

BOND PURCHASE AGREEMENT

December 29, 2006

Town of Hempstead Industrial Development Agency
350 Front Street, 2nd Floor
Hempstead, New York 11550
Attention: Executive Director

Town of Hempstead Industrial Development Agency
Multifamily Housing Revenue Bonds, Series 2006 (Terrace 100, L.P. Facility) in the principal amount of
\$28,000,000

Ladies and Gentlemen:

The undersigned, BANK OF AMERICA, N.A. (together with its assignees, designees and nominees hereunder, the "Purchaser") hereby offers to enter into this Bond Purchase Agreement (this "Purchase Contract") with the TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY (the "Issuer") and TERRACE 100, L.P., a New York limited partnership (the "Borrower"), for the sale by the Issuer and purchase by the Purchaser of the above-referenced Bonds. This offer is made subject to the written acceptance hereof by the Issuer and the Borrower and delivery of such acceptance to the Purchaser (in the form of one or more executed counterparts hereof) at or prior to 12:00 noon, New York, New York time, on [December 28, 2006]. Upon such acceptance, this Purchase Contract will be in full force and effect in accordance with its terms and will be binding upon the Issuer, the Purchaser and the Borrower. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture, as defined below.

The Bonds are being issued pursuant a Trust Indenture dated as of December 1, 2006 (the "Indenture") between the Issuer and The Bank of New York, a New York banking corporation, as trustee (the "Trustee"), to provide the Issuer with funds, together with funds provided by or on behalf of the Borrower, for the financing of the acquisition, rehabilitation and equipping of the multifamily housing project known as Jackson Terrace Apartment located in Nassau County, New York (the "Project"). In connection with the issuance of the Bonds, the Borrower and the Issuer will enter into the Lease Agreement dated as of December 1, 2006 (the "Lease Agreement") pursuant to which the Issuer will lease the Land, as hereinafter defined, to the Borrower and loan the proceeds of the Bonds to the Borrower to enable the Borrower to acquire, rehabilitate and equip the Project. In order to secure the Borrower's obligations pertaining to the Conventional Loan, Acquisition Loan and Building Loan, all as defined in the Construction Disbursement Agreement dated as of December 1, 2006 between the Borrower and Purchaser (the "Construction Disbursement Agreement"), the Borrower will execute and deliver a Conventional Loan Mortgage, Security Agreement and Fixture Filing (the "Conventional Loan Mortgage"), a Building Loan Mortgage, Security Agreement and Fixture Filing (the "Building Loan Mortgage") and a Project Loan Mortgage, Security Agreement and Fixture Filing (the "Project Loan Mortgage"), all dated as of December 1, 2006 from the Borrower and Issuer as Mortgagors to the Trustee as Mortgagee and covering the Land and certain personal property, as therein described (all collectively, the "Property") and all other related customary documents to assure proper assignment of collateral. For

convenience, the Conventional Loan Mortgage, the Building Loan Mortgage and the Project Loan Mortgage are collectively referred to in this Agreement as the "Mortgage."

1. On the basis of the representations, warranties and agreements contained herein, but subject to the terms and conditions herein set forth, the Purchaser hereby agrees to purchase from the Issuer and the Issuer hereby agrees to sell to the Purchaser, all (but not less than all) of the Bonds at a price of par. Any costs incurred pursuant to Section 15 (ix) herein shall be paid by Borrower.

2. The Bonds will be as described on Exhibit A hereto. The Bonds will be limited obligations of the Issuer payable solely from amounts pledged therefor pursuant to the Indenture. The Indenture, the Lease Agreement and the Tax Regulatory Agreement dated the Closing Date, by and among the Issuer, the Borrower, and the Trustee (the "Regulatory Agreement") are referred to herein as the "Issuer Documents." The Lease Agreement, the Regulatory Agreement, the Mortgage, the Indemnity Agreement dated as of December 1, 2006, by **Borrower** in favor of the **Issuer**, the Trustee and the Purchaser (the "Environmental Indemnity") and the Construction Disbursement Agreement are referred to herein as the "Borrower Documents." D&F Construction Group, Inc., a New York corporation ("Corporate Guarantor"), Peter G. Florey, an individual ("Florey"), and Leonard T. D'amico, an individual ("D'amico" and together with the Corporate Guarantor and Florey, collectively, the "Guarantors") will execute a Completion Agreement dated as of December 1, 2006 in favor of the Trustee (the "Completion Agreement") and a Payment Guaranty dated as of December 1, 2006, in favor of the Trustee (the "Payment Guaranty" and together with the Completion Agreement, the "Guarantor Documents").

3. [Reserved.]

4. [Reserved.]

5. The Issuer hereby represents and warrants to and covenants with the Purchaser as follows:

(a) The Issuer is a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized, validly existing and in good standing under the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended, and Chapter 529 of the Laws of 1971 of the State of New York (the "**Act**") and other applicable laws of the State.

(b) The Issuer has power and lawful authority to execute and deliver this Purchase Contract and the Issuer Documents, to issue the Bonds, to obtain funds to provide financing for the Project, to assign the revenues derived and to be derived by the Issuer under the Lease Agreement (other than Reserved Rights) to the Trustee, and to perform and observe the provisions of this Purchase Contract and the Issuer Documents on its part to be performed and observed.

(c) The Issuer has duly authorized the execution and delivery of this Purchase Contract and each of the Issuer Documents, the issuance, execution, sale and delivery of the Bonds, and the performance of the obligations of the Issuer thereunder. No consent, approval, authorization or order of any court or governmental body is required for the performance by the Issuer of its obligations under this Purchase Contract, or the Issuer Documents, except such as have already been obtained or will be obtained on or prior to Closing.

(d) Neither the execution and delivery of the Bonds, the Issuer Documents, or this Purchase Contract, nor compliance with the provisions thereof by the Issuer conflicts with or will result in a breach of or default under (i) any indenture, mortgage, commitment, note or other agreement or instrument to which the Issuer is a party or by which it is bound, (ii) the Act or any judgment, order or decree of any court having jurisdiction over the Issuer or (iii) to the best of the Issuer's knowledge, any other law, rule, regulation or ordinance or judgment, order or decree of any court or governmental agency or body having jurisdiction over the Issuer or any of its activities or properties.

(e) (i) At or prior to the Closing, the Issuer will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds and the performance of its obligations thereunder, (ii) the Issuer has full legal right, power and Issuer to enter into this Purchase Contract and to perform its obligations hereunder, and at the date of the Closing will have full legal right, power and Issuer to enter into the Issuer Documents and to perform its obligations thereunder, (iii) at or prior to the Closing, the Bonds and the Issuer Documents will have been duly authorized and (assuming due authorization, execution and delivery by the other parties thereto) when executed, will constitute valid and binding obligations of the Issuer enforceable in accordance with their respective terms against the Issuer, subject to equitable principles, bankruptcy, insolvency and similar laws and public policy limiting the right to indemnification, (iv) this Purchase Contract has been duly executed and delivered and (assuming due authorization, execution and delivery by the other parties thereto) constitutes a valid and binding obligation of the Issuer, subject to equitable principles, bankruptcy, insolvency and similar laws and public policy limiting the right to indemnification, and (v) the Issuer has duly authorized the execution and delivery by it of this Purchase Contract.

(f) The Issuer shall not knowingly take or omit to take, as is appropriate, any action, the taking or omission of which would adversely affect the exclusion from gross income of interest on the Bonds for purposes of federal income taxation.

(g) The Issuer will apply the proceeds from the sale of the Bonds as specified in the Indenture.

(h) To the extent it exercises any control, the Issuer will at all times do and perform all acts and things permitted by law and this Indenture, at the sole cost and expense of the Company, which are necessary or desirable in order to assure, and will not knowingly take any action which will adversely affect, the excludability of interest on the Bonds from gross income for federal income tax purposes.

(i) There is no legal action, suit, proceeding, inquiry or investigation at law or in equity (before or by any court, agency, arbitrator, public board or body or other entity or person) pending or, to the best of Issuer's knowledge, threatened against or affecting the Issuer (or, to the knowledge of the Issuer, any meritorious basis therefor) (i) attempting to limit, enjoin or otherwise restrict or prevent the Issuer from functioning, or contesting or questioning the existence of the Issuer or the titles of the present officers of the Issuer to their offices or (ii) wherein an unfavorable decision, ruling or finding would adversely effect (A) the existence or powers of the Issuer, (B) the financial position of the Issuer, (C) the exclusion of interest on the Bonds from the gross income of the recipients thereof pursuant to the Code, (D) the transactions contemplated by the Issuer Documents or hereby, or (E) the validity or enforceability of the Bonds, the Issuer Documents, this Purchase Contract or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the aforesaid documents.

6. The Borrower hereby represents and warrants to and covenants with the Purchaser and the Issuer as follows:

(a) The Borrower is, and at all times will be, a limited partnership, duly organized, validly existing and in good standing under the laws of the State of New York (the "State") and duly qualified, authorized and licensed under the laws of the State to transact business for the purpose of owning and operating a multifamily housing facility in the State. D & F Development XII, LLC, the general partner of the Borrower (the "General Partner"), is a limited liability company organized and existing under the laws of New York and in good standing under the laws of the State. There are no other General Partners of the Borrower.

(b) The Borrower has, and on the Closing date will have, full legal right, power and Issuer (i) to execute and deliver this Purchase Contract and the Borrower Documents and (ii) to consummate the transactions contemplated by this Purchase Contract and the Borrower Documents. The General Partner has, and on the Closing date will have, full legal right, power and Issuer to execute and deliver this Purchase Contract and the Borrower Documents on behalf of the Borrower.

(c) Prior to the acceptance hereof, the Borrower has duly authorized the execution and delivery of this Purchase Contract and the performance by the Borrower of the obligations contained herein and prior to the Closing date the Borrower will have duly authorized the (i) execution and delivery of the Borrower Documents, (ii) performance by the Borrower of the obligations contained in the Borrower Documents, and (iii) consummation by the Borrower of all transactions contemplated hereby and by the Borrower Documents.

(d) All consents, approvals, authorizations or orders of, notices to, or filings, registrations or declarations with, any court or governmental Issuer, board, agency, commission or body having jurisdiction which are required on behalf of the Borrower or for the execution and delivery by the Borrower of this Purchase Contract and the Borrower Documents or the consummation by the Borrower of the transactions contemplated hereby or thereby have been obtained or will be obtained prior to the Closing date.

(e) The Borrower has not taken or omitted to take on or prior to the date hereof any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(f) All information concerning the Project, the Borrower and the General Partner submitted to the Issuer and the Purchaser is true and correct in all material respects and does not omit to state a material fact necessary to make the statements therein not misleading.

(g) There is no legal action, suit, proceeding, inquiry or investigation at law or in equity (before or by any court, agency, arbitrator, public board or body or other entity or person) pending or, to the best of Borrower's knowledge, threatened against or affecting the Borrower or its General Partner or, to the Borrower's knowledge, any basis therefor (i) in any way affecting the organization and existence of the Borrower, (ii) contesting or materially affecting the validity or enforceability of this Purchase Contract or the Borrower Documents, (iii) contesting the powers of the Borrower or its Issuer with respect to the Borrower Documents, (iv) contesting the authority of the General Partner to act on behalf of the Borrower, (v) wherein an unfavorable decision, ruling or finding would have a material adverse effect on (A) the operations of the Borrower, (B) the due performance by the Borrower of the Borrower Documents to which it is a

party, (C) the validity or enforceability of any of the Borrower Documents, or the transactions contemplated hereby or by any Borrower Document or (vi) in any way contesting the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(h) This Purchase Contract is, and, when executed and delivered by the Borrower and the other parties thereto, the Borrower Documents will be, the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(i) The execution and delivery by the Borrower of this Purchase Contract and the Borrower Documents and the consummation by the Borrower of the transactions contemplated thereby and hereby are not prohibited by, do not violate any provision of, and will not result in a breach of or default under (i) the limited partnership agreement of the Borrower, (ii) any applicable law, rule, regulation, order, writ, injunction, judgment or decree of any court or governmental body or other requirement to which the Borrower is subject, or (iii) any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which the Borrower is a party or by which the Borrower or its properties is bound.

7. [Reserved.]

8. On or before 12:00 noon, New York, New York time, on December 29, 2006, the Borrower will deposit or cause to be deposited (i) with the Trustee sufficient moneys so that the costs of issuance for the Bonds, which include, but are not limited to, the amounts described in Section 15 hereof, can be paid and (ii) with the Trustee the amount of the required Borrower equity contribution set forth in the Indenture.

9. The closing of the sale of the Bonds (the "Closing") will be held at 12:00 noon New York, New York time on December 29, 2006, or at such other time as shall have been mutually agreed upon by the Issuer, the Borrower and the Purchaser. The Bonds shall be dated December 29, 2006 and have maturities and bear interest as set forth in the Indenture. The purchase price of the Bonds shall be paid by the Purchaser by wire transfer in federal funds.

10. The obligations of the Purchaser hereunder are subject (i) to the performance by the Issuer, the Borrower and Guarantors of their obligations to be performed hereunder at and prior to the Closing, (ii) to the accuracy of the representations and warranties of the Issuer, the Borrower and Guarantors contained in the Issuer Documents, Borrower Documents and Guarantor Documents, respectively, and herein, as the case may be, as of the date hereof and as of the time of the Closing, as if made at and as of the time of the Closing; and (iii) to the following conditions, including the delivery by the Issuer of such documents as are contemplated hereby:

(a) The Purchaser shall not have discovered any material error, misstatement or omission in the representations and warranties made by either of you in this Purchase Contract, which representations and warranties will be deemed to have been made again at and as of the time of the Closing and will then be true in all material respects.

(b) Each of you shall have performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by you at or prior to Closing.

(c) This Purchase Contract, the Issuer Documents and the Borrower Documents each shall have been executed and delivered by each of the parties thereto, shall be in full force and effect on and as of the Closing date and shall be in form and substance satisfactory to the Purchaser and no event of default shall exist under any such documents.

(d) In addition to the Kutak conditions set forth above, the obligations of the Purchaser to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Purchaser of the following items:

(i) An opinion of Nixon Peabody, LLP, Bond Counsel, dated the Closing date and addressed to the Purchaser, substantially in the form set forth in Exhibit C.

(ii) An opinion of Stadtmauer, Bailkin, LLP, counsel to the Issuer, satisfactory in form and substance to the Purchaser, dated the Closing date and addressed to the Purchaser, covering the points set forth in Exhibit B.

(iii) An opinion of counsel to the Borrower, the General Partner, and the Guarantors satisfactory in form and substance to the Purchaser, dated the Closing date and addressed to the Purchaser, covering the points set forth in Exhibit D.

(iv) A certificate of the Issuer, dated the Closing date and satisfactory to the Purchaser, signed by an authorized officer of the Issuer, that: (1) each of the attached authorizing resolutions and evidence of incumbency is true, correct and complete and has not been amended, modified or rescinded; (2) each of the Issuer's representations and warranties contained herein and in all Issuer Documents is true and correct in all material respects on and as of the Closing date; (3) the Issuer has performed and complied with all agreements and conditions required by this Purchase Contract to be performed and complied with by it at or prior to the Closing; and (4) such other matters reasonably requested by the Purchaser.

(v) A certificate of the Issuer, dated the Closing date and signed by an authorized officer of the Issuer, in form and substance satisfactory to the Purchaser and Bond Counsel, respecting certain tax matters as may be reasonably required by Bond Counsel to enable it to give its opinion.

(vi) A certificate of the Borrower, dated the Closing date and satisfactory to the Purchaser, signed by the General Partner, that: (1) each of the attached organizational documents, certificates of good standing, authorizing resolutions and evidence of incumbency is true, correct and complete and has not been amended, modified or rescinded; (2) each of the Borrower's representations and warranties contained herein and in the Borrower Documents is true and correct in all material respects on and as of the Closing date; (3) the Borrower has performed and complied with all agreements and conditions required of the Borrower by this Purchase Contract to be performed and complied with by it at or prior to the Closing; and (4) such other matters reasonably requested by the Purchaser.

(vii) A certificate of the Borrower, dated the Closing date and signed by the General Partner of the Borrower, in form and substance satisfactory to the Purchaser and Bond Counsel, respecting certain tax matters as may be reasonably required by Bond Counsel to enable it to give its opinion.

(viii) A certificate of the General Partner, dated the Closing date and in form and substance satisfactory to the Purchaser, signed by an authorized representative of the General Partner, that (1) each of the attached organizational documents, certificates of good standing, authorizing resolutions and evidence of incumbency is true, correct and complete and has not been amended, modified or rescinded; (2) the General Partner is a limited liability company duly organized, validly existing and is in good standing under the laws of the State, with full legal right, power and Issuer to execute and deliver this Purchase Contract and the Borrower Documents on behalf of the Borrower; (3) the General Partner has, by all necessary action, duly authorized the execution and delivery, on behalf of the Borrower, of this Purchase Contract and the Borrower Documents; (4) no consent, approval, authorization or order of, or filing, registration or declaration with, any court or governmental body is required by or on behalf of the General Partner for the execution and delivery by the General Partner, on behalf of the Borrower, of this Purchase Contract or the other Borrower Documents and the performance by the Borrower thereunder; (5) the execution and delivery by the General Partner on behalf of the Borrower, of this Purchase Contract and the Borrower Documents and the performance by the General Partner thereunder do not violate the organizational documents of the General Partner, any applicable law, rule or regulation, or any court order by which the General Partner is bound, and such actions do not constitute a default under any agreement, indenture, mortgage, lease, note or other obligation or instrument to which the General Partner is a party or by which it or its properties is bound; (6) there is no legal action, suit, proceeding, inquiry or investigation at law or in equity (before or by any court, agency, arbitrator, public board or body or other entity or person) pending or threatened against the General Partner or, to the best knowledge of the General Partner, any basis therefor (i) in any way contesting the existence of the General Partner, (ii) in any way contesting the Issuer of the representatives of the General Partner to act on behalf of the General Partner or (iii) wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the General Partner or the consummation of the transactions on the part of the General Partner or the Borrower contemplated hereby or by any Borrower Document; and (7) such other matters reasonably requested by the Purchaser.

(ix) A certificate of the Corporate Guarantor, dated the Closing date and in form and substance satisfactory to the Purchaser, signed by an authorized representative of the Corporate Guarantor, that (1) each of the attached organizational documents, certificates of good standing, authorizing resolutions and evidence of incumbency is true, correct and complete and has not been amended, modified or rescinded; (2) the Corporate Guarantor is a limited liability company duly organized, validly existing and is in good standing under the laws of the State, with full legal right, power and Issuer to execute and deliver the Guarantor Documents; (3) the Corporate Guarantor has, by all necessary action, duly authorized the execution and delivery of the Guarantor Documents; (4) no consent, approval, authorization or order of, or filing, registration or declaration with, any court or governmental body is required by or on behalf of the Corporate Guarantor for the execution and delivery by the Corporate Guarantor of the Guarantor Documents and the performance by the Corporate Guarantor thereunder; (5) the execution and delivery by the Corporate Guarantor of the Guarantor Documents and the performance by the Corporate Guarantor thereunder do not violate the organizational documents of the Corporate Guarantor, any applicable law, rule or regulation, or any court order by which the Corporate Guarantor is bound, and such actions do not constitute a default under any agreement, indenture, mortgage, lease, note or other obligation or instrument to which the Corporate Guarantor is a party or by which it or its properties is bound; (6) there is no

legal action, suit, proceeding, inquiry or investigation at law or in equity (before or by any court, agency, arbitrator, public board or body or other entity or person) pending or threatened against the Corporate Guarantor or, to the best knowledge of the Corporate Guarantor, any basis therefor (i) in any way contesting the existence of the Corporate Guarantor, (ii) in any way contesting the authority of the representatives of the Corporate Guarantor to act on behalf of the Corporate Guarantor or (iii) wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Corporate Guarantor or the consummation of the transactions on the part of the Corporate Guarantor contemplated hereby or by any of the Guarantor Documents; and (7) such other matters reasonably requested by the Purchaser.

(x) A certificate of the Trustee, dated the Closing date, in form and substance satisfactory to the Purchaser, signed by an authorized officer of the Trustee, that (1) the Trustee has all necessary power and Issuer to accept the trusts granted under the Indenture and to perform its duties under the Borrower Documents and the Issuer Documents to which the Trustee is a party (collectively, the "Trustee Documents"); (2) the Trustee Documents have been duly authorized, executed and delivered by an authorized officer of the Trustee; (3) the Bonds have been authenticated by an authorized representative of the Trustee and delivered to or at the direction of the Purchaser; and (4) no consent, approval, authorization or order of, or filing, registration or declaration with, any court or governmental agency or body is required on behalf of the Trustee for the execution and delivery by the Trustee of the Trustee Documents or the performance by the Trustee of its obligations thereunder.

(xi) A properly completed and executed IRS Form 8038 as to the Bonds, together with evidence of the filing thereof with the Internal Revenue Service.

(xii) A title insurance commitment to insure the validity and priority of the Mortgage and to evidence the recording of the Mortgage, Construction Disbursement Agreement, and the Regulatory Agreement.

(xiii) A Phase I Environmental Site Assessment Report acceptable to Purchasers.

(xiv) A certified copy of the Resolution and an executed original of each of the Issuer Documents, the Borrower Documents and the Guarantor Documents.

(xv) Such additional financing statements, legal opinions, certificates and other documents as the Purchaser or Bond Counsel may reasonably deem necessary to evidence the truth and accuracy as of the Closing date of your respective representations and warranties herein contained and to evidence compliance by the Issuer and the Borrower with this Purchase Contract and all applicable legal requirements, and the due performance and satisfaction by either of you at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by you.

11. The Purchaser will also have the right to cancel its obligation to purchase and accept delivery of the Bonds hereunder by notifying the Issuer and the Borrower, in writing, of its election to do so between the date hereof and the Closing if, on or after the date hereof and prior to the Closing:

(a) legislation is enacted or is actively considered for enactment by the Congress, or recommended to the Congress for passage by the President of the United States, or favorably

reported for passage to either the House or the Senate of the Congress by a committee of either to which such legislation has been referred for consideration, a decision by a court of the United States or the United States Tax Court is rendered, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency is made or proposed to be made with respect to federal taxation upon revenues or other income of the general character to be derived by the Issuer or by any similar body, or other action or events have occurred that have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated in connection herewith that, in the reasonable opinion of the Purchaser, materially and adversely affects the market price of the Bonds or the market price generally of obligations of the general character of the Bonds; or

(b) any legislation, ordinance or regulation is enacted or is actively considered for enactment by any governmental body, department or agency of the State of Arizona (the "State"), or by the Issuer, or a decision by any court of competent jurisdiction within the State is rendered that, in the reasonable opinion of the Purchaser, materially and adversely affects the market price of the Bonds; or

(c) any action is taken by the Securities and Exchange Commission that would require the registration of the Bonds under the Securities Act of 1933, as amended, or the qualification of the Indenture under the Trust Indenture Act of 1939, as amended; or

(d) [Reserved]; or

(e) any war or armed conflict involving the armed forces of the United States begins, or any other national or international crisis or emergency, including one relating to the effective operation of government or affecting the financial community, occurs, which, in the reasonable opinion of the Purchaser, materially and adversely affects the market price of the Bonds; or

(f) trading is suspended, or new or additional trading or loan restrictions are imposed, by the New York Stock Exchange or other national securities exchange or governmental Issuer with respect to obligations of the general character of the Bonds or a general banking moratorium is declared by federal, State or New York authorities; or

(g) there occurs any change in the financial condition or affairs of the Borrower, the effect of which is, in the reasonable judgment of the Purchaser, so material and adverse as to make it impracticable or inadvisable to proceed with the issuance, sale or delivery of the Bonds on the terms and in the manner contemplated; or

(h) any litigation is instituted, pending or threatened to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way contesting or questioning the Issuer for or the validity of the Bonds or the money or revenues pledged to the payment thereof or any of the proceedings of the Issuer taken with respect to the issuance and sale thereof.

12. If the Issuer, the Borrower or the Guarantors are unable to satisfy the conditions to the obligations of the Purchaser contained in this Purchase Contract, or if the obligations of the Purchaser to purchase and accept delivery of the Bonds are terminated for any reason permitted by this Purchase Contract, this Purchase Contract will terminate and neither the Purchaser, the Borrower, nor the Issuer will be under any further obligation hereunder; except that the obligations to pay expenses, as provided in Section 15 hereof, will continue in full force and effect. The Purchaser may, in its discretion, waive any

one or more of the conditions imposed by this Purchase Contract for its protection and proceed with the Closing.

13. (a) To the full extent permitted by applicable law, the Borrower will indemnify and hold harmless, the Issuer, and each member, officer, director, official or employee of the Issuer, and each person, if any, who controls the Issuer within the meaning of Section 15 of the Securities Act of 1933, as amended (the "1933 Act"), or Section 20 of the Securities Exchange Act of 1934, as amended (each an "Indemnified Party and collectively "Indemnified Parties"), against any and all losses, claims, damages, expenses, actions or liabilities, joint or several, to which any of the Indemnified Parties may become subject under any statute or regulation or at common law or otherwise and, except as hereinafter provided, will reimburse the Indemnified Parties for any legal or other expense reasonably incurred by them or any of them in connection with investigating or defending any such losses, claims, damages, expenses or actions asserting liability, whether or not resulting in any liability, insofar as such losses, claims, damages, expenses, actions or liabilities arise out of or are based upon any untrue statement or misleading or alleged untrue statement or alleged misleading statement of a material fact contained in the representations of Borrower contained in the Borrower Documents, the certificates of the Borrower delivered at the Closing or any other documents executed by the Borrower in connection with the issuance and delivery of the Bonds, or any omission or alleged omission from such representations of material fact necessary to be stated therein in order to make the statements therein, in light of the circumstances under which they were made, not misleading, unless, as to such Indemnified Party, such untrue statement or misleading statement or alleged untrue statement or alleged misleading statement arises from information provided by such Indemnified Party.

(b) Promptly after receipt by an Indemnified Party of notice of the commencement of any action in respect of which indemnification may be sought pursuant to subsection (a) of this Section, the Indemnified Party in respect of which indemnification is sought will promptly notify the Borrower in writing. In case such action is brought against any Indemnified Party, and it notifies the Borrower of the commencement thereof, the Borrower will be entitled to participate in, and, to the extent that it chooses so to do, to assume the investigation and defense thereof (including the employment of counsel reasonably satisfactory to the Indemnified Party), and the Borrower will assume the payment of all fees and expenses relating to such investigation and defense and will have the right to negotiate and consent to settlement thereof. Any one or more of the Indemnified Parties will have the right to employ separate counsel in any such action and to participate in the defense thereof, but after notice from the Borrower to such Indemnified Party of its election to assume the defense thereof, the fees and expenses of such separate counsel will be at the expense of such Indemnified Party unless (i) the employment of such counsel and the payment of such fees and expenses by the Borrower has been specifically authorized in writing by the Borrower or (ii) the Borrower has not employed counsel to have charge of the defense of such action within a reasonable time after receipt of a request by the Indemnified Party to assume the defense of the action or (iii) counsel for such Indemnified Party or Parties has reasonably concluded that there may be material defenses available to it or them which are different from or additional to those available to the Borrower and other Indemnified Parties (in which case, the Borrower will not have the right to direct the defense of such action on behalf of such Indemnified Party and the fees and expenses of counsel necessary as a result of the occurrence of the events described in (i), (ii) or (iii) above will be borne by the Borrower), provided, however, that the Issuer may elect, at any time, to request representation by the Office of the County Attorney of Maricopa County, the expense of which shall be borne by the Borrower. The Borrower will not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the Borrower or if there is a final judgment for the plaintiff in any

such action as to which the Borrower has received notice in writing as hereinabove required, the Borrower agrees to indemnify and hold harmless the Indemnified Party from and against any loss or liability by reason of such settlement or judgment.

(c) To the full extent permitted by applicable law, the Borrower will indemnify and hold harmless, the Purchaser, and each member, officer, director, official or employee of the Purchaser, and each person, if any, who controls the Purchaser within the meaning of Section 15 of the Securities Act of 1933, as amended (the "1933 Act"), or Section 20 of the Securities Exchange Act of 1934, as amended (each an "Indemnified Purchaser" and collectively "Indemnified Purchasers"), against any and all losses, claims, damages, expenses, actions or liabilities, joint or several, to which any of the Indemnified Purchasers may become subject under any statute or regulation or at common law or otherwise and, except as hereinafter provided, will reimburse the Indemnified Purchasers for any legal or other expense reasonably incurred by them or any of them in connection with investigating or defending any such losses, claims, damages, expenses or actions asserting liability, whether or not resulting in any liability, insofar as such losses, claims, damages, expenses, actions or liabilities arise out of or are based upon any environmental matters related to the Project.

(d) Promptly after receipt by an Indemnified Purchaser of notice of the commencement of any action in respect of which indemnification may be sought pursuant to subsection (c) of this Section, the Indemnified Purchaser in respect of which indemnification is sought will promptly notify the Borrower in writing. In case such action is brought against any Indemnified Purchaser, and it notifies the Borrower of the commencement thereof, the Borrower will be entitled to participate in, and, to the extent that it chooses so to do, to assume the investigation and defense thereof (including the employment of counsel reasonably satisfactory to the Indemnified Purchaser), and the Borrower will assume the payment of all fees and expenses relating to such investigation and defense and will have the right to negotiate and consent to settlement thereof. Any one or more of the Indemnified Purchasers will have the right to employ separate counsel in any such action and to participate in the defense thereof, but after notice from the Borrower to such Indemnified Purchaser of its election to assume the defense thereof, the fees and expenses of such separate counsel will be at the expense of such Indemnified Purchaser unless (i) the employment of such counsel and the payment of such fees and expenses by the Borrower has been specifically authorized in writing by the Borrower or (ii) the Borrower has not employed counsel to have charge of the defense of such action within a reasonable time after receipt of a request by the Indemnified Purchaser to assume the defense of the action or (iii) counsel for such Indemnified Purchaser or Purchasers has reasonably concluded that there may be material defenses available to it or them which are different from or additional to those available to the Borrower and other Indemnified Purchasers (in which case, the Borrower will not have the right to direct the defense of such action on behalf of such Indemnified Purchaser and the fees and expenses of counsel necessary as a result of the occurrence of the events described in (i), (ii) or (iii) above will be borne by the Borrower). The Borrower will not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the Borrower or if there is a final judgment for the plaintiff in any such action as to which the Borrower has received notice in writing as hereinabove required, the Borrower agrees to indemnify and hold harmless the Indemnified Party from and against any loss or liability by reason of such settlement or judgment.

(e) The indemnity provided by this Section will be in addition to any other liability that the Borrower may otherwise have hereunder, at common law or otherwise, and is provided solely for the benefit of each of the Indemnified Parties and Indemnified Purchasers and their

respective successors, assigns and legal representatives, and no other person will acquire or have any right under or by virtue of such provisions of this Purchase Contract.

(f) The indemnity agreements contained in this Section will remain operative and in force and effect, regardless of any investigation made by or on behalf of the Issuer or any Indemnified Purchaser or the delivery of and the payment for any Bonds hereunder, and will survive the termination or cancellation of this Purchase Contract and the repayment of the Bonds.

14. All representations, warranties and agreements of the Issuer and the Borrower set forth in or made pursuant to this Purchase Contract will remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Purchaser and will survive the delivery of and payment for the Bonds.

15. If the Bonds are sold to the Purchaser by the Issuer, the Borrower will pay all expenses incident to the performance of its obligations hereunder and the issuance of the Bonds, including but not limited to (i) the cost of the preparation, reproduction, printing, distribution, mailing, execution, delivery, filing and recording, as the case may be, of the Issuer Documents, the Borrower Documents, the Guarantor Documents, this Purchase Contract, and all other agreements and documents required in connection with the consummation of the transactions contemplated hereby, (ii) the cost of the preparation, execution and delivery of Bonds, (iii) the fees and disbursements of Bond Counsel, (iv) the fees and expenses of the Issuer and the Issuer's counsel, (v) the fees and expenses of the Issuer's Financial Advisor, (vi) the initial or acceptance fee of the Trustee, the Trustee's fees, including fees and expenses of counsel, (vii) the fees and expenses of the Purchaser's Counsel, (viii) any costs incurred by the Purchaser as a result of a failure to deliver the Bonds at the scheduled date and time, including, without limitation, costs of carrying the Bonds if the Bonds can not be redelivered by the Purchaser on the date of closing, and (ix) all other costs of issuance of the Bonds.

16. The Issuer is proposing to issue \$28,000,000 of debt for the purpose of financing a portion of the costs of acquisition, rehabilitation and equipping the Project. This debt is expected to be repaid over a period of thirty-five (35) years. The interest rate on the Bonds will initially be BMA plus 125 bps per annum as more fully set forth in the Indenture. The source of repayment for this issue is the payments made to the Issuer by or on behalf of the Borrower under the Lease Agreement. Authorizing this debt will not have any adverse impact on the moneys of the Issuer available to finance other services of the Issuer while the Bonds are outstanding.

17. This Purchase Contract shall inure to the benefit of and be binding upon the Issuer, the Borrower and the Purchaser and their respective successors and assigns. Nothing in this Purchase Contract is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and assigns, any legal or equitable right, remedy or claim under or in respect of this Purchase Contract or any provision herein contained. This Purchase Contract and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the parties hereto and their respective successors and assigns, and for the benefit of no other person, firm or corporation.

18. Any notice or other communication to be given to the Issuer under this Purchase Contract may be given by delivering the same in writing at its address set forth above. Any notice or other communications to be given to the Borrower under this Purchase Contract may be given by delivering the same in writing to:

If to the Borrower: Terrace 100, L.P.
19-02 Whitestone Expressway, Suite 405
Whitestone, New York 11357
Attention: Peter G. Florey, Principal

To the Issuer: Town of Hempstead Industrial Development Agency
350 Front Street, 2nd Floor
Hempstead, New York 11550
Attention: Executive Director

Any notice or other communications to be given the Purchaser under this Purchase Contract may be given by the same in writing to:

Bank of America, N.A.
1185 Avenue of the Americas
New York, New York 10036
Attention: Blondel Pinnock, Vice President

With a copy to : Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 W. Flagler Street, 22nd Floor
Miami, Florida 33130
Attention: Richard Blinderman, Esq.

19. This Purchase Contract will be governed by and construed in accordance with the laws of the State of New York.

20. This Purchase Contract may be executed in multiple counterparts, each of which will be an original but all of which together will constitute but one and the same instrument and delivery hereof may be effected by delivery to the other parties by facsimile transmission on or before the time and date specified therein.

[SIGNATURES FOLLOW]

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[Signature Page to Bond Purchase Agreement]

If the foregoing accurately sets forth our mutual understanding concerning the subject matter hereof, kindly indicate your acceptance by executing this Purchase Contract and returning this executed Purchase Contract to the undersigned.

BANK OF AMERICA, N.A.

By: Atul Sethi
Name: ATUL SETHI
Title: VICE PRESIDENT

[Signatures continued on next page]

[Signature Page to Bond Purchase Agreement]

Accepted as of the date first above written:

(SEAL)

TOWN OF HEMPSTEAD INDUSTRIAL
DEVELOPMENT AGENCY

By: 

Name: Frederick E. Parola

Title: Executive Director and Chief Executive Officer

[Signatures continued on next page]

[Signature Page to Bond Purchase Agreement]

Accepted as of the date first above written:

TERRACE 100, L.P.

By: D & F DEVELOPMENT XII, LLC,
its General Partner


By:  _____
Peter Florey, Manager

EXHIBIT A

TERMS OF BONDS

1. Title of Bonds: \$28,000,000
Town of Hempstead Industrial Development Agency
Multifamily Housing Revenue Bonds, Series 2006
(Terrace 100, L.P. Facility)
2. Purchase Price of Bonds: \$28,000,000
3.
 - (a) Dated date of the Bonds: December 29, 2006
 - (b) Interest Payment Dates: February 1, 2007, and the first day of each month thereafter
 - (c) Aggregate Principal Amount of Bonds: \$28,000,000
 - (d) Maturity Date of Bonds: November 1, 2036
 - (e) Interest Rate for Bonds prior to Conversion: variable rate of BMA plus 125 bps
 - (f) Interest Rate for Bonds after Conversion: fixed rate as set forth in the Indenture
 - (f) Redemption Provisions:
 - (i) mandatory redemption: as set forth in the Indenture
 - (ii) optional redemption: as set forth in the Indenture
4.
 - (a) Time of Closing: 12:00 noon, New York, New York time
 - (b) Date of Closing: December 29, 2006
 - (c) Place of Closing: offices of Nixon Peabody, LLP, Jericho, New York
 - (d) Delivery of Bonds: book entry/DTC

EXHIBIT B

An opinion of counsel to the Issuer addressed to the Purchaser to the effect that (1) the Issuer has full legal right, power and Issuer to perform its obligations under the Bonds, the Issuer Documents and this Purchase Contract, (2) the Bonds have been duly authorized, executed and delivered by the Issuer and constitute valid and binding limited obligations of the Issuer enforceable in accordance with their terms, subject to any applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights generally, (3) the Issuer Documents and this Purchase Contract have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their respective terms, subject to any applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights generally, (4) there is no action, suit, proceeding, investigation at law or in equity before or by any before or by any court, agency, arbitrator, public board or body or other entity or person pending or, to the best of Issuer's knowledge, threatened against or affecting the Issuer (or, to the knowledge of the Issuer, any meritorious basis therefor) (i) attempting to limit, enjoin or otherwise restrict or prevent the Issuer from functioning, or contesting or questioning the existence of the Issuer or the titles of the present officers of the Issuer to their offices or (ii) wherein an unfavorable decision, ruling or finding would adversely effect (A) the existence or powers of the Issuer, (B) the financial position of the Issuer, (C) the exclusion of interest on the Bonds from the gross income of the recipients thereof pursuant to the Code, (D) the transactions contemplated by the Issuer Documents or hereby, or (E) the validity or enforceability of the Bonds, the Issuer Documents, this Purchase Contract or any agreement or instrument to which the Issuer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the aforesaid documents. or for which actual notice has been received, or to the best of its knowledge, threatened against or affecting the Issuer, wherein an unfavorable decision, ruling or finding would adversely affect the performance by the Issuer of its obligations under the Bonds, the Issuer Documents or this Purchase Contract or the validity of the Bonds, the Issuer Documents or this Purchase Contract, (5) the execution and delivery of the Bonds, the Issuer Documents and this Purchase Contract and compliance with the provisions thereof and hereof, under the circumstances contemplated thereby and hereby, do not and will not conflict with or constitute on the part of the Issuer a breach or default under any agreement or other instrument to which the Issuer is a party or the Act or any judgment, order or decree of any court having jurisdiction over the Issuer or, to the best of its knowledge, any other law, ordinance, administrative regulation, court order or consent decree (other than state or federal securities laws) to which the Issuer is subject and (6) the Resolutions are in full force and effect in the form adopted.

EXHIBIT C
FORM OF OPINION OF BOND COUNSEL

[To be provided by Bond Counsel]

EXHIBIT D

POINTS TO BE COVERED IN OPINION OF BORROWER'S, GENERAL PARTNER'S AND CORPORATE GUARANTOR'S COUNSEL

1. The Borrower is a limited partnership duly organized, validly existing and in good standing under the laws of the State, is duly qualified, authorized and licensed under the laws of the State to transact business as a limited partnership for the purpose of owning and operating a multifamily housing facility in the State under the laws of the State and has all necessary power and Issuer to execute and deliver the Bond Purchase Agreement and the Borrower Documents and to perform its obligations thereunder. The General Partner is a corporation duly organized, validly existing and in good standing under the laws of the State, with full corporate power and Issuer to execute and deliver the Bond Purchase Agreement and the Borrower Documents on behalf of the Borrower and is duly qualified, authorized and licensed under the laws of the State.

2. The Borrower has taken all necessary partnership action to authorize the execution and delivery of the Bond Purchase Agreement and the Borrower Documents, the undertaking of the obligations of the Borrower thereunder and the taking of all actions as may be required on the part of the Borrower or the General Partner to carry out the same. The General Partner has taken all necessary action to authorize the execution and delivery of the Bond Purchase Agreement, and the Borrower Documents and the undertaking of the obligations of the Borrower and the General Partner thereunder, and the taking of all actions as may be required on the part of such entities to carry out the same. The Corporate Guarantor has taken all necessary action to authorize the execution and delivery of all documents in connection with the Bonds to which it is party and the undertaking of the obligations of the Corporate Guarantor thereunder, and the taking of all actions as may be required on the part of the Corporate Guarantor to carry out the same

3. The performance by the Borrower, the General Partner and the Corporate Guarantor of their respective obligations under the Bond Purchase Agreement, and the Borrower Documents or the Guarantor Documents to which they are a party will not conflict with, constitute a breach of or a default under, any provision of the agreement of limited partnership of the Borrower, the organizational documents of the General Partner, the organizational documents of the Corporate Guarantor or any indenture, agreement or other instrument to which the Borrower, the General Partner or Corporate Guarantor is a party or by which the Borrower, the General Partner or the Corporate Guarantor or any of their respective properties may be bound, or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental body to which the Borrower, the General Partner or Corporate Guarantor or any of their respective properties are subject.

4. The Bond Purchase Agreement and the Borrower Documents and the Guarantor Documents have been duly executed and delivered by the Borrower and/or Corporate Guarantor, as applicable, are in full force and effect and constitute the legal, valid and binding obligations of the Borrower and/or Corporate Guarantor are enforceable in accordance with their respective terms.

5. There is no legal action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or threatened against or affecting the Borrower, the General Partner or Corporate Guarantor, nor any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Bonds or the collection of revenues pledged under the Indenture or (ii) which would in any way contest the organization or existence of the Borrower or the ability of the General Partner to act on behalf of the Borrower or (iii) which would contest or have a material and adverse effect upon (A) the acquisition, rehabilitation, use or occupancy of

the Project, (B) the due performance by the Borrower, the General Partner or Corporate Guarantor of the transactions contemplated by the Bond Purchase Agreement, the Borrower Documents, or the Guarantor Documents (C) the validity or enforceability of the Bond Purchase Agreement, the other Borrower Documents, the Guarantor Documents or any other agreement or instrument to which the Borrower or the Corporate Guarantor is a party and that is used or contemplated by the Bond Purchase Agreement, or the Borrower Documents, (D) the exclusion from gross income of interest on the Bonds or (iv) wherein an unfavorable decision, ruling or finding would have a material adverse effect upon the financial condition or operations of the Borrower or the General Partner. Neither the Borrower nor the General Partner is subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

6. All consents, approvals, authorizations or orders of, notices to, or filings, registrations or declarations with, any court or governmental Issuer, board, agency, commission or body having jurisdiction which are required on behalf of the Borrower or the General Partner for the execution and delivery by the Borrower or the General Partner of the Bond Purchase Agreement and the Borrower Documents and the performance by the Borrower and the General Partner of their respective obligations thereunder have been obtained

7. No taxes, fees or other charges imposed by the State or any local governmental entity are payable by the Purchaser as a result of the execution, delivery, recordation or filing of the Borrower Documents.

8. The Purchaser is not, because of its role as holder of the Bonds or because of taking action to enforce the Borrower Documents or maintaining or defending any action relating to the Borrower Documents, required to qualify to transact business in the State.

9. Under applicable choice of law principles, the provisions of the Borrower Documents stating that the law of the State of Arizona shall govern the interpretation and enforcement of the Borrower Documents are enforceable.

10. Counsel shall opine as to the action or actions necessary to perfect the security interests granted under the Borrower Documents.