RESTATED GROUND LEASE

BETWEEN

NEW YORK STATE URBAN DEVELOPMENT CORPORATION

AND

RIVERCROSS TENANTS' CORP.

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RESTATED GROUND LEASE

This Restated Ground Lease (this "Lease"), made this 30th day of November, 1971, between New York State Urban Development Corporation (a corporate governmental agency of the State of New York constituting a political subdivision and a public benefit corporation), having its principal office at 1345 Avenue of the Americas, New York, New York 10019 ("UDC"), and Rivercross Tenants' Corp. ("Housing Company"), a New York Limited Profit housing company created pursuant to Article 2 of the Private Housing Finance Law of the State of New York (the "PHFL"), as amended, and a subsidiary of UDC pursuant to Section 12 of the New York State Urban Development Corporation Act of 1968, as amended (the "UDC Act"), having an office at 1345 Avenue of the Americas, New York, New York 10019.

W I T N E S S E T H :

WHEREAS, in furtherance of the purposes of the UDC Act, UDC has leased certain premises on Roosevelt Island from the City of New York (the "City") pursuant to the Major Lease (hereinafter defined); and

WHEREAS, UDC has undertaken a residential project for approximately 377 units plus related commercial facilities, which project is known as Rivercross and as North Town Phase IV Houses covering parcels of the land more particularly described in Schedule "A" annexed hereto and made a part hereof; and

WHEREAS, UDC leased to North Town Phase IV Houses, Inc. the premises described in Schedule "A" and other premises pursuant to a Ground Lease, dated April 26, 1973, recorded May 9, 1973 in Reel 1973 page 1673 in the Office of the Register of the City of New York (New York County) originally between UDC and North Town Phase IV Houses, Inc., as amended by agreement, dated December 31, 1974 intended to be recorded simultaneously herewith (the "Ground Lease"), which Ground Lease was assigned to Housing Company by instrument of even date herewith; and

WHEREAS, the parties desire to amend the Ground Lease, and, in connection therewith, desire to restate the Ground Lease in its entirety;

NOW, THEREFORE, UDC and Housing Company, in consideration of the mutual agreements herein contained, hereby amend the Ground Lease and restate it in its entirety as follows:

1. Leased Premises.

A. UDC hereby leases to Housing Company and Housing Company hereby leases from UDC all of those certain plots, pieces or parcels of land, located in the County,

City and State of New York, together with the improvements (the "Improvements") located thereon, more particularly described in Schedule "A" annexed hereto and made a part hereof (the "Leased Premises"), subject to:

(1) reservation of an exclusive easement for access and right-of-way in and to, and the use and maintenance of, that portion of the Leased Premises referred to as the Electrical Room (the "Electrical Room") and the Mechanical Room (the "Mechanical Room") (it being expressly understood and agreed that all machinery and equipment from time to time located therein shall be the property of UDC) as more particularly described in Schedule "B" annexed hereto and made a part hereof.

(2) reservation of a non-exclusive easement and right-of-way for access in and to that portion of the Leased Premises known as the AVAC Waste Room;

(3) reservation of a non-exclusive easement for the use of the AVAC Waste Room for the disposal of refuse;

(4) reservation of a non-exclusive easement upon, over, across and through the Leased Premises as may be reasonably necessary to construct, reconstruct, inspect, use, maintain, alter, repair, replace, renew and retain utilities, including, without limitation, all pipes, mains, wires, ducts, cables, lines, conduits and service

connections, and all related apparatus (the "School Utility Lines") for any electricity, gas, steam water, sewage, communications and other utility or facility at any time servicing the school described on pages 3 through 5 of Schedule "A" (the "School"), the Electrical Room or the Mechanical Room, and the right, at UDC's expense, to relocate or expand the School Utility Lines, provided, however, that no such relocation or expansion shall be made which, upon completion, unduly interferes with the operation of the Leased Premises or with the then use and enjoyment of the Leased Premises;

(5) reservation of a non-exclusive easement and right-of-way over and across the Leased Premises for access to the north entrance of the School from the west-promenade of the Leased Premises and for the purpose of using, constructing, reconstructing, inspecting, maintaining, altering, repairing, replacing and retaining the School;

(6) matters described or mentioned in Certificate of Title of the Title Guarantee Company and Pioneer National Title Insurance Company (No. 4119670), dated November 7, 1977, and redated to the date hereof;

(7) the Major Lease; and

(8) the Basic Documents.

B. UDC hereby grants to Housing Company during the term of this Lease the following non-exclusive easements:

(1) an easement to construct, reconstruct, use, maintain, alter, repair, replace, renew and retain supporting columns (the "Columns") in those areas more particularly described in Schedule "C" annexed hereto and made a part hereof;

(2) an easement upon, over, across and through the School to inspect, construct, reconstruct, maintain, alter, repair, replace, renew and retain the Columns;

(3) an easement upon, over, across and through the School to relocate the Columns or construct additional Columns if required to maintain the structural integrity of the Improvements or the Columns, provided that any such relocation or construction does not unduly interfere with the operation of the School or with the then use and enjoyment of the School;

(4) an easement upon, over, across and through the School as may be reasonably necessary to construct, reconstruct, inspect, use, maintain, alter, repair, replace, renew and retain utilities, including, without limitation, all pipes, mains, wires, ducts, cables, lines, conduits and service connections and all related apparatus (the "Utility Lines") for any electricity, gas, steam, water, sewage, communications and any other utility or facility at any time servicing the Leased Premises, and the right, at Housing Company's expense, to relocate or expand the Utility Lines, provided, however, that no such relocation or expansion shall be made without UDC's prior written approval; and

(5) an easement of ingress and egress upon, over, across and through the School as may be reasonably necessary in order to exercise the rights described above.

As used in this Lease, the terms "Improvements" and "Leased Premises" shall include the Columns and the Utility Lines.

Annexed hereto and made a part hereof as Schedule "D" is a map prepared by Gibbs & Hill, Inc., which map shows the Leased Premises, the School, the Electrical Room and the Mechanical Room. The map is included in this Lease for reference only and in no way shall modify the provisions of Schedules "A" through "C" hereof, it being expressly understood and agreed that any conflicts between the map and Schedules "A" through "C" hereof shall be resolved in favor of said Schedules.

2. Definitions.

A. "Annual Shelter Rent" shall mean the total rents received from the occupants of the Improvements or part of the Improvements consisting of Completed Units, less the cost, if any, of providing to such occupants electricity, gas, heat and other utilities.

B. "AVAC" shall have the meaning provided in Paragraph 13D hereof.

C. "AVAC Waste Room" shall have the meaning provided in Paragraph 1A(2) hereof.

D. "Basic Documents" shall mean the Note and Mortgage from Housing Company to UDC and the Operations and Regulatory Agreement, between Housing Company and UDC, each of even date hereunder, as the same may be amended from time to time.

E. "Basic Rent" shall have the maning provided in Paragraph 5A hereof.

F. "Bridge" shall have the meaning provided in ragraph 32A(1) hereof.

G. "Columns" shall have the meaning provided in ragraph 1B(1) hereof.

H. "Commercial Ground Rent" shall have the meaning ovided in Paragraph 5A(2) hereof.

I. "Commercial Space" shall mean any space in the provements used exclusively for professional, commercial business purposes.

J. "Completed Units; Completed Commercial Space" all mean dwelling units in the Improvements or part of the provements and Commercial Space as to which there shall ve been issued by UDC a certificate of completion stating at the Improvements or such part is complete in accordance ch the laws and regulations applicable to projects of UDC, as to which there shall have been issued by New York City its mporary or permanent certificate of occupancy or any other rtificate or license required to permit the occupancy or se of such dwelling units or Commercial Space or such part, whichever shall first have been issued.

K. "Conventionally Financed Housing" shall have the meaning provided in the Major Lease.

L. "Electrical Room" shall have the meaning provided in Paragraph 1A(1) hereof.

M. "Event of Default" shall have the meaning provided in Paragraph 22A hereof.

N. "Improvements" shall have the meaning provided in Paragraph 1A hereof.

O. "Leased Premises" shall have the meaning provided in Paragraph 1A hereof.

P. "Major Lease" shall mean the lease of Roosevelt Island by and among New York City, UDC and UDC's subsidiary, Welfare Island Development Corporation, now known as Roosevelt Island Development Corporation, dated December 23, 1969, as amended from time to time.

Q. "Mechanical Room" shall have the meaning provided in Paragraph 1A(1) hereof.

R. "Middle Income Housing" shall mean the residential units comprising a part of the Improvements.

S. "Rent Adjustment Date" shall have the meaning provided in the Major Lease.

T. "Rent Payment Day" shall mean the tenth (10th) day of each month of each year during the term hereof.

U. "Requirements" shall have the meaning provided in Paragraph 14A hereof.

V. "Residential Ground Rent" shall have the meaning provided in Paragraph 5A(1) hereof.

W. "School" shall have the meaning provided in Paragraph 1A(4) hereof.

X. "School Utility Lines" shall have the meaning provided in Paragraph 1A(4) hereof.

Y. "Streets" shall have the meaning provided in Paragraph 32A(1) hereof.

Z. "Tax Equivalent Adjustment Date" shall mean the thirtieth (30th) anniversary of the issuance of UDC's certificate of completion or of New York City's temporary or permanent certificate of occupancy, whichever shall first have been issued, with respect to each portion of the Improvements consisting of Middle Income Housing.

AA. "Tax Equivalent for Commercial Space" shall mean the then current real estate tax rate for comparable properties in New York City multiplied by the product of the then current assessed valuation (expressed in dollars per square foot of commercial space) for the portion of the Leased Premises used as Commercial Space and the number of square feet of Completed Commercial Space in the Improvements. Such then current rate and assessed valuation for such portion of the Leased Premises shall from time to time be assessed and reassessed by New York City or UDC in the manner then currently in force with respect to like properties when determined and assessed by New York City.

BB. "Tax Equivalent for Conventionally Financed Housing" shall mean the then current real estate tax rate for comparable properties in New York City multiplied by the then current assessed valuation of the Leased Premises. Such then current rate and assessed valuation shall from time to time be determined and assessed and reassessed by New York City or UDC in the manner then currently in force with respect to like properties when determined and assessed by New York City.

CC. "Tax Equivalent for Middle Income Housing" shall mean ten percent (10%) of the Annual Shelter Rent.

DD. "Then Current Ground Rent" shall mean with respect to each portion of the Improvements consisting of housing, a percentage to be determined annually by UDC, but which shall in no event exceed six per cent (6%), of the product of (a) the then current land cost per unit determined by UDC for comparable new housing in New York City for persons and families who can afford conventionally financed and fully taxpaying apartments, times (b) the number of residential units comprising a part of the Improvements; and with respect to any part of the Improvements consisting of Commercial Space, a percentage to be determined annually by UDC, but which shall in no event exceed six per cent (6%), of the product of (x) the then current land cost per square foot determined by UDC for comparable commercial space in New York City times (y) the number of square feet of Commercial Space comprising a part of the Improvements.

EE. "Utility Lines" shall have the meaning provided in Paragraph 1B(4) hereof.

3. Term of Lease.

The term of this Lease commenced on April 26, 1973 and shall expire (unless this Lease shall sooner terminate as provided herein) as midnight, October 1, 2028.

4. Conformity to Basic Documents.

In addition to its obligations under this Lease, Housing Company shall comply with all provisions of the Basic Documents

as such provisions relate to the Leased Premises. If this Lease or any provision hereof conflicts with any provision of the Basic Documents, the Basic Documents shall control.

5. Basic Rent and Time of Payment.

A. For each year of the term of this Lease, Housing Company shall pay to UDC in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of private debts at the office of UDC, or at such place or to such agent as UDC may from time to time designate, a Basic Rent (the "Basic Rent") which shall be equal to the aggregate of the sums set forth in subparagraphs (1) and (2) of this Paragraph 5A:

(1) The sum of (x) a ground rent (the "Residential Ground Rent") equal to the product of $180 multiplied by the number of Completed Units of Middle Income Housing, plus (y) a tax equivalent equal to the Tax Equivalent for Middle Income Housing.

(2) The sum of (x) a ground rent (the "Commercial Ground Rent") equal to the product of $.60 (sixty cents) multiplied by the number of square feet of Completed Commercial Space, plus (y) the Tax Equivalent for Commercial Space.

B. Monthly Installments of the Basic Rent shall be payable on each Rent Payment Day. Housing Company shall deliver to UDC on or before each Rent Payment Day, Housing Company's certified payment statement and pay to UDC the Basic Rent for the period for which Basic Rent is payable on such Rent Payment Day.

6. Adjustment of Basic Rent.

A. On written notice to Housing Company, the Residential Ground Rent may be increased by UDC, at its option, at any time and from time to time after the Rent Payment Day next following the fifth anniversary of the commencement of subway service from Manhattan to Roosevelt Island, to an amount which shall not exceed $340 multiplied by the number of Completed Units of Middle Income Housing, provided such amount does not exceed 110% of the Residential Ground Rent payable immediately prior to such increase, and provided further that if the Residential Ground Rent is increased as aforesaid it may not be increased again before the first anniversary of the date of the last such increase.

B. The Residential Ground Rent and the Commercial Ground Rent each shall be adjusted, on each Rent Adjustment Date, to an amount equal to the Then Current Grount Rent payable immediately prior to such increase, provided, however, that in no event shall the Residential Ground Rent or the Commercial Ground Rent be decreased if the Then Current Ground Rent on such Rent Adjustment Date is less than the Residential Ground Rent or the Commercial Ground Rent.

C. On each Tax Equivalent Adjustment Date the tax equivalent set forth in subparagraph 1(y) of Paragraph 5A hereof shall be increased to an amount equal to the Tax Equivalent for Conventionally Financed Housing in effect immediately prior to such increase.

7. Payment of Charges for Municipal and Public Utilities.

Housing Company shall pay or cause to be paid all rents, rates and charges, excises, levies, license fees, permit fees, and other authorization fees and, except as otherwise herein provided, all other charges of every character which at any time during the term of this Lease may be legally and properly assessed, levied, confirmed or imposed upon the Leased Premises by any entity other than UDC or its successors or assigns. Housing Company also shall pay a pro rata share of any rents, rates, charges, excises, levies, fees or other charges that are assessed, levied, confirmed or imposed upon UDC pursuant to the Major Lease and which Housing Company is not obligated to pay pursuant to the first sentence of this Paragraph 7. Housing Company may contest, by appropriate legal proceedings diligently conducted in good faith and without any cost to UDC, the amount, validity or application of any imposition or any lien, encumbrance or charge against the Leased Premises.

8. Late Charges.

In the event that payment of the Basic Rent or other sums required to be paid by Housing Company to UDC under this Lease, including, without limitation, reimbursement of payments made by UDC under any provision hereof for which UDC is entitled to reimbursement by Housing Company, shall become overdue for five (5) days beyond the date on which they are due and payable as in this Lease provided,

a late charge of 7% per annum (computed on a 365 day year) on the sums so overdue shall become immediately due and payable to UDC as liquidated damages for Housing Company's failure to make prompt payment and said late charges shall be payable by Housing Company, on demand. In the event of nonpayment of any late charges, UDC, in addition to all other rights and remedies, shall have all the rights and remedies provided for herein and by law in the case of nonpayment of rent. No failure by UDC to insist upon the strict performance by Housing Company of Housing Company's obligations to pay late charges shall constitute a waiver by UDC of its right to enforce the provisions of this Paragraph in any instance thereafter occurring. The provisions of this Paragraph 8 shall not be construed in any way to extend any grace or notice periods provided for in Paragraph 22 of this Lease.

9. Insurance.

Housing Company shall obtain and keep in force all such insurance as UDC may require, in the amounts, with such carriers and in such form as UDC may specify. In all insurance policies, Housing Company shall cause UDC, the City and any leasehold mortgagees to be named as additional insureds, as their respective interests may appear. Housing Company shall deliver to UDC a copy of each policy of insurance required by UDC pursuant to this Lease, accompanied by a certificate

of the insurer as to the insurance and effectiveness of the policy and the amount of the coverage with respect to the Leased Premises.

10. Fire or Casualty.

In the event of any damage or loss to the Improvements by fire or other casualty, whether or not insured and whether or not any insurance proceeds are sufficient to meet the cost of repairing or rebuilding, Housing Company, unless otherwise directed by UDC, and subject to UDC's approval as to the kind and quality of repair proposed, at its sole cost and expense shall repair or rebuild the same so as to make the Improvements at least as nearly as possible equal to the condition, quality, character and class of the Improvements existing immediately prior to the occurrence or with such changes or alterations as UDC may direct. UDC shall make available for repairs approved by it, insurance proceeds received by it (as landlord hereunder) from fire or casualty insurance, after deduction of any cost of collection, and Housing Company shall apply all insurance proceeds received by it, to and for the cost of such repairing or rebuilding.

11. Condemnation.

A. Should a court of final jurisdiction determine that any governmental body, agency or other authority may condemn the Leased Premises or any portion thereof, then if, at any time during the term of this Lease, there shall be a total taking or a constructive total taking of the Leased Premises in condemnation proceedings or by any right of

eminent domain, this Lease shall terminate and come to an end as of the date of such condemnation or taking and the Basic Rent and other charges payable by Housing Company hereunder shall be apportioned and paid to the date of such condemnation or taking. For the purposes of this Paragraph, the term "a constructive total taking" shall mean a taking of such scope that the portion of the Leased Premises not so taken is insufficient to permit the restoration of the Improvements so as to constitute a complete, rentable building or buildings, capable of producing a fair and reasonable annual income. The average annual income produced by the Improvements during the five (5) year period immediately preceding such taking shall be deemed to constitute a fair and reasonable annual income for the purposes of this Paragraph. In the event of such total taking or constructive total taking, subject to the rights of the landlord under the Major Lease, the condemnation award will be allocated to UDC and Housing Company according to their respective interests in the Leased Premises immediately prior to such termination of this Lease (as such value shall have been determined in accordance with the provisions of Paragraph 13 of the Major Lease), after payment of any indebtedness secured by mortgages on the Leased Premises.

B. In the event of a taking which is less than a constructive total taking, this Lease shall not terminate and

shall continue in full force and effect without reduction or abatement of the Basic Rent or other charges payable hereunder. In such event, Housing Company will receive, subject to the rights of the holder of any mortgage on the Leased Premises, a portion of the condemnation award equal to the fair market value of the Leased Premises unimproved and unencumbered by this Lease. That portion of the condemnation award granted for the restoration of the Improvements, plus so much thereof as shall represent compensation for the portion of the Improvements so taken, shall be payable to Housing Company in trust or to the holder of any mortgage on the Leased Premises, for the purpose of restoring, repairing, replacing or rebuilding the Improvements, and Housing Company shall proceed with due diligence to restore, repair, replace or rebuild the remaining part of the Improvements to substantially its former condition or with such changes or alterations as UDC may direct.

C. If the whole or any portion of the Leased Premises shall be taken in condemnation proceedings or by any right of eminent domain for temporary use or occupancy, then this Lease shall remain in full force and effect without abatement of the Basic Rent or other charges payable hereunder.

12. Assignment, Subletting and Mortgaging.

A. This Lease, or the interest of Housing Company in this Lease, shall not be assigned, mortgaged or encumbered by Housing Company, nor shall Housing Company sublet the

Leased Premises as an entirety or substantially as an entirety, without the prior written consent of UDC in each case.

B. If Housing Company shall mortgage this Lease in compliance with the provisions hereof, UDC shall give to the holder of such mortgage, at the address provided by such holder, a copy of each notice of Default by Housing Company at the same time as, and whenever, any such notice of Default shall thereafter be given by UDC to Housing Company, and no such notice of Default by UDC shall be deemed to have been duly given to Housing Company unless and until a copy thereof shall have been so given to the holder of the mortgage. The holder of the mortgage (1) shall thereupon have a period of ten (10) days more, after such notice is given to it, for remedying the Default, or causing the same to be remedied, or causing action to remedy a default to be commenced, than is given Housing Company after such notice is given to it, and (ii) shall, within such period and otherwise as herein provided, have the right to remedy such Default, cause the same to be remedied or cause action to remedy a Default to be commenced. UDC will accept performance by the holder of the mortgage of any covenant, condition or agreement on Housing Company's part to be performed hereunder with the same force and effect as though performed by Housing Company. Notwithstanding the foregoing, no Default by Housing Company shall be deemed to exist as long as the holder of the mortgage

shall, in good faith, have commenced promptly either (i) to cure the Default and to prosecute the same to completion, or (ii) if possession of the Leased Premises is required in order to cure the Default, to institute foreclosure proceedings and obtain possession directly or through a receiver, to prosecute such proceedings with diligence and continuity and, upon obtaining such possession, to commence promptly to cure the Default and to prosecute the same to completion with diligence and continuity, provided, however, that the holder of the mortgage shall have delivered to Housing Company, in writing, its agreement to take the action described in clause (i) or (ii) herein, and that during the period in which such action is being taken (and any foreclosure proceedings are pending) all of the other obligations of Housing Company under this Lease, to the extent they are susceptible of being performed by the holder of the mortgage, are being duly performed. However, at any time after the delivery of the aforementioed agreement, the holder of the mortgage may notify UDC, in writing, that it has relinquished possession of the Leased Premises or that it will not institute foreclosure proceedings or, if such proceedings have been commenced, that it has discontinued them, and in such event the holder of the mortgage shall have no further liability under such agreement from and after the date it delivers such notice to UDC (except for any obligations accruing

prior to the date it delivers such notice), and thereupon UDC shall have the unrestricted right to terminate this Lease and to take any other action it deems appropriate by reason of any Default by Housing Company.

C. No holder of any mortgage shall become liable under the provisions of this Lease unless and until such time as it becomes, and then only for as long as it remains, the owner of the leasehold estate created hereby.

13. Use: Care of Premises.

A. Housing Company shall use and occupy the Leased Premises in accordance with the Basic Documents, and shall not use or occupy the Leased Premises or permit the same to be used or occupied other than for lawful purposes, or for a purpose or in a manner likely to cause structural injury thereto or for any dangerous or noxious trade or business.

B. Housing Company, at its sole cost and expense, throughout the term of this Lease, shall take good care of the Leased Premises, including, without limiting the generality of the foregoing, the Improvements, roofs, foundations and appurtenances thereto, all sidewalks, grounds, landscaped areas, parking facilities, plazas, areas, vaults, chutes, sidewalk hoists, railings, gutters, alleys and curbs in front of or adjacent to the Leased Premises, water, sewer and gas connections, pipes and mains, and all other fixtures, machinery and equipment, and shall put, keep and maintain the Improvements in good and safe order and condition, and make all

repairs therein and thereon, interior and exterior, structural and nonstructural, ordinary and extraordinary, and unforeseen and foreseen, necessary to keep the same in good and safe order and condition, howsoever the necessity or desirability therefor may occur, and whether or not necessitated by wear, tear, obsolescence or defects, latent or otherwise. Housing Company shall not commit or suffer, and shall use all reasonable precaution to prevent, waste, damage or injury to the Leased Premises. When used in this Paragraph 13B, the term "repairs" shall include all necessary replacements, renewals, alterations and additions. All repairs made by Housing Company shall be equal in quality and class to the original construction of the Improvements and shall be made in compliance with applicable laws, regulations and rules of governmental authorities having jurisdiction over the Leased Premises, and the New York Board of Fire Underwriters or any successor thereto.

C. Housing Company shall not demolish, replace or materially alter the Improvements, or any part thereof, or make any addition thereto or construct any additional buildings on the Leased Premises, without UDC's prior written approval. It is expressly understood and agreed that any temporary or permanent alteration of any kind whatsoever to the facade or exterior of the Improvements shall be deemed to be a material alteration to the Improvements.

D. (1) Housing Company agrees that any work undertaken by it in connection with the exercise of Housing Company's rights under Paragraph 1B of this Lease shall be performed as

expeditiously as reasonable possible, in a time and manner which interferes as little as reasonably possible with the School or the then use and enjoyment of the School, and otherwise in accordance with all of the terms and conditions of this Lease.

(2) In the event of any damage or destruction to the School caused by Housing Company in connection with the easements granted to Housing Company under Paragraph 1B of this Lease, Housing Company agrees, at Housing Company's sole cost and expense, to repair and restore the School or any portion thereof so damaged or destroyed as nearly as possible to its condition prior to such damage or destruction. Any work undertaken by Housing Company in connection with such repair or restoration shall be performed as expeditiously as reasonably possible, in a time and manner which interferes as little as reasonably possible with the School or the then use and enjoyment of the School. In addition, Housing Company agrees that in the event any liens are filed with respect to the School in connection with Housing Company's work therein or thereon, Housing Company shall discharge and remove such liens as a matter of record by bonding, deposit or otherwise, within forty-five (45) days after actual notice thereof to Housing Company.

E. Housing Company, at its sole cost and expense, shall dispose of, and remove from the Leased Premises, all refuse in such manner and pursuant to such agreements, if any, as UDC, in its sole and absolute discretion, shall approve. If the City does not maintain the central pneumatic collection system (the "AVAC") serving the Leased Premises, and UDC desires that the AVAC be maintained, UDC, at its

option, may cause the AVAC to be maintained and may charge Housing Company a proportionate share of the cost of maintaining the AVAC based upon the number of apartment units in the Improvements and the number of apartments on Roosevelt Island, and Housing Company agrees to pay such charge, as additional rent under this Lease.

F. Housing Company, at its sole cost and expense, also shall keep clean and free from dirt, snow, ice, rubbish, obstructions and encumbrances, the sidewalks, grounds, landscaped areas, parking facilities, plazas, areas, vaults, chutes, sidewalk hoists, railings, gutters, alleys and curbs comprising, in front of or adjacent to, the Leased Premises.

G. UDC shall not be required to furnish any services, utilities or facilities whatsoever to the Leased Premises. Except as provided in Paragraph 19 of this Lease, UDC shall have no duty or obligation to make any alteration, change, improvement, replacement or repair to, or to demolish, the Improvements. Housing Company assumes the full and sole responsibility for the condition, operation, repair, alteration, improvement, replacement, maintenance and management of the Leased Premises, except as provided in Paragraph 19 of this Lease.

14. Requirements of Public Authorities and of Insurance Underwriters and Policies.

A. Housing Company, at its sole cost and expense, promptly shall comply with any and all present and future

laws, rules, orders, ordinances, regulations, statutes and requirements (hereinafter in this Paragraph collectively called "Requirements") irrespective of the nature of the work required to be done, extraordinary as well as ordinary, of federal, state, city, county, borough or other governmental, public or quasi-public authorities which may now or hereafter have jurisdiction over the Leased Premises and of any applicable Fire Rating Bureau or other body exercising similar functions, affecting the Leased Premises, or any street, avenue and/or sidewalk comprising a part or in front thereof and/or any vault in or under the same, or requiring the removal of any encroachment, or affecting the maintenance, use or occupation of the Leased Premises, whether or not the same involve or require any structural change or additions in or to the Leased Premises, and irrespective of whether or not such changes or additions be required on account of any particular use to which the Leased Premises, or any part thereof, may be put; and Housing Company also shall comply with any and all provisions and requirements of any insurance policy or policies required to be carried by Housing Company under the provisions of this Lease.

B. Housing Company shall have the right to contest the validity of any Requirements or the application thereof at Housing Company's sole cost and expense. During such contest, compliance with any such contested Requirements

may be deferred by Housing Company upon condition that, before instituting any such proceedings, Housing Company shall furnish to UDC a surety company bond, a cash deposit or other security satisfactory to UDC, securing compliance with the contested Requirements and payment of all interest, penalties, fines, fees and expenses in connection therewith. Any such proceeding instituted by Housing Company shall be begun as soon as is reasonably possible after the issuance of any such contested matters and shall be prosecuted to final adjudication with reasonable dispatch. Notwithstanding the furnishing of any bond, deposit or security, Housing Company shall promptly comply with any such Requirements and compliance shall not be deferred if at any time the Leased Premises, or any part thereof, shall be in danger of being forfeited or lost or if UDC shall be in danger of being subjected to criminal liability or penalty by reason of noncompliance therewith or if any mortgage then a lien on the Leased Premises would by reason of any such contest or delay, in the judgment of UDC, be in danger of being put in default. UDC agrees that it shall cooperate with Housing Company in any such contest to such extent as Housing Company may reasonably request, it being understood, however, that UDC shall not be subject to any liability for the payment of any costs or expense in connection with any proceeding brought by Housing Company and Housing Company covenants to indemnify and save UDC harmless from any such costs or expenses.

15. Discharge of Liens.

A. Notice is hereby given that UDC shall not be liable

for any work performed or to be performed at the Leased Premises for Housing Company or any subtenant, licensee, concessionaire or other occupant or for any materials furnished or to be furnished at the Leased Premises for any of the foregoing, and that no mechanic's or other lien for any such work or materials shall attach to or affect the interest of UDC in and to the Leased Premises. Whenever and as often as any mechanic's lien shall have been filed against the Leased Premises, based upon any act or interest of Housing Company or of anyone claiming through Housing Company, or if any title retention agreement, conditional bill of sale or chattel mortgage shall have been filed for or affecting any materials, machinery or fixtures used in the repair or operation thereof or annexed thereto by Housing Company or its successors in interest, Housing Company shall forthwith take such action by bonding, deposit or payment as will remove or satisfy the lien, title retention agreement, conditional bill of sale or chattel mortgage, and if Housing Company shall fail to take such action for forty-five (45) days after notice to Housing Comapny, UDC may pay the amount of such mechanic's lien, title retention agreement, conditional bill of sale or chattel mortgage, or discharge the same by deposit or bonding and any amount paid by UDC in connection therewith, with interest thereon, shall be deemed rent reserved under this Lease, and shall be payable forthwith with interest at the rate of seven per centum (7%) per annum from the date of such advance, and with the same remedies to UDC as in case of default in the payment of rent.

B. Housing Company shall have no power to do any act or make any contract which may create or be the foundation for any lien, mortgage or other encumbrance upon the School or the reversion or other estate or funds of UDC, or of any interest of UDC in the Leased Premises.

C. Housing Company covenants and agrees that it will not create or permit to be created any condition or do or permit to be done any act or thing which may be prohibited by the terms of any mortgage affecting the Leased Premises, and that at its sole cost and expense it shall comply with all of the terms, covenants and conditions thereof.

16. No Representations by UDC.

Housing Company accepts the Leased Premises in the existing condition and state of repair, and Housing Company agrees that no representations, statements or warranties, express or implied, have been made by or on behalf of UDC in respect of the Leased Premises or the physical condition thereof, that Housing Company has relied on no such representations, statements or warranties, and that UDC shall in no event whatsoever be liable for any latent or patent defects in the Leased Premises.

17. UDC Not Liable for Injury or Damage, Etc.

A. UDC shall not in any event whatsoever be liable for any injury or damage to property or to any person happening on, in or about the Leased Premises and its appurtenances, nor for any injury or damage to the Leased Premises or to any

property belonging to Housing Company or any other person which may be caused by any fire or breakage, or by the use, misuse or abuse of any of the elevators, hatches, openings, installations, stairways or hallways, or which may arise from any other cause whatsoever.

B. UDC shall not be liable for any failure of water supply, gas or electric current, nor for any injury or damage to any property or any person or to the Leased Premises caused by or resulting from gasoline, oil, steam, gas, electricity, or hurricane, tornado, flood, wind or similar storms or disturbances, or water, rain or snow which may leak or flow from the street, sewer, gas mains or subsurface area or from any part of the Leased Premises, or leakage of gasoline or oil from pipes, appliances, sewer or plumbing works therein, or from any other place, nor for interference with light or other incorporeal hereditaments by anybody, or caused by any public or quasi-public work, unless any of the foregoing results from a negligent act or omission of UDC.

18. Indemnity.

Housing Company shall not do or permit any act or thing upon the Leased Premises which may subject UDC or the landlord under the Major Lease to any liability by reason of any violation of law, but shall exercise such reasonable control over the Leased Premises and the Improvements thereon as to protect UDC and such landlord notwithstanding that joint or concurrent liability may be imposed upon UDC or

such landlord by statute, ordinance, rule, regulation or order. Housing Company shall indemnify and hold harmless UDC and such landlord from and against any and all liability, suits, claims, demands, actions, judgments, costs and expenses, to the extent that any of the sums are not covered by insurance maintained by Housing Company arising from conduct on or management of or from any work or thing whatsoever done in or on the Leased Premises or out of any breach, violation or nonperformance of any of Housing Company's covenants or conditions of this Lease, by damage to property or any injury to person or persons occasioned by Housing Company's use and occupancy of the Leased Premises or by any use or occupancy which Housing Company may permit or suffer to be made thereof. Should Housing Company be required to defend any action or proceeding to which UDC or such landlord is made a party, UDC or such landlord may appear, defend or otherwise take part in such action or proceeding at its election by counsel of its own choosing, provided such action by UDC or such landlord does not limit or make void any liability of any insurer of UDC or Housing Company with respect to the claim in such action. Housing Company's liability hereunder shall be reduced by the net proceeds actually collected by reason of any insurance maintained by Housing Company for UDC's or such landlord's benefit.

19. UDC's Right of Inspection and Repair Obligations.

A. Housing Company shall permit UDC and its agents or representatives to enter the Leased Premises at all reasonable times for the purpose of (a) inspecting the same, and (b) making any necessary repairs thereto and performing any work therein that may be necessary by reason of Housing Company's failure to make any such repairs or perform any such work.

B. Nothing in this Paragraph or elsewhere in this Lease shall imply any duty upon the part of UDC to make any such repairs or do any such work, and performance thereof by UDC shall not constitute a waiver of Housing Company's default in failing to perform the same. UDC, during the progress of any such repairs or work, may keep and store at the Leased Premises all necessary materials, tools, supplies and equipment. UDC shall not be liable for inconvenience, annoyance, disturbance, loss of business or other damage of Housing Company or any subtenant, licensee, concessionaire or other occupant by reason of making such repairs or the performance of any such work, or on account of bringing materials, tools, supplies and equipment into the Leased Premises during the course thereof and the obligations of Housing Company under this Lease shall not be affected thereby.

C. UDC shall have the right to enter the Leased Premise at all reasonable times during usual business hours for the purpose of showing same to prospective purchasers or mortgagees thereof and, at any time during usual business hours within ~~fifteen (15) months~~ prior to the expiration of the term of this Lease, for the purpose of showing the same to prospective tenants

D. Anything contained in this Lease to the contrary notwithstanding, UDC, at its sole cost and expense, shall take good care of the School Utility Lines, the Electrical Room and the Mechanical Room and shall put, keep and maintain the same in good and safe order and condition, and make all repairs therein and thereon, structural and nonstructural, ordinary and extraordinary, and unforeseen and foreseen, necessary to keep the same in good and safe order and condition, howsoever the necessity or desirability therefor may occur, and whether or not necessitated by wear, tear, obsolescence or defects, latent or otherwise. UDC also shall make any repairs to the AVAC Waste Room which are necessitated by the use contemplated by the reservation contained in Paragraph 1A(5) hereof. When used in this Paragraph 13D, the term "repairs" shall include all necessary replacements, renewals, alterations and additions. All repairs made by UDC shall be equal in quality and class to the original construction and shall be made in compliance with applicable laws, regulations and rules of governmental authorities having jurisdiction over the Leased Premises, and the New York Board of Fire Underwriters or any successor thereto.

E. UDC agrees that any work undertaken by it in connection with the exercise of UDC's rights under Paragraph 1A(6) hereof or of UDC's obligations under Paragraph 19D hereof shall be performed as expeditiously as reasonably possible, in a time and manner which interferes as little as reasonably possible with the Leased Premises or the then use and enjoyment of the Leased Premises. In the event of any damage or destruction to

the Leased Premises caused by UDC in connection with the reservations contained in Paragraph 1A of this Lease, UDC, at its sole cost and expense, shall repair and restore the Leased Premises or any portion thereof so damaged or destroyed as nearly as possible to its condition prior to such damage or destruction. Any work undertaken by UDC in connection with such repair or restoration shall be performed as expeditiously as reasonably possible, in a time and manner which interferes as little as possible with the Leased Premises or the then use and enjoyment of the Leased Premises. In addition, UDC agrees that in the event any liens are filed with respect to the Leased Premises in connection with UDC's work therein or thereon, UDC shall discharge and remove such liens as a matter of record by bonding, deposit or otherwise, within forty five (45) days after actual notice thereof to UDC.

F. UDC covenants and agrees that it will not create or permit to be created any condition or do or permit to be done any act or thing which may be prohibited by the terms of any mortgage affecting the Leased Premises.

G. Housing Company shall not in any event whatsoever be liable for any injury or damage to property or to any person which may arise in connection with the exercise of the easements reserved in Paragraph 1A of this Lease or the exercise by UDC of its obligations

under this Paragraph 19, or for any injury or damage to the Electrical Room, Mechanical Room or to any property belonging to UDC located therein, unless the same are caused by the misconduct or negligence of Housing Company.

H. If UDC at any time shall fail to perform any act on its part to be made or performed pursuant to this Paragraph 19, then Housing Company may (but shall be under no obligation to) perform any such act. All costs and expenses incurred by Housing Company in connection with the performance of any such act shall be paid by UDC to Housing Company on demand.

20. UDC's Right to Perform Housing Company's Covenants.

A. If Housing Company at any time shall fail to pay any sums, costs, expenses, charges, payments or deposits payable by Housing Company hereunder, or perform any other act on its part to be made or performed, then UDC, without waiving or releasing Housing Company from any obligation of Housing Company contained in this Lease, may (but shall be under no obligation to) pay any sums, costs, expenses, charges, payments or deposits payable by Housing Company hereunder, or perform any other act on Housing Company's part to be made or performed as in this Lease provided, and may enter upon the Leased Premises for the purpose and take all such action thereon as may be necessary therefor.

B. All sums so paid by UDC and all costs and expenses incurred by UDC in connection with the performance of any such act shall be paid by Housing Company to UDC on demand. Any payment or performance by UDC pursuant to the foregoing provisions of this Paragraph shall not be nor be deemed to be a waiver or release of the breach or default of Housing Company with respect thereto or of the right of UDC to terminate this Lease, institute summary proceedings and/or take such other action as may be permissible hereunder in the event of a default by Housing Company. UDC shall not be limited, in the proof of any damages which UDC may claim against Housing Company arising out of or by reason of Housing Company's failure to provide and keep in force insurance as required by Paragraph 9 of this Lease, to the amount of the insurance premium or premiums not paid, but UDC also shall be entitled to recover, as damages for such breach, the uninsured amount of any loss or damages, costs and expenses of suite, including reasonable attorneys' fees, suffered or incurred by reason of damage to or destruction of the Leased Premises.

21. No Abatement of Rental.

There shall be no abatement, diminution or reduction of the Basic Rent or other sums, costs, expenses, charges,

payments or deposits payable by Housing Company hereunder or of the other obligations of Housing Company hereunder under any circumstances.

22. Default by Housing Company.

A. Each of the following events shall be an "Event of Default" hereunder:

(1) if Housing Company shall fail to perform any of its obligations under any of the Basic Documents;

(2) if Housing Company shall fail to perform any of its obligations under the lease, dated as of the date hereof, between Housing Company and UDC for Commercial Space beyond any applicable grace periods provided therein;

(3) if Housing Company shall fail to pay any installment of the Basic Rent or any part thereof, together with the late charge provided in Paragraph 8 of this Lease;

(4) if Housing Company shall fail to make any other payment required to be paid by Housing Company hereunder for a period of ten (10) days after notice from UDC; or

(5) if Housing Company shall fail to observe or perform one or more of the other terms, conditions, covenants or agreements of this Lease and such failure shall continue for a period of ten (10) days after written notice by UDC specifying such failure (unless such failure requires work to be performed, acts to be done, or conditions to be removed which cannot by their nature reasonably be performed, done or removed, as the case may be, within such ten (10) day

period, in which case no default shall be deemed to exist as long as Housing Company shall have commenced curing the same within such ten (10) day period and shall diligently and continuously prosecute the same to completion).

B. If an Event of Default shall occur, UDC, at any time thereafter may, at its option, give written notice to Housing Company stating that this Lease and the term hereby demised shall expire and terminate on the date which is thirty (30) days next following the date of service of such notice, and upon the date specified in such notice, this Lease and the term hereby demised and all rights of Housing Company under this Lease shall expire and terminate as if that date were the date herein definitely fixed for the termination of the term of this Lease, and Housing Company shall quit and surrender the Leased Premises to UDC.

C. If this Lease shall be terminated as hereinbefore provided, UDC, without notice, may reenter and repossess the Leased Premises by summary proceedings or using such force for that purpose as may be necessary without being liable to indictment or prosecution or damages therefor, and take and have again the Leased Premises and every part thereof, free, clear and discharged of this Lease, and of all the rights of Housing Company hereunder.

23. Notices.

Any notice, demand or request, which under the terms of this Lease or any statute must or may be given or

made by the parties hereto, shall be in writing, and shall be given by mailing same by registered or certified mail (return receipt requested) addressed to UDC as follows: General Manager, New York State Urban Development Corporation, 1345 Avenue of the Americas, New York, New York 10019; and to Housing Company as follows: Rivercross Tenants' Corp., 1345 Avenue of the Americas, New York, New York 10019. Any notice given hereunder shall be deemed delivered when deposited in a United States general or branch post office, enclosed in a registered or certified prepaid wrapper, addressed as hereinbefore provided. Any such address may be changed from time to time upon notice given by the addressee in the manner herein provided.

24. Subordination.

This Lease is subject and subordinate to the Major Lease and to all mortgages which may now or hereafter affect the Major Lease or the Leased Premises and to all renewals, modifications, consolidations, replacements and extensions of the Major Lease and such mortgages. The provisions of this Paragraph shall be self-operative and no further instrument of subordination shall be required by the landlord under the Major Lease or by any mortgagee to effect such provisions. In confirmation of such subordination, Housing Company shall execute promptly any certificate that UDC may request.

25. Excavations and Shoring.

If any excavation shall be made or contemplated to be made for building or other purposes upon property adjacent to

the Leased Premises, Housing Company either

(a) shall afford to the person or persons causing or authorized to cause such excavation the right to enter upon the Leased Premises for the purpose of doing such work as such person shall consider to be necessary to preserve any of the walls or structures thereof from injury or damage and to support the same by proper foundations, or

(b) shall do or cause to be done all such work, at Housing Company's expense, as may be necessary to preserve any of the walls or structures of the Leased Premises from injury or damage and to support the same by proper foundations. Housing Company shall not, by reason of any such excavation or work, have any claim against UDC for damages or for indemnity or for suspension, diminution, abatement, or reduction of the Basic Rent or any other sum, cost, expense, charge, payment or deposit payable by Housing Company hereunder.

26. Certificates by UDC and Housing Company.

A. Housing Company agrees at any time and from time to time upon not less than ten (10) days' prior notice by UDC or the holder of any mortgage affecting the Leased Premises to execute, acknowledge and deliver to UDC or the holder of such mortgage or any other party specified by UDC or by the holder of such mortgage a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications) and the dates to which the Basic Rent and other sums, costs, expenses, charges, payments or deposits payable by Housing Company hereunder have been paid and stating whether or not to the best knowledge of the signer of such certificate UDC is in default in performance of any covenant, agreement or condition contained in this Lease and, if so, specifying each such default of which the signer may have knowledge.

B. UDC agrees at any time and from time to time upon not less than ten (10) days' prior notice by Housing Company to execute, acknowledge and deliver to Housing Company a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there shall have been modifications, that the same is in full force and effect as modified and stating the modifications) and the date to which the Basic Rent and other sums, costs, expenses, charges, payments or deposits payable by Housing Company hereunder have been paid, and stating whether or not to the best knowledge of the signer of such certificate Housing Company is in default in the performance of any covenant, agreement or condition contained in this Lease, and, if so, specifying each such default of which the signer may have knowledge.

27. UDC's Consents.

It is understood and agreed that the granting of any consent by UDC to Housing Company to perform any act of Housing Company requiring UDC's consent under the terms of this Lease, or the failure on the part of UDC to object to any such action taken by Housing Company without UDC's consent, shall not be deemed a waiver by UDC of its rights to require such consent for any further similar act by Housing Company, and Housing Company hereby expressly covenants and warrants that as to all matters requiring UDC's consent under the terms of this Lease, Housing Company shall secure such consent for each and every happening of the event requiring such consent, and shall not claim any waiver on the part of UDC of the requirement to secure such consent.

28. No Waiver

Failure of any party to insist upon a strict performance of any of the covenants and conditions hereof shall not be deemed a waiver of any rights or remedies that such party may have and shall not be deemed a waiver by such party of any subsequent breach or default. This Lease may not be changed orally, but only by an instrument in writing signed by the party against whom enforcement or change is sought.

29. Quiet Enjoyment.

UDC covenants that, subject to the provisions of this Lease, Housing Company upon paying the Basic Rent and all other charges herein provided for and upon observing and keeping all of the covenants, agreements and provisions of this Lease on its part to be observed and kept, shall lawfully and quietly hold, occupy and enjoy the Leased Premises during the term of this Lease without hindrance or molestation by or from anyone.

30. Surrender of the Leased Premises; Successors and Assigns.

Upon the expiration or earlier termination of this Lease, Housing Company shall peacefully vacate and surrender to UDC the Leased Premises in good order, condition and repair, reasonable wear and tear excepted. The terms of this Lease shall, subject to the terms hereof, bind and inure to the benefit of UDC, its successors and assigns, and Housing Company, its successors and assigns. UDC, as used in this Lease (other than in Paragraphs 21, 2P, 2Z, 2AA, 2BB, 13E, 32 and 33 hereof),

shall mean only the owner or lessor at the time in question of the Leased Premises, so that in the event that UDC ceases to have any interest in the Leased Premises or there is any sale or sales, assignment or assignments or transfer or transfers of the Leased Premises, the Seller, assignor or transferor shall be and hereby is entirely freed and relieved of all agreements, covenants and obligations of UDC hereunder, and it shall be deemed and construed without further agreement between the parties or their successors in interest or between the parties and the grantee, assignee or transferee who acquires, leases or owns the Leased Premises, including, without limitation, the purchaser, assignee or transferee on any such sale, assignment or transfer, that such grantee, assignee or transferee has assumed and agreed to carry out any and all agreements, covenants and obligations of UDC hereunder accruing from and after the date of such acquisition, sale, assignment or transfer. As used in Paragraphs 2J, 2P, 2Z, 2AA, 2BB, 13E, 32 and 33 of this Lease, UDC shall mean only the lessee, at the time in question, under the Major Lease. Whenever this Lease and the leasehold estate hereby created shall be assigned or transferred in accordance with the terms of and in the manner specifically permitted by this Lease, then from and after such assignment or transfer and until the next permitted assignment or transfer, Housing Company, as used in this Lease, shall mean the permitted assignee or transferee.

31. Nondiscrimination.

Paragraph 26 of the Major Lease is hereby incorporated into this Lease, and all obligations of UDC under such paragraph with respect to the Leased Premises are made applicable to Housing Company.

32. Access to the Leased Premises.

A. UDC hereby grants unto (i) Housing Company and its successors and assigns, (ii) the tenant-shareholders of Housing Company, their successors and assigns and their respective families, visitors, guests, employees and servants, and (iii) the tenant-shareholders, if any, of the successors and assigns of Housing Company and their respective families, visitors, guests, employees and servants, during the term of this Lease, the following non-exclusive easements and rights-of-way:

(1) easement and right-of-way for the passage of pedestrian traffic over all streets, roads or avenues (collectively the "Streets") running between the Leased Premises and other improvements constructed on Roosevelt Island which are now open, or which may hereafter be opened, including, without limitation, an easement of ingress and egress over Main Street to and from the Leased Premises and the bridge connecting Roosevelt Island to the Borough of Queens (the "Bridge") and the tramway connecting Roosevelt Island to the Borough of Manhattan;

(2) easement and right-of-way for the passage of bicycles, baby carriages, shopping carts, velocipedes, strollers, and other items of a similar nature, over all Streets, subject to such reasonable rules and regulations which may from time to time be enached by UDC and/or Roosevelt Island Development Corporation; and

(3) easement of ingress and egress over Main Street to and from the Leased Premises and the Bridge for the passage of motor vehicles (other than motor vehicles used in connection with the construction, maintenance and repair of the Leased Premises as hereinafter provided), subject to such prohibitions, rules and regulations which may from time to time be enacted by UDC and/or Roosevelt Island Development Corporation.

B. UDC hereby grants unto Housing Company and its successors and assigns an easement of ingress and egress over Main Street to and from the Leased Premises and the Bridge for the passage of pedestrians and motor vehicles in connection with the construction, maintenance and repair of the Leased Premises, subject to such prohibitions, rules and regulations which may from time to time be enacted by UDC and/or Roosevelt Island Development Corporation.

C. UDC agrees that it will maintain any of the Streets (1) which are not dedicated to the City, or (2) the maintenance of which has not been assumed by the City, in good and safe state of repair and in a clean and orderly condition.

33. Security Services

Throughout the term of this Lease, Housing Company sha pay to UDC a portion of the cost of providing security services

on Roosevelt Island (if UDC elects to furnish or cause to be furnished such security services) equal to the lesser of (a) the cost of providing the services allocable to Housing Company based upon the ratio of the number of apartments in the Improvements to the total number of apartments on Roosevelt Island, and (b) the actual cost of maintaining security guards for thirty-three (33) eight hours shifts per week. In no event, however, shall Housing Company be required to pay in excess of $40,000 for security services from the date of this Lease through the first anniversary of the date of this Lease and $50,000 from the second anniversary of the date of this Lease through the third anniversary of the date of this Lease. In consideration for the payment of a portion of the cost of security services, UDC agrees that Housing Company and its residents shall be provided certain security services in areas on Roosevelt Island accessible to the public, the Roosevelt Island security force shall be available in case of emergencies in such public areas and within the Improvements, and the Improvements' television security system shall be connected with the Roosevelt Island central security system as long as such system is in operation.

34. Invalidity of Certain Provisions.

If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease,

or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

35. Recording of Memorandum.

UDC and Housing Company, upon the written request of the other, shall join in the execution of a memorandum of lease in proper form for recordation.

36. Non-Merger.

It is intended that this Lease shall not cause, nor result in, a merger of the interests of UDC as the landlord under this Lease and the holder of the mortgage on the Leased Premises, and that such interests shall remain separate and distinct. Any payments made by Housing Company to UDC shall be applied first to any payments due to UDC under this Lease, and then to any payments due under any mortgage made by Housing Company and held by UDC.

37. Miscellaneous.

A. The captions of this Lease are for convenience of reference only and in no way define, limit or describe the scope or intent of this Lease or in any way affect this Lease.

B. The Table of Contents is for the purpose of convenience of reference only and is not to be deemed or construed in any way as part of this Lease or as supplemental thereto or amendatory thereof.

C. If more than one party is named as or becomes Housing Company hereunder, UDC may require the signatures of all such parties in connection with any notice to be given or action to be taken by Housing Company hereunder. Each party named as Housing Company shall be fully liable for all of Housing Company's obligations hereunder. Any notice by UDC to any party named as Housing Company shall be sufficient and shall have the same force and effect as though given to all parties named as Housing Company.

D. The liability of UDC hereunder for damages or otherwise shall be limited to the Leased Premises including, without limitation, the proceeds of any insurance policies covering or relating to the Leased Premises, any awards payable in connection with any condemnation of the Leased Premises or any part thereof, and any other rights, privileges, licenses, franchises, claims, causes of action or other interests, sums or receivables appurtenant to the Leased Premises. UDC shall have no personal liability beyond its interest therein and no other property or assets of UDC shall be subject to levy, execution or other enforcement procedure for the satisfaction of Housing Company's remedies.

E. If, at any time, an entity in the form of a joint venture, co-partnership, tenancy-in-common, unincorporated association, or a group of such entities, constitutes Housing Company (or is a part thereof), then UDC shall look solely to such entity's assets including, without limitation, said entity's estate and

interest in the Leased Premises (and any rents, issues, profits and proceeds thereof) for the satisfaction of UDC's remedies for the collection of a judgment (or other judicial process) arising out of or relating to this Lease, and no property or assets of individuals comprising such entity other than their interest in such entity shall be subject to levy, execution, or other enforcement procedure for the satisfaction of UDC's remedies.

F. This Lease cannot be changed or terminated orally, but only by an instrument in writing executed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

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

38. Entire Agreement.

This Lease contains all the promises, agreements, conditions, inducements and understandings between UDC and Housing Company relative to the Leased Premises, there are no promises, agreements, conditions, understandings, inducements, warranties or representations, oral or written, expressed or implied, between them other than as herein set forth and this Lease supersedes any prior agreements, including, but not limited to, the Ground Lease, with respect to the leasing of the Leased Premises.

IN WITNESS WHEREOF, UDC and Housing Company have

executed this instrument this 30th day of November, 1977.

NEW YORK STATE URBAN DEVELOPMENT CORPORATION

By _____
Executive (Vice) President

RIVERCROSS TENANTS' CORP.

By _____
~~(Vice)~~ President

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

On this 30th day of November, 1977, before me personally came Robert T. Connor, who being by me duly sworn did depose and say that he resides at 27-12 21st St Bayside NY; that he is the Executive Vice President of New York State Urban Development Corporation, the corporation described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

Arthur Leepson
Notary Public

ARTHUR LEEPSON
Notary Public, State of New York
No. 31-4608126
Qualified in New York County
Commission Expires March 30, 1979

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

On this 30th day of November, 1977, before me personally came Christine A. Flynn, who being by me duly sworn did depose and say that he resides at 175 Riverside Drive, New York, N.Y. ; that she is the President of Rivercross Tenants' Corp., the corporation described in and which executed the foregoing instrument; that she knows the seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that she signed her name thereto by like order.

Arthur Leibson

Notary Public

ARTHUR LEIBSON
Notary Public, State of New York
No. 31-4509126
Qualified in New York County
Commission Expires March 30, 1979

Schedule "A"

The real property known as Parcel 6 located on Roosevelt Island (formerly Welfare Island), County and State of New York, more particularly described as follows:

Beginning at a point, said point being the southwesterly corner of Parcel 4 and 5 and also the intersection of the easterly line of the West Promenade with the southerly line of Parcel 4 and 5 and having a coordinate of N 13,888.20, E 17,375.45, said point of beginning being also S 36° 46' 40" W a distance of 980.32 feet from a monument designated as SJR- 4 and having a coordinate of N 14673.40, E 17962.39, all coordinates refer to the Local Coordinate System described herein below; and running thence, along the southerly line of Parcel 4 and 5 and the southerly line of Church Plaza the following 9 courses:

(1) S 55° 49' 22" E a distance of 179.78'to a point; thence

(2) S 34° 10' 38" W a distance of 35.96'to a point; thence

(3) S 55° 49' 22" E a distance of 30.00'to a point; thence

(4) N 34° 10' 38" E a distance of 9.75'to a point; thence

(5) S 55° 49' 22" E a distance of 20.00'to a point; thence

(6) N 34° 10' 38" E a distance of 16.38'to a point; thence

(7) S 55° 49' 22" E a distance of 23.75'to a point; thence

(8) S 34° 10' 38" W a distance of 6.00'to a point; thence

(9) S 55° 49' 22" E a distance of 87.15'to a point at the intersection with the westerly line of Main Street; thence

(10) Along the westerly line of Main Street S 46° 36' 00" W a distance of 377.24 feet to a point of intersection with the

northerly line of Blackwell Park West; thence

(11)Along the northerly line of Blackwell Park West, the following 2 courses:

(12)N 55° 49' 22" W a distance of 99.02 feet to a point; thence

(13)N 20° 04' 26" W a distance of 148.01 feet to a point on the easterly line of the West Promenade, thence

(14)Along the easterly line of the West Promenade the following 3 courses:

(15)N 11° 48' 41" E a distance of 39.14 feet to a point; thence

(16)N 23° 34' 13" E a distance of 61.07 feet to a point of curvature; thence

(17)Along a curve to the right having a radius of 300.00 feet and a distance along the arc of 37.91 feet to a point of tangency; thence

(18)N 30° 48' 41" E a distance of 164.23 feet to the point and place of beginning.

Containing 2.306 acres

The coordinates used herein refer to a Local Coordinate System which is based on the U. S. Army Corps of Engineers Coordinate System with the following applicable coordinate transformation between the two coordinate systems:

USACE COORDINATES	LOCAL COORDINATE SYSTEM
S 11,393.254	N 10,000.00
W 842.168	E 15,000.00

EXCLUSION FROM PARCEL 6

Excluding from the above described Parcel 6 the area of School Unit "A" which is more particularly described below:

SCHOOL UNIT "A"

Beginning at a point, said point being a point on line of the 15th course (N 11° 48' 41" E a distance of 39.14 feet) and being N 11° 48' 41" E a distance of 21.82 feet from the terminus of the 14th course (N 20° 04' 26" W a distance of 148.01 feet) as described above and known as Parcel 6 and having a coordinate of N 13640.53, E 17246.06, and running thence.

(1) N 11° 48' 41" E a distance of 13.88 feet to a point; thence

(2) S 78° 11' 19" E a distance of 1.40 feet to a point being the southwesterly corner of the 1 story school building and running thence, along the face of the 1 story school building the following 41 courses:

(3) N 34° 10' 38" E a distance of 19.14 feet to a point; thence

(4) N 55° 49' 22" W a distance of 2.44 feet to a point; thence

(5) N 34° 10' 38" E a distance of 10.88 feet to a point; thence

(6) S 55° 49' 22" E a distance of 2.53 feet to a point; thence

(7) N 34° 10' 38" E a distance of 18.01 feet to a point; thence

(8) N 55° 49' 22" W a distance of 2.52 feet to a point; thence

(9) N 34° 10' 38" E a distance of 10.83 feet to a point; thence

(10) S 55° 49' 22" E a distance of 2.55 feet to a point; thence

(11) N 34° 10' 38" E a distance of 27.54 feet to a point; thence

(12)N 55° 49' 22" W a distance of 12.20 feet to a point; thence
(13)N 34° 10' 38" E a distance of 15.29 feet to a point; thence
(14)S 55° 49' 22" E a distance of 4.63 feet to a point; thence
(15)N 34° 10' 38" E a distance of 23.32 feet to a point; thence
(16)S 55° 49' 22" E a distance of 11.68 feet to a point; thence
(17)N 34° 10' 38" E a distance of 5.71 feet to a point; thence
(18)N 55° 49' 22" W a distance of 3.69 feet to a point; thence
(19)N 34° 10' 38" E a distance of 10.37 feet to a point; thence
(20)S 55° 49' 22" E a distance of 9.64 feet to a point; thence
(21)N 34° 10' 38" E a distance of 5.95 feet to a point; thence
(22)S 55° 49' 22" E a distance of 9.26 feet to a point; thence
(23)S 34° 10' 38" W a distance of 5.95 feet to a point; thence
(24)S 55° 49' 22" E a distance of 8.89 feet to a point; thence
(25)N 34° 10' 38" E a distance of 2.78 feet to a point; thence
(26)S 55° 49' 22" E a distance of 6.12 feet to a point; thence
(27)S 21° 20' 27" E a distance of 14.99 feet to a point; thence
(28)S 34° 10' 38" W a distance of 25.88 feet to a point; thence
(29)S 55° 49' 22" E a distance of 15.32 feet to a point; thence
(30)S 34° 10' 38" W a distance of 42.42 feet to a point; thence
(31)N 55° 49' 22" W a distance of 4.67 feet to a point; thence
(32)S 34° 10' 38" W a distance of 8.14 feet to a point; thence
(33)S 55° 49' 22" E a distance of 2.47 feet to a point; thence
(34)S 34° 10' 38" W a distance of 10.95 feet to a point; thence
(35)N 55° 49' 22" W a distance of 2.47 feet to a point; thence
(36)S 34° 10' 38" W a distance of 17.95 feet to a point; thence
(37)S 55° 49' 22" E a distance of 2.51 feet to a point; thence

(38)S 34° 10' 38" W a distance of 10.84 feet to a point; thence
(39)N 55° 49' 22" W a distance of 2.51 feet to a point; thence
(40)S 34° 10' 38" W a distance of 19.11 feet to a point; thence
(41)N 55° 49' 22" W a distance of 28.20 feet to a point; thence
(42)S 34° 10' 38" W a distance of 6.00 feet to a point; thence
(43)N 72° 01' 11" W a distance of 26.30 feet to the point and place of beginning.

Containing 0.20 acres

Excluding from the above described School Unit "A" is the space occupied by the present existing 10 story apartment building extending over part of the 1 story school building from a horizontal plane 8 feet above the top of roof of the 1 story school building, which has an elevation of 38.21 referring to Belmont Island Datum, having a vertical projection upward, with no upward limit, said horizontal plane being more particularly described as follows:

Beginning at a point, said point being the terminus of the 21st course (N 34° 10' 38" E a distance of 5.95 feet) as described herein as School Unit "A" having a coordinate of N 13769.79, E 17341.23 and running thence along the face of the 1 story school building projected upward the following 6 courses:

(1)S 55° 49' 22" E a distance of 9.26 feet to a point; thence
(2) S 34° 10' 38" W a distance of 5.95 feet to a point; thence
(3) S 55° 49' 22" E a distance of 8.89 feet to a point; thence
(4) N 34° 10' 38" E a distance of 2.70 feet to a point; thence
(5) S 55° 49' 22" E a distance of 6.12 feet to a point; thence
(6) S 21° 20' 27" E a distance of 6.22 feet to a point on the

easterly face of a 10 story apartment building projected downward; thence, along the face of the aforementioned 10 story apartment building projected downward the following 2 courses:

(7) S 34° 10' 38" W a distance of 23.22 feet to a point; thence

(8) N 55° 49' 22" W a distance of 17.16 feet to a point on the balcony projected downward, thence along the face of the balcony projected downward the following 3 courses:

(9) S 34° 10' 38" W a distance of 1.43 feet to a point; thence

(10) N 55° 49' 22" W a distance of 17.24 feet to a point; thence

(11) N 34° 10' 38" E a distance of 7.75 feet to a point on the southerly face of a 10 story apartment building projected downward; thence, along the face of the aforementioned 10 story apartment building projected downward the following 2 courses:

(12) N 55° 49' 22" W a distance of 10.33 feet to a point; thence

(13) N 34° 10' 38" E a distance of 1.40 feet to a point on the northerly face of the 1 story school building projected upward and running thence along the aforementioned face of the 1 story school building projected upward the following 6 courses:

(14) S 55° 49' 22" E a distance of 9.57 feet to a point; thence

(15) N 34° 10' 38" E a distance of 5.71 feet to a point; thence

(16) N 55° 49' 22" W a distance of 3.69 feet to a point; thence

(17) N 34° 10' 38" E a distance of 10.37 feet to a point; thence

(18) S 55° 49' 22" E a distance of 9.64 feet to a point; thence

(19) N 34° 10' 38" E a distance of 5.95 feet to the point and place of beginning.

easterly face of a 10 story apartment building projected downward; thence, along the face of the aforementioned 10 story apartment building projected downward the following 2 courses:

(7) S 34° 10' 38" W a distance of 23.22 feet to a point; thence

(8) N 55° 49' 22" W a distance of 17.16 feet to a point on the balcony projected downward, thence along the face of the balcony projected downward the following 3 courses:

(9) S 34° 10' 38" W a distance of 1.43 feet to a point; thence

(10) N 55° 49' 22" W a distance of 17.24 feet to a point; thence

(11) N 34° 10' 38" E a distance of 7.75 feet to a point on the southerly face of a 10 story apartment building projected downward; thence, along the face of the aforementioned 10 story apartment building projected downward the following 2 courses:

(12) N 55° 49' 22" W a distance of 10.33 feet to a point; thence

(13) N 34° 10' 38" E a distance of 1.40 feet to a point on the northerly face of the 1 story school building projected upward and running thence along the aforementioned face of the 1 story school building projected upward the following 6 courses:

(14) S 55° 49' 22" E a distance of 9.57 feet to a point; thence

(15) N 34° 10' 38" E a distance of 5.71 feet to a point; thence

(16) N 55° 49' 22" W a distance of 3.69 feet to a point; thence

(17) N 34° 10' 38" E a distance of 10.37 feet to a point; thence

(18) S 55° 49' 22" E a distance of 9.64 feet to a point; thence

(19) N 34° 10' 38" E a distance of 5.95 feet to the point and place of beginning.

Schedule "B"

All that piece or parcel of land with improvements thereon

Beginning at a point, said point being the southeasterly corner of the interior wall of the mechanical and electrical room having a coordinate of N 13788.01, E 17352.39 and running thence along the interior walls the following 32 courses:

(1) N 55° 49' 22" W a distance of 1.33 feet to a point; thence
(2) S 34° 10' 38" W a distance of 0.67 feet to a point; thence
(3) N 55° 49' 22" W a distance of 7.17 feet to a point; thence
(4) N 34° 10' 38" E a distance of 0.67 feet to a point; thence
(5) N 55° 49' 22" W a distance of 2.67 feet to a point; thence
(6) S 34° 10' 38" W a distance of 0.67 feet to a point; thence
(7) N 55° 49' 22" W a distance of 2.75 feet to a point; thence
(8) N 34° 10' 38" E a distance of 0.67 feet to a point; thence
(9) N 55° 49' 22" W a distance of 2.67 feet to a point; thence
(10) S 34° 10' 38" W a distance of 0.67 feet to a point; thence
(11) N 55° 49' 22" W a distance of 11.50 feet to a point; thence
(12) N 34° 10' 38" E a distance of 0.67 feet to a point; thence
(13) N 55° 49' 22" W a distance of 0.33 feet to a point; thence
(14) N 34° 10' 38" E a distance of 10.17 feet to a point; thence
(15) S 55° 49' 22" E a distance of 0.33 feet to a point; thence
(16) N 34° 10' 38" E a distance of 2.00 feet to a point; thence
(17) N 55° 49' 22" W a distance of 0.33 feet to a point; thence
(18) N 34° 10' 38" E a distance of 15.17 feet to a point; thence

(19)S 55° 49' 22" E a distance of 0.33 feet to a point; thence
(20)N 34° 10' 38" E a distance of 0.67 feet to a point; thence
(21)S 55° 49' 22" E a distance of 12.25 feet to a point; thence
(22)S 34° 10' 38" W a distance of 0.67 feet to a point; thence
(23)S 55° 49' 22" E a distance of 3.71 feet to a point; thence
(24)N 34° 10' 38" E a distance of 0.67 feet to a point; thence
(25)S 55° 49' 22" E a distance of 10.13 feet to a point; thence
(26)S 34° 10' 38" W a distance of 0.67 feet to a point; thence
(27)S 55° 49' 22" E a distance of 2.00 feet to a point; thence
(28)S 34° 10' 38" W a distance of 15.71 feet to a point; thence
(29)N 55° 49' 22" W a distance of 1.33 feet to a point; thence
(30)S 34° 10' 38" W a distance of 2.00 feet to a point; thence
(31)S 55° 49' 22" E a distance of 1.33 feet to a point; thence
(32)S 34° 10' 38" W a distance of 10.17 feet to the point and place of beginning.

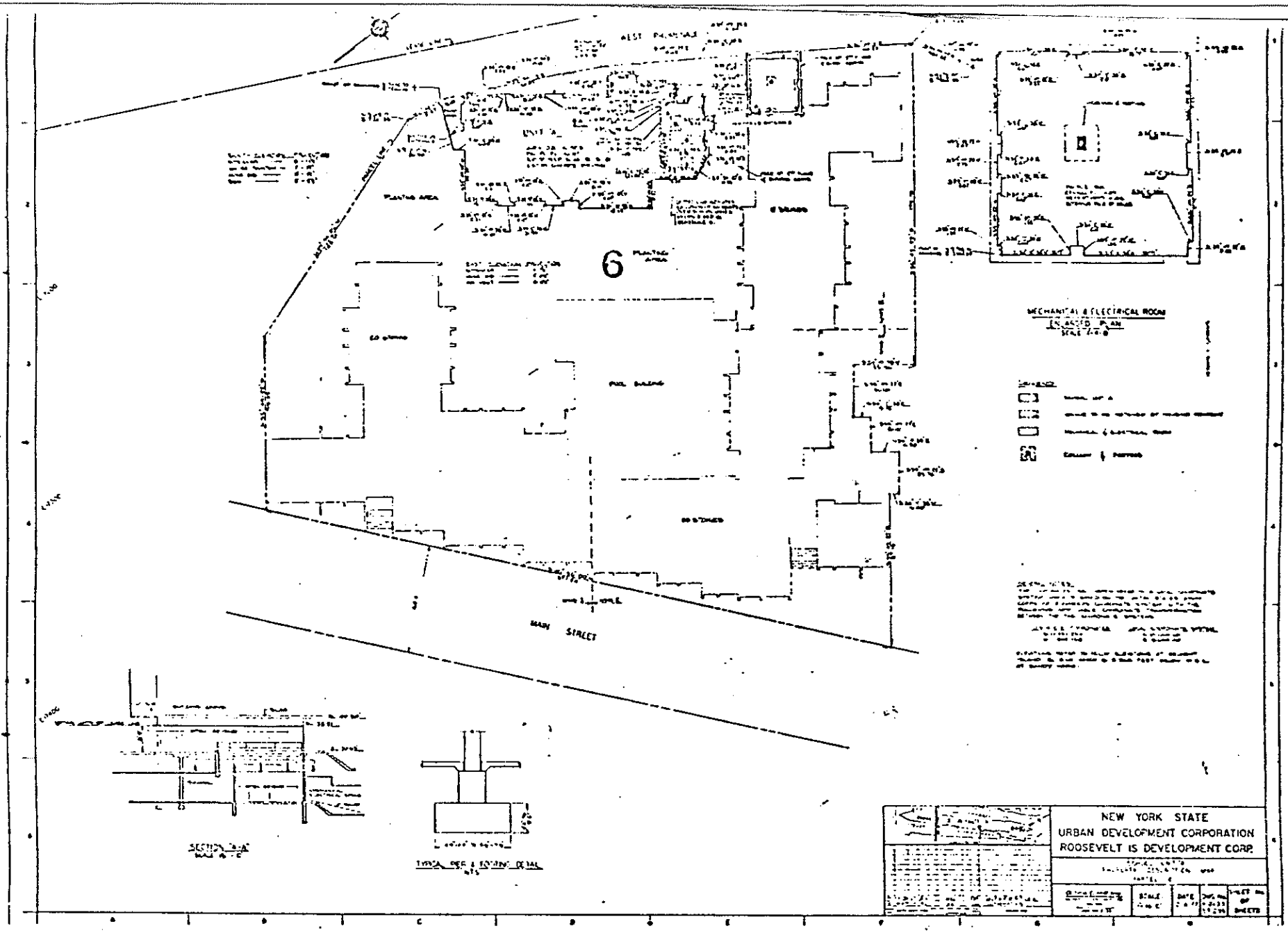
The coordinates used herein refer to a local coordinate system, which is based on the United States Army Corps of Engineers Coordinate System with the following applicable coordinate transformation between the two coordinate systems.

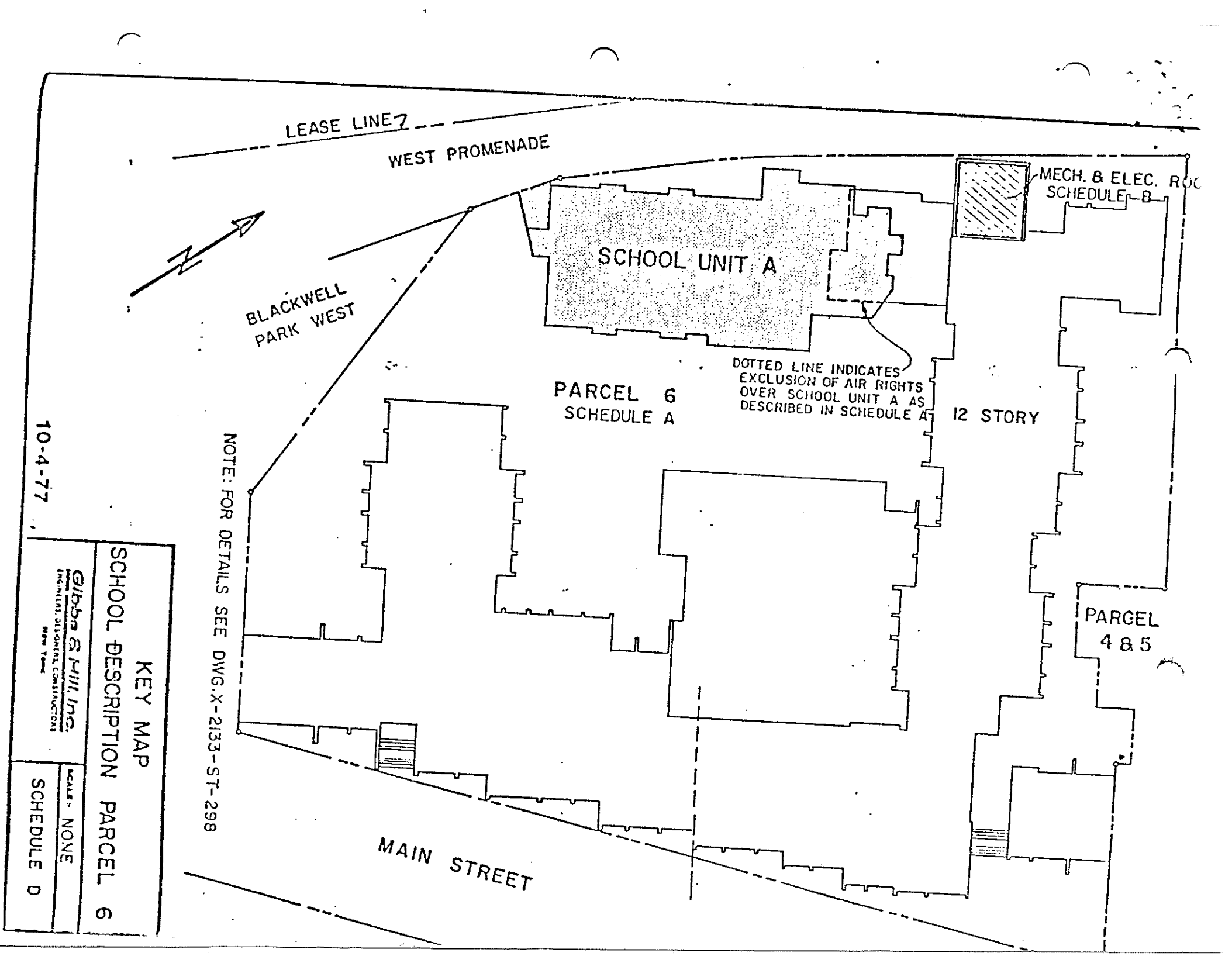
USACE COORDINATES	LOCAL COORDINATE SYSTEM
S 11,393.254	N 10,000.00
W 842.168	E 15,000.00

The elevations mentioned in this description refer to M.L.W. Elevations at Belmont Island El. 0.00 which is 2.265 feet below N.S.L. at Sandy Hook.

Schedule "C"

The area and volume of all columns and footings solely required for the support of the 10 story apartment building and which are located within the 1 story school building as shown on Gibbs and Hill Drawing X-2133-ST-298, which follows:


6
MAIN STREET
NEW YORK STATE
URBAN DEVELOPMENT CORPORATION
ROOSEVELT IS DEVELOPMENT CORP.


LEASE LINE
WEST PROMENADE
BLACKWELL PARK WEST
SCHOOL UNIT A
MECH. & ELEC. ROOM
SCHEDULE B
DOTTED LINE INDICATES EXCLUSION OF AIR RIGHTS OVER SCHOOL UNIT A AS DESCRIBED IN SCHEDULE A
PARCEL 6
SCHEDULE A
12 STORY
NOTE: FOR DETAILS SEE DWG. X-2133-ST-298
PARCEL 4 & 5
MAIN STREET
10-4-77
KEY MAP
SCHOOL DESCRIPTION PARCEL 6
Gibbs & Hill, Inc.
ENGINEERS, DESIGNERS, CONSTRUCTORS
NEW YORK
SCALE: NONE
SCHEDULE D