

CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY
37 Church Street
Cortland, New York 13045

April 17, 2007

To Whom It May Concern:

**Re: New York State Sales or Use Tax Exemption
Cortland County Industrial Development Agency
Housing Visions Consultants, Inc. and/or Cortland Crown Homes, LLC Project**

Pursuant to TSB-M-87(7) issued by the New York State Department of Taxation and Finance on April 1, 1987 (the "Policy Statement") you have requested a letter from Cortland County Industrial Development Agency (the "Agency"), a public benefit corporation duly established pursuant to Chapter 1030 of 1969 Laws of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 77 of the 1974 Laws of New York, as amended, constituting Section 902 of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act"), containing the information required by the Policy Statement regarding the sales tax exemption with respect to the captioned project (the "Project") located in the City of Cortland, Cortland County, New York (the "Project Site").

Cortland Crown Homes, LLC (the "Company") has applied to and been approved for financial assistance from the Agency in the matter of completion of the Project on the Project Site. The Project includes the following: (A) (1) the acquisition, in phases with the last acquisition to occur on or about March 31, 2007, of an interest in the following real estate: (i) an approximate 55.45 feet x 167.73 feet parcel of land located at and commonly referred to as 148 South Main Street in the City of Cortland, Cortland County, New York; (ii) an approximately 17,328 square foot parcel of land located at and commonly known as 162 and 164 South Main Street in the City of Cortland, Cortland County, New York; (iii) an approximately 16,020 square feet parcel of land located at and commonly known as 152, 154 and 156 South Main Street in the City of Cortland, Cortland County, New York; (iv) an approximate 60.43 feet x 143 feet parcel of land located at and commonly known as 5 Union Street in the City of Cortland, Cortland County, New York; and (v) an approximately 9,095 square feet parcel of land located at and commonly known as 2 Argyle Place in the City of Cortland, Cortland County, New York (the "Land"), which Land is currently improved with nine buildings of mixed uses (commercial and residential housing); (2) the demolition and/or rehabilitation of the nine buildings as follows: (i) four of the said nine buildings being completely demolished, (ii) five of the nine buildings being rehabilitated and expanded into six buildings, and (iii) two buildings being newly constructed, which demolition, rehabilitation and construction will ultimately result in thirty (30) units of low income residential housing (the "Facilities"), and (3) the acquisition and installation therein and thereon of certain materials, furnishings, appliances, machinery and equipment (the "Equipment"), all of the foregoing to constitute an affordable housing project for low income

families to be operated by the Company and occupied by approved tenants (the Land, the Facilities and the Equipment being collectively referred to as the "Project Facility"); (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including exemption from certain sales taxes, deed transfer taxes, mortgage recording taxes and real estate taxes (collectively, the "Financial Assistance"); and (C) the lease of the Project Facility to the Company pursuant to the terms of a lease agreement dated as of December 14, 2006 (the "Lease Agreement") by and between the Company and the Agency. Please be advised that on or about the date of this letter, the Agency executed and delivered the Lease Agreement, pursuant to which the Agency appointed the Company as agent of the Agency to acquire, construct and install the Project Facility, said appointment being intended by the Agency to be retroactive to April 2, 2007.

It is our opinion that the Company may make project purchases of materials to be incorporated in the Project and machinery and equipment constituting a part of the Project and purchases or rentals of supplies, tools, equipment or services necessary to acquire or install the Project and, with respect to such specific purchases or rentals, are exempt from any sales or use tax imposed by the State of New York or any governmental instrumentality located within the State of New York, if the following procedures are observed:

1. Purchases must be billed or invoiced by the vendor to the Company as agent for the Agency (e.g., "COMPANY as agency for Cortland County Industrial Development Agency") and identify the date of delivery and indicate the place of delivery.
2. Payment must be made by the Company, acting as agent, directly to the vendor from a special project fund of the payor.
3. Deliveries must be made to the Project Site, or under certain circumstances (such as where the materials require additional fabrication before installation on the Project Site or for storage to protect materials from theft or vandalism prior to installation at the Project Site) deliveries may be made to a site other than the Project Site, providing the ultimate delivery of the materials is made to the Project Site. When delivery is made to a site other than the Project Site, the purchases must be billed or invoiced by the vendor to the Company as agent of the Agency, identify the date and place of delivery, the Agency's full name and address and the Project Site where the materials will ultimately be delivered for installation.

Pursuant to Section 874(8) of the Act, the Company, as agent of the Agency, must annually file a statement with the New York State Department of Taxation and Finance, on a form and in such a manner as is prescribed by the Commissioner of Taxation and Finance, of the value of all sales tax exemptions claimed by the Company under the authority granted by the Agency. The penalty for failure to file such a statement under Section 874(8) of the Act shall be the removal of authority to act as an agent for the Agency.

This letter shall serve as proof of the existence of an agency contract between the Agency, the Company for the SOLE EXPRESS PURPOSE OF SECURING EXEMPTION FROM NEW YORK STATE SALES TAXES FOR THE PROJECT ONLY. NO OTHER

PRINCIPAL/AGENT RELATIONSHIP BETWEEN THE AGENCY AND THE COMPANY IS INTENDED OR MAY BE IMPLIED OR INFERRED BY THIS LETTER.

It is further certified that, under the Policy Statement, since the Agency is a public benefit corporation, neither the Agency, nor the Company as its agent, is required to furnish an "Exempt Organization Certificate" in order to secure exemption from any sales or use tax for such items or services.

Under the Policy Statement, a copy of this letter received by a vendor or seller to the Company as agent for the Agency, may be accepted by such vendor or seller as a "statement and additional documentary evidence of such exemption" as provided by the New York State Tax Law Section 1132(c)(2), thereby relieving such vendor or seller from the obligation to collect sales and use tax on purchases or rentals of such materials, supplies, tools, equipment or services by the Agency through its agent, the Company.

THIS LETTER SHALL BE IN EFFECT UNTIL October 1, 2008.

In the event you have any questions with respect to the above, please do not hesitate to contact Linda Dickerson Hartsock, Executive Director of the Agency, at (607) 756-5005.

Very truly yours,

CORTLAND COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: 
Paul F. Slowey, First Chairman