

48 TERMS AND CONDITIONS OF SALE

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DEFINITIONS

Additional Sale Date Deposit - An amount equal to the difference between twenty percent (20%) of the Purchase Price and the Cash Requirement, payable immediately after the close of bidding on the Property.

Affiliate - A Business Entity in which the Purchaser has, directly or indirectly, a voting, control or ownership interest of twenty percent (20%) or more, or which has such an interest in Purchaser.

Assignee - The individual or entity to whom/which the contract is assigned.

Assignment - The transfer or conveyance of a right or contract from one person or Business Entity to another.

Assignor - The successful bidder at the auction sale who/which submits an Assignment Form to transfer his/her/its rights under the contract.

Assumption of Mortgage - An agreement to become fully liable for the obligations that were undertaken by the mortgagor, who also remains liable for said obligations.

Auction Deposit - The total amount payable for the Property at the time of the auction sale, consisting of the sum of the Cash Requirement and the Additional Sale Date Deposit, or one thousand dollars (\$1,000), whichever is greater.

Balance of the Purchase Price - An amount equal to the Purchase Price minus the Auction Deposit, which amount is payable within forty-five (45) calendar days of the auction sale. If the Purchaser has applied for a Purchase Money Mortgage, then a mortgage down payment is payable instead.

Business Entity - A legal being, other than an individual, natural person, e.g., a corporation, partnership, joint venture or syndication. A Business Entity must be duly formed in accordance with all applicable provisions of law and have the legal capacity, among

other things, to be sued and to own and mortgage property in the State of New York.

Cash Requirement - An amount equal to twenty percent (20%) of the Upset Price, or one thousand dollars (\$1,000), whichever is greater, payable at the close of bidding on the Property. This is paid in official bank check, certified check, cash, travelers check, bank money order or postal money order made payable to NYC/DCAS/DRES.

City - The City of New York, acting by and through its Division of Real Estate Services of the Department of Citywide Administrative Services.

Date of Sale - The date of public auction. For multiple-day auctions, the date on which the Property is sold.

Days-business - Monday through Friday, excluding City-observed holidays.

Days-calendar - All the days of the year, including Saturday, Sunday and City-observed holidays.

Deed - An instrument in writing, duly executed and delivered, that conveys title to real property.

Default - A failure by the Purchaser to comply with any provision of the Terms and Conditions.

Deputy Commissioner - The Deputy Commissioner of the Division of Real Estate Services of the Department of Citywide Administrative Services of the City of New York ("DRES").

Guarantor - The party who becomes liable for the payment of a debt along with the principal debtor.

Lien - A claim or encumbrance on property, e.g., for the payment of a debt.

Memorandum of Sale - The contract between the City and the Purchaser for the purchase of the Property, which incorporates, by reference, the Terms and Conditions of Sale and any special terms and conditions.

Mortgage or Purchase Money Mortgage - The instrument by which the Purchaser grants a security interest, as a first lien, on the Property to secure the payment of all sums due under the Mortgage Note.

Mortgage Application - A request from a Purchaser for DRES to accept a Purchase Money Mortgage as a portion of the Purchase Price, made on the form provided by DRES.

Mortgage Note - A written instrument in which the Purchaser promises, among other things, to pay the unpaid balance of the Purchase Price, plus interest and other charges.

Mortgagor - The Purchaser who has executed a Mortgage Note and has granted a Purchase Money Mortgage on the Property.

Property - The particular parcel of City-owned real property, and any improvements thereon, sold at public auction to the Purchaser.

Purchase Price - The highest bid made and accepted for the Property at the auction.

Purchaser - The successful bidder(s) at the auction sale and, where the purchaser is a business entity, then each partner or any director(s), officer(s), or shareholder(s) having a total of twenty percent (20%) or more of the purchaser's voting stock, ownership interest or control.

Satisfaction - The instrument which evidences the complete payment of a debt or performance of an obligation.

Title Closing - The transfer of title to or ownership of the Property to the Purchaser; the date upon which such transfer is made.

Upset Price - The amount at which bidding starts on the Property.

Verified Statement and Tax Affidavit - A document in which the Purchaser provides certain information to the City about ownership of property and obligations to the City and swears that such information is true.

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1. GENERAL ELIGIBILITY TO BID

(a) The City will not restrict an otherwise eligible bidder on the basis of race, color, creed, national origin, sex, age, handicap, marital status or sexual orientation from purchasing property.

(b) Successful bidders shall be required to provide two pieces of identification, satisfactory to DRES, at the time of the auction. Failure to provide such satisfactory proof of identity may result in rejection of the bid and reoffer of the Property for sale.

2. INELIGIBILITY TO PURCHASE

(a) Bidder Has Defaulted On Other Obligations

No bidder, including, without limitation, any Business Entity or subsidiary, parent or Affiliate thereof, or any trustee(s), director(s), officer(s) or shareholder(s) with voting interests or owning a total of twenty (20%) percent or more of any of the foregoing, who or which is or has been in default in or on any contract, obligation or agreement of any kind or nature whatsoever entered into with the City of New York, or any of its agencies, within a period of five (5) years prior to the date of the auction sale, will be accepted as an eligible bidder for any Property. Such obligations include, among other things, the obligation to pay in full all New York City property taxes and charges when due.

(b) Bidder Was a Former Owner of the Property

No bidder, including, without limitation, any Business Entity or subsidiary, parent or Affiliate thereof, or any director(s), officer(s) or shareholder(s) with voting interests or owning a total of twenty (20%) percent or more of any of the foregoing, who or which was a former owner of the Property within a period of five (5) years prior to the Date of Sale will be accepted as the Purchaser for the Property.

(c) Penalty for Bidding When Ineligible

The Deputy Commissioner reserves the right, if an investigation establishes to his or her satisfaction that any of the provisions in subparagraphs 2(a) or 2(b) above has been violated, to declare a Default pursuant to paragraph 19 below and revoke the sale or to take any other action permitted under the Terms and Conditions of Sale and any Special Terms and Conditions of Sale or applicable provisions of law.

(d) Eligibility Of City Employees To Purchase

The City Council amended Section 2604 of the New York City Charter on July 24, 1980. Most City of New York employees are now eligible to purchase real property at auction sales. However, the following persons may not bid on or purchase property:

- (i) Elected Officials;
- (ii) Employees in the Office of Property Management of the Department of Housing Preservation and Development (HPD);
- (iii) Employees of DRES;
- (iv) Commissioners, Deputy Commissioners, Assistant Commissioners and others of equivalent rank in HPD or the Department of Citywide Administrative Services; and
- (v) Any officer or employee who has participated in decisions or matters affecting the disposition of the Property to be purchased or has such matters under active consideration.

3. AFFIDAVIT REQUIRED

(a) The Purchaser shall submit a Verified Statement and Tax Affidavit within fourteen (14) calendar days of the Date of Sale.

(b) For the purposes of Paragraph 2 above:

- (i) Where the Purchaser is an individual:
 - (A) the interests and defaults of the Purchaser's spouse may be attributed to the Purchaser; and
 - (B) the interests and defaults of a Business Entity (and of any parent, subsidiary or Affiliate of such Business Entity) in which the Purchaser has a twenty (20%) percent or greater ownership or voting interest shall be attributed to the Purchaser;

(ii) Where the Purchaser is a Business Entity:

- (A) the interests and defaults of any trustee(s), director(s) or officer(s) and any shareholder(s) having a total of twenty (20%) percent or more of its voting stock, ownership interest or control shall be attributed to it (for purposes of these subparagraphs (ii) (A) and (B), the interests and defaults of the family members listed in subparagraph (i) (A), above, shall be attributed to the individuals set forth in these subparagraphs); and
- (B) the interests and defaults of a Business Entity (and of any parent, subsidiary or Affiliate of such Business Entity) in which the Purchaser or any subsidiary, parent or Affiliate thereof or any trustee(s), director(s), officer(s) or shareholder(s) thereof has a total of twenty (20%) percent or greater ownership, voting interest or control shall be attributed to the Purchaser; and
- (C) the principal operating officer of a Business Entity shall make the Verified Statement and Tax Affidavit on behalf of such Business Entity.

(c) In order to establish the truth of any statement or representation made in the Verified Statement and Tax Affidavit, the Deputy Commissioner may require from the Purchaser, prior to Title Closing, a certification of the chain of title and/or a supplementary affidavit setting forth the Purchaser's interest in any properties located in the City of New York. Further, at the request of any agency, department or subdivision of the City of New York, including, without limitation, the Department of Investigation, the Purchaser will be required to produce, upon three (3) business days notice and without the necessity of a subpoena, such files and records as may pertain to any such statement or representation. In addition, the Deputy Commissioner may require additional Verified Statement and Tax Affidavits from any person or Business Entity associated in any way with a Purchaser.

(d) (i) If the City discovers any material misrepresentation, omission or false statement in such Verified Statement and Tax Affidavit, supplementary affidavit or supplementary information required by the City; or

(ii) if any of these documents is not submitted; or

(iii) if the Purchaser fails to verify the representations contained in these documents where required; then the City may declare the same to be a Default before the Title Closing and the City may exercise any of its rights under Paragraph 19 below.

(e) If any material misrepresentation, omission or false statement is discovered after the Title Closing, the City may avail itself of all remedies available to it at law, it being acknowledged that these representations are being relied upon by the City and are material to this transaction. This clause shall survive the Title Closing.

THE VERIFIED STATEMENT AND TAX AFFIDAVIT IS A SWORN STATEMENT AND THE MAKING OF A FALSE REPRESENTATION IN IT MAY BE PUNISHABLE AS A CRIME.

4. SALES PAYMENTS AND DEPOSITS

(a) Cash Requirement and Additional Sale Date Deposit

An Auction Deposit must be paid on the Date of Sale. The Auction Deposit consists of two payments, the Cash Requirement and the Additional Sale Date Deposit, payable as follows:

(i) The CASH REQUIREMENT listed in the auction brochure MUST be paid, at the close of bidding on the Property, in United States dollars, in official bank check, certified check, cash, travelers check, bank money order or postal money order, made payable to the order of the NYC/DCAS/DRES. If the Purchaser wishes to buy more than one Property at the auction sale, separate checks, money orders or cash payments are required for the purchase of each Property. No other form of payment will be accepted for the Cash Requirement. The City reserves the right to re-offer the Property for bid if the bidder is unable to pay the Cash Requirement as required.

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(ii) The ADDITIONAL SALE DATE DEPOSIT must be paid when a Property is sold for more than the Upset Price. This payment is an amount equal to the difference between twenty (20%) percent of the Purchase Price and the Cash Requirement, payable immediately after the close of bidding on the Property in United States dollars in the form of official bank check, certified check, cash, travelers checks, bank money order postal money order, or personal check payable to the order of NYC/DCAS/DRES. If the Purchaser wishes to buy more than one Property, separate check or cash payments are required for each Property. The City reserves the right to re-offer the Property if the bidder is unable to pay the Additional Sale Date Deposit as required. If twenty (20%) percent of the Purchase Price is an amount less than one thousand dollars (\$1,000), then only the Cash Requirement is payable at the auction sale.

(iii) If any check(s) described in subparagraphs (i) or (ii) above is not honored upon being presented for payment, the same shall be deemed a Default pursuant to Paragraph 19 below. A charge of fifteen dollars (\$15.00) shall be imposed for any check not honored upon first being presented for payment.

PURCHASERS ARE ALSO ADVISED THAT THE DISHONOR OF A CHECK, UNDER CERTAIN CIRCUMSTANCES, MAY BE THE BASIS FOR CRIMINAL PROSECUTION.

(b) Balance of the Purchase Price

The Balance of the Purchase Price (or the mortgage down payment, if the Purchaser submits a Mortgage Application in accordance with Paragraph 6) shall be paid within forty-five (45) calendar days of the Date of Sale, by official bank check, certified check, bank money order or postal money order, made payable to the order of NYC/DCAS/DRES. Failure to do so shall be deemed a Default pursuant to Paragraph 19 below.

Submission of the Balance Payment is not authorization to enter upon and take possession of the property prior to date of title closing.

5. ASSIGNMENT OF MEMORANDUM OF SALE

(a) No assignment of a Purchaser's rights under the Memorandum of Sale shall be valid unless made on the form of Assignment provided by DRES, and (i) the documents required by such form, duly and fully completed and executed, (ii) such form and all required documents and (iii) fees are filed with DRES not later than fourteen (14) calendar days from the Date of Sale. Any purported assignment not made in accordance herewith shall be void and of no force and effect.

(b) Upon receipt of written approval of the Assignment from DRES, the assignor, at the option and in the sole discretion of DRES, may be released from any and all liabilities and obligations pursuant to the Memorandum of Sale.

(c) A nonrefundable processing fee in the sum of \$200 will be imposed for the submission of an Assignment Form.

(d) Nothing herein contained shall limit the City's right to reject any proposed assignee pursuant to the provisions of Paragraphs 2 and 3 above. No purported assignment shall be valid for any purpose unless and until approved in writing by DRES. In the event that DRES does not render such approval, the purported assignment shall be void and of no force and effect and the obligations of Purchaser shall be and remain solely with the assignor.

6. PURCHASE MONEY MORTGAGES

(a) Purchase Money Mortgage Granted at the Sole and Absolute Discretion of the Deputy Commissioner

The City reserves the right to deny any Mortgage Application on any Property by any Purchaser.

(b) Purchase Price Must Be Over \$20,000

A Purchase Money Mortgage loan may be available if the Purchase Price of the Property is more than \$20,000. The amount of the Purchase

Money Mortgage Loan available is shown in the chart following.

Purchase Price	Down Payment*	Available
\$20,001 to \$100,000	50%	50%
\$100,001 to \$200,000	40%	60%
Over \$200,000	35%	65%

*This Downpayment is based on a percentage of the purchase price and shall be an amount equal to the difference between the purchase price and the available mortgage amount.

(c) Mortgage Application Availability

Mortgage Applications will be available at DRES's Office of Auction Sales at 1 Centre Street, 19th Floor North, New York City.

(d) Deadline for Mortgage Applications

A Mortgage Application must be submitted within forty-five (45) calendar days of the Date of Sale. Failure to timely submit a completed Mortgage Application, including the Mortgage downpayment and requisite application fee, constitutes an irrevocable election by Purchaser to proceed with the transaction on an all cash basis.

(e) Nonrefundable Mortgage Application Fee

When the Mortgage Application is submitted, a nonrefundable fee equal to one percent (1%) of the maximum mortgage available (see Paragraph (b) above), but not less than three hundred dollars (\$300), or more than five thousand dollars (\$5,000), shall be paid for the processing of the application.

(f) Submission of Mortgage Application(s)

Where the purchaser consists of one or more persons, then each person must submit an Individual Mortgage Application.

Where the purchaser is a Business Entity, then each partner or any director(s), officer(s) or shareholder(s) having a total of twenty percent (20%) or more of the purchaser's voting stock, ownership interest or control shall be required to submit an Individual Mortgage Application as well as Corporate/Partnership Mortgage Application on behalf of the Purchaser.

7. QUALIFICATIONS FOR A PURCHASE MONEY MORTGAGE

(a) Creditworthiness of the Purchaser

Each Purchaser submitting a Mortgage Application must establish creditworthiness satisfactory to DRES and shall submit such information relating to creditworthiness and ability to maintain the Property as may be requested. For the purpose of establishing creditworthiness, DRES may obtain a credit report for each purchaser submitting a Mortgage Application.

(b) Failure to Provide Information

Failure by the Purchaser to provide additional information requested by DRES for purposes of reviewing the Mortgage Application within the time indicated by DRES shall be grounds for default pursuant to Paragraph 19 below.

(c) Guarantors and Additional Collateral

Where the purchaser is a business entity, then each partner or any director(s), officer(s) or shareholder(s) having a total of twenty (20%) percent or more of the purchaser's voting stock, ownership interest or control shall be required to personally guarantee the debt to secure the loan. Failure to do so shall result in the termination of review of the Purchase Money Mortgage Application and a requirement that the purchaser shall proceed on an all cash basis and pay the balance of the Purchase Price within fourteen (14) days of the date of termination of review of the Purchase Money Mortgage application. Failure to proceed on an all cash basis shall result in a declaration of default on the sale pursuant to Paragraph 19 below. Guarantors must attend the Title Closing to execute such instruments as will be required by DRES to insure that such guarantors are liable for the Mortgage debt.

DRES may set additional requirements in order to grant a Purchase Money Mortgage loan. Such requirements may include, but are not lim-

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ited to, additional collateral to secure the loan. Failure to satisfy any such requirement shall result in denial of the Purchase Money Mortgage Application pursuant to Paragraph 7(d) below.

(d) Denial of Application

Any Purchaser who does not qualify for a Purchase Money Mortgage loan must pay the Balance of the Purchase Price within thirty (30) calendar days of the date of the notice of denial. The Purchaser may, within the same thirty (30) day period, elect, by written notice to DRES, to have the sale cancelled.

8. TERMS OF THE PURCHASE MONEY MORTGAGE

(a) Mortgage Term and Application of Payments

The Purchase Money Mortgage shall secure the Mortgage Note. The Mortgage Note shall be payable in constant self-liquidating monthly installments of principal and interest, applied first to payment of interest, then additional charges and then to reduction of principal, for a term not to exceed fifteen (15) years and continue until the full principal and any interest, outstanding late charges and other charges are paid. It is DRES's policy to grant mortgage loans for the shortest practicable term; however, in no event will the term of any mortgage loan exceed fifteen (15) years.

(b) Interest Rate and Prepayment

Purchase Money Mortgage loans will be available at seven (7.0%) percent per annum interest rate unless otherwise specified.

The Purchase Money Mortgage and Mortgage Note will permit prepayment, without penalty, on the due date of any of the installments, of additional sums in multiples of \$100 and of the entire outstanding principal balance with interest up to and including the date of such payment.

(c) Additional Charges

In addition to interest, a late charge shall be imposed on each installment that remains unpaid after the due date thereof in an amount equal to the product obtained by multiplying (A) 1-1/2% of such installment or \$5.00, whichever is higher, times (B) the number of months or partial months such installment remains past due and unpaid. A charge of fifteen dollars (\$15.00) shall be imposed for any check not honored upon first being presented for payment.

9. ASSIGNMENT AND ASSUMPTION OF PURCHASE MONEY MORTGAGE

(a) If the Mortgagor sells or otherwise transfers ownership of the mortgaged Property, or if fifty (50%) percent or more of the equity or control of a Business Entity Mortgagor is transferred, the outstanding principal balance of the Purchase Money Mortgage together with interest up to the date of the transfer and additional charges shall be paid immediately to DRES. DRES may agree in its sole and absolute discretion, in writing, in advance of the transfer, to allow the new owner of the Property to assume the Mortgagor's obligations under the Purchase Money Mortgage and Mortgage Note.

(b) A Purchase Money Mortgage application must be submitted to DRES on behalf of the proposed mortgagor, along with a nonrefundable mortgage application fee, in an amount equal to one percent (1%) of the then outstanding principal balance of the loan, but not less than three hundred dollars (\$300) nor greater than five thousand dollars (\$5,000).

10. MORTGAGE SUBORDINATION

In DRES's sole and absolute discretion, DRES may agree to subordinate the lien of the Purchase Money Mortgage to the lien of another mortgage given to a bank (or other institutional lender) licensed to do business in the State of New York, to secure a loan to improve or rehabilitate any improvements on the Property. Subordination will only be considered if the institutional lender has refused to make such a loan unless the lien of the City's Purchase Money Mortgage is subordinated thereto. No subordination will be granted if the Purchaser has overdue debts of any kind owed to the City of New York. Purchasers requesting such subordination should contact the Director of Sales.

If DRES agrees to entertain such a request, the Mortgagor must submit a completed Subordination Application, and a Subordination Application Fee (calculated in the same manner as that provided for a mortgage application fee).

11. PURCHASE MONEY MORTGAGE PREPARATION FEE AND RELATED FEES

(a) Purchase Money Mortgage Preparation Fees

The Purchase Money Mortgage and Mortgage Note shall be prepared by DRES and paid for by the Purchaser at the Title Closing. The preparation fees for the required documents are:

Mortgage Amount	Fee
Up to \$40,000	\$125
\$40,001 - \$100,000	\$250
Over \$100,000	\$500

(b) Fees for Preparing Other Related Purchase Money Mortgage Documents

A fee of \$150 will be charged for preparing documents required for: assignments, satisfactions, subordinations and assumptions of the Purchase Money Mortgage. At least thirty (30) calendar days will be required to prepare such documents.

(c) If DRES agrees to attend any Title Closing at a location other than its office, a fee of \$250 for each day or part thereof must be paid for the attendance by each employee of DRES who attends.

12. PROPERTY SOLD "AS IS"

The Purchaser will be required to accept the Property in its "as is" condition as of Title Closing. DRES shall have no obligation to evict any tenant or occupant of any Property.

13. RISK OF LOSS TO PROPERTY

If, between the Date of Sale and the Title Closing, damage occurs to the Property from fire or any other cause, the Purchaser shall bear the risk of such loss and the Purchase Price will not be reduced.

14. DESCRIPTIONS

Descriptions made in sales catalogs and auction brochures published and distributed by DRES, or statements made by officials, agents and employees of the City concerning the Property are for information only and should be verified by Purchasers. No such description or statement or omissions thereof, shall be deemed to be a representation or warranty and Purchaser acknowledges not having relied on any representation or warranty or omissions thereof, concerning the Property, its condition, state of title or lawful use.

DRES reserves the right to cancel a sale pursuant to Paragraph 20 where DRES has concluded that there was a material misstatement regarding the Property as advertised in the auction brochure, the existence of which could not be ascertained prior to the Date of Sale by a site inspection of the Property by the Purchaser.

15. PROPERTY SOLD SUBJECT TO

All Sales Are Made Subject to:

(a) building restrictions and zoning regulations in effect up to Title Closing and any facts disclosed in the City of New York tax and zoning maps and zoning resolutions;

(b) covenants, agreements, restrictions, easements whether of record or not, encroachments, utility easements and rights of way, if any, affecting the Property, provided that the same do not prohibit the maintenance or present use of an existing property;

(c) the provisions of all laws, codes, statutes, ordinances, acts, rules, regulations, etc., of any local, state or federal government, or any agency or subdivision thereof, having jurisdiction, or any violations of same, existing at the time of sale and/or the Title Closing;

(d) any state of facts an accurate survey would show, provided the same does not render title unmarketable;

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- (e) the rights of any tenants and persons in possession;
- (f) any state of facts that a thorough inspection of the Property would reveal;
- (g) the location of all or any part of the Property within the bed of a mapped street, or the Property not fronting on or giving access to a street shown on the City Map.

16. SPECIAL CONDITIONS OF SALE

Special conditions may apply to the sale of a Property, as set forth in the listing of that Property in the auction brochure. Such special conditions are deemed to be a part of the Terms and Conditions for that Property and are deemed incorporated into the Memorandum of Sale. If there is an inconsistency between the standard Terms and Conditions and any special conditions, the special conditions shall prevail.

17. CONDEMNATION OF ALL OR ANY PART OF THE PROPERTY

In the event of the acquisition by the City of New York, by condemnation or otherwise, of any part or portion of the above Property (except for the portion of the Property containing a building as of the date of Title Closing), lying within the bed of any street, avenue, parkway, expressway, park, public place or catch-basin, as said street, avenue, parkway, expressway, park, public place or catch-basin is shown on the present City Map, the Purchaser shall only be entitled as compensation for such acquisition by the City of New York to the amount of One Dollar (\$1.00), and shall not be entitled to compensation for any buildings or structures erected thereon after the date of sale, within the lines of the street, avenue, parkway, expressway, park, public place or catch-basin, so laid out and acquired. This covenant shall be binding upon and run with the Property (and the deed for the Property shall so reflect) and shall endure until the owner of the Property obtains a written release of this covenant executed by the Deputy Commissioner or a person designated by the City's Mayor who may in his/her sole discretion execute such release if the City Map has already been changed so as to eliminate the lines of said street, avenue, parkway, expressway, park, public place or catch-basin from any part or portion of the Property. If the City Map has not been so changed, the said officer may execute such a release after authorization by the City's Mayor. The owner shall pay such consideration for the release as said officer shall deem appropriate.

18. POWERS OF THE DEPUTY COMMISSIONER

(a) To Withdraw a Property from Sale

The Deputy Commissioner shall have the right to withdraw any Property from the sale and to reject any and all bids.

(b) To Act in Best Interests of the City

Nothing contained in the Terms and Conditions shall be deemed to limit the authority of the Deputy Commissioner, in his/her discretion, to take such steps as may be deemed to be in the best interest of the City of New York.

(c) To Indemnify

In the event that a title objection is raised pursuant to Paragraph 21 that the Property was acquired without due notice to a lien holder of record, then the Deputy Commissioner may, but shall not be obligated to, agree to indemnify Purchaser and Purchaser's successors in interest against claims arising therefrom, provided, however, that no such indemnification shall exceed the amount of the Purchase Price.

19. PURCHASER'S DEFAULT

(a) Any of the following shall constitute a Default by Purchaser:

- (i) failure to make the Auction Deposits due on the Date of Sale;
- (ii) failure timely to make any other payment(s) and/or fees required to be made pursuant to the Terms and Conditions;
- (iii) failure duly, timely and completely to fulfill any other obligation imposed upon Purchaser pursuant to the Terms and Conditions;
- (iv) failure timely to make payments for real estate taxes and related

- charges, rent or mortgage payments due and owing to the City of New York with respect to other properties owned by purchaser;
- (v) the making of any material misrepresentation, omission or false statement in the Verified Statement and Tax Affidavit, the Mortgage Application or any supplementary information or affidavits;
- (vi) discovery by DRES, prior to Title Closing, of evidence that the Purchaser plans to develop the Property in violation of restrictions contained in the Property's special conditions of sale;
- (vii) failure to appear or appearing and refusing to close at the Title Closing;
- (viii) unlawfully entering upon and/or occupying any City-owned property, including the subject auction property (i.e., without written authorization from the City).

(b) Multiple Successful Bids for Properties Offered At The Same or Different Auction Sale(s)

A Default with respect to any one Property shall constitute a Default with respect to all other Properties offered at any auction sale. For example, if the Purchaser is the successful bidder for two Properties offered at the same or different auction sale(s), the Purchaser must close title on both Properties. Otherwise Purchaser shall be in Default of its obligations with respect to both Properties and will not be permitted to close on either Property.

(c) Effect of Default

- (i) In the event of a default under Paragraph 19(a)(viii) the Deputy Commissioner may, in addition to other remedies, determine and impose a fair and reasonable use and occupancy fee.
- (ii) In the event of a Default, the Deputy Commissioner may grant a grace period to the Purchaser to cure the said Default. If the Default involves the failure timely to make any payment, including use and occupancy fees, a non-refundable late charge at the rate of eighteen (18%) percent per annum on such unpaid sum shall be imposed as a condition to granting such grace period, from the date on which such payment was due to the date on which such Default is cured. If the Default is not cured within said grace period, or if the Deputy Commissioner, in his/her discretion, does not grant such a grace period, then DRES may revoke the sale, and retain twenty percent (20%) of the purchase price as liquidated damages. In addition, a Purchaser so held in default will not be eligible to bid on, close title on or purchase property at any City auction sale for a period of five (5) years from the date of the Default.

20. DRES'S RIGHT TO CANCEL A SALE

(a) DRES shall have the right in its sole discretion to cancel a sale at any time before delivery of the Deed. In such event or in the event that DRES is unable to convey a marketable title, subject to the provisions of Paragraphs 15 and 17 above, and the Purchaser is not in default pursuant to Paragraph 19 above, the City's sole liability shall be the return of all payments or fees collected by DRES on account of the proposed sale. Upon the return of such funds, the parties shall be mutually released from all obligations regarding the sale.

(b) In the event that a sale of the Property is cancelled on the basis of the Purchaser's failure to qualify for a Purchase Money Mortgage loan, the City shall retain an amount equal to ten (10%) percent of all sums deposited on account of the sale as a cancellation fee, and in addition DRES will retain any processing fees.

21. TITLE OBJECTIONS

Any objections to title, including, without limitation, survey objections, must be submitted in the form of a title report issued by a title company which is a member of the New York Land Title Association, its successors and/or assigns, by notice to DRES, no later than forty-five (45) calendar days from the Date of Sale, which time is of the essence of this agreement. The failure timely to submit any such objection shall be deemed a waiver of any and all title objections. **The submission of title objections does not relieve the Purchaser of any responsibility to comply with all other**

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obligations hereunder, including but not limited to the timely submission of the balance payment pursuant to Paragraph 4(b). A Purchaser submits a title report solely at their own cost and expense.

22. INSURANCE

An insurance policy issued by an insurance company licensed to do business in the State of New York or under the New York F.A.I.R. Plan is to be delivered by the Purchaser at Title Closing on any improved Property on which the City has granted a Purchase Money Mortgage loan. This policy must name the City of New York as first mortgagee and provide fire and extended coverage insurance in an amount determined by DRES, unless waived in writing.

23. THE DEED

The Deed to be delivered shall be a bargain and sale deed without covenants in the form prepared by DRES.

24. DATE OF THE TITLE CLOSING

The Title Closing shall take place on a date determined by the Deputy Commissioner, upon not less than fifteen (15) calendar days notice to the Purchaser, which date shall be within two hundred forty (240) days from the Date of Sale.

Upon Title Closing, or in the event that there is a Title Closing postponement caused by the Purchaser for reasons other than valid objections to title as determined by DRES, all customary adjustments including, but not limited to, taxes, sewer rents, maintenance and repair expenditures of the seller, reasonable management fees, fuel and water rates, interest and Purchase Money Mortgage amortization payments, will be apportioned as of the date originally fixed for the Title Closing. Nothing herein contained shall be construed as requiring DRES to consent to any request to postpone a Title Closing.

25. LOCATION OF THE TITLE CLOSING

All Title Closings shall be held at the office of Corporation Counsel, 100 Church Street, New York, N.Y., or at such other place as the Deputy Commissioner may direct in writing.

26. PAYMENT OF TAXES AND RECORDING FEES AT TITLE CLOSING

At Title Closing, the Purchaser shall pay any and all taxes, fees or charges which may be in force at the time of the Title Closing and which are required as a prerequisite to the recording of a deed and mortgage in the City and State of New York, as well as provide, at Purchaser's sole cost and expense, any and all required revenue stamps. If a mortgage recording tax is not payable for the recording of a Purchase Money Mortgage, then the City shall collect an amount equal to said tax at or prior to Title Closing.

27. FEES

(a) All Fees, unless otherwise specifically provided, shall be paid by official bank check, certified check, bank money order or postal money order payable to the order of NYC/DCAS/DRES.

(b) An auctioneer's fee, in the amount shown immediately below, is due from the Purchaser at the auction and is payable by check drawn to the order of the auctioneer identified at the time of the sale.

\$10 where the Purchase Price is	\$1,000.
\$25 where the Purchase Price is	\$1,001 to \$5,000.
\$35 where the Purchase Price is	\$5,001 to \$7,500.
\$50 where the Purchase Price is	\$7,501 to \$25,000.
\$75 where the Purchase Price is	\$25,001 to \$50,000.
\$100 where the Purchase Price is	\$50,001 to \$75,000.
\$150 where the Purchase Price is	\$75,001 to \$100,000.
\$200 where the Purchase Price is	\$100,001 to \$200,000.

Where the Purchase Price exceeds \$200,000, such auctioneer's fee shall be an amount equal to 1/10 of 1% of the Purchase Price, but in no event greater than \$500.

(c) Duplicate Instrument Fee

A fee of \$250 shall be imposed for the preparation of a duplicate of any Deed or mortgage satisfaction, payment of which fee shall be due upon submission of any request for such duplicate instrument.

28. BROKER'S COMMISSIONS

No broker's commission will be paid by the City of New York.

29. NOTICES

Any notice which, under the provisions of the Terms and Conditions may or must be given to either party shall be effective if such notice is in writing and sent by certified mail, prepaid and return receipt requested, to the following addresses:

to the Purchaser: at the address provided by the Purchaser on the Memorandum of Sale;
to the City (DRES): Director of Sales,
1 Centre Street, 19th Floor North,
New York, New York 10007

Any notice given in the foregoing manner shall be deemed effective on the day of mailing. Personal delivery shall not constitute effective service of any notice.

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