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**AHF – COLUMBIA CREST, LLC**

to

**CITIZENS BANK, N.A.**

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**CONTINUING GENERAL SECURITY AGREEMENT**

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Dated as of April 1, 2007

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**THIS CONTINUING GENERAL SECURITY AGREEMENT** ("Continuing Security Agreement") made as of the 1<sup>st</sup> day of April, 2007, by and between **AHF – COLUMBIA CREST, LLC**, a New York limited liability company having an office at 317 Brick Church Road, Troy, New York 12180 (the "Debtor") and **CITIZENS BANK, N.A.**, a national banking association having an address at 833 Broadway, Albany, New York 12207 (the "Bank").

**W i t n e s s e t h :**

WHEREAS, the Debtor has requested the City of Cohoes Industrial Development Agency's (the "Issuer") assistance in providing funds to finance the acquisition, renovation and equipping of a 99,450 square foot senior independent rental apartment project containing 90 units and related common areas located on approximately 6.5 acres of land at 427 Columbia Street, Cohoes, New York as more fully described in Schedule "A" (the "Facility") and to acquire and install in the Facility certain furniture, machinery and equipment (the "Equipment"); the Land, the Facility and the Equipment are collectively referred to as the "Project Facility"; and to pay the expenses anticipated to be incurred in connection with the issuance of certain Bonds to be issued by the Issuer as described below, together with certain related costs and amounts; and

WHEREAS, the Debtor has requested the Issuer to issue its City of Cohoes Industrial Development Agency Variable Rate Civic Facility Revenue Refunding Bonds (Columbia Crest Senior Housing Project – Letter of Credit Secured) Series 2003 (the "Series 2003 Bonds") pursuant to Article 18-A of the General Municipal Law of New York State in an aggregate principal amount not to exceed \$5,560,000.00 (and also referred to herein as the "Bonds"); and

WHEREAS, on or about September 1, 2003, pursuant to a Ground Lease between the Debtor and the Issuer (the "Ground Lease"), the Debtor leased the Project to the Issuer and such Ground Lease or a memorandum thereof was duly recorded in the Office of the County Clerk of Albany County, New York and to which Ground Lease reference may be made by any interested person for the terms, conditions and obligations of the parties thereto; and

WHEREAS, on or about September 1, 2003, the Debtor entered into a Sublease Agreement of even date herewith (the "Sublease Agreement"), pursuant to which the Issuer subleased the Project to the Debtor in consideration of the payment of rentals by the Debtor to the Issuer sufficient to provide for the payment of the principal of, Redemption Price, if any, and interest on the Bonds as the same become due and such Sublease Agreement or a memorandum thereof was duly recorded in the Office of the County Clerk of Albany County, New York and to which Sublease Agreement reference may be made by any interested person for the terms, conditions and obligations of the parties thereto; and

WHEREAS, on or about September 1, 2003, to enhance the marketability of the Bonds and to facilitate payment thereof, the Debtor had applied to KeyBank, N.A. for the issuance of a letter of credit (the "Original Letter of Credit") in favor of the Bank of New York, as trustee ("Trustee") in an amount not to exceed \$5,560,000.00; and

WHEREAS, pursuant to the provisions of Section 13.2 of the Trust Indenture dated as of September 1, 2003 between the City of Cohoes Industrial Development Agency and the Trustee with respect to the Bonds (the "Trust Indenture"), and in order to enhance the marketability of the Bonds and to facilitate payment thereof, the Debtor has applied to the Bank for the issuance of a substitute letter of credit in an amount not to exceed \$5,548,116.00 (the "Substitute Letter of Credit" or the "Letter of Credit") in favor of the Trustee to replace the Original Letter of Credit; and

WHEREAS, in connection with the Letter of Credit, the parties have entered into a Reimbursement Agreement (the "Reimbursement Agreement") between the Debtor and the Bank with all amounts and indebtedness due, or to become due, to the Bank thereunder; to be paid with interest as referenced in the Reimbursement Agreement; and

WHEREAS, the amounts, indebtedness, interest and all other sums which may or shall become due pursuant to the Reimbursement Agreement and hereunder, together, without limitation, with all other agreements between the Debtor and the Bank which give rise to Hedging Obligations (as defined in Section 26 hereof); as such amounts, indebtedness, interest and other sums may at anytime be due to the Bank under the terms of any obligations, notes, modifications, amendments, guarantees or loan agreements, dated today or otherwise, including future advances (will be collectively referred to as the "Debt"); and

WHEREAS, the Reimbursement Agreement is further documented and secured by the "Credit Documents" as defined therein; and

WHEREAS, the Debtor, together with the Issuer, wishes to secure the Debt with this Continuing General Security Agreement;

NOW, THEREFORE, in order to secure the payment of the Debt, and all other sums, advances, expenses and charges that may or shall become due to the Bank hereunder or under the Credit Documents or any of the other agreements between the Debtor and the Bank relating to the Debt, including, without limitation, all agreements between the Debtor and the Bank which give rise to Hedging Obligations, and in consideration of financial accommodations (arising from loan, advance, overdraft, letter of credit, acceptance and/or other credit transactions) given or to be given or to be continued to the Debtor by the Bank or any predecessor in interest to the Bank, the Debtor hereby agrees with the Bank that, whenever the Debtor shall be at any time or times directly or contingently indebted, liable or obligated to the Bank in any manner whatsoever, the Bank shall have the following rights:

1. **Grant of Security Interest.** As security for the due and punctual payment of any and all of the present and future Obligations of the Debtor (as defined in Section 2 below), the Debtor hereby grants to the Bank a continuing security interest in (a) all of the Collateral (as defined in Section 3 below), whether now or hereafter existing or acquired, and (b) all present and future products and proceeds of the Collateral.

2. **Obligations.** As used herein, the term "Obligations" means all liabilities, direct

or contingent, joint, several or independent, of the Debtor, now or hereafter existing, due or to become due, or held or to be held by, the Bank for its own account or as agent for another or others, whether created directly or acquired by assignment or otherwise and howsoever evidenced.

3. Collateral. As used herein, the term "Collateral" means the property described as follows:

All of the Debtor's gross revenues related to the Project Facility of any nature whatsoever, all project-related funds, including the construction fund, debt service reserve fund, a liquidity fund account, and any other accounts established pursuant to the Trust Indenture, all of the Debtor's accounts, receivables, contract rights (including but not limited to resident contracts and management contracts), inventory, furniture, fixtures, equipment, chattels, personal property, building materials, general intangibles, and all business assets of the Project Facility; wherever located, now owned or hereafter acquired, by the Debtor, and all proceeds.

All of Debtor's presently owned and hereafter acquired fixtures, furniture, furnishings, machinery, equipment and appliances of Debtor now or hereafter attached to or installed or placed in, on or about the real property described on Schedule "A", for use in conjunction with the use and occupancy thereof, together with all accessories, parts and appurtenances thereto and all additions, renewals, improvements, and replacements thereof, and all leases and use agreements of all personal property in the categories above set forth, under which Debtor is the lessee or entitled to use such items.

All income, rents, issues and profits, which from and after the date hereof, may accrue from said goods, fixtures, furniture, furnishings, machinery, equipment, and appliances, of any part hereof, or which may be received or receivable by Debtor from any use, leasing or subleasing thereof.

All presently owned and hereafter acquired intangible property and rights of every kind or nature of Debtor relating to the Project Facility or the operation thereof, or used in connection therewith, including but not limited to all governmental permits relating to construction on that real property, and all names by which that real property be operated or known, all rights to carry on business under any such names, and all tradenames, trademarks, and goodwill relating in any way to that real property.

All presently owned and hereafter acquired, causes of action, claims and compensation of every kind and nature of Debtor for any damage to or taking any part of the Project Facility, or for any conveyance in lieu thereof, whether direct or consequential, or for any injury, loss or diminution in value of that real property.

All presently owned and hereafter acquired rights of Debtor under all policies of insurance covering the Project Facility, and all proceeds, loss payments, and premium refunds, which may become payable with respect thereto.

All presently owned and hereafter acquired drawings, plans and specifications of Debtor prepared for construction of improvements relating to the Project Facility and all studies and data related thereto; and all contracts and agreements of the Debtor relating thereto or to the construction of improvements on that Project Facility.

All collections, proceeds, insurance proceeds and products of any of the foregoing, including without limitation, proceeds of any voluntary or involuntary disposition or claim respecting any part hereof (pursuant to judgment, condemnation award or otherwise) and all documents, instruments, general intangibles, chattel paper and accounts which may arise from the sale or disposition of any of the foregoing, all guarantees of and security for any of the foregoing, and all books and records relating to any of the foregoing.

4. **Possessory Security Interests.** The balance of every account of the Debtor with, and each claim of the Debtor against, the Bank existing from time to time, shall be subject to a lien and a security interest in favor of the Bank and subject to be set off against any and all Obligations; and the Bank may at any time or from time to time at its option and without notice appropriate and apply toward the payment of any of the Obligations the balance of each such account of the Debtor with, and each such claim of the Debtor against, the Bank, and the Debtor will continue liable to the Bank for any deficiency, with interest.

5. **Representations and Warranties.** The Debtor represents and warrants that:

- 5.1 **No Other Financial Statements.** No Financing Statement (other than any which may have been filed on behalf of the Bank or on behalf of a third party for a valid purchase money security interest) relating to any of the Collateral is on file in any public office;
- 5.2 **No Change of Location.** The Chief Executive Office (or Major Executive Office) of Debtor (if any), the books and records relating to the Collateral and the Collateral are, and have been during the four-month period prior to the date hereof (or in the case of a new business, from the date of commencement of said business), respectively located at the address(es) as set forth below and Debtor will not change such locations, or merge or consolidate with any person or change its name, without prior written notice to and consent of the Bank,
- 5.3 **Lawful Use of Collateral.** Debtor will use the Collateral for lawful purposes only, with all reasonable care and caution and in conformity with all applicable laws, ordinances, rules and regulations;
- 5.4 **Maintenance of Collateral.** Debtor will keep all inventory and equipment if such should be part of the Collateral, in first class order, repair, running and marketable condition, at Debtor's sole cost and

expense, ordinary wear and tear and obsolescence excepted;

- 5.5 **Bank Access to Collateral.** The Bank shall at all reasonable times have ready and free access to and the right to inspect the Collateral and any records pertaining thereto (and the right to make extracts from and to receive from Debtor originals or true copies of such records and any papers and instruments relating to any Collateral upon request therefor) and Debtor hereby grants to the Bank a security interest in all such records, papers and instruments to secure the payment, performance and observance of the Obligations;
- 5.6 **Personal Property.** The Collateral is now and shall remain personal property, and Debtor will not permit any equipment, if such is a part of the Collateral, which is not now a fixture to become a fixture without prior written notice to and consent of the Bank;
- 5.7 **Insurance.** Debtor, at its sole cost and expense, will insure the Collateral in the name of and with loss or damage payable to the Bank, as its interest may appear, against such risks, with such companies and in such amounts, as may be required by the Bank from time to time (all such policies provide for ten (10) days minimum written notice of cancellation or amendment to the Bank) and Debtor will deliver to the Bank the original or duplicate policies, or certificates or other evidence satisfactory to the Bank attesting thereto, and Debtor will promptly notify the Bank of any material loss or material damage to any Collateral and promptly file a claim therefor if covered by insurance;
- 5.8 **Perfection of Lien.** Debtor will, at its sole cost and expense, perform all acts and execute all documents requested by the Bank from time to time to evidence, perfect, maintain or enforce the Bank's first priority security interest granted herein or otherwise in furtherance of the provisions of this Security Agreement;
- 5.9 **Signature Authorization.** At any time and from time to time, Debtor shall, at its sole cost and expense, execute and deliver to the Bank such financing statements pursuant to the UCC, applications for certificates of title, and other papers, documents or instruments as may be requested by the Bank in connection with this Security Agreement, and Debtor hereby authorizes the Bank, at the Debtor's expense, to execute and file at any time and from time to time one or more financing statements or copies thereof or of this Security Agreement with respect to the Collateral, signed only by the Bank;
- 5.10 **Bank's Right to Cure.** In its discretion, Bank may, at any time and from time to time, for the account of Debtor, pay any amount or do any act

required of Debtor hereunder, which Debtor fails to do or pay, and any such payment shall be deemed an advance by Bank to Debtor payable on demand together with interest at the highest rate then payable on the Obligations;

- 5.11 **Reimbursement.** Debtor will pay the Bank for all sums, costs, and expenses which Bank may pay or incur pursuant to the provisions of this Security Agreement or in negotiating, executing, perfecting, defending, or protecting the security interest granted herein or in enforcing payment of the Obligations or otherwise in connection with the provisions hereof, including but not limited to court costs, collection charges, travel expenses, and reasonable attorneys fees, whether or not an action or proceeding is commenced, all of which, together with interest at the highest rate then payable on the Obligations, shall be part of the Obligations, be payable on demand and be secured hereby;
- 5.12 **Segregation of Proceeds.** All proceeds and collections arising from or received with respect to accounts receivable or contract rights, if included in the Collateral, shall, whether or not a Default has occurred, be segregated, not be commingled with any other property of the Debtor, be held in trust for the Bank by Debtor and be delivered in kind by Debtor to Bank or its designee, with any necessary endorsement or assignment thereon;
- 5.13 **No Commingling of Proceeds.** Except as otherwise specifically provided in any loan agreement between the Bank and the Debtor, all proceeds of any Collateral received by Debtor after the occurrence of a Default or the occurrence of an event which, with the passage of time, the giving of notice or otherwise would constitute a Default, shall not be commingled with other property of Debtor, but shall be segregated, held by Debtor in trust for the Bank, and immediately delivered to the Bank in the form received, duly endorsed in blank where appropriate to effectuate the provisions hereof, the same to be held by the Bank as additional Collateral hereunder or, at Bank's option, to be applied to payment of the Obligations, whether or not due and in any order the Bank may elect; and
- 5.14 **Assignment.** In its sole discretion, the Bank may, at any time and from time to time, assign, transfer or deliver to any transferee of any Obligations, any Collateral, whereupon the Bank shall be fully discharged from all responsibility and the transferee shall be vested with all powers and rights of Bank hereunder with respect thereto, but the Bank shall retain all rights and powers with respect to any Collateral not assigned, transferred or delivered.
6. **Destruction of Collateral.** The Debtor assumes all liability and responsibility in

connection with all Collateral acquired by Debtor; and the obligation of the Debtor to pay all Obligations shall in no way be affected or diminished by reason of the fact that any such Collateral may be lost, destroyed, stolen, damaged or for any reason whatsoever unavailable to the Debtor.

7. **Affirmative Covenants.** So long as this Continuing Security Agreement shall remain in effect, the Debtor agrees:

- 7.1 **Delivery of Proceeds.** That, if the Bank so demands in writing at any time, (i) all proceeds of the Collateral subsequent to default shall be delivered to the Bank promptly upon their receipt in a form satisfactory to the Bank, and (ii) all chattel paper, instruments and documents pertaining to the Collateral shall be delivered to the Bank at the time and place and in the manner in which specified in the Bank's demand;
- 7.2 **Financing Statements.** In order to enable the Bank to comply with the law of any jurisdiction, including state, federal and foreign, applicable to any security interest granted hereby or to the Collateral, to execute and deliver upon request, in form acceptable to the Bank, any Financing Statement, notice, statement, instrument, document, agreement or other papers and/or to perform any act requested by the Bank which may be necessary to create, perfect, preserve, validate or otherwise protect such security interest or to enable the Bank to exercise and enforce the Bank's rights hereunder or with respect to such security interest;
- 7.3 **Filing Fees.** Promptly to pay any filing fees or other costs in connection with (i) the filing or recordation of such Financing Statements or any other papers described above and (ii) such searches of the public records as the Bank in its sole discretion shall require;
- 7.4 **No Signature.** That the Bank is authorized to file or record any such Financing Statements or other papers without the signature of the Debtor if permitted by applicable law;
- 7.5 **Filing Copies.** The Bank may file a carbon, photographic or other reproduction of this Continuing Security Agreement in lieu of a Financing Statement in any filing office where it is permissible to do so;
- 7.6 **No Liens.** Except for the security interest granted hereby, prior security interests of the Bank, and prior purchase money security interests of a third party, and subordinate liens approved in writing by the Bank; the Debtor shall keep the Collateral and proceeds and products thereof free and clear of any security interests, liens or encumbrances of any kind;
- 7.7 **Taxes and Charges.** The Debtor shall promptly pay, when due, all taxes



and transportation, storage and warehousing charges and fees affecting or arising out of the Collateral and shall defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein adverse to the Bank;

- 7.8 **Insurance.** At all times to keep all insurable Collateral insured at the expense of the Debtor in favor of the Bank (1) to the Bank's satisfaction against loss by fire, theft and any other risk to which the Collateral may be subject and (2) any of the relative insurance policies or certificates shall, if the Bank so requests, be deposited with the Bank; the Bank may apply any proceeds of such insurance which may be received by it toward payment of the Obligations, whether or not due, in such order of application as the Bank may determine;
- 7.9 **Lawful Use.** That the Debtor will use the Collateral for lawful purposes only, with all reasonable care and caution and in conformity with all applicable laws, ordinances and regulations;
- 7.10 **Maintenance.** That Debtor will keep the Collateral in first class order, repair, running and marketable condition, at Debtor's sole cost and expense (ordinary wear and tear and obsolescence excepted);
- 7.11 **Bank's Reasonable Care.** That the Bank's duty with respect to the Collateral shall be solely to use reasonable care in the custody and preservation of Collateral in its possession; the Bank shall not be obligated to take any steps necessary to preserve any rights in any of the Collateral against prior parties, and the Debtor hereby agrees to take such steps;
- 7.12 **Hold Harmless.** Debtor hereby releases the Bank from any claims, causes of action and demands at any time arising out of or with respect to this Security Agreement, the Obligations, the Collateral and its use, and the Debtor hereby agrees to hold the Bank harmless from and with respect to any and all such claims, causes of action and demands; that the Bank's prior recourse to any Collateral shall not constitute a condition of any demand, suit or proceeding for payment or collection of the Obligations; the Debtor shall pay to the Bank all costs and expenses, including filing and reasonable attorney's fees, incurred by the Bank in connection with the custody, care, preservation, perfection or collection of the Collateral; the Bank may, but is not obligated to, exercise any and all rights of conversion or exchange or similar rights, privileges and options relating to the Collateral; The Bank shall have no responsibility for ascertaining, nor for informing the Debtor with respect to, nor be required to take any action concerning, any maturities, calls, conversions, exchanges, offers, tenders or similar matters relating to any of the Collateral (whether or not the Bank has, or is deemed to have, knowledge of any of the aforesaid); the Bank

shall have no obligation to sell or otherwise realize upon any of the Collateral as herein authorized and shall not be responsible for any failure to do so or for any delay in so doing;

- 7.13 **Additional Information.** To provide the Bank with such information as the Bank may from time to time request with respect to the location of any of its places of business;
- 7.14 **Change in Office.** That the Bank will be notified promptly in writing of any change in any office as set forth below;
- 7.15 **Access.** That the Debtor will permit the Bank, by its officers and agents, to have access to and examine at all reasonable times the Collateral, properties, minute books and other corporate records, and books of account and financial records of the Debtor, and the right to make extracts from and to receive from Debtor originals or true copies of such books or records and any papers or instruments relating to any Collateral upon request therefor, and Debtor hereby grants to the Bank a security interest in all such books and records to secure the payment, performance and observance of the Obligations; and
- 7.16 **Notice of Default.** That the Debtor will promptly notify the Bank upon the occurrence of any default, as provided in this Continuing Security Agreement, of which the Debtor has knowledge.

8. **Special Covenants for Accounts and Chattel Paper.** The following provisions shall also be applicable:

- 8.1 **Accounts.** "Account" is defined in Uniform Commercial Code Section 9-102(a)(2). The Debtor agrees that the Debtor will not, without first obtaining the written consent of the Bank, renew or extend the time of payment of any Account; the Debtor will promptly notify the Bank in writing of any compromise, settlement or adjustment with respect to an Account and will forthwith account therefor to the Bank in cash for the amount thereof without demand or notice; the Debtor will maintain accurate and complete records of the Accounts and will make the same available to the Bank at any time upon demand; the Debtor will stamp, in form and manner satisfactory to the Bank, its accounts receivable ledger and other books and records pertaining to the Accounts, with an appropriate reference to the security interest of the Bank in the Accounts; upon request, the Debtor will furnish to the Bank original or other papers relating to the sale of merchandise or the performance of labor or services which created any Account; the Debtor may collect the Accounts, subject to the discretion and control of the Bank, but the Bank may, without cause or notice, curtail or terminate such authority at any time; the proceeds of

the Accounts, when collected by the Debtor, whether consisting of cash, checks, notes, drafts, money orders, commercial paper of any kind whatsoever, or other documents, received in payment of the Accounts, shall be promptly remitted by the Debtor to the Bank, in precisely the form received, except for endorsement by the Debtor when required, such proceeds until remitted to the Bank, as aforesaid, shall be held in trust by the Debtor for, and as the property of, the Bank and shall not be commingled with other funds, money or property; proceeds of the Accounts will be received by the Bank subject to final collection and receipt of proceeds in cash or by unconditional credit to and accepted by the Bank; the Bank shall apply in its absolute discretion all collections received by it on the Accounts toward the payment of any of the Obligations whether due or not due; the Debtor will promptly notify the Bank in writing of the return or rejection of any merchandise represented by the Accounts and the Debtor shall forthwith account therefor to the Bank in cash without demand or notice and until such payment has been received by the Bank, the Debtor will receive and hold all such merchandise separate and apart, in trust for and subject to the security interest in favor of the Bank; the Bank is authorized to sell, for the Debtor's account and sole risk, all or any part of such merchandise in the manner and under the terms and conditions hereinafter set forth.

8.2 **Ownership of Accounts.** The Debtor represents and warrants to the Bank that the Debtor is the sole owner of the Accounts and no one has or claims to have an interest of any kind therein or thereto; each of the debtors named in every such Account is indebted to the Debtor in the amount and on the terms indicated in the invoice and schedule of Accounts; each Account is bona fide and arises out of the performance of labor or services or the sale and delivery of merchandise or both; and none of the Accounts is now, nor will at any time in the future become, contingent upon the fulfillment of any contract or condition whatsoever, nor subject to any defense, offset or counterclaim.

9. **Default Remedies.** Upon non-payment when due of any of the Obligations, or upon the failure of the Debtor to perform any agreement on its part to be performed hereunder, or by the terms of any other or related agreement covering the Obligations, or in case the Bank deems itself insecure, or if it appears at any time that any representation in any financial or other statement of the Debtor (delivered to the Bank by or on behalf of the Debtor) is untrue or omits any material fact, or if a material adverse change shall occur in the financial condition of the Debtor, or if the Debtor (or any endorser, guarantor or surety of or upon any of the Obligations) shall die or (being a partnership or corporation) shall be dissolved or shall become insolvent (however evidenced), or upon the suspension of business of the Debtor, or upon the issuance of any warrant, process, or order of attachment, garnishment or other lien and/or the filing of a lien as a result thereof against any of the property of the Debtor (or any endorser, guarantor or surety of or upon any of the Obligations), or upon the commencement of any proceeding under (or the

use of any of the provisions of) Article 52 of the New York Civil Practice Law and Rules (or any other applicable law in any jurisdiction) by any judgment creditor against the Debtor or with respect to any property of Debtor, or upon the making by the Debtor (or any endorser, guarantor or surety of or upon any of the Obligations) of an assignment for the benefit of creditors, or upon the application for the appointment or the appointment of a trustee or receiver or similar officer for the Debtor (or any endorser, guarantor or surety of or upon any of the Obligations) or for any of the property of the Debtor (or any such endorser, guarantor or surety), or upon any proceedings being commenced by or against the Debtor (or any such endorser, guarantor or surety) under any bankruptcy, reorganization, arrangement of debt, insolvency, readjustment of debt, composition, receivership, liquidation or dissolution law or statute of any jurisdiction, then and in any such event:

- 9.1 **Acceleration of Debt.** All Obligations shall become at once due and payable, without notice, presentation, demand of payment or protest, which are hereby expressly waived;
- 9.2 **Repossession of Collateral.** The Bank is authorized to take possession of the Collateral and, for that purpose, may enter, with the aid and assistance of any person or persons, any Project Facility where the Collateral, or any part thereof is, or may be, placed and remove the same;
- 9.3 **Assemble Collateral.** The Bank may require the Debtor to assemble the Collateral and to make it available to the Bank at a place designated by the Bank which is reasonably convenient to the Bank and the Debtor;
- 9.4 **Delivery of Collateral.** The Bank shall have the right from time to time, at its option, to sell, resell, assign, transfer and deliver all or any part of the Collateral, at any brokers' board or exchange, or at public or private sale or otherwise, for cash or on credit or for future delivery, in such parcel or parcels and at such time or times and at such place or places, and upon such terms and conditions as the Bank may deem proper, and in connection therewith may grant options and may impose reasonable conditions such as requiring any purchaser to represent that any stock constituting part of the Collateral is being purchased for investment purposes only, all without (except as shall be required by applicable statute and cannot be waived) advertisement or demand upon or notice to the Debtor or right of redemption of the Debtor, which are hereby expressly waived;
- 9.5 **Notice.** The Bank shall, upon mailing notice to the Debtor that it so elects, have from the date of such mailings the right from time to time to note any shares of stock securing any of the Obligations;
- 9.6 **Termination of Loans.** The Bank's obligation, if any, to give additional (or to continue) financial accommodations of any kind to the Debtor shall

immediately terminate;

- 9.7 **Purchase of Collateral.** Upon each such sale, the Bank may, unless prohibited by applicable statute which cannot be waived, purchase all or any part of the Collateral being sold, free from and discharged of all trusts, claims, rights of redemption and equities of the Debtor, which are hereby waived and released;
- 9.8 **Retention of Collateral.** Upon any transfer of any of the Obligations, the Bank may retain all or any part of the Collateral as security for all liabilities or obligations of the Debtor retained by the Bank; and
- 9.9 **Uniform Commercial Code.** In addition to the rights and remedies given to the Bank hereunder or otherwise, the Bank shall have all of the rights and remedies of a secured party under the New York Uniform Commercial Code.

10. **Application of Proceeds.** The Bank may apply the sale proceeds actually received from any sale or other disposition to the reasonable expenses of retaking, holding, preparing for sale, selling, leasing and the like, to reasonable attorneys fees and all travel and other expenses which may be incurred by Bank in attempting to collect the Obligations or enforce this Security Agreement or in the prosecution or defense of any action or proceeding related to the subject matter of this Security Agreement; and then to the Obligations in such order and as to principal, or interest or other charges as the Bank may desire; and Debtor shall remain liable and will pay the Bank, on demand, any deficiency remaining, together with interest thereon at the highest rate then payable on the Obligations and the balance of any expenses unpaid, with any surplus to be paid to Debtor, subject to any duty of the Bank, imposed by law, to the holder of any subordinate interest in the Collateral actually known to the Bank.

The Bank may appropriate, set off and apply to the payment of the Obligations, any Collateral in or coming into the possession of the Bank or its agents, without notice to Debtor and in such manner as Bank may in its discretion determine.

11. **Application of Collateral.** The Bank shall have the right, at any time and from time to time, without notice, to (i) transfer into its own name or that of its nominee any of the Collateral, (ii) notify any obligor on any Collateral to make payment directly to the Bank of any amounts due thereon, and/or (iii) take control of any proceeds of any Collateral.

12. **Additional Bank Remedies.** The Bank may, but is not obligated to, (a) demand, sue for, collect or receive any money or property at any time due, payable or receivable on account of or in exchange for any obligation securing any of the Obligations; (b) compromise and settle with any person liable on such obligations, and/or (c) extend the time of payment of or otherwise change the terms thereof, as to any party liable thereon; all without incurring responsibility to the undersigned or affecting any of the Obligations. The Bank shall not be deemed, by its acceptance of this Security Agreement, to have assumed any responsibility, or

obligation or duty with respect to, any of the Collateral or its use, or any matter or proceeding arising out of or relating thereto, including, without limitation, any obligation or duty to take action to collect, preserve or protect its or Debtor's rights in the Collateral. Debtor hereby releases the Bank from any claims, causes of action and demands at any time arising out of or with respect to this Security Agreement, the Obligations, the Collateral or its use or disposition and Debtor hereby agrees to hold the Bank harmless from and with respect to any and such claims, causes of action and demands relating thereto. The Bank's prior recourse to any Collateral shall not constitute a condition of any demand, suit or proceeding for payment or collection of the Obligations.

13. **Power of Attorney.** In order to effectuate the terms and provisions hereof, Debtor hereby designates and appoints the Bank and its designees or agents as attorney-in-fact of Debtor, irrevocably and with power of substitution, with authority to receive, open and dispose of all mail addressed to Debtor, to notify the Post Office authorities to change the address for delivery of mail addressed to Debtor to such address as Bank may designate, to endorse the name of Debtor on any notes, acceptances, checks, drafts, money orders, instruments or other evidence of payment or proceeds of the Collateral that may come into Bank's possession; to sign the name of Debtor on any invoices, documents, drafts against and notices (which also may direct, among other things, that payment be made directly to the Bank) to Account debtors or obligors of Debtor, assignments and requests for verification of accounts; to execute proofs of claim and loss; to execute any endorsements, assignments, or other instruments of conveyance or transfer to adjust and compromise any claims under insurance policies; to execute releases; and to do all other acts and things necessary and advisable in the sole discretion of Bank to carry out and enforce this Continuing Security Agreement. All acts of said attorney or designee are hereby ratified and approved and said attorney or designee shall not be liable for any acts of commission or omission, nor for any error of judgment or mistake of fact or law. This power of attorney being coupled with an interest is irrevocable while any of the Obligations shall remain unpaid.

14. **Remedies, Cumulative.** All options, powers and rights granted to the Bank hereunder or under any promissory note, instrument, document or other writing delivered to the Bank shall be cumulative and shall be in addition to any other options, powers or rights which the Bank may now or hereafter have as a secured party under the New York Uniform Commercial Code or under any other applicable law or otherwise.

15. **No Waiver.** No act, omission or delay on the part of the Bank in exercising any of its remedies, options, powers or rights, or partial or single exercise thereof, shall constitute a waiver thereof. Neither this Continuing Security Agreement nor any provision hereof may be modified, changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the modification, change, waiver, discharge or termination is sought. No single or partial waiver by the Bank of any default or right or remedy which it may have shall operate as a waiver of any other default, right or remedy or of the same default, right or remedy on a future occasion. The Bank shall have the right, for and in the name, place and stead of the Debtor, to execute endorsements, assignments or other instruments of conveyance to transfer with respect to any of the Collateral.

16. **Waiver of Presentment.** Debtor hereby waives presentment, notice of acceptance, notice of dishonor and protest of this Continuing Security Agreement, and of all instruments included in or evidencing any Obligations or Collateral, and all other notices and demands whatsoever (except as expressly provided herein).

17. **Waiver of Trial by Jury.** In the event of any litigation with respect to any matter connected with this Security Agreement, the Obligations or the Collateral, Debtor hereby waives the right to a trial by jury and all defenses, rights of setoff and rights to interpose counterclaims of any nature. Debtor hereby irrevocably consents to the jurisdiction of the Courts of the State of New York and of any Federal Court located in such State in connection with any action or proceeding arising out of or relating to the Obligations, this Security Agreement or the Collateral, or any document or instrument delivered with respect to any of the Obligations.

18. **Binding Effect.** This Continuing Security Agreement shall be immediately binding upon the Debtor and its successors and assigns, whether or not the Bank signs this Continuing Security Agreement.

19. **Continuing Security Agreement.** It is the intention of the parties (a) that, subject to Section 20 below, this Continuing Security Agreement shall constitute a continuing agreement applying to any and all future, as well as existing Collateral, and the Obligations covered by this Continuing Security Agreement shall include future advances and other value, as well as existing advances and other value, whether or not similar to prior or existing advances or other value, and whether or not the advances or value are or shall be given pursuant to commitment, all to the maximum extent permitted by the New York Uniform Commercial Code.

20. **Termination by Debtor.** This Continuing Security Agreement may be terminated by the Debtor upon delivery of written notice to the Bank of such intention and payment in full of all outstanding Obligations; provided, however, that (a) such notice and payment shall in no way affect, and this Continuing Security Agreement shall remain fully operative as to, any transactions entered into or rights granted or liabilities incurred prior to receipt of such notice by the Bank, and (b) prior to such termination, this Continuing Security Agreement shall be a continuing agreement in every respect.

21. **Uniform Commercial Code.** Unless the context otherwise requires, all terms used herein which are defined in the New York Uniform Commercial Code shall have the meanings therein stated.

22. **Liability, Joint and Several.** If this Continuing Security Agreement is signed by two or more parties as debtors, they shall be jointly and severally liable hereunder, and the term "Debtor" wherever used in this Continuing Security Agreement shall mean the parties who have signed this Continuing Security Agreement and each of them. This Security Agreement and all Obligations shall be binding upon the successors or assigns of Debtor and shall, together with the rights and remedies of the Bank hereunder, inure to the benefit of the Bank and its successors, endorsees and assigns.

23. **Mailing Address of Debtor and Address of Bank.** For the purpose of Section 9-402(1) of the New York Uniform Commercial Code, the address of the Debtor specified below under the caption "Principal Office" shall be the Debtor's mailing address, and the address of the Bank specified below shall be the Bank's address from which information concerning the Bank's security interest hereunder may be obtained.

24. **Applicable Law.** This Continuing Security Agreement shall be construed in accordance with and be governed by the law of the State of New York. The Debtor hereby irrevocably consents to the jurisdiction of the Courts of the State of New York and to venue in Supreme Court, Albany County, New York. Debtor hereby waives personal service of any process and agrees that service of process may, at the Bank's discretion, be made by certified or registered mail directed to Debtor at any address of Debtor as set forth in this Security Agreement.

25. **Savings Clause.** If any term of this Security Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby.

26. **Hedging Obligations.** Notwithstanding any provision of this Continuing Security Agreement or any other Loan Documents to the contrary, and to supplement those provisions, the obligations secured hereunder include, but are not limited to, "Hedging Obligations", as herein defined. "Hedging Obligations" mean all liabilities of the Debtor to the Bank under Hedging Contracts. "Hedging Contracts" means interest rate swap agreements, interest rate cap agreements, interest rate collar agreements, or any other agreements or arrangements entered into between the Borrower and the Bank and designed to protect the Debtor against fluctuation or interest rates or currency exchange rates.



IN WITNESS WHEREOF, the Debtor has executed this Continuing Security Agreement or has caused these presents to be executed and delivered by it to its proper corporate officer or officers and caused its proper corporate seal to be hereto affixed, as of this 1<sup>st</sup> day of April, 2007.

DEBTOR:

AHF – COLUMBIA CREST, LLC

Principal Office of Debtor:

317 Brick Church Road  
Troy, New York 12180

By: American Housing Foundation, Inc.  
Sole Member

By: GARRY J. KEARNS  
Name: Garry J. Kearns  
Title: Executive Director

Address of Location of Books and  
Records Relating to Collateral:

Other Business Address: (if none, state "None")

Schedule "A"

All those pieces or parcels of land situate, lying and being located in the City of Cohoes, County of Albany and State of New York, being more particularly bounded and described as follows:

**Parcel No. 1**

Beginning at a point in the northerly line of Columbia Street distant 753.27' easterly measured along the northerly line of Columbia Street and its westerly extension from its intersection with the southerly extension and prolongation of the easterly line of Baker Avenue; running thence northerly North 09° -00' -00" West, 510.64' to a point; thence continuing northerly along the same course and along the easterly line of lands now or formerly of William G. Gipp as described in Liber 2082 of deeds, page 3, North 09° -00' -00" West, 291.78' to a point; thence easterly and southerly along the lands now or formerly of Cohoes Memorial Hospital as described in Liber 1644 of deeds, page 193, the following four courses and distances:

South 61° -18' -58" East, 167.55' to a point; thence

South 56° -58' -58" East, 241.50' to a point; thence

South 44° -00' -58" East, 231.81' to a point; thence

South 04° -16' -02" West, 361.34' to a point in the northerly line of Columbia Street; thence westerly along the northerly line of Columbia Street South 81° -30' -21" West, 362.13' to the point or place of beginning and containing 5.88 Acres, more or less.

All those pieces or parcels of land situate, lying and being located in the City of Cohoes, County of Albany and State of New York, being more particularly bounded and described as follows:

**Parcel No. 2**

Beginning at a point in the northerly line of Columbia Street distant 753.27' easterly measured along the northerly line of Columbia Street and its westerly extension from its intersection with the southerly extension and prolongation of the easterly line of Baker Avenue; running thence northerly North 09° -00' -00" West, 510.64' to a point; thence westerly along the southerly line of lands now or formerly of William G. Gipp as described in Liber 2082 of deeds, page 3, South 81° -00' -00" West, 50.00' to a point; thence southerly along the easterly line of lands now or formerly of William G. Gipp as described in Judgment Index No. 11240-86, South 09° -00' -00" East, 510.20' to a point in the northerly line of Columbia Street; thence easterly along the northerly line of Columbia Street, North 81° -30' -21" East, 50.00' to the point or place of beginning and containing 0.58 acres, more or less.

Said two parcels when taken together being bounded and described as follows:

All that piece or parcel of land situate, lying and being located in the City of Cohoes, County of Albany and State of New York, being more particularly bounded and described as follows:

Beginning at a point in the northerly line of Columbia Street at its intersection with the easterly line of lands of William G. Gipp, said point of beginning being distant 703.27' easterly measured along the northerly line of Columbia Street and its westerly extension from its intersection with the southerly extension and prolongation of the easterly line of Baker Avenue; running thence along the easterly line of lands of William G. Gipp as follows: northerly North 09° -00' -00" West, 510.20' to a point; thence westerly along the southerly line of lands now or formerly of William G. Gipp as described in Liber 2082 of deeds, page 3, North 81° -00' -00" East, 50.00' to a point; thence northerly along the easterly line of lands now or formerly of William G. Gipp as described in Liber 2082 of deeds, page 3, North 09° -00' -00" West, 291.78' to a point; thence easterly and southerly along the lands now or formerly of Cohoes Memorial Hospital as described in Liber 1644 of deeds, page 193, the following four courses and distances:

South 61° -18' -58" East, 167.55' to a point; thence

South 56° -58' -58" East, 241.50' to a point; thence

South 44° -00' -58" East, 231.81' to a point; thence

South 04° -16' -02" West, 361.34' to a point in the northerly line of Columbia Street; thence westerly along the northerly line of Columbia Street South 81° -30' -21" West, 412.13' to the point or place of beginning and containing 6.46 Acres, more or less.