affairs, Secretary or Assistant Secretary of the Agency, or any officer or employee of the Agency authorized to perform specific acts or to discharge specific duties, and (ii) in the case of the Institution, its Chairman, Vice Chairman, Treasurer, Secretary, Executive Director and the President/CEO or any other officer or employee of the Institution authorized to so act; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Representative to any Person pursuant to the terms of this Agreement, such certificate or statement shall be executed only by an Authorized Representative in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement.

Bank shall mean (i) Allied Irish Banks, p.l.c., New York Branch, or (ii) if a Substitute Series 2006 Letter of Credit or Substitute Series 2006 Credit Facility is then in effect, the Substitute Bank.

Bonds shall mean the Series 2006 Bonds and any Additional Bonds.

Closing Date shall mean June 22, 2006.

Code shall mean the Internal Revenue Code of 1986, as amended, including the regulations thereunder.

Common Elements shall mean the undivided interest of the Units in the Common Elements (as defined in the Condominium Declaration).

Condominium shall have the meaning assigned to the term "Condominium" in the Condominium Declaration.

Condominium By-Laws shall mean the by-laws established and adopted pursuant to the Condominium Declaration, as the same may hereafter be amended from time to time in accordance therewith and with this Agreement.

Condominium Declaration shall mean shall mean the Declaration of Condominium establishing a plan for condominium ownership for premises located at 410 East 92nd Street, New York, New York, dated July 13, 2005, recorded August 3, 2005 in CRFN #2005000433708, in the Office of the Register of The City of New York, New York County, New York, as the same may be further amended from time to time in accordance therewith.

Condominium Documents shall mean, collectively, the Condominium Declaration and the Condominium By-Laws.

Event of Default shall have the meaning specified in Section 7.1 hereof.

Facility shall mean the Facility Realty.

Facility Realty shall mean the Units, together with the Common Elements, all as described in the Description of Facility Realty in the appendices hereto, to the Lease and to the Indenture, and all rights or interests therein or appertaining thereto, together with all structures, buildings, foundations, related facilities, fixtures (other than trade fixtures) and other improvements now or at any time made, erected or situated thereon (including the improvements made pursuant to Section 2.1 hereof), and all replacements, improvements, extensions, substitutions, restorations, repairs or additions thereto; but excluding, however, any real property or interest therein released pursuant to Section 6.4 hereof.

Fiscal Year of the Institution shall mean a year of 365 or 366 days, as the case may be, commencing on July 1 and ending on June 30, or such other year of similar length as to which the Institution shall have given prior written notice thereof to the Agency, the Trustee and the Bank at least ninety (90) days prior to the commencement thereof.

Indenture shall mean the Indenture of Trust, dated as of even date herewith, between the Agency and the Trustee, as from time to time amended or supplemented by Supplemental Indentures in accordance with Article XI of the Indenture.

Institution shall mean Spence-Chapin, Services to Families and Children, a not-for-profit corporation incorporated and existing under and by virtue of the laws of the State of New York, and its permitted successors and assigns pursuant to Sections 6.1 and 9.3 hereof (including any surviving, resulting or transferee corporation as provided in Section 6.1 hereof).

Institution's Property shall have the meaning ascribed to such term in Section 4.1(c) hereof.

Lease shall mean the Lease Agreement, dated as of even date herewith, between the Institution and the Agency, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Legal Requirements shall mean the respective Constitutions of the United States and the State of New York and all laws, statutes, codes, acts, ordinances, resolutions, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, certificates of occupancy, directions and requirements (including but not limited to zoning, land use, planning, environmental protection, air, water and land pollution, toxic wastes, hazardous wastes, solid wastes, wetlands, health, safety, equal opportunity, minimum wages, and employment practices) of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, foreseen or unforeseen, ordinary or extraordinary, that are applicable now or may be applicable at any time hereafter to (i) the Institution, (ii) the Facility or any part thereof, or (iii) any use or condition of the Facility or the part thereof.

Letter of Representation and Indemnity Agreement shall mean, the Letter of Representation and Indemnity Agreement from the Institution, dated the Closing Date, to the Agency, the Trustee, the Remarketing Agent and the Bank.

Net Proceeds shall mean, when used with respect to any insurance proceeds or condemnation award, compensation or damages, the gross amount from any such proceeds, award, compensation or damages less all expenses (including reasonable attorneys' fees and any extraordinary expenses of the Agency, the Bank or the Trustee) incurred in the collection thereof.

Project shall have the meaning ascribed thereto in the recitals hereto.

Project Development Rights shall mean the right of the Institution to proceed with the Project under the Act, and, in so doing, to develop, own, renovate, equip and furnish the Facility for its use and occupancy as described in this Agreement and to utilize the proceeds of the Agency's Bonds for such purpose, subject in each case to the limitations with respect thereto set forth in this Agreement and the other Security Documents.

Series 2006 Bonds shall mean the \$9,875,000 Variable Rate Demand Civic Facility Revenue Bonds (2006 Spence-Chapin, Services to Families and Children Project), of the Agency issued under the Indenture.

Tax-Exempt Organization shall mean a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and exempt from federal income taxes under 501(a) of Code, or corresponding provisions of federal income tax laws from time to time in effect.

Tax Regulatory Agreement shall mean the Tax Regulatory Agreement, dated the Closing Date, from the Agency and the Institution to the Trustee, and shall include any and all amendments thereof and supplements thereto hereafter made in conformity therewith and with the Indenture.

Trustee shall mean The Bank of New York, New York, New York, in its capacity as Trustee, and its successors in such capacity and their assigns hereafter appointed in the manner provided in the Indenture.

Units shall mean, collectively, Units 2, 3, 4 and 5, as so designated in the Condominium Declaration.

Section 1.2. Construction. In this Agreement, unless the context otherwise requires:

(a) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms, as used in this Agreement, refer to this Agreement, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of the execution and delivery of this Agreement.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

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

(d) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

Section 1.3. Representations and Warranties by Agency. The Agency makes the following representations and warranties:

(a) The Agency is a corporate governmental agency constituting a body corporate and politic and a public benefit corporation duly organized and existing under the laws of the State, and is authorized and empowered to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder. By proper action of its members, the Agency has duly authorized the execution and delivery of this Agreement.

(b) In order to finance a portion of the cost of the Project, the Agency proposes to issue the Series 2006 Bonds. The Series 2006 Bonds will mature, bear interest, be redeemable and have the other terms and provisions set forth in the Indenture.

Section 1.4. Findings by Agency. The Agency, based upon the representations and warranties of the Institution contained in this Agreement and the information contained in the application and other materials heretofore submitted by or on behalf of the Institution to the Agency, hereby finds and determines that the financing of a portion of the costs of the Project by the Agency and the sale of the Agency’s leasehold interest in the Facility under the Lease to the Institution is reasonably necessary to induce the Institution to proceed with the Project.

Section 1.5. Representations and Warranties by Institution. The Institution makes the following representations and warranties:

(a) The Institution is a not-for-profit corporation duly organized, validly existing and in good standing under the laws of the State of New York, is not in violation of any provision of its certificate of incorporation or bylaws, has the corporate power and authority to own its property and assets, to carry on its business as now being conducted by it and to execute, deliver and perform this Agreement and each other Project Document to which it is a party. The Institution is duly qualified to do business in every jurisdiction in which such qualification is necessary.

(b) The execution, delivery and performance of this Agreement and each other Project Document to which the Institution is a party and the consummation of the transactions herein and therein contemplated have been duly authorized by all requisite corporate action on the part of the Institution and will not violate any provision of law, any order of any court or agency of government, or the certificate of incorporation or bylaws of the Institution, or any indenture, agreement or other instrument to which the Institution is a party or by which it or any of its property is subject to or bound (including, without limitation, the Condominium Documents), or be in conflict with or result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or result in the imposition of any lien, charge or encumbrance of any nature whatsoever other than Permitted Encumbrances.

(c) The assistance of the Agency in the financing or reimbursement to the Institution of a portion of the costs of the Project is reasonably necessary to induce the Institution to proceed with the Project.

(d) The Project will not result in the removal of an industrial, manufacturing, warehousing or commercial plant or facility of the Institution from one area of the State to another area of the State or the abandonment of facilities of the Institution within the State but outside of the City.

(e) The total cost of the Project being funded or refinanced with the Series 2006 Bonds is at least \$9,875,000, which represents only a portion of the total cost of the entire Project to the Institution.

(f) Expenses for supervision by the officers or employees of the Institution, and expenses for work done by such officers or employees in connection with the Project will be included as a Project Cost only to the extent that such Persons were specifically employed for such particular purpose, the expenses do not exceed the actual cost thereof and are to be treated on the books of the Institution as a capital expenditure in conformity with generally accepted accounting principles applied on a consistent basis.

(g) Any costs incurred with respect to that part of the Project paid from the proceeds of the sale of the Series 2006 Bonds shall be treated on the books of the Institution as capital expenditures in conformity with generally accepted accounting principles applied on a consistent basis.

(h) The property included in the Facility is either property of the character subject to the allowance for depreciation under Section 167 of the Code, or land.

(i) No part of the proceeds of the Series 2006 Bonds will be used to finance inventory or will be used for working capital.

(j) The Project is included with the definition of "project" under the Act.

(k) All consents, approvals or authorizations, if any, of any governmental authority required on the part of the Institution (x) in connection with the execution and delivery of this Agreement and each other Project Document to which the Institution shall be a party, or (y) in connection with the leasing of the Facility by the Institution to the Agency concurrently with the issuance and delivery of the Series 2006 Bonds, have been duly obtained.

(l) This Agreement and the other Project Documents to which the Institution is a party constitute the legal, valid and binding obligations of the Institution enforceable against it in accordance with their respective terms, except such enforceability may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights generally and is subject to general rules of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(m) The Facility is being designed, and the operation of the Facility will be, in compliance with all applicable Federal, State and local laws or ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality.

(n) There is no action or proceeding pending or to the best knowledge of the Institution threatened by or against the Institution by or before any court or administrative agency that might adversely affect the ability of the Institution to perform its obligations under this Agreement and each other Project Document to which the Institution shall be a party, and all authorizations, consents and approvals of governmental bodies or agencies required to be obtained by the Institution as of the Closing Date in connection with the execution and delivery of this Agreement and each other Project Document to which the Institution shall be a party or in connection with the performance of the obligations of the Institution hereunder and under each of the Project Documents have been obtained.

(o) The Institution intends to operate the Facility or cause the Facility to be operated (i) in accordance with this Agreement, and (ii) as a qualified "project" in accordance with and as defined under the Act (it being agreed by the parties hereto that during any period when the "civic facility" provisions of the Act have expired by operation of the Act, the Institution shall not be in violation of the foregoing representation and covenant if it shall be operating the Facility as a civic facility in accordance with the Act as in effect on the day immediately preceding the expiration date of the "civic facility" provisions under the Act), subject to the Institution's rights under Section 4.7(b) hereof.

(p) There is no existing violation against the Facility filed by any court or administrative agency that may prohibit the ability of the Institution to use or operate the Facility for its intended purposes or for which the Institution has not otherwise agreed or made arrangements to have removed and satisfied of record.

(q) Pursuant to the Lease, the Institution has vested the Agency with a valid leasehold estate in the Facility. The execution of this Agreement shall not be deemed to create a merger of the leasehold estate hereby vested in the Institution with the fee or leasehold estate in the Facility currently held by the Institution.

(r) The Condominium Documents are in full force and effect and the Institution is in compliance with the terms thereof. Neither the Lease nor this Agreement conflicts with the terms of any of the Condominium Documents, and no consent is needed from the board of managers of the Condominium with respect to the execution and delivery by the Institution of the Lease or this Agreement, or any such consent that is required has been obtained.

ARTICLE II

The Project

Section 2.1. The Project. (a) Pursuant to the Lease, the Institution has vested the Agency with a valid leasehold estate in the Facility Realty, free and clear of all liens, claims, charges, encumbrances, security interests and servitudes other than Permitted Encumbrances, all against payment therefor by the Agency from the proceeds of the Series 2006 Bonds deposited in the Project Fund to the extent permitted in Section 2.2 hereof and Section 6.02 of the Indenture.

(b) As promptly as practicable after receipt of the proceeds of sale of the Series 2006 Bonds and out of said proceeds of sale, the Institution will, subject to the provisions of Section 2.2 hereof, complete the Project. All structures, buildings, foundations, related facilities, fixtures (other than trade fixtures) and other improvements made with respect to the land constituting part of the Facility Realty after the Closing Date shall be deemed part of the Facility Realty as and when made and incorporated therein. The cost of the Project shall be paid from the Project Fund established under the Indenture or as otherwise provided in Section 2.2 hereof. All contractors, materialmen, vendors, suppliers and other companies, firms or persons furnishing labor, services or materials for or in connection with the Project shall be designated by the Institution.

(c) In order to accomplish the purposes of the Agency, and to assure the effectuation of the Project in conformity with the requirements of the Institution, the Institution has undertaken to proceed with the completion of the Project.

(d) The Institution shall pay (i) all of the costs and expenses in connection with the preparation of any instruments of conveyance and transfer of a leasehold interest in the Facility to the Agency, the delivery of any instruments and documents and their filing and recording, if required, (ii) all taxes and charges payable, if any, in connection with such conveyance and transfer, or attributable to periods prior to such conveyance and transfer, and (iii) all shipping and delivery charges and other expenses or claims incurred in connection with the Project.

(e) The Institution covenants that it will obtain or cause to be obtained all necessary approvals from any and all governmental agencies with respect to the Project, all of which have been or will be done in compliance with all applicable Legal Requirements, and with the conditions and requirements of all policies of insurance with respect to the Facility and this Agreement, and with the conditions and requirements of all policies of insurance with respect to the Facility and this Agreement. Upon completion of the Project, the Institution will promptly obtain or cause to be obtained all required occupancy and operation permits, authorizations and licenses from appropriate authorities, if any be required, authorizing the occupancy, operation and use of the Facility for the purposes contemplated by this Agreement and shall furnish copies of same to the Agency, the Bank and the Trustee immediately upon receipt thereof.

Section 2.2. Completion by Institution. The Institution unconditionally covenants and agrees that it will complete the Project, or cause the Project to be completed, by June 1, 2007, and that such completion will be effected in accordance with this Agreement and

the Indenture. In the event that moneys in the Project Fund are not sufficient to pay the costs necessary to complete the Project in full, the Institution shall pay that portion of such costs of the Project as may be in excess of the moneys therefor in said Project Fund and shall not be entitled to any reimbursement therefor from the Agency, the Trustee or the Holders of any of the Bonds (except from the proceeds of Additional Bonds which may be issued for that purpose), nor shall the Institution be entitled to any diminution of the installment purchase payments payable or other payments to be made under this Agreement.

Upon completion of the Project, the Institution shall deliver to the Agency and the Trustee a certificate of an Authorized Representative of the Institution substantially in the form set forth in Schedule A attached hereto, together with all attachments required therein.

Section 2.3. Issuance of Series 2006 Bonds. On the Closing Date, the Agency will sell and deliver the Series 2006 Bonds under and pursuant to a resolution adopted by the Agency on June 13, 2006, authorizing the issuance of the Series 2006 Bonds, and under and pursuant to the Indenture. The proceeds of sale of the Series 2006 Bonds shall be deposited in the appropriate Account of the Project Fund and applied to the payment of Project Costs in accordance with the provisions of the Indenture.

Section 2.4. Title Insurance. Prior to the Closing Date, the Institution will obtain (a) leasehold title insurance in an amount not less than \$500,000.00 insuring the Agency's leasehold interest in the Facility Realty pursuant to the Lease against loss as a result of defects in the leasehold interest of the Agency, and (b) a current or updated survey of the site of the Facility Realty certified to the Agency and the Bank. The title insurance policies shall be subject only to Permitted Encumbrances and shall provide for, among other things, the following: (1) full coverage against mechanics' liens; (2) no exceptions other than those approved by the Agency, the Bank and the Trustee; and (3) such other matters as the Agency and/or the Trustee and/or the Bank shall request. Any proceeds of such leasehold title insurance shall be paid to the Trustee for deposit in the Project Fund and applied to remedy the defect in title (including, but not limited to, the reimbursement to the Institution for any costs incurred by the Institution in remedying such defect in title). If not so capable of being applied or if any amounts remain, the amounts in the Project Fund shall be transferred to the Installment Purchase Payments Fund and used to reimburse the Bank for an equivalent redemption of Bonds (to the nearest \$5,000 integral multiple).

The foregoing provisions requiring that the Institution obtain title insurance are in addition to any other requirements for title insurance set forth in the Reimbursement Agreement or in the other Bank Documents.

ARTICLE III

Sale of Interest in Facility, Installment Purchase Payments and Related Provisions

Section 3.1. Lease and Sale of the Facility. (a) Pursuant to the Lease, the Institution has leased the Facility to the Agency. The Agency hereby assigns, conveys, sells and transfers to the Institution the Project Development Rights together with the Agency's leasehold interest in the Facility (other than the Agency's Reserved Rights), all for and during the term herein provided and upon and subject to the terms and conditions herein set forth. The Institution shall at all times during the term of this Agreement occupy, use and operate the Facility as a civic facility within the meaning of the Act (subject to the Institution's rights under Section 4.7(b) hereof) and for the general purposes specified in the recitals to this Agreement. The Institution shall not occupy, use or operate the Facility or allow the Facility or any part thereof to be occupied, used or operated for any unlawful purpose or in violation of any Condominium Documents or any certificate of occupancy affecting the Facility or which may constitute an unlawful nuisance, public or private, or make void or voidable any insurance then in force with respect thereto.

It is the intention of the Agency and the Institution under this Agreement that the sale by the Agency hereunder of its leasehold interest in the Facility under the Lease shall not result in a merger of the leasehold estates and interests of the Institution and the Agency under the Lease so as to effect a termination or any other impairment of the Lease; and until the termination of the Lease in accordance with its terms or the expiration hereof, the Lease shall continue in full force and effect to the same extent as if the Agency had not sold its leasehold interest in the Facility to the Institution pursuant to this Agreement.

Section 3.2. Duration of Term. The term of this Agreement shall commence on the Closing Date and expire on the earliest of (i) 11:58 p.m. (New York City time) on December 1, 2036, or (ii) such date as this Agreement may be terminated as hereinafter provided. The Agency hereby delivers to the Institution, and the Institution hereby accepts, sole and exclusive possession of the Facility as the Agency has received under the Lease.

Section 3.3. Payment Provisions; Pledge of Agreement and Installment Purchase Payments. (a) The Institution covenants to make installment purchase payments which the Agency agrees shall be paid (subject to Section 3.3(b) hereof) in immediately available funds by the Institution directly to the Trustee for deposit in the Installment Purchase Payments Fund (except to the extent that amounts are on deposit in the Bond Fund and available therefor):

- (i) on each Interest Payment Date, an amount equal to the interest due and payable on the Bonds on such Interest Payment Date,
- (ii) on each date on which principal is due and payable on the Bonds (whether at maturity or by acceleration, but not by redemption), an amount equal to the principal amount of the Bonds then due on such date, and
- (iii) with respect to Sinking Fund Installment payments due, if any, on the Bonds, on each Installment Purchase Payment Date, an amount equal to the quotient

obtained by dividing the amount of the Sinking Fund Installment of the Bonds Outstanding becoming due on the first Sinking Fund Installment payment date on the Bonds by the number of Installment Purchase Payment Dates between the date of issuance of the Bonds and such first Sinking Fund Installment payment date, and thereafter in an amount equal to one-twelfth (1/12) of the amount of the Sinking Fund Installment on the Bonds becoming due on the next following Sinking Fund Installment payment date, provided that in any event the amount so paid with respect to Sinking Fund Installments on the Bonds on or before the Installment Purchase Payment Date immediately preceding a Sinking Fund Installment payment date of the Bonds shall be an amount sufficient to pay the Sinking Fund Installment of the Bonds Outstanding becoming due on such next succeeding Sinking Fund Installment payment date.

(b) As security for the performance of its payment obligations with respect to the Series 2006 Bonds, the Institution shall arrange for the delivery of the Series 2006 Letter of Credit to the Trustee on the Closing Date. The Institution hereby authorizes and directs the Trustee to draw moneys under the Series 2006 Letter of Credit in accordance with the provisions of the Indenture to the extent and at the times necessary to pay the principal or Redemption Price of, and interest on the Series 2006 Bonds when due. It is understood, however, that such payment under the Series 2006 Letter of Credit shall not relieve the Institution of any of its obligations under the Reimbursement Agreement, including the obligation to reimburse the Bank for any draw under the Series 2006 Letter of Credit.

(c) Notwithstanding anything in the foregoing to the contrary, if the amount on deposit and available in the Bond Fund is not sufficient to pay the principal of, redemption premium, if any, Sinking Fund Installments for, if any, and interest on the Bonds when due (whether at maturity or by redemption or acceleration or otherwise as provided in the Indenture), the Institution shall forthwith pay the amount of such deficiency in immediately available funds to the Trustee for deposit in the Installment Purchase Payments Fund and such payment shall constitute installment purchase payments under this Section 3.3.

(d) In the event the Institution should fail to make or cause to be made any of the payments required under the foregoing provisions of this Section, the item or installment not so paid shall continue as an obligation of the Institution until the amount not so paid shall have been fully paid.

(e) The Institution shall have the option to prepay its installment purchase obligation with respect to the Bonds, in whole or in part at the times and in the manner provided in Article VIII hereof as and to the extent provided in the Indenture for redemption of the Bonds.

(f) At its option, to be exercised on or before the forty-fifth (45th) day next preceding the date any Bonds of a Series are to be redeemed from mandatory Sinking Fund Installments, if any, the Institution may deliver to the Trustee Bonds of such Series which are subject to mandatory Sinking Fund Installment redemption in an aggregate principal amount not in excess of the principal amount of Bonds of such Series to be so redeemed on such date. Each such Bond so delivered shall be credited by the Trustee at one hundred percent (100%) of the principal amount thereof against the obligation of the Agency on such Sinking Fund Installment payment date and any excess over such Sinking Fund Installment shall be credited on future

Sinking Fund Installments in direct chronological order, and the principal amount of Bonds to be redeemed by operation of the mandatory Sinking Fund Installments shall be accordingly reduced.

(g) No further installment purchase payments need be made to the Agency on account of the Bonds during the term of this Agreement when and so long as the amount of cash and/or Defeasance Obligations on deposit in the Bond Fund and as shall in each case constitute Priority Amounts, is sufficient to satisfy and discharge the obligations of the Agency under the Indenture and pay the Bonds as provided in Section 10.01 of the Indenture.

(h) The Institution and the Agency acknowledge their intention to minimize the risk that any payment made to a Bondholder from amounts provided by or on behalf of the Institution may be determined by a bankruptcy court to constitute a preference. To this end the parties agree that, as provided in Section 5.06(a) of the Indenture, payments to Bondholders shall be made only from Priority Amounts, except when and to the extent no Priority Amounts are available for the purpose. The payment obligations of the Institution under this Section 3.3 are subject in all respects to the use of Priority Amounts for the payment of the Bonds. Optional prepayments permitted by the Institution as provided in Article VIII hereof may not be made except from Priority Amounts. The Agency shall have no liability with respect to any payments made in violation of this paragraph.

(i) As security for the Bonds and the obligation of the Institution under the Bank Documents, the Agency shall pledge and assign to the Trustee and the Bank pursuant to the Indenture, all of the Agency's right, title and interest in this Agreement (except for the Agency's Reserved Rights), including all installment purchase payments hereunder, and in furtherance of said pledge the Agency will unconditionally assign such installment purchase payments to the Trustee for deposit in the Installment Purchase Payments Fund in accordance with the Indenture. The Institution hereby consents to the above-described lien and security interest, and pledge and assignment of this Agreement.

(j) Pursuant to the Reimbursement Agreement, the Bank and the Institution have agreed upon a principal payment schedule to be made by the Institution for purposes of reimbursing the Bank for corresponding partial redemptions of the Series 2006 Bonds. The payment schedule is subject to modification from time to time by the Bank and the Institution, and payments may be waived in whole or in part by the Bank in its sole discretion. The failure to make any such scheduled payment shall not constitute a default under this Agreement, except to the extent that such failure shall become an "Event of Default" under the Reimbursement Agreement or any of the other Bank Documents.

(k) The Institution covenants and agrees that it will comply with the provisions of the Indenture with respect to the Institution and that the Trustee shall have the power, authority, rights and protections provided in the Indenture. The Institution further covenants to use its best efforts to cause there to be obtained for the Agency any documents or opinions required of the Agency under the Indenture.

Section 3.4. Obligation of Institution Unconditional. The obligation of the Institution to pay the installment purchase payments and all other payments provided for in this

Agreement and to maintain the Facility in accordance with Section 4.1 of this Agreement shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim or deduction and without any rights of suspension, deferment, diminution or reduction it might otherwise have against the Agency, the Trustee, the Bank or the Holder of any Bond and the obligation of the Institution shall arise whether or not the Bank shall honor or be honoring its obligations under the Series 2006 Letter of Credit. The Institution will not suspend or discontinue any such payment or terminate this Agreement (other than such termination as is provided for hereunder) for any cause whatsoever, and the Institution waives all rights now or hereafter conferred by statute or otherwise to quit, terminate, cancel or surrender this Agreement or any obligation of the Institution under this Agreement or the Facility or any part thereof except as provided in this Agreement or to any abatement, suspension, deferment, diminution or reduction in the installment purchase payments or other payments hereunder.

Section 3.5. Payment for Tendered Series 2006 Bonds. (a) The Institution agrees, as provided in Sections 2.06, 2.07 and 2.08 of the Indenture, to pay installment purchase payments to the Tender Agent, for the account of the Agency equal to all amounts necessary for the purchase of Series 2006 Bonds pursuant to Sections 2.06, 2.07 and 2.08 of the Indenture and not deposited with the Tender Agent by the Remarketing Agent from the proceeds of the sale of such Bonds under Section 2.08 of the Indenture or from drawings on or other realizations under the Series 2006 Letter of Credit pursuant to Section 5.06(b) of the Indenture. Each such payment by the Institution to the Tender Agent in accordance with this Section shall be in immediately available funds and paid to the Tender Agent at its principal office by 2:00 p.m. (New York City time) on each Purchase Date. The Institution further agrees to pay such immediately available funds to the Tender Agent at the times and in the manner specified in the Indenture.

(b) The Institution shall provide for the payment of the amount to be paid pursuant to this Section 3.5 by delivery of the Series 2006 Letter of Credit to the Trustee, simultaneously with the issuance and delivery of the Series 2006 Bonds. The Institution hereby authorizes and directs the Trustee to draw moneys under the Series 2006 Letter of Credit in accordance with the provisions of the Indenture to the extent necessary to make such payments when due. The obligation of the Institution pursuant to this Section 3.5 shall be deemed to be satisfied and discharged to the extent of any corresponding drawing made by the Trustee on the Series 2006 Letter of Credit and applied to such payment. It is understood, however, that such payment under the Series 2006 Letter of Credit shall not relieve the Institution of any of its obligations under the Reimbursement Agreement, including the obligation to reimburse the Bank for any draw under the Series 2006 Letter of Credit.

(c) If the Trustee shall draw amounts under the Series 2006 Letter of Credit for the Purchase Price of Series 2006 Bonds pursuant to Section 2.08 of the Indenture, and the aggregate of the amounts transferred to the Bank by the Tender Agent pursuant to Section 2.08 of the Indenture after such drawing from the Reimbursement Account of the Purchase Fund shall be less than the amount required to reimburse the Bank in whole pursuant to the Reimbursement Agreement, the Institution will be obligated to pay to the Bank an amount equal to such insufficiency in accordance with the terms of the Reimbursement Agreement.

(d) The Institution hereby approves and agrees to be bound by the provisions of the Indenture regarding the purchase, offer, sale and delivery of Series 2006 Bonds tendered

for purchase thereunder, including particularly those set forth in Sections 2.06, 2.07 and 2.08 of the Indenture and in Articles XIII and XIV thereof. The Institution shall have all of the rights and obligations provided in the Indenture with respect to the Institution in connection with such transactions and the appointment of the Tender Agent and the Remarketing Agent thereunder. The Agency shall have no obligation or responsibility with respect to the purchase of Series 2006 Bonds or any related arrangements, except that the Agency at the expense of the Institution shall cooperate in the making of any such arrangements.

(e) If the Institution elects to cause the Weekly Interest Rate Period on the Series 2006 Bonds to be converted to the Fixed Interest Rate Period pursuant to Section 2.04 of the Indenture, the Institution shall deliver or cause to be delivered, at the sole cost and expense of the Institution, the notice, the opinion of Nationally Recognized Bond Counsel (if so required under Section 2.04 of the Indenture) and such other documents required under the Indenture in connection with such conversion, all as provided in Section 2.04 of the Indenture.

(f) If the Series 2006 Bonds are converted to a Fixed Interest Rate as provided in Section 2.04 of the Indenture, the Institution will take all such actions as are necessary and appropriate to comply with and carry out the continuing disclosure requirements of S.E.C. Rule 15c2-12.

(g) The Institution shall cause the Series 2006 Letter of Credit to be continuously maintained in full force and effect while the Series 2006 Bonds bear interest at a Weekly Interest Rate, in an amount equal to the principal amount of the Outstanding Series 2006 Bonds plus the amount required for interest thereon, until all of the Series 2006 Bonds have been paid in full or their payment provided for in accordance with Article X of the Indenture. The Institution will exercise its best efforts to extend the term of the Series 2006 Letter of Credit currently in effect or to cause a Substitute Series 2006 Letter of Credit or a Substitute Series 2006 Credit Facility or commitment of either therefor to be delivered by the Bank to the Trustee not less than thirty (30) days prior to the Series 2006 Letter of Credit Termination Date pursuant to the provisions of Section 2.13 of the Indenture.

Section 3.6. Mortgages. The Institution shall not create, permit or suffer to exist any mortgage, encumbrance, lien, security interest, claim or charge against the Facility or any part thereof, or the interest of the Institution in the Facility or this Agreement except for Permitted Encumbrances. The Institution covenants that it shall take or cause to be taken all action, including all filing and recording, as may be necessary to ensure that there are no mortgage liens on, or security interests in, the Facility other than Permitted Encumbrances.

Section 3.7. Continuing Disclosure. The Institution hereby covenants and agrees that it will, if required by Securities and Exchange Commission Rule 15c2-12(b)(5), enter into and comply with and carry out all of the provisions of a continuing disclosure agreement. Notwithstanding any other provision of this Agreement, failure of the Institution to comply with such continuing disclosure agreement shall not be considered an Event of Default; however, the Trustee may (and, at the request of any participating underwriter or the Holders of at least twenty-five percent (25%) aggregate principal amount in Outstanding Bonds, shall, upon receipt of reasonable indemnification for its fees and costs acceptable to it), and any Holder or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking

specific performance by court order, to cause the Institution to comply with its obligations under this Section 3.7. The Institution understands and agrees that the Agency shall have no continuing disclosure obligations.

ARTICLE IV

Maintenance, Taxes Payments in Lieu of Taxes and Insurance

Section 4.1. Maintenance, Alterations and Improvements. (a) During the term of this Agreement, the Institution will keep the Facility in good and safe operating order and condition, ordinary wear and tear excepted, will occupy, use and operate the Facility in the manner for which it is being designed and intended and contemplated by this Agreement, and will make all replacements, renewals and repairs thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen) reasonably necessary to ensure the continued operation by the Institution of the Facility. All replacements, renewals and repairs shall be equal in quality or utility, class and value to the original work and be made and installed in compliance with all applicable Legal Requirements. The Agency shall be under no obligation to replace, service, test, adjust, erect, maintain or effect replacements, renewals or repairs of the Facility, to effect the replacement of any inadequate, obsolete, worn-out or unsuitable parts of the Facility, or to furnish any utilities or services for any of the Facility and the Institution hereby agrees to assume full responsibility therefor.

(b) The Institution may make such alterations of or additions to the Facility or any part thereof from time to time as the Institution in its discretion may determine to be desirable for its uses and purposes; provided, however, that in any event (i) the usefulness, structural integrity or operating efficiency of the Facility is not impaired, (ii) such additions or alterations are effected with due diligence, in a good and workmanlike manner and in compliance with all applicable Legal Requirements, (iii) such additions or alterations are promptly and fully paid for by the Institution in accordance with the terms of the applicable contract(s) therefor, and in order that the Facility shall at all times be free of any mortgage, lien, charge, encumbrance, security interest or claim other than Permitted Encumbrances, and (iv) such additions or alterations do not change the nature of the Facility so that it would not constitute a civic facility and a qualified "project" as defined in and as contemplated by the Act (it being agreed by the parties hereto that during any period when the "civic facility" provisions of the Act have expired by operation of the Act, the Institution shall not be in violation of the foregoing covenant if the Facility as altered would constitute a "civic facility" in accordance with the Act as in effect on the day immediately preceding the expiration date of the "civic facility" provisions under the Act), subject to the Institution's rights under Section 4.7(b) hereof. All alterations of and additions to the Facility shall constitute a part of the Facility, subject to this Agreement and the Indenture.

(c) The Institution shall have the right to install or permit to be installed at the Facility machinery, equipment, furniture, furnishings and other personal property not constituting part of the Facility (the "Institution's Property") without subjecting such property to this Agreement and the Lease. The Agency shall not be responsible for any loss of or damage to the Institution's Property. The Institution shall have the right to create or permit to be created any mortgage, encumbrance, lien or charge on, or conditional sale or other title retention agreement with respect to, the Institution's Property.

(d) To the extent required by the New York State Finance Law §137, prior to executing any contract with any party for any improvement (as such term is defined in the New York Lien Law) in connection with the Project or the Facility or the provision of any goods or services in connection therewith, and prior to authorizing any party to undertake such improvement (or the provision of such goods and services) without a contract, the Institution shall deliver to the Agency a copy of the proposed contract therefor along with a bond, in compliance with State Finance Law §137 and otherwise satisfactory to the Agency, guaranteeing prompt payment of monies due all persons furnishing labor or materials for the contractor or his subcontractor in the prosecution of his work provided for in such contract. The Agency shall have no liability or responsibility for the cost of such bond(s). Should the Institution fail to comply with the foregoing requirement, the Institution shall immediately cease to be the agent for the Agency in connection with the Project (such agency relationship being deemed to be immediately revoked).

Section 4.2. [Reserved]

Section 4.3. Payment in Lieu of Real Estate Taxes. It is recognized that under the provisions of the Act, the Agency is required to pay no real estate taxes upon any of the property acquired by it or under its jurisdiction or control or supervision or upon its activities. In the event the Agency's interest in the Facility shall exempt such Facility or any portion thereof from the imposition of real estate taxes, then, so long as the Institution (and each other user of the Facility) remain eligible not-for-profit corporations pursuant to the regulations of the New York City Department of Finance for purposes of determining exemption from New York City real estate taxes, and until the earlier of (i) the payment in full of all the Bonds Outstanding in accordance with Section 10.01 of the Indenture, and (ii) the date on which the Agency no longer has an interest in the Facility, the Institution shall make no payments in lieu of real estate taxes on the land, buildings and improvements constituting part of the Facility. However, to the extent the Institution is not an eligible not-for-profit corporation pursuant to the regulations of the New York City Department of Finance for purposes of determining exemption from New York City Real Estate Taxes or the Institution subleases the whole or any portion of the Facility to an entity that is not exempt from New York City real estate taxes and the Institution would be obligated to pay any New York City real estate taxes, the Institution shall not claim an exemption from such real estate taxes by virtue of the Agency's interest in the Facility.

Section 4.4. Taxes, Assessments and Charges. The Institution shall pay when the same shall become due all taxes and assessments, general and specific, if any, levied and assessed upon or against any of the Facility, this Agreement, the Lease, any estate or interest of the Agency or the Institution in the Facility, or the installment purchase payments hereunder during the term of this Agreement, and all water and sewer charges, special district charges, assessments and other governmental charges and impositions whatsoever, foreseen or unforeseen, ordinary or extraordinary, under any present or future law, and charges for public or private utilities or other charges incurred in the occupancy, use, operation, maintenance or upkeep of the Facility, all of which are herein called "Impositions". The Agency shall promptly forward to the Institution any notice, bill or other statement received by the Agency concerning any Imposition. The Institution may pay any Imposition in installments if so payable by law, whether or not interest accrues on the unpaid balance.

In the event the Facility is exempt from Impositions solely due to the Agency's interest in the Facility, the Institution shall pay all Impositions to the appropriate taxing authorities equivalent to the Impositions that would have been imposed on the Facility if the Agency had no interest in the Facility.

None of the foregoing prevents the Institution from contesting in good faith the validity, existence or applicability of any of the foregoing if (i) such contest shall not result in the Facility or any part thereof or interest therein being in any danger of being sold, forfeited or lost, (ii) such contest shall not result in the Institution, the Agency, the Trustee or the Bank being in any danger of any civil or any criminal liability other than normal accrual of interest, for failure to comply therewith, and (iii) the Institution shall have furnished such security, if any, as may be reasonably requested by the Agency, the Trustee or the Bank.

Section 4.5. Insurance. (a) At all times throughout the term of this Agreement, including without limitation during any period of construction or reconstruction of the Facility, the Institution shall maintain insurance against such risks, loss, damage and liability (including liability to third parties) and for such amounts as are customarily insured against by other enterprises of like size and type as that of the Institution, including, without limitation:

(i) During any period of construction or reconstruction of any of the Facility, to the extent not covered by the general liability insurance referred to below, owners and contractors protective liability insurance for the benefit of the Institution, the Agency, the Bank and the Trustee in a minimum amount of \$5,000,000 for the Facility (or such lesser amount agreed upon by the Agency, the Bank and the Trustee upon written request by the Institution) aggregate coverage for bodily and personal injury and property damage;

(ii) General liability insurance (including contractual liability coverage, together with any umbrella liability insurance) naming the Institution as the primary insured, in accordance with customary insurance practices for similar operations with respect to the Facility and the business thereby conducted in a minimum amount of \$5,000,000 for the Facility (or such lesser amount agreed upon by the Agency, the Bank and the Trustee upon written request by the Institution) per occurrence per location aggregate, which insurance (A) will also provide coverage of the Institution's obligations of indemnity under Section 6.2 hereof (excluding, however, those obligations of the Institution (1) requiring payment of taxes, (2) set forth in Section 6.2(a)(i) or (iv) hereof and (3) under Section 6.2(a)(viii) hereof to the extent not available to the Institution at commercially reasonable rates), and (B) may be effected under overall blanket or excess coverage policies of the Institution or any Affiliate thereof, provided, however, that at least \$500,000 is effected by a General Liability insurance policy, and (C) shall not contain any provisions for a self-insured retention or deductible amount unless otherwise approved in writing by the Agency in its sole discretion;

(iii) Workers' compensation insurance, disability benefits insurance and such other forms of insurance which the Institution or the Agency is required by law to provide covering loss resulting from injury, sickness, disability or death of the employees of the Institution or any Affiliate thereof, or any contractor or subcontractor

performing work with respect to the Facility; the Institution shall require that all said contractors and subcontractors shall maintain all forms or types of insurance with respect to their employees required by laws;

(iv) Automobile liability insurance, to the extent not covered by the general liability insurance, in the amount of \$5,000,000 (or such lesser amount agreed upon by the Agency and the Bank upon written request by the Institution) covering the Institution for all owned, non-owned and/or hired automobiles, forklifts and other drivable machinery and/or vehicles used in connection with the Facility; and

(v) Such other insurance, including revision of the insurance requirements set forth above, in such amounts and against such insurable hazards as the Agency from time to time may reasonably require.

(b) All insurance required by Section 4.5(a) above shall be procured from and maintained with financially sound and generally recognized responsible insurance companies admitted and authorized to write such insurance in the State and having an A.M. Best rating that is commercially reasonable and customarily required by other enterprises of like size and type as that of the Institution and acceptable to the Bank. The Agency or the Bank may change such rating requirements on a nondiscriminatory basis if required by substantial changes in insurance industry premiums, risks or coverage. At least once every two fiscal years, the Institution agrees to deliver a certificate of an independent insurance consultant to the Trustee and the Bank which indicates that the insurance then maintained by the Institution meet the requirements of Section 4.5(a) hereof and Section 1.2 of the Guaranty Agreement.

(c) Each of the policies or certificates evidencing the insurance required above to be obtained shall:

(i) designate (except in the case of workers' compensation insurance) the Institution, the Trustee, the Bank and the Agency as additional insureds as their respective interests may appear;

(ii) provide that there shall be no recourse against the Agency, the Trustee or the Bank for the payment of premiums or commissions or (if such policies or binders provide for the payment thereof) additional premiums or assessments;

(iii) provide that in respect of the respective interests of the Agency, the Trustee or the Bank in such policies, the insurance shall not be invalidated by any action or inaction of the Institution (other than nonpayment of premium) or any other Person and shall insure the Agency, the Trustee and the Bank regardless of, and any losses shall be payable notwithstanding, any such action or inaction;

(iv) provide that such insurance shall be primary insurance without any right of contribution from any other insurance carried by the Agency, the Trustee or the Bank to the extent that such other insurance provides the Agency, the Trustee or the Bank, as the case may be, with contingent and/or excess liability insurance with respect to its respective interest as such in the Facility;

(v) provide that if the insurers cancel such insurance for any reason whatsoever, including the insured's failure to pay any accrued premium, or the same is allowed to lapse or expire, or there be any reduction in amount, or any material change is made in the coverage, such cancellation, lapse, expiration, reduction or change shall not be effective as to the Agency, the Trustee or the Bank until at least thirty (30) days after receipt by the Agency, the Trustee and the Bank, respectively, of written notice by such insurers of such cancellation, lapse, expiration, reduction or change;

(vi) waive any right of subrogation of the insurers thereunder against any Person insured under such policy, and waive any right of the insurers to any setoff or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of any Person insured under such policy; and

(vii) contain such other terms and provisions as any owner or operator of facilities similar to the Facility would, in the prudent management of its properties, require to be contained in policies or interim insurance contracts with respect to facilities similar to the Facility owned or operated by it.

(d) The Net Proceeds of any insurance received with respect to any loss or damage to the property of the Facility shall be applied in accordance with Section 5.1 hereof and the Indenture.

(e) The Institution shall deliver or cause to be delivered to the Agency, the Bank and the Trustee, in a form acceptable to the Agency, Trustee and the Bank, the following documents evidencing compliance with the insurance requirements of this Section 4.5: (i) on or prior to the Closing Date: (A) a broker's certificate of coverage, upon which the Agency, the Trustee and the Bank may conclusively rely in order to confirm compliance with the requirements of this Section 4.5(e), confirming that the Institution, as of the Closing Date, has obtained insurance in accordance with the requirements of this Section 4.5, and (B) a certificate of liability insurance and certificates or other evidence of other required insurance, and, (ii) as soon as practicable thereafter, duplicate copies of insurance policies and/or binders. At least seven (7) Business Days prior to the expiration of any such policy, the Institution shall furnish the Agency, the Bank and the Trustee with evidence that such policy has been renewed or replaced or is no longer required by this Agreement.

(f) The Institution shall, at its own cost and expense, make all proofs of loss and take all other steps necessary or reasonably requested by the Agency, the Trustee or the Bank to collect from insurers for any loss covered by any insurance required to be obtained by this Section 4.5. The Institution shall not do any act, or suffer or permit any act to be done, whereby any insurance required by this Section 4.5 would or might be suspended or impaired.

(g) THE AGENCY DOES NOT IN ANY WAY REPRESENT THAT THE INSURANCE SPECIFIED HEREIN, WHETHER IN SCOPE OR COVERAGE OR LIMITS OF COVERAGE, IS ADEQUATE OR SUFFICIENT TO PROTECT THE BUSINESSES OR INTERESTS OF THE INSTITUTION.

Section 4.6. Advances by Agency, Trustee or Bank. In the event the Institution fails to make any payment or perform or observe any obligation required of it under this Agreement, the Agency, the Trustee or the Bank, no sooner than five (5) days after first notifying the Institution in writing of any such failure on its part, may (but shall not be obligated to), and without waiver of any of the rights of the Agency, the Trustee or the Bank under this Agreement, the Reimbursement Agreement, the Indenture or any other Security Documents, make such payment or otherwise cure any failure by the Institution to perform and observe its other obligations hereunder. All amounts so advanced therefor by the Agency, the Trustee or the Bank shall become an additional obligation of the Institution to the Agency, the Trustee or the Bank, as applicable, which amounts, together with interest thereon at the annual rate of eighteen percent (18%) per annum from the date advanced, the Institution will pay upon demand therefor by the Agency, the Trustee or the Bank, as the case may be. Any remedy herein vested in the Agency, the Trustee or the Bank for the collection of the installment purchase payments or other amounts due hereunder shall also be available to the Agency, the Trustee or the Bank for the collection of all such amounts so advanced.

Section 4.7. Compliance with Legal Requirements. (a) The Institution agrees that it will, throughout the term of this Agreement and at its sole cost and expense, promptly observe and comply with all Legal Requirements, whether foreseen or unforeseen, ordinary or extraordinary, which shall now or at any time hereafter be binding upon or applicable to the Institution, any occupant, user or operator of the Facility or any portion thereof, and will observe and comply with all conditions, requirements, and schedules necessary to preserve and extend all rights, licenses, permits (including, without limitation, zoning variances, special exception and non-conforming uses), privileges, franchises and concessions. The Institution and the Agency will not, without the prior written consent of the Agency, the Bank and the Trustee, initiate, join in or consent to any private restrictive covenant, zoning ordinance, or other public or private restrictions, limiting or defining the uses which may be made of the Facility or any part thereof. The Institution shall indemnify and hold harmless the Indemnified Parties (as defined in Section 6.2 hereof) from and against all loss, cost, liability and expense (a) in any manner arising out of or related to any violation of or failure to comply with any Legal Requirement or (b) imposed upon the Institution, or any of the Indemnified Parties by any Legal Requirement; in case any action or proceedings is brought against any of the Indemnified Parties in respect to any Legal Requirement, the Institution shall upon notice from any of the Indemnified Parties defend such action or proceeding by counsel reasonably satisfactory to the Indemnified Party.

(b) The Institution may contest in good faith the validity, existence or applicability of any of the foregoing, including without limitation any amendments to the Act during the term of this Agreement which affect the Institution's operation of the Facility, if (i) such contest shall not result in the Facility or any part of any thereof or interest therein being in any danger of being sold, forfeited or lost, (ii) such contest shall not result in the Institution, the Agency, the Trustee or the Bank being in any danger of any civil or any criminal liability other than normal accrual of interest, for failure to comply therewith, and (iii) the Institution shall have furnished such security, if any, as may be reasonably requested by the Agency, the Trustee or the Bank to protect the security intended to be offered by the Project Documents. The Institution's covenants set forth in Section 1.5(o), the second sentence of the first paragraph of Section 3.1(a), Section 4.1(b)(iv), Section 5.1(c)(ii) and Section 9.3(a)(y)(4) shall not be deemed to constitute a contractual waiver of its right to contest the applicability to the Institution of any

amendment to the Act adopted subsequent to the Closing Date. As between the Bank and the Institution, the right of the Institution to contest compliance with any Legal Requirements is subject to the terms of the Bank Documents.

ARTICLE V

Damage, Destruction and Condemnation

Section 5.1. Damage, Destruction and Condemnation. (a) In the event that at any time during the term of this Agreement the whole or a material part of the Facility shall be damaged or destroyed, or taken or condemned by a competent authority for any public use or purpose, or by agreement among the Agency or any Person having an interest in the Facility and those authorized to exercise such right or if the temporary use of the Facility shall be so taken by condemnation or agreement (a "Loss Event"):

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

(ii) there shall be no abatement, postponement or reduction in the installment purchase payments or other amounts payable by the Institution under this Agreement, and

(iii) the Institution will promptly give written notice of such Loss Event to the Agency, the Trustee and the Bank, generally describing the nature and extent thereof.

(b) Upon the occurrence of a Loss Event, the Net Proceeds derived therefrom shall be paid to the Institution and the Institution shall either (unless otherwise directed by the Bank pursuant to the Bank Documents):

(i) at its own cost and expense (except to the extent paid from the Net Proceeds), within two (2) years of the Loss Event, promptly and diligently rebuild, replace, repair or restore the Facility to substantially its condition immediately prior to the Loss Event, or to a condition of at least equivalent value, operating efficiency and function, regardless of whether or not the Net Proceeds derived from the Loss Event shall be sufficient to pay the cost thereof, and the Institution shall not by reason of payment of any such excess costs be entitled to any reimbursement from the Agency, the Bank, the Trustee or any Bondholder, nor shall the installment purchase payments or other amounts payable by the Institution under this Agreement be abated, postponed or reduced, or

(ii) if, to the extent and upon the conditions permitted to do so under Section 8.1 hereof and under the Indenture, exercise its option to purchase the Facility and make advance installment purchase payments to redeem the Bonds in whole and terminate the Agency's interest in the Facility;

Not later than ninety (90) days after the occurrence of a Loss Event, the Institution shall advise the Agency, the Trustee and the Bank in writing of the action to be taken by the Institution under this Section 5.1(b), a failure to so timely notify being deemed an election in favor of clause (i) above to be exercised in accordance with the provisions of clause (i) above.

It is acknowledged and agreed by the Agency and the Institution that the determination to rebuild, replace, repair or restore the Facility may reside solely within the

control of the Board of Managers of the Condominium, and such Board of Managers may elect, in lieu of the Institution, not to rebuild, replace, repair or restore the Facility as set forth in clause (i) above. If the Institution shall not rebuild, replace, repair or restore the Facility, the Institution shall exercise its option under clause (ii) above.

(c) All such rebuilding, replacements, repairs or restorations shall

(i) automatically be deemed a part of the Facility and be subject to this Agreement,

(ii) not change the nature of the Facility as a qualified "project" as defined in and as contemplated by the Act (it being agreed by the parties hereto that during any period when the "civic facility" provisions of the Act have expired by operation of the Act, the Institution shall not be in violation of the foregoing covenant if it shall be operating the Facility as a civic facility in accordance with the Act as in effect on the day immediately preceding the expiration date of the "civic facility" provisions under the Act), subject to the Institution's rights under Section 4.7(b) hereof, and

(iii) to the extent required by Section 4.1(d), be preceded by the furnishing by the Institution to the Agency, the Trustee and the Bank of a labor and materials payment bond, or other security, satisfactory to the Agency, the Trustee and the Bank, and

(iv) be effected with due diligence in a good and workmanlike manner, in compliance with all applicable Legal Requirements and be promptly and fully paid for by the Institution in accordance with the terms of the applicable contract(s) therefor.

(d) The Agency, the Trustee, the Bank and the Institution shall cooperate and consult with each other in all matters pertaining to the settlement, compromising, arbitration or adjustment of any claim or demand on account of any Loss Event, and the settlement, compromising, arbitration or adjustment of any such claim or demand shall be subject to the approval of the Institution.

(e) If all or substantially all of the Facility shall be taken or condemned, or if the taking or condemnation renders the Facility unsuitable for use by the Institution as contemplated hereby, the Institution shall exercise its option to terminate this Agreement pursuant to Section 8.1 hereof, the Trustee shall draw on the Series 2006 Letter of Credit to effect the redemption in whole of the Bonds under the Indenture, and to the extent necessary, the Institution shall pay to the Trustee an amount which, when added to any Priority Amounts then in the Bond Fund and available for that purpose, shall be sufficient to retire and redeem the Bonds in whole at the earliest possible date (including, without limitation, principal and interest to the maturity or redemption date and redemption premium, if any), and to pay the expenses of redemption, the fees and expenses of the Agency, the Bond Registrar, the Tender Agent, the Remarketing Agent, the Trustee, the Bank and the Paying Agents, together with all other amounts due under the Indenture and under this Agreement and under each other Project Document, and such amount shall be applied, together with such other Priority Amounts in the

Bond Fund, if applicable, to such redemption or retirement of the Bonds on said redemption or maturity date.

(f) The Institution shall be entitled to any insurance proceeds or condemnation award, compensation or damages attributable to Institution's Property or other improvements, machinery, equipment or other property installed on or about the Facility Realty that, at the time of such damage or taking, is not part of the Facility.

(g) The Institution hereby waives the provisions of Section 227 of the New York Real Property Law or any law of like import now or hereafter in effect.

ARTICLE VI

Particular Covenants

Section 6.1. Dissolution or Merger; Restriction on Institution. The Institution agrees that at all times during the term of this Agreement it will (i) maintain its corporate existence, (ii) continue to be a not-for-profit corporation constituting a Tax-Exempt Organization subject to service of process in the State and either organized under the laws of the State, or organized under the laws of any other state of the United States and duly qualified to do business as a foreign corporation in the State, (iii) not liquidate, wind-up or dissolve or otherwise dispose of all or substantially all of its property, business or assets remaining after the Closing Date, and (iv) not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it. The Institution may, however, without violating the foregoing, upon thirty (30) days prior written notice to the Agency, the Bank and the Trustee, consolidate with or merge into another not-for-profit corporation as shall constitute a Tax-Exempt Organization or permit one or more not-for-profit corporations as shall constitute Tax-Exempt Organizations to consolidate with or merge into it, or sell or otherwise transfer all or substantially all of its property, business or assets to another such not-for-profit corporation as shall constitute a Tax-Exempt Organization (and thereafter liquidate, wind-up or dissolve or not, as the Institution may elect); provided, however, that, in the event that the Institution is not the surviving, resulting or transferee corporation, as the case may be, such corporation (A) is a solvent not-for-profit corporation subject to service of process in the State and either organized under the laws of the State, or organized under the laws of any other state of the United States and duly qualified to do business as a foreign corporation in the State, (B) is a Tax-Exempt Organization, (C) assumes in writing all of the obligations of the Institution contained in this Agreement and all other Project Documents to which the Institution shall be a party, and (1) in the Opinion of Counsel, (y) such corporation shall be bound by all of the terms applicable to the Institution of this Agreement and all other Project Documents to which the predecessor Institution corporation shall have been a party, and (z) such action does not legally impair the security for the Holders of the Bonds or the Bank afforded by the Project Documents, and (2) in the Opinion of Nationally Recognized Bond Counsel, such merger, consolidation, sale or transfer will not affect the exclusion of the interest on any Tax-Exempt Bonds then Outstanding from gross income for federal income tax purposes, and (D) unless the Agency and the Bank shall otherwise consent (such consent not to be unreasonably withheld or delayed), has a positive net worth (as determined in accordance with generally accepted accounting principles and certified by an independent certified public accountant reasonably acceptable to the Agency and the Bank) after the merger, consolidation, sale or transfer of not less than ninety percent (90%) of the net worth of the Institution immediately prior to such merger, consolidation, sale or transfer. The Institution further covenants and agrees that it is and throughout the term of this Agreement will continue to be duly qualified to do business in the State and that any not-for-profit corporation as shall be a Tax Exempt Organization and succeeding to the rights of the Institution under this Agreement shall be and continue to be duly qualified to do business in the State.

Section 6.2. Indemnity. (a) The Institution shall at all times indemnify, defend, protect and hold the Agency, the Trustee, the Bond Registrar, the Paying Agents, the Bank, the Tender Agent, the Remarketing Agent and any director, member, officer, employee, servant, agent (excluding for this purpose the Institution, which is not obligated hereby to indemnify its

own employees, Affiliates or affiliate individuals) of any of such Persons and persons under the control or supervision of any of such Persons (collectively, the "Indemnified Parties") harmless of, from and against any and all claims (whether in tort, contract or otherwise), taxes (of any kind and by whomsoever imposed), demands, penalties, fines, liabilities, lawsuits, actions, proceedings, settlements, costs and expenses (collectively, "Claims") of any kind for losses, damage, injury and liability (collectively, "Liability") of every kind and nature and however caused (except, with respect to any Indemnified Party, Liability arising from the gross negligence or willful misconduct of such Indemnified Party), arising during the period commencing from June 13, 2006, the date the Agency adopted its resolution for the Project, and continuing throughout the term of this Agreement (subject to Section 6.2(e) hereof), arising upon or about the Facility or resulting from, arising out of, or in any way connected with:

(i) the financing of the costs of the Facility and the marketing, issuance, sale and remarketing of the Bonds for such purpose,

(ii) the planning, design, acquisition, site preparation, construction, renovation, equipping, installation or completion of the Project or any part thereof or the effecting of any work done in or about the Facility, or any defects (whether latent or patent) in the Facility,

(iii) the maintenance, repair, replacement, restoration, rebuilding, upkeep, use, occupancy, ownership, leasing, subletting or operation of the Facility or any portion thereof,

(iv) the execution and delivery by the Indemnified Party, the Institution or any other Person of, or performance by the Indemnified Party, the Institution or any other Person, as the case may be, of, any of their respective obligations under, this Agreement, the Indenture or any other Project Document, or other document or instrument delivered in connection herewith or therewith or the enforcement of any of the terms or provisions hereof or thereof or the transactions contemplated hereby or thereby,

(v) any injury to any Person or any damage to the personal property of any Person in or on the premises of the Facility,

(vi) any imposition arising from, burden imposed by, violation of, or failure to comply with any Legal Requirement, including, but not limited to, failure to comply with the requirements of the City's zoning resolution and the State Environmental Quality Review Act and their respective related regulations,

(vii) any injury to the person or any damage to the property of (A) the Institution, or (B) any other Person or their respective officers, directors, officials, partners, members, employees, attorneys, agents or representatives, or persons under the control or supervision of the Institution or (C) any other Person who may be in or about the premises of the Facility,

(viii) the presence, disposal, release, or threatened release of any Hazardous Materials (as hereinafter defined) that are on, from, or affecting the Facility; any personal injury (including wrongful death) or property damage (real or personal) arising out of or

related to such Hazardous Materials; any lawsuit brought or threatened, settlement reached, or government order relating to such Hazardous Materials, and/or any violation of Legal Requirements, including demands of government authorities, or any policies or requirements of the Agency, the Bank or the Trustee, which are based upon or in any way related to such Hazardous Materials including, without limitation, reasonable attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses, or

(ix) any Claim commenced against an Indemnified Party, or other action or proceeding taken by an Indemnified Party, in any case with respect to any of the matters set forth in subparagraphs (i) through (viii) of this Section 6.2(a),

Such indemnification set forth above shall be binding upon the Institution for any and all Claims set forth herein and shall survive the termination of this Agreement.

(b) The Institution releases each Indemnified Party from, and agree that no Indemnified Party shall be liable to the Institution or its Affiliates for, any Claims or Liability arising from or incurred as a result of action taken or not taken by such Indemnified Party with respect to any of the matters set forth in Section 6.2(a) hereof, including any Claims or Liability arising from or incurred as a result of the gross negligence or willful misconduct of such Indemnified Party, or at the direction of the Institution or any other obligor under any of the Project Documents with respect to any of such matters above referred to. An Indemnified Party shall promptly notify the Institution in writing of any claim or action brought against such Indemnified Party in which indemnity may be sought against the Institution pursuant to this Section 6.2; such notice shall be given in sufficient time to allow the Institution to defend or participate in such claim or action, but the failure to give such notice in sufficient time shall not constitute a defense hereunder nor in any way impair the obligations of the Institution under this Section 6.2.

(c) (i) In addition to and without limitation of any other representations, warranties and covenants made by the Institution under this Agreement, the Institution further represents, warrants and covenants that the Institution has not used Hazardous Materials on, from, or affecting any Facility in any manner that violates any applicable Legal Requirements governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, and that, except as set forth in that certain Phase I Environmental Site Assessment, dated August 2002, prepared by AKRF, a true and correct copy of which the Institution has delivered to the Agency (the "Audit"), to the best of the Institution's knowledge, no prior owner or occupant of the Facility has used Hazardous Materials on, from, or affecting the Facility in any manner that violates any applicable Legal Requirements.

(ii) Without limiting the foregoing, the Institution shall not cause or permit the Facility or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable Legal Requirements, nor shall the Institution cause or permit, as a result of any intentional or unintentional act or omission on the part of the Institution or any occupant or user of the Facility, a release of Hazardous Materials onto

the Facility or onto any other property not in compliance with all applicable Legal Requirements.

(iii) The Institution shall comply with and ensure compliance by all occupants and users of the Facility with all applicable Legal Requirements, whenever and by whomever triggered, and shall obtain and comply with, and ensure that all occupants and users of the Facility obtain and comply with, any and all approvals, registrations or permits required thereunder; provided, however, that if any such occupant or user shall be an Affiliate of the Institution, the obligations of the Institution with respect to such Persons shall be absolute and not limited to best efforts.

(iv) The Institution shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Materials, on, from, or affecting the Facility in accordance with all applicable Legal Requirements.

(v) The parties hereto agree that the reference in this Section 6.2(c) to the Audit is not intended, and should not be deemed to intend, to modify, qualify, reduce or diminish the Institution's obligations to carry out and perform all of the covenants stated throughout this Section 6.2, including but not limited to, those covenants wherein the Institution is obligated to indemnify each Indemnified Party and comply with all applicable Legal Requirements pertaining to Hazardous Materials.

For purposes of this Section 6.2, the term "Hazardous Materials" includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 5101, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), and in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule, or regulation.

(d) To effectuate the purposes of this Section 6.2, the Institution will provide for and insure, in the public liability policies required in Section 4.5 hereof, not only its own liability in respect of the matters therein mentioned but also the liability pursuant to this Section 6.2 (excluding, however, those obligations of the Institution (1) requiring payment of taxes, (2) set forth in Section 6.2(a)(i) or (iv) hereof and (3) under Section 6.2(a)(viii) hereof to the extent not available to the Institution at commercially reasonable rates). Anything to the contrary in this Agreement notwithstanding, the covenants of the Institution contained in this Section 6.2 shall remain in full force and effect after the termination of this Agreement until the later of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (ii) payment in full or the satisfaction of such claim or cause of action and of all expenses and charges incurred by the Indemnified Party relating to the enforcement of the provisions herein specified.

(e) For the purposes of this Section 6.2, the Institution shall not be deemed an employee, agent or servant of the Agency or a person under the Agency's control or supervision.

(f) The provisions of this Section 6.2 shall be in addition to, and neither limit nor impair, the obligations of the Institution under the Bank Documents, and any and all other obligations and liabilities the Institution may have to any Indemnified Party in any other agreement or at common law.

Section 6.3. Compensation and Expenses of Trustee, Bond Registrar, Tender Agent, Remarketing Agent, Paying Agents and Agency. The Institution shall, to the extent not paid out of the proceeds of the Bonds as financing expenses, pay the following fees, charges and expenses and other amounts: (i) the initial and annual fees of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture, including fees and expenses as Bond Registrar and in connection with preparation of new Bonds upon exchanges or transfers or making any investments in accordance with the Indenture, (ii) the fees and charges of the Trustee and any Paying Agents on the Bonds for acting as paying agents as provided in the Indenture, including the fees of its counsel, (iii) the fees, charges, and expenses of the Trustee for extraordinary services rendered by it under the Indenture, including counsel fees, (iv) the fees, costs and expenses of the Bond Registrar, the Tender Agent and the Remarketing Agent, and the fees, costs and expenses (including accounting and other administrative expenses and reasonable legal fees) of the Agency, and (v) the annual fee of the Bank as provided in the Reimbursement Agreement and the other Bank Documents and the costs and expenses of the Bank in connection therewith. The Institution shall further pay the fees, costs and expenses of the Agency together with any disbursements and reasonable fees incurred by the Agency's Bond Counsel and General Counsel in performing services for the Agency in connection with this Agreement or any other Project Document.

On the Closing Date, the Institution shall pay to the Agency its fee of \$_____ (said amount representing the \$_____ financing fee, plus an annual administrative fee of \$800.00, less an application fee of \$2,500.00), payment of which has been received on the Closing Date. The Institution further agrees to pay, as an annual administrative servicing fee to the Agency, the amount of \$800.00 (subject to an adjustment up or down based on changes as of each November in the Consumer Price Index utilizing a base year of 2005) payable on each anniversary of the Closing Date until the termination of this Agreement.

Section 6.4. Retention of Interest in Facility; Grant of Easements; Release of Certain Land; Release of a Facility. (a) The Institution shall not sell, assign, encumber (other than Permitted Encumbrances), convey or otherwise dispose of its interests in the Facility or any part of any thereof or interests therein during the term of this Agreement, except as set forth in Sections 4.2, 5.1 and 7.2 hereof, without the prior written consent of the Bank and any purported disposition without such consent shall be void.

(b) No conveyance or release effected under the provisions of this Section 6.4 shall entitle the Institution to any abatement or diminution of the installment purchase payments payable under Sections 3.3 or 3.5 hereof or the other payments required to be made by the Institution under this Agreement.

Section 6.5. Institution's Covenant as to Tax Exemption. (a) The Institution covenants with the Agency, with the Bank, with the Trustee and with each of the Holders of the Bonds, that it will comply with all of the terms, provisions and conditions set forth in the Tax

Regulatory Agreement, including, without limitation, the making of any payments and filings required thereunder.

(b) The representations, warranties, covenants and statements of expectation of the Institution set forth in the Tax Regulatory Agreement are by this reference incorporated in this Agreement as though fully set forth herein.

(c) If any Bondholder receives from the Internal Revenue Service a notice of assessment and demand for payment with respect to interest on any Bond, an appeal may be taken by the Bondholder at the option of either the Bondholder or the Institution. If such appeal is taken at the option of the Institution, all expenses of the appeal including reasonable counsel fees shall be paid by the Institution, and the Institution shall control the procedures and terms relating to such appeal, and the Bondholder and the Institution shall cooperate and consult with each other in all matters pertaining to any such appeal which the Institution have elected to take, except that no Bondholder shall be required to disclose or furnish any non-publicly disclosed information, including without limitation, financial information and tax returns. Before the taking of any appeal which the Institution have elected to take, however, the Bondholder shall have the right to require the Institution to pay the tax assessed and conduct the appeal as a contest for reimbursement.

(d) The obligation of the Institution to make the payments provided for in this Section shall be absolute and unconditional, and the failure of the Agency, the Trustee, the Bank or any other Person to execute or deliver or cause to be delivered any documents or to take any action required under this Agreement or otherwise shall not relieve the Institution of its obligation under this Section.

Section 6.6. Financial Statements; No-Default Certificates. (a) The Institution agrees to furnish to the Trustee and the Bank (and, if so requested, the Agency), as soon as available and in any event within one hundred fifty (150) days after the close of each Fiscal Year of the Institution, or such greater period as shall be consented to in writing by the Bank, a copy of the annual audited financial statements of the Institution, including balance sheets as at the end of such year, and the related statements of income, balances, earnings, retained earnings and changes in financial position for such Fiscal Year, prepared in accordance with generally accepted accounting principles and practices, accompanied by an opinion of an independent certified public accountant who is reasonably acceptable to the Bank.

(b) The Institution shall deliver to the Bank and the Trustee (and, if so requested, the Agency) with each delivery of annual financial statements pursuant to Section 6.6(a) hereof, a certificate of an Authorized Representative of the Institution (and/or a certificate of an independent certified public accountant or firm of independent certified public accountants as to any of the applicable matters set forth below) as to whether or not, as of the close of such preceding Fiscal Year of such Institution, and at all times during such Fiscal Year, the Institution was in compliance with all the provisions which relate to the Institution in this Agreement and in any other Project Document to which it shall be a party, and if such Authorized Representative shall have obtained knowledge of any default in such compliance or notice of such default, he shall disclose in such certificate such default or defaults or notice thereof and the nature thereof, whether or not the same shall constitute an Event of Default

hereunder, and any action proposed to be taken by the Institution with respect thereto, and a certificate of an Authorized Representative of the Institution that the insurance it maintains complies with the provisions of Section 4.5 of this Agreement and Section 1.2 of the Guaranty Agreement, that such insurance has been in full force and effect at all times during the preceding Fiscal Year of the Institution, and that duplicate copies of all policies or certificates thereof have been filed with the Agency, the Bank and the Trustee and are in full force and effect. In addition, upon twenty (20) days prior request by the Agency, the Bank or the Trustee, the Institution will execute, acknowledge and deliver to the Agency, the Bank and the Trustee a certificate of an Authorized Representative of the Institution either stating that to his knowledge no default or breach exists hereunder or specifying each such default or breach of which he has knowledge.

(c) The Institution shall immediately notify the Agency, the Bank and the Trustee of the occurrence of any Event of Default or any event which with notice and/or lapse of time would constitute an Event of Default under any Project Document of which it has knowledge. Any notice required to be given pursuant to this subsection shall be signed by an Authorized Representative of the Institution and set forth a description of the default and the steps, if any, being taken to cure said default. If no steps have been taken, such Institution shall state this fact on the notice.

(d) The Institution shall deliver to the Agency on July 31 of each year, commencing July 31, 2006, a completed location and contact information report in the form attached hereto as Schedule D.

Section 6.7. Discharge of Liens. (a) If any lien, encumbrance or charge is filed or asserted, or any judgment, decree, order, levy or process of any court or governmental body is entered, made or issued or any claim (such liens, encumbrances, charges, judgments, decrees, orders, levies, processes and claims being herein collectively called "Liens"), whether or not valid, is made against the Facility or any part of any thereof or the interest therein of the Agency, the Institution, the Bank or the Trustee or against any of the installment purchase payments or other amounts payable under this Agreement or the Lease or the interest of the Institution under this Agreement other than Liens for Impositions (as defined in Section 4.4 hereof) not yet payable, Permitted Encumbrances, or Liens being contested as permitted by Section 6.7(b) hereof, the Institution forthwith upon receipt of notice of the filing, assertion, entry or issuance of such Lien (regardless of the source of such notice) shall give written notice thereof to the Agency, the Bank and the Trustee and take all action (including the payment of money and/or the securing of a bond) at its own cost and expense as may be necessary or appropriate to obtain the discharge in full thereof and to remove or nullify the basis therefor. Nothing contained in this Agreement shall be construed as constituting the express or implied consent to or permission of the Agency for the performance of any labor or services or the furnishing of any materials that would give rise to any Lien against the Agency's leasehold interest in the Facility.

(b) The Institution may at its sole expense contest (after prior written notice to the Agency, the Bank and the Trustee), by appropriate action conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Lien, if (1) such proceeding shall suspend the execution or enforcement of such Lien against the Facility or any part thereof or interest therein, or in the Installment Sale Agreement or in the Lease of the

Agency, the Institution, the Trustee or the Bank or against any of the installment purchase payments or other amounts payable under this Agreement, (2) neither of the Facility nor any interest therein would be in any danger of being sold, forfeited or lost, (3) neither the Institution, the Agency, the Bank nor the Trustee would be in any danger of any civil or any criminal liability, other than normal accrual of interest, for failure to comply therewith, and (4) the Institution shall have furnished such security, if any, as may be required in such proceedings or as may be reasonably requested by the Agency, the Trustee or the Bank to protect the security intended to be offered by the Project Documents. As between the Bank and the Institution, the right of the Institution to contest any Lien is subject to the terms of the Bank Documents.

Section 6.8. Agency's Authority. The Agency covenants and agrees that it has full right and lawful authority to enter into this Agreement for the full term hereof.

Section 6.9. No Warranty of Condition or Suitability. THE AGENCY HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION, FITNESS, DESIGN, OPERATION OR WORKMANSHIP OF ANY PART OF THE FACILITY, ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OR CAPACITY OF THE MATERIALS IN THE FACILITY, OR THE SUITABILITY OF THE FACILITY FOR THE PURPOSES OR NEEDS OF THE INSTITUTION OR THE EXTENT TO WHICH PROCEEDS DERIVED FROM THE SALE OF THE BONDS WILL BE SUFFICIENT TO PAY THE COST OF THE PROJECT. THE INSTITUTION IS SATISFIED THAT THE FACILITY IS SUITABLE AND FIT FOR ITS PURPOSES. THE AGENCY SHALL NOT BE LIABLE IN ANY MANNER WHATSOEVER TO THE INSTITUTION OR ANY OTHER PERSON FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY THE PROPERTY OF THE FACILITY OR THE USE OR MAINTENANCE THEREOF OR THE FAILURE OF OPERATION THEREOF, OR THE REPAIR, SERVICE OR ADJUSTMENT THEREOF, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY SUCH MAINTENANCE, REPAIRS, SERVICE OR ADJUSTMENT, OR BY ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF OR FOR ANY LOSS OF BUSINESS HOWSOEVER CAUSED.

Section 6.10. Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in the Earnings Fund, the Rebate Fund, the Bond Fund, the Installment Purchase Payments Fund and the Project Fund upon the expiration or sooner or later termination of the term of this Agreement as provided in this Agreement, after payment in full of the (i) Bonds (in accordance with Section 10.01 of the Indenture), (ii) the fees, charges and expenses of the Trustee, the Tender Agent, the Remarketing Agent, the Bond Registrar, the Paying Agents and the Agency in accordance with the Indenture, (iii) all installment purchase payments and all other amounts payable hereunder, (iv) all amounts required to be rebated to the federal government pursuant to the Tax Regulatory Agreement or the Indenture, (v) all amounts required to be paid to the Bank under the Reimbursement Agreement and other Bank Documents, and (vi) all amounts required to be paid under any Project Document, shall have been so paid, shall belong to and be paid to the Institution by the Trustee as overpayment of installment purchase payments.

Section 6.11. Issuance of Additional Bonds. The Agency and the Institution recognize that under the provisions of and subject to the conditions set forth in the Indenture, the Agency is authorized, with the consent of the Bank, to enter into a Supplemental Indenture and issue one or more series of Additional Bonds on a parity with the Series 2006 Bonds for the purpose of (i) providing funds in excess of the Net Proceeds of insurance or eminent domain to repair, relocate, replace, rebuild or restore the Facility in the event of damage, destruction or taking by eminent domain, (ii) providing extensions, additions, improvements or Facility to the Facility, or (iii) refunding Outstanding Bonds. If the Institution is not in default hereunder, the Agency will consider the issuance of Additional Bonds in a principal amount as is specified in a written request in accordance with the applicable provisions set forth in the Indenture. If Additional Bonds are to be issued pursuant to the Indenture, the Agency and the Institution shall enter into an amendment to this Agreement, providing, among other things, for the payment by the Institution of such additional installment purchase payments as are necessary in order to amortize in full the principal of and interest on such Additional Bonds and any other costs in connection therewith.

Any such completion, repair, relocation, replacement, rebuilding, restoration, additions, extensions, improvements or Facility shall become a part of the Facility and shall be included under this Agreement to the same extent as if originally included hereunder.

Section 6.12. Employment Information, Opportunities and Guidelines.

(a) Annually, by July 31 of each year, commencing July 31, 2006, until the termination of this Agreement, the Institution shall submit to the Agency an employment report for employees of the Institution for the period commencing July 1 of the previous year and ending June 30 of the year of the obligation of the filing of such report, substantially in the form of Schedule B hereto, certified as to accuracy by the Institution.

(b) The Institution shall ensure that all employees and applicants for employment by the Institution or its Affiliates with regard to the Facility are afforded equal employment opportunities without discrimination. Except as is otherwise provided by collective bargaining contracts or agreements, new employment opportunities created as a result of the Project shall be listed with the New York State Department of Labor Community Services Division, and with the administrative entity of the service delivery area created by the Workforce Investment Act of 1998 (P.L. No. 105-220) (the "Workforce Act") in which the Facility is located. Except as is otherwise provided by collective bargaining contracts or agreements, the Institution agrees, where practicable, to first consider, and cause each of its Affiliates at the Facility to first consider, persons eligible to participate in the Workforce Act programs who shall be referred by administrative entities of service delivery areas created pursuant to such act or by the Community Services Division of the New York State Department of Labor for such new employment opportunities.

(c) The Institution hereby authorizes any private or governmental entity, including but not limited to The New York State Department of Labor ("DOL"), to release to the Agency and/or the New York City Economic Development Corporation ("EDC"), and/or to the successors and assigns of either (collectively, the "Information Recipients"), any and all employment information under its control and pertinent to the Institution and the employees of the Institution to enable the Agency and/or EDC to comply with its reporting requirements,

applicable laws, rules or regulations and to determine compliance of the Project with this Section. In addition, upon the Agency's request, the Institution shall provide to the Agency any employment information in the possession of the Institution which is pertinent to the Institution and the employees of the Institution to enable the Agency and/or EDC to comply with its reporting requirements under New York City Local Law 69 of 1993 and any other applicable laws, rules or regulations. Information released or provided to Information Recipients by DOL, or by any other governmental entity, or by any private entity, or by the Institution or any information previously released as provided by all or any of the foregoing parties (collectively, "Employment Information") may be disclosed by the Information Recipients in connection with the administration of the programs of the Agency, and/or EDC, and/or the successors and assigns of either, and/or the City, and/or as may be necessary to comply with law; and, without limiting the foregoing, the Employment Information may be included in (x) reports prepared by the Information Recipients pursuant to New York City Local Law 69 of 1993, (y) other reports required of the Agency, and (z) any other reports required by law. This authorization shall remain in effect throughout the term of this Agreement.

(d) Nothing in this Section shall be construed to require the Institution to violate any existing collective bargaining agreement with respect to hiring new employees.

Section 6.13. Redemption Under Certain Circumstances; Special Covenants.

(a) Upon the determination by resolution of the members of the Agency that the Institution is operating the Facility or any portion thereof, or is allowing the Facility or any portion thereof to be operated, in violation of material applicable law or not as a qualified "project" in accordance with the Act (it being agreed by the parties hereto that during any period when the "civic facility" provisions of the Act have expired by operation of the Act, the Institution shall not be in violation of the foregoing provision if it shall be operating the Facility as a civic facility in accordance with the Act as in effect on the Closing Date and the failure of the Institution within sixty (60) days (or such longer period as may be established pursuant to the proviso to this sentence) of the receipt by the Institution of written notice of such noncompliance from the Agency to cure such noncompliance together with a copy of such resolution (a copy of which notice shall be sent to the Bank and the Trustee), the Institution covenants and agrees that it shall, on the immediately succeeding Interest Payment Date following the termination of such sixty (60) day (or longer) period, cause the Trustee to draw on the Series 2006 Letter of Credit (and thereupon reimburse the Bank), in an amount sufficient to redeem the Bonds Outstanding in whole at the Redemption Price of 100% of the aggregate principal amount of the Outstanding Bonds together with interest accrued thereon to such Interest Payment Date, provided, however, that if such noncompliance cannot be cured within such period of sixty (60) days with diligence (and is capable of being cured) and the Institution promptly commences the curing of such non-compliance and thereafter prosecute the curing thereof with diligence and to the Agency's reasonable satisfaction, such period of time within which the Institution may cure such failure shall be extended for such additional period of time as may be necessary to cure the same with diligence and the Agency shall notify the Trustee and the Bank of any such extension. The Agency shall give prior written notice of the meeting at which the members of the Agency are to consider such resolution to the Institution, the Bank and the Trustee, which notice shall be no less than sixty (60) days prior to such meeting.

(b) In the event the Institution fails to obtain or maintain the public liability insurance with respect to the Facility required under Section 4.5 hereof, and the Institution, or the Bank on the Institution's behalf, shall fail to cure such noncompliance within ten (10) days of the receipt by the Institution of written notice of such noncompliance from the Agency and a demand by the Agency on the Institution to cure such noncompliance, upon notice or waiver of notice as provided in the Indenture, the Institution shall promptly cause the Trustee to draw on the Series 2006 Letter of Credit (and thereupon reimburse the Bank), in an amount sufficient to redeem all Bonds then Outstanding at the Redemption Price of one hundred percent (100%) of the unpaid principal amount of the Bonds, together with interest accrued thereon to the date of redemption.

(c) Upon the circumstances set forth in Sections 2.05(b),(c), (d) and (e) of the Indenture, the Institution shall pay or cause the prepayment of its installment purchase payment obligation with respect to the Bonds upon the circumstances and in the manner set forth in the Indenture.

(d) (i) If, prior to completion of the Project, the Institution receives any gift or grant required by the terms thereof to be used to pay any item which is a cost of the Project, the Institution shall apply such gift or grant to the completion of the Project. In the event that the amount of such gift or grant is in excess of the amount necessary to complete the Project, and if proceeds of the Series 2006 Bonds (x) have been expended on the Project more than eighteen (18) months prior to the receipt of such gift or grant, or (y) (1) have been expended on the Project not more than eighteen (18) months prior to the receipt of such gift or grant and (2) the aggregate amount of Project Costs not otherwise provided for is less than the amount of Series 2006 Bonds proceeds expended on the Project, the Institution shall cause the Trustee to effect a redemption of Series 2006 Bonds in a principal amount equal to such excess only to the extent to which proceeds of the Series 2006 Bonds were expended on the Project.

(ii) If, after completion of the Project, the Institution receives any gift or grant which prior to such completion it reasonably expected to receive and which is required by the terms thereof to be used to pay any item which is a cost of the Project, and if proceeds of the Series 2006 Bonds (x) have been expended on the Project more than eighteen (18) months prior to the earlier of the date on which Series 2006 Bond proceeds were expended thereon or the placed in service date of the Project, or (y) (1) have been expended on the Project not more than eighteen (18) months prior to the earlier of the date on which Series 2006 Bond proceeds were expended thereon or the placed in service date of the Project and (2) the aggregate amount of Project Costs not otherwise provided for is less than the amount of Series 2006 Bonds proceeds expended on the Project, the Institution shall, to the extent not inconsistent with the terms of such gift or grant, cause the Trustee to effect a redemption of the Series 2006 Bonds in a principal amount equal to such gift or grant, but only to the extent to which proceeds of Series 2006 Bonds were expended on the Project.

The Institution shall, prior to directing the redemption of any Bonds in accordance with this Section 6.13(d), consult with Nationally Recognized Bond Counsel for advice as to a manner of selection of Bonds for redemption that will not affect the exclusion of interest on any Bonds then Outstanding from gross income for federal income tax purposes.

Section 6.14. Further Assurances. The Institution will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such further acts, instruments, conveyances, transfers and assurances, including Uniform Commercial Code financing statements, at the sole cost and expense of the Institution, as the Agency, the Bank or the Trustee deems reasonably necessary or advisable for the implementation, effectuation, correction, confirmation or perfection of this Agreement and any rights of the Agency, the Bank or the Trustee hereunder, under the Indenture or under any other Project Document.

Section 6.15. Recording and Filing. (a) The Agency shall cause this Agreement, as originally executed, to be recorded (at the sole cost and expense of the Institution) subsequent to the recordation of the Indenture and the Lease, in the appropriate offices of the Register of The City of New York, or in such other offices as may at the time be provided by law as the proper place for the recordation thereof. In addition, the security interest granted by the Agency to the Trustee pursuant to the Indenture in (i) the personal property described therein, and (ii) the rights and other intangible interests described therein, shall be perfected by the filing of financing statements at the direction of the Agency (at the sole cost and expense of the Institution) in the office of the Secretary of State of the State in the City of Albany, New York, and in the offices of such Register of The City of New York, which financing statements shall be in accordance with the New York State Uniform Commercial Code-Secured Transactions.

(b) The Agency and the Institution acknowledge that, as of the Closing Date,

(i) Section 9-515 of the New York State Uniform Commercial Code-Secured Transactions provides that an initial financing statement filed in connection with a "public-financed transaction" is effective for a period of 30 years after the date of filing if such initial financing statement indicates that it is filed in connection with a public financed transaction,

(ii) Section 9-102(67) of the New York State Uniform Commercial Code-Secured Transactions defines a public-finance transaction as a secured transaction in connection with which, in substance, (x) bonds are issued, (y) all or a portion of the bonds have an initial stated maturity of at least 20 years, and (z) the debtor, obligor, secured party or assignee with respect to the collateral or secured obligation is a governmental unit of a state, and

(iii) subject to any future change in law, the initial financing statement as shall be filed with respect to the security interest described above shall therefore have an effective period of thirty (30) years after the date of filing, for the purpose of determining the date by which continuation statements shall be filed.

The parties hereto acknowledge and agree that, because the foregoing financing statements evidence collateral for the Bonds, and because the Bonds are municipal securities with a term that is at least 20 years in duration from the Closing Date, there is no need under the Uniform Commercial Code of the State of New York to re-file such financing statements in order to preserve the liens and security interests that they create for the period commencing with the Closing Date and terminating on the thirtieth anniversary of the Closing Date.

(c) Subsequent to the foregoing recordation and filings, if in the Opinion of Counsel to the Institution (described hereinbelow), to preserve (after the thirtieth (30th) anniversary of the Closing Date) the lien and security interest of the Indenture, it is necessary to re-record and/or re-index documents, re-file financing statements and/or file continuation statements and/or take any other actions (individually or collectively, the "Continuation Action(s)"), then, the Institution in a timely manner shall: (A) as applicable, (i) prepare and deliver to the Trustee all necessary instruments and filing papers, together with remittances equal to the cost of required filing fees and other charges, so that the Trustee may perform the Continuation Actions, or (ii) electronically perform the Continuation Actions and deliver to the Trustee written certification (upon which the Trustee may conclusively rely) that such performance has occurred, specifying the Continuation Actions performed, or (iii) perform some of the Continuation Actions in the manner described in clause "(i)" and the others in the manner described in clause "(ii)"; and (B) deliver or cause to be delivered to the Agency, the Bank and the Trustee the Opinion of Counsel to the Institution. The Trustee may conclusively rely upon (y) when applicable, the certification referred to in clause "(A)(ii)," and (z) in all instances, the Opinion of Counsel to the Institution. In the event the Institution chooses to have the Trustee perform all or some of the Continuation Actions, as provided in clause "(A)(i)" hereinabove, the Trustee shall reasonably promptly perform such Continuation Actions at the Institution's sole expense. The Institution shall perform the obligations described hereinabove in clauses "(A)" and "(B)" no later than ten (10) days prior to (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) each fifth (5th) anniversary thereafter, and/or (ii) the date (not covered by clause "(i)") on which a Continuation Action is to be taken to preserve the lien and security interest of the Indenture.

(d) The Opinion of Counsel to the Institution shall be addressed to the Institution, the Agency, the Bank and the Trustee. Counsel shall deliver successive Opinions of Counsel in respect of (i)(y) the thirtieth (30th) anniversary of the Closing Date, and (z) every five-year period thereafter through the term of the Bonds, and/or (ii) the date of any required Continuation Action not covered by clause "(i)," in each case not later than fifteen (15) days prior to the date on which a Continuation Action is required to be taken. In the Opinion of Counsel to the Institution, counsel shall opine as to: (i) what Continuation Actions are necessary; and (ii) the deadline dates for the required Continuation Actions; and (iii) the jurisdictions in which the Continuation Actions must be effected. Counsel in such opinion shall additionally opine that, upon performance of the Continuation Actions by, as the case may be, (i) the Trustee with instruments and papers prepared by the Institution, or (ii) the Institution through electronic filing, or (iii) the Trustee as to some Continuation Actions, and the Institution as to the others through electronic filings, all appropriate steps shall have been taken on the part of the Institution, the Agency and the Trustee then requisite to the maintenance of the perfection of the security interest of the Trustee in and to all property and interests which by the terms of the Indenture are to be subjected to the lien and security interest of the Indenture.

(e) Any filings with respect to Uniform Commercial Code financing statements may be made electronically and the Agency shall have the right to designate a company (which shall be reasonably acceptable to the Trustee and the Bank) to facilitate the filing of Uniform Commercial Code financing statements.

(f) The Institution acknowledges and agrees that neither the Agency nor the Trustee nor the Bank nor any of their respective directors, members, officers, employees, servants, agents, persons under its control or supervision or attorneys (including Bond Counsel to the Agency), nor any of the Institution's directors, members, officers, employees, servants, agents, persons under their respective control or supervision, or attorneys, shall have any responsibility or liability whatsoever related in any way to the filing or re-filing of any Uniform Commercial Code financing statements or continuation statements, or the perfection or continuation of perfection of any security interests, or the recording or rerecording of any document, or the failure to effect any act referred to in this Section, or the failure to effect any such act in all appropriate filing or recording offices, or the failure of sufficiency of any such act so effected.

(g) All costs (including reasonable attorneys' fees and expenses) incurred in connection with the effecting of the requirements specified in this Section shall be paid by the Institution.

(h) The Institution agrees to perform all other acts (including the payment of all fees and expenses) necessary in order to enable the Agency and the Trustee to comply with this Section and with Section 7.08 of the Indenture, including but not limited to, providing prompt notice to the Trustee and the Bank of any change in the Institution's name or address. The Institution agrees that the Agency, the Trustee and the Bank, if permitted by applicable law, may provide for the re-recording of the Indenture or any other Security Document or the filing or re-filing of continuation statements without the cooperation of the Institution as necessary at the Institution's sole cost and expense.

Section 6.16. Right to Cure Agency Defaults. The Agency hereby grants the Institution full authority for account of the Agency to perform any covenant or obligation the non-performance of which is alleged to constitute a default in any notice received by the Institution, in the name and stead of the Agency, with full power of substitution.

Section 6.17. Preservation of Exempt Status. (a) The Institution represents and warrants that as of the Closing Date: (i) it is an organization described in Section 501(c)(3) of the Code; (ii) it has received a ruling letter or determination from the Internal Revenue Service to that effect; (iii) such letter or determination has not been modified, limited or revoked; (iv) it is in compliance with all terms, conditions and limitations, if any, contained in or forming the basis of such letter or determination; (v) the facts and circumstances which form the basis of such letter or determination continue substantially to exist as represented to the Internal Revenue Service; (vi) it is not a "private foundation", as defined in Section 509 of the Code; and (vii) it is exempt from federal income taxes under Section 501(a) of the Code and it is in compliance with the provisions of said Code and any applicable regulations thereunder necessary to maintain such status.

(b) The Institution agrees that (i) it shall not perform any acts, enter into any agreements, carry on or permit to be carried on at any of the Facility, or permit the Facility to be used in or for any trade or business, which shall adversely affect the basis for its exemption under Section 501 of such Code; (ii) it shall not use more than three percent (3%) of the proceeds of the Bonds or permit the same to be used, directly or indirectly, in any trade or business that

constitutes an unrelated trade or business as defined in Section 513(a) of the Code or in any trade or business carried on by any person or persons who are not governmental units or Section 501(c)(3) organizations; (iii) the Facility conforms to the description thereof contained in the Appendices hereto and it shall not directly or indirectly use the proceeds of the Bonds to make or finance loans to persons other than governmental units or Section 501(c)(3) organizations; (iv) it shall not take any action or permit any circumstances within its control to arise or continue, if such action or circumstances, or its expectation on the date of issue of the Bonds, would cause the Bonds to be "arbitrage bonds" under the Code or cause the interest paid by the Agency on the Bonds to be subject to federal income tax in the hands of the Holders thereof; and (v) it shall use its best efforts to maintain the tax-exempt status of the Bonds.

(c) The covenants and agreements of the Institution set forth in this Section 6.17 shall apply to the Facility until the Series 2006 Bonds shall cease to be Outstanding, except to the extent any such covenant or agreement need not, in the opinion of Nationally Recognized Bond Counsel, continue to so apply in order to maintain the exclusion of the interest on any Bonds then Outstanding from gross income for federal income tax purposes.

Section 6.18. Certain Limitations on Accumulated Funds. The Institution understands that any funds accumulated or segregated, directly or indirectly (including without limitation funds on deposit in any account established with the Bank), for a period in excess of thirty (30) days for the purpose of making payments of principal or Redemption Price of or interest on the Series 2006 Bonds may not be invested at a "yield" (as defined in the Tax Regulatory Agreement) in excess of the "yield" on the Series 2006 Bonds. To the extent that any such funds are held in excess of thirty (30) days and invested at a "yield" in excess of the "yield" on the Series 2006 Bonds, the Institution agrees to make the payments required by Section 3.7 of the Tax Regulatory Agreement.

The Institution further covenants and agrees, without limiting its covenant set forth in the immediately preceding paragraph, that to the extent that funds shall be accumulated or segregated, directly or indirectly (including without limitation funds on deposit in any account established with the Bank), for the purpose of making payments of principal or Redemption Price of or interest on the Series 2006 Bonds, the Institution shall cause such funds to be applied to redeem the Series 2006 Bonds on the first Business Day of each March, June, September and December.

Section 6.19. Securities Law Status. The Institution affirmatively represents, warrants and covenants that, as of the Closing Date, the Facility shall be operated (i) exclusively for civic or charitable purposes and (ii) not for pecuniary profit, all within the meaning, respectively, of the Securities Act of 1933, as amended, and of the Securities Exchange Act of 1934, as amended. The Institution further affirmatively represents, warrants and covenants that, as of the Closing Date, no part of the net earnings of the Institution shall inure to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of the Securities Act of 1933, as amended, and of the Securities Exchange Act of 1934, as amended. The Institution agrees that it shall not perform any act nor enter into any agreement which shall change such status as set forth in this Section.

Section 6.20. Obligations under and Covenants with Respect to the Condominium Documents. The Institution covenants and agrees that it shall (i) not enter into, consent, permit or approve an amendment, supplement or modification to, or termination of, any Condominium Documents which would (x) adversely affect the Agency, without the prior written consent of the Agency, or (y) adversely affect the security for the Bonds, without the prior written consent of the Trustee and the Bank, and (ii) pay all costs, fees, charges and expenses required of it when due under any of the Condominium Documents.

Section 6.21. Certain Income and Expense Statements. For so long as this Agreement and any Condominium Documents are in effect and to the extent that Section 11-208.1 of the Administrative Code of The City of New York (or successor provision thereto) is in force and effect and the Institution shall, if applicable, prepare and submit income and expense statements of the type required by such Section 11-208.1 (or such successor provision) as the "owner" of any of the Units, such statements to be submitted within the time periods and to the address provided in such Section 11-208.1

ARTICLE VII

Events of Default; Remedies

Section 7.1. Events of Default. Any one or more of the following events shall constitute an "Event of Default" hereunder:

(a) Failure of the Institution to pay any installment purchase payment that has become due and payable by the terms of Section 3.3 or 3.5 hereof which results in an Event of Default under the Indenture;

(b) Failure of the Institution to pay any amount (except the obligation to pay installment purchase payments under Sections 3.3 and 3.5 hereof) that has become due and payable or to observe and perform any covenant, condition or agreement on its part to be performed under Section 4.4 or 4.5 hereof, and continuance of any such failure for a period of thirty (30) days after receipt by the Institution of written notice specifying the nature of such default from the Agency, the Bank, the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding;

(c) Failure of the Institution to observe and perform any covenant, condition or agreement hereunder on its part to be performed (except as set forth in Section 7.1(a), (b), (f) or (g) hereof) and (1) continuance of such failure for a period of thirty (30) days after receipt by the Institution of written notice specifying the nature of such default from the Agency, the Bank, the Trustee or the Holders of more than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding, or (2) if by reason of the nature of such default the same can be remedied, but not within the said thirty (30) days, the Institution fails to proceed with reasonable diligence after receipt of said notice to cure the same;

(d) The Institution shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, liquidator, custodian or trustee of itself or of all or a substantial part of its property, (ii) admit in writing its inability, or be generally unable, to pay its debts as such debts generally become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, (vi) take any action for the purpose of effecting any of the foregoing, or (vii) be adjudicated a bankrupt or insolvent by any court;

(e) A proceeding or case shall be commenced, without the application or consent of the Institution, in any court of competent jurisdiction, seeking, (i) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts, (ii) the appointment of a trustee, receiver, liquidator, custodian or the like of the Institution or of all or any substantial part of its assets, (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing against the Institution shall be entered and continue unstayed and in effect, for a period of one hundred twenty (120) days, or (iv) the Institution shall fail to

controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against itself in an involuntary case under such Bankruptcy Code; the terms "dissolution" or "liquidation" of the Institution as used above shall not be construed to prohibit any action otherwise permitted by Section 6.1 hereof;

(f) Any representation or warranty made by or on behalf of the Institution (i) in the application, commitment letter and related materials submitted to the Agency for approval of the Project, or (ii) herein or in any of the other Project Documents, or (iii) in the Letter of Representation and Indemnity Agreement delivered in connection with the issuance of the Series 2006 Bonds, or (iv) in the Tax Regulatory Agreement, or (v) in any report, certificate, financial statement or other instrument furnished pursuant hereto or any of the foregoing, shall in any case prove to be false, misleading or incorrect in any material respect as of the date made;

(g) Final judgment for the payment of money in excess of an aggregate of \$500,000 per judgment shall be rendered against the Institution, which is not covered by insurance, for a period of sixty (60) consecutive days during which execution shall not be effectively stayed or paid or an agreement with respect to payment of such amounts is not reached; or

(h) An "Event of Default" under the Indenture or under any other Project Document shall occur and be continuing.

Section 7.2. Remedies on Default. Whenever any Event of Default referred to in Section 7.1 hereof shall have occurred and be continuing, the Agency, or the Trustee or the Bank where so provided, may, take any one or more of the following remedial steps:

(a) The Trustee, as and to the extent provided in Article VIII of the Indenture, may cause all principal installments of installment purchase payments payable under Section 3.3 hereof for the remainder of the term of this Agreement to be immediately due and payable, whereupon the same, together with the accrued interest thereon, shall become immediately due and payable; provided, however, that upon the occurrence of an Event of Default under Section 7.1(d) or (e) hereof, all principal installments of installment purchase payments payable under Section 3.3 hereof for the remainder of the term of this Agreement, together with the accrued interest thereon, shall immediately become due and payable without any declaration, notice or other action of the Agency, the Trustee, the Bank, the Holders of the Bonds or any other Person being a condition to such acceleration;

(b) The Agency, with the prior written consent of the Trustee and the Bank, the Bank, or the Trustee (with the prior written consent of the Bank), may terminate this Agreement, in which case this Agreement and all of the estate, right, title and interest herein granted or vested in the Institution shall cease and terminate. No such termination of this Agreement shall relieve the Institution of its liability and obligations hereunder and such liability and obligations shall survive any such termination;

(c) Each of the Agency, the Bank and the Trustee may take whatever action at law or in equity as may appear necessary or desirable to collect the installment purchase

payments then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements or covenants of the Institution under this Agreement;

(d) The Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder; and

(e) The Agency, without the consent of the Trustee, the Bank, any Bondholder or any Person, may proceed to enforce the Agency's Reserved Rights by (i) bringing an action for damages, injunction or specific performance, and/or (ii) taking whatever action at law or in equity as may appear necessary or desirable to collect payments of amounts due by the Institution under the Agency's Reserved Rights or to enforce the performance or observance of any obligations, covenants or agreements of the Institution under the Agency's Reserved Rights, and/or (iii) terminating the Lease and this Agreement and conveying all of the Agency's right, title and interest, if any, in the Facility to the Institution, which upon such enforcement by the Agency of the Agency's Reserved Rights, the Institution hereby irrevocably agrees to accept. The Institution hereby appoints the Agency as its agent and attorney-in-fact to execute, deliver and record on behalf of such Institution any documents and instruments which may be necessary to effectuate such termination of the Lease and this Agreement as described in clause (iii) immediately preceding; and such documents and instruments shall include, but not be limited to, real property transfer tax forms and affidavits. The Institution agrees that the agency and power of attorney that it has granted in the preceding sentence shall be deemed irrevocable for the purposes described and that same shall be coupled with an interest.

In the event that the Institution fails to make any installment purchase payment required in Section 3.3 or 3.5 hereof, the installment so in default shall continue as an obligation of the Institution until the amount in default shall have been fully paid.

No action taken pursuant to this Section 7.2 (including termination of this Agreement pursuant to this Section 7.2 or by operation of law or otherwise) shall, except as expressly provided herein, relieve the Institution from the Institution's obligations hereunder, all of which shall survive any such action.

The Institution and the Agency hereby acknowledge that, pursuant to Article VIII of the Indenture, the Bank has the right to direct the remedial action undertaken by the Trustee and that the Trustee, in enforcing its rights pursuant to this Section, may be acting at the direction of the Bank.

Section 7.3. Remedies Cumulative. The rights and remedies of the Agency, the Trustee or the Bank under this Agreement shall be cumulative and shall not exclude any other rights and remedies of the Agency, the Trustee or the Bank allowed by law with respect to any default under this Agreement. Failure by the Agency, the Trustee or the Bank to insist upon the strict performance of any of the covenants and agreements herein set forth or to exercise any rights or remedies upon default by the Institution hereunder shall not be considered or taken as a waiver or relinquishment for the future of the right to insist upon and to enforce by mandatory injunction, specific performance or other appropriate legal remedy a strict compliance by the Institution with all of the covenants and conditions hereof, or of the rights to exercise any such

rights or remedies, if such default by the Institution be continued or repeated, or of the right to recover possession of the Facility by reason thereof.

Section 7.4. No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be binding unless it is in writing and signed by the party making such waiver. No course of dealing between the Agency and/or the Trustee and/or the Bank and the Institution or any delay or omission on the part of the Agency and/or the Trustee and/or the Bank in exercising any rights hereunder or under the Indenture or under any other Project Document shall operate as a waiver.

Section 7.5. Effect on Discontinuance of Proceedings. In case any proceeding taken by the Trustee or the Bank under the Indenture or this Agreement or under any other Project Document on account of any Event of Default hereunder or under the Indenture shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bank, then, and in every such case, the Agency, the Trustee, the Bank and the Holders of the Bonds shall be restored, respectively, to their former positions and rights hereunder and thereunder, and all rights, remedies, powers and duties of the Trustee and the Bank shall continue as in effect prior to the commencement of such proceedings.

Section 7.6. Agreement to Pay Attorneys' Fees and Expenses. In the event the Agency, the Trustee or the Bank should employ attorneys or incur other expenses for the collection of installment purchase payments or other amounts payable hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Institution herein contained or contained in any other Project Document, the Institution agrees that on and during the occurrence of an Event of Default, it will on demand therefor pay to the Agency, the Trustee, or the Bank the fees and disbursements of such attorneys and such other expenses so incurred during the occurrence of such Event of Default.

Section 7.7. Rights of Bank. Notwithstanding anything to the contrary contained herein, and subject to the provisions and limitations of Section 7.10 of the Indenture, neither the Trustee nor the Agency shall (i) take any actions to accelerate the Series 2006 Bonds (except to the extent of a redemption of the Series 2006 Bonds pursuant to Section 2.05(f) of the Indenture), nor (ii) foreclose, release, take possession of or otherwise dispose of any collateral covered by the Project Documents, except with the prior written consent of the Bank; provided, however, the Agency's rights under Section 7.2(e) hereof shall not be subject to the consent of the Bank.

ARTICLE VIII

Options

Section 8.1. Options. (a) The Institution has the option to effect the retirement of the Bonds in whole or the redemption in whole or in part of the Bonds (with respect to the Series 2006 Bonds, through the reimbursement of the Bank for a draw under the Series 2006 Letter of Credit), all in accordance with the terms of the Indenture; provided, however, that no partial redemption of the Bonds may be effected through advance installment purchase payments hereunder if there shall exist and be continuing an Event of Default. The Institution shall exercise such option by delivering a written notice of an Authorized Representative of the Institution to the Trustee in accordance with the Indenture, with a copy to the Agency and the Bank, setting forth (i) the principal amount of Bonds Outstanding requested to be redeemed (which principal amount shall be in such minimum amount or integral multiple of such amount as shall be permitted in the Indenture), and (ii) the date on which such principal amount of Bonds are to be redeemed. Such advance installment purchase payment shall be paid to the Trustee in legal tender (and, with respect to the Series 2006 Bonds, shall be effected through a draw by the Trustee on the Series 2006 Letter of Credit, as set forth below) on or before the redemption date and shall be an amount which, when added to the amounts on deposit in the Installment Purchase Payments Fund and available therefor (and in the Project Fund in the event of any redemption in whole), will be sufficient to pay the Redemption Price of the Bonds to be redeemed, together with interest to accrue to the date of redemption, and for the Institution to pay all expenses of the Agency, the Bond Registrar, the Tender Agent, the Remarketing Agent, the Trustee, the Bank and the Paying Agents in connection with such redemption; provided, however, no such redemption of the Bonds shall be effected except from Priority Amounts. The Institution hereby authorizes and directs the Trustee to draw moneys under the Series 2006 Letter of Credit in an amount sufficient to redeem the principal amount of Series 2006 Bonds requested to be redeemed, together with interest accrued and to accrue thereon to the date of redemption. In the event the Bonds are to be redeemed in whole or otherwise retired, the Institution shall further pay on or before such redemption date, in legal tender, to the Agency, the Trustee, the Bank, the Tender Agent, the Remarketing Agent, the Bond Registrar and the Paying Agents, as the case may be, all fees and expenses owed such party or any other party entitled thereto under this Agreement or the Indenture together with (i) all other amounts due and payable under this Agreement and the other Project Documents, (ii) any amounts required to be rebated to the federal government pursuant to the Indenture or the Tax Regulatory Agreement, and (iii) any amounts required to be paid to the Bank under the Reimbursement Agreement and the other Bank Documents.

(b) The Institution shall have the option to terminate this Agreement commencing on that date upon which the Bonds may first optionally be redeemed in whole and on any date thereafter permitted therefor as provided in the Indenture.

(c) As a condition precedent to the termination of this Agreement, pursuant to Section 8.1(b) hereof, the Institution shall pay or cause to be paid (through causing a draw by the Trustee, with respect to the Series 2006 Bonds, under the Series 2006 Letter of Credit as provided below) to the Trustee, in legal tender, advance installment purchase payments (if payment in full of the principal of or the Redemption Price, if any, as the case may be, of, and

interest on, all the Outstanding Bonds, and the interest thereon at maturity or upon earlier redemption has not yet been made) equal to the sum of the following:

(1) an amount which, when added to the Priority Amounts on deposit in the Bond Fund and available therefor, will be sufficient to pay, retire and redeem the Outstanding Bonds in accordance with the provisions of the Indenture, including, without limitation, the principal of or the Redemption Price (as the case may be) of, together with interest to maturity or redemption date (as the case may be) on, the Outstanding Bonds;

(2) expenses of redemption, the fees and expenses of the Agency, the Trustee, the Bank, the Tender Agent, the Remarketing Agreement, the Bond Registrar and the Paying Agents and all other amounts due and payable hereunder, under the Bank Documents and under the other Project Documents;

(3) any amounts required to be rebated to the federal government pursuant to the Indenture or the Tax Regulatory Agreement; and

(4) one dollar.

The Institution hereby authorizes and directs the Trustee to draw moneys under the Series 2006 Letter of Credit in an amount sufficient to pay the principal of and interest on the Series 2006 Bonds to maturity or the redemption date, as the case may be.

(d) Upon the payment in full of the principal of and interest on the Outstanding Bonds (whether at maturity or earlier redemption) or termination of this Agreement, the Institution shall be required to exercise its option above-stated by (1) delivering to the Agency prior written notice of an Authorized Representative of the Institution no more than thirty (30) days after the payment in full of the Bonds of the exercise of such option, which notice shall set forth a requested closing date which shall be not later than sixty (60) days after the payment in full of the Bonds, and (2) paying on such closing date an amount equal to the sum of one dollar, the fees and expenses of the Agency, the Trustee, the Bank, the Tender Agent, the Remarketing Agent, the Bond Registrar and the Paying Agents and all other amounts due and payable under this Agreement and each other Project Document, together with any amounts required to be rebated to the federal government pursuant to the Indenture or the Tax Regulatory Agreement, and any amounts payable to the Bank under the Reimbursement Agreement and under any other Bank Document. Upon the written request of the Institution, the Agency may approve the extension or waiver of any of the time periods set forth in this paragraph.

(e) The Institution shall not, at any time, assign or transfer its option as contained in this Section 8.1 separate and apart from a permitted assignment of this Agreement pursuant to Section 9.3 hereof without the prior written consent of the Agency, the Bank and the Trustee.

Section 8.2. Termination on Exercise of Option to Terminate. Upon termination of this Agreement in accordance with Section 8.1 hereof, the Agency will, upon payment of the consideration payable in accordance with Section 8.1(c) hereof deliver or cause to be delivered, at the sole cost and expense of the Institution, to the Institution a termination of this Agreement in recordable form. Concurrently with the delivery of such termination, there shall be delivered

by the Agency, at the sole cost and expense of the Institution, to the Trustee any instructions or other instruments required by Section 10.01 of the Indenture to defease and pay the Outstanding Bonds.

Section 8.3. Option to Purchase or Invite Tenders of Bonds. The Institution shall have the option, at any time during the term of this Agreement, to purchase Bonds for its own account, whether by direct negotiation, through a broker or dealer, or by making a tender offer to the Holders thereof. The Bonds so purchased (other than Pledged Bonds) by the Institution or by any Affiliate of the Institution shall be delivered to the Trustee for cancellation within thirty (30) days of the date of purchase unless the Institution shall deliver to the Trustee an opinion of Nationally Recognized Bond Counsel to the effect that the failure to surrender such Bonds by such date will not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income tax purposes. The Agency shall at all times make available or cause to be made available to the Institution its registration books (maintained at the principal corporate trust office of the Trustee) containing the names and addresses of the Bondholders if known.

Section 8.4. Termination of Agreement. After full payment of the Bonds or provision for the payment in full thereof having been made in accordance with Section 10.01 of the Indenture, the Institution shall terminate this Agreement by paying the fees and expenses of the Agency, the Trustee, the Bank, the Bond Registrar, the Tender Agent, the Remarketing Agent and the Paying Agents and all other amounts due and payable under this Agreement and the other Project Documents, together with any amounts required to be rebated by the Institution to the federal government pursuant to the Indenture or the Tax Regulatory Agreement, and by giving the Agency notice in writing of such termination and thereupon such termination shall forthwith become effective, subject, however, to the survival of the obligations of the Institution under Sections 3.1, 6.2, 6.3, 8.5 and 9.17 hereof. Notwithstanding any other provision of this Agreement to the contrary, upon the later of the full payment of the Bonds or provision for the payment in full thereof having been made in accordance with Section 10.01 of the Indenture, and upon receipt of forty-five (45) days prior written notice of the Agency requesting termination, the Institution shall terminate this Agreement by paying the fees and expenses of the Agency, the Trustee, the Bank, the Bond Registrar, the Tender Agent, the Remarketing Agent and the Paying Agents and all other amounts due and payable under this Agreement and the other Project Documents, together with any amounts required to be rebated by the Institution to the federal government pursuant to the Indenture or the Tax Regulatory Agreement, and thereupon such termination shall forthwith become effective, subject, however, to the survival of the obligations of the Institution under Sections 3.1, 6.2, 6.3, 8.5 and 9.17 hereof. In the event the Institution does not terminate this Agreement within such 45 day period, then, commencing on the 46th day after transmittal of the notice requesting termination as above provided, the Institution shall, in addition to all other payment obligations due to the Agency hereunder, make payments to the Agency in the amount of \$500.00 per day until the Institution shall terminate this Agreement in accordance with the provisions hereof.

ARTICLE IX

Miscellaneous

Section 9.1. Indenture; Amendment. The Institution shall have and may exercise all the rights, powers and authority stated to be in the Institution in the Indenture and in the Bonds, and the Indenture and the Bonds shall not be modified, altered or amended in any manner which adversely affects such rights, powers and authority so stated to be in the Institution or otherwise adversely affects the Institution without the written consent of the Institution.

Section 9.2. Force Majeure. In case by reason of force majeure either party hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement, then except as otherwise expressly provided in this Agreement, if such party shall give notice and full particulars of such force majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligations of the party giving such notice (other than the obligations of the Institution to make the installment purchase payments or other payments required under the terms hereof, or to comply with Section 4.5 or 6.2 hereof), so far as they are affected by such force majeure, shall be suspended during the continuance of the inability then claimed which shall include a reasonable time for the removal of the effect thereof, but for no longer period, and such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term "force majeure", as employed herein, shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, orders of any kind of the Government of the United States or of the State or any civil or military authority, insurrections, riots, epidemics, landslides, tornadoes, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, arrest, restraining of government and people, civil disturbances, explosions, partial or entire failure of utilities, shortages of labor, material, supplies or transportation, or any other similar or different cause not reasonably within the control of the party claiming such inability. It is understood and agreed that the settlement of existing or impending strikes, lockouts or other industrial disturbances shall be entirely within the discretion of the party having the difficulty and that the above requirements that any force majeure shall be reasonably beyond the control of the party and shall be remedied with all reasonable dispatch shall be deemed to be fulfilled even though such existing or impending strikes, lockouts and other industrial disturbances may not be settled but could have been settled by acceding to the demands of the opposing person or persons.

Section 9.3. Assignment or Sublease. (a) The Institution may not at any time assign or transfer this Agreement, or sublet all or substantially all of the Facility, without the prior written consent of the Agency and the Bank (which consents may be withheld by the Agency or the Bank in their absolute discretion); nor shall the Institution sublet part of the Facility without the prior written consent of the Agency and the Bank (which consents shall, in such case, not be unreasonably withheld); provided further, that (x) no such consent shall be required in the case of an assignment or transfer of this Agreement effected by reason of a transaction permitted under Section 6.1 hereof, and (y) if the Agency and the Bank consent to any such assignment, transfer or subletting, (1) the Institution shall nevertheless remain liable to the Agency for the payment of all installment purchase payments and for the full performance of all of the terms, covenants and conditions of this Agreement and of any other Project Document to which it shall be a party, (2) any assignee or transferee of the Institution or sublessee in whole

of all of the Facility shall have assumed in writing and have agreed to keep and perform all of the terms of this Agreement on the part of the Institution to be kept and performed, shall be jointly and severally liable with the Institution for the performance thereof, shall be subject to service of process in the State, and, if a corporation, shall be qualified to do business in the State, (3) in the Opinion of Counsel, such assignment, transfer or sublease shall not legally impair in any respect the obligations of the Institution for the payment of all installment purchase payments nor for the full performance of all of the terms, covenants and conditions of this Agreement or of any other Project Document to which the Institution shall be a party, nor impair or limit in any respect the obligations of any obligor under any other Project Document, (4) any assignee, transferee or sublessee shall utilize the Facility as a qualified "project" and as a civic facility within the meaning of the Act (it being agreed by the parties hereto that during any period when the "civic facility" provisions of the Act have expired by operation of the Act, the Institution shall not be in violation of the foregoing covenant if it shall be operating the Facility as a civic facility in accordance with the Act as in effect on the day immediately preceding the expiration date of the "civic facility" provisions under the Act), subject to the Institution's rights under Section 4.7(b) hereof, (5) any assignee, transferee or sublessee shall be a Tax-Exempt Organization (or, if not a Tax-Exempt Organization, the Institution shall deliver to the Agency, the Trustee and the Bank an opinion of Nationally Recognized Bond Counsel to the effect that such assignment, transfer or sublease shall not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income tax purposes), (6) with respect to any subletting in part of the Facility, the term of each such sublease does not exceed five (5) years and at any given date and no more than an aggregate of twenty percent (20%) of such space would be subleased, (7) such assignment, transfer or sublease shall not violate any provision of this Agreement, the Indenture, the Reimbursement Agreement or any other Project Document, (8) such assignment, transfer or sublease shall in no way diminish or impair the Institution's obligation to carry the insurance required under Section 4.5 of this Agreement or Section 1.2 of the Guaranty Agreement and the Institution shall furnish written evidence satisfactory to the Agency, the Bank and the Trustee that such insurance coverage shall in no manner be limited by reason of such assignment, transfer or sublease, (9) each such assignment, transfer or sublease contains such other provisions as the Agency, the Bank or the Trustee may reasonably require, and (10) in the opinion of Nationally Recognized Bond Counsel, such assignment, transfer or sublease shall not affect the exclusion of the interest on any Bonds then Outstanding from gross income for federal income tax purposes. The Institution shall furnish or cause to be furnished to the Agency, the Bank and the Trustee a copy of any such assignment, transfer or sublease in substantially final form at least twenty (20) days prior to the date of execution thereof.

(b) Any consent by the Agency or the Bank to any act of assignment, transfer or sublease shall be held to apply only to the specific transaction thereby authorized. Such consent shall not be construed as a waiver of the duty of the Institution, or the successors or assigns of the Institution, to obtain from the Agency and the Bank consent to any other or subsequent assignment, transfer or sublease, or as modifying or limiting the rights of the Agency or the Bank under the foregoing covenant by the Institution.

(c) The Institution shall deliver to the Agency on January 1 of each year, commencing January 1, 2007, a completed subtenant survey in the form attached hereto as Schedule C.

Section 9.4. Priority of Indenture. Pursuant to the Indenture, the Agency will pledge and assign the installment purchase payments and certain other moneys receivable under this Agreement to the Bank and the Trustee as security for payment of the principal or Redemption Price, if applicable, of, Purchase Price and interest on the Bonds. This Agreement shall be subject and subordinate to the Indenture and such security interests, pledge and assignment thereunder.

Section 9.5. Benefit of and Enforcement by Bank and Bondholders. The Agency and the Institution agree that this Agreement is executed in part to induce the Bank to issue the Series 2006 Letter of Credit and the purchase by others of the Bonds and for the further securing of the Bonds, and accordingly all covenants and agreements on the part of the Agency and the Institution as set forth in this Agreement are hereby declared to be for the benefit of the Bank and the Holders from time to time of the Bonds and may be enforced as provided in Article VIII of the Indenture on behalf of the Bondholders by the Trustee.

Section 9.6. Amendments. This Agreement may be amended only with the concurring written consent of the Trustee and the Bank given in accordance with the provisions of the Indenture and only if the Institution shall assume in writing the obligations of such amended agreement.

Section 9.7. Notices. All notices, requests, consents, demands and other communications to any party hereunder or any other Person specified herein shall be in writing (including bank wire, telecopy or similar writing) and shall be given to such party or other Person, addressed to it, at its address or telecopy number set forth below or such other address or telecopy number as such party or other Person may hereafter specify for the purpose by notice to the other parties or such other Persons. Each such notice, request, consent or demand or other communication shall be effective (i) if given by telecopy, when such telecopy is transmitted to the telecopy number specified below and the appropriate answer back or confirmation of receipt is received, (ii) if given by mail, three (3) Business Days after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (iii) if given by any other means, when delivered at the address specified below.

<u>Party</u>	<u>Address</u>
Institution	Spence-Chapin, Services to Family and Children 6 East 94 th Street New York, New York 10128 Attention: Chief Financial Officer Telephone: (212) 369-0203 Telecopier: (212) 369-8989

with a copy to:

Stadtmauer Bailkin LLP
850 Third Avenue
New York, New York 10022
Attention: Steven P. Polivy, Esq.
Telephone: (212) 822-2245
Telecopier: (212) 750-1107

Bank

Allied Irish Banks, p.l.c.
New York Branch
405 Park Avenue
New York, New York 10022
Attention: David Keating
Telephone: (212) 935-7476
Telecopier: (212) 339-8007

with a copy to:

Windels Marx Lane & Mittendorf, LLP
156 West 56th Street
New York, New York 10019
Attention: Michael M. Moriarty, Esq.
Telephone: (212) 237-1132
Telecopier: (212) 262-1215

Agency

New York City Industrial Development Agency
110 William Street
New York, New York 10038
Attention: General Counsel (with a copy to the
Executive Director of the Agency at the
same address)
Telephone: (212) 312-3563
Telecopier: (212) 312-3912

Trustee

The Bank of New York
101 Barclay Street, 21W
New York, New York 10286
Attention: Corporate Trust Administration
Telephone: (212) 815-5192
Telecopier: (212) 815-3455

Remarketing Agent

Roosevelt & Cross, Inc.
55 Broadway, 22nd Fl.
New York, New York 10006
Attention: Short Term Trading Desk
Telephone: (212) 504-9200
Telecopier: (212)

Section 9.8. Prior Agreements Superseded. This Agreement shall completely and fully supersede all other prior understandings or agreements, both written and oral (other than any Project Documents or other agreements executed concurrently herewith or with respect to the Project), between the Agency and the Institution relating to the Facility.

Section 9.9. Severability. If any clause, provision or section of this Agreement be ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or section shall not affect any of the remaining provisions hereof.

Section 9.10. Inspection of Facility. The Institution will permit the Trustee and the Bank, or their respective duly authorized agents, at all reasonable times upon written notice to enter upon the Facility and to examine and inspect the Facility and exercise their rights hereunder, under the Reimbursement Agreement, under the Indenture and under the other Project Documents with respect to the Facility. The Institution will further permit the Agency, or its duly authorized agent, at all reasonable times to enter upon the Facility but solely for the purpose of assuring that the Institution is operating the Facility, or is causing the Facility to be operated, as a qualified "project" under the Act consistent with the purposes set forth in the recitals to this Agreement and with the public purposes of the Agency, and not for any purpose of assuring the proper maintenance or repair of the Facility as such latter obligation is and shall remain solely the obligation of the Institution.

Section 9.11. Effective Date; Counterparts. This Agreement shall become effective on the Closing Date. It may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.12. Binding Effect. This Agreement shall inure to the benefit of, and shall be binding upon, the Agency and the Institution and their respective successors and assigns.

Section 9.13. Net Agreement. It is the intention of the parties hereto that this Agreement be a "net" to the Institution and that all of the installment purchase payments be available for debt service on the Bonds, and this Agreement shall be construed to effect such intent.

Section 9.14. Law Governing. This Agreement shall be governed by, and construed in accordance with, the laws of the State.

Section 9.15. Investment of Funds. Any moneys held as part of the Rebate Fund, the Earnings Fund, the Project Fund, the Installment Purchase Payments Fund or the Bond Fund or in any special fund provided for in this Agreement or in the Indenture to be invested in the same manner as in any said Fund shall, at the written request of an Authorized Representative of the Institution, be invested and reinvested by the Trustee as provided in the Indenture (but subject to the provisions of the Tax Regulatory Agreement). Neither the Agency nor the Trustee nor any of their members, directors, officers, agents, servants or employees shall be liable for any depreciation in the value of any such investments or for any loss arising therefrom.

Interest and profit derived from such investments shall be credited and applied as provided in the Indenture, and any loss resulting from such investments shall be similarly charged.

Section 9.16. Investment Tax Credit. It is the intention of the parties that any investment tax credit or comparable credit that may ever be available shall accrue to the benefit of the Institution and the Institution shall, and the Agency upon advice of counsel may, make any election and take other action in accordance with the Code as may be necessary to entitle the Institution to have such benefit.

Section 9.17. Waiver of Trial by Jury. The parties do hereby expressly waive all rights to trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of this Agreement or the Facility or any matters whatsoever arising out of or in any way connected with this Agreement.

The provision of this Agreement relating to waiver of a jury trial and the right of re-entry or re-possession shall survive the termination or expiration of this Agreement.

Section 9.18. Non-Discrimination. (a) At all times during the maintenance and operation of the Facility, the Institution shall not discriminate against any employee or applicant for employment because of race, color, creed, age, sex or national origin. The Institution shall use its best efforts to ensure that employees and applicants for employment with the Institution are treated without regard to their race, color, creed, age, sex or national origin. As used herein, the term "treated" shall mean and include, without limitation, the following: recruited, whether by advertising or other means; compensated, whether in the form of rates of pay or other forms of compensation; selected for training, including apprenticeship; promoted; upgraded; downgraded; demoted; transferred; laid off; and terminated.

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

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

Section 9.19. No Recourse under This Agreement or on Bonds Against Individuals. All covenants, stipulations, promises, agreements and obligations of the Agency contained in this Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency, and not of any member, director, officer, employee or agent of the Agency in his individual capacity, and no recourse shall be had for the payment of the principal of, redemption premium, if any, Sinking Fund Installments for, if any, Purchase Price or interest on the Bonds or for any claim based thereon or hereunder against any member, director, officer, employee or agent of the Agency or any natural person executing the Bonds.

Section 9.20. References to Bank Ineffective. All references in this Agreement to the "Bank" shall be deemed of no force and effect when the Series 2006 Letter of Credit shall no longer be in effect and all amounts owed to the Bank under the Reimbursement Agreement and under the other Bank Documents shall have been paid in full.

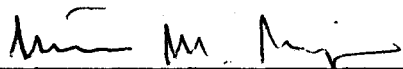
Section 9.21. Conflict with Reimbursement Agreement. In the event of any conflict between any provision of this Agreement and any provision of the Reimbursement

Agreement, as between the Bank and the Institution, the Reimbursement Agreement shall control, and no inference shall be drawn to the contrary on the basis of any provision of this Agreement.

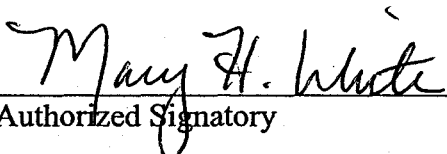
Section 9.22. Date of Agreement for Reference Purposes Only. The date of this Agreement shall be for reference purposes only and shall not be construed to imply that this Agreement was executed on the date first above written. This Agreement was executed and delivered on the Closing Date.

IN WITNESS WHEREOF, the Agency has caused its corporate name to be hereunto subscribed by its duly authorized Chairman, Vice Chairman, Executive Director, Deputy Executive Director, General Counsel or Vice President for Legal Affairs, and the Institution has caused its name to be subscribed hereto by its Authorized Representative, all being done as of the year and day first above written.

**NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY**

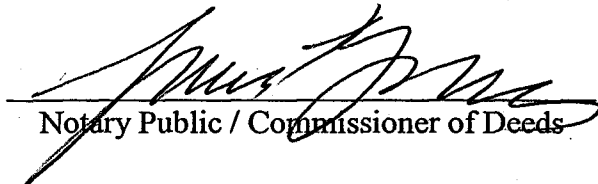
By: 
Steven M. Berzin
Executive Director

**SPENCE-CHAPIN, SERVICES TO FAMILIES
AND CHILDREN**

By: 
Authorized Signatory

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

On the 16th day of June, in the year two thousand six, before me, the undersigned, personally appeared Steven M. Berzin, 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 or entity upon behalf of which the individual acted, executed the instrument.


Notary Public / Commissioner of Deeds

Shawn T. Gallagher
Notary Public - State of New York
No. 01GA6121997
Qualified in New York County
My Commission Expires February 7, 2009

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

On the 21. day of June, in the year two thousand six, before me, the undersigned, personally appeared Mary H. White, 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 or entity upon behalf of which the individual acted, executed the instrument.



Notary Public

ROBERT P. SCHROEDER
Notary Public, State of New York
No. 41-4803179
Qualified in Queens County
Commision Expires 7/31/06

APPENDICES

DESCRIPTION OF FACILITY REALTY

THE CONDOMINIUM UNIT (hereinafter referred to as the "Unit") in the building (hereinafter referred to as the "Building") known as The 410 East 92nd Street Condominium and by the Street Number 1768-1700 First Avenue a/k/a 400-410 East 92nd Street, County of New York, State of New York, said Unit being designated and described as Unit Nos. 2, 3, 4 and 5 in a Declaration dated 7/13/05 made by Madison 92nd Street Associates, LLC, pursuant to Article 9-B of the Real Property Law of the State of New York (hereinafter referred to as the "Condominium Act") establishing a Plan for condominium ownership of the Building and the Land (hereinafter referred to as the "land") upon which the building is situate (which land is more particularly described in Exhibit A annexed hereto and by this reference made a part hereof), which Declaration was recorded in the New York County Register's Office, on 8/3/05 as CRFN 2005000433708, and has been amended as set forth on Schedule B annexed and by this reference made a part hereof (which Declaration and Amendments (if applicable) thereto are hereinafter collectively referred to as the "Declaration"). These Units are also designated as Tax Lots 1002, 1003, 1004 and 1005 in Block 1571 of the County of New York on the Tax Map of the Real Property Assessment Department and on the Floor Plans of the Building, Certified by Vijay Kale, Architect, filed with the Real Property Assessment Department as Condominium Plan No. 1467 and also filed in the New York County Register's Office on 8/3/05 as Condominium Map No. 2005000433707.

TOGETHER with an undivided 3.49% (as to Unit 2), 3.13% (as to Unit 3), 3.47% (as to Unit 4) and 3.11% (as to Unit 5) interest in the Common Elements (as such term is defined in the Declaration).

TOGETHER with the appurtenances and all the estate and rights of the Grantor in and to the Unit.

TOGETHER with and SUBJECT to the rights, obligations, easements, restrictions and other provisions set forth in the Declaration, Floor plans and the By-Laws of The 410 East 92nd Street Condominium, as the same may be amended from time to time (herein after referred to as the "By-Laws"), all of which shall constitute covenants running with the Land and shall bind any person having at any time any interest or estate in the Unit, as though recited and stipulated at length herein.

The land on which the building and unit is located is situated in the County of New York and State of New York and is more fully described in the Declaration of Condominium recorded in the New York County Register's Office, on 8/3/05 as CRFN 2005000433708.

DESCRIPTION OF FACILITY REALTY

ALL THAT CERTAIN plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at a point in the southerly line of East 92nd Street, distant 100 feet 0 inches easterly from the corner formed by the intersection of the southerly line of East 92nd Street with the easterly line of First Avenue;

RUNNING THENCE easterly along the southerly line of East 92nd Street, 144 feet 0 inches;

THENCE southerly parallel with the easterly side of First Avenue, 100 feet 8-1/2 inches to a point in the center line of the block;

THENCE westerly along the center line of the block and parallel with the southerly line of East 92nd Street, 144 feet 0 inches;

THENCE northerly parallel with the easterly line of First Avenue, 100 feet 8-1/2 inches to the point or place of BEGINNING.

For Information Only: Said premises are known as The 410 East 92nd Street Condominium, 1768-1770 First Avenue a/k/a 400-410 East 92nd Street, Units 2, 3, 4 and 5, New York, New York and designated as Section 5 Block 1571 Lots 1002, 1003, 1004 and 1005 as shown on the Tax Map of the City of New York, County of New York.

For conveyancing only, if intended to be conveyed: Together with all rights, title and interest of, in and to any streets and roads abutting the above described premises, to the center line thereof.

PROJECT COMPLETION CERTIFICATE OF THE INSTITUTION
AS REQUIRED BY SECTION 2.2(b) OF THE INSTALLMENT SALE AGREEMENT

THE UNDERSIGNED HEREBY CERTIFIES that she/he is an Authorized Representative (as defined in the Installment Sale Agreement referred to below) of Spence-Chapin, Services to Families and Children, a New York not-for-profit corporation (the "Institution"), and this certificate is being delivered in accordance with the provisions of Section 2.2(b) of that certain Installment Sale Agreement and Assignment of Lease, dated as of June 1, 2006 (the "Installment Sale Agreement"), between the New York City Industrial Development Agency (the "Agency") and the Institution, and FURTHER CERTIFIES THAT (capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Installment Sale Agreement):

(i) The Project was completed on _____.

(ii) The Project has been completed substantially in accordance with the plans and specifications therefor and all labor, services, materials and supplies used therefor have been paid for (except for any costs not exceeding \$100,000 in the aggregate (i) not now due and payable or (ii) the liability for payment of which is being contested or disputed in good faith by the Institution).

(iii) All other facilities necessary in connection with the Project have been completed, and all costs and expenses incurred in connection therewith have been paid (except for any costs not exceeding \$100,000 in the aggregate (i) not now due and payable or (ii) the liability for payment of which is being contested or disputed in good faith by the Institution).

(iv) All property of the Facility is subject to the Installment Sale Agreement.

(v) In accordance with all applicable laws, regulations, ordinances and guidelines, the Facility has been made ready for occupancy, use and operation for its intended purposes.

(vi) The amount required in my opinion for the payment of any remaining part of the costs of the Project is \$ _____.

(vii) The Rebate Amount as calculated in accordance with the Tax Regulatory Agreement is \$ _____, and [the Trustee is hereby directed to withdraw such amount from the Earnings Fund and deposit it in the Rebate Fund] [accompanying this certificate is the amount of \$ _____ which the Trustee is directed to deposit in the Rebate Fund].

(viii) Attached hereto as Exhibit A is a temporary or permanent certificate of occupancy, if required by applicable law, and any and all permissions, approvals, licenses or consents required of governmental authorities for the occupancy, operation and use of the Facility for the purposes contemplated by the Installment Sale Agreement.

(ix) Attached hereto as Exhibit B are releases of mechanics' liens by all contractors and materialmen who supplied work, labor, services, materials or supplies in connection with the Project (or, to the extent that any such costs shall be the subject of a bona fide dispute, attached hereto is evidence that such costs have been appropriately bonded or a copy of a surety or security posted by the Institution in an amount at least equal to the amount of such costs).

(x) Attached hereto as Exhibit C is a certificate of the Board of Fire Underwriters with respect to the Facility.

(xi) Attached hereto as Exhibit D is evidence that the Facility is not subject to notices of violations filed in the office of any governmental agency.

(xii) Attached hereto as Exhibit E is evidence of the issuance of all necessary, unconditional and final permits with respect to the Project from all appropriate governmental agencies, and evidence that the Project is in compliance with all applicable building, zoning and other governmental codes and regulations, and that all requisite licenses, permits and approvals that may be required so as to permit the use and operation of the Facility by the Institution and any uses necessary or incidental thereto.

This certificate (x) is given without prejudice to any rights of the Institution against third parties which may exist on the date hereof or which may subsequently come into being, and (y) is given only for the purposes of Section 2.2(b) of the Installment Sale Agreement and Section 6.02 of the Indenture. No Person other than the Agency and the Trustee may benefit from this certificate.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand this _____ day of _____, _____.

SPENCE-CHAPIN, SERVICES TO FAMILIES
AND CHILDREN

By: _____
Name:
Title:

EMPLOYMENT and BENEFITS REPORT
For the Fiscal Year July 1, _____ – June 30, _____ (FY '06)

In order to comply with State and Local Law reporting requirements, the Company is required to complete and return this form to NYCIDA, 110 William Street, Attention: Compliance, New York, NY 10038 no later than the next following **August 1, _____**.

PLEASE SEE THE ATTACHED INSTRUCTIONS AND DEFINITIONS OF CAPITALIZED TERMS USED ON THIS PAGE.

- Number of permanent Full-Time Employees as of June 30, 2006..... _____
- 2. Number of non-permanent Full-Time Employees as of June 30, 2006..... _____
- 3. Number of permanent Part-Time Employees as of June 30, 2006..... _____
- 4. Number of non-permanent Part-Time Employees as of June 30, 2006..... _____
- 5. Number of Contract Employees as of June 30, 2006..... _____
- 6. Total Number of employees of the Company and its Affiliates included in Items 1, 2, 3 and 4..... _____

For each employee included in this item 6, attach the NYS-45 Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return for the period including June 30, 2006.

- 7. Number of employees included in item 6 above who reside in the City of New York..... _____
- 8. Do the Company and its Affiliates offer health benefits to all Full-Time Employees? **Y** **N** (please circle Y or N)
- Do the Company and its Affiliates offer health benefits to all Part-Time Employees? **Y** **N** (please circle Y or N)

If the answer to item 6 above is 250 or more employees, please complete Item 9 through 13 below:

- 9. Number of employees in item 6 who are "Exempt" _____
- 10. Number of employees in item 6 who are "Non-Exempt"..... _____
- 11. Number of employees in item 10 that earn up to \$25,000 annually..... _____
- 12. Number of employees in item 10 that earn \$25,001 - \$40,000 annually..... _____
- 13. Number of employees in item 10 that earn \$40,001 - \$50,000 annually..... _____

For Items 14 through 16, indicate the value of the benefits realized at Project Locations during FY'06:

- 14. Value of sales and use tax exemption benefits \$ _____
- 15. Value of Commercial Expansion Program ("CEP") benefits \$ _____
- 16. Value of Relocation and Employment Assistance Program ("REAP") benefits \$ _____

- 17. Were physical improvements made to any Project Location during FY '06 at a cost exceeding 10% of the current assessed value of the existing improvements at such Project Location? **Y** **N** (please circle Y or N)

If the Company and/or its Affiliates have applied for Industrial and Commercial Incentive Program ("ICIP") benefits for new physical improvements at Project Location(s), please provide the ICIP application number(s) # _____

Certification: I, the undersigned, an authorized officer or principal owner of the Company/Affiliate/Tenant, hereby certify to the best of my knowledge and belief, that all information contained in this report is true and complete. This form and information provided pursuant hereto may be disclosed to the New York City Economic Development Corporation ("NYCEDC") and New York City Industrial Development Agency ("NYCIDA") and may be disclosed by NYCEDC and NYCIDA in connection with the administration of the programs of NYCEDC and/or NYCIDA and/or the City of New York; and, without limiting the foregoing, such information may be included in (x) reports prepared by NYCEDC pursuant to New York City Charter Section 1301 et. seq., (y) other reports required of NYCIDA or NYCEDC, and (z) any other reports or disclosure required by law.

Entity Name: _____

Signature By: _____ Date: _____

(print): _____ Title: _____

DEFINITIONS:

“**Affiliate**” is (i) a business entity in which more than fifty percent is owned by, or is subject to a power or right of control of, or is managed by, an entity which is a party to a Project Agreement, or (ii) a business entity that owns more than fifty percent of an entity which is a party to a Project Agreement or that exercises a power or right of control of such entity.

pany” includes any entity that is a party to a Project Agreement.

“**Contract Employee**” is a person who is an independent contractor (i.e., a person who is not an “employee”), or is employed by an independent contractor (an entity other than the Company, an Affiliate or a Tenant), who provides services at a Project Location.

“**Financial Assistance**” is any of the following forms of financial assistance provided by or at the direction of NYCIDA and/or NYCEDC: a loan, grant, tax benefit and/or energy benefit pursuant to the Business Incentive Rate (BIR) program or New York City Public Utility Service (NYCPUS) program.

“**Full-Time Employee**” is an employee who works at least 35 hours per week at a Project Location.

“**Part-Time Employee**” is an employee who works less than 35 hours per week at a Project Location.

“**Project Agreement**” is any agreement or instrument pursuant to which an entity received or receives Financial Assistance.

“**Project Location**” is any location (a) with regard to which Financial Assistance has been provided to the Company and/or its Affiliates during the fiscal year reporting period covered by the Employment and Benefits Report, or (b) that is occupied by the Company and/or its Affiliates at which such entities have employees who are eligible to be reported per the terms of the Project Agreement with the Company and/or its Affiliates.

“**Tenant**” is a tenant or subtenant (excluding the Company and its Affiliates) that leases or subleases facilities from the Company or its Affiliates (or from tenants or subtenants of the Company or its Affiliates) at any Project Location.

ITEM INSTRUCTIONS For each Project Agreement, please submit one report that covers (i) the Company and its Affiliates and (ii) Tenants and subtenants of Tenants at all Project Locations covered by the Project Agreement. Each Tenant must complete items 1-5, 15 and 16 on this form with regard to itself and its subtenants and return it to the Company. The Company must include in its report information collected by the Company from its Affiliates and Tenants. The Company must retain for six (6) years all forms completed by its Affiliates and Tenants and at NYCIDA’s request must permit NYCIDA upon reasonable notice to inspect such forms and provide NYCIDA with a copy of such forms.

1-4. Items 1, 2, 3 and 4 must be determined as of **June 30, 2006** and must include all permanent and non-permanent Full-Time Employees and Part-Time Employees at all Project Locations, including, without limitation, those employed by the Company or its Affiliates and by Tenants and subtenants of Tenants at the Project Locations. **Do not include Contract Employees in Items 1, 2, 3 and 4.**

5. Report all Contract Employees providing services to the Company and its Affiliates and Tenants and subtenants of Tenants at all Project Locations.

6-14. Report information requested only with respect to the Company and its Affiliates at all Project Locations. For item 6, report only the permanent and non-permanent Full-Time Employees and Part-Time Employees of the Company and its Affiliates. **Do not report employees of Tenants and subtenants of Tenants. Do not report Contract Employees.**

9. Indicate the number of employees included in item 6 who are classified as “**Exempt**”, as defined in the federal Fair Labor Standards Act. Generally, an Exempt employee is not eligible for overtime compensation.


10. Indicate the number of employees included in item 6 who are classified as “**Non-Exempt**”, as defined in the federal Fair Labor Standards Act. Generally, a Non-Exempt employee is eligible for overtime compensation.

14. Report all sales and use tax exemption benefits realized at all Project Locations by the Company and its Affiliates and granted by virtue of the exemption authority of NYCIDA or the City of New York. **Do not include any sales and use tax savings realized under the NYS Empire Zone Program.**

15. Report all CEP benefits received by the Company and its Affiliates and any Tenants and subtenants of Tenants at all Project Locations. CEP is a package of tax benefits designed to help qualified businesses to relocate or expand in designated relocation areas in New York City. For more information regarding CEP, please visit <http://www.nyc.gov/dof>.

16. Report all REAP benefits received by the Company and its Affiliates and any Tenants and subtenants of Tenants at all Project Locations. REAP is designed to encourage qualified businesses to relocate employees to targeted areas within New York City. REAP provides business income tax credits based on the number of qualified jobs connected to the relocation of employees. For more information regarding REAP, please visit <http://www.nyc.gov/dof>.

SCHEDULE C

	New York City Industrial Development Agency	<p align="center">IDA SUBTENANT SURVEY</p> DUE DATE: January 4, ____
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«COMPANY»
 «ADDRESS»
 «CITY »
 «NAME»

In order to verify compliance with your IDA Transaction Documents, please complete the information requested below for each and every subtenant occupying space in your facility as of **DECEMBER 31, ____**.

Total Square Footage of Building(s): _____ Sq. Ft.

Subtenant	Square Footage	Beginning Date	End Lease Date	Related Yes/No
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I, the undersigned hereby certify to the best of my knowledge and belief that the information reported above is true and complete. I understand that this information is submitted pursuant to the requirements of the IDA Transaction Documents.

Name: _____ Title: _____

Signature: _____ Date: _____

Phone Number: _____

Please fax the completed form to:
 New York City Industrial Development Agency
 Compliance Unit
 212-312-3918

HelpLine: 212-312-3963

• 110 William Street, New York, NY 10038 • 212.619.5000



LOCATION & CONTACT INFORMATION

Due Date By Facsimile: July 31, 20xx

<<Project Company>>

Eligible Project Location(s):

Please provide the information required below for the location or locations that are receiving benefits from the New York City Industrial Development Agency ("IDA").

Project Address & Floor	Borough	Zip Code	Type of Benefit (Pilot, Sales Tax, etc.)
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*** Please use additional pages if necessary ***

Please provide below current Project Contact Information:

Name: _____ Title: _____

Address: _____

Phone: _____ Fax: _____ E-mail: _____
(Please print CLEARLY)

Signature: _____

Backup Contact Name/Title/Phone Number:

FAX YOUR RESPONSE TO: (212) 312-3918

Or mail to:

NYC IDA

Attention: Compliance Dept.

110 William Street, 4th Floor

New York, NY 10038

QUESTIONS: Please contact the IDA Compliance Helpline at (212) 312-3963