
AHF - COLUMBIA CREST, LLC

to

CITIZENS BANK, N.A.

DEPOSIT ACCOUNT PLEDGE AGREEMENT

Dated as of April 1, 2007

Columbia Crest Project
427 Columbia Street, City of Cohoes,
County of Albany, State of New York

THIS DEPOSIT ACCOUNT PLEDGE AGREEMENT ("Deposit Account Pledge Agreement") made as of April 1, 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 "Company") 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 Company has requested the City of Cohoes Industrial Development Agency's (the "Issuer") assistance in providing funds to refinance 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 (the "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 incurred in connection with the issuance of certain Bonds issued by the Issuer as described below, together with certain related costs and amounts; and

WHEREAS, on or about September 1, 2003, American Housing Foundation, Inc. (the "Fee Owner") (as owner of the Land) and the Company entered into a certain lease (the "Project Lease Agreement"), whereby the Land is leased by the Fee Owner to the Company, and

WHEREAS, the Issuer has issued its City of Cohoes Industrial Development Agency Variable Rate Civic Facility Revenue Bonds (Columbia Crest Senior Housing Project) Series 2003 (the "Series 2003 Bonds" or the "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

WHEREAS, pursuant to a Ground Lease dated as of September 1, 2003 between the Company and the Issuer (the "Ground Lease"), the Company has leased the Project to the Issuer and such Ground Lease or a memorandum thereof has been 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, the Issuer and the Company have entered into an Sublease Agreement (the "Sublease Agreement"), pursuant to which the Issuer subleased the Project Facility to the Company in consideration of the payment of rentals by the Company 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 has been 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, to enhance the marketability of the Bonds and to facilitate payment thereof, the Company 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 (the "Trustee") in an amount not to exceed \$5,623,979.00; 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 Company 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 Company 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 Company and the Bank which give rise to Hedging Obligations (as defined in Section 19 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 the Interest Rate Protection Product (as defined therein) and Hedging Obligations are further documented by the Interest Rate Protection Agreement; and

WHEREAS, the Company, together with the Issuer, wishes to secure the Debt with the first mortgage on the Project Facility;

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 Company and the Bank relating to the Debt, including, without limitation, all agreements between the Company and the Bank which give rise to Hedging Obligations, and to induce the Bank to enter into the Credit Documents and to secure the obligations of the Company hereunder and thereunder, the Company hereby grants to the Bank a security interest in the following deposit accounts held at Citizens Bank, N.A.:

<u>Deposit Account Number</u>	<u>Deposit Account Title</u>
4003242415	AHF – Columbia Crest
4003242237	AHF – Columbia Crest

(collectively, the "Account") as such accounts exist today and in the future (including any replacement accounts), and all Proceeds of all of the foregoing property ("Collateral"). Each capitalized term, unless otherwise defined, shall have the meaning set forth in the Uniform Commercial Code.

1. Obligations. The security interest granted by the Company to the Bank secures all of the Company's obligations arising out of the Credit Documents and this Deposit Account Pledge Agreement and any other obligation that the Company may have to the Bank from time to time, whether now existing or arising hereafter (collectively, the "Obligations"), and also extends to any renewal, refinancing, refunding, extension or modification of any Obligations. The parties further agree that the Bank will have a first lien and security interest in the Account.

2. Account Rights. No withdrawals or distributions may be made from the Account except as expressly set forth below.

3. Duty of the Bank. The Company shall have all risk of loss of the Collateral. The Bank shall have no liability or duty, either before or after the occurrence of an Event of Default, on account of loss of or damage to, to collect or enforce any of its rights against, the Collateral, to collect any income accruing on the Collateral, or to preserve rights against other parties. If the Bank actually receives any notices requiring action with respect to Collateral in the Bank's possession, the Bank shall take reasonable steps to forward such notices to the Company. The Company is responsible for responding to notices concerning the Collateral, voting rights in connection with the Collateral, and exercising rights and options, calls and conversions of the Collateral. The Bank's sole responsibility is to take such action as is reasonably requested by the Company in writing; however, the Bank is not responsible to take any action that, in the Bank's sole judgment, would affect the value of the Collateral as security for the Obligations adversely. While the Bank is not required to take certain actions, if action is needed, in the Bank's sole discretion, to preserve and maintain the Collateral, the Company authorizes the Bank to take such actions, but the Bank is not obligated to do so.

4. Tax Reporting. All income, gain, expense and loss recognized in the Account shall be reported to taxing authorities under the Company's name and taxpayer identification number (EIN#56-2386539).

5. Representations and Warranties. The Company represents and warrants to the Bank that:

a. The Account as described above is a complete and accurate statement of the Account as of the date hereof.

b. This Deposit Account Pledge Agreement has been duly executed and delivered by the Company, constitute the Company's valid and legally binding obligations and is enforceable in accordance with its respective terms against the Company.

c. The execution, delivery and performance of this Deposit Account Pledge Agreement, the grant of the security interest in the Collateral and the consummation of the transactions contemplated will not, with or without the giving of notice or the lapse of time, (i) violate any law applicable to the Company, (ii) violate any judgment, writ, injunction or order of any court or governmental body or officer applicable to the Company, (iii) violate or result in the breach of any agreement to which the Company is a party or by which any of the Company's properties, including the Collateral, is bound, (iv) violate any restriction on the transfer of any of the Collateral or (v) violate the Company's articles of organization or operating agreement.

d. No consent, approval or authorization of any third party or any governmental body or officer is required for the valid and lawful execution and delivery of this Deposit Account Pledge Agreement, the creation and perfection of the Bank's security interest in the Collateral or the valid and lawful exercise by the Bank of remedies available to it under this Deposit Account Pledge Agreement, or applicable law or of the voting and other rights granted to it in this Deposit Account Pledge Agreement, except as may be required for the offer or sale of securities under applicable securities laws.

e. The Account is a valid and legally binding obligation of Bank.

f. The Company's state of incorporation or formation (if Debtor is not an individual) and exact legal name are set forth at the end of this Deposit Account Pledge Agreement. The address of the Company's chief executive office (if the Company has more than one place of business) is set forth at the end of this Deposit Account Pledge Agreement. If the Company is an individual, the address of the Company's principal residence is set forth at the end of this Deposit Account Pledge Agreement.

g. The Loan is not a "consumer transaction" as defined in the Uniform Commercial Code, and none of the Collateral was or will be purchased or held primarily for personal, family or household purposes.

h. The Company is the sole owner of the Collateral, has the right to grant the security interest provided for herein to Bank and has granted to the Bank a valid and perfected first priority security interest in the Collateral free of all liens, encumbrances, transfer restrictions and adverse claims.

i. None of the information or financial statements furnished by the Company to the Bank in connection with the transactions contemplated by this Deposit Account Pledge Agreement or the Credit Documents contains any untrue statement of material fact or omits to state any material fact required to be stated to make such statements not misleading.

6. Debtor's Agreements. The Company agrees with the Bank that the Company shall:

a. Defend the Company's title to the Collateral and the security interest of the Bank against the claims of any person claiming rights in the Collateral.

b. Not withdraw any money or property from the Account or sell or offer to sell or otherwise transfer or encumber any portion of the Collateral.

c. Not modify or terminate the Customer Agreement with the Bank.

d. Not file any amendments, correction statements or termination statements to financing statements concerning the Collateral without the prior written consent of the Bank.

e. At the Company's expense, do such further acts and execute and deliver such additional conveyances, certificates, instruments, legal opinions and other assurances as the Bank may at any time reasonably request or require to protect, assure or enforce its interests, rights and remedies under this Deposit Account Pledge Agreement. The Company authorizes the Bank to file with the appropriate governmental offices in the State of New York or elsewhere one or more Uniform Commercial Code financing statements covering the Collateral and all personal property of the Company containing such legends as the Bank shall deem necessary or desirable to protect the Bank's interest in the Collateral, and amendments or continuations whenever necessary to continue the perfection of the Bank's security interest. The Company agrees to pay all taxes, fees and costs (including reasonable attorneys' fees) paid or incurred by the Bank in connection with the preparation, filing or recordation thereof. The Company ratifies its prior authorization for the Bank to such financing statements.

f. Notify the Bank at least 90 days before the Company changes the Company's name, the Company's principal residence or chief executive office.

g. Enter into or be a party to any merger, consolidation, reorganization or exchange of stock or assets.

7. Events of Default. The Company shall be in default and the Bank shall have the rights and remedies of a secured party under Article 9 of the Uniform Commercial Code of New York (the "Uniform Commercial Code"), in addition to any other remedies available to it hereunder or any other agreement, if (a) the Company fails to pay or perform any of the Obligations when the same become due and payable or performable; (b) an event of default occurs under any of the Credit Documents or any other agreement between the Bank and the Company; (c) any amendment to or termination of a financing statement naming the Company as debtor and the Bank as secured party, or any correction statement with respect thereto, is filed in any jurisdiction by any party other than the Bank without the prior consent of the Bank; or (d) any representation or warranty made by the Company in this Deposit Account Pledge Agreement, or any information contained in any financial statement or other document delivered to the Bank by or on behalf of the Company contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading in light of the circumstances in which they were made.

8. Remedies. If an Event of Default occurs (after the expiration of any applicable cure period), the Bank may, in its discretion remove any Collateral from the Account and register it in its name or in the name of its agent or nominee or any of their nominees.

If notice of the time and place of any public sale of the Collateral or the time after which any private sale or other intended disposition is required by the Uniform Commercial Code, the Company agrees that 10 days advance notice is reasonable notice, unless a longer period is required by law.

The Company shall execute and deliver to the purchasers of the Collateral all instruments and other documents necessary or proper to sell, convey and transfer title to such Collateral. If approval of any sale of Collateral by any governmental body or officer is required, the Company shall prepare or cooperate fully in the preparation of and cause to be filed with such governmental body or officer all necessary or proper applications, reports, and forms and do all other things necessary or proper to obtain such approval.

Any cash held by Bank as Collateral and all cash proceeds of any disposition of all or any part of the Collateral may be applied against all or any part of the Obligations in such order as the Bank may elect. The Bank may defer the application of non-cash proceeds of Collateral to the Obligations until cash proceeds are actually received by the Bank.

9. Appointment of Bank as Agent. The Company appoints the Bank, its successors and assigns, as the Company's agent and attorney-in-fact to carry out this Deposit Account Pledge Agreement and take any action or execute any instrument that the Bank considers necessary or convenient for such purpose, including the power to endorse and deliver checks, notes and other instruments for the payment of money in the name of and on behalf of the Company, to endorse the Company's name on requests to other secured parties of the Company for accountings, confirmations of collateral and confirmations of statements of account. The Company authorizes the Bank to request other secured parties of the Company to provide accountings, confirmations of Collateral and confirmations of statements of account concerning the Company. This appointment is coupled with an interest and is irrevocable and will not be affected by the death or bankruptcy of the Company nor by the lapse of time. If the Company fails to perform any act required by this Deposit Account Pledge Agreement, Bank may perform such act in the name of the Company and at the Company's expense.

10. Expenses. The Company agrees that the Company will pay to the Bank upon demand the amount of any out-of-pocket expenses, including the reasonable fees and disbursements of counsel, that the Bank incurs in connection with the administration or enforcement of this Deposit Account Pledge Agreement, including reasonable expenses incurred to preserve the value of the Collateral and the Bank's security interest, the collection, sale or other disposition of any of the Collateral, the exercise by the Bank of any of its rights, or any action to enforce its rights under this Deposit Account Pledge Agreement, and such portion of the Bank's overhead as Bank shall allocate to collection and enforcement of the Obligations in the Bank's sole but reasonable discretion, to the extent allowed by applicable law (the "Enforcement Costs"). Any Enforcement Cost not paid on demand shall bear interest at the highest rate of interest payable under the Credit Documents.

11. Release of Collateral. The security interest granted to the Bank shall not terminate and the Bank shall not be required to return the Collateral to the Company or to terminate its security interest unless and until (a) the Obligations have been fully paid or

performed, (b) the obligations of all parties to the Credit Documents have been discharged or released and (c) the Company has reimbursed the Bank for any expenses of returning the Collateral and filing any termination statements and other instruments as are required to be filed in public offices under applicable laws. After termination of this security interest, within 20 days after the Bank's receipt from the Company of an authenticated record requesting such termination and release, the Bank shall release control of any security interest in the Collateral perfected by control and shall terminate or send the Company appropriate documentation to terminate any financing statements filed by the Bank with respect to the Collateral.

12. Agreement. This Deposit Account Pledge Agreement and the agreements and instruments required to be executed and delivered hereunder set forth the entire agreement of the parties with respect to the matters expressly set forth herein and the creation of a security interest in the Collateral and supersedes any oral agreements concerning such subject matter.

13. Waiver. Neither the failure of nor any delay by any party to this Deposit Account Pledge Agreement to enforce any right to demand compliance with its terms is a waiver of any right. No action taken pursuant to this Deposit Account Pledge Agreement on one or more occasions is a waiver of any right or constitutes a course of dealing that modifies this Deposit Account Pledge Agreement. No waiver of any right or remedy under this Deposit Account Pledge Agreement shall be binding on any party unless it is in writing and is signed by the party to be charged. No such waiver of any right or remedy under any term of this Deposit Account Pledge Agreement shall in any event be deemed to apply to any subsequent default under the same or any other term.

14. Amendments. No amendment, modification or termination of this Deposit Account Pledge Agreement shall be binding on any party unless it is in writing and is signed by the party to be charged.

15. Severability If any term or provision set forth in this Deposit Account Pledge Agreement shall be invalid or unenforceable, the remainder of this Deposit Account Pledge Agreement, or the application of such terms or provisions to persons or circumstances, other than those to which it is held invalid or unenforceable, shall be construed in all respects as if such invalid or unenforceable term or provision were omitted.

16. Successors. The terms of this Deposit Account Pledge Agreement shall be binding upon the Company, the Company's heirs and personal representatives, and the Company's successors and assigns and shall inure to the benefit of the Bank, its successors and assigns and any holder, owner or assignee of any rights in any of the Credit Documents and will be enforceable by them as their interest may appear.

17. Notices. Any notice or other communication required or permitted to be given under this Deposit Account Pledge Agreement shall be in writing and deemed to have been given properly when delivered in person, or when sent by facsimile or other electronic means and electronic confirmation of error-free receipt is received, or two days after being sent by certified or registered United States mail, return receipt requested, postage prepaid, addressed in the case of mail or electronic transmission or delivered in the case of personal delivery to the party at the

address set forth next to such party's name at the top of this Deposit Account Pledge Agreement. Any party may change its address for notices in the manner set forth above.

18. Choice of Law. The validity, terms, performance and enforcement of this Deposit Account Pledge Agreement shall be governed by the internal laws of the State of New York.

19. Hedging Obligations. Notwithstanding any provision of this Deposit Account Pledge Agreement or any other Credit 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 Company 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 Company and the Bank and designed to protect the Company against fluctuation or interest rates or currency exchange rates.

IN WITNESS WHEREOF, the Company has executed or caused this Deposit Account Pledge Agreement to be executed as of this 1st day of April, 2007.

COMPANY:

AHF - COLUMBIA CREST, LLC

By: American Housing Foundation, Inc.,
Sole Member and Manager

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

BANK:

CITIZENS BANK, N.A.

By: Scott J. Houghtaling
Name: Scott J. Houghtaling
Title: Vice President

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

On the 13th day of April, in the year 2007, before me, the undersigned, a Notary Public in and for said State, personally appeared **Garry J. Kearns**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Notary Public

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

ROBERT G. WAKEMAN
Notary Public, State of New York
No. 4707138
Qualified in Albany County
Commission Expires Feb. 28, 2010

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Troy, New York 12180
Address of Debtor's
Chief Executive Officer
or Principal Residence

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