

AVALONBAY COMMUNITIES, INC.

and

TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

Town of Hempstead Industrial Development Agency
(AvalonBay Communities, Inc. 2015 Facility)

Dated as of August 1, 2015

Town of Hempstead, Village of Rockville Centre, Rockville Centre Union Free School
District, Nassau County

Property Address: 80 North Centre Avenue, Rockville Centre, New York

Tax Map Number: Section 38 Block 155 Lot 23 (23 and 26)

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

THIS PAYMENT-IN-LIEU-OF-TAX AGREEMENT, dated as of August 1, 2015 (this “**PILOT Agreement**”), is by and between AVALONBAY COMMUNITIES, INC., a business corporation duly organized and validly existing under the laws of the State of Maryland and authorized to transact business in the State of New York having an office at 58 South Service Road, Suite 303, Melville, New York 11747 (the “**Company**”), and the TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation of the State of New York, having its office at 350 Front Street, 2nd Floor, Hempstead, New York 11550 (the “**Agency**”).

W I T N E S S E T H:

WHEREAS, the Agency was created by Chapter 529 of the Laws of 1971 of the State of New York, as amended, pursuant to Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended (collectively, the “**Act**”); and

WHEREAS, the Agency has agreed to assist in (i) the acquisition of an approximately 2.2 acre parcel of land located at 80 North Centre Avenue in the Village of Rockville Centre, New York (the “**Land**”), (ii) the demolition of an existing approximately 45,944 square foot building located thereon, and (iii) the construction, equipping and furnishing of an approximately 251,827 square foot 4-story, 165 unit apartment building and including a mix of studio apartments, one-bedroom apartments, two bedroom apartments, two-bedroom apartments with den and three bedroom apartments, all located thereon (the “**Improvements**” and “**Equipment**”; and, together with the Land, the “**Facility**”), all to be leased by the Agency to, and used by, the Company as a market rate rental community; and

WHEREAS, the Company has agreed with the Agency, on behalf of the Agency and as the Agency’s agent, to construct, equip and furnish the Facility in accordance with the Plans and Specifications; and

WHEREAS, the Company has agreed to lease the Land and Improvements to the Agency pursuant to and in accordance with a certain Company Lease Agreement dated as of August 1, 2015 (the “**Company Lease**”), by and between the Company and the Agency;

WHEREAS, the Company has agreed to transfer to the Agency title to the Equipment pursuant to a Bill of Sale, dated the Closing Date (the “**Bill of Sale**”); and

WHEREAS, the Agency has agreed to sublease and lease the Facility to the Company pursuant to a certain Lease Agreement, dated as of August 1, 2015 (the “**Lease Agreement**”), by and between the Agency and the Company;

WHEREAS, the Agency and the Company have entered into a Recapture Agreement, dated as of August 1, 2015 (the “**Recapture Agreement**”), pursuant to which the Agency has the right to recapture certain economic benefits and assistance granted to the Company upon the terms and conditions set forth in the Recapture Agreement; and

WHEREAS, pursuant to Section 874(1) of the Act, the Agency is exempt from the payment of taxes and assessments imposed upon real property owned by it, other than special ad valorem levies, special assessments or Special District Taxes and service charges against real property located in the Town of Hempstead, New York (including any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be wholly or partially located) which are or may be imposed for special improvements or special district improvements; and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into an agreement making provision for payments in lieu of taxes and such assessments by the Company to the Village of Rockville Centre, the Town of Hempstead, any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be wholly or partially located, Rockville Centre Union Free School District, Nassau County and appropriate special districts (hereinafter the “**Taxing Authorities**”) in which any part of the Facility is or is to be located.

NOW, THEREFORE, in consideration of the foregoing and in consideration of the covenants herein contained, it is mutually agreed as follows:

1. (a) As long as the Lease Agreement is in effect, the Company agrees to make payments in lieu of all real estate taxes and assessments (in addition to paying all special ad valorem levies, special assessments or Special District Taxes and service charges against real property located in the Village of Rockville Centre, Town of Hempstead (including any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be wholly or partially located) which are or may be imposed for special improvements or special district improvements) which would be levied upon or with respect to the Facility if the Facility were owned by the Company and not by the Agency (the “**Taxes on the Facility**”). The amounts of such payments and method for calculation are set forth herein.

(b) After the effective date of this PILOT Agreement and until the provisions of paragraph 1(c) become effective, the Company shall pay, as payments in lieu of taxes and assessments, one hundred percent (100%) of the taxes and assessments that would be levied upon the Facility by the respective Taxing Authorities.

(c) Commencing with the 2016/2017 School Tax Year and the 2017 General Tax Year and the 2016/2017 Village Tax Year, the Company shall pay, as payments in lieu of taxes and assessments, the amounts set forth on Exhibit A attached hereto and made a part hereof, less any amounts payable by the Company in connection with any special ad valorem levies, special assessments, or Special District Taxes and service charges levied against the Facility. This PILOT Agreement shall expire on December 31, 2031.

(d) The Company shall pay, or cause to be paid, the amounts set forth in paragraphs 1(a), (b) and (c) above, as applicable, after receipt of tax bills from the Agency or the Taxing Authorities, as the case may be. Failure to receive a tax bill shall not relieve the Company of its obligation to make all payments provided for hereunder. If, for any reason, the Company does not receive an appropriate tax bill, the Company shall have the

responsibility and obligation to make all reasonable inquiries to the Taxing Authorities and to have such a bill issued, and thereafter to make payment of the same no later than the due dates provided therein. Payments shall be made directly to the Taxing Authorities. Payments made after the due date(s) as set forth in the applicable tax bills shall accrue interest (and penalties) at the rates applicable to late payments of taxes for the respective Taxing Authorities and as further provided in the General Municipal Law, including Section 874(5) thereof, which currently provides for an initial penalty of five percent (5%) of the amount due and an additional penalty of one percent (1%) per month on payments more than one month delinquent.

(e) During the term of this PILOT Agreement, the Company shall continue to pay all special ad valorem levies, special assessments, and service charges, if any, levied against the Facility for special improvements or special district improvements.

(f) In the event that any structural addition that increases the footprint or height of the Facility or increases the assessed value of the Facility shall be made to the building or buildings included in the Facility subsequent to the Completion Date (as such term is defined in the Lease Agreement), or any additional building or improvement shall be constructed on the real property described on Exhibit B hereto (such structural additions, buildings and improvements being referred to hereinafter as “**Additional Facilities**”), the Company agrees to make additional payments in lieu of taxes to the Taxing Authorities in amounts equal to the product of the then current ad valorem tax rates which would be levied upon or with respect to the Additional Facilities by the Taxing Authorities if the Additional Facilities were owned by the Company and not the Agency times the assessment or assessments established for that tax year by the respective Taxing Authorities having appropriate assessing jurisdiction. All other provisions of this PILOT Agreement shall apply to this obligation for additional payments.

2. In the event that the Agency’s leasehold interest in the Facility or any part thereof terminates at such time in reference to any taxable status date as to make it impossible to place such Facility or part thereof on the tax rolls of the Village of Rockville Centre, Town of Hempstead, Rockville Centre Union Free School District, Nassau County, any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be wholly or partially located, or appropriate special districts, as the case may be, by such taxable status date, the Company hereby agrees to pay, at the first time taxes or assessments are due following the taxable status date on which such Facility or part thereof is placed on the tax rolls, an amount equal to the taxes or assessments which would have been levied on such Facility or part thereof had it been on the tax rolls from the time of the termination of the Agency’s leasehold interest until the date of the tax rolls following the taxable status date as of which such Facility or part thereof is placed on the tax rolls. There shall be deducted from such amount any amounts previously paid pursuant to this PILOT Agreement by the Agency or the Company to the respective Taxing Authorities relating to any period of time after the date of termination of the Agency’s interest. The provisions of this paragraph 2 shall survive the termination or expiration of the Lease Agreement. Any rights the Company may have against its respective designees are separate and apart from the terms of this paragraph 2, and this paragraph 2 shall survive any transfer from the Agency to the Company.

3. In the event the Facility or any part thereof is declared to be subject to taxation for taxes or assessments by an amendment to the Act or other legislative change or by a final judgment of a court of competent jurisdiction, the obligations of the Company hereunder shall, to such extent, be null and void.

4. In the event the Company shall enter into a subsequent payment-in-lieu-of-tax agreement or agreements with respect to the Taxes on the Facility directly with any or all Taxing Authorities in the jurisdiction of which the Facility is located, the obligations of the Company hereunder, which are inconsistent with such future agreement or agreements, shall be superseded and shall, to such extent, be null and void.

5. As long as this PILOT Agreement is in effect, the Agency and the Company agree that (i) the Company shall be deemed to be the owner of the Facility and of the Additional Facilities for purposes of instituting, and shall have the right to institute, administrative or judicial review of an assessment of the real estate with respect to the Facility and of the Additional Facilities pursuant to the provisions of Article 7 of the Real Property Tax Law or any other applicable law, as the same may be amended from time to time, and (ii) the Agency, at the request of the Company, shall request the Assessor of Nassau County, or any other assessor having jurisdiction to assess the Facility, to take into consideration the value of surrounding properties of like character when assessing the Facility. Notwithstanding the foregoing, in the event that the assessment of the real estate with respect to the Facility and the Additional Facilities is reduced as a result of any such administrative or judicial review so that such complaining party would be entitled to receive a refund or refunds of taxes paid to the respective Taxing Authorities, if such complaining party were the owner of the Facility and the Additional Facilities, such complaining party shall not be entitled to receive a refund or refunds of the payments in lieu of taxes and assessments paid pursuant to this PILOT Agreement. In no event shall the Agency be required to remit to the Company, or any Taxing Authority any moneys otherwise due as a result of a reduction in the assessment of the Facility (or any part thereof) due to a certiorari review. If the Company receives a reduction in assessment in the last year of the Lease Agreement after it has made its final payments in lieu of taxes, the Company acknowledges that it shall look solely to the Taxing Authorities for repayment or for a credit against the first payment(s) of Taxes on the Facility which will be due after the Facility is returned to the tax rolls. The Company hereby agrees that it will notify the Agency if the Company shall have requested a reassessment of the Facility or a reduction in the taxes on the Facility or shall have instituted any tax certiorari proceedings with respect to the Facility. The Company shall deliver to the Agency copies of all notices, correspondence, claims, actions and/or proceedings brought by or against the Company in connection with any reassessment of the Facility, reduction of taxes with respect to the Facility or tax certiorari proceedings with respect to the Facility.

6. The Company, in recognition of the benefits provided under the terms of this PILOT Agreement, including, but not limited to, the payments-in-lieu-of-taxes set forth in Exhibit A hereto, and for as long as the Lease Agreement is in effect, expressly waive any rights they may have for any exemption under Section 485-b of the Real Property Tax Law or any other exemption under any other law or regulation (except, however, for the exemption provided by Title 1 of Article 18-A of the General Municipal Law) with respect to the Facility. The Company, however, reserves any such rights with respect to all special ad

valorem levies, special assessments, or Special District Taxes and service charges levied against the Facility as referred to in Paragraph 1(e) and the Additional Facilities as referred to in paragraph 1(f) and with respect to the assessment and/or exemption of the Additional Facilities.

7. The Company recognizes and agrees that if at any time the Company substantially changes, modifies or amends its proposed method of operations or fail to maintain at all times the number of FTEs at the Facility as required by Section 8.13 of the Lease Agreement so as to effect a Recapture Event in accordance with the provisions of the Recapture Agreement shall occur, then the Company shall (i) pay to the Agency an amount equal to 100% of the Recaptured Benefits, as defined in the Recapture Agreement, due and owing under the Recapture Agreement, or (ii) if applicable, pay an increased PILOT payment in accordance with Section 1(d) of the Recapture Agreement. The Agency shall notify the Company in writing of the occurrence and continuation of a Recapture Event under the Recapture Agreement and all amounts that are due and owing under the Recapture Agreement. The Company shall remit such additional sums due to the Agency upon demand thereof.

8. Except as otherwise provided herein, any notice required to be given under this PILOT Agreement shall be deemed to have been duly given when delivered and shall be either delivered personally or sent by certified mail, return receipt requested, or delivered by any national overnight express delivery service (in each case, postage or delivery charges paid by the party giving such communication) addressed as follows or to such other address as any party may specify in writing to the other:

The Agency:

Town of Hempstead Industrial Development Agency
350 Front Street, 2nd Floor
Hempstead, New York 11550-4037
Attention: Executive Director and Chief Executive Officer

With a copy to:

Ryan, Brennan & Donnelly LLP
131 Tulip Avenue
Floral Park, New York 11001
Attention: John E. Ryan, Esq.

The Company:

AvalonBay Communities, Inc.
58 South Service Road, Suite 303
Melville, New York 11747
Attention: Matthew B. Whalen, Senior Vice President

With a copy to:

AvalonBay Communities, Inc.
Ballston Tower
671 N. Glebe Road, Suite 800
Arlington, Virginia 22203
Attention: Legal Department

and

Ruskin Moscou Faltischek, P.C.
1425 RXR Plaza, East Tower 15th Floor
Uniondale, New York 11556
Attention: Michael L. Faltischek, Esq.

Notice by mail shall be effective when delivered but if not yet delivered shall be deemed effective at 12:00 p.m. on the third business day after mailing.

9. Failure by the Agency in any instance to insist upon the strict performance of any one or more of the obligations of the Company under this PILOT Agreement, or to exercise any election herein contained, shall in no manner be or be deemed to be a waiver by the Agency of any of the Company's defaults or breaches hereunder or of any of the rights and remedies of the Agency by reason of such defaults or breaches, or a waiver or relinquishment of any or all of the Company's obligations hereunder. No waiver, amendment, release or modification of this PILOT Agreement shall be established by conduct, custom or course of dealing. Further, no payment by the Company or receipt by the Agency of a lesser amount than or different manner from the correct amount or manner of payment due hereunder shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed to effect or evidence an accord and satisfaction, and the Agency may accept any checks or payments as made without prejudice to the right to recover the balance or pursue any other remedy in this PILOT Agreement or otherwise provided at law or in equity.

10. This PILOT Agreement shall become effective as of the first taxable status date of the Town of Hempstead after the date the Agency acquires a leasehold interest in the Facility. All taxes, assessments, special assessments, service charges, special ad valorem levies or similar tax equivalents due or to become due based upon prior taxable status dates shall be paid by the Company when due. Upon termination of the Lease Agreement this PILOT Agreement shall terminate.

11. Whenever the Company fails to comply with any provision of this PILOT Agreement, the Agency may, but shall not be obligated to, take whatever action at law or in equity may appear necessary or desirable to collect the amount then in default or to enforce the performance and observance of the obligations, agreements and covenants of the Company under this PILOT Agreement. The Agency agrees to notify the Company in writing of any failure by the Company to comply with any provision of this PILOT

Agreement and shall provide the Company with the opportunity to cure such failure within thirty (30) days after receipt by the Company of such notice.

12. This PILOT Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

13. Except to the extent arising from gross negligence or intentional or willful wrongdoing of the Agency, or any of its directors, members, agents (except the Company) or employees, the Company agrees to hold the Agency harmless from and against any liability arising from any default by the Company in performing its obligations hereunder or any expense incurred under this PILOT Agreement, including any expenses of the Agency, including without limitation reasonable attorneys' fees.

14. This PILOT Agreement may be modified only by written instrument duly executed by the parties hereto.

15. This PILOT Agreement shall be binding upon and inure to the benefit of the parties, their respective successors, heirs, distributees and assigns.

16. Except as provided in paragraphs 3 and 4, if any provision of this PILOT Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction, such provision so adjudged invalid, illegal or unenforceable shall be deemed separate, distinct and independent and the remainder of this PILOT Agreement shall be and remain in full force and effect and shall not be invalidated or rendered illegal or unenforceable or otherwise affected by such holding or adjudication.

17. The Agency and the Company acknowledge and agree that the economic benefits granted hereunder by the Agency to the Company have been granted to induce and enable the Company to acquire, construct and equip the Facility in the Town of Hempstead, Nassau County, New York to provide services that, but for the Facility, would not otherwise be readily available to the residents of the Town of Hempstead, Nassau County, New York.

18. The failure or breach by the Company to pay amounts due and owing under this PILOT Agreement for a period of fifteen (15) days following written notice from the Agency or to promptly and fully perform any of its obligations hereunder for a period of thirty (30) days after notice from the Agency shall constitute an Event of Default under this PILOT Agreement, whereupon the Agency may terminate this PILOT Agreement by written notice to the Company. Upon the occurrence and continuation of any Event of Default hereunder, this PILOT Agreement shall terminate and the Agency shall terminate the Lease Agreement and the Company Lease pursuant to Section 10.2 of the Lease Agreement and subject to the provisions of the Recapture Agreement.

19. The Company and the Agency hereby agree that the obligations and liabilities of the Company hereunder are the absolute and unconditional obligations and liabilities of the Company and not the obligations and liabilities of any officer, director, shareholder or employee of the Company, and that no officer, director, shareholder or employee of the Company shall have any obligation or liability hereunder, except arising in connection with

the gross negligence, recklessness, willful, misconduct or criminal activity of such officer, director or employee of the Company.

20. This PILOT Agreement shall cover the real property located on Exhibit B attached hereto.

21. All of the capitalized terms used in this PILOT Agreement and not otherwise defined herein shall have the meanings assigned thereto in the Schedule of the Definitions attached to the Lease Agreement as Schedule A.

22. In the event the Lease Agreement shall be assigned to an approved assignee pursuant to Section 9.3(a) thereof, and such approved assignee has assumed the Company's obligations hereunder, then the Company contemporaneously shall be released from any obligations under this PILOT Agreement arising after the effective date of such assignment.

(Remainder of Page Intentionally Left Blank – Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have executed this PILOT Agreement as of the date first written above.

AVALONBAY COMMUNITIES, INC.

By: Matthew B. Whalen

Name: Matthew B. Whalen

Title: Senior Vice President

**TOWN OF HEMPSTEAD INDUSTRIAL
DEVELOPMENT AGENCY**

By: Frederick E. Parola

Name: Frederick E. Parola

Title: Executive Director and
Chief Executive Officer

EXHIBIT A

Schedule of In-Lieu-of-Taxes Payment **less any amounts payable by the Company in connection with any special ad valorem levies, special assessments or Special District Taxes and service charges levied against the Facility** to the Town of Hempstead, Rockville Centre Union Free School District 21, Village of Rockville Centre, and Appropriate Special Districts:

General Tax Year/School Tax Year/Village Tax Year	Total PILOT Payments
2017 General/2016-2017 School/2016-2017 Village Tax Year	\$102,830.00
2018 General/2017-2018 School/2017-2018 Village Tax Year	102,830.00
2019 General/2018-2019 School/2018-2019 Village Tax Year	118,195.00
2020 General/2019-2020 School/2019-2020 Village Tax Year	200,931.00
2021 General/2020-2021 School/2020-2021 Village Tax Year	215,115.00
2022 General/2021-2022 School/2021-2022 Village Tax Year	229,298.00
2023 General/2022-2023 School/2022-2023 Village Tax Year	245,845.00
2024 General/2023-2024 School/2023-2024 Village Tax Year	264,756.00
2025 General/2024-2025 School/2024-2025 Village Tax Year	283,668.00
2026 General/2025-2026 School/2025-2026 Village Tax Year	304,943.00
2027 General/2026-2027 School/2026-2027 Village Tax Year	326,218.00
2028 General/2027-2028 School/2027-2028 Village Tax Year	349,857.00
2029 General/2028-2029 School/2028-2029 Village Tax Year	378,223.00
2030 General/2029-2030 School/2029-2030 Village Tax Year	408,954.00
2031 General/2030-2031 School/2030-2031 Village Tax Year	444,413.00

This PILOT Agreement shall expire on December 31, 2031. All payments for the 2031 General Tax Year, the 2030-2031 School Tax Year and the 2030-2031 Village Tax Year must be paid in full prior to the expiration of this PILOT Agreement. Full taxes will go into effect on January 1, 2032.

EXHIBIT B

Legal Description of Real Property



Title No. 3020-737023

SCHEDULE "A"

AS TO PARCEL I

ALL THAT CERTAIN PLOT, PIECE OR PARCEL OF LAND, SITUATE, LYING AND BEING IN THE INCORPORATED VILLAGE OF ROCKVILLE CENTER, TOWN OF HEMPSTEAD, COUNTY OF NASSAU, STATE OF NEW YORK, AND BEING MORE PARTICULARLY DESIGNATED AND DESCRIBED AS LOT NO. 23, BLOCK 155, SECTION 38 ON THE NASSAU COUNTY LAND AND TAX MAP, SCHOOL DISTRICT 21.

AS TO PARCEL II

ALL THAT CERTAIN PLOT, PIECE OR PARCEL OF LAND, SITUATE, LYING AND BEING IN THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE, COUNTY OF NASSAU AND STATE OF NEW YORK, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NEW WESTERLY LINE OF NORTH CENTRE AVENUE, SAID POINT BEING THE INTERSECTION OF THE NEW WESTERLY LINE OF NORTH CENTRE AVENUE WITH THE SOUTHERLY BOUNDARY OF THE URBAN RENEWAL PROJECT, AT A MONUMENT SET ON THE NEW WESTERLY LINE OF NORTH CENTRE AVENUE AND LAND NOW OR FORMERLY OF THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE,

RUNNING THENCE ALONG LAND NOW OR FORMERLY OF THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE, SOUTH 84° 33' 43" WEST 181.96 FEET;

THENCE SOUTH 06° 45' 27" EAST 101.13 FEET;

THENCE SOUTH 87° 08' 20" WEST 100.22 FEET TO THE EAST SIDE OF BANKS AVENUE;

THENCE ALONG THE EAST SIDE OF BANKS AVENUE, NORTH 06° 45' 27" WEST 362.79 FEET;

THENCE ALONG AN ARC CONNECTING THE EAST SIDE OF BANKS AVENUE WITH THE SOUTH SIDE OF WILLOUGHBY AVENUE, AS WIDENED HAVING A RADIUS OF 20.00 FEET AND A LENGTH OF 31.64 FEET;

THENCE ALONG THE SOUTH SIDE OF WILLOUGHBY AVENUE, AS WIDENED, NORTH 83° 52' 53" EAST 245.07 FEET;

THENCE ALONG AN ARC CONNECTING THE SOUTH SIDE OF WILLOUGHBY AVENUE, AS WIDENED, WITH THE NEW WESTERLY LINE OF NORTH CENTRE AVENUE, HAVING A RADIUS OF 20.00 FEET AND A LENGTH OF 31.43 FEET;

THENCE ALONG THE NEW WESTERLY LINE OF NORTH CENTRE AVENUE, SOUTH 06° 05' 17" EAST 269.70 FEET TO THE POINT OR PLACE OF BEGINNING.

THE policy to be issued under this report will insure the title to such buildings and improvements erected on the premises; which by law constitute real property.

FOR CONVEYANCING ONLY: TOGETHER with all the right, title and interest of the party of the first part, of in and to the land lying in the street in front of and adjoining said premises.



NIXON PEABODY LLP
ATTORNEYS AT LAW

NIXONPEABODY.COM
@NIXONPEABODYLLP

Elizabeth A. Wood
Paralegal
T 585-263-1391
F 866-630-4139
ewood@nixonpeabody.com

Nixon Peabody LLP
1300 Clinton Square
Rochester, NY 14604-1792

August 19, 2015

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

James Davis, Acting Assessor
Nassau County Department of Assessment
240 Old Country Road
Mineola, New York 11501-8402

RE: Town of Hempstead Industrial Development Agency
(AvalonBay Communities, Inc. 2015 Facility)

Dear Mr. Davis:

Enclosed please find a completed Form RP 412-a Application for Real Property Tax Exemption, together with a copy of the Payment-in-Lieu-of-Tax Agreement, in connection with the above-referenced transaction which closed on August 18, 2015.

Also enclosed are copies of the Company Lease Agreement and the Recapture Agreement, each dated as of August 1, 2015. A Memorandum of Company Lease and the Recapture Agreement have each been presented for recording in the Nassau County Clerk's office.

Please feel free to contact our office should you have any questions. Thank you.

Very truly yours,

Elizabeth A. Wood
Paralegal

Enclosures

cc: Attached Distribution List (w/encl.)

Distribution List

VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

Hon. Edward P. Mangano
County Executive
Nassau County
1 West Street
Mineola, New York 11501

Hon. Kate Murray
Town Supervisor
Town of Hempstead
One Washington Street
Hempstead, New York 11550

Dr. William Johnson
Rockville Centre, UFSD
128 Shepherd Street
Rockville Centre, New York 11570

Hon. Francis Murray
Mayor
Village of Rockville Centre
P.O. Box 950
Rockville Centre, New York 11571

Thomas Albanese, Wholly Exempt Division Head
Department of Assessment
Nassau County
240 Old Country Road
Mineola, New York 11501-8402

Daniel Valentino, Esq.
Counsel to the Assessor
Department of Assessment
Nassau County
240 Old Country Road
Mineola, New York 11501

VIA REGULAR MAIL

Frederick E. Parola
Executive Director and Chief Executive Officer
Town of Hempstead Industrial Development Agency
350 Front Street, 2nd Floor
Hempstead, New York 11550

John E. Ryan, Esq.
Ryan, Brennan & Donnelly LLP
131 Tulip Avenue
Floral Park, New York 11001

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Hon. Francis Murray
Mayor
Village of Rockville Centre
P.O. Box 950
Rockville Centre, New York 11571

2. Article Number

(Transfer from service label)

7012 3460 0003 4068 3195

PS Form 3811, July 2013

Domestic Return Receipt

Rachael

COMPLETE THIS SECTION ON DELIVERY

- A. Signature ☒ Agent ☐ Addressee
- B. Received by (Printed Name) C. Date of Delivery
- Rachael
- D. Is delivery address different from item 1? ☐ Yes ☐ No
- If YES, enter delivery address below:

3. Service Type

- ☒ Certified Mail® ☐ Priority Mail Express™
- ☐ Registered ☐ Return Receipt for Merchandise
- ☐ Insured Mail ☐ Collect on Delivery
4. Restricted Delivery? (Extra Fee) ☐ Yes

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$ 2.52
Certified Fee	3.45
Return Receipt Fee (Endorsement Required)	2.80
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 8.77

Sent To Hon. Francis Murray

Street, Apt. No. Mayor

or PO Box Village of Rockville Centre

City, State, ZIP+4 P.O. Box 950

Rockville Centre, New York 11571

PS Form 3800, August 2006

See Reverse for Instructions

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$ 2.52
Certified Fee	3.45
Return Receipt Fee (Endorsement Required)	2.80
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 8.77

Sent To Dr. William Johnson

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Dr. William Johnson
Rockville Centre, UFSD
128 Shepherd Street
Rockville Centre, New York 11570

COMPLETE THIS SECTION ON DELIVERY

- A. Signature ☒ Agent ☐ Addressee
- B. Received by (Printed Name) C. Date of Delivery
- M. Carver 8/29/15
- D. Is delivery address different from item 1? ☐ Yes ☐ No
- If YES, enter delivery address below:

3. Service Type
- ☒ Certified Mail® ☐ Priority Mail Express™
- ☐ Registered ☐ Return Receipt for Merchandise
- ☐ Insured Mail ☐ Collect on Delivery

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Hon. Kate Murray
Town Supervisor
Town of Hempstead
One Washington Street
Hempstead, New York 11550

2. Article Number

(Transfer from service label)

7012 3460 0003 4068 3201

PS Form 3811, July 2013

Domestic Return Receipt

Rachael

COMPLETE THIS SECTION ON DELIVERY

A. Signature

☒ Agent

☐ Addressee

B. Received by (Printed Name)

8/24/13

C. Date of Delivery

☐ Yes

☐ No

D. Is delivery address different from item 1? If YES, enter delivery address below:

TOWN OF HEMPSTEAD

350 FRONT STREET

HEMPSTEAD, NY 11550

3. Service Type

☐ Certified Mail®

☐ Priority Mail Express™

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee)

☐ Yes

☐ No

**U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information, visit our website at www.usps.com

OFFICIAL USE

Postage \$ 2.52

Certified Fee 3.45

Return Receipt Fee (Endorsement Required) 2.80

Restricted Delivery Fee (Endorsement Required) 8.77

Total Postage & Fees \$ 17.54

Sent To Hon. Kate Murray

Town Supervisor

Town of Hempstead

One Washington Street

Hempstead, New York 11550

PS Form 3800, August 2012

See Reverse for Instructions

**U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT**
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information, visit our website at www.usps.com

OFFICIAL USE

Postage \$ 2.52

Certified Fee 3.45

Return Receipt Fee (Endorsement Required) 2.80

Restricted Delivery Fee (Endorsement Required) 8.77

Total Postage & Fees \$ 17.54

Sent To Hon. Edward P. Mangano

County Executive

Nassau County

1 West Street

Mineola, New York 11501

PS Form 3800, August 2012

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Hon. Edward P. Mangano
County Executive
Nassau County
1 West Street
Mineola, New York 11501

COMPLETE THIS SECTION ON DELIVERY

A. Signature

☒ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? If YES, enter delivery address below:

☐ Yes

☐ No

3. Service Type

☒ Certified Mail®

☐ Priority Mail Express™

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee)

☐ Yes

☐ No

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Daniel Valentino, Esq.
Deputy County Attorney, Department of
Assessment
Nassau County
240 Old Country Road
Mineola, New York 11501

2. Article Number

(Transfer from service label)

7012 3460 0003 4068 3188

PS Form 3811, July 2013

Domestic Return Receipt

Rachael

COMPLETE THIS SECTION ON DELIVERY

- A. Signature ☒ Agent ☐ Addressee
- B. Received by (Printed Name) C. Date of Delivery
- D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

AUG 24 2015

DEPARTMENT OF ASSESSMENT
COUNTY OF NASSAU

3. Service Type
- ☒ Certified Mail®
 - ☐ Registered
 - ☐ Insured Mail
 - ☐ Priority Mail Express™
 - ☐ Return Receipt for Merchandise
 - ☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee) ☐ Yes ☐ No

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage \$ 2.52
Certified Fee 3.45
Return Receipt Fee (Endorsement Required) 2.80
Restricted Delivery Fee (Endorsement Required) 8.77
Total Postage & Fees \$ 8.77

Sent to Daniel Valentino, Esq.

Deputy County Attorney, Department of
Assessment

Street, Apt. No., or PO Box No. Nassau County

City, State, ZIP+4 240 Old Country Road

PS Form 3800, Mineola, New York 11501 See Reverse for Instructions

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage \$ 2.52
Certified Fee 3.45
Return Receipt Fee (Endorsement Required) 2.80
Restricted Delivery Fee (Endorsement Required) 8.77
Total Postage & Fees \$ 8.77

Thomas Albanese

Wholly Exempt Division Head, Department of

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Thomas Albanese
Wholly Exempt Division Head, Department of
Assessment
Nassau County
240 Old Country Road

COMPLETE THIS SECTION ON DELIVERY

- A. Signature ☒ Agent ☐ Addressee
- B. Received by (Printed Name) C. Date of Delivery
- D. Is delivery address different from item 1? ☐ Yes ☐ No
If YES, enter delivery address below:

AUG 24 2015

DEPARTMENT OF ASSESSMENT
COUNTY OF NASSAU

3. Service Type of Mailpiece ☐ Certified Mail® ☐ Priority Mail Express™

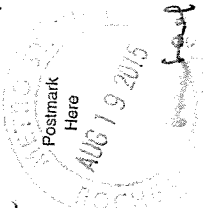
U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$ 2.52
Certified Fee	3.45
Return Receipt Fee (Endorsement Required)	2.80
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 8.77

070334.229



Sent To James Davis, Acting Assessor
 Nassau County Department of Assessment
 or PO Box No. 240 Old Country Road
 City, State, ZIP+4 Mineola, New York 11501-8402

PS Form 3800, August 2006 See Reverse for Instructions

2702 094E 0000 0904 2702



NYS BOARD OF REAL PROPERTY SERVICES

RP-412-a (1/95)

INDUSTRIAL DEVELOPMENT AGENCIES
APPLICATION FOR REAL PROPERTY TAX EXEMPTION
(Real Property Tax Law, Section 412-a and General Municipal Law, Section 874)

1. INDUSTRIAL DEVELOPMENT AGENCY (IDA)

Name Town of Hempstead Industria Development Agency
Street 350 Front Street, 2nd Floor
City Hempstead
Telephone no. Day (516) 812-3122
Evening () _____
Contact Frederick E. Parola
Title Executive Director and Chief Executive Officer

2. OCCUPANT (IF OTHER THAN IDA)

(If more than one occupant attach separate listing)

Name AvalonBay Communities, Inc.
Street 58 South Service Road, Suite 303
City Melville, NY 11747
Telephone no. Day _____ (516) 501-6001
Evening _____ () _____
Contact Matthew Whalen
Title Senior Vice President

3. DESCRIPTION OF PARCEL

- a. Assessment roll description (tax map no./roll year)
38-155-23 (23,26)
- b. Street address 80 North Centre Avenue
- c. City, Town or Village Rockville Centre
- d. School District Rockville Centre
- e. County Nassau
- f. Current assessment _____
- g. Deed to IDA (date recorded; liber and page)
N/A - see 5f

4. GENERAL DESCRIPTION OF PROPERTY (if necessary, attach plans or specifications)

- a. Brief description (include property use)
construction, equipping and furnishing of 4-story, 165-unit apartment buiding
- b. Type of construction unavailable
- c. Square footage app. 251,827 sq ft
- d. Total cost app \$58,240,000
- e. Date construction commenced unavailable
- f. Projected expiration of exemption (i.e.
date when property is no longer
possessed, controlled, supervised or
under the jurisdiction of IDA)
December 31, 2031

**5. SUMMARIZE AGREEMENT (IF ANY) AND METHOD TO BE USED FOR PAYMENTS TO BE
MADE TO MUNICIPALITY REGARDLESS OF STATUTORY EXEMPTION**

(Attach copy of the agreement or extract of the terms relating to the project).

- a. Formula for payment see attached "PILOT Agreement"

- b. Projected expiration date of agreement December 31, 2031

c. Municipal corporations to which payments will be made

	Yes	No
County <u>Nassau</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Town/City _____	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Village <u>Rockville Centre</u>		
School District <u>Rockville Centre</u>	<input checked="" type="checkbox"/>	

d. Person or entity responsible for payment

Name Matthew Whalen
 Title Senior Vice President
 Address 58 South Service Rd., Suite 303
Melville, NY 11747

e. Is the IDA the owner of the property? Yes/No (circle one)

If "No" identify owner and explain IDA rights or interest

Telephone _____

in an attached statement. The IDA has acquired a leasehold interest in the real property pursuant to a Company Lease Agreement, dated as of July 1, 2015

6. Is the property receiving or has the property ever received any other exemption from real property taxation? (check one) ☒ Yes ☐ No

If yes, list the statutory exemption reference and assessment roll year on which granted:
 exemption _____ assessment roll year _____

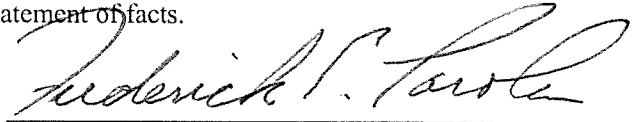
7. A copy of this application, including all attachments, has been mailed or delivered on 08/19/2015 (date) to the chief executive official of each municipality within which the project is located as indicated in Item 3.

CERTIFICATION

I, Frederick E. Parola Executive Director and Chief Executive Officer of _____
 Name Title
Town of Hempstead Industrial Development Agency hereby certify that the information
 Organization
 on this application and accompanying papers constitutes a true statement of facts.

August 18, 2015

Date


 Signature

FOR USE BY ASSESSOR

1. Date application filed _____
2. Applicable taxable status date _____
- 3a. Agreement (or extract) date _____
- 3b. Projected exemption expiration (year) _____
4. Assessed valuation of parcel in first year of exemption \$ _____
5. Special assessments and special as valorem levies for which the parcel is liable:

 Date

 Assessor's signature

COMPANY LEASE AGREEMENT

between

AVALONBAY COMMUNITIES, INC.

and

TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY

Dated as of August 1, 2015

Town of Hempstead Industrial Development Agency
(AvalonBay Communities, Inc. 2015 Facility)

THIS COMPANY LEASE AGREEMENT, dated as of August 1, 2015 (this “**Company Lease**”), is between AVALONBAY COMMUNITIES, INC., a business corporation duly organized and validly existing under the laws of the State of Maryland and authorized to transact business in the State of New York having an office at 58 South Service Road, Suite 303, Melville, New York 11747 (the “**Company**”), and the TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation of the State of New York, having its office at 350 Front Street, 2nd Floor, Hempstead, New York 11550 (the “**Agency**”).

RECITALS

WHEREAS, Title 1 of Article 18-A of the General Municipal Law of the State of New York was duly enacted into law as Chapter 1030 of the Laws of 1969 of the State of New York; and

WHEREAS, the aforesaid act authorizes the creation of industrial development agencies for the Public Purposes of the State of New York (the “**State**”); and

WHEREAS, pursuant to and in accordance with the provisions of the aforesaid act, as amended, and Chapter 529 of the Laws of 1971 of the State, as amended (collectively, the “**Act**”), the Agency was created and is empowered to undertake the acquisition, construction, equipping and leasing of the Facility defined below; and

WHEREAS, the Company has applied to the Agency to enter into a transaction in which the Agency will assist in (i) the acquisition of an approximately 2.2 acre parcel of land located at 80 North Centre Avenue in the Village of Rockville Centre, New York (the “**Land**”), (ii) the demolition of an existing approximately 45,944 square foot building located thereon, and (iii) the construction, equipping and furnishing of an approximately 251,827 square foot 4-story, 165 unit apartment building and including a mix of studio apartments, one-bedroom apartments, two bedroom apartments, two-bedroom apartments with den and three bedroom apartments, all located thereon (the “**Improvements**” and “**Equipment**”; and, together with the Land, the “**Facility**”), all to be leased by the Agency to, and used by, the Company as a market rate rental apartment community; and

WHEREAS, the Company has agreed to lease the Land and the Improvements to the Agency pursuant to this Company Lease; and

WHEREAS, the Company has agreed to transfer title to the Equipment to the Agency pursuant to a Bill of Sale, dated the Closing Date (the “**Bill of Sale**”); and

WHEREAS, the Agency has agreed to sublease the Land and the Improvements and lease the Equipment to the Company pursuant to a certain Lease Agreement, dated as of August 1, 2015 (the “**Lease Agreement**”), by and between the Agency, as sublessor and lessor, and the Company, as sublessee and lessee; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties mutually agree as follows:

The Company hereby leases the Land and the Improvements (described in Exhibit A attached hereto) to the Agency for the annual rent of \$1.00 for a term commencing on the Closing Date and terminating at 11:59 p.m. on December 31, 2031 (the "**Lease Term**").

This Company Lease shall terminate on the earliest of (i) the expiration of the Lease Term, (ii) the termination of the Lease Agreement pursuant to Article X or Article XI thereof; and (iii) any other termination of the Lease Agreement.

The Company agrees to keep, perform and observe, from and after the date hereof, all of the terms, covenants, conditions, obligations and other provisions contained in the Lease Agreement. Except to the extent arising from the gross negligence or intentional or willful wrongdoing of the Agency, or any of its directors, members, agents (except the Company) or employees, the Company agrees further that it shall indemnify, defend and hold harmless the Agency from and against all liabilities, damages, claims, demands, judgments, losses, costs, expenses, suits, actions or proceedings and attorneys' fees arising out of or in connection with the Lease Agreement or this Company Lease and shall defend the Agency in any suit, action or proceeding, including appeals, for personal injury to, or death of, any person or persons, or for any loss of or damage to property of persons, or for other claims arising out of the acts or omissions of the Company or any of its members, officers, directors, agents or employees. The foregoing indemnities shall include all expenses incurred by the Agency, including, without limitation, reasonable attorneys' fees to enforce this Company Lease, the Lease Agreement or any other document to which the Company and the Agency are parties, and with respect to third party claims.

The Agency, for itself and its successors and assigns, hereby agrees to lease the Land and the Improvements from the Company on the terms and conditions contained herein.

The Company and the Agency acknowledge that the Agency will sublease the Land and the Improvements and lease the Equipment to the Company pursuant to the Lease Agreement. The Company and the Agency agree that while this Company Lease and the Lease Agreement remain in full force and effect, (i) there shall be no merger of the Company's fee simple absolute estate in the Land and Improvements and the Company's subleasehold estate in the Land and Improvements created under the Lease Agreement; and (ii) the Agency shall continue to have, use and enjoy the leasehold estate in the Land and Improvements created under this Company Lease.

In the event of an assignment to an approved assignee pursuant to Section 9.3 of the Lease Agreement, the Company shall assign this Company Lease to such approved assignee of the Lease Agreement.

This Company Lease and any and all modifications, amendments, renewals and extensions hereof is subject and subordinate to any existing or future mortgages in connection with the financing or refinancing of the Facility and to any and all modifications, amendments, consolidations, extensions, renewals, replacements and increases thereof.

All notices, requests or consents provided for or permitted to be given under this Company Lease must be in writing and shall be effective (i) on actual receipt by the addressee if personally delivered (including delivery against a written receipt by an internationally recognized courier) to the addresses below, or (ii) on transmission (with written confirmation of receipt, whether from the transmitter's equipment or otherwise) to the addressee if transmitted by facsimile during normal business hours of the addressee on a Business Day (or if transmitted outside of such hours, as of the opening of business of the addressee on the next Business Day):

To the Agency:

Town of Hempstead Industrial Development Agency
350 Front Street, 2nd Floor
Hempstead, New York 11550-4037
Attention: Executive Director and Chief Executive Officer

With a copy to:

Ryan, Brennan & Donnelly LLP
131 Tulip Avenue
Floral Park, New York 11001
Attention: John E. Ryan, Esq.

The Company:

AvalonBay Communities, Inc.
58 South Service Road, Suite 303
Melville, New York 11747
Attention: Matthew Whalen, Senior Vice President

With a copy to:

AvalonBay Communities, Inc.
Ballston Tower
671 N. Glebe Road, Suite 800
Arlington, Virginia 22203
Attention: Legal Department

and

Ruskin Moscou Faltischek, PC
1425 RXR Plaza, East Tower 15th Floor
Uniondale, New York 11556
Attention: Michael L. Faltischek, Esq.

Either party may change the address, telephone number or fax number to which notices are to be directed by notice to the other party in the manner specified above.

If a party hereto determines in its reasonable discretion that any further instruments or other actions are necessary or desirable to carry out the terms of this Company Lease, the other party shall, at the Company's sole cost and expense, execute and deliver all such instruments and take all such actions, without additional consideration.

Capitalized terms used in this Company Lease and not otherwise defined in this Company Lease shall have the meanings assigned thereto in Schedule A to the Lease Agreement.

This Company Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

This Company Lease shall be governed exclusively by the applicable laws of the State of New York, without regard or reference to its conflict of laws principles.

This Company Lease and the conveyance made hereby shall be subject to the trust fund provisions of Section 13 of the Lien Law of the State.

Remainder of Page Intentionally Left Blank – Signature Pages Follow

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the day and year first above written.

AVALONBAY COMMUNITIES, INC.

By: Matthew B. Whalen
Name: Matthew B. Whalen
Title: Senior Vice President

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

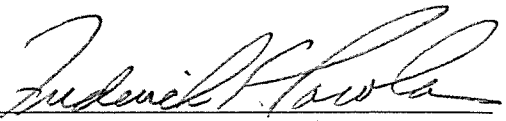
On the 18th day of August in the year 2015, before me, the undersigned, personally appeared **Matthew B. Whalen**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his capacity, and that by his signature on the within instrument, the individual, or the person or entity on behalf of which the individual acted, executed the instrument.

Paula A. Corazza
Notary Public

PAULA A. CORAZZA
Notary Public, State of New York
No. 01CO5006888
Qualified in Queens County
Commission Expires : 1/11/2019

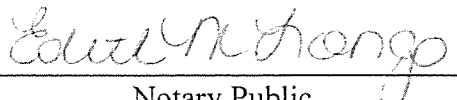
Company Lease Agreement
Signature Page 1 of 2

**TOWN OF HEMPSTEAD INDUSTRIAL
DEVELOPMENT AGENCY**

By: 
Name: Frederick E. Parola
Title: Executive Director and
Chief Executive Officer

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

On the 18th day of August in the year 2015, before me, the undersigned, personally appeared **Frederick E. Parola**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his capacity, and that by his signature on the within instrument, the individual, or the person or entity on behalf of which the individual acted, executed the instrument.


Notary Public

EDITH M. LONGO
Notary Public State of New York
No. 01LB063912
Qualified in Nassau County
Commission Expires September 10, 2017

Company Lease Agreement
Signature Page 2 of 2

EXHIBIT A

Legal Description of Real Property



Title No. 3020-737023

SCHEDULE "A"

AS TO PARCEL I

ALL THAT CERTAIN PLOT, PIECE OR PARCEL OF LAND, SITUATE, LYING AND BEING IN THE INCORPORATED VILLAGE OF ROCKVILLE CENTER, TOWN OF HEMPSTEAD, COUNTY OF NASSAU, STATE OF NEW YORK, AND BEING MORE PARTICULARLY DESIGNATED AND DESCRIBED AS LOT NO. 23, BLOCK 155, SECTION 38 ON THE NASSAU COUNTY LAND AND TAX MAP, SCHOOL DISTRICT 21.

AS TO PARCEL II

ALL THAT CERTAIN PLOT, PIECE OR PARCEL OF LAND, SITUATE, LYING AND BEING IN THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE, COUNTY OF NASSAU AND STATE OF NEW YORK, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NEW WESTERLY LINE OF NORTH CENTRE AVENUE, SAID POINT BEING THE INTERSECTION OF THE NEW WESTERLY LINE OF NORTH CENTRE AVENUE WITH THE SOUTHERLY BOUNDARY OF THE URBAN RENEWAL PROJECT, AT A MONUMENT SET ON THE NEW WESTERLY LINE OF NORTH CENTRE AVENUE AND LAND NOW OR FORMERLY OF THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE,

RUNNING THENCE ALONG LAND NOW OR FORMERLY OF THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE, SOUTH 84° 33' 43" WEST 181.96 FEET;

THENCE SOUTH 06° 45' 27" EAST 101.13 FEET;

THENCE SOUTH 87° 08' 20" WEST 100.22 FEET TO THE EAST SIDE OF BANKS AVENUE;

THENCE ALONG THE EAST SIDE OF BANKS AVENUE, NORTH 06° 45' 27" WEST 362.79 FEET;

THENCE ALONG AN ARC CONNECTING THE EAST SIDE OF BANKS AVENUE WITH THE SOUTH SIDE OF WILLOUGHBY AVENUE, AS WIDENED HAVING A RADIUS OF 20.00 FEET AND A LENGTH OF 31.64 FEET;

THENCE ALONG THE SOUTH SIDE OF WILLOUGHBY AVENUE, AS WIDENED, NORTH 83° 52' 53" EAST 245.07 FEET;

THENCE ALONG AN ARC CONNECTING THE SOUTH SIDE OF WILLOUGHBY AVENUE, AS WIDENED, WITH THE NEW WESTERLY LINE OF NORTH CENTRE AVENUE, HAVING A RADIUS OF 20.00 FEET AND A LENGTH OF 31.43 FEET;

THENCE ALONG THE NEW WESTERLY LINE OF NORTH CENTRE AVENUE, SOUTH 06° 05' 17" EAST 269.70 FEET TO THE POINT OR PLACE OF BEGINNING.

THE policy to be issued under this report will insure the title to such buildings and improvements erected on the premises, which by law constitute real property.

FOR CONVEYANCING ONLY: TOGETHER with all the right, title and interest of the party of the first part, of in and to the land lying in the street in front of and adjoining said premises.

AVALONBAY COMMUNITIES, INC.

to

TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY
(TOWN OF HEMPSTEAD, NEW YORK)

RECAPTURE AGREEMENT

Dated as of August 1, 2015

Town of Hempstead Industrial Development Agency
(AvalonBay Communities, Inc. 2015 Facility)

Property Address: 80 North Centre Avenue, Rockville Centre, New York 11570

Tax Map Number: Section 38; Block 155; Lots 23 (23,26)

Record and return to:
Nixon Peabody LLP
1300 Clinton Square
Rochester, New York 14604
Attention: William F. Weir, Esq.

RECAPTURE AGREEMENT

THIS RECAPTURE AGREEMENT, made and entered into as of August 1, 2015 (this “**Recapture Agreement**”), is from AVALONBAY COMMUNITIES, INC., a business corporation duly organized and validly existing under the laws of the State of Maryland and authorized to transact business in the State of New York having an office at 58 South Service Road, Suite 303, Melville, New York 11747 (the “**Company**”), to the TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY, an industrial development agency and a public benefit corporation of the State of New York, having its office at 350 Front Street, 2nd Floor, Hempstead, New York 11550 (the “**Agency**”).

W I T N E S S E T H :

WHEREAS, Title 1 of Article 18-A of the General Municipal Law of the State of New York was duly enacted into law as Chapter 1030 of the Laws of 1969 of the State of New York;

WHEREAS, the aforesaid act authorizes the creation of industrial development agencies for the Public Purposes of the State of New York (the “**State**”);

WHEREAS, the aforesaid act further authorizes the creation of industrial development agencies for the benefit of the several counties, cities, villages and towns in the State and empowers such agencies, among other things, to acquire, reconstruct, renovate, refurbish, equip, lease, sell and dispose of land and any building or other improvement, and all real and personal property, including but not limited to, machinery and equipment deemed necessary in connection therewith, whether now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial, recreation or industrial facilities, in order to advance job opportunities, health, general prosperity and the economic welfare of the people of the State and to improve their standard of living;

WHEREAS, pursuant to and in accordance with the provisions of the aforesaid act, as amended, together with Chapter 529 of the Laws of 1971 of the State, as amended (collectively, the “**Act**”), the Agency was created and is empowered under the Act to undertake the providing, financing and leasing of the Facility defined below;

WHEREAS, the Agency has agreed to assist in (i) the acquisition of an approximately 2.2 acre parcel of land located at 80 North Centre Avenue in the Village of Rockville Centre, New York (the “**Land**”), (ii) the demolition of an existing approximately 45,944 square foot building located thereon, and (iii) the construction, equipping and furnishing of an approximately 251,827 square foot 4-story, 165 unit apartment building and including a mix of studio apartments, one-bedroom apartments, two bedroom apartments, two-bedroom apartments with den and three bedroom apartments, all located thereon (the “**Improvements**” and “**Equipment**”; and, together with the Land, the “**Facility**”), all to be leased by the Agency to, and used by, the Company as a market rate rental community; and

WHEREAS, the Company has agreed to lease the Land to the Agency pursuant to and in accordance with a certain Company Lease Agreement, dated as of August 1, 2015 (the “**Company Lease**”), by and between the Company and the Agency;

WHEREAS, the Company has agreed to transfer to the Agency title to the Equipment pursuant to a Bill of Sale, dated the Closing Date (the “**Bill of Sale**”); and

WHEREAS, the Agency has agreed to sublease and lease the Facility to the Company pursuant to a certain Lease Agreement, dated as of August 1, 2015 (the “**Lease Agreement**”), by and between the Agency and the Company;

WHEREAS, in order to define the Company’s obligations regarding payments-in-lieu-of taxes with respect to the Facility, the Agency and the Company have agreed to enter into a Payment-in-Lieu-of-Tax Agreement, dated as of August 1, 2015 (the “**PILOT Agreement**”), by and between the Agency and the Company;

WHEREAS, the Agency has conferred on the Company in connection with the acquisition, demolition, construction, equipping, furnishing, financing and leasing of the Facility certain benefits, tax exemptions and other financial assistance more particularly described in Section 1(c) hereof, consisting of, among other things, sales and use tax exemptions on the acquisition, demolition, construction, equipping and furnishing of the Facility and real property tax abatements (pursuant to the PILOT Agreement), and, if requested, mortgage recording tax exemptions; and

WHEREAS, the Agency requires, as a condition and as an inducement for it to enter into the transactions contemplated by the PILOT Agreement and the Lease Agreement, that the Company provide assurances with respect to the recapture of certain benefits granted under the PILOT Agreement, the Lease Agreement and the other Agency agreements on the terms herein set forth.

AGREEMENT

1. Recapture of Agency Benefits (a) It is understood and agreed by the parties hereto that the Agency is entering into the Lease Agreement and the PILOT Agreement in order to provide financial assistance to the Company for the Facility and to accomplish the public purposes of the Act. In consideration therefor, the Company hereby agrees as follows:

- (i) If there shall occur a Recapture Event after August 18, 2015, but on or before December 31, 2020, the Company shall pay to the Agency, or to the State of New York, if so directed by the Agency (except as otherwise specified below) as a return of public benefits conferred by the Agency, one hundred percent (100%) of the Recaptured Benefits (as defined below);
- (ii) If there shall occur a Recapture Event on or after January 1, 2021 but on or before December 31, 2025, the Company shall pay to the Agency, or to the State of New York, if so directed by the Agency (except as otherwise

specified below) as a return of public benefits conferred by the Agency, seventy-five percent (75%) of the Recaptured Benefits;

- (iii) If there shall occur a Recapture Event on or after January 1, 2026 but on or before December 31, 2029, the Company shall pay to the Agency, or to the State of New York, if so directed by the Agency (except as otherwise specified below) as a return of public benefits conferred by the Agency, fifty percent (50%) of the Recaptured Benefits;
- (iv) If there shall occur a Recapture Event on or after January 1, 2030 but on or before December 31, 2030, the Company shall pay to the Agency, or to the State of New York, if so directed by the Agency (except as otherwise specified below) as a return of public benefits conferred by the Agency, twenty-five percent (25%) of the Recaptured Benefits; and
- (v) If there shall occur a Recapture Event on or after January 1, 2031, the Company shall not be obligated to pay to the Agency, or to the State of New York, any of the Recaptured Benefits; and

(b) The term “Recaptured Benefits” shall mean all direct monetary benefits, tax exemptions and abatement and other financial assistance, if any, derived solely from the Agency’s participation in the transaction contemplated by the PILOT Agreement and the Lease Agreement including, but not limited to, the amount equal to 100% of:

- (i) any exemption from any applicable mortgage recording tax with respect to the Facility on mortgages granted by the Agency on the Facility at the request of the Company (the “**Mortgage Recording Tax Exemption**”); and
- (ii) Sales Tax Exemption savings realized by or for the benefit of the Company, including and savings realized by any Agent pursuant to the Lease Agreement and each Sales Tax Agent Authorization Letter issued in connection with the Facility (the “**Sales Tax Savings**”); and
- (iii) real property tax abatements granted under the PILOT Agreement (the “**Real Property Tax Abatements**”);

which Recaptured Benefits from time to time shall upon the occurrence of a Recapture Event in accordance with the provisions of Section 1(c) below and the declaration of a Recapture Event by notice from the Agency to the Company be payable directly to the Agency or the State of New York if so directed by the Agency.

(c) The term “**Recapture Event**” shall mean any of the following events:

- (1) A default by the Company under the PILOT Agreement (other than as described in clauses (d) or (e) below) which remains uncured beyond any applicable notice and/or grace period, if any, provided thereunder; or

(2) The occurrence and continuation of an Event of Default under the Lease Agreement (other than as described in clauses (d) or (e) below) which remains uncured beyond any applicable notice and/or grace period, if any, provided thereunder; or

(3) The Facility shall cease to be a “project” within the meaning of the Act, as in effect on the Closing Date through the act or omission of the Company; or

(4) The sale of the Facility (excluding any sale provided for in Section 9.3 of the Lease Agreement) or closure of the Facility and/or departure of the Company from the Town of Hempstead, except as due to casualty, condemnation or force majeure as provided below; or

(5) Failure of the Company to create or cause to be maintained the number of full time equivalent (“FTE”) jobs at the Facility as defined in Section 8.13 of the Lease Agreement, which failure is not reflective of the business cycle or conditions of the Company or the subtenants of the Company, including without limitation loss of major sales, revenues, distribution or other adverse business developments and/or local, national or international economic conditions, trade issues or industry wide conditions; or

(6) Any significant deviations from the information and data provided to the Agency in the Company’s application for assistance which would constitute a significant diminution of the Company’s activities in, or commitment to, the Town of Hempstead, Nassau County, New York; or

(7) The Company receives Sales Tax Savings in connection with the acquisition, construction and equipping of the Facility in excess of the Maximum Sales Tax Savings Amount; provided, however, that the foregoing shall constitute a Recapture Event with respect to the excess of Sales Tax Savings above the Maximum Sales Tax Savings Amount, only. It is further provided that failure to repay the said excess within thirty (30) days shall constitute a Recapture Event with respect to all Recapture Benefits.

(d) Provided, however, if a Recapture Event has occurred due solely to the failure of the Company to create or cause to be maintained the number of FTEs at the Facility as provided in Section 8.13 of the Lease Agreement in any Tax Year but the Company has created or caused to be maintained at least 90% of such required number of FTEs for such Tax Year, then in lieu of recovering the Recaptured Benefits provided above, the Agency may, in its sole discretion, adjust the payments due under the PILOT Agreement on a pro rata basis so that the amount payable under the PILOT Agreement will be adjusted upward retroactively for such Tax Year by the same percentage as the percentage of FTEs that are below the required FTE level for such Tax Year. Such adjustments to the payments due under the PILOT Agreement may be made each Tax Year until such time as the Company has complied with the required number of FTEs pursuant to Section 8.13 of the Lease Agreement.

(e) Furthermore, notwithstanding the foregoing, a Recapture Event shall not be deemed to have occurred if the Recapture Event shall have arisen as a result of (i) a “force majeure” event (as more particularly defined in the Lease Agreement), (ii) a taking or

condemnation by governmental authority of all or part of the Facility, or (iii) the inability or failure of the Company after the Facility shall have been destroyed or damaged in whole or in part (such occurrence a “**Loss Event**”) to rebuild, repair, restore or replace the Facility to substantially its condition prior to such Loss Event, which inability or failure shall have arisen in good faith on the part of the Company or any of its affiliates so long as the Company or any of its affiliates have diligently and in good faith pursued the rebuilding, repair, restoration or replacement of the Facility or part thereof; or

(f) The Company covenants and agrees to furnish the Agency with written notification (i) within thirty (30) days of the end of each Tax Year the number of FTEs located at the Facility for such Tax Year, and (ii) within thirty (30) days of actual notice of any facts or circumstances which would likely lead to a Recapture Event or constitute a Recapture Event hereunder. The Agency shall notify the Company within thirty (30) days of the occurrence of a Recapture Event hereunder, which notification shall set forth the terms of such Recapture Event.

(g) In the event any payment owing by the Company under this Section shall not be paid on demand by the Agency, such payment shall bear interest from the date of such demand at a rate equal to one percent (1%) plus the Prime Rate, but in no event at a rate higher than the maximum lawful prevailing rate, until the Company shall have made such payment in full, together with such accrued interest to the date of payment, to the Agency (except as otherwise specified above).

(h) The Agency shall be entitled to deduct all reasonable out of pocket expenses of the Agency, including without limitation, reasonable legal fees, incurred with the recovery of all amounts due under this Recapture Agreement, from amounts received by the Agency pursuant to this Recapture Agreement.

2. Obligations Unconditional.

(a) The obligations of the Company under this Recapture Agreement shall be absolute and unconditional and shall remain in full force and effect until the PILOT Agreement and the Lease Agreement have expired or been terminated or the Lease Agreement has been assigned with the consent of the Agency, and such obligations shall not be affected, modified or impaired by any state of facts or the happening from time to time of any event, whether or not with notice to or the consent of the Company.

(b) It is hereby expressly agreed that the Company’s obligations under this Recapture Agreement are not limited in any manner, and the Company shall be liable for the payment of all recapture amounts with respect to the entire Facility.

(c) Reserved.

(d) The Company and the Agency hereby agree that the obligations and liabilities of the Company hereunder are the absolute and unconditional obligations and liabilities of the Company and not the obligations and liabilities of any officer, director or employee of the Company, and that no officer, director or employee of the Company shall have any

obligation or liability hereunder, except arising in connection with the gross negligence, recklessness, willful misconduct or criminal activity of such officer, director or employee. .

3. Condition to Reconveyance of Facility. The parties hereto agree that the Agency shall have no obligations to surrender its leasehold interest in the Facility to the Company pursuant to the Lease Agreement until all payments to the Agency and the Taxing Jurisdictions under Sections 5.3, 11.2 and 11.3 of the Lease Agreement, under the PILOT Agreement and hereunder have been paid in full. If such payments are not paid in full by the Company within sixty (60) days of the date when due and owing, then the Agency shall offer its interest in the Facility for sale pursuant to the Agency's Real Property Disposition Policy adopted pursuant to the Public Authorities Accountability Act, as amended.

4. Recordation of Recapture Agreement. The parties hereto agree that this Recapture Agreement shall be recorded as a lien against the Facility and as a covenant and restriction running with the Land until this Recapture Agreement has been discharged by the Agency. Upon the termination of this Recapture Agreement according to its terms and payment of all amounts due hereunder, the Agency agrees to promptly and reasonably cooperate with the Company with the discharging of this Recapture Agreement and to remove the same of record, in accordance with the terms hereof.

5. Terms Defined. All of the capitalized terms used in this Recapture Agreement and not otherwise defined herein shall have the meanings assigned thereto in the Schedule of Definitions attached to the Lease Agreement as Schedule A.

6. Directly or Indirectly. Where any provision in this Recapture Agreement refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

7. Survival. All warranties, representations, and covenants made by the Company herein shall be deemed to have been relied upon by the Agency and shall survive the delivery of this Recapture Agreement to the Agency regardless of any investigation made by the Agency.

8. Binding Effect. This Recapture Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties.

9. Notices. All notices, certificates and other communications under this Recapture Agreement shall be in writing and shall be deemed given when delivered personally or when sent by certified mail, postage prepaid, return receipt requested, or delivered by any national overnight express delivery service (in each case, postage or delivery charges paid by the party giving such communication) addressed as follows or to such other address as any party may specify in writing to the other:

To the Agency:

Town of Hempstead Industrial Development Agency
350 Front Street, 2nd Floor
Hempstead, New York 11550-4037
Attention: Executive Director and Chief Executive Officer

With a copy to:

Ryan, Brennan & Donnelly LLP
131 Tulip Avenue
Floral Park, New York 11001
Attention: John E. Ryan, Esq.

To the Company:

AvalonBay Communities, Inc.
58 South Service Road, Suite 303
Melville, New York 11747
Attention: Matthew B. Whalen, Senior Vice President

With a copy to:

AvalonBay Communities, Inc.
Ballston Tower
671 N. Glebe Road, Suite 800
Arlington, Virginia 22203
Attention: Legal Department

And

Ruskin Moscou Faltischek, P.C.
1425 RXR Plaza, East Tower 15th Floor
Uniondale, New York 11556
Attention: Michael L. Faltischek, Esq.

10. Entire Understanding; Counterparts. This Recapture Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11. Amendments. No amendment, change, modification, alteration or termination of this Recapture Agreement shall be made except in writing upon the written consent of the Company and the Agency.

12. Severability. The invalidity or unenforceability of any one or more phrases, sentences, clauses or sections in this Recapture Agreement or the application thereof shall not

affect the validity or enforceability of the remaining portions of this Recapture Agreement or any part thereof.

13. Governing Law. This Recapture Agreement shall be governed by, and construed in accordance with, the laws of the State, without regard or reference to its conflict of laws principles.

14. Section Headings. The headings of the several Sections in this Recapture Agreement have been prepared for convenience of reference only and shall not control, affect the meaning of or be taken as an interpretation of any provision of this Recapture Agreement.

15. Waiver of Trial by Jury. The parties do hereby expressly waive all rights to trial by jury on any cause of action directly or indirectly involving the terms, covenants or conditions of the Recapture Agreement or any matters whatsoever arising out of or in any way connected with the Recapture Agreement.

16. Assignment. In the event the Lease Agreement shall be assigned to an approved assignee pursuant to Section 9.3(a) thereof, and such approved assignee has assumed the Company's obligations hereunder, then the Company contemporaneously shall be released from any obligations under this Recapture Agreement arising after the effective date of such assignment.

Remainder of this Page Intentionally Left Blank – Signature Pages Follow

IN WITNESS WHEREOF, the Company has caused this Recapture Agreement to be duly executed and delivered as of the day and year first above written.

AVALONBAY COMMUNITIES, INC.

By: Matthew B. Whalen
Name: Matthew B. Whalen
Title: Senior Vice President

ACCEPTED:

**TOWN OF HEMPSTEAD INDUSTRIAL
DEVELOPMENT AGENCY**

By: Frederick E. Parola
Name: Frederick E. Parola
Title: Executive Director and
Chief Executive Officer

Recapture Agreement
Signature Page 1 of 2

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

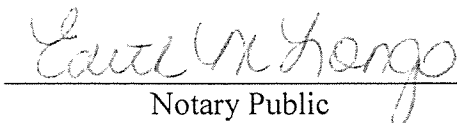
On the 18th day of August in the year 2015, before me, the undersigned, personally appeared **Matthew B. Whalen**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his capacity, and that by his signature on the within instrument, the individual, or the person or entity on behalf of which the individual acted, executed the instrument.


Notary Public

PAULA A. CORAZZA
Notary Public, State of New York
No. 01CO5006888
Qualified in Queens County
Commission Expires : 1/11/2019

STATE OF NEW YORK)
 : SS:
COUNTY OF NASSAU)

On the 18th day of August in the year 2015, before me, the undersigned, personally appeared **Frederick E. Parola**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument, and acknowledged to me that he executed the same in his capacity, and that by his signature on the within instrument, the individual, or the person or entity on behalf of which the individual acted, executed the instrument.


Notary Public

Recapture Agreement
Signature Page 2 of 2

EDITH M. LONGO
Notary Public State of New York
No. 01LO0060912
Qualified in Nassau County
Commission Expires September 10, 20 17

EXHIBIT A

DESCRIPTION OF REAL PROPERTY



Title No. 3020-737023

SCHEDULE "A"

AS TO PARCEL I

ALL THAT CERTAIN PLOT, PIECE OR PARCEL OF LAND, SITUATE, LYING AND BEING IN THE INCORPORATED VILLAGE OF ROCKVILLE CENTER, TOWN OF HEMPSTEAD, COUNTY OF NASSAU, STATE OF NEW YORK, AND BEING MORE PARTICULARLY DESIGNATED AND DESCRIBED AS LOT NO. 23, BLOCK 155, SECTION 38 ON THE NASSAU COUNTY LAND AND TAX MAP, SCHOOL DISTRICT 21.

AS TO PARCEL II

ALL THAT CERTAIN PLOT, PIECE OR PARCEL OF LAND, SITUATE, LYING AND BEING IN THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE, COUNTY OF NASSAU AND STATE OF NEW YORK, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NEW WESTERLY LINE OF NORTH CENTRE AVENUE, SAID POINT BEING THE INTERSECTION OF THE NEW WESTERLY LINE OF NORTH CENTRE AVENUE WITH THE SOUTHERLY BOUNDARY OF THE URBAN RENEWAL PROJECT, AT A MONUMENT SET ON THE NEW WESTERLY LINE OF NORTH CENTRE AVENUE AND LAND NOW OR FORMERLY OF THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE,

RUNNING THENCE ALONG LAND NOW OR FORMERLY OF THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE, SOUTH 84° 33' 43" WEST 181.96 FEET;

THENCE SOUTH 06° 45' 27" EAST 101.13 FEET;

THENCE SOUTH 87° 08' 20" WEST 100.22 FEET TO THE EAST SIDE OF BANKS AVENUE;

THENCE ALONG THE EAST SIDE OF BANKS AVENUE, NORTH 06° 45' 27" WEST 362.79 FEET;

THENCE ALONG AN ARC CONNECTING THE EAST SIDE OF BANKS AVENUE WITH THE SOUTH SIDE OF WILLOUGHBY AVENUE, AS WIDENED HAVING A RADIUS OF 20.00 FEET AND A LENGTH OF 31.64 FEET;

THENCE ALONG THE SOUTH SIDE OF WILLOUGHBY AVENUE, AS WIDENED, NORTH 83° 52' 53" EAST 245.07 FEET;

THENCE ALONG AN ARC CONNECTING THE SOUTH SIDE OF WILLOUGHBY AVENUE, AS WIDENED, WITH THE NEW WESTERLY LINE OF NORTH CENTRE AVENUE, HAVING A RADIUS OF 20.00 FEET AND A LENGTH OF 31.43 FEET;

THENCE ALONG THE NEW WESTERLY LINE OF NORTH CENTRE AVENUE, SOUTH 06° 05' 17" EAST 269.70 FEET TO THE POINT OR PLACE OF BEGINNING.

THE policy to be issued under this report will insure the title to such buildings and improvements erected on the premises, which by law constitute real property.

FOR CONVEYANCING ONLY: TOGETHER with all the right, title and interest of the party of the first part, of in and to the land lying in the street in front of and adjoining said premises.