

AGREEMENT

This Agreement ("Agreement") is entered into as of this 7th day of October, 2004 by and between Land's End One Tenants Association, Inc., a New York not-for-profit corporation, having an office at c/o Aaron Gonzalez, 271 South Street, Apt. 10H, New York, New York 10002 (the "Tenants Association"), and Land's End Associates, L.P., a New York limited partnership having an office located at c/o Starrett Corporation, 70 East 55th Street New York, New York 10022 (the "Landlord").

RECITALS

A. The Landlord is the owner of the entire beneficial interest in a residential building located at 271 South Street (aka 257 Clinton Street), New York, New York, known as Land's End One (the "Project" or "Land's End One").

B. Record legal title to the Project is owned by Land's End Housing Co., Inc. (the "Housing Company"), a limited-profit housing company organized under Article II of the Private Housing Finance Law of the State of New York (the "PHFL"). The Housing Company strictly acts a nominee for the Landlord. It is understood that the Housing Company will be dissolved, or reconstituted as a business corporation not subject to the PHFL, on the "Exit Date" (as hereinafter defined).

C. The Tenants Association was formed to represent the residential tenants at Land's End One.

D. Land's End One is currently operated as a so-called Mitchell-Lama Housing

Project pursuant to Article II of the PHFL and regulated by the United States Department of Housing and Urban Development (“HUD”) pursuant to Sections 223(f) and 236 of the National Housing Act, as amended.

E. The Landlord previously filed with the New York City Department of Housing Preservation and Development (“HPD”) and served upon the tenants of Land’s End One and all other required parties, a Notice of Intent to Dissolve or Reconstitute the Housing Company and a Notice of Prepayment of the Project Mortgage Loans (collectively, the “Project Mortgage Loans”) serviced by the New York City Housing Development Corporation (“HDC”). The Project Mortgage Loans are subsidized by HUD pursuant to Section 236 of the National Housing Act, as amended. Pursuant to the waiting period prescribed by current HPD regulations and HUD requirements, the Landlord anticipates dissolving or reconstituting the Housing Company and prepaying the Project Mortgage Loans, in order to exit the Mitchell-Lama program (the “Mitchell-Lama Program”) on or about October 26, 2004 (the date the Project Mortgage Loans are actually paid and the Housing Company is reconstituted shall be referred to herein as the “Exit Date”).

F. In an effort to accommodate the concerns of the Tenants Association and its members with regard to the rights of tenants following withdrawal of the Project from the Mitchell Lama Program, the Landlord and the Tenants Association have been conducting negotiations in good faith for the past several months, and have reached an agreement on the terms and conditions for certain tenant protections upon Land’s End One’s exit from the Mitchell-Lama Program.

G. The Tenants fall into two basic categories: (1) Tenants who are eligible to receive

Section 8 enhanced vouchers issued by HUD and/or HPD, as contract administrator for HUD and (2) Tenants who are not eligible to receive such Section 8 enhanced vouchers. Such Section 8 enhanced vouchers (but not conventional Section 8 vouchers) are referred to herein as “Sticky Vouchers.” The program by which HUD issues Sticky Vouchers is referred to herein as the “Sticky Voucher Program,” and Tenants eligible to receive Sticky Vouchers are referred to herein as “Sticky Voucher Tenants.” HPD will make a determination as to each Tenant’s eligibility for Sticky Vouchers based upon his or her family income level and other relevant HPD/HUD standards. Tenants who do not apply to HPD or HUD for Sticky Vouchers, and those who apply to HPD or HUD for Sticky Vouchers and are determined by HPD or HUD not to be eligible for Sticky Vouchers, are referred to herein collectively as “Non-Sticky Voucher Tenants.”

H. Under relevant federal law, HUD regulations and HPD Guidelines (collectively, “Applicable Voucher Rules”), (a) certain Qualified Sticky Voucher Tenants (as defined in Section 2(a) of this Agreement) may be determined to be “overhoused” by HPD, as HUD’s agent, meaning that such Tenants have been found to reside in an apartment larger than what is necessary under Applicable Voucher Rules (such Tenants are hereinafter referred to as “Overhoused Sticky Voucher Tenants”), and (b) certain Tenants may be determined by HPD to be “underhoused,” meaning that such Tenants have been found to reside in an apartment smaller than what is permitted under Applicable Voucher Rules (such Tenants are hereinafter referred to as “Underhoused Sticky Voucher Tenants”).”

I. Many of the terms and provisions of the agreement reached by the parties will be embodied in the individual residential leases to be entered into between the Landlord and the respective Tenants. However, in advance of the full execution of those respective leases, the

parties hereto believe it to be in their mutual interest to set forth in this Agreement the relevant terms and provisions of their agreement, each intending to be bound thereby.

NOW, THEREFORE, in consideration of the mutual promises herein set forth, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties do hereby agree as follows:

1. Tenants Association Covenants.

Pursuant to this Agreement, the terms of which are detailed below, the Landlord agrees to provide substantial benefits to the tenants of Land's End One (each, a "Tenant" and collectively, the "Tenants"), in exchange for which the Tenants Association agrees not to institute any litigation or take any other action, and to urge all of the Tenants and other third parties, including but not limited to community groups, community leaders, government agencies and government officials, not to institute any litigation or take any other action, which seeks to halt or delay the Exit Date or halt or delay rent increases thereafter. Furthermore, the Tenants Association agrees that it will advise the Council of the City of New York, HPD and any other relevant agency that if current Intro Number 5 or any similar bill is nonetheless enacted, the settlement described in this Agreement shall be considered a comprehensive conversion settlement thereunder, and that any such Intro, bill or law should not hinder or delay the Exit Date, or otherwise affect the Landlord. Furthermore, if any delay in the Exit Date occurs and is caused by litigation initiated by any Tenant or Tenants, or other third parties, including but not limited to community groups, community leaders, government agencies and government officials, then the Tenants Association shall take all lawful and proper actions that are requested by the Landlord in connection with such litigation, to oppose and secure the discontinuance of such litigation, including without limitation making an appearance in such litigation and/or filing

lawful and proper papers seeking the dismissal of such litigation and the denial or dissolution of any temporary restraining order or injunction, and the Landlord shall reimburse the Tenants Association for the documented reasonable third-party costs incurred by the Tenants Association in taking such requested actions.

2. Sticky Voucher Tenants.

(a) The Tenants Association agrees to use its commercially reasonable efforts to cause each and every Tenant to apply to HPD for Sticky Vouchers and fully complete such applications as soon as possible in accordance with HUD's and HPD's requirements and deadlines, but in any event not later than October 26, 2004. Although "Qualified Sticky Voucher Tenants" (as defined below) will be required to enter into leases at the full reasonable rental value determined by HPD (the "HPD Reasonable Rent"), the Landlord agrees that it will honor all Sticky Vouchers issued by HPD or HUD and submitted to the Landlord in respect of Qualified Sticky Voucher Tenants. The Landlord will offer a "Sticky Voucher Lease" (as defined in Section 14 of this Agreement) to each Qualified Sticky Voucher Tenant which will be consistent with this Agreement and will incorporate the terms of this Agreement by specific reference hereto. Furthermore, the "Sticky Voucher Lease" will provide that, while the applicable lease is in full force and effect, it is binding on all successors and assigns of the Landlord (other than foreclosing mortgagees or their successors assigns). The Landlord will not be obligated to honor Sticky Vouchers in the manner herein set forth from any Tenant who has not executed and delivered a Sticky Voucher Lease to the Landlord by no later than ten (10) days after said Qualified Sticky Voucher Tenants are notified to come to the management office in accordance with Section 17(C) of this Agreement to execute their respective Sticky Voucher Leases. Sticky Voucher Tenants who timely apply for Sticky Vouchers, obtain them and execute

and deliver to the Landlord Sticky Voucher Leases by said date and are current in their obligation to pay rent on said date are referred to herein as “Qualified Sticky Voucher Tenants.” The Landlord will take commercially reasonable actions, including working with Tenants, to assist the Tenants in their efforts to receive Sticky Vouchers and/or maintain Sticky Vouchers under the Sticky Voucher Program, and specifically will provide interpreters to assist Chinese-speaking and Spanish-speaking Tenants in completing their applications for Sticky Voucher assistance. The Landlord further agrees that it will participate, under the same terms as stated herein, in the Sticky Voucher Program and any successor to the Sticky Voucher Program or any combination of governmental tenant subsidy programs and/or other source of funds, provided such other source of funds has a credit rating equivalent to that of the Sticky Voucher Program, so long as the Landlord receives at least 90% of the economic benefits from such modified Sticky Voucher Program, successor program or combination of governmental tenant subsidy programs and/or such other source of funds as it would have received at such time from the existing Sticky Voucher Program. Notwithstanding section 8(d)(3)(c) of the Section 8 Tenancy Addendum to the form of Sticky Voucher Lease, the Landlord agrees that it will continue to honor Sticky Vouchers from all Qualified Sticky Voucher Tenants on an ongoing basis, provided such Qualified Sticky Voucher Tenants are in compliance with the terms of the Sticky Voucher Lease.

(b) Although Qualified Sticky Voucher Tenants will be required to enter into Sticky Voucher Leases at the full HPD Reasonable Rent, the Landlord will not seek to collect, in any month, rent from a Qualified Sticky Voucher Tenant, except for certain Qualified Overhoused Sticky Voucher Tenants detailed in Section 4(b) of this Agreement or any other Qualified Sticky Voucher Tenants who at any time lose their entitlement to Sticky Vouchers

(other than Tenants who lose their Sticky Vouchers solely as a result of actions or inactions of the Landlord), in an amount exceeding the excess of the HPD Reasonable Rent over the amount of the Sticky Voucher (hereinafter, the “Tenant Portion”), actually received by the Landlord. Stated another way, it is agreed that, except for certain Qualified Overhoused Sticky Voucher Tenants detailed in Section 4(b) of this Agreement or any other Qualified Sticky Voucher Tenants who at any time lose their entitlement to Sticky Vouchers (other than Tenants who lose their Sticky Vouchers solely as a result of actions or inactions of the Landlord), the Landlord will honor, with respect to Qualified Sticky Voucher Tenants, the Sticky Vouchers it receives for the difference between the Tenant Portion and the HPD Reasonable Rent for such apartment. The parties recognize that, for sixty (60) days (hereinafter, the “Sixty Day Period”) following the Exit Date, the last Mitchell-Lama rent (including all current surcharges and other adjustments to rent) shall continue to be charged to each Qualified Sticky Voucher Tenant. Accordingly, the HPD Reasonable Rent for a Qualified Sticky Voucher Tenant’s apartment, as subsidized by the Sticky Vouchers, shall not go into effect until the day after the expiration of the Sixty Day Period.

(c) In the event the Sticky Voucher Program ends or the Sticky Voucher Program or its successor does not provide the Landlord with benefits that are at least 90% of the current benefits, then the Qualified Sticky Voucher Tenants will continue to pay only Tenant’s Portion for six (6) months after the Landlord ceases to receive benefits under the Sticky Voucher Program. Seniors or disabled tenants, namely, those Qualified Sticky Voucher Tenants whose head of household is 65 years old or older or disabled (within the meaning of Section 811(k)(2) of the National Housing Act, as amended) at the time of such an event, may continue to pay their Tenant’s Portion for nine (9) months after the Landlord ceases receiving benefits at least equal to 90% of the benefits then available under the Sticky Voucher Program. Thereafter, such

Qualified Sticky Voucher Tenants must either vacate or pay market rent after such six or nine-month period, as applicable.

3. Non-Sticky Voucher Tenants.

The following Tenants (“Qualified Non Sticky Voucher Tenants”), shall be eligible to receive the benefits of the Landlord Assistance Program (the “LAP”) described herein:

(1) Tenants who are not Illegal Tenants or Ineligible LAP Tenants, both as described in Section 5 of the Agreement; and who

(2) Execute and deliver to the Landlord a Non-Sticky Voucher Lease (as defined below) on or before ten (10) days after said Qualified Non-Sticky Voucher Tenant is notified in accordance with Section 17(C) of this Agreement to come to the management office to execute a "Non-Sticky Voucher Lease" (as defined below); and who

(3) Apply by materially true and substantially complete forms, to HPD or HUD as appropriate for Sticky Vouchers by no later than thirty (30) days after the Tenant is sent the appropriate Sticky Voucher application forms in accordance with Section 17(C) of this Agreement; and who:

(4) Are determined by HPD or HUD as appropriate either:

a. to be income ineligible, or

b. to be income eligible but who are nonetheless found not to be eligible for Sticky Vouchers because their apartment does not pass HPD’s Housing Quality Standards (“HQS”) inspection for reasons that are not the Tenant’s

responsibility, provided that such Tenants shall, no more than 48 hours after being notified of such failure to pass the HQS inspection, give such Tenant's keys to the Landlord's Managing Agent and provide access to such Managing Agent to the apartment during normal business hours (Monday – Friday, 9:00 a.m. – 5:00 p.m.) for no less than 20 hours per week. (However, once the requisite repairs are made and such Tenant's apartment is reinspected and passes the HQS by HPD, then such Tenant shall thereupon become a Qualified Sticky Voucher Tenant, and shall sign a Sticky Voucher Lease.); or

- c. To be income eligible, but who are nonetheless found not to be eligible for Sticky Vouchers by HPD or HUD for reasons which (i) do not implicate the moral turpitude of such Tenant or (ii) are not based on such Tenant's immigration status.

The terms and the provisions of the LAP and the other applicable terms of this Agreement will be embodied in the individual Non-Sticky Voucher Leases between the Landlord and such Qualified Non-Sticky Voucher Tenants, as further defined in Section 14 of this Agreement, which lease will also incorporate the terms of this Agreement by specific reference hereto and will provide that such Non-Sticky Voucher Lease is binding on all successors and assigns of the Landlord (other than foreclosing mortgagees and their successors and assigns). The Non-Sticky Voucher Lease will further provide in substance as follows:

(a) The initial rents payable by the Qualified Non-Sticky Voucher Tenants during the Sixty Day Period shall be the last Mitchell-Lama rent (including all current surcharges and other adjustments to rent) charged the respective Non-Sticky Voucher Tenants (the “Sixty Day Rent”). During the one year period following the end of the Sixty Day Period, the rent of a Qualified Non-Sticky Voucher Tenant shall equal 105.25% of the Sixty Day Rent or 109.75% of the Sixty Day Rent, depending on whether a one or two-year lease is selected by the Qualified Non Sticky Voucher Tenant. Thereafter, the rent of a Qualified Non-Sticky Voucher Tenant shall be increased by an amount equal to the amount of the then prevailing New York City Rent Guideline Board (“RGB”) increases, depending on whether a one or two-year lease is selected by the Qualified Non Sticky Voucher Tenant. Thereafter, renewal leases will be offered to Qualified Non-Sticky Voucher Tenants, on a one or two-year basis (to be selected by the Qualified Non-Sticky Voucher Tenants), with further rent increases being set in accordance with the then prevailing RGB increases. Since the Project is not subject to the Rent Stabilization Law (“RSL”), Qualified Non-Stick Voucher Tenants will not be subject to rent increases based on major capital improvements, as permitted under the RSL, nor will the RSL’s requirements apply to the Project. If, for any reason, the RGB (and any successor to the RGB) no longer promulgates rent increases for New York City, increases for all further renewal leases will be based on the average of the one and two year renewal rate increases ordered by the RGB for the previous seven (7) years. This calculation shall be made in accordance with the renewal lease chosen by the Qualified Non-Sticky Voucher Tenant; thus the average of the previous seven (7) years of one year increases will apply to those Qualified Non-Sticky Voucher Tenants choosing one year renewal leases, and the average of the previous seven (7) years of two year renewal increases will apply to those Non-Sticky Voucher renewals choosing two year renewal leases. In

light of the fact that the Sixty-Day Rent for apartments with balconies that were unusable during the Sixty Day Period because of repair needs had been reduced for that reason, at such time as the balcony for any such apartment occupied by a Qualified Non-Sticky Voucher Tenant is restored to useable condition, the rent for such apartment from and after the date such balcony is restored to useable condition will be adjusted by (a) increasing the rent applicable to the initial term of the lease entered into pursuant to this Agreement by an amount equivalent to the amount by which such rent was previously reduced due to the unuseability of the balcony, and then (b) applying any percentage increases applicable through the then-current renewal term of the lease for such apartment pursuant to this subsection (a) to such adjusted initial rent. The difference between the market rent and the rent to be paid by Qualified Non-Sticky Voucher Tenants represents the rental assistance provided by the Landlord to such Non-Sticky Voucher Tenant. Notwithstanding anything to the contrary in this subsection (a), the rent to be paid by a Qualified Non-Sticky Voucher Tenant at any time during the term of this Agreement shall not exceed the HPD Reasonable Rent.

(b) Qualified Non-Sticky Voucher Tenants will not be required to move apartments and the Landlord will not be required to offer them other apartments.

(c) Qualified Non-Sticky Voucher Tenants will not be permitted to sublet their apartments or assign their leases except that they may sublet their apartments in strict conformity with Real Property Law Section 226-b, the terms of their leases, and the terms of this Agreement. If a Qualified Non-Sticky Voucher Tenant subleases an apartment, the monthly rent payable by the Qualified Non-Sticky Voucher Tenant, shall increase to the market rent for the period of the sublease. Market rent shall be determined by the Landlord's then current rates for similar market rate apartments. A Qualified Non-Sticky Voucher Tenant shall not charge the

sublessee more rent than the market rent, except that Qualified Non-Sticky Voucher Tenants may charge up to 110% of such market rent if the Qualified Non-Sticky Voucher Tenant is subletting the apartment in a furnished condition. After the sublease term has ended and the Qualified Non-Sticky Voucher Tenant moves back to his or her apartment, the rent for the apartment shall be determined according to the rent schedule as provided in Section 3(a) of this Agreement.

(d) Certain persons shall have the right to succeed to the rights of the Qualified Non-Sticky Voucher Tenants as described below. As used herein “Succession Rights” shall mean, for the persons not listed as a “tenant” on the lease, the right to remain in the apartment under the same lease provisions as the “tenant” after all the existing tenants have permanently left or died (collectively, the “Departing Tenant”).

The first person seeking Succession Rights must meet the following conditions:

(1) Those seeking Succession Rights must be 18 years old or older and have been a “Family Member” of the Departing Tenant. “Family Member” includes husband, wife, son, daughter, stepson, stepdaughter, father, mother, stepmother, stepfather, brother, sister, grandfather, grandmother, grandson, granddaughter. Also included in the definition of Family Members are persons who, though not related by blood or marriage, lived with the Departing Tenant, as a domestic partner and who registered the Departing Tenant with the City Clerk as a “Domestic Partner.” Such persons shall be referred to herein as “Domestic Partners”;

And

(2) Those persons seeking Succession Rights must have lived with the Departing Tenant for two (2) consecutive years immediately prior to the departure or death of the Departing Tenant. This minimum period of required cohabitation will not be considered interrupted by any period during which the person seeking Succession Rights was (i) enrolled as a full time student; (ii) engaged in active military duty on behalf of the United States; and/or (iii) hospitalized for medical treatment.

The second right of succession will be more limited and shall only be available to an adult child of a husband, wife or Domestic Partner of the Departing Tenant where such surviving or remaining parent used the first right of succession by him or herself becoming the Successor Tenant.

4. Overhoused and Underhoused Sticky Voucher Tenants

(a) (i) It is the parties' understanding that HUD and HPD provide a one-year grace period commencing on the date the Sticky Voucher payments are first made ("Grace Period") for Overhoused Sticky Voucher Tenants in which the Landlord will receive the full Sticky Voucher payment amount ("Full Voucher Payment") from HUD for the actual apartment size, notwithstanding that an Overhoused Sticky Voucher Tenant resides there. It is the parties' further understanding that HPD may, in its discretion, based on Applicable Voucher Rules, provide certain Overhoused Sticky Voucher Tenants with waivers ("Waivers") allowing the Landlord to receive the Full Voucher Payment from HUD beyond the Grace Period, and the Landlord will cooperate in any reasonable efforts to obtain such Waivers. Overhoused Sticky Voucher Tenants who do not receive a Waiver will be given the opportunity, as described below, to rent appropriate sized vacant apartments to the extent available. The parties expressly agree

that Overhoused Sticky Voucher Tenants who move will bear all of their own moving expenses. Overhoused Sticky Voucher Tenants will be able to select available appropriate sized vacant apartments strictly according to each Overhoused Sticky Voucher Tenant's position on a list (the "Overhoused Sticky Voucher Tenants' List") to be maintained by the Landlord's managing agent at the Project under the supervision of HPD. The Overhoused Sticky Voucher Tenants' List shall be arranged according to a lottery of all Overhoused Sticky Voucher Tenants who submit their names to the managing agent; such lottery to be witnessed by a representative of the Tenants Association. The Landlord agrees that as each Tenant on the Overhoused Sticky Voucher Tenants List becomes eligible pursuant to the aforesaid lottery, he or she shall be offered all the then available apartments at the Project of the appropriate size. The updated Overhoused Sticky Voucher Tenants' List shall be provided to the Tenants Association each month. If an Overhoused Sticky Voucher Tenant on the Overhoused Sticky Voucher Tenants List does not select any of the offered available apartments, then such Overhoused Sticky Voucher Tenant shall no longer have the right to an available vacant apartment, and at the end of the Grace Period shall be required to pay the then HPD Reasonable Rent and shall not be eligible for any of the benefits available under Section 4(a)(ii) of this Agreement.

(ii) The Landlord will continue to accept Sticky Vouchers from an Overhoused Sticky Voucher Tenant after the expiration of the Grace Period and the Landlord will only require that such Tenant pay the Tenant's Portion if the Landlord is receiving a Sticky Voucher, even if the Landlord is not receiving the Full Voucher Payment for the housing apartment, if such Overhoused Sticky Voucher Tenant has not yet been offered an appropriate sized vacancy in which to relocate. However, after the expiration of the Grace Period, if an Overhoused Sticky Voucher Tenant refuses to relocate to such appropriate sized vacant

apartment (regardless of the lack of comparability of the substitute appropriate sized apartment or any dispute as to the accuracy of the Overhoused Sticky Voucher Tenant's List), then thereafter such Overhoused Sticky Voucher Tenant must pay the Tenant Portion for the larger apartment plus the additional amount required to bring the total rent payable to the Landlord, taking into account the Sticky Voucher payment received from HUD, to the then HPD Reasonable Rent for the apartment actually occupied by the Overhoused Sticky Voucher Tenant. Overhoused Sticky Voucher Tenants who do not comply with the provisions of this subsection 4(a)(ii) shall be subject to eviction.

(b) The Landlord will offer each Qualified Sticky Voucher Tenant who (i) as of the Exit Date, is determined to be an Underhoused Sticky Voucher Tenant and (ii) had listed the occupants causing the underhousing on the most recent Mitchell-Lama certification or recertification, as the case may be, filed by such Qualified Sticky Voucher Tenant prior to the date of this Agreement, the opportunity to move into a larger vacant unit, provided such Qualified Sticky Voucher Tenant qualifies for and obtains a HUD Sticky Voucher applicable to the larger apartment size ("Qualified Underhoused Tenant"). After the Exit Date and after the initial group of Overhoused Sticky Voucher Tenants select new apartments as per Section 4(a) hereof, Qualified Underhoused Tenants will be given a list of available vacancies by the Landlord and the opportunity, as described below, to move into any appropriately sized vacant apartments at the Project. Qualified Underhoused Tenants will be offered available larger vacant apartments strictly according to each Qualified Underhoused Tenant's position on a list (the "Qualified Underhoused Tenants' List") to be maintained by the Landlord's managing agent at the Project under HPD supervision. The Qualified Underhoused Tenants' List shall be arranged according to a lottery of all Qualified Underhoused Tenants who submit their names to

the managing agent, such lottery to be witnessed by the Tenants Association. Landlord agrees that as each Tenant on the Qualified Underhoused Tenants' List becomes eligible pursuant to the aforesaid lottery, he or she shall be offered all the then available apartments at the Project of the appropriate size. The updated Qualified Underhoused Tenants' List shall be provided to the Tenants Association at the outset of the Sixty Day Period and each thirty (30) days thereafter until all Qualified Underhoused Tenants have selected or declined to select a larger apartment. After a Qualified Underhoused Tenant is given the list of all then available vacancies, he or she shall have thirty (30) days in which to select his or her new apartment and move in. If a Qualified Underhoused Tenant (y) has not been offered an apartment of appropriate size or (z) has not yet moved into an offered apartment and the thirty (30) day period has not expired, such Qualified Underhoused Tenant shall pay the Sixty Day Rent. If a Qualified Underhoused Tenant on the Qualified Underhoused Tenants' List does not select any of the offered available apartments, then such Qualified Underhoused Tenant shall no longer have the right to an available vacant apartment, and shall be required to pay the then HPD Reasonable Rent.

5. Illegal Tenants and Ineligible LAP Tenants

Anything contained herein to the contrary notwithstanding, Tenants who do not use their apartment at the Project as their only residence, who are illegally subletting or who otherwise are in material default of their leases, and who are not Ineligible LAP Tenants as defined below (each, after the expiration of applicable notice and cure periods, hereinafter an "Illegal Tenant" and collectively "Illegal Tenants") will not be offered any of the LAP or other benefits described herein (whether or not they are Sticky Voucher Tenants or Non-Sticky Voucher Tenants), and will be subject to eviction. As to any Illegal Tenant whose default (before the Exit Date) is solely monetary or is based on any other default (other than not having

the apartment as the Tenant's only residence or illegal subletting), the Landlord will notify such Illegal Tenant in writing of such Illegal Tenant's default and provide such Illegal Tenant a ten (10) day notice to cure. This notice and cure right shall be a one time right only. If a Tenant is determined by HPD to be income ineligible for a Sticky Voucher but based on the most recent income certification submitted to the Landlord would have been determined to be income eligible for a Sticky Voucher, and if the representations contained in such income certification would, under the statute, regulations and other requirements for the Section 236 program be deemed to be a material default of such Tenant's Mitchell Lama/Section 236 lease, then such Tenant shall be deemed an "Ineligible LAP Tenant" and will be required to pay the full HPD Reasonable Rent in lieu of the rent otherwise payable by Qualified Non-Sticky Voucher Tenants under this Agreement. The Landlord will not involve the Tenants Association in any determinations made by the Landlord under this Section 5.

6. Market Rent Tenants

Any Non-Sticky Voucher Tenant who does not qualify as a Qualified Non-Sticky Voucher Tenant due to such Tenant's failure to satisfy the requirements of Sections 3(1), 3(2), 3(3), 3(4)(b) (if such failure is due to the failure of the Tenant to give the Managing Agent access to the apartment as provided therein or due to the ineligibility of the Tenant for Sticky Vouchers for reasons which implicate the moral turpitude of the Tenant or are based on the Tenant's immigration status), shall be required to pay the market rent established by the Landlord.

7. Capital Improvements and Repairs; Mold Remediation

(a) The Landlord agrees to complete the capital improvements described on Schedule A hereto following the Exit Date.

(b) The Landlord agrees to make a good faith effort to seek funds from the City of New York for the construction and equipping of a replacement playground in compensation for its temporary taking of the playground area. If the City of New York provides such funds and the amount of such funds is sufficient to construct and equip a replacement playground at the Project, the Landlord will construct and equip such a playground. If the City of New York provides funds in an amount that is not sufficient for such purpose, the Landlord will discuss with the Tenants Association what can be done with the funds received.

(c) The Landlord agrees to inspect all apartments at the Project in which Tenants complain of mold, conduct tests to determine toxicity in such apartments, inform such Tenants of the test results pertaining to their apartments, and remediate mold found in such apartments in accordance with New York City Department of Health guidelines.

8. Gas Utilities

Anything contained herein to the contrary notwithstanding, for both Sticky Voucher Tenants and Non-Sticky Voucher Tenants, the Landlord will have the right on or after the third anniversary of the Exit Date at its expense to directly meter or privately sub-meter the provision of gas to such apartments. Should the Landlord elect to do such direct or private sub-metering, the otherwise applicable monthly rent shall be reduced by an amount equal to the applicable monthly utility allowance set by the New York City Housing Authority for provision of gas by tenants receiving assistance under the Section 8 program, in effect at such time,

Should the Landlord elect private sub-metering, the Landlord shall not charge any administrative fee.

9. Air Conditioning

Commencing on the Exit Date, Tenants will no longer be charged an air conditioner surcharge, and air conditioner units will no longer be repaired, serviced or replaced by the Landlord.

10. Parking Area

(a) The parties recognize that those residents of Land's End One who are currently leasing parking spaces in the Project's parking area ("Existing Parking Tenants") are currently paying a below market subsidized parking. The Landlord agrees to accept monthly rental from the Existing Parking Tenants (who are not Illegal Tenants) in accordance with this Section 10. The subsidized parking rental rate shall only be applicable to cars registered in the State of New York in the name of either the named Tenant or a Family Member or Domestic Partner, who is in residence at the apartment and each Existing Parking Tenant shall have the burden of proof in establishing that such condition has been satisfied to the Landlord's satisfaction. Only one parking space per apartment shall be allowed at the subsidized rate.

(b) Existing Parking Tenants may use up to one parking space per apartment according to the following rent schedule:

- i. The day after the Exit Date, the monthly parking rent for such Tenants shall increase to the sum of \$115;
- ii. Commencing with the first (1st) anniversary of the Exit Date, the monthly parking rent shall be further increased to \$175;

- iii. Commencing with the second (2nd) anniversary of the Exit Date, the monthly parking rent shall be further increased to \$235;
- iv. Commencing with the third (3rd) anniversary of the Exit Date, the monthly parking rent shall be further increased to \$295;
- v. Commencing with the fourth (4th) anniversary of the Exit Date, the monthly parking rent shall be further increased to \$355; and
- vi. After the fifth (5th) anniversary, there shall be no further Landlord subsidy with respect to parking and the Existing Parking Tenants shall pay the market rent for an outside parking space as determined by the Landlord in its sole discretion (the "Market Parking Rent").

(c) If a parking space in the Project's parking area become available following the Exit Date, the Landlord agrees to offer to rent such space to Tenants in the Project at the then Market Parking Rent. The Landlord will maintain a waiting list for such purpose.

11. Meetings

The parties agree that one or more agents representing the Landlord and one or more representatives of the Tenants Association shall have monthly meetings, as necessary, during the first six (6) months following the Exit Date and quarterly meetings thereafter, as necessary, at the Project in a good faith attempt to discuss and resolve any issues which may arise with respect to the interpretation of this Agreement, the Capital Improvements and/or other issues of concern to Landlord or Tenants Association.

12. Disputes

Disputes solely between the Landlord and the Tenants Association arising under Section 13 of this Agreement shall be decided by binding arbitration before a panel of three (3) arbitrators conducted by the American Arbitration Association ("AAA") under its expedited commercial arbitration rules. Any such arbitration shall be conducted in New York County. In the event of any other disputes between the Tenants Association and the Landlord, the parties

shall in good faith spend up to but no more than two (2) business days in non-binding mediation before a mediator designated by the AAA. The foregoing provisions shall not apply to, and there shall be no mediation requirement whatsoever as a condition precedent to, or any arbitration agreement applicable to, the Landlord's bringing judicial proceedings against any individual Tenant for an alleged violation of any provision of a lease, or law, or regulation, or to commencing eviction, holdover, non-payment or other summary or ejectment proceedings against Tenants in default or Illegal Tenants.

13. Conditions to Landlord's Obligations Hereunder

The Landlord's obligations and Tenants' rights under this Agreement shall be contingent upon the satisfaction, or written waiver by the Landlord, of each of the following conditions:

(a) At least 90% of Tenants, determined by number of apartments (exclusive of vacant apartments and apartments subject to landlord-tenant proceedings at the time Tenants are sent the Sticky Voucher applications), duly apply to HPD and/or HUD as appropriate for Sticky Vouchers and complete such applications by the date specified in Section 2(a) of this Agreement.

(b) At least 90% of the Qualified Sticky Voucher Tenants, execute and deliver to the Landlord by the date specified in Section 2(a) of this Agreement (or within 20 days of the date on which their current Mitchell Lama lease expires) their respective Sticky Voucher Lease or renewal lease, as the case may be;

(c) The Exit Date occurs on or before December 31, 2004, provided that should the Landlord seek to cancel this Agreement based on the occurrence of this

Section 13(c), then in that event only, The Landlord shall be required to provide notice to the Tenants Association of such intent to cancel, as provided in Section 17(C) of this Agreement, not less than sixty (60) days prior the effective date of such cancellation (provided further that a failure of the Exit Date to occur by December 31, 2004 shall not be reason for the Landlord to cancel this Agreement, if the reason therefor is the Landlord's financial inability to prepay the Project Mortgage Loans for reasons within the control of the Landlord).

(d) Between the date hereof and the Exit Date, the Tenants Association or a Tenant takes any action or aids or abets others to take action which delays the Exit Date.

(e) There not being enacted into law, on or before the Exit Date (or otherwise applicable to the Project), any bill or law which imposes net economic costs ("New Net Economic Costs") on the Landlord associated with the exit of the Project from the Mitchell-Lama Program, and such New Net Economic Costs do not exist under present law at the time of the execution of this Agreement.

Time shall be of the essence with respect to all dates and deadlines set forth in this Section 13 of this Agreement.

14. Sticky Voucher and Non Sticky Voucher Leases

The parties shall finalize the forms of Sticky Voucher Lease and Non-Sticky Voucher Lease within twenty (20) days of the date of this Agreement. Both the Sticky Voucher Lease and the Non-Sticky Voucher Lease shall provide that such a lease shall supersede and result in the termination of the last Mitchell Lama lease renewal for each Tenant. Such actually

agreed forms are hereinbefore and hereafter referred to as the "Sticky Voucher Lease" and the "Non-Sticky Voucher Lease". The Sticky Voucher Leases and Non Sticky Voucher Leases shall be executed by the Tenants in undated form, and dated and executed by the Landlord and a copy returned to the respective Tenants within forty five (45) days after the Exit Date. Time shall be of the essence as to this Section 14 of this Agreement.

15. Security Deposits

All leases to be executed under this Agreement shall provide for the payment of a security deposit by the Tenant in an amount equal to one month's tenant rent contribution, as established therein, with credit to be given for such security deposit as has previously been paid. Such leases shall provide that the security deposit shall be payable in installments of \$50 per month (or if the amount payable is less than \$50, such lesser amount) beginning the first month of the term of the lease, which installments shall be in addition to the rent otherwise payable.

16. Representations

(i) Landlord hereby represents that:

(3) it intends to cause the withdrawal of the Project from the Mitchell-Lama Program;

(4) to the best of its knowledge, it has taken the steps thus far required, to permit such withdrawal on or about October 26, 2004;

(5) the Landlord has received and approved HPD's determination of the reasonable rent of the apartments at the Project, and has provided a copy of such determination to the Tenants Association;

(6) the Landlord (a) on or about October 26, 2003 filed with HPD and served upon the tenants of Land's End One and all other required parties, a Notice of Intent to Dissolve or Reconstitute the Housing Company, (b) on or about January 30, 2004 sent to HUD, the Tenants and all other required parties; a Notice of Prepayment of the Project Mortgage Loan, and (c) caused HPD to be appointed as contract administrator; and

(7) the Landlord will diligently prosecute to completion the process of withdrawing the Project from the Mitchell Lama Program and dissolving the Housing Company; and

(8) The Landlord, to the best of its knowledge, knows of nothing (other than potential or pending legislation) which would halt or delay the Exit Date.

(ii) The Tenants Association represents that:

(1) it authorized to enter into this Agreement; and

(2) it has presented the substance of this Agreement to the Tenant body at large, that such presentation met with overall Tenant approval, and that the Tenants Association will not directly or indirectly take any steps seeking to halt or delay the Exit Date, or to halt or delay rent increases following the Exit Date (exclusive of this Agreement) and to file appropriate papers as specified in Section 1 of this Agreement seeking, to dismiss any lawsuit or proceeding seeking to halt or delay the Exit Date.

17. Legal Fees

Landlord agrees to pay the legal fees charged by Mallin & Goldstein, P.C. actually incurred by Tenants Association, up to a cap of \$40,000, no later than two business days following the Exit Date.

18. Miscellaneous Provisions

A. Headings

The Article headings in this Agreement are for convenience only, shall in no way define or limit the scope or content of this Agreement, and shall not be considered in any construction or interpretation of this Agreement or any party hereof.

B. Counterparts

This Agreement may be executed in separate counterparts which taken together shall be deemed one Agreement.

C. Notices

Any statement, notice, request, demand or other communication (each, a “notice”) permitted or required to be given by the terms and provisions of this Agreement, by either party hereunder to the other, shall be in writing and shall be sent by United States certified mail, return receipt requested, or by overnight delivery service, or by hand delivery, addressed to the applicable party, at the following addresses:

If to the Landlord: Land's End Associates, L.P.
70 East 55th Street
New York, New York 10022
Attention: Stephen Salup

with a copy to: Swidler, Berlin Shereff Friedman, LLP
405 Lexington Avenue
New York, New York 10174
Attention: Martin Siroka, Esq.

If to the Land's End One Tenants Association, Inc.
Tenants Association: c/o Aaron Gonzalez
271 South Street, Apt. 10H
New York, New York 10002
Attention: President

with a copy to: Mallin & Goldstein, P.C.
132 Nassau Street – Suite 522
New York, New York 10038
Attention: Barry Mallin, Esq.

Notices shall be deemed given (i) upon receipt or upon refusal of the addressee to receive same as evidenced on the returned receipt, if sent by United States certified mail, return receipt requested, or (ii) upon the next business day if sent by overnight delivery service, or (iii) on the day when sent if sent by hand delivery and received before 5:00 p.m. (recipient's local time) on a business day or otherwise on the next business day thereafter. Either party may, by notice as aforesaid, designate different addressees or addresses for notices to it.

Notices permitted or required to be given by the Landlord to a Tenant under this Agreement shall be sent by regular United States mail or delivered to such Tenant's apartment by under-door delivery.

D. Further Assurances

From time to time, each party hereto shall, within twenty (20) days after a request therefor by the other party take such other or further commercially reasonable actions as may be reasonably required to carry out the provisions of this Agreement or to confirm any right to be created or transferred hereunder.

E. Waiver, Modification

No covenant, agreement, term or condition of this Agreement to be performed or complied with by either party, shall be changed, modified, altered, waived or terminated except by written instrument of change, modification, alteration, waiver or termination executed by the party against which enforcement of such covenant, agreement term or condition is sought. No waiver of any act which might constitute a default affects or alters this Agreement, but each and every covenant, agreement, term and condition of this Agreement continues in full force and effect with respect to any other then existing or subsequent default.

F. Governing Law

This Agreement shall be governed, construed and interpreted in accordance with the internal laws of the State of New York, without giving effect to the principles of conflicts of laws.

G. Successors and Assigns

The agreements, terms, covenants and conditions herein are binding upon, and shall inure to the benefit of, the parties hereto and, their respective permitted successors and assigns.

H. Construction

The terms “hereby”, “hereof”, “hereto”, “hereunder” and any similar terms as used in this Agreement refer to this Agreement in its entirety and not only to the particular portion of this Agreement where the term is used. Wherever in this Agreement the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa, as the context shall require.

I. Severability

If any provision of this Agreement is invalid or unenforceable as against any person or under certain circumstances, the remainder of this Agreement and the applicability of such provision to other persons or circumstances shall not be affected thereby. Each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

Recitals:

J. Entire Agreement

Each of the Recitals set forth above shall constitute part of this Agreement as if such Recital were set forth in the body of this Agreement. This Agreement and the Schedule annexed hereto are the entire agreement between the Landlord and the Tenants Association concerning the subject matter hereof and all understandings and agreements heretofore had or made between the Parties are merged in this Agreement which, together with aforementioned other items, alone fully and completely expresses the agreement of the parties.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement of Understanding as of the date first set forth herein.

LAND'S END ASSOCIATES, L.P.

By: Land's End Housing Co., Inc.
Its Managing General Partner

By: _____
Name: Stephen Salup
Title: Vice President

LAND'S END ONE TENANTS ASSOCIATION, INC.

By: _____
Name: Aaron Gonzalez
Title: President

Schedule A

1. New elevator controls and cabs
2. Façade repair and shoring of terraces
3. New terrace doors
4. New windows

Landlord estimates that the repairs listed above will be completed within one year from the date of execution of this Agreement. This completion time is provided as a statement of good faith intent only, and does not constitute a legal obligation under this Agreement.