

NEW YORK STATE
DIVISION OF HOUSING AND COMMUNITY RENEWAL

Regulatory Agreement

Agreement made as of the 31st day of December 1997 between the New York State Division of Housing and Community Renewal ("DHCR") with an office at 38-40 State Street, Albany, New York 12207 and Park North Houses Associates, L.P., having its principal place of business at c/o Lemle & Wolff, Inc., 5925 Broadway, Bronx, N.Y. 10463 ("Recipient").

Whereas, pursuant to Section 42 of the United States Internal Revenue Code (the "Statute"), Executive Order No. 135 dated February 27, 1990 and 9 NYCRR Part 2040 (the "DHCR Regulations"), DHCR is authorized to allocate certain federal income tax credits for the purpose of facilitating investment in housing meeting the eligibility requirements of the Statute ("Low-Income Housing Credits"); and

Whereas, Recipient has submitted an application to DHCR for an allocation of Low-Income Housing Credits for a certain project as more fully described in Exhibit A attached hereto (the "Project") with respect to land and improvements (collectively the "Property") located at 1336 Adam C. Powell Blvd. ; 205 West 111th Street; 217 West 111th Street and 233 West 111th Street, New York, N.Y., which land is more fully described in Exhibit B attached hereto; and

Whereas, DHCR has allocated Low-Income Housing Credits to Recipient in accordance with the Statute to assist the Project in consideration of, among other things, Recipient's undertaking to comply with all the terms and conditions of this agreement, the Statute, the

rules and regulations promulgated thereunder (the "Regulations") and the DHCR Regulations, as may be amended from time to time; and

Whereas, as a condition of receiving Low-Income Housing Credits Recipient is required by the Statute to enter into an extended Low-Income Housing commitment as evidenced by an agreement which is recorded pursuant to State law as a restrictive covenant;

Now, therefore, the parties agree that the Project will be operated in accordance with the following terms and conditions:

1. Definitions

The capitalized terms utilized herein shall have the meanings set forth in the Statute unless otherwise defined herein.

2. Agreement to Run with the Land; Recording

This agreement shall apply to the Property and the Project. This agreement and all of the promises, agreements and covenants herein contained shall be recorded by the Recipient as a restrictive covenant and shall be binding on the Recipient and all successors of the Recipient.

3. Term

The term of this agreement shall begin on the date that the Project is Placed In Service and, subject to the limitations set forth in the Statute, shall terminate:

- a) fifteen (15) years after the close of the fifteen (15) year Compliance Period; or
- b) on the date the Project is acquired by foreclosure or an instrument in lieu of foreclosure; or
- c) one year after DHCR's receipt of Recipient's written request for a Qualified Contract for the purchase of both the non low-income portion

of the building for fair market value and the low-income portion of the project, if DHCR has failed to present such a Qualified Contract during the one year period. Such a request may be made at any time after the Project has been in service as a Qualified Low-Income Building for a period of fourteen (14) years.

d) In the event that this agreement terminates pursuant to 3(b) or (c) of this agreement, no tenant residing in any Low-Income Unit in the Project shall be evicted except for good cause, nor shall any such tenant be subject to an increase in the gross rent of such unit before the close of the three (3) year period following a termination of this agreement pursuant to subsections 3(b) or (c) of this agreement.

4. Annual Certification

a) One calendar month subsequent to the close of Recipient's fiscal year, or at such other time as the Commissioner may prescribe, Recipient shall certify to DHCR under penalty of perjury, in a form prescribed by the Commissioner, that the Project as owned and operated is in compliance with all provisions of the Statute, the Regulations, the DHCR Regulations and DHCR's policies and procedures and shall provide all information relevant to the Project which DHCR requires. The Recipient shall also certify that, if the Recipient has been notified by any governmental authority having jurisdiction over the Recipient, the Project or the construction thereon or the use and occupancy thereof ("Governmental Authority"), that the Project, any construction thereon, or the use and occupancy thereof, is being conducted in violation of the provisions of any law, ordinance, rule, regulation or requirements of such Governmental Authority, Recipient shall additionally certify that Recipient has cured such violation, within 90 days of receipt of such notification or if such violation could not with due diligence be cured within such period, that Recipient has commenced to cure within such period and, having so commenced, shall thereafter proceed and complete such cure with due diligence.

b) DHCR shall, in addition to any remedies it may have at law or equity in the event of Recipient's failure to comply with this agreement, notify the United States Internal Revenue Service ("IRS") of any and all violations of the Statute or the Regulations. Failure to file the certification required by section 4(a) of this agreement shall result in DHCR's notification to the IRS of such failure.

5. Eligible Occupants, Rights and Requirements

a) The Project shall contain eighty-nine (89) dwelling units. ~~Thirty-nine (39)~~ units shall be occupied by persons or families whose incomes, at the time of initial occupancy, do not exceed 60% of the Area Median Gross Income as determined in accordance with the Statute ("Qualifying Tenant(s)"). Two units shall be occupied by resident managers. The Recipient shall immediately notify DHCR when and if both 1) a resident manager's unit ceases to be occupied by a resident manager and 2) the Recipient does not intend to employ another resident manager; the Recipient shall then make the unit available to a Qualified tenant. Recipient shall also notify DHCR of any such changes as required by the Statute, the Regulations and any notices or revenue rulings issued by the IRS.

The Recipient shall adhere to the marketing plan attached hereto as Exhibit C (the "Marketing Plan"). The Recipient shall adhere to the marketing plan attached hereto as Exhibit C (the "Marketing Plan"). The Marketing Plan shall set forth the procedure for the selection of occupants who qualify as members of special populations as may be defined by governmental agencies and the minimum number of units that will be available for those occupants. The Recipient's tenant selection procedure shall be conducted in accordance with all applicable state and federal laws including but not limited to fair housing laws, rules and regulations.

b) Unless the Project is a Deep Rent Skewed Project as defined by section 142(d)(4)(B) of the Statute, if any unit in the low-income portion of the project is occupied by a Qualifying Tenant(s) at the time of initial occupancy, and such Qualifying Tenant's income should subsequently exceed 140% of the applicable income limit, the Recipient

shall, after such determination of income, rent the next available residential unit of comparable or smaller size in the Project to a person or family whose income meets the requirements of paragraph (a) of this section.

c) If the Project is a Deep Rent Skewed Project as defined by section 142(d)(4)(B) of the Statute, if any unit in the low-income portion of the project is occupied by a Qualifying Tenant(s) at the time of initial occupancy, and such Qualifying Tenant's income should subsequently exceed 170% of the applicable income limit, the Recipient shall, after such determination of income, rent the next available low-income unit in the building to a person or family whose income is not in excess of 40% of Area Median Gross Income as determined in accordance with the Statute.

d) The Applicable Fraction (as defined in Section 42(c)(1) of the Statute) for the Project buildings shall not be less than that shown in in Exhibit C (1) attached hereto.

e) Recipient shall not evict or otherwise terminate the tenancy of any tenant of any low-income unit for other than good cause, nor increase the gross rent with respect to such unit except as permitted by the Statute.

f) Recipient shall not refuse to lease to a holder of a voucher or certificate of eligibility under section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder.

6. Applicable Statutes, Rules, Regulations

The Recipient shall comply with the terms and provisions of the Statute, the Regulations, the DHCR Regulations currently published at 9 NYCRR Part 2040, and the policies and procedures promulgated by the Federal government and DHCR regarding Low-Income Housing Credit projects and allocations.

7. Management

During the term hereof, the Recipient shall:

- a) conduct its business and maintain its books and records to assure that the development, construction, management, operation and maintenance and any sale of the Project and the units are carried out in accordance with all applicable federal, State, and local laws, ordinances, rules, regulations and requirements including, but not limited to those listed in Section 6 above, the policies and procedures of DHCR, and with applicable agreements relating to the Project executed by the Project Recipient;
- b) complete and attach the summary of this agreement, attached hereto as exhibit D, to the lease of each low-income unit and shall provide a copy of this agreement, free of charge, to any person who requests a copy;
- c) disclose the Restricted Rent for a dwelling to a prospective tenant prior to the execution of a lease for that dwelling unit;
- d) require as a condition of initial and continued occupancy, that each person who is or who intends to become a tenant in the low-income portion of the project shall, prior to occupancy and on an annual basis, submit to the Recipient a statement regarding the income of the person(s) occupying or intending to occupy the dwelling unit ("Income Certification"). In addition, the Recipient shall require as a condition of occupancy that all such persons shall provide the Recipient with any other information or documentation necessary to verify the information contained in the income certification;
- e) not retaliate against any tenant or lawful occupant of the Project who notifies DHCR of alleged violations of this agreement;

f) shall not transfer, to any person or entity, or otherwise dispose of any portion of any building to which this agreement applies unless all of such building is transferred to such person or entity;

g) determine each year whether the occupants of each unit in the low income portion of the Project are Qualifying Tenants in accordance with the Statute, the Regulations, and the DHCR Regulations, policies, and procedures; and

h) Recipient shall maintain Reserve and Escrow accounts as shown in Exhibit E.

8. Monitoring Fees

The Recipient shall pay, at such time as the Commissioner may require, an annual fee to DHCR of .5% multiplied by the maximum Restricted Rents of the low-income portion of the Project or such other fee as the Commissioner may prescribe (the "Monitoring Fee"). The fee shall be paid by check made payable to New York State Division of Housing and Community Renewal, and shall be sent to the DHCR Finance Unit, 38 - 40 State Street, Albany, N.Y. 12207. The check shall bear the project's SHARS I.D. number and the words "monitoring fee".

9. Standing of Past, Present and Prospective Occupants

Project tenants, occupants and all individuals who meet the income limitation applicable to the Project under Section 42(g) of the Statute (whether prospective, present or former tenants or occupants of the Project) shall have the right to enforce section 3 (d) and section 5 of this Agreement for each taxable year in which the Project is subject to this Agreement or any provision of this agreement, in any New York State court.

10. Miscellaneous

a) All notices or other communications with respect to the subject matter of this agreement shall be in writing and shall be deemed to have been given when received and shall be sent by certified mail, return receipt requested, to the Recipient at c/o Lemle & Wolff.

Inc., 5925 Broadway, Bronx, N.Y. 10463 and to DHCR at 38-40 State Street, Albany, New York 12207, Attention: Low-Income Housing Credit Compliance Officer, or at such other address as a party to receive such notice may designate by giving such notice in writing. In circumstances deemed appropriate by DHCR, notice may be deemed given when received via facsimile transmission or via overnight courier, by agreement between DHCR and Recipient.

b) The Recipient and any successor in interest shall inform DHCR of any change in Recipient's address, and of any change in ownership of the Project (or any building in the Project if the Project is a multiple building Project), and the full name(s), address(es), and Federal Tax I.D. Number(s) of the new owner(s), within 30 days of any such change. Any transfer occurring without compliance with the above requirements is hereby prohibited.

IN WITNESS WHEREOF, the parties have each duly executed this agreement as of the day and year first above written.

Park North Houses Associates, L.P.

By: *Frank J. Anelante, Jr.*

Name: Frank J. Anelante, Jr.

Title: President of HAF Development Corp.
General Partner
Park North Houses Associates, L.P.

DIVISION OF HOUSING
AND COMMUNITY RENEWAL

By: *Marvin Church*

Name: Marvin Church

Title: Deputy Regional Director
N.Y.C. Regional Office

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

On the 20th day of August, 1997, before me personally came Frank J. Anelante, Jr., to me known, who, being by me duly sworn, did depose and say that he resides at 3024 Palisade Avenue, Riverdale, New York; that he is the President of HAF Development Corp., the general partner of Park North Houses Associates, L.P. the partnership described in and which executed the foregoing instrument; and that he signed his name thereto by order of the board of directors of said corporation and on behalf of said partnership.

J. Maria McCullough
Notary Public
A. MARIA MCCULLOUGH
Notary Public, State of New York
No. 034983492
Qualified in Bronx County
Certificate Filed in New York County
Commission Expires July 1, 1998

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

On the 19th day of AUGUST, 1997, before me personally came Marvin Church, to me known, who, being by me duly sworn, did depose and say that he resides at One Fordham Plaza, Bronx, New York 10458; that he is the N.Y.C. Deputy Regional Director of the New York State Division of Housing and Community Renewal ("DHCR"), and that he signed his name thereto on behalf of DHCR.

Edward Forte
Notary Public
EDWARD FORTE
Notary Public, State of New York
No. 43-4035794
Qualified in Richmond County
Commission Expires June 27, 1998

EXHIBIT A
PROJECT

The subject site is comprised of four apartment buildings located on 11th Street. 201 E. 11th Street is a four story walk-up apartment building and will comprise 16 units. 203-205 E. 11th Street is a six story elevated apartment building and will comprise 25 units. 217-219 E. 11th Street is a six story elevated apartment building and will comprise 24 units. 233-235 E. 11th Street is a six story elevated apartment building and will comprise 24 units.

The service area is Central Harlem, Census Tract 216 the neighborhood is in a CDBG Target Area, Urban Target Area, Alighted Area, Area of Chronic Economic Distress, Neighborhood Preservation Program Area & a Rental Rehabilitation Area.

The occupants will be comprised mainly of the following categories: Homeless Families, Homeless Single Adults, Physically Handicapped Persons, Veterans, Single Parent Households.

Funding for the rehabilitation will be provided via a combination of loans from The Community Preservation Corp. a New York City Housing Preservation & Development, the sale of Low Income Housing Tax Credits and Developer Equity.

The properties are located in R7-2 zoning area. The building will be used as a residential apartment buildings.

At the present time the properties are under common ownership by Park North Associates. They were acquired from the City of New York under the Vacant Buildings Program in April 1991.

EXHIBIT BPROPERTY**PARCEL I:**

All that certain lot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, County of New York, City and State of New York known and designated as Lot 18 in Block 1827, Section 7 on the Tax Map of the City of New York for the Borough of Manhattan, as said Map was on 11-26-74.

FOR INFORMATION ONLY: Premises known as 233-235 West 11th Street.

PARCEL II:

All that certain lot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, County of New York, City and State of New York known and designated as Lot 20 in Block 1827, Section 7 on the Tax Map of the City of New York for the Borough of Manhattan, as said Map was on 8/29/76.

FOR INFORMATION ONLY: Premises known as 217-219 West 11th Street.

PARCEL III:

All that certain lot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, County of New York, City and State of New York known and designated as Lot 26 in Block 1827, Section 7 on the Tax Map of the City of New York for the Borough of Manhattan, as said Map was on 11/26/74.

FOR INFORMATION ONLY: Premises known as 203-205 West 11th Street.

PARCEL IV:

All that certain lot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, County of New York, City and State of New York known and designated as Lot 29 in Block 1827, Section 7 on the Tax Map of the City of New York for the Borough of Manhattan, as said Map was on 3/10/71.

FOR INFORMATION ONLY: Premises known as 201 West 11th Street, also known as 1836 Adam Clayton Powell Blvd., NY, NY.

EXHIBIT C
MARKETING PLAN

Not Applicable

EXHIBIT C(1)
 BUILDING BY BUILDING
 APPLICABLE FRACTION SCHEDULE

Building LocationApplicable Fraction

- * 201 West 111th Street, New York, N.Y....84.92% based on Sq.Ft.
 10,910 sq.ft. of 12,848 sq.ft.
 (13 out of 15 units)
 (Plus 1 Resident Manager Unit)
- 205 West 111th Street. New York, N.Y....36.81% based on Sq.Ft.
 6,046 sq.ft. of 16,428 sq.ft.
 (10 out of 24 units)
 (Plus 1 Resident Manager Unit)
- 217 West 111th Street, New York, N.Y....24.48% based on Sq.Ft.
 3,742 sq.ft of 15,288 sq.ft.
 (6 out of 24 units)
- 233 West 111th Street, New York, N.Y....37.69% based on Sq.Ft.
 6,238 sq.ft of 16,551 sq.ft.
 (10 out of 24 units)

* Also known as 1836 Adam Clayton Powell Blvd.,
 NY, NY

Exhibit D Summary of Tenant Rights and Obligations**1. TERM OF REGULATION**

The Building in which you live is a Low-Income Housing Credit Project which is subject to regulation by the New York State Division of Housing and Community Renewal (DHCR) and the United States Internal Revenue Service pursuant to U.S. Internal Revenue Code Section 42 (the "Statute"). The term of regulation began on the date that the Project was placed in service and ends on the earlier of the following dates (except as indicated in section 5(b)(2) below):

A. 30 years later; or

B. on the date the Project is acquired by foreclosure or an instrument in lieu of foreclosure; or

C. one year after DHCR's receipt of Recipient's written request for a Qualified Contract for the purchase of both the non-low income portion of the building for fair market value and the low-income portion of the project, if DHCR has failed to present such a Qualified Contract during the one year period. Such a request may be made at any time after the Project has been in service as a Qualified Low-Income Building for a period of fourteen (14) years.

2. AVAILABILITY OF THE AGREEMENT/RENT DISCLOSURE

The landlord must attach a copy of this Summary to all leases for regulated apartments and must give a copy of the entire agreement to any person who requests a copy. The landlord must disclose the restricted rent for a regulated apartment to a prospective tenant prior to the signing of a lease for that apartment.

3. RETALIATION PROHIBITED

The landlord cannot retaliate against any tenant or lawful occupant of the Project who notifies DHCR of alleged violations of this Summary or the Agreement.

4. ANNUAL INCOME CERTIFICATION REQUIRED

Prior to occupancy, and on an annual basis, you must submit a statement regarding your income and the income of all other persons occupying your apartment (or intending to occupy the apartment unit as the case may be) and any other information and/or documentation necessary to verify the information contained in that statement.

5. RIGHTS TENANTS MAY ENFORCE IN ANY NEW YORK STATE COURT

Any person whose income makes them eligible to rent a low-income apartment in the Project can enforce the rights listed below in any New York State Court. You do not have to be a tenant in the project to enforce these rights. These rights are secured by a regulatory agreement between DHCR and the owner of the project which is recorded in the _____ County Clerk's Office at Book _____ of [Deeds] [Mortgages] Page _____ (the "Agreement").

a. AVAILABILITY OF APARTMENTS TO PERSONS OF LOW INCOME

1. The project must contain eighty-nine (89) dwelling units and thirty-nine (39) units must be occupied by persons or families whose incomes at the time of initial occupancy, do not exceed 60% of the "Area Median Gross Income". The Area Median Gross Income is an amount established by the U.S. Department of Housing and Urban Development.
2. Unless the Project is a Deep Rent Skewed Project as defined by section 142(d)(4)(B) of the Statute, if any unit in the low-income portion of the project is occupied by a Qualifying Tenant(s) at the time of initial occupancy, and such Qualifying Tenants' income should subsequently exceed 140% of the applicable income limit, the Recipient shall, after such determination of income, rent the next available residential unit of comparable or smaller size in the Project to a person or family whose income meets the requirements of paragraph 1 above.
3. If the Project is a Deep Rent Skewed Project as defined by section 142(d)(4)(B) of the Statute, if any unit in the low-income portion of the project is occupied by a Qualifying Tenant(s) at the time of initial occupancy, and such Qualifying Tenants' income should subsequently exceed 170% of the applicable income limit, the Recipient shall, after such determination of income, rent the next available low-income unit in the building to a person or family whose income is not in excess of 40% of Area Median Gross Income as determined in accordance with the Statute.
4. The Applicable Fraction (as defined in Section 42(c)(1) of the Statute) for the buildings in the project shall not be less than that shown in the schedule attached hereto.
5. You can not be refused an apartment because of your status as a holder of a voucher or certificate of eligibility under section 8 of the United States Housing Act of 1937.

b. EVICTIONS/RENT INCREASES

1. You and the other lawful occupants of your apartment can not be evicted or otherwise have your tenancy terminated for other than good cause, nor can the landlord increase the rent for your apartment except as permitted by the Statute.
2. In the event that regulation of the Project is terminated pursuant to Section 1(B) or 1(C) of this summary, no tenant residing in any low-income apartment in the Project can be evicted except for good cause, nor can the new landlord increase the rent for your apartment before the close of the three (3) year period following a termination of this agreement pursuant to subsections 1(B) or 1(C) above.

EXHIBIT E

Recipient shall have, at the date of this agreement, deposited a total of \$35,000 into an operating reserve account.

Recipient is hereby prohibited from making any withdrawals from the above reserve accounts without the written consent of DHCR. The consent of DHCR shall not be necessary in the event that withdrawals from the above account(s) require the approval of the City of New York's Department of Housing Preservation and Development, or the Community Preservation Corporation.

The Recipient shall submit an annual budget to the DHCR Office of Housing Management proposing the level of disbursements from pre-funded reserves. Withdrawals in excess of 110% of the approved level may not be made without the approval of DHCR.

The recipient shall annually document, to the satisfaction of DHCR, reserve account activity for the prior year. If an independent audit is required by any regulating or financing entity, a copy must be submitted to DHCR.

Park North Houses Associates, L.P.

and

NEW YORK STATE

DIVISION OF HOUSING AND COMMUNITY RENEWAL

LOW-INCOME HOUSING CREDIT
REGULATORY AGREEMENT

Dated as of 12/31/93

This instrument affects real and personal property situated in the State of New York, Block 1827, Lots 29, 26, 20 and 16, County of New York, City of New York, commonly known as 205 West 111th Street; [REDACTED] 217 West 111th Street and 233 West 111th Street, New York, N.Y., and 1836 Adam Clayton Powell Blvd., NY, NY

DHCR Project Manager Horace Augustin.
Project SHARS I.D. No. 91000831.

RECORD AND RETURN TO:
Horace Augustin
N.Y.S. DIVISION OF HOUSING
AND COMMUNITY RENEWAL
One Fordham Plaza
Bronx, New York 10458

68535

REEL 2770 PG. 876

L.T. SERVICE CORP.
331 MADISON AVENUE
NEW YORK, N.Y. 10017
(212) 599-1300

REEL 2770 PG. 876

SEE IN ORIGINAL

Park North Houses
Associates LP
TO
NYS Division of Housing
& Community Renewal

TITLE # 97989
STATE OF NY
COUNTY OF NY
DIST: _____
SEC: _____
BLOCK: 1627
LOT(S): 29, 26, 20 + 16
PREMISES: 1834 Adam C. Panell, 205 W. 111th
St., 217 W. 111th St. & 233 W. 111th
St.
UNIT: _____

J 18P
R

LOG. VER.
BY ~~MANUAL~~ *SP*

RECORD & RETURN TO: 3 Extra *Lot 1*

Horace Augustin
N.Y.S. Division of Housing
Community Renewal
One Fordham Plaza
BX NY 10458

(S)

B'116
125

OFFICE OF CITY REGISTER
New York County
RECORDED
Witness my hand
and official seal

J. A. Andrews