

**2013 MORTGAGE MODIFICATION RESOLUTION
KINGSTON HOSPITALITY, INC. PROJECT**

A regular meeting of Ulster County Industrial Development Agency (the "Agency") was convened in public session at the Karen Binder Legislative Library, 6th Floor, 244 Fair Street, Kingston, New York on June 12, 2013 at 8:00 o'clock a.m., local time.

The meeting was called to order by the Chairman of the Agency and, upon roll being called, the following members of the Agency were:

PRESENT:

Michael 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:

AGENCY 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. 0613-

RESOLUTION AUTHORIZING THE EXECUTION BY ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY OF A CERTAIN MODIFICATION OF MORTGAGE AND RELATED DOCUMENTS IN CONNECTION WITH THE KINGSTON HOSPITALITY, INC. 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 September 20, 2006 (the “Closing Date”), the Agency entered into a lease agreement dated as of August 1, 2006 (the “Lease Agreement”) by and between the Agency and Kingston Hospitality, Inc. (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 1.7 acres located at 1307 Ulster Avenue in the Town of Ulster, Ulster County, New York (the “Land”); (2) the construction on the Land of a four story building containing approximately 49,600 square feet of space (the “Facility”); (3) the acquisition and installation thereon and therein of certain machinery and equipment located therein and thereon (the “Equipment”) (the Land, the Facility and the Equipment hereinafter collectively referred to as the “Project Facility”), all of the foregoing to constitute an approximately 81 guest room hotel with an express room and a business center and any other directly or indirectly related activities and services, all to be owned by 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 August 1, 2006 (the “Underlying Lease”) by and between the Company and the Agency, on or about September 20, 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 \$6,375,000.00 (the “Loan”) from Community Bank of Sullivan County (the “Prior Lender”), which Loan was secured by a mortgage and security agreement dated as of September 20, 2006 (the “Mortgage”) from the Agency and the Company to the Prior Lender; and

WHEREAS, by e-mail dated May 20, 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 Catskill Hudson Bank (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 Agency Staff of (1) the Agency’s administrative fee relating to the Modification, if any, (2) counsel’s fees relating to the Modification, and (3) 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), the Agency hereby authorizes the execution by the Agency of the Modification Documents.

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:

Michael 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 June 12, 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 June, 2013.

(Assistant) Secretary

(SEAL)

SCHEDULE A
COMMUNICATION FROM BANK COUNSEL

From: Wayne L. Graff, Esq. [<mailto:Wayne@GraffLawLLC.com>]
Sent: Monday, May 20, 2013 3:45 PM
To: Scott III, A. Joseph; mgal@co.ulster.ny.us
Cc: jmodhwadiya@gmail.com; 'William Frank'; 'Jennifer Sheeley'
Subject: Kingston Hospitality Refinance

Joseph and March,

This will confirm our client Kingston Hospitality's request that the UCIDA consent to the attached reduction of the first mortgage interest rate and additional \$1,000,000 subordinate loan financing through Catskill Hudson Bank. We understand that our client will be responsible for the IDA's legal expenses and would appreciate your advice as to additional fees for participation in this transaction. We are not requesting the benefit of further mortgage tax exemption.

We understand that the next meeting at which this could be considered is the second Wednesday in June. If my or my client's presence is advisable please notify me. We have done this once before with the modification through William and Scott's office we presume this will be routine. We have attached a certificate of good standing. If you require title or other information at this time please advise.

I look forward to working with you again. Wayne



157 Stockade Drive • Kingston, New York 12401
Tel.: 845-943-4220 / Fax: 845-331-1701

March 6, 2013

Kingston Hospitality, Inc.
1307 Ulster Avenue
Kingston, NY 12401

Dear Gentlemen:

I am pleased to inform you that Catskill Hudson Bank (hereinafter referred to as "The Bank") has approved the following credit facility (subject to the Approval of the Participating Banks) in favor of Kingston Hospitality, Inc. ("The Borrower"), subject to the following terms and conditions:

Borrower: Kingston Hospitality, Inc.

Amount: Up to \$8,633,069.00

Facility: Commercial Real Estate Mortgage

Purpose: To increase an existing mortgage on property located at 1307 Ulster Avenue, Kingston, NY 12401. SBL #48.007-1-18.30 and decrease interest rate; with additional loan proceeds of \$1,000,000.00 to pay off and close an existing line of credit to New Paltz Hospitality, LLC.

Term/Payments: The original Twenty (20) Year Term will be maintained with monthly payments of Principal and Interest thru original maturity date of July 21, 2031.

Interest Rate: The initial interest rate will be fixed at 4.50% for the first five years and will adjust to the Federal Home Loan Bank (FHLB) Five Year Advance Rate plus 250 Basis Points fixed at the time of adjustment. The Rate will adjust every five years thereafter to the Federal Home Loan Bank (FHLB) Five Year Advance Rate plus 250 Basis Points and will adjust for the final three years to the Federal Home Loan Bank (FHLB) three year advance rate plus 250 Basis Points. At no time will the rate be lower than 4.50%, for the remaining term of the loan.

"Your COMMUNITY Bank"
www.catskillhudsonbank.com

Equal Housing Lender

Member FDIC

Guarantor(s): Unlimited Personal Guarantee of Vikram S. Bapodra, Jayesh Modhwadiya and Saumik C. Patel

Collateral: The Bank will maintain a 1st lien position on Commercial Property located at 1307 Ulster Avenue, Kingston, NY 12401, SBL #48.007-1-18.30. A Collateral Assignment of Leases and Rents will be maintained. An Assignment of Franchise Agreement will be maintained. A UCC on All Business Assets will be maintained.

Prepayment Penalty: No prepayment penalty.

Late Charge/ Default Rate: A late charge of five percent (5%) of any payment that is not paid within 15 days of the due date. Following the event of default (as defined in the loan documents) the interest rate shall be five percent (5%) in excess of the rate herein provided, but in no event in excess of the maximum rate of interest permitted by law.

Loan Due On Sale: The Mortgage will provide that the entire principal balance plus interest shall become due and payable at the Bank's option in the event of a sale, conveyance, or other transfer of any portion of the Mortgage Premises or if any beneficial interest in the Borrower or any Guarantor is sold or transferred and Borrower or Guarantor is not a natural person.

General Conditions:

Events of Default: Standard for facilities of this type and as Bank Counsel may require, including without limitation, payment and convenient default, material misrepresentations, bankruptcy, insolvency, etc., cross default to all other debt, death, reorganization, material judgments, material adverse change and the like.

Lien Rights: Borrower shall provide that a clear and uncontestable first lien is attainable on the Mortgage Premises. The Borrower shall deliver such certified lien searches, subordination agreements, lien terminations, title documents, title reports and other assurances to the satisfaction of the Bank and its Counsel to ensure that the Bank has obtained the security position in the collateral as required herein.

Representations And Warranties: Borrower represents and warrants to the Bank, it is a duly organized Corporation, validly existing and in good standing under the laws of the State of New York, and that Borrower has full power and authority to Execute this agreement and all related documents.

**Conditions Precedent
To Closing:**

Appraisal: This commitment is subject to a satisfactory appraisal for each property by an appraiser to be selected and engaged by Catskill Hudson Bank. Loan to value ratio must not exceed 75% of the appraisal. Borrowers estimated cost \$3,800.00.

Title Insurance: The Borrower shall deliver to the bank a title insurance policy, in the current standard ALTA form, by a title company satisfactory to the Bank, insuring the Bank as of the date of initial closing.

Survey: The Bank will accept the survey dated August 18, 2008, which was certified to Catskill Hudson Bank.

Environmental: Prior to closing, the Bank and its Counsel must be satisfied that the Borrower and the property is in, and will be in compliance with all Federal, State, and local environmental laws, rules, and regulations, including without limitation that (i) the premises, soil, surface water, and ground water are free from solid wastes, toxic or hazardous substances and contaminants and (ii) the premises have not been used and will not be used for treatment, storage, or disposal of any hazardous waste material. The Borrower understands that the CHB Environmental Questionnaire's (a copy of which is attached hereto) must be submitted for a computer search of government records to assure that there is no information or notations of any environmental risks associated with the to be mortgaged properties.

Upon acceptance of this commitment, it should be noted that CHB (based on information provided by this investigation) may require a Phase I Environmental and may require an accurate and current Site Assessment Report acceptable to the Bank, which is complete and free of qualification, prepared by qualified and reputable civil or environmental engineers acceptable to the Bank. Such report may be reviewed by an independent professional engineering firm acceptable to the Bank. The cost for such review, if required, will be borne by the Borrower. The Bank may also require that the Borrower provide updated Site Assessment Reports and or updated Phase I Environmental Reports, from time to time. All expenses in connection with the review and any additional audits or reviews shall be borne by the Borrower.

Any determination made by the Bank with respect to environmental matters is solely for the Bank's internal purposes and do not constitute a warranty of any kind and may not be relied upon by anyone other than the Bank. In addition, the Borrower shall execute such agreements as the Bank may require, providing representations and warranties and covenants with respect to compliance with environmental laws and regulations, and indemnifying the Bank with respect to environmental liabilities.

Tax Search Verification: The borrower shall pay the expenses of the Bank in verifying payment of real estate taxes annually. Borrowers estimated cost \$50.00.

Hazard Insurance: The Borrower shall provide hazard insurance coverage on the Mortgage Premises in an amount of full replacement cost or the maximum insurable value, whichever is greater. Insurance coverage shall contain a Mortgage Clause and name the Bank as Mortgagee. Additionally, the Borrower shall provide personal property hazard coverage on all equipment, fixtures or inventory that is collateral for the loan(s), in an amount of full replacement cost or the maximum insurable value, whichever is greater. Insurance coverage shall contain a Lender's Loss Payable Clause and name the Bank as Loss Payee, being in full force, at date of closing. Catskill Hudson Bank 60 Jefferson Street, Monticello, NY 12701.

Flood Insurance: The Bank will request certification that the Mortgaged premises are shown not to be in a federally designated flood plain. If the property at any time is deemed to be in a designated flood plain, pursuant to the Flood Disaster Protection Act of 1973, the Borrower will be required to provide a flood insurance policy showing adequate flood insurance is in place. The Borrowers cost is a \$25.00 certification fee for each SBL taken as collateral or \$25.00.

Municipal Search: Borrower shall provide a letter from the municipality stating that there are no violations affecting the Premises together with copies of all certificates of occupancies.

Certain Negative Covenants:

So long as the facility contemplated by this commitment remains in effect, the Borrower shall not encumber, assign, pledge, or otherwise transfer its assets without prior written consent of the Bank.

Certain Financial Covenants:

Reporting Requirements Annually:

- Borrowers complete Federal Tax Returns
- Borrowers fiscal year end financial statements
- Guarantor(s) complete Federal Tax Returns
- Guarantor(s) personal financial statements
- Any other information as may be requested by the Bank

Documentation Requirements:(Corporation)

- Corporate Resolution
- Current Certificate of Good Standing
- Copy of Filing Receipt
- Articles of Incorporation

Specific Conditions
Which Apply to Loan:

Assignment of Mortgage: Upon payoff of the loan the Borrower may be entitled to an assignment of mortgage to lender in lieu of satisfaction as long as the Borrower pays an assignment fee of ¼% on the outstanding balance at time of payoff.

Tax Escrow: The Bank will not request certification to escrow taxes. The Bank reserves the right to collect the sum equivalent to one-twelfth of the annual real estate taxes, in addition to the monthly payment of principal and interest.

No Secondary Financing: No secondary financing on the mortgage premises Real estate after the date hereof will be permitted without prior written consent of the Bank.

Expenses: The Borrower is responsible for all closing and filing fees relating to the Mortgage, including but not limited to the lender's attorney fees, title charges, mortgage tax and recording fees.

Assignment of Commitment: This commitment may not be assigned without the prior consent of the Bank.

Benefit of Commitment: This commitment shall inure to the benefit of the Borrower only and no third party shall have any interest in this commitment.

Modification: The terms of this commitment letter may not be modified or waived in any way except as agreed in writing and signed by a duly authorized officer of the Bank.

Legal Matters: All legal matters relating hereto shall be satisfactory to the Bank's counsel.

**Approving
Conditions:**

This Commitment is subject to the approvals of the participating banks to modify the interest rate and increase the existing first mortgage balance of Kingston Hospitality, Inc. by \$1,000,000.00 on the Hampton Inn located in Kingston.

If you sign this commitment; and you do not close in accordance with the described terms, you may lose some or all of the fees/charges you have paid and/or committed to.

Termination of Commitment:

The Bank reserves the right to terminate its obligation under this commitment after acceptance hereof by the Borrower, and the Bank shall be under no obligation to make any loans hereunder, in any of the following events:

- Failure of the Borrower to comply within the times specified with any of the provisions or conditions provided herein.
- Any change in the financial condition of the Borrower or any Guarantor which the Bank deems materially adverse, in its sole discretion.
- Any representation or warranty, or any documentation or information delivered to the Bank shall be untrue or misleading in any way.
- Fire or other casualty to the Mortgage Premises, or any part thereof, which the Bank in its sole discretion deems a material diminution in value.

Closing Date:

Closing of the credit facility described herein shall occur no later than June 30, 2013. If, for any reason, the closing fails to occur on or prior to such date, the commitment shall terminate, unless it is extended in writing by the Bank.

The Bank has made this commitment based upon information supplied by the Borrower and the Guarantors to the Bank, and this Commitment is subject to the accuracy of all information, representations, exhibits or other materials submitted by the parties in connection with its request for financing hereunder. Any change prior to the consummation of the transaction described herein will, at the option of the Bank, void all the obligations of the Bank under this commitment. The Borrower must immediately notify the Bank of any such change. The Bank reserves the right to continue its credit investigation and to rescind this commitment in the event of a substantial and/or significant change in the Borrower's financial condition, in which case, the Bank shall have no obligation under this commitment.

The terms and conditions set forth therein are not exclusive and may be supplemented based upon the Bank's financial investigations or as disclosure of the Borrowers circumstances so dictate.

The Borrower shall also deliver or cause to be delivered such other documents, instruments, certifications and legal opinions as the Bank and its counsel may reasonably require, including, without limitation, opinions of legal counsel regarding the authority of the Borrower and Guarantors to enter into this transaction and the legality, validity, and binding effect of all documents executed and delivered with respect thereto.

Closing Requirements:

This loan will be ready to close upon approval of our law firm, Greenwald Law Offices; Attorney William Frank, Esq. 138 Sullivan Street, P.O. Box 266, Wurtsboro, N.Y. 12790, phone # (845) 888-2456. The firm will review all documents for closing. No closings will be scheduled unless the attorney receives all documents required for the closing at least seven (7) days prior to the closing: for example, original title report, survey maps, Certification from the appropriate building departments regarding the status of the above property.

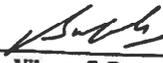
If you find this letter to be in accordance with your understanding of this transaction, kindly indicate such acceptance by signing and returning the attached original copy of this letter signed to me no later than March 20, 2013 together with a check in the amount of \$3,875.00 to be applied towards closing costs, or Catskill Hudson Bank, at its option, may cancel this commitment.

Very truly yours,

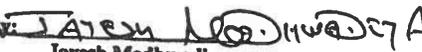

John Werner
Vice President
Commercial Loan Officer

Accepted this 7 day of MARCH, 2013.

Kingston Hospitality, Inc.

By: 
Vikram S. Bapodra
President

By: 
Saumik C. Patel
Vice President

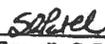
By: 
Jayesh Modhwadiya
Secretary/Treasurer

Guarantors:

Vikram Bapodra

By: 
Vikram S. Bapodra

Saumik Patel

By: 
Saumik C. Patel

Jayesh Modhwadiya

By: JAYESH MODHWADIYA
Jayesh Modhwadiya

Borrower's Attorney: WAYNE GRAFF, ESQ

Tel: 845-338-4993

Fax/Phone: 845-338-4993
FAX - 338-9356

EMAIL WAYNE@GRAFFLAWLLC.COM.

Closing Counsel: JWHL UPDATE EXISTING TITLE

**GRAFF LAW, LLC
COUNSELORS AT LAW
78 MAIN STREET
P.O. BOX 4148
KINGSTON, NEW YORK 12402**

If the Borrower has elected not to engage the services of its own counsel to represent its interests in connection with the transactions contemplated by this letter, the Borrower acknowledges by signing below that it has been advised of its right to be represented by counsel of its own choosing. The Borrower further acknowledges that it is not relying and shall not rely upon the Bank's counsel for advice with respect to the subject transactions and that any work performed by or documents prepared by the Bank's counsel that would customarily be performed or prepared by the Borrower's counsel are being done solely as an accommodation to the Borrower.

JW:lmb