

Loan Policy

American Land Title Association Loan Policy 10-17-92

JM 20733

Policy Number

MM 6298920

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY, a Minnesota corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
 2. Any defect in or lien or encumbrance on the title;
 3. Unmarketability of the title;
 4. Lack of a right of access to and from the land;
 5. The invalidity or unenforceability of the lien of the insured mortgage upon the title;
 6. The priority of any lien or encumbrance over the lien of the insured mortgage;
 7. Lack of priority of the lien of the insured mortgage over any statutory lien for services, labor or material:
 - (a) arising from an improvement or work related to the land which is contracted for or commenced prior to Date of Policy; or
 - (b) arising from an improvement or work related to the land which is contracted for or commenced subsequent to Date of Policy and which is financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance;
 8. The invalidity or unenforceability of any assignment of the insured mortgage, provided the assignment is shown in Schedule A, or the failure of the assignment shown in Schedule A to vest title to the insured mortgage in the named insured assignee free and clear of all liens.
- The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title or the lien of the insured mortgage, as insured, but only to the extent provided in the Conditions and Stipulations.

IN WITNESS WHEREOF, the said OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY has caused its corporate name and seal to be hereunto affixed by its duly authorized officers as of the date shown in Schedule A, the policy to be valid when countersigned by an authorized officer or agent of the Company.

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) Created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material); or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (a) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (b) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (c) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (i) to timely record the instrument of transfer; or
 - (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

Issued through the Office of:

Richard Roark

Authorized Signatory

OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY

A Stock Company
400 Second Avenue South, Minneapolis, Minnesota 55401
(612) 371-1111

By

[Signature]

President

Attest

[Signature]

Secretary

SCHEDULE A

Old Republic National Title Insurance Company

Premises Address: 188 EAST 54TH STREET, BROOKLYN, NY
Section, Block and Lot: 15, 4659 & 25

Policy No. MM6298920

File No. JM20733A


Date of Policy: 10/31/2006

Amount of Insurance: \$370,000.00

1. Name of Insured: EDGE CAPITAL, LLC., ITS SUCCESSORS AND/OR ASSIGNS.
2. The estate or interest in the land described herein and which is covered by this policy is:
FEE SIMPLE
3. Title to the estate or interest in the land is vested in:
POWERHOUSE REALTY CORP.
4. The insured mortgage and assignments thereof, if any, are described as follows:
MORTGAGE MADE BY POWERHOUSE REALTY CORP. TO THE INSURED, IN THE AMOUNT OF \$370,000.00, PLUS INTEREST DATED 10/31/2006 TO BE RECORDED IN THE CITY REGISTER'S OFFICE, COUNTY OF KINGS.
5. The land referred to in this Policy is described as follows:
SEE DESCRIPTION ATTACHED HERETO.

If Paragraph 5 is omitted, a Schedule C, captioned the same as Paragraph 5, must be used.

Countersigned



Authorized Signatory

TITLE NO. JM20733A

SCHEDULE A

ALL THAT CERTAIN PLOT, PIECE OR PARCEL OF LAND, SITUATE, LYING AND BEING IN THE BOROUGH OF BROOKLYN, COUNTY OF KINGS, CITY AND STATE OF NEW YORK, NOW KNOWN, DESIGNATED AND DESCRIBED AS AND BY THE NUMBER 184 EAST 54TH STREET, BEING MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS, TO WIT;

BEGINNING AT A POINT ON THE WESTERLY SIDE OF EAST 54TH STREET, DISTANT 100 FEET NORTHERLY FROM THE CORNER FORMED BY THE INTERSECTION OF THE WESTERLY SIDE OF EAST 54TH STREET WITH THE NORTHERLY SIDE OF LINDEN BOULEVARD;

RUNNING THENCE NORTHERLY ALONG THE SAID WESTERLY SIDE OF EAST 54TH STREET, 20 FEET;

THENCE WESTERLY PARALLEL WITH LINDEN BOULEVARD, 100 FEET TO THE CENTER LINE OF THE BLOCK;

THENCE SOUTHERLY ALONG SAID CENTER LINE OF THE BLOCK AND PARALLEL WITH EAST 54TH STREET 20 FEET;

THENCE EASTERLY PARALLEL WITH LINDEN BOULEVARD 100 FEET TO THE POINT OR PLACE OF BEGINNING.

SCHEDULE B**Old Republic National Title Insurance Company**

Policy No. MM6298907

File No. JM20733

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorney's fees or expenses) which arise by reason of:

1. SURVEY EXCEPTIONS AS SET FORTH HEREIN.

2. POLICY AFFIRMATIVELY INSURES THAT THE EASEMENTS HEREIN DO NOT INTERFERE WITH THE USE AND ENJOYMENT OF THE PREMISES AND NO PART OF THE IMPROVEMENTS LIE WITHIN THE EASEMENT AREA.

3. SEWER EASEMENT IN LIBER 4743 PAGE 132

4. EASEMENTS AS SET FORTH IN SCHEDULE 'A'

5. POLICY TO AFFIRMATIVELY INSURE AGAINST LOSS BY REASON OF THE ENTRY OF A DECREE OR COURT ORDER REQUIRING THE REMOVAL OF THE ENCROACHMENTS OR PROJECTIONS. IN THE CASE OF ENCROACHMENTS BY IMPROVEMENTS ON ADJOINING PROPERTY, POLICY TO INSURE THAT THE ENCROACHMENT DOES NOT INTERFERE WITH THE USE OF ANY IMPROVEMENTS ON THE MORTGAGED PREMISES NOR WITH THE USE OF THE MORTGAGED PREMISES NOT OCCUPIED BY IMPROVEMENTS.

6. POLICY TO INSURE THAT NEITHER THE MISPLACEMENT, NOR A FENCE CORRECTION THEREOF, WILL INTERFERE WITH THE USE OF ANY IMPROVEMENTS ON THE MORTGAGED PREMISES NOR WITH THE USE OF THE BALANCE OF THE MORTGAGED PREMISES NOT OCCUPIED BY IMPROVEMENTS.

SCHEDULE B
PART II

Policy No:mm6298920
Title No: **jm20733**

In addition to the matters set for in Part I of this Schedule, the title to the estate or interest in the land described or referred to in Schedule A is subject to the following matters, if any be shown, but the Company insures that these matters are subordinate to the lien or charge of the insured mortgage upon the estate or interest.

MORTGAGE MADE BY POWERHOUSE REALTY CORP. TO THE INSURED, IN THE AMOUNT OF \$190,000.00, PLUS INTEREST DATED 10/31/2006 TO BE RECORDED IN THE CITY REGISTER'S OFFICE, COUNTY OF KINGS.

TITLE NO: JM20733A

SURVEY READING
AMENDED - 10/9/2006

SURVEY MADE BY A&P ENGINEERING & LAND SURVEYING DATED 06/24/2005; REVISED 10/19/2005
SHOWS VACANT LAND. THERE ARE NO VARIATIONS OF LOT LINES OR ENCROACHMENTS, EXCEPT:

- BRICK FENCE 7.0 +/- EAST ON STREET
- CHAIN LINK FENCE 0.1' +/- NORTH OF PART OF SOUTH LINE
- NORTH FACE OF GARAGES ALONG SOUTH LINE
- EAST FACE OF GARAGE 0.2' +/- WEST OF WEST LINE
- BRICK FENCE 0.5' +/- NORTH OF NORTH LINE
- BRICK FENCE 1.0' +/- SOUTH OF SOUTH LINE

NOTE: THE SURVEY READING AND SURVEY INSPECTION ARE NOT INTENDED TO BE AND SHOULD NOT BE USED FOR THE PURPOSE OF DETERMINING COMPLIANCE WITH LOCAL BUILDING AND ZONING LAWS AND REGULATIONS; THEY SHOULD ONLY BE RELIED UPON FOR THE PURPOSE OF DISCLOSING EXCEPTIONS TO TITLE.

Old Republic National Title Insurance Company

STANDARD NEW YORK ENDORSEMENT

(LOAN POLICY)

TITLE NO: JM20733A

Attached to and made part of Policy Number MM6298920

1. Insuring provision Number 7 is deleted and the following is substituted:

"7. Any statutory lien for services, labor or materials furnished prior to the date hereof, and which has now gained or which may hereafter gain priority over the estate or interest of the insured as shown in Schedule A of this policy."

2. Paragraph number 6 of the Exclusions from Coverage is deleted.

3. The following is added to Paragraph 7 of the Conditions and Stipulations of this policy:

"(d) If the recording date of the instruments creating the insured interest is later than the policy date, such policy shall also cover intervening liens or encumbrances, except real estate taxes, assessments, water charges and sewer rents."

Nothing herein contained shall be construed as extending or changing the effective date of said policy unless otherwise expressly stated.

This endorsement, when countersigned below by a validating signatory, is made a part of the policy and is subject to the Exclusions from Coverage, Schedules, Conditions and Stipulations therein, except as modified by the provisions hereof.

DATED: 10/31/2006



Authorized Signatory

STANDARD NEW YORK ENDORSEMENT (9/1/93)
FOR USE WITH ALTA LOAN POLICY (10/17/92)

Old Republic National Title Insurance Company

ENVIRONMENTAL PROTECTION LIEN ENDORSEMENT

TITLE NO: JM20733A

Attached to and made a part of Policy Number MM6298920 of Old Republic National Title Insurance Company Title Insurance Company

The Policy insures the insured against loss or damage sustained by reason of lack of priority of the lien of the insured mortgage over:

- a) any environmental protection lien which, at Date of Policy, is recorded in those records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge, or filed in the records of the clerk of the United States district court for the district in which the land is located, except as set forth in Schedule B; or
- b) any environmental protection lien provided for by any state statute in effect at Date of Policy, except environmental protection liens provided for by the following state statutes:

(Section 1307 of the Public Health Law)

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the amount of insurance.

DATED: 10/31/2006



Authorized Officer or Agent

TIRSA Environmental Protection Lien Endorsement 8.1 (4/24/01)

Old Republic National Title Insurance Company

WAIVER OF ARBITRATION ENDORSEMENT

(OWNER'S OR LOAN POLICY)

TITLE NO: JM20733A

ATTACHED TO AND MADE A PART OF POLICY NO. MM6298920

This policy is amended by deleting therefrom:

(A) If this endorsement is attached to an ALTA Loan Policy: Condition and Stipulation Section 13.

(B) If this endorsement is attached to an ALTA Owner's Policy: Condition and Stipulation Section 14.

(C) If this endorsement is attached to a TIRSA Owner's Extended Protection Policy: Condition Number 12.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the Policy and any other endorsements, nor does it extend the effective date of the Policy and any other endorsements, nor does it increase the face amount thereof.

DATED: 10/31/2006

Richard Frank

Authorized Signatory

Old Republic National Title Insurance Company

VARIABLE RATE MORTGAGE ENDORSEMENT

TITLE NO: JM20733

Attached to and made a part of Policy Number MM6298907

The Company insures the owner of the indebtedness secured by the insured mortgage against loss or damage sustained by reason of:

1. The invalidity or unenforceability of the lien of the insured mortgage resulting from the provisions therein which provide for changes in the rate of interest.
2. Loss of priority of the lien of the insured mortgage as security for the unpaid principal balance of the loan, together with interest as changed in accordance with the provisions of the insured mortgage, which loss of priority is caused by the changes in the rate of interest.

"Changes in the rate of interest", as used in this endorsement, shall mean only those changes in the rate of interest calculated pursuant to the formula provided in the insured mortgage at Date of Policy.

This endorsement does not insure against loss or damage based upon (a) usury, or (b) any consumer credit protection or truth in lending law.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto, except that the insurance afforded by this endorsement is not subject to Section 3(d) of the Exclusions From Coverage. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the amount of insurance.

DATED: 10/31/2006

Richard Noak

Authorized Signatory

Junction Abstract Inc.

2182 Flatbush Avenue
Brooklyn, NY 11234
(718) 434-9000

FORM ENDORSEMENT 6 (Variable Rate Mortgage) (6/1/87) NY (9/1/93)

(Continued from inside front cover.)

obligation to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

5. Proof of Loss or Damage.

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the insured claimant to provide the required proof of loss or damage, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, the insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

6. Options to Pay or Otherwise Settle Claims; Termination of Liability.

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance or to Purchase the Indebtedness.

(i) to pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay; or

(ii) to purchase the indebtedness secured by the insured mortgage for the amount owing thereon together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of purchase and which the Company is obligated to pay.

If the Company offers to purchase the indebtedness as herein provided, the owner of the indebtedness shall transfer, assign, and convey the indebtedness and the insured mortgage, together with any collateral security, to the Company upon payment therefor.

Upon the exercise by the Company of either of the options provided for in paragraphs (a)(i) or (ii), all liability and obligations to the insured under this policy, other than to make the payment required in those paragraphs, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

(b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (b)(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

7. Determination and Extent of Liability.

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A, or, if applicable, the amount of insurance as defined in Section 2(c) of these Conditions and Stipulations;

(ii) the amount of the unpaid principal indebtedness secured by the insured mortgage as limited or provided under Section 8 of these Conditions and Stipulations or as reduced under Section 9 of these Conditions and Stipulations, at the time the loss or damage insured against by this policy occurs, together with interest thereon; or

(iii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the insured has acquired the estate or interest in the manner described in Section 2(a) of these Conditions and Stipulations or has conveyed the title, then the liability of the Company shall continue as set forth in Section 7(a) of these Conditions and Stipulations.

(c) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

B. Limitation of Liability.

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, or otherwise establishes the lien of the insured mortgage, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title or to the lien of the insured mortgage, as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

(d) The Company shall not be liable for: (i) any indebtedness created subsequent to Date of Policy except for advances made to protect the lien of the insured mortgage and secured thereby and reasonable amounts expended to prevent deterioration of improvements; or (ii) construction loan advances made subsequent to Date of Policy, except construction loan advances made subsequent to Date of Policy for the purpose of financing in whole or in part the construction of an improvement to the land which at Date of Policy were secured by the insured mortgage and which the insured was and continued to be obligated to advance at and after Date of Policy.

9. Reduction of Insurance; Reduction or Termination of Liability.

(a) All payments under this policy, except payment made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto. However, any payments made prior to the acquisition of title to the estate or interest as provided in Section 2(a) of these Conditions and Stipulations shall not reduce pro tanto the amount of the insurance afforded under this policy except to the extent that the payments reduce the amount of the indebtedness secured by the insured mortgage.

(Continued on back cover.)