

**2013 MORTGAGE MODIFICATION RESOLUTION  
FORT SHANDAKEN ASSOCIATES II L.P./SPOTTED DOG VENTURES, L.L.C.  
PROJECT**

A regular meeting of the members of Ulster County Industrial Development Agency (the "Issuer") was convened in public session at the Karen Binder Legislative Library, 6th Floor, 244 Fair Street, Kingston, New York on May 15, 2013 at 8:00 o'clock a.m., local time.

The meeting was called to order by the (Vice) Chairman of the Issuer and, upon roll being called, the following members of the members of the Issuer were:

**PRESENT:**

Mike Horodyski	Chairman
John Morrow	Secretary
Stephen Perfit	Treasurer
Paul Colucci	Assistant Chairman/Assistant Secretary
Robert Kinnin	Assistant Chairman/Assistant Secretary
James Malcolm	Assistant Chairman/Assistant Secretary

**ABSENT:**

**ISSUER STAFF PRESENT INCLUDED THE FOLLOWING:**

March Gallagher	Ulster County Director of Business Services
Linda Clark	Office of Business Services
A. Joseph Scott, III, Esq.	Issuer and Bond Counsel

The following resolution was offered by \_\_\_\_\_, seconded by \_\_\_\_\_, to wit:

Resolution No. \_\_\_\_

**RESOLUTION AUTHORIZING THE EXECUTION BY ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY OF A CERTAIN MODIFICATION OF MORTGAGE AND RELATED DOCUMENTS IN CONNECTION WITH THE FORT SHANDAKEN ASSOCIATES II L.P./SPOTTED DOG VENTURES, L.L.C. PROJECT.**

WHEREAS, Ulster County Industrial Development Agency (the "Agency") is authorized and empowered by the provisions of Chapter 1030 of the 1969 Laws of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 787 of the 1976 Laws of New York, as amended, constituting Section 923 of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of manufacturing, warehousing, research, commercial and industrial facilities, among others, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities,

health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, construct and install one or more “projects” (as defined in the Act) or to cause said projects to be acquired, constructed and installed, and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, on March 24, 2006 (the “Closing Date”), the Agency entered into a lease agreement dated as of March 1, 2006 (the “Lease Agreement”) by and between the Agency and Fort Shandaken Associates II L.P. (the “Company”) for the purpose of undertaking a project (the “Project”) consisting of the following: (A) (1) the acquisition of an interest in certain real estate containing approximately 12 acres located at 5340 Route 28 in Mount Tremper, Town of Shandaken, Ulster County, New York (the “Land”), together with four existing buildings located thereon containing in the aggregate approximately 22,000 square feet of space (collectively, the “Existing Facility”); (2) construction of an approximately 24,000 square foot addition to the Existing Facility (the “Addition”)(the Existing Facility and the Addition hereinafter collectively referred to as the “Facility”); (3) the reconstruction and renovation of portions of the Existing Facility; and (4) the acquisition and installation thereon and therein of certain machinery and equipment located therein and thereon (the “Equipment”) (the Land, the Facility, the Addition and the Equipment hereinafter collectively referred to as the “Project Facility”), all of the foregoing to constitute a resort hotel and restaurant facility to be owned by Spotted Dog Ventures, L.L.C. (the “Company”); (B) the granting of certain “financial assistance” (within the meaning of Section 854(14) of the General Municipal Law) with respect to the foregoing, including potential exemptions from certain sales taxes, real estate transfer taxes, mortgage recording taxes and real property taxes (collectively, the “Financial Assistance”); and (C) the lease of the Project Facility to the Company pursuant to the Lease Agreement; and

WHEREAS, pursuant to a lease to Agency dated as of March 1, 2006 (the “Underlying Lease”) by and between the Company and the Agency, on or about March 24, 2006, the Agency acquired a leasehold interest in the Land; and

WHEREAS, in order to finance a portion of the costs of the Project, the Company obtained a loan in the principal sum of up to \$4,000,000.00 (the “Loan”) from Rondout Savings Bank (the “Lender”), which Loan was secured by a mortgage dated as of November 8, 2006 (the “Mortgage”) from the Agency, Fort Shandaken Associates II L.P., Spotted Dog Ventures, L.L.C., and Kaatskill Development Holdings, LLC to the Lender; and

WHEREAS, by e-mail dated May 1, 2013 (a copy of which is attached as Schedule A), the Agency was informed that the Company desires to modify the Mortgage (the “Modification”) pursuant to an agreement of modification of mortgage (the “Mortgage Modification”) from the Agency and the Company to the Lender; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the “SEQR Act”) and the regulations adopted pursuant thereto by the Department of Environmental Conservation of the State of New York, being 6 NYCRR Part 617, as amended (the “Regulations” and collectively with the SEQR Act, “SEQRA”), the Agency must satisfy the requirements contained in SEQRA prior to making a final determination whether to proceed with the Modification; and

WHEREAS, pursuant to SEQRA, the Agency has examined the Modification in order to make a determination as to whether the Modification is subject to SEQRA, and it appears that the Modification constitutes a Type II action under SEQRA;

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY, AS FOLLOWS:

Section 1. Based upon an examination of the Modification, the Agency hereby makes the following determinations:

(A) The Modification constitutes a “Type II action” pursuant to 6 NYCRR 617.5(c)(23), and therefore that, pursuant to 6 NYCRR 617.6(a)(1)(i), the Agency has no further responsibilities under SEQRA with respect to the Modification.

(B) That in connection with the Modification, the Agency will not provide the Company with any mortgage recording tax exemption relating to the Modification.

(C) That since compliance by the Agency with the Modification will not result in the Agency providing any “financial assistance” (as such quoted term is defined in the Act) to the Company, Section 859-a of the Act does not require a public hearing to be held with respect to the Modification.

Section 2. Subject to (A) approval of the form of the Mortgage Modification and any related documents (collectively, the “Modification Documents”), by Agency Special Counsel, (B) receipt by the Executive Director of (1) the Agency’s administrative fee relating to the Modification, if any, and (2) counsel’s fees relating to the Modification, the Agency hereby authorizes the execution by the Agency of the Modification Documents and (2) evidence that the Company has paid any mortgage recording taxes relating to the Modification Documents, if applicable, and (C) confirmation that the Company is in compliance with the terms and conditions of the Lease Agreement and the PILOT Agreement (as defined in the Lease Agreement).

Section 3. Subject to the satisfaction of the conditions described in Section 2 hereof, the Chairman (or Vice Chairman) of the Agency is hereby authorized to execute and deliver the Modification Documents to the Company, and, where appropriate, the Secretary (or Assistant Secretary) of the Agency is hereby authorized to affix the seal of the Agency thereto and to attest the same, all in substantially the form thereof presented to this meeting, with such changes, variations, omissions and insertions as the Chairman (or Vice Chairman) shall approve, the execution thereof by the Chairman (or Vice Chairman) to constitute conclusive evidence of such approval.

Section 4. The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required or provided for by the provisions of the Modification Documents, and to execute and deliver all such additional certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing Resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the Modification Documents binding upon the Agency.

Section 5. This Resolution shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

Mike Horodyski	VOTING	_____
John Morrow	VOTING	_____
Stephen Perfit	VOTING	_____
Paul Colucci	VOTING	_____
Robert Kinnin	VOTING	_____
James Malcolm	VOTING	_____

The foregoing Resolution was thereupon declared duly adopted.

STATE OF NEW YORK            )  
  ) SS.:  
COUNTY OF ULSTER         )

I, the undersigned (Assistant) Secretary of Ulster County Industrial Development Agency (the "Agency"), DO HEREBY CERTIFY that I have compared the foregoing annexed extract of the minutes of the meeting of the members of the Agency, including the Resolution contained therein, held on May 15, 2013 with the original thereof on file in my office, and that the same is a true and correct copy of said original and of such Resolution contained therein and of the whole of said original so far as the same relates to the subject matters therein referred to.

I FURTHER CERTIFY that (A) all members of the Agency had due notice of said meeting; (B) said meeting was in all respects duly held; (C) pursuant to Article 7 of the Public Officers Law (the "Open Meetings Law"), said meeting was open to the general public, and due notice of the time and place of said meeting was duly given in accordance with such Open Meetings Law; and (D) there was a quorum of the members of the Agency present throughout said meeting.

I FURTHER CERTIFY that, as of the date hereof, the attached Resolution is in full force and effect and has not been amended, repealed or rescinded.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Agency this \_\_\_ day of May, 2013.

\_\_\_\_\_  
(Assistant) Secretary

(SEAL)

SCHEDULE A  
COMMUNICATION FROM BANK COUNSEL

**Scott III, A. Joseph**

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**From:** denvir.sean@gmail.com on behalf of sean denvir <sean.denvir@ryanroachryan.com>  
**Sent:** Wednesday, May 01, 2013 8:48 AM  
**To:** Scott III, A. Joseph  
**Cc:** Squires, Allison; terri fellows  
**Subject:** Re: UCIDA - Fort Shandaken Refi  
**Attachments:** 8453316818-302.pdf

Here are the commitment letters. I have not drafted the modification agreement yet.

On Tue, Apr 30, 2013 at 9:43 PM, Scott III, A. Joseph <[Ascott@hodgsonruss.com](mailto:Ascott@hodgsonruss.com)> wrote:

Please send the draft Modification Agreement and the commitment letter. I do not think I have received. Thank you.

**From:** [denvir.sean@gmail.com](mailto:denvir.sean@gmail.com) [<mailto:denvir.sean@gmail.com>] **On Behalf Of** sean denvir  
**Sent:** Tuesday, April 30, 2013 2:44 PM

**To:** Scott III, A. Joseph  
**Subject:** Re: UCIDA - Fort Shandaken Refi

That would be great. What do you need to present the modification issue to UCIDA?

On Tue, Apr 30, 2013 at 1:59 PM, Scott III, A. Joseph <[Ascott@hodgsonruss.com](mailto:Ascott@hodgsonruss.com)> wrote:

The next meeting of the UCIDA is May 15. Do you want approval at that time?

Sent from my iPhone

On Apr 30, 2013, at 1:56 PM, "sean denvir" <[sean.denvir@ryanroachryan.com](mailto:sean.denvir@ryanroachryan.com)> wrote:

Mr. Scott,

I represent Rondout Savings on the Fort Shandaken deal. I assume you have the filed mortgage and the new commitment letters.

There is no new money, only new terms on the existing money. Borrowers have not changed, and we expect no real estate changes in the updated title. I expect we can handle this with a modification agreement, which I will draft in the next week or two. I anticipate all of the signers of the mortgage to sign the modification agreement.

I look forward to working with you. Certainly call me if you have any questions.

Sean

On Tue, Apr 30, 2013 at 1:20 PM, Scott III, A. Joseph <[Ascott@hodgsonruss.com](mailto:Ascott@hodgsonruss.com)> wrote:

I will call Mr. Denvir this PM or tomorrow AM.

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**From:** Jordan, Scott [<mailto:sjordan@rondoutsavings.com>]  
**Sent:** Tuesday, April 30, 2013 11:24 AM

**To:** Scott III, A. Joseph

**Cc:** 'Mike Horodyski'; '[mgal@co.ulster.ny.us](mailto:mgal@co.ulster.ny.us)'; sean denvir

**Subject:** RE: UCIDA - Fort Shandaken Refi

Could you please contact Sean Denvir who is the Bank's counsel his telephone number is 331-2525.

Thank you,

Scott

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**From:** Scott III, A. Joseph [<mailto:Ascott@hodgsonruss.com>]  
**Sent:** Tuesday, April 30, 2013 10:25 AM  
**To:** Jordan, Scott  
**Cc:** 'Mike Horodyski'; Scott III, A. Joseph; '[mgal@co.ulster.ny.us](mailto:mgal@co.ulster.ny.us)'  
**Subject:** UCIDA - Fort Shandaken Refi

Yes. Should I call you or your counsel to discuss? Let me know. Thank you.

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**From:** Jordan, Scott [<mailto:sjordan@rondoutsavings.com>]  
**Sent:** Friday, April 26, 2013 9:34 AM  
**To:** Scott III, A. Joseph; '[mgal@co.ulster.ny.us](mailto:mgal@co.ulster.ny.us)'

**Cc:** Mike Horodyski  
**Subject:** RE: UCIDA - Fort Shandaken Refi

Hi Joe- just checking in to see if you've had a chance to review the Fort Shandaken file. We are hoping to close the modification ASAP.

Thank you,

Scott Jordan

Chief Lending Officer

845-334-4037

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**From:** Scott III, A. Joseph [<mailto:Ascott@hodgsonruss.com>]  
**Sent:** Friday, April 19, 2013 11:13 AM  
**To:** [mgal@co.ulster.ny.us](mailto:mgal@co.ulster.ny.us); Jordan, Scott  
**Cc:** Mike Horodyski; Scott III, A. Joseph  
**Subject:** UCIDA - Fort Shandaken Refi

I will review our file and get back to you.

-----Original Message-----

**From:** [mgal@co.ulster.ny.us](mailto:mgal@co.ulster.ny.us) [<mailto:mgal@co.ulster.ny.us>]  
**Sent:** Friday, April 19, 2013 10:56 AM  
**To:** [mgal@co.ulster.ny.us](mailto:mgal@co.ulster.ny.us); Scott III, A. Joseph; sjordan  
**Cc:** Mike Horodyski  
**Subject:** Re: Fort Shandaken Refi

Joe,

Scott Jordan and I were discussing yesterday, the Emerson's refi. They have an IDA PILOT but the financing was bank finance through Rondout.

Should the project be filing an application for some IDA approval? Please advise. Thank you.

March Gallagher, Esq.

Via Blackberry

Director of Business Services

Ulster County

845-340-3528

----- Original Message -----

**From:** March Gallagher  
**Sent:** 04/16/2013 02:03 PM EDT

To: "Scott III, A. Joseph" <[Ascott@hodgsonruss.com](mailto:Ascott@hodgsonruss.com)>; [sjordan@rondoutsavings.com](mailto:sjordan@rondoutsavings.com)

Subject: Fort Shandaken Refi

Joe, please meet Scott Jordan of Rondout Savings Bank. Rondout is working with the Emerson on restructuring their current loan.

The project has a PILOT approved by the IDA board in 2007. Scott would like to assist the company in seeking the IDA approvals necessary for their refi.

March S. Gallagher, Esq.  
Director of Business Services  
Ulster County Office of the County Executive  
244 Fair Street  
Kingston, NY 12401  
phone: (845)-340-3528  
fax: (845)-334-5724  
[mgal@co.ulster.ny.us](mailto:mgal@co.ulster.ny.us)

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Sean J. Denvir  
Managing Partner  
Ryan Roach & Ryan LLP  
115 Green Street  
Kingston, NY 12401  
phone: 845-331-2525 fax: 845-331-2119

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RONDOUT SAVINGS BANK  
300 Broadway  
Kingston, NY 12401  
Phone: (845) 331-0073  
Fax: (845) 331-6818

FACSIMILE TRANSMITTAL SHEET

TO: <i>Sean</i>	FROM: <i>Jodie</i>
COMPANY:	DATE: <i>4-9-13</i>
FAX NUMBER:	TOTAL NO. OF PAGES INCLUDING COVER: <i>15</i>
PHONE NUMBER:	SENDER'S REFERENCE NUMBER:
RE: <i>FOA Shandaken commitment letters</i>	YOUR REFERENCE NUMBER:

URGENT

**FOR REVIEW**

PLEASE COMMENT

PLEASE REPLY

PLEASE RECYCLE

Comments:

*Sean*  
*Per your request here are the  
commitment letters for Fort Shandaken.*  
*Jodie*



April 2, 2013

Fort Shandaken Associates II L.P.  
5340 Rt. 28  
Mount Tremper, NY 12457

Dear Ms. Fisher,

On behalf of Rondout Savings Bank (the "Bank"), I am pleased to offer Fort Shandaken Associates II L.P. (the "Borrower") a commitment for the following credit accommodations (the "Credit Accommodations"), subject to the following terms and conditions. **This commitment letter replaces the commitment letter dated June 13, 2012 and commitment letter dated June 22, 2012 outlining the terms & conditions of an +/- \$600,000.00 Owner Occupied Commercial Mortgage Loan.**

**BORROWER:** Fort Shandaken Associates II L.P.

**PRINCIPAL AMOUNT:** +/- \$600,000.00 (No new money)

**TYPE OF CREDIT:** Owner Occupied Commercial Mortgage Loan

**INTEREST RATE:** Fixed for the first 10 years at 4.99%. In year 11 the interest rate will be adjusted to the then Treasury Constant Maturity 10 Year Rate plus 3.00%, subject to a 5.00% floor and a 8.00% ceiling. A change in the interest rate may result in a change in your payment amount.

**LOAN TERM:** 240 Months

**AMORTIZATION PERIOD:** 240 Months

**LOAN PURPOSE:** Term out existing Commercial revolving Line of Credit #0168000222.

**FEES:**

\$350.00 Modification Fee Due upon acceptance of this commitment letter.

**COST & EXPENSES:** These fees are estimated and are subject to change.

\$112.00	Flood Certification	Due at closing.
\$116.64	Tax Service	Due at closing.
\$175.00* per hour	Bank Attorney Fee	Due at closing.

\*The Bank Attorney fee of \$175 per hour shall be charged for closing the term out/modification outlined herein together with the modification of the +/- \$3,219,344.48 Owner Occupied Mortgage

Loan outlined under separate cover.

Any and all other fees associated with this loan closing will be the responsibility of the Borrower, including but not limited to mortgage tax and recording and filing fees (as applicable).

**COLLATERAL:**

The following shall continue to be given as collateral to secure the performance and payment of all obligations respecting the Credit Accommodations:

A first priority mortgage security interest in the properties (including fixtures) located at 5340 Route 28, Town of Shandaken, NY (SBL #25.10-2-16); 5360-5374 Rt. 28, Town of Shandaken, NY (SBL #25.1-1-17); 146-152 Mt. Pleasant Rd., Town of Shandaken, NY (SBL #25.10-1-5); Rt. 28, Town of Shandaken, NY (SBL #25.10-2-17, 25.10-4-1 and 25.10-4-2.100); and Mt. Pleasant Rd., Town of Shandaken, NY (SBL #25.10-2-22) 12457 ("the Properties").

**GUARANTOR(S):**

Emily H. Fisher - Unlimited Guaranty of all Obligations of Fort Shandaken Associates II L.P..

**APPRAISAL:**

A Bank engaged professional appraisal is required and must be satisfactory to the Bank indicating (A) value within the Bank's underwriting requirements for this loan type, (B) showing no serious structural or other problems with the Properties, and (C) a total loan to value ratio of 80% or less when including the Bank debt outlined herein, along with the +/--\$3,219,344.48 owed to the Bank. **Appraisal dated July 13, 2012 has been received, reviewed and accepted. Receipt, review and acceptance of updated Property Inspections for the Properties, performed by the Bank, will be a condition to close.**

**ENVIRONMENTAL SITE ASSESSMENT:**

Environmental Questionnaires completed by the Borrower, showing that there are no environmental, chemical or hazardous conditions or material affecting the Properties must be submitted prior to closing. Blank Environmental Questionnaires are enclosed.

**FLOOD CERTIFICATION:**

Flood certifications indicating that the Properties are not located in a federally designated flood area, or if the Properties are in a flood zone, proof of flood insurance, in an amount acceptable to the bank, shall be a pre-condition of closing.

**MORTGAGE PROVISIONS:**

The mortgage/loan documents shall provide, among other things, that:

**(A) RESTRICTIONS ON TRANSFER, ACCELERATION, ETC.:**

The Bank shall have the right to declare the loan immediately due and payable in the event of a sale, conveyance, transfer, or other disposition, directly or indirectly, of the Properties or any interest therein, including the further encumbrance of the Properties to secure an obligation of the Borrower.

This right shall further extend to any improvement which is removed, demolished or materially altered without the prior written consent of the Bank, or if the use of the Properties during the term of the loan at any time violated Federal, State, County laws or ordinances or legal zoning or other rules, regulations or resolutions or ordinances.

**(B) TAX ESCROW:**

A tax escrow account will continue to not be required.

**(C) RECORDS AND ACCOUNTS:**

Borrower and Guarantor(s) shall provide from time to time, Financial Statements and such other financial data and information as the Bank may reasonably request.

The Bank will minimally require receipt, review and acceptance of the federal tax return of Fort

Shandaken Associates II, L.P. on an annual basis.

The Bank will also require receipt, review and acceptance of a **current** letter outlining Ms. Fisher's actual, **non-pledged liquid asset/marketable securities balance** at Morgan Stanley or successor as a condition to close. Same will also be required annually thereafter. Receipt, review and acceptance of a personal financial statement for Ms. Fisher will also be required.

**(D) LATE CHARGES:**

If any payment required under the Note (as modified) shall become overdue for a period in excess of 15 days, then, to the extent permitted by law, a late charge of 5.000%, so overdue shall become immediately due to the Bank.

**(E) PREPAYMENT PENALTY:**

Not applicable.

**RESTRICTIONS ON ASSIGNMENT:**

The identity of the persons with whom the Bank deals is of material importance to it. Accordingly, this commitment may not and shall not be assigned or transferred by the Borrower.

**RENT ROLL:**

At least seven (7) days prior to the closing, Borrower shall furnish to the Bank, if applicable, a current rent roll of the Properties, certified by Borrower to be complete, correct and accurate. All leases are and will be subject and subordinate to the mortgage and other security for the loan.

**TITLE MATTERS:**

The Borrower shall obtain title insurance and Bank required endorsements from a title insurer acceptable to the Bank. The title insurance policy shall (i) be in the ALTA form or other form approved by the Bank with such endorsements as the Bank may require; (ii) contain no exceptions for survey, easements and other use restrictions not shown on the survey; (iii) contain no inspection exceptions except in respect to improvements thereafter added; (iv) contain no exception taken for parties in possession, unless permitted by the Bank, or for mechanics' liens; and (v) contain no other exceptions which in the opinion of counsel to the Bank may have an adverse effect upon the use of all or any portion of the Properties as contemplated. Current vesting of the Properties shall be verified and accepted by Bank Counsel.

**SURVEY:**

Prior to closing, upon the Bank's request, the Bank, at the Borrower's expense, will be furnished with a satisfactory survey of the Property in the standard ALTA form, certified to the Bank and to the title company by a licensed professional engineer or surveyor acceptable to the Bank, certifying, among other things: (i) there are no encroachments upon the Properties, and the existence and location of all easements, improvements, and rights of way that benefit or burden the premises; (ii) the availability of utilities services, storm drainage, and sewage facilities sufficient to service the Properties adequately; (iii) the Properties and the uses thereof comply with all applicable zoning, building, health, fire, and safety codes, bylaws, and regulations; and (iv) the Properties are not located in a flood hazard area.

**BANK COUNSEL:**

The Bank's counsel for this loan will be the Law Office of Ryan, Roach & Ryan, 115 Green St., Kingston, New York 12401. Phone number: (845) 331-2525.

In the event that Borrower or Borrower's counsel does not provide the information normally requested in this type of loan, the Bank Counsel fee may increase by the amount of additional work at the Counsel's normal hourly rate.

**EXPENSES:**

Borrower's acceptance of this commitment shall constitute it's unconditional agreement to pay all fees, costs, charges, and expenses with respect to the loan or its making, or in any way connected

therewith, including without limiting the generality thereof, the fees and expenses of the Bank's Counsel for the preparation of the loan documentation and the examination of title, survey, tenant leases, etc. and for closing the loan; title report and title insurance premiums; survey costs; recording and filing fees; credit information; documentary stamps; mortgage tax; fees for any required appraisals, inspections, and property reviews; and any/all other taxes, fees, and expenses payable in connection with this application. Any/all fees and expenses payable in connection with this application are non-refundable and shall be deemed earned upon your acceptance of this commitment, whether or not the loan actually closes or is funded. The Bank will not be required to pay any premium, brokerage fee or commission, or similar compensation in connection with this transaction, and Borrower agrees to defend, indemnify, and hold the Bank harmless against and from any and all claims for fees, charges, taxes and compensation in connection with the loan and its making. This provision shall survive the closing.

**FIRE AND EXTENDED COVERAGE INSURANCE:**

At or prior to closing, Borrower shall deliver to the Bank an insurance binder or binders, confirming that the Properties and the related personal property of Borrower is insured with fire and broad-form extended coverage for the full replacement value of all improvements and personal property located on the Properties. The Bank reserves the right to request additional insurance coverage, including but not limited to public liability, workers' compensation, business interruption, flood, earthquake, boiler, and contingent liability from the operation of any building laws as they may pertain to nonconforming property. All policies shall name the Bank as mortgagee and/or loss payee under a standard mortgagee and/or loss payee clause acceptable to the Bank, and shall contain a provision requiring at least ten (10) days advance notice to the Bank before any policy cancellation or modification.

**NO CHANGE OF CIRCUMSTANCES:**

At and as of the closing, (A) the Properties shall not have been destroyed or damaged, (B) no adverse change shall have occurred in the income of the Properties or in the financial condition of the Borrower and Guarantor(s), (C) no judicial or administrative proceeding shall be pending against the Borrower, Guarantor(s) or the Properties which, if adversely determined, would, in the opinion of the Bank, affect the security of the loan, and (D) there shall be no default by Borrower, Guarantor(s), any partner of the Borrower or Guarantor(s) (if a partnership), any officer or shareholder of the Borrower or Guarantor(s) (if a corporation), or any person or entity shall control, be controlled by, or be under common control with any of the foregoing, under any agreement with the Bank now or hereafter in affect and any such default occurring after the closing should constitute a default by Borrower under the mortgage.

If any of said changes or circumstances shall have occurred, the Bank may, at its option, terminate this commitment, in which event the Bank shall nevertheless be entitled to retain all fees and payments made by Borrower in consideration of issuance of this commitment and for any costs incurred with respect thereto. The closed loan shall be subject to acceleration in accordance with certain clauses and provisions that will be provided in Note and Mortgage instruments or may be modified in loan documents covering Borrower's and Guarantor's financial condition and value of real estate.

**APPROVAL BY BANK'S COUNSEL:**

The Bank's obligation under this commitment are conditioned, among other things, upon the approval of Bank's Counsel of : (A) the form and substance of all documents referred to in or contemplated by this commitment or incident to the loan, including, without limitation, the Modification & Extension Agreement (as applicable), the Note, the Mortgage, the Leases, the Security Instruments, opinions of counsel to Borrower and Guarantor(s) and title insurance policies, and such other documentation as the Bank or its Counsel may require, (B) all matters pertaining to the title for the Properties and marketability of such title, (C) Borrower's and Guarantor's capacity and authority to accept the loan and execute the loan documents, and (D) all other legal matters relating to the loan. The judgment of the Bank's Counsel with respect to all legal matters shall be final and binding on all parties.

**TAXES AND ASSESSMENTS:**

All unpaid taxes, assessments and/or unmatured assessments, water, water meter, and sewer charges which are a lien on the Properties as of the closing shall be paid in full prior to the disbursements of any proceeds of the loan and the title policy to be issued to the Bank shall insure the Bank free of same. In the event that any tax or other assessment shall become due within six weeks after the closing, the Borrower agrees to deposit with the Bank and/or the title company a sum sufficient to pay any tax or assessment as same becomes due.

**GUARANTORS:**

If the person(s) and/or entities are stated herein above under GUARANTOR (S), they shall execute at closing any and all documents required by the Bank to guaranty the loan. This guaranty shall be absolute and shall allow and permit the Bank to seek full payment of all sums due and owing under the terms of Note and Security Instruments without the foreclosure and sale of the Property or the requirement to marshal assets, at the option of the Bank.

**CORPORATE, L.L.C. OR PARTNERSHIP AUTHORITY:**

If Borrower and/or Guarantor(s) is a corporation or L.L.C., Borrower and/ or Guarantor(s) must be a corporation or L.L.C. duly organized and in existence and in good standing under the laws of the State of New York with full power and authority to hold the Properties, to accept the loan, and to execute the Modification & Extension Agreement (as applicable), the Note, the Mortgage and all other required instruments and documents relating thereto and to perform all of Borrower's and/ or Guarantor's obligations thereunder. If Borrower and/ or Guarantor(s) is a partnership or L.L. P., Borrower and/or Guarantor(s) must have a partnership duly organized and in existence and in good standing under the laws of the State of New York with full power and authority to hold the Properties, to accept the loan, and to execute the Modification & Extension Agreement (as applicable), the Note, the Mortgage and all other required instruments and documents relating thereto, and to perform all of the Borrower's and Guarantor's obligations thereunder. Prior to the closing, Borrower and/or Guarantor(s) shall furnish to the Bank or Counsel true copies of, respectively, Borrower's and/ or Guarantor's organizational documents as the Bank or its Counsel may require, including proof that they are duly organized, have made all necessary filings in the State of New York, and have full power and authority to accept the loan and execute any and all documents in connection therewith and such other opinions as Counsel may require.

**CURRENT DEBTS UP TO DATE:**

All existing Rondout Savings Bank loans and mortgages of the Borrower and applicable Principals, Guarantors and related entities must be current at the time of closing.

**SUBORDINATE FINANCING:**

Subordinate financing is prohibited without prior written approval of the Bank.

**CROSS-DEFAULT PROVISION:**

The Security Instrument(s) shall contain a provision that Borrower's or Guarantor's default or breach under any note or agreement with the Bank or other lenders shall be a breach under the Security Instrument(s) and the Bank may invoke any of the remedies permitted by the Security Instrument(s).

**TERMINATION OF COMMITMENT:**

Rondout Savings Bank will have the right to cancel this commitment if there are any claims, liens, restrictions or other limitations on the Properties, which in the opinion of our attorney, may disqualify the Properties as legal security. The Bank may also cancel this commitment at its option, should it determine in its sole discretion that a material adverse change has occurred in the Borrower's and Guarantor's financial condition or operations.

**ACCEPTANCE OF COMMITMENT:**

This commitment shall not become effective unless, within thirty (30) days from the date of this commitment, Borrower shall have accepted the same by signing and returning the original copy

together with any fees, costs and expenses due with the acceptance of this commitment letter. Acceptance of this commitment shall constitute Borrower's agreement to accept the loan from the Bank and the terms and conditions in this letter and an authorization for the Bank's Counsel to proceed at Borrower's expense to prepare for the closing. If the loan fails to close within ninety (90) days from the date of this letter, the Bank's commitment will expire.

CONTINGENCIES:

The following contingencies must be complied with prior to or at the time of closing:

- (A) Debt owed by Borrower to Emily H. Fisher must be subordinate to Bank debt (including accrued interest).
- (B) Formal subordination of debt owed by Borrower to Spotted Dog Ventures, L.L.C. will continue to be required.
- (C) Monthly loan payments shall be automatically debited from Borrower's designated depository account.
- (D) Loan closing/Modification shall be subject to approvals of the Ulster County Industrial Development Agency and Catskill Hudson Bank.
- (E) All customer information must be verified.
- (F) Receipt, review and acceptance of a current personal financial statement for Emily Fisher is required.
- (G) As a condition of closing, proof of adequate flood insurance shall be provided by Borrower. Borrower must also provide payment to Bank to recoup expenses associated with Bank's required force placement.
- (H) Borrowing Resolutions on file must be reviewed by Bank Counsel (specifically the resolution for Kaatskill Development Holdings) to ensure enforceability. New resolutions incorporating changes in ownership must be provided and reviewed by Bank Counsel.
- (I) The Town of Shandaken and Emily H. Fisher's collateral positions must remain subordinate to the Bank's collateral position.
- (J) The debt service reserve account currently managed by the Bank shall remain. In the event of default/accelerating the Bank shall have the right to liquidate the account.

If you have any questions or comments on the terms of this letter, please do not hesitate to call me. If the foregoing terms and conditions are acceptable to you, please acknowledge below and return a signed counterpart to this letter on or before the close of business on May 2, 2013 together with all applicable fees, costs and expenses, if any. The Bank's commitment hereunder will expire at such time in the event the Bank has not received such acceptance and applicable fees, if any, in accordance with the prior sentence. In addition, if the loan fails to close within ninety (90) days from the date of this letter, the Bank's commitment will expire.

Very truly yours,  
Rondout Savings Bank

Scott J. Jordan  
Vice President

The above commitment is hereby accepted:

Witness:

\_\_\_\_\_

Borrower:  
Fort Shandaken Associates II L.P.

By: \_\_\_\_\_, Its General Partner

\_\_\_\_\_  
Date

The undersigned hereby acknowledges the above letter and agrees to provide the guaranty referenced therein to be provided by the undersigned.

Witness:

\_\_\_\_\_

Guarantor:

\_\_\_\_\_  
Emily H. Fisher

\_\_\_\_\_  
Date

\_\_\_\_\_  
Borrower's Attorney (Name, Address and Phone Number)





April 2, 2013

Fort Shandaken Associates II, L.P.  
5340 Rt. 28  
Mount Tremper, NY 12457

Dear Ms. Fisher,

On behalf of Rondout Savings Bank (the "Bank"), I am pleased to offer Fort Shandaken Associates II, L.P. (the "Borrower") a commitment for the following credit accommodations (the "Credit Accommodations"), subject to the following terms and conditions. **This commitment letter replaces the commitment letter dated June 13, 2012 and commitment letter dated June 22, 2012 outlining the terms & conditions of a modification of an +/- \$3,252,863.78 Owner Occupied Mortgage Loan:**

<b>BORROWER:</b>	Fort Shandaken Associates II, L.P.	
<b>PRINCIPAL AMOUNT:</b>	+/- \$3,219,344.48 (No new money)	
<b>TYPE OF CREDIT:</b>	Modification of existing Owner Occupied Mortgage Loan	
<b>INTEREST RATE:</b>	Fixed for the first 10 years at 4.99%. In year 11 the interest rate will be adjusted to the then Treasury Constant Maturity 10 Year Rate plus 3.00%, subject to a 5.00% floor and an 8.00% ceiling. A change in the interest rate may result in a change in your payment amount.	
<b>LOAN TERM:</b>	240 Months	
<b>AMORTIZATION PERIOD:</b>	240 Months	
<b>LOAN PURPOSE:</b>	Modify and extend Rondout Savings Bank's Commercial Mortgage #0130001185.	
<b>FEES:</b>		
\$350.00	Modification Fee	Due upon acceptance of this commitment letter.
\$6,000.00	Appraisal Fee	Due upon acceptance of this commitment letter. Represents cost of total reports ordered in conjunction with the +/- \$3,219,344.48 Owner Occupied Mortgage Loan outlined herein and a \$600,000.00 Commercial Line of Credit outlined under separate cover.

**COST & EXPENSES:** These fees are estimated and are subject to change.

\$112.00	Flood Certification	Due at closing.
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\$397.44	Tax Service	Due at closing.
\$175.00 per hour*	Bank Attorney Fee	Due at closing.

\* The Bank Attorney fee of \$175 per hour shall be charged for closing the modification outlined herein, together with the term out of a +/- \$600,000 Commercial Line of Credit outlined under separate cover. In addition, Borrower shall pay outstanding bill in the amount of \$2,817.50 owed to Bank Counsel for previous work on file whereas fees have been incurred but not paid.

Any and all other fees associated with this loan closing will be the responsibility of the Borrower, including but not limited to mortgage tax and recording and filing fees (as applicable).

**COLLATERAL:**

The following shall continue to be given as collateral to secure the performance and payment of all obligations respecting the Credit Accommodations:

A first priority mortgage security interest (including fixtures) in the properties located at 5340 Rt. 28, Town of Shandaken, NY (SBL #25.10-2-16); 5360-5374 Rt. 28, Town of Shandaken, NY (SBL #25.1-1-17); 146-152 Mt. Pleasant Rd., Town of Shandaken, NY (SBL #25.10-1-5); Rt. 28, Town of Shandaken, NY (SBL #25.10-2-17, 25.10-4-1, and 25.10-4-2.100); and Mt. Pleasant Rd., Town of Shandaken, NY (SBL #25.10-2-22) 12457 ("the Properties").

**GUARANTOR(S):**

Emily Fisher- Unlimited Guaranty of all Obligations of Fort Shandaken Associates II, L.P.

**APPRAISAL:**

A Bank engaged professional appraisal is required and must be satisfactory to the Bank indicating (A) value within the Bank's underwriting requirements for this loan type, (B) showing no serious structural or other problems with the Properties, and (C) a total loan to value ratio of 80% or less when including the Bank debt outlined herein, along with the +/- \$600,000 also owed to the Bank. **Appraisal dated July 13, 2012 has been received, reviewed and accepted. Receipt, review and acceptance of updated Property Inspections for the properties, performed by the Bank, will be a condition to close**

**ENVIRONMENTAL SITE ASSESSMENT:**

Environmental Questionnaires completed by the Borrower, showing that there are no environmental, chemical or hazardous conditions or material affecting the Properties must be submitted prior to closing.

**FLOOD CERTIFICATION:**

Flood certifications indicating that the Properties are not located in a federally designated flood area, or if the Properties are in a flood zone, proof of flood insurance, in an amount acceptable to the Bank, shall be a pre-condition of closing.

**MORTGAGE PROVISIONS:**

The mortgage loan documents shall provide, among other things, that:

**(A) RESTRICTIONS ON TRANSFER, ACCELERATION, ETC.:**

The Bank shall have the right to declare the loan immediately due and payable in the event of a sale, conveyance, transfer, or other disposition, directly or indirectly, of the Properties or any interest therein, including the further encumbrance of the Properties to secure an obligation of the Borrower. This right shall further extend to any improvement which is removed, demolished or materially altered without the prior written consent of the Bank, or if the use of the Properties during the term of the loan at any time violated Federal, State, County laws or ordinances or legal zoning or other rules, regulations or resolutions or ordinances.

**(B) TAX ESCROW:**

A tax escrow account will continue to not be required.

**(C) RECORDS AND ACCOUNTS:**

Borrower and Guarantor(s) shall provide from time to time, Financial Statements and such other financial data and information as the Bank may reasonably request.

The Bank will minimally require receipt, review and acceptance of the federal tax return of Fort Shandaken Associates II, L.P. on an annual basis.

The Bank will also require receipt, review and acceptance of a **current** letter outlining Ms. Fisher's actual, **non-pledged liquid asset/marketable securities balance** at Morgan Stanley or successor as a condition to close. Same shall also be required annually thereafter. Receipt, review and acceptance of a current personal financial statement will also be required.

**(D) LATE CHARGES:**

If any payment required under the Note shall become overdue for a period in excess of 15 days, then, to the extent permitted by law, a late charge of 5.000%, so overdue shall become immediately due to the Bank.

**(E) PREPAYMENT PENALTY:**

Not applicable.

**RESTRICTIONS ON ASSIGNMENT:**

The identity of the persons with whom the Bank deals is of material importance to it. Accordingly, this commitment may not and shall not be assigned or transferred by the Borrower.

**RENT ROLL:**

At least seven (7) days prior to the closing, Borrower shall furnish to the Bank, if applicable, a current rent roll of the Properties, certified by Borrower to be complete, correct and accurate. All leases are and will be subject and subordinate to the mortgage and other security for the loan.

**TITLE MATTERS:**

The Borrower shall obtain title insurance and Bank required endorsements from a title insurer acceptable to the Bank. The title insurance policy shall (i) be in the ALTA form or other form approved by the Bank with such endorsements as the Bank may require; (ii) contain no exceptions for survey, easements and other use restrictions not shown on the survey; (iii) contain no inspection exceptions except in respect to improvements thereafter added; (iv) contain no exception taken for parties in possession, unless permitted by the Bank, or for mechanics' liens; and (v) contain no other exceptions which in the opinion of counsel to the Bank may have an adverse effect upon the use of all or any portion of the Properties as contemplated. Current vesting of the Properties shall be verified and accepted by Bank Counsel.

**SURVEY:**

Prior to closing, upon the Bank's request, the Bank, at the Borrower's expense, will be furnished with a satisfactory survey of the Properties in the standard ALTA form, certified to the Bank and to the title company by a licensed professional engineer or surveyor acceptable to the Bank, certifying, among other things: (i) there are no encroachments upon the Properties, and the existence and location of all easements, improvements, and rights of way that benefit or burden the premises; (ii) the availability of utilities services, storm drainage, and sewage facilities sufficient to service the Properties adequately; (iii) the Properties and the uses thereof comply with all applicable zoning, building, health, fire, and safety codes, bylaws, and regulations; and (iv) the Properties are not located in a flood hazard area.

**BANK COUNSEL:**

The Bank's counsel for this loan will be the Law Office of Ryan, Roach & Ryan, 115 Green St., Kingston, New York 12401. Phone number: (845) 331-2525.

In the event that Borrower or Borrower's counsel does not provide the information normally

requested in this type of loan, the Bank Counsel fee may increase by the amount of additional work at the Counsel's normal hourly rate.

**EXPENSES:**

Borrower's acceptance of this commitment shall constitute its unconditional agreement to pay all fees, costs, charges, and expenses with respect to the loan or its making, or in any way connected therewith, including without limiting the generality thereof, the fees and expenses of the Bank's Counsel for the preparation of the loan documentation and the examination of title, survey, tenant leases, etc. and for closing the loan; title report and title insurance premiums; survey costs; recording and filing fees; credit information; documentary stamps; mortgage tax; fees for any required appraisals, inspections, and property reviews; and any/all other taxes, fees, and expenses payable in connection with this application. Any/all fees and expenses payable in connection with this application are non-refundable and shall be deemed earned upon your acceptance of this commitment, whether or not the loan actually closes or is funded. The Bank will not be required to pay any premium, brokerage fee or commission, or similar compensation in connection with this transaction, and Borrower agrees to defend, indemnify, and hold the Bank harmless against and from any and all claims for fees, charges, taxes and compensation in connection with the loan and its making. This provision shall survive the closing.

**FIRE AND EXTENDED COVERAGE INSURANCE:**

At or prior to closing, Borrower shall deliver to the Bank an insurance binder or binders, confirming that the Properties and the related personal property of Borrower is insured with fire and broad-form extended coverage for the full replacement value of all improvements and personal property located on the Properties. The Bank reserves the right to request additional insurance coverage, including but not limited to public liability, workers' compensation, business interruption, flood, earthquake, boiler, and contingent liability from the operation of any building laws as they may pertain to nonconforming property. All policies shall name the Bank as mortgagee and/or loss payee under a standard mortgagee and/or loss payee clause acceptable to the Bank, and shall contain a provision requiring at least ten (10) days advance notice to the Bank before any policy cancellation or modification.

**NO CHANGE OF CIRCUMSTANCES:**

At and as of the closing, (A) the Properties shall not have been destroyed or damaged, (B) no adverse change shall have occurred in the income of the Properties or in the financial condition of the Borrower and Guarantor(s), (C) no judicial or administrative proceeding shall be pending against the Borrower, Guarantor(s) or the Properties which, if adversely determined, would, in the opinion of the Bank, affect the security of the loan, and (D) there shall be no default by Borrower, Guarantor(s), any partner of the Borrower or Guarantor(s) (if a partnership), any officer or shareholder of the Borrower or Guarantor(s) (if a corporation), or any person or entity shall control, be controlled by, or be under common control with any of the foregoing, under any agreement with the Bank now or hereafter in effect and any such default occurring after the closing should constitute a default by Borrower under the mortgage.

If any of said changes or circumstances shall have occurred, the Bank may, at its option, terminate this commitment, in which event the Bank shall nevertheless be entitled to retain all fees and payments made by Borrower in consideration of issuance of this commitment and for any costs and expenses incurred with respect thereto. The closed loan shall be subject to acceleration in accordance with certain clauses and provisions that will be provided in Note and Mortgage instrument(s) or may be modified in loan documents covering Borrower's and Guarantor's financial condition and value of real estate.

**APPROVAL BY BANK'S COUNSEL:**

The Bank's obligation under this commitment are conditioned, among other things, upon the approval of Bank's Counsel of : (A) the form and substance of all documents referred to in or contemplated by this commitment or incident to the loan, including, without limitation, the Modification & Extension Agreement (as applicable), the Note, the Mortgage, the Leases, the Security Instruments, opinions of counsel to Borrower and Guarantor(s) and title insurance policies,

and such other documentation as the Bank or its Counsel may require, (B) all matters pertaining to the title for the Properties and marketability of such title, (C) Borrower's and Guarantor's capacity and authority to accept the loan and execute the loan documents, and (D) all other legal matters relating to the loan. The judgment of the Bank's Counsel with respect to all legal matters shall be final and binding on all parties.

**TAXES AND ASSESSMENTS:**

All unpaid taxes, assessments and/or unmatured assessments, water, water meter, and sewer charges which are a lien on the Properties as of the closing shall be paid in full prior to the disbursements of any proceeds of the loan and the title policy to be issued to the Bank shall insure the Bank free of same. In the event that any tax or other assessment shall become due within six weeks after the closing, the Borrower agrees to deposit with the Bank and/or the title company a sum sufficient to pay any tax or assessment as same becomes due.

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**CURRENT DEBTS UP TO DATE:**

All existing Rondout Savings Bank loans and mortgages of the Borrower and applicable Principals, Guarantors and related entities must be current at the time of closing.

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The Security Instrument(s) shall contain a provision that Borrower's or Guarantor's default or breach under any note or agreement with the Bank or other lenders shall be a breach under the Security Instrument(s) and the Bank may invoke any of the remedies permitted by the Security Instrument(s).

**TERMINATION OF COMMITMENT:**

Rondout Savings Bank will have the right to cancel this commitment if there are any claims, liens, restrictions or other limitations on the Properties, which in the opinion of our attorney, may disqualify the Properties as legal security. The Bank may also cancel this commitment at its option, should it determine in its sole discretion that a material adverse change has occurred in the Borrower's and Guarantor's financial condition or operations.

**ACCEPTANCE OF COMMITMENT:**

This commitment shall not become effective unless, within thirty (30) days from the date of this commitment, Borrower shall have accepted the same by signing and returning the original copy together with any fees, costs and expenses due with the acceptance of this commitment letter. Acceptance of this commitment shall constitute Borrower's agreement to accept the loan from the Bank and the terms and conditions in this letter and an authorization for the Bank's Counsel to proceed at Borrower's expense to prepare for the closing. If the loan fails to close within ninety (90) days from the date of this letter, the Bank's commitment will expire.

**CONTINGENCIES:**

The following contingencies must be complied with prior to or at the time of closing:

- (A) Debt owed by Borrower to Emily H. Fisher must be subordinated to Bank debt (including accrued interest).
- (B) Formal subordination of debt owed by Borrower to Spotted Dog Ventures, L.L.C. will continue to be required.
- (C) Monthly loan payments shall be automatically debited from Borrower's designated depository account.
- (D) Loan closing/Modification shall be subject to approvals of the Ulster County Industrial Development Agency and Catskill Hudson Bank. Catskill Hudson Bank must also agree to retain its current ownership in the loan.
- (E) All customer information must be verified.
- (F) Receipt, review and acceptance of a current personal financial statement for Emily Fisher is required.
- (G) As a condition of closing, proof of adequate flood insurance shall be provided by Borrower. Borrower must also provide payment to Bank to recoup expenses associated with Bank's required force placement.
- (H) Borrowing Resolutions on file must be reviewed by Bank Counsel (specifically the resolution for Kaatskill Development Holdings) to ensure enforceability. New resolutions incorporating changes in ownership must be provided and reviewed by Bank Counsel.
- (I) The Town of Shandaken's and Emily H. Fisher's collateral positions must remain subordinate to the Bank's collateral position.
- (J) The debt service reserve account currently managed by the Bank shall remain. In the event of default/acceleration, the Bank shall have the right to liquidate the account.

If you have any questions or comments on the terms of this letter, please do not hesitate to call me. If the foregoing terms and conditions are acceptable to you, please acknowledge below and return a signed counterpart to this letter on or before the close of business on May 2, 2013 together with all applicable fees, costs and expenses, if any. The Bank's commitment hereunder will expire at such time in the event the Bank has not received such acceptance and applicable fees, if any, in accordance with the prior sentence. In addition, if the loan fails to close within ninety (90) days from the date of this letter, the Bank's commitment will expire.

Very truly yours,  
Rondout Savings Bank

Scott J. Jordan  
Vice President

The above commitment is hereby accepted:

Witness:

\_\_\_\_\_

Borrower:

Fort Shandaken Associates II, L.P.

By: \_\_\_\_\_, Its General Partner

\_\_\_\_\_  
Date

The undersigned hereby acknowledges the above letter and agrees to provide the guaranty referenced therein to be provided by the undersigned.

Witness:

\_\_\_\_\_

Guarantor:

\_\_\_\_\_  
Emily H. Fisher

\_\_\_\_\_  
Date

\_\_\_\_\_  
Borrower's Attorney (Name, Address and Phone Number)