

LTDPTNR

Regent Associates

REGENT ASSOCIATES
Agreement of Limited Partnership

AGREEMENT made this *28th* day of *January*, 1988 by HENRY F. CAMUSO, ("CAMUSO"), residing at 605 Oaks Drive, Pompano Beach, Florida, ARTHUR GALLINARO, ("GALLINARO"), residing at 104 Beach 221st Street, Breezy Point, New York, JONATHAN POOLE, ("POOLE"), residing at 245 East 19th Street, New York, New York and JACK FREEMAN, ("FREEMAN"), residing at 161 W. 16th Street, New York, New York, hereinafter referred to as "the General Partners" and HENRY F. CAMUSO, residing at 605 Oaks Drive, Pompano Beach, Florida, ARTHUR GALLINARO, residing at 104 Beach 221st Street, Breezy Point, New York, JONATHAN POOLE, residing at 245 E. 19th Street, New York, New York and JACK FREEMAN, residing at 161 W. 16th Street, New York, New York, hereinafter referred to as "the Limited Partners". The General Partners and Limited Partners are hereinafter collectively referred to as the "Partners" and reference to a "Partner" shall be to any one of the Partners.

WITNESSETH

WHEREAS, Regent Associates has entered into an agreement with the City of New York dated January 6, 1988 to purchase and obtain financing for the premises known as (1) 25 East 21st Street; (2) 90 East 18th Street; (3) 2102 Regent Place; (4) 2108

Regent Place; (5) 2112 Regent Place; (6) 2116 Regent Place; (7) 369 East 21st Street; (8) 2322 Bedford Avenue and (9) 600 East 22nd Street, Brooklyn, New York, (hereinafter referred to as the "Brooklyn W Site" or the "Property") and,

WHEREAS, the parties hereto desire to form a limited partnership for the purposes hereinafter set forth and it is contemplated that the parties hereto shall acquire or cause the Property to be acquired for their benefit and on their behalf in accordance with the terms of the foregoing agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the parties hereby form a limited partnership (the "Partnership") pursuant to the Partnership Law of the State of New York, upon the following terms and conditions.

ARTICLE I NAME, PRINCIPAL OFFICE AND TERM

1.1 Name of Partnership. The Partnership shall be conducted under the name of REGENT ASSOCIATES.

1.2 Principal Office. The principal office and place of business of the Partnership shall be at c/o Jack Freeman, 126 Fifth Avenue, New York, New York or at such other place or places as the General Partners (as defined in Section 6.2(a) hereof) may hereafter determine and of which the General Partners shall give notice to the Limited Partners.

1.3 Term. The term of the Partnership shall commence on the date of filing of the Certificate of Limited Partnership as set forth in Section 4.2 of this Agreement and shall terminate upon the earliest of the following: (a) December 31, 2086; (b) the bankruptcy, dissolution, withdrawal or removal of any of the General Partners, unless the partnership is reconstituted as provided in Section 10.1; (c) the divesting by the Partnership of its entire interest in the Property and of title to all assets, real or personal, that it may receive from a sale, exchange or other disposition of its entire interest in the Property.

ARTICLE II DEFINITIONS

2.1 "Additional Contributions" with respect to any Partner shall mean the sum of such Partner's contributions, if any, to the capital of the Partnership in excess of such Partner's Original Invested Capital.

2.2 "Affiliate" (a) when used in respect of any Partner shall mean (i) such Partner, and (ii) any person or corporation which has any interest (direct or indirect, financial or otherwise) in such Partner or in which such Partner has any interest, including, without limiting the generality of the foregoing, any person or corporation which directly or indirectly controls or is controlled by or is under direct or

indirect common control with such Partner. For the purpose of this definition the term "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as used in respect of any person or corporation shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person or corporation, whether through ownership or voting securities or interest or by contract or otherwise; the term "person" shall mean and include any individual, sole proprietorship, partnership (general or limited), joint venture, trust or similar unincorporated business association; and the term "corporation" shall mean and include, without limitation, any joint stock company, voluntary association, business trust or similar organization.

2.3 "Agreement" shall mean this Agreement of Limited Partnership as it may be amended from time to time.

2.4 "Capital Account" when used in respect of any Partner shall include the Capital Contribution made by such Partner to the Partnership and shall be increased by the amount of all Profits credited to the account of such Partner.

2.5 "Capital Contribution" in respect of any Partner shall mean the sum of such Partner's Original Invested Capital and Additional Contributions.

2.6 "Capital Distributions" shall refer to cash or other property from any source distributed to the Partners pursuant to

the provisions of this Agreement, but shall not include any payments to any General Partner made pursuant to the provisions of Sections 6.4 and 6.7 or any payments to the Partners made pursuant to Section 8.3(a) and (b).

2.7 "Code" shall mean the Internal Revenue Code of 1954, as amended, and corresponding provisions of subsequent revenue laws.

2.8 "Original Invested Capital" shall be the amounts set forth in Section 5.2 next to the respective names of the Partners.

2.9 "Partnership Property" shall refer collectively to the Partnership's interest in the Property and any other assets, including without limitation, promissory notes or other instruments of indebtedness, contract rights or property, real or personal, acquired by the Partnership during the term of this Agreement.

2.10 "Partnership's Accountants" shall refer to such certified public accountants as shall from time to time be selected by the General Partners.

2.11 "Partnership Attorneys" shall refer to such attorneys as shall from time to time be selected by the General Partners.

ARTICLE III BUSINESS AND PURPOSES

3.1 To acquire title to the Property and to develop, rent, sell and otherwise dispose of the Property.

ARTICLE IV
CERTIFICATE AND OTHER INSTRUMENTS

4.1 Certificate of Limited Partnership. Contemporaneously with the execution and delivery of this Agreement, the Limited Partner shall execute, acknowledge and deliver to the General Partner a Certificate of Limited Partnership.

4.2 Filing and Publication. Immediately after the Limited Partner has executed and delivered the Certificate of Limited Partnership referred to in Section 4.1, the General Partners shall cause such Certificate to be filed in the Office of the Clerk of New York County and promptly thereafter shall cause such Certificate to be published as required by Section 91(1)(b) of the Partnership Law of the State of New York.

4.3 Power of Attorney. The Limited Partners hereby irrevocably constitute and appoint the General Partners, their true and lawful attorneys, in their name, place and stead, to make, execute, acknowledge and file:

- (a) any instrument necessary to amend or revoke the Certificate of Limited Partnership pursuant to Section 114 of the Partnership Law of the State of New York;
- (b) such other certificates or instruments as may be required by law to maintain the status of the Partnership as a limited partnership as constituted from time to time or as may be

required to carry out and give effect to the provisions of this Agreement.

The Limited Partners shall execute such instruments as the General Partners may reasonably request in order to give evidence of the granting of this Power of Attorney. The General Partners shall have no right hereunder to amend or modify this Agreement.

4.4 Duration of Power of Attorney. The Limited Partners expressly intend that the Power of Attorney granted by the provisions of Section 4.3 is coupled with an interest. Such Power of Attorney shall survive any assignment by the Limited Partners of the whole or any portion of its Partnership interest until such time as all actions necessary to effect the substitution of the assignee as a substitute Limited Partner(s) shall have been performed and, shall also, to the extent permitted by law, survive the bankruptcy, insolvency or dissolution of any Limited Partner.

ARTICLE V CAPITAL CONTRIBUTIONS

5.1 Agreement to Contribute. Each Partner shall contribute to the Partnership, at the time, in the amount and in the manner hereinafter provided in this Article.

5.2 Initial Contribution.

- (a) Camuso, Gallinaro, Poole and Freeman have each contributed to the Partnership as Original Invested Capital the sum of \$1.00.

5.3 Additional Contributions.

- (a) After the Initial Contributions have been made, if additional funds are required by the Partnership to develop the Property, the Limited Partners, Camuso and Gallinaro, shall contribute such sums as required until the total Capital Contribution of Camuso and Gallinaro is \$600,000.
- (b) If it becomes necessary for additional sums to be contributed to the Partnership in excess of \$600,000, then said sums shall be contributed by each of the Limited Partners in accordance with their percentage interests as defined in Section 8.2 of this agreement.

ARTICLE VI
RIGHTS, POWERS, OBLIGATIONS
OF THE GENERAL PARTNER

6.1 Management of Business. Except as provided in Section 6.3 hereof, the Partnership shall be managed and the conduct of its business shall be controlled solely by the General Partners in accordance with the provisions of this Agreement and the provisions of the Partnership Law of the State of New York.

6.2 The General Partners.

- (a) The Partnership shall be managed by the General Partners as follows:

- (i) So long as Camuso, Gallinaro, Poole and Freeman are General Partners they shall manage the Partnership.
 - (ii) If Camuso, Gallinaro, Poole or Freeman shall cease to be General Partners and the Partnership is reconstituted, as provided in Section 10.1 hereof, the Partnership shall be managed by the remaining General Partners.
- (b) Except as provided in subparagraph (a) of this Section 6.2 and subject to the restrictions on the authority of the General Partners as provided in Section 6.3, the General Partners, by a majority vote, shall make all policy and decisions in connection with the day-to-day operation of the Property and shall have the authority to carry out, implement and exercise any and all of the objects, purposes and powers of the Partnership set forth in Article III hereof and the General Partners shall have the authority and power:
- (i) to borrow and create an indebtedness on behalf of the Partnership in connection with the development of the Property in the form of a building loan mortgage and/or permanent financing with the NYC

Community Preservation Corp. and/or the City of New York HPD in accordance with the terms of separate commitment letters;

- (ii) to bring, defend, and settle actions at law or in equity;
- (iii) subject to the provisions of Section 6.3 and 6.4, to employ or retain, on behalf of the Partnership, such persons, firms or corporations, including themselves or an Affiliate, as the General Partners, by a majority vote and in their sole judgment, deem advisable in the operation and management of the Partnership's business, including, without limitation, such architects, contractors, subcontractors, suppliers, materialmen, engineers, appraisers and experts as they deem appropriate.
- (iv) to do and perform all such other things as may be in furtherance of the Partnership's purposes and necessary or appropriate to the conduct of its business and to exercise in respect thereof all of the other rights and powers of partners in partnerships

without limited partners as provided in the Partnership Law of the State of New York.

6.3 Restrictions on Authority of General Partners.

Notwithstanding the preceding provisions of this Article VI or anything elsewhere contained in this Agreement, without in each instance receiving the prior written consent of the Limited Partners, the General Partners shall not have any authority to, and the General Partners covenant to and agree with the Limited Partners that they shall not:

- (a) admit any additional Partners, except as provided in Section 10.2 and 10.3 hereof;
- (b) retire, resign or withdraw as General Partners from the Partnership, except as provided in Section 10.1 hereof;
- (c) dissolve the Partnership except as provided in this Agreement;
- (d) permit to sell, transfer, assign, pledge, hypothecate or otherwise encumber any of the proceeds from the Partnership.

6.4 Dealing With Related Persons. The General Partners, by a majority vote may, on behalf of the Partnership, employ or retain the services of or make purchases of materials or services from an Affiliate, provided that (a) with respect to retaining services of an Affiliate (i) the Affiliate be qualified in rendering any such services, and (ii) the fees paid

to the Affiliate for rendering such services are competitive with fees which would be paid for such services to similarly qualified persons or firms rendering comparable services at the locality of the Property, and (b) with respect to the purchase of materials, the cost of such materials are competitive with the cost thereof would be from reputable persons or firms supplying comparable materials at the locality of the Property. The General Contractor, Camuso and Gallinaro, or their Affiliate, shall be paid a fixed sum of \$3,550,000.00 or as agreed by the General Partners and approved by CPC, HPD and their respective engineers which shall be utilized to renovate and develop the properties. Included in this sum is a Construction Management Fee, hard costs of construction, offsite and general requirements of construction. This figure has been agreed upon by each of the General Partners as a fair and adequate estimate of construction costs (as outlined in their proposal previously submitted to the City of New York) and it is understood that the General Contractors, Camuso and Gallinaro, or their Affiliate bear the risk of the accuracy of these estimates and shall be responsible for any hard costs in excess of this amount. Camuso and Gallinaro or their Affiliate shall also be entitled to retain any and all sums remaining as a balance from these payments in the event that the cost of construction does not exceed said estimate.

The General Partners shall utilize the services of Rosedale Management Corp., and/or its Successor and/or an

affiliata of Freeman and/or Poole, for the day-to-day management and upkeep of the finished buildings so long as they are owned and rented by the Partnership and so long as Freeman and Poole maintain an interest in the Partnership. The management fee for such services shall be six (6%) percent of the total rents collected. Said fees shall be paid from cash flow as defined in Section 8.5 herein, as cash flow becomes available.

6.5 Liability of General Partner. The General Partners shall not be liable, responsible or accountable, in damages or otherwise, to the Limited Partners or the Partnership for any acts performed by them as authorized by this Agreement on behalf of the Partnership within the scope of the authority conferred upon them by this Agreement or done in good faith or based upon the opinion of counsel. Notwithstanding the foregoing, the General Partners and its employees or agents, shall not be relieved from any liability for acts of fraud, malfeasance, bad faith or gross negligence or acts constituting a breach of fiduciary duty to the Partnership or to the Limited Partners.

6.6 Indemnification of General Partners. The General Partners shall be entitled to be indemnified by the Partnership for any loss which it may incur in its capacity as General Partner and on account of any claim, liability, action or damage for any act performed or omitted to be performed by them within the scope of the authority conferred by this Agreement or done or omitted to be done in good faith or based on the opinion of counsel, and on account of all reasonable attorney's fees

incurred in connection therewith, except for acts of fraud, malfeasance, bad faith, gross negligence or acts constituting a breach of fiduciary duty to the Partnership and/or the Limited Partners, provided that any indemnity under this Section 6.6 shall be paid only out of and to the extent of the Partnership Property.

6.7 Partnership Expenses. The Partnership shall pay all expenses incurred in the formation of the Partnership and the conduct of its business, which expenses may include, without limitation (a) reimbursement to the General Partners for its reasonable out-of-pocket expenses incurred in the performance of its duties as General Partner; (b) expenses in connection with preparing and mailing reports required by this Agreement to be furnished for tax reporting purposes.

6.8 Services of General Partners; Other Activities Permitted. Except for reimbursement of out-of-pocket expenses, and payment of the fixed sum to the General Contractors, Camuso and Gallinaro, or their Affiliate, as provided in Section 6.4, the General Partners shall not be entitled to any compensation or fees for performing services for or on behalf of the Partnership (except as otherwise specifically provided for in this Agreement) and shall only be entitled to the allocations of Profit, Loss, Capital Distributions and payments of Cash Flow provided for in this Agreement. The General Partners and their Affiliates shall not be precluded from engaging in any other business activity in a manner not inconsistent with the

forgoing, or from receiving compensation therefrom or participating in the profits thereof, which activity may include the development or ownership of, or investment in, real estate and the operation and management of real estate at all places, whether or not in direct or indirect competition with the property.

ARTICLE VII
RIGHTS AND OBLIGATIONS OF THE
LIMITED PARTNERS

7.1 Management of Business. Except in instances where the consent of the Limited Partners are required by the terms of this Agreement, the Limited Partners shall not take part in the management or control of the Partnership business, nor shall the Limited Partners transact any business for the Partnership or have any power to sign for or to bind the Partnership.

7.2 Outside Activities. Nothing in this Agreement shall be deemed to preclude the Limited Partners or any Affiliates of the Limited Partners from engaging in any other business activity, or from receiving compensation therefrom or participating in the profits thereof, which activity may include the development or ownership of, or investment in, real estate and the operation and management of real estate at all places, whether or not in direct or indirect competition with the Property, and neither the Partnership nor any of the Partners shall have any rights by virtue of this Agreement in such business ventures or investments or to any income or profits derived therefrom.

7.3 Limitation on Liabilities of the Limited Partners.

The Limited Partners shall have no personal liability with respect to liabilities and obligations of the Partnership and, except as provided in Article VI hereof, shall not be called upon or be liable for any contributions to the capital of the Partnership except as set forth in Sections 5.2 and 5.3.

7.4 Mortgage Loans.

- (a) The Department of Housing Preservation and Development ("HPD") and CPC shall commit to lend the Partnership no less than the total sum of \$3,850,000 pursuant to Permanent Mortgage Loans. The HPD portion of said loans shall bear interest at an annual rate of one (1%) percent for a term of thirty (30) years and shall have no origination fee and shall be on such other terms and conditions as shall be set forth in a commitment letter between HPD and the Partnership.
- (b) The NYC Community Preservation Corp. ("CPC") portion of said loans shall be at the prevailing rate of interest and shall be self-liquidating. The commitment shall otherwise be on such terms and conditions as required by CPC in commitments for similar properties.

ARTICLE VIII
PROFIT, LOSS, DISTRIBUTIONS
AND ELECTIONS

8.1 Determination of Profit and Loss. For the purposes of this Agreement and for Federal, State and Local Income Tax purposes, the terms "Profit" and "Loss" shall mean the net profits and losses of the Partnership for Federal Income Tax purposes, as determined by the Partnership's Accountants.

- (a) (i) Allocation of Profit. Two (2%) percent of the profits of the Partnership shall be allocated to the Capital Accounts of the General Partners as follows:

Camuso	40%
Gallinaro	40%
Poole	10%
Freeman	10%

- (ii) Allocation of Profit. Ninety Eight (98%) percent of the profits of the Partnership shall be allocated to the Capital Accounts of the Limited Partners as follows:

Camuso	40%
Gallinaro	40%
Poole	10%
Freeman	10%

- (b) (i) Allocation of Loss. Two (2%) percent of the losses of the Partnership shall be allocated to the Capital Accounts of the General Partners as follows:

Camuso	40%
Gallinaro	40%
Poole	10%
Freeman	10%

- (ii) Allocation of Loss. Ninety Eight (98%) percent of the losses of the Partnership shall be allocated to the Capital Accounts of the General Partners as follows:

Camuso	40%
Gallinaro	40%
Poole	10%
Freeman	10%

8.2 Distributions of Cash Flow. From time to time but in no event less frequently than annually, the General Partners, together with the Partnership's Accountants, shall determine the Cash Flow (as defined in Section 8.4 hereof) available for distribution to the Partners. The Cash Flow shall be allocated and distributed on an annualized basis as follows:

- (a) To the General Partners and Limited Partners, an amount equal to their respective percentage ownership interest in the Partnership at the time of such distribution;

- (b) From any remaining Cash Flow, to all the Partners allocated in accordance with the percentages set forth in Section 8.1(a), pari passu.

Distributions of Cash Flow shall be adjusted from time to time as provided in Section 10.1.

8.3 Distribution of Net Cash Proceeds of Insurance Claims, Sale, Refinance, Etc. of the Property:

- (a) Net Cash Proceeds (as defined in subsection (b) hereof), if any resulting from the sale or other disposition of all of the Property shall be distributed first to the General Partners and Limited Partners in an amount equal to their respective Initial and Additional Capital Contributions, pari passu, at the time of such distribution. The remaining proceeds, if any, shall be disbursed according to Sections 8.2(b) herein.
- (b) The term "Net Cash Proceeds" shall mean the cash proceeds remaining for distribution to the Partners after payment or deduction from the gross proceeds of all liabilities of the Partnership, and all charges and expenses necessary to the consummation of any such sale or other disposition.

8.4 Definitions. As used in this Article VIII, the term "Cash Flow" shall mean all cash receipts of the Partnership other than Capital Contributions and cash receipts arising out of the transactions referred to in Section 8.4 hereof, less the aggregate of (i) current charges, interest expense and other expenses other than depreciation; (ii) principal amortization payments and any principal payments due or to become due and other interest payments and fees due or to become due under any loans to the Partnership; and (iii) amounts deposited to any reserve fund or fund for working capital established by the General Partners or CPC or any other agency involved in the project (such deposits to any reserve fund or working capital fund to be made by the General Partners in such amounts as they, in the exercise of sound business judgment, shall deem advisable and in the best interests of the Partnership).

8.5 Tax Elections. All elections required or permitted to be made by the Partnership shall be made in such manner as the General Partners, in consultation with the Partnership's Accountants, shall determine to be most favorable to the Partners. No Partner shall take any action or omit or refuse to take any action which would cause the Partnership to forfeit the benefits of any tax election previously made or to which there has been an agreement.

ARTICLE IX
BOOKS AND RECORDS;
REPORTS; BANK ACCOUNTS

9.1 Books of Account, Records. At all times during the continuance of the Partnership, the General Partners shall keep or cause to be kept in accordance with generally accepted accounting principles (or, upon the advice of the Partnership's Accountants, on a cash basis, consistently applied), full and true books of account in which shall be entered fully and accurately all transactions of the Partnership. All of said books of account, together with a certified copy of the Certificate of Limited Partnership of the Partnership, any amendments thereto, and an executed copy of such other instruments as the General Partner may be required to execute pursuant to Section 4.3, shall at all times be maintained at the principal office of the Partnership, or at such other office of the Partnership as may be designated for such purpose by the General Partners within New York City and each Partner or any attorney and/or a certified public accountant designated by such Partner may at any time during reasonable business hours, at such Partner's expense, inspect, copy, and examine the books and records of the Partnership.

9.2 Fiscal Year. The fiscal year of the Partnership shall be the calendar year.

9.3 Financial Reports.

- (a) Annual Statement. The General Partners shall take all steps reasonably necessary to cause to be delivered to each Partner within ninety (90) days after the expiration of each fiscal year of the Partnership, beginning with the fiscal year ending December 31, 1988, annual reports of the Partnership, including (a) a balance sheet and profit and loss statement, (b) a statement showing the distributions to the Partners and the allocation among the Capital Accounts of the Partners of taxable income, gains, losses, deduction, credits and other relevant items of the Partnership for such fiscal year, and (c) a statement of changes in financial position of the Partnership and (d) a statement of rents billed and received and expenses paid and accrued. All such reports and statements shall be prepared by the Partnership's Accountants in such manner as they determine.

9.4 Tax Returns. The General Partners shall cause all income tax and information returns for the Partnership to be prepared by the Partnership's accountants and shall cause such tax and information returns to be timely filed with the

appropriate authorities. Copies of such tax and information returns shall be sent to each Partner and shall also be kept at the principal office of the Partnership where they shall be available for inspection by the Partners and their representatives during normal business hours.

9.5 Bank Accounts. The funds of the Partnership shall be deposited in the name of the Partnership at a Financial Institution of the Partners' choosing and withdrawals therefrom shall be made by the General Partners except that Rosedale Management or its successors, as agent for the Partnership, shall have the right to deposit and withdraw funds on behalf of the Partnership solely in connection with the management of the Buildings, provided, however, that Rosedale or its successors permits the Partnership access to these books and records and said records are subject to the same financial reporting requirements and obligations set forth in Article IX herein. All deposits and other funds not currently needed in the operation of the Partnership's business shall, to the extent permitted by law, be deposited in such interest-bearing accounts or invested in such short-term obligations (maturing within one year or less) issued or guaranteed by the United States Government, or certificates of deposit of said banking institution (maturing within one year or less) as shall be determined by the General Partners.

ARTICLE X
BANKRUPTCY, RESIGNATION, ETC. OF A
GENERAL PARTNER: TRANSFER OF INTERESTS

10.1 Change in General Partners.

- (a) The General Partners may not sell, assign or otherwise transfer all or any part of its legal or beneficial interest in and to the Partnership or withdraw or retire as a General Partner or voluntarily dissolve or liquidate the Partnership without the prior consent of the remaining General Partners.
- (b) The withdrawal, removal or bankruptcy of any the General Partners or any other event which results in the General Partners ceasing to be the General Partners ("Terminating Event") shall cause the dissolution of the Partnership, unless the remaining General Partners within ninety (90) days of such Terminating Event, elect to continue the business of the Partnership. If said election is made, then the interest of the General Partner who has withdrawn, been removed, or declared bankruptcy shall automatically be converted to a Special Limited Partnership interest.

(c) The Terminating General Partner shall cease to be a General Partner, and it shall become a "Special Limited Partner" to the extent of its interest in the Partnership. Such Special Limited Partner shall have the right to receive no more than the Terminating General Partner's share in Profit, Loss, Allocations and Capital Distributions but such Special Limited Partner shall not be entitled to participate in any vote or decision to be made by the Partners pursuant to any of the provisions of this Agreement. The Terminating General Partner shall remain liable for all liabilities and obligations of the Partnership incurred in connection with, or arising out of Partnership operations during the time he was a General Partner and, in addition, shall be liable as a Special Limited Partner for the obligation to pay all Capital Contributions required pursuant to the provisions of this Agreement, but shall otherwise be free from liability in respect of obligations and liabilities incurred in connection with or arising out of Partnership operations from and after the date of the Terminating Event.

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- (d) In the event of the death of any individual General Partner, said Partner's interest shall become a Special Limited Partnership interest which shall become a part of the estate of such Partner. If said interest, however, would pass to a person other than an immediate family member of the deceased Partner, then upon his death the Limited Partners shall have the right of first refusal to purchase said interest and the proceeds from said purchase shall be paid to the estate of the deceased Partner. The Partnership, however, shall continue in full force and effect pursuant to the other provisions of this agreement, upon the death of one of the General Partners.

10.2 Transfer of Limited Partner's Interests.

- (a) No Limited Partner shall be permitted to sell, assign or otherwise transfer all or any part of its interest as a Limited Partner except that a Limited Partner shall be permitted to sell, assign or otherwise transfer all or any part of its interest as a Limited Partner to an immediate family member of said Limited Partner or to an entity controlled by, controlling or otherwise related to the

Limited Partner. An immediate family member shall be defined as any spouse, sibling, parent or child of the Limited Partner.

- (b) Upon the bankruptcy, insolvency, dissolution or other cessation to exist as a legal entity of the Limited Partner which may be a corporation or other entity, the authorized representative of said Limited Partner shall have all of the rights of said Limited Partner for the purpose of effecting the or winding up and disposition of the business of such entity and such power as such entity possessed to make an assignment of its interest in the Partnership in accordance with this Section 10.2.

10.3 Substituted Limited Partners.

- (a) No purported transfer of all or any part of a Limited Partners' interest in the Partnership shall be effective unless the assignee or assignees of the transferor shall deliver to the General Partners, as conditions precedent to being admitted to the Partnership as the substituted Limited Partner, the following instruments:

- (i) an instrument, in form and substance satisfactory to the Partnership's Counsel, expressly stating the transferee's intention to be substituted as a Limited Partner and such transferee's acceptance and adoption of all of the terms of the Agreement;
- (ii) a Power of Attorney substantially identical to that provided for in Section 4.3; and
- (iii) such other instruments or documents as the General Partners and/or the Partnership's counsel may reasonably require in order to effect the substitution of such person or entity as a substituted Limited Partner.

- (b) An assignee of all or any part of the Partnership interests of a Limited Partner who in all respects has complied with paragraph (a) of this Section 10.3 shall be admitted as a substituted Limited Partner.

10.4 Amendment of Certificate Upon Transfer of Change of Interest. Upon the change of any of the General Partners or admission of a substituted Limited Partner, the then General Partners or their successors, as the case may be, shall prepare

and file an amendment to the Certificate of Limited Partnership and may, for this purpose, exercise the Power of Attorney granted pursuant to Section 4.3. In the event such amendment is occasioned by the admission of a substituted Limited Partner, the costs of preparing and filing the amendment shall be paid by the Limited Partner assigning its interest in the Partnership or by his assignee. Upon the admission of a Successor to the General Partner or upon the reconstitution of the Partnership and the admission of a successor General Partner, the Limited Partner shall execute a new power of attorney naming the successor General Partner, as the attorney-in-fact for the Limited Partner, and the preparing and filing of the amendment and such new powers shall be paid by the Partnership.

10.5 HPD Restrictions on Transfer of Ownership Interest

Pursuant to the Land Disposition Agreement Executed or to be executed by the Partnership with HPD, it is agreed that:

- (a) The Partnership which is deemed the Sponsor of this Project will provide HPD with an original copy of the limited partnership agreement, ("Partnership Agreement").
- (b) The partnership agreement shall provide that until the issuance of the Certificate of Completion for the Project:
 - (i) Without the prior written approval of HPD, there shall not be any voluntary dissolution

of the Partnership, or any voluntary merger or consolidation of the Partnership with any other entity;

- (ii) No partners of the Sponsor shall have any authority or right, without the prior written approval of HPD, to withdraw or to substitute a new person or entity for the general partners of the Sponsor or to cause any other person or entity to be admitted as a general partner of Sponsor;
- (iii) No distribution of the capital of Sponsor shall be made to any partner, or further, upon dissolution of Sponsor, no distribution shall be made to any person or entity not bound by the agreement with H.P.D. However, nothing contained herein shall preclude Sponsor from paying debts or fees owed by it to the partners;
- (iv) No assignment, mortgage or transfer of any interest in the Project or the H.P.D. agreement will take place except as provided in said Agreement;
- (v) The provisions of this Agreement referred to in Section 10.5 shall not be amended without the prior written approval of HPD.

- (c) Notwithstanding anything to the contrary herein, this agreement is subject to the terms, covenants, conditions and provisions of the HPD agreement and that, prior to the issuance by HPD of the Certificate of Completion, neither the general partners nor Sponsor shall have any authority or right, without the prior written approval of HPD, to substitute any person or entity for any of the present general partners of Sponsor or cause any other persons to be admitted or withdrawn as general partner. Additional persons may be admitted as Limited Partners of Sponsor provided, however, if any such additional persons are so admitted, no distribution shall thereafter be made by Sponsor to any partner (general or limited) until after the issuance by HPD of said Certificate of Completion.
- (d) The Partnership shall, at such time or times as HPD may request prior to the issuance of a Certificate of Completion for the Project, furnish HPD with a sworn statement, setting forth all of the general partners of Sponsor and the extent of their respective holdings under the Partnership Agreement. Such sworn statement shall, in any event, be furnished to HPD immediately prior to the delivery of the deed to Sponsor and as a condition precedent thereto.

ARTICLE XI

DISSOLUTION, LIQUIDATION AND TERMINATION

11.1 Dissolution. Subject to the provisions of Section 10.1, the Partnership shall be dissolved upon the happening of any of the events specified in subsections (a) through (c) of Section 1.3. The bankruptcy, insolvency or dissolution of a Limited Partner shall not cause the dissolution of the Partnership. Dissolution shall be effective as of the date of the event giving rise to the dissolution, but the Partnership shall not terminate until the Property has been liquidated and the proceeds thereof have been distributed in accordance with the provisions of Section 11.4 hereof.

11.2 Liquidating Trustee. Upon the dissolution of the Partnership without a reconstitution of the Partnership as provided for in Section 10.1 hereof, the liquidating trustee (which shall be selected by a majority vote of all the Limited Partners who are not the subject of one of the events set forth in subsection (b) of Section 1.3) shall proceed diligently to wind-up the affairs of the Partnership, shall liquidate the assets of the Partnership as promptly as possible, but in an orderly and businesslike manner as is consistent with obtaining the fair value thereof, and shall distribute the Partnership's assets in accordance with the provisions of Section 11.4

hereof. During the interim, the liquidating trustee shall continue to exploit the rights and assets of the Partnership consistent with the liquidation thereof, exercising in connection therewith all of the power and authority of the General Partners as herein set forth.

11.3 Accounting on Dissolution. Upon the dissolution and termination of the Partnership, unless the Partnership is reconstituted as provided in section 10.1 of this Agreement, the liquidating trustee shall cause the Partnership's Accountants to make a full and proper accounting of the Partnership's assets, liabilities and operations as of the date of dissolution and shall furnish copies of such accounting to the Partners within ninety (90) days after such dissolution.

11.4 Liquidation and Termination. The proceeds of such liquidation shall be applied and distributed by the liquidating trustee in the following order of priority:

- (a) First, the debts and liabilities of the Partnership (other than those to Partners) and the expenses of liquidation shall be paid or provided for (whether by such reserve as the liquidating trustee shall deem appropriate or otherwise);
- (b) Second, all of the liabilities and obligations of the Partnership to partners, shall be paid pari passu or provided for (whether by such

reserve as the liquidating trustee shall deem appropriate or otherwise);

- (c) Third, the cash and other assets remaining shall be distributed to the Partners in the manner and order of priority provided for in Section 8.3(a).

11.5 Distribution in Kind. No Partner shall have any right to demand and receive property other than cash. Each Partner waives his right to bring an action for partition and agrees not to bring an action for partition.

11.6 Filing of Certificate of Cancellation. Upon the dissolution and termination of the Partnership, the liquidating trustee shall cause a Certificate of Dissolution to be filed in accordance with Section 114 of the Partnership Law of the State of New York.

ARTICLE XII MISCELLANEOUS

12.1 Notice

Unless otherwise specified in this Agreement, all notices, demands, requests or other communications which any of the parties to this Agreement may desire or be required to give hereunder (hereinafter referred to collectively as "Notice") shall be in writing and shall be deemed to have been duly and

properly given or made if delivered personally or mailed by certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

TO: Regent Associates
c/o Jack Freeman
126 Fifth Avenue
New York, NY

AND

TO: Regent Associates
c/o Henry Camuso
150 Bay 17th Street
Brooklyn, NY 11214

WITH A COPY TO:

Henry F. Camuso, Jr., Esq.
212 Avenue S
Brooklyn, New York 11223

Any notice, consent, other consent, other communication, distribution or payment shall be deemed given or made, if personally delivered then on the date delivered, or if mailed aforesaid then three days after the postmark thereof. The Partners may change their addresses for the purpose of this Section 12.1.

12.2 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but all of which shall together constitute one and the same instrument.

12.3 Headings. The Article, Section and Paragraph headings contained in this Agreement are for convenience of reference only and are not intended to define, limit or describe the scope or intent of any provision of this Agreement.

12.4 Number and Gender. Whenever in this Agreement the singular is used, it shall include the plural if the context so requires, and whenever the masculine gender is used in this Agreement, it shall be construed as if the masculine, feminine or neuter gender, respectively, has been used where the context so dictates, with the rest of the sentence being construed as if the grammatical and terminological changes thereby rendered necessary have been made.

12.5 Entire Agreement. This Agreement contains the entire understanding between and among the parties with respect to the subject matter hereof and supersedes any prior understandings and agreements between and among them respecting such subject matter.

12.6 Severability. Any provision of this Agreement which may be determined to be unenforceable under the laws of the State of New York or any other applicable laws shall be construed as severable from the other provisions of this Agreement without in any way affecting the enforceability of the remaining provisions.

12.7 Governing Law. This Agreement shall be deemed to be made under and shall be construed and enforced in accordance with the laws of the State of New York.

12.8 Binding Effect. This agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective heirs, personal or legal representatives, executors, administrators, successors and permitted assigns.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the date and year first above written:

GENERAL PARTNERS:


HENRY F. CAMUSO


ARTHUR GALLINERO


JONATHAN BOOLE


JACK FREEMAN

LIMITED PARTNERS:


HENRY F. CAMUSO


ARTHUR GALLINERO


JONATHAN BOOLE


JACK FREEMAN