

AGREEMENT BETWEEN PARKWAY VILLAGE EQUITY CORP. AND THE UNITED STATES ATTORNEY'S OFFICE FOR THE EASTERN DISTRICT OF NEW YORK

PARKWAY VILLAGE EQUITY CORP. ("PARKWAY VILLAGE") by its President and undersigned attorney, both of whom are acting pursuant to authority granted by PARKWAY VILLAGE's board of directors, and the UNITED STATES ATTORNEY'S OFFICE FOR THE EASTERN DISTRICT OF NEW YORK (the "Office") hereby enter into this Agreement (the "Agreement").

1. PARKWAY VILLAGE accepts and acknowledges that the Office will file a criminal complaint in the United States District Court for the Eastern District of New York charging PARKWAY VILLAGE with knowingly and willfully conspiring with others to fail to report the unpermitted release of a reportable quantity of a hazardous substance, namely asbestos, to the National Response Center as soon as the defendants had knowledge of the release, contrary to the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), Title 42, United States Code, Section 9603(b)(3), all in violation of Title 18, United States Code, Section 371.

2. PARKWAY VILLAGE accepts and acknowledges responsibility for its behavior as set forth in the Joint Statement of Facts attached hereto and incorporated by reference herein as Attachment A (hereinafter, the "Factual Statement"). Specifically, PARKWAY VILLAGE admits as true all of the facts set

forth in the Factual Statement and acknowledges that as a result of the conduct of certain PARKWAY VILLAGE board members, officers, and employees, in or about and between 2002 and October 2006, both dates being approximate and inclusive, within the Eastern District of New York, PARKWAY VILLAGE knowingly and willfully conspired with others to fail to report the unpermitted release of a reportable quantity of a hazardous substance, namely asbestos, to the National Response Center as soon as the defendants had knowledge of the release, as required by CERCLA, set forth in Title 42, United States Code, Section 9603(b)(3), all in violation of Title 18, United States Code, Section 371.

3. PARKWAY VILLAGE represents that its board of directors and current property management have taken numerous remedial actions in response to the misconduct at PARKWAY VILLAGE discovered by the Office, the Environmental Protection Agency (the "EPA") and the Federal Bureau of Investigation (the "FBI") (collectively, the "Investigative Entities"). These remedial actions have included:

(a) amending its bylaws to require that, within 30 days of the election of a new board of directors, a special transitional meeting be held to discuss significant issues affecting PARKWAY VILLAGE and to ensure a smooth transition between boards of directors; and

(b) commissioning a comprehensive plan for

- (i) renovation of the heating system at PARKWAY VILLAGE;
- (ii) removal of all asbestos-containing materials ("ACM") that will be affected by the proposed renovation and in all areas that will be affected during the heating system renovation;
- (iii) abatement of all ACM from basements and crawl spaces;
- (iv) ensuring the proper handling, transportation and disposal of any ACM located or found at PARKWAY VILLAGE; and (v) management of the asbestos on underground piping to be abandoned in place.

4. In consideration of PARKWAY VILLAGE's remedial actions to date, and its agreement to (a) fully cooperate with the Investigative Entities; (b) pay a total sum of \$490,612.18 in restitution, which will be directed to the EPA for the cost of recovery for the 2006 remediation conducted by the EPA at PARKWAY VILLAGE; (c) place and pay for advertisements in local newspapers informing the public of its illegal actions; (d) comply in the future with all applicable laws, including federal, state, and local environmental laws and regulations; and (e) otherwise comply with all of the terms of this Agreement, this Office shall recommend to the Court that prosecution of PARKWAY VILLAGE on the criminal complaint filed pursuant to Paragraph 1 be deferred for a period of 36 months. This Agreement does not provide any

protection against prosecution for any crimes except those arising from the conduct described in the Factual Statement.

5. The Office agrees that if PARKWAY VILLAGE is in full compliance with all of its obligations under the Agreement, (a) the Office, within thirty (30) days of the expiration of 36 months from the date of this Agreement, will seek dismissal with prejudice of the criminal complaint filed against PARKWAY VILLAGE pursuant to Paragraph 1, and (b) this Agreement shall expire upon dismissal of the criminal complaint.

6. PARKWAY VILLAGE acknowledges and understands that its prior, ongoing and future cooperation are important and material factors underlying the Office's decision to enter into this Agreement. Therefore, PARKWAY VILLAGE agrees to continue to cooperate fully and actively with the Investigative Entities, as well as with any other federal, state or local governmental agency designated by the Office (the "Designated Agencies") regarding any matter about which PARKWAY VILLAGE has knowledge or information. During the term of this Agreement, PARKWAY VILLAGE agrees that its continuing cooperation shall include, but not be limited to, the following:

(a) Completely and truthfully disclosing to the Investigative Entities and the Designated Agencies all information in its possession that is requested by these

authorities, including but not limited to, all information about the activities of PARKWAY VILLAGE, present and former members of PARKWAY VILLAGE's board of directors, and PARKWAY VILLAGE's officers, employees, and agents;

(b) Assembling, organizing and providing all documents, records, and other evidence in PARKWAY VILLAGE's possession, custody, or control as reasonably may be requested by any of the Investigative Entities and Designated Agencies;

(c) Using its reasonable best efforts to make available its present and former board members, officers, and employees to provide information and/or testimony as requested by the Investigative Entities and any of the Designated Agencies, including sworn testimony before a grand jury or in court proceedings, as well as interviews with law enforcement authorities. Cooperation under this paragraph shall include identification of witnesses who, to PARKWAY VILLAGE's knowledge and information, may have material information concerning the conduct that is the subject of the Investigative Entities' ongoing investigation, including the conduct set forth in the Factual Statement;

(d) Providing competent testimony or information within PARKWAY VILLAGE's custody, possession, or control necessary to identify or establish the original location,

authenticity, or other basis for admission into evidence of documents or physical evidence in any criminal or other proceeding as requested by the Investigative Entities and the Designated Agencies, including information and testimony that is the subject of the Investigative Entities' ongoing investigation, including the conduct set forth in the Factual Statement;

(e) With respect to any materials or testimony that PARKWAY VILLAGE provides to the Investigative Entities, PARKWAY VILLAGE consents to the Investigative Entities' disclosure of such materials or testimony to the Designated Agencies, that the Investigative Entities, in their sole discretion, deem appropriate. With respect to any such materials that constitute "matters occurring before the grand jury" within the meaning of Rule 6(e) of the Federal Rules of Criminal Procedure, PARKWAY VILLAGE further consents to: (i) any order sought by the Office permitting such disclosure; and (ii) the Office's ex parte or in camera application for such orders;

(f) Providing assistance in connection with any investigation, criminal prosecution, civil trial or other legal proceeding brought by the Investigative Entities and the Designated Agencies;

(g) Providing, on a semi-annual basis for a period of three years, a written status report to the EPA and the

Office, in a form acceptable to both recipients, which shall address for the relevant period the following issues: (a) changes in the makeup of the board of directors; (b) compliance with the transitional meetings required by Article III, Sec. 5(b) of the corporate by-laws; (c) discovery of sites of buried asbestos or previously undiscovered asbestos in PARKWAY VILLAGE facilities; and (d) the progress of the asbestos abatement project, heating system replacement, and asbestos management plan detailed in PARKWAY VILLAGE's June 12, 2008 report to the Office, which is hereby incorporated by reference, and as may be reasonably amended with the approval of the Investigating Entities and in accordance with the requirements of paragraph 33 of this Agreement. The initial status report will provide a summary of these issues as of the date of the initial status report. Subsequent status reports will update these summaries to reflect changes in these areas during the preceding period; and

(h) Consenting to site inspections by the EPA, the New York City Department of Environmental Protection, the Occupational Safety and Health Administration, or any other government agency.

7. PARKWAY VILLAGE agrees that, following the expiration of this Agreement, PARKWAY VILLAGE will continue to fulfill the cooperation obligations set forth in paragraph 6

above in connection with any investigation, criminal prosecution or civil proceeding brought by any of the Investigative Entities or Designated Agencies relating to or arising out of the conduct set forth in Attachment A.

Asbestos Abatement

8. PARKWAY VILLAGE hereby further agrees to implement the program for environmental remediation and compliance detailed in its June 12, 2008 report to the Office and as may be reasonably amended with the approval of the Investigating Entities and in accordance with the requirements of paragraph 33 of this Agreement, including (i) abating all ACM from basements and crawl spaces; (ii) determining the absence or presence of friable asbestos-containing material which will be disturbed during the course of the heating system renovation, as required by Rules of the City of New York, Title 15, Chapter 1, Section 1-23; (iii) determining the absence or presence of friable asbestos-containing material which will be disturbed during the course of any future alteration, renovation or modification activities, as required by Rules of the City of New York, Title 15, Chapter 1, Section 1-23; (iv) surveying crawl spaces for ACM; (v) removing all ACM that will be affected by the proposed renovation and all areas that will be utilized during the heating system renovation; (vi) obtaining re-occupancy certification for

work spaces; (vii) ensuring the proper handling, transportation and disposal of any ACM located or found at PARKWAY VILLAGE; (viii) managing the asbestos on underground piping to be abandoned in place; and (ix) identifying and abating sites of buried ACM and ACM-contaminated soil of which PARKWAY VILLAGE is aware or becomes aware during the three-year period contemplated by this Agreement.

9. PARKWAY VILLAGE hereby further agrees that, within 30 days of the filing of this Agreement, it shall provide the Office with a mutually acceptable schedule for prompt implementation of the planned environmental remediation, and that it will comply with the dates specified in the agreed-upon schedule, which may be reasonably amended with the approval of the Investigating Entities and in accordance with the requirements of paragraph 33 of this Agreement.

10. PARKWAY VILLAGE hereby further agrees to provide training for new employees on workplace asbestos safety and to provide periodic training updates for current employees.

11. Should PARKWAY VILLAGE discover any additional sites of buried ACM, PARKWAY VILLAGE hereby further agrees to report the discovery to the Investigative Entities within two weeks (14 days).

12. In addition, no later than ten working days before the commencement of asbestos abatement, PARKWAY VILLAGE shall notify the governmental entities set forth in the Notices section below. The notification shall include names and addresses of owners, operators, contractors, and identification of waste disposal site(s).

13. The asbestos abatement plan must comply with all asbestos standards required by local, state and federal law. See 40 C.F.R., Part 61, Subpart M; Rules of the City of New York, Title 15, Chapter 1 (New York City Department of Environmental Protection regulations). This includes, but is not limited to, third-party monitoring of the contractor, and removal of friable ACM under full containment to the extent required by the rules and regulations of the City of New York.

14. The final clearance post-abatement air samples for reoccupancy under the asbestos abatement plan must be analyzed by Transmission Electron Microscopy (TEM). See 40 C.F.R. Part 763, Subpart E, and App. A thereto. PARKWAY VILLAGE shall submit results of the sampling in accordance with the Notices section below no later than two business days after the results of the sampling are available, and, in any event, no later than three business days after the sampling.

15. The notifications and submissions under this section shall be sent in accordance with the Notices section below.

Notification of Digging

16. PARKWAY VILLAGE shall notify the government any time that it needs to dig on its property, for any reason, when the area to be disturbed is two or more feet deep. For purposes of this agreement, "dig" and "digging" includes high-speed boring and any other disturbances of the soil at a depth of two feet or more.

17. In the event that such digging is necessary, PARKWAY VILLAGE shall notify the United States Attorney's Office, EPA, and the New York City Department of Environmental Protection ("DEP") at the addresses set forth in the Notices section, orally and by facsimile transmission, five days before beginning to dig, except in exigent circumstances where delay resulting from prior notification would result in danger to life, health or property. In that case, notification will be made at the earliest possible time. PARKWAY VILLAGE will follow any requirements established by DEP in connection with the proposed dig. If DEP determines that any investigation, abatement or other work is required in connection with the proposed dig, PARKWAY VILLAGE shall carry out such work in accordance with the procedures and time frames

established by DEP, and shall comply with any other requirements established by DEP in connection with the proposed dig. No later than thirty days after the dig, PARKWAY VILLAGE must notify the United States Attorney's Office, EPA, and the DEP at the addresses set forth in the Notices section, of the location of the dig, the sampling results of each sample taken and the location of any ACM that was found. With respect to digging related to the installation of the outside gas piping, PARKWAY VILLAGE shall submit reports to EPA not less than five days before each new dig that includes the following information: the lateral and vertical location of the dig, the distance of the nearest existing steam piping to the dig if known, and the location of each sample, if any, to be taken. If any insulation, plastic garbage bags, or other suspect ACM are found during digging, then the material must be sampled to determine if it is ACM. PARKWAY VILLAGE shall submit results of the sampling to EPA no later than two business days after the results of the sampling are available, and, in any event, no later than three business days after the sampling. If the pipe installation is performed from the exterior to the interior (e.g., the crawl spaces or basements), then the work shall be carried out under full containment to the extent required by the rules and regulations of the City of New York.

18. In the event that ACM is found while digging the soil for any purpose, including, but not limited to, installation of the proposed new gas piping, PARKWAY VILLAGE shall follow all of the procedures set forth in the Asbestos Abatement section above.

19. The notifications and submissions under this section shall be sent in accordance with the Notices section below.

Notices

20. The notifications and submissions under this section shall be sent, in writing and signed by the President or another officer of the board of directors of PARKWAY VILLAGE, to the following:

Taryn A. Merkl
Assistant United States Attorney
United States Attorney's Office, E.D.N.Y.
271 Cadman Plaza East
Brooklyn, NY 11201
Telephone: (718) 254-6064
Fax: (718) 254-7499

Dilshad Perera
On-Scene Coordinator
United States Environmental Protection Agency
Emergency Response and Remedial Response Division
2890 Woodbridge Avenue, Building 209 (MS-211)
Edison, New Jersey 08837
Telephone: 732-321-4356
Fax: 732-321-4425

Ken Eng
United States Environmental Protection Agency
Chief, Air Compliance Branch
Region 2
290 Broadway
New York, New York 10007
Telephone: (212) 367-4080
Fax: (212) 637-3998

New York City Department of Environmental Protection
Asbestos Control Program
59-17 Junction Boulevard, 8th Floor
Queens, New York 11368
Telephone: (718) 595-3673
Fax: (718) 595-3749

21. The notification and reporting requirements set forth herein are in the interest of ensuring the health and safety of the residents and workers at PARKWAY VILLAGE. These requirements do not relieve PARKWAY VILLAGE of any obligations required by federal, state, or local law, regulation, permit, or other requirement, including, but not limited to, any duty or obligation to notify the pertinent regulatory authorities or seek permits or licenses in the event that PARKWAY VILLAGE undertakes any renovation or activity for which notice to regulatory authorities is required by local, state or federal law, and any duty or obligation of PARKWAY VILLAGE to maintain documents, records, or other information, imposed by applicable federal or state laws, regulations, or permits. This agreement in no way limits or affects any right of entry and inspection, any right to require land use restrictions, any right to obtain information,

held by the United States pursuant to applicable federal laws, regulations, or permits, including any enforcement authorities related thereto, under any applicable law.

Costs of Remediation and Acceptance of Responsibility

22. To date, EPA has incurred response costs in the amount of \$490,612.18 in performing response actions regarding PARKWAY VILLAGE within the meaning of Section 101(25) of CERCLA, 42 U.S.C. § 9601(25). Based on the facts known to EPA at this time and providing that a change in circumstances does not arise at PARKWAY VILLAGE, EPA does not currently anticipate taking additional response actions at the PARKWAY VILLAGE.

23. PARKWAY VILLAGE shall pay the United States \$490,612.18 in reimbursement of the response costs that the United States Environmental Protection Agency incurred at PARKWAY VILLAGE. The payment shall be made at the closing of the PARKWAY VILLAGE's anticipated refinancing, and will be paid from the refinancing proceeds.

24. PARKWAY VILLAGE hereby agrees to place and pay for an advertisement in the New York Daily News, the New York Post, Newsday, and the Queens Tribune of not less than one eighth of a full page in large, legible typeface to be published in those newspapers once within one month of the acceptance of the Agreement. In addition, the text of the advertisement shall be

printed in the PARKWAY VILLAGE Village Vine, no less than 60 days after the execution of this Agreement. The content of the advertisement shall be identical to the text set forth in the Advertising Statement attached hereto and incorporated by reference herein as Attachment B.

Consequences of Breach and Additional Terms

25. Should the United States determine during the term of this Agreement that PARKWAY VILLAGE has committed any federal crime commenced subsequent to the date of this Agreement, PARKWAY VILLAGE shall, in the sole discretion of the United States, thereafter be subject to prosecution for any federal crimes of which the United States has knowledge. The commission of an additional federal crime by PARKWAY VILLAGE shall constitute a breach of this agreement.

26. Except in the event of a breach of this Agreement, it is the intention of the parties to this Agreement that all criminal investigations arising from the facts described in the Factual Statement, that have been, or could have been, conducted by the United States prior to the date of this Agreement shall not be pursued further as to PARKWAY VILLAGE. This non-prosecution provision binds only the United States Attorney's Office for the Eastern District of New York. The Office shall

bring this agreement to the attention of other prosecuting offices upon PARKWAY VILLAGE's request.

27. It is further agreed that in the event that the Office, in its sole discretion, determines that (i) PARKWAY VILLAGE knowingly and intentionally has given false, incomplete, or misleading information; or (ii) PARKWAY VILLAGE has otherwise violated any provision of this Agreement, PARKWAY VILLAGE shall thereafter be subject to prosecution for any federal criminal violation of which this Office has knowledge. Any such prosecutions may be premised upon information provided by PARKWAY VILLAGE and upon the admission of criminal conduct contained in this Agreement and in the Factual Statement. Moreover, PARKWAY VILLAGE agrees that any such prosecutions that are not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against PARKWAY VILLAGE in accordance with this Agreement, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the commencement of any such prosecutions. Further, PARKWAY VILLAGE agrees that such proceeding may be commenced in the Eastern District of New York and PARKWAY VILLAGE hereby waives any right to challenge the venue in the Eastern District of New York.

28. Furthermore, it is agreed that if the Office, in its sole discretion, determines that PARKWAY VILLAGE has committed any crime or otherwise violated any provision of this Agreement within three years from the date of this Agreement, (i) all statements by or on behalf of PARKWAY VILLAGE to this Office or other designated law enforcement or regulatory officials, including but not limited to the Factual Statement, testimony given by any agent of PARKWAY VILLAGE before a grand jury or other tribunal, whether prior to or subsequent to the signing of this Agreement, and any leads from such statements or testimony, shall be admissible in any and all criminal proceedings hereafter brought against PARKWAY VILLAGE; (ii) PARKWAY VILLAGE shall not assert any claim under the United States Constitution, any statute, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that statements made by or on behalf of PARKWAY VILLAGE prior to or subsequent to this Agreement, or any leads therefrom, should be suppressed; and (iii) PARKWAY VILLAGE agrees to waive indictment and proceed by felony information. However, nothing in this Agreement shall constitute a waiver of any Confrontation Clause rights under the Sixth Amendment to the U.S. Constitution that PARKWAY VILLAGE may have.

29. PARKWAY VILLAGE agrees that the decision whether conduct or statements of any individual will be imputed to PARKWAY VILLAGE for the purpose of determining whether PARKWAY VILLAGE has knowingly, intentionally and materially violated any provision of this Agreement shall be in the sole discretion of the Office. If the Office determines that PARKWAY VILLAGE has committed a knowing, intentional and material breach of any provision of this Agreement, the Office shall provide written notice of the alleged breach to PARKWAY VILLAGE, addressed to its counsel, Richard Finkel, Esq., Meissner, Kleinberg & Finkel, LLP., 275 Madison Avenue, Suite 1000, New York, NY 10016, or to any successor that PARKWAY VILLAGE may designate, and provide PARKWAY VILLAGE with a two-week period from the date of receipt of such notice in which to make a presentation to the Office, or its designee, to demonstrate that no breach has occurred, or, to the extent applicable, that the breach was not knowing, intentional or material, or has been cured. Upon request by PARKWAY VILLAGE, the Office may agree in writing to extend this two-week period, including to provide PARKWAY VILLAGE with an opportunity to cure any breach of this Agreement. The parties to this Agreement expressly understand and agree that if PARKWAY VILLAGE fails to make a presentation to the Office, or its designee, within the two-week period (or other period agreed to

by the Office), the Office may conclusively presume that PARKWAY VILLAGE is in knowing, intentional and material breach of this Agreement. The parties further understand and agree that the exercise of discretion by the Office or its designee under this paragraph is not subject to review in any court or tribunal outside the Office.

30. PARKWAY VILLAGE agrees that it shall not, through its attorneys, board of directors, agents, or employees, make any public statement, in litigation or otherwise, contradicting its acceptance of responsibility of the conduct set forth in the Factual Statement. Any such contradictory statement by PARKWAY VILLAGE, its present or future attorneys, board of directors, agents, or employees shall constitute a breach of this Agreement and PARKWAY VILLAGE thereafter shall be subject to prosecution as specified in paragraphs 25 and 27. The decision as to whether any such contradictory statement will be imputed to PARKWAY VILLAGE for the purpose of determining whether PARKWAY VILLAGE has breached this Agreement shall be at the sole discretion of the Office. Upon the Office's notifying PARKWAY VILLAGE of any such contradictory statement, PARKWAY VILLAGE may avoid a finding of a breach of this Agreement by publicly repudiating such statement within 72 hours after receipt of notice by the Office. This Paragraph shall not apply to any statement made by any

current or former PARKWAY VILLAGE officer, board member or employee who has been charged with a crime or other wrongdoing by the government or any agency thereof, or their representatives.

31. Except to the extent permitted by the Office, PARKWAY VILLAGE agrees that, if it sells or merges all or substantially all of its business operations as they exist as of the date of this Agreement to or into a single purchaser or group of affiliated purchasers during the term of this Agreement, PARKWAY VILLAGE shall include in any contract for sale, plan of reorganization, or merger, a provision binding the purchaser/successor to PARKWAY VILLAGE's obligations described in this Agreement, provided however that the obligations imposed by this Agreement will not extend to the governance and operation of a purchasing or investing entity that acquires some or all of PARKWAY VILLAGE's stock, as long as that entity maintains PARKWAY VILLAGE as a separate corporate entity. The Office agrees that if a mortgagee that is wholly independent of PARKWAY VILLAGE's current board of directors, officers, employees, and shareholders takes ownership of PARKWAY VILLAGE through foreclosure, the obligations imposed by this Agreement will not extend to that mortgagee.

32. It is understood that this Agreement is binding on PARKWAY VILLAGE and the Office, but specifically does not bind

any other Federal agencies, any state or local law enforcement agencies, any licensing authorities, or any regulatory authorities. However, if requested by PARKWAY VILLAGE or its attorneys, the Office will bring to the attention of any such agencies, including but not limited to any licensing authorities, the Agreement, the cooperation of PARKWAY VILLAGE and its compliance with its obligations under this Agreement, and any corporate reforms specified in this Agreement. It is the intent of the parties to this Agreement that the Agreement does not confer or provide any benefits, privileges or rights to any individual or entity other than the parties hereto, and that nothing in the Agreement shall be construed as acknowledging that the Agreement, including its attachments, shall be admissible in any proceeding other than a proceeding brought by the Office. Moreover, PARKWAY VILLAGE may raise defenses or assert affirmative claims in any civil proceedings brought by private parties as long as doing so does not otherwise violate any term of this Agreement.

33. This Agreement sets forth all the terms of the Agreement between PARKWAY VILLAGE and the Office. No modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Office, PARKWAY VILLAGE's attorney, and a duly authorized representative of

PARKWAY VILLAGE. This agreement supersedes all prior promises, agreements or conditions between the parties. To become effective, this Agreement must be signed by all signatories listed below. This Agreement may be signed in counterparts.

Dated: Brooklyn, New York
August 5, 2008

BENTON J. CAMPBELL
United States Attorney
Eastern District of New York

By: Taryn A. Merkl
Taryn A. Merkl
Assistant United States Attorney

James McMahon
James McMahon
Chief, Business & Securities
Fraud Section

Alan Bentz-Letts
Alan Bentz-Letts
President
Parkway Village Equity Corp.

Dennis Garcia
DENNIS GARCIA
MEMBER, BOARD OF DIRECTORS

Richard A. Finkel
Richard A. Finkel, Esq.
Meissner, Kleinberg & Finkel, LLP
Counsel to Parkway Village Equity Corp.

Ephraim Talmi
EPHRAIM TALMI
MEMBER, BOARD OF DIRECTORS

EXHIBIT A

ATTACHMENT A TO DEFERRAL OF PROSECUTION AGREEMENT

Joint Statement of Facts

PARKWAY VILLAGE EQUITY CORP., a New York corporation qualified to do business in the State of New York, and Alan Bentz-Letts, in his capacity as President of PARKWAY VILLAGE EQUITY CORP., hereby stipulate and agree that the following facts are true:

I. Background

1. From in or about and between 2002 and October 2006, PARKWAY VILLAGE EQUITY CORP. ("PARKWAY VILLAGE"), located at 81-26 150th Street, Queens, New York, was a New York corporation qualified to do business in New York.

2. PARKWAY VILLAGE is a cooperative residential community featuring approximately 109 residential buildings. At all times relevant to this case, the buildings at PARKWAY VILLAGE were heated by a series of underground steam pipes, which were connected to a central boiler plant. Many of these underground steam lines were insulated with asbestos-containing material ("ACM").

3. PARKWAY VILLAGE was made aware that the steam pipes were insulated with ACM no later than August 1998, when JLC Environmental, an environmental consulting firm hired by PARKWAY VILLAGE, prepared a Phase I Environmental Site Assessment for PARKWAY VILLAGE. In a section entitled "Environmental Concerns," and bearing the sub-heading "Asbestos-Containing Materials," the Site Assessment reported as follows:

The subject site consists of 109 buildings which are heated with steam produced in a

common boiler room. The buildings are connected by subterranean steam lines covered with ACM insulation contained within concrete pipe enclosures with terracotta covers. As the location of these underground pipelines is not documented. [sic] The actual quantity and condition of ACM insulation cannot be determined at this time.

4. In or about and between 1998 and 2006, PARKWAY VILLAGE elected Boards of Directors on an annual basis. Due to the absence of transition procedures between Boards, outgoing Boards often did not communicate significant issues affecting PARKWAY VILLAGE to the successor Boards of Directors so as to ensure a smooth transition.

5. In addition to hiring paid property management firms, from in or about and between 2002 and October 2006, PARKWAY VILLAGE, at various times, employed an on-site Property Manager, a Superintendent, and several handymen (the "Maintenance Staff"). The responsibilities of the Maintenance Staff included, but were not limited to, basic household repairs and snow and debris removal. In addition, in the event of a steam pipe leak, with the knowledge and at the direction of the members of the PARKWAY VILLAGE Board of Directors, the property management firms, the Property Manager and the Superintendent, the Maintenance Staff excavated the affected area in order to expose the broken or leaking steam pipe. In or about and between 2002 and October 2006, none of the PARKWAY VILLAGE Maintenance Staff

held licenses authorizing them to engage in asbestos abatement activities.

II. Illegal Asbestos Abatement and Disposal at PARKWAY VILLAGE

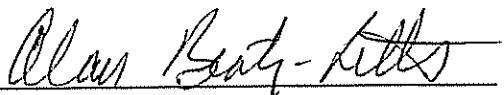
6. On repeated occasions during the period from 2002 through October 2006, the PARKWAY VILLAGE Maintenance Staff intentionally removed asbestos-containing pipe insulation from the steam pipes, which was disposed of in various ways. At times, the pipe insulation was buried loose in the ground adjacent to the steam pipe. At other times, the pipe insulation was placed into bags that were buried in the vicinity of the steam pipe repair.

7. The burial of pipe insulation resulted, but was not limited to, two separate burials of asbestos weighing in excess of one pound each.

8. At no time did PARKWAY VILLAGE notify the National Response Center established under the Clean Water Act, 33 U.S.C. § 1251 et seq. of any releases of asbestos. In addition, PARKWAY VILLAGE did not notify any regulatory agency of asbestos removal activity on the steam pipes on all occasions that removal occurred.

These facts are true and accurate.

Dated: ~~July~~ ^{August} 5, 2008



Alan Bentz-Letts
 President, Parkway Village
 Board of Directors
 Acting on Behalf of
 Parkway Village Equity Corp.



Richard A. Finkel, Esq.
 Meissner, Kleinberg & Finkel, LLP.
 Counsel to Parkway Village
 Equity Corporation



DENNIS GARCIA
 MEMBER, BOARD of DIRECTORS



EPHRAIM TALMI
 MEMBER, BOARD of DIRECTORS

EXHIBIT B

ATTACHMENT B TO DEFERRAL OF PROSECUTION AGREEMENT

NOTICE OF SETTLEMENT

· Parkway Village Equity Corp., as part of an agreement and settlement with the United States Department of Justice, has acknowledged that it knowingly and willfully conspired to violate the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") by illegally disposing of asbestos on its property in Queens, New York for no less than a period of five years ending in October 2006.

· Parkway Village has agreed to pay \$490,612 in restitution to the Environmental Protection Agency for an environmental clean-up performed in 2006. Parkway Village has also agreed to undertake an extensive renovation of its heating system and to implement a comprehensive asbestos management plan.

· We urge you to comply with all environmental work-practice standards, and to properly dispose of all hazardous materials, including but not limited to asbestos.

PARKWAY VILLAGE EQUITY CORP.
By Its Board of Directors

This advertisement is being paid for by
Parkway Village Equity Corp. in compliance with an agreement
it entered with the United States Department of Justice