

## **LEASE ASSIGNMENT, ASSUMPTION AND AMENDMENT**

THIS LEASE ASSIGNMENT, ASSUMPTION AND AMENDMENT ("Agreement"), dated as of the 11<sup>th</sup> day of May, 2011, by and among Ulster Acquisitions I LLC ("Landlord") located at c/o Savanna Partners LLC, 10 East 53<sup>rd</sup> Street, 37<sup>th</sup> Floor, New York, New York 10022, and Ambac Financial Group, Inc., having an address at One State Street Plaza, New York, New York 10004 ("Assignor") and Ambac Assurance Corporation, having an address at One State Street Plaza, New York, New York 10004 ("Assignee").

### **WITNESSETH:**

WHEREAS, pursuant to that certain Lease, dated as of July 18, 2005, (the "Lease") by and between Landlord and Assignor, as lessee, Landlord did lease to Assignor, and Assignor did lease from Landlord, the premises containing approximately 12,374 rentable square feet in the building having an address of 701 Grant Avenue, Kingston, New York (the "Building"), on the terms and subject to the conditions set forth therein; and

WHEREAS, as of the Effective Date (defined below) Assignor desires to assign to Assignee all of the right, title and interest of Assignor, as the lessee, under the Lease, and to delegate to Assignee all of the liabilities and obligations of Assignor, as the lessee, under the Lease, to the extent accruing from and after the date hereof; and Assignee desires to accept such assignment of right, title and interest and to assume such liabilities and obligations;

WHEREAS, Landlord, Assignor and Assignee desire to amend the Lease on the terms set forth below, and Landlord desires to consent to the assignment and assumption of the Lease to Assignee.

NOW, THEREFORE, in consideration of TEN DOLLARS (\$10) and other good and valuable consideration, the mutual receipt and legal sufficiency of which the parties hereto hereby acknowledge the parties hereto agree as follows:

#### **A. ASSIGNMENT, ASSUMPTION AND AGREEMENTS**

1. Assignment. Subject to the terms and conditions of this Agreement, Assignor hereby assigns, transfers, conveys, sets over and delivers to Assignee as of the Effective Date (defined below) all of Assignor's estate, right, title, interest, claim, demand, privileges, powers, choses in action and benefits, whether existing or accruing on, prior to, or after the date hereof, in, to and under the Lease.

2. Assumption. As of the Effective Date and subject to the terms of this Agreement, Assignee hereby assumes and agrees to discharge, in accordance with the terms of the Lease, all of the obligations, terms, conditions, and liabilities of Assignor under the Lease arising or accruing on or after the Effective Date; provided however, with respect to the payment of Fixed Rent, Assignee shall assume Assignor's obligations to pay Fixed Rent as stated below.

3. Effective Date. The "Effective Date" means the date on which the order approving this Agreement is entered on the official court docket of the United States Bankruptcy Court for the Southern District of New York (the "Court"), unless any objection to such order shall have been timely and properly made and overruled by the Court, in which case the Effective Date shall mean the date on which the deadline for filing a notice of appeal from such order shall have lapsed without any stay in effect or notice of appeal having been filed, or if any notice of appeal has been filed, the date on which such appeal has been finally adjudicated. This Agreement shall be null and void, without ever having become enforceable, if the Effective Date shall not have occurred by June 30, 2011.

4. Rent after the Effective Date. Notwithstanding anything else to the contrary herein, Assignor shall remain responsible under the Lease to pay the Fixed Rent and all other rent and charges under the Lease up through the Effective Date. For the period commencing on the Effective Date through the expiration date of the Lease, Assignee shall pay to Landlord the Fixed Rent and all other rent and charges arising under the Lease (as amended by this Agreement) on or after the Effective Date.

5. Condition of Premises. Assignee agrees to accept the Premises on the Effective Date "As Is" and in the condition existing on the date of this Agreement, subject to ordinary "wear and tear". Landlord and Assignor shall have no obligation with respect to the condition of the Premises.

6. Broker. Each party represents that it has worked with no broker on this Agreement. Assignor, and Assignee and Landlord (each an "indemnitor") agree to indemnify and save harmless the other parties hereto (and their affiliates, successors and assigns) from and against claims, actions, judgments, liabilities, payments, losses, damages and expenses, including reasonable attorney's fees and court costs, suffered or incurred by reason of the indemnitor's breach of its respective representation in this paragraph.

7. Release. As of the Effective Date and upon receipt of any and all sums due Landlord by Assignor arising prior to the Effective Date, as well as the receipt by Landlord of revised insurance certificates for the Assignee based on the requirements of the Lease, Assignor shall be automatically released by Landlord from all of Assignor's liabilities and obligations under the Lease, arising on or after the Effective Date. As of the Effective Date, Landlord shall be automatically released by Assignor from all of Landlord's liabilities and obligations under the Lease, arising on or after the Effective Date. No further instruments shall be required to effectuate the releases set forth herein.

## **B. AMENDMENT OF LEASE**

Subject to the Conditions provided in Section D below, Landlord, Assignor and Assignee agree as of the Effective Date the Lease will be amended as follows:

1. Expiration Date. The Expiration Date in Section 1.D of the Lease shall be deleted and replaced with "December 31, 2015".

2. Option to Renew. Article 39 of the Lease shall be deleted and replaced with the following:

39. OPTION TO RENEW.

A. Subject to the conditions listed below, Tenant shall have, and is hereby granted, the option to renew this Lease for one (1) term for a period from January 1, 2016 up to and including September 30, 2019 (the "Renewal Term"). Tenant may exercise the Renewal Terms if and only if:

i. Tenant notifies Landlord in writing, no less than one hundred eighty (180) days prior to the expiration of the prior Term. It is hereby stipulated and agreed that TIME IS STRICTLY OF THE ESSENCE with regard to this notice requirement, and the parties hereby stipulate and agree that the Option to Renew set forth herein shall lapse and be of no further effect in the event that Tenant fails to give Landlord timely written notice, and

ii. Tenant is not then in default beyond notice and applicable grace periods, this Lease is in full force and effect, and Tenant, or a Permitted Transferee, is in possession of the Premises.

B. Except as otherwise provided in Subsection A above, all of the provisions of this Lease shall remain in full force and effect during such Renewal Term, provided, however, that the Fixed Rent during the Renewal Term shall be the amount stated in Schedule A corresponding to the Option Term.

3. Early Termination Option. Article 41 of the Lease shall be deleted in its entirety.

4. Article 26, Bills and Notices. Article 26 shall be modified as of the Effective Date to include notices to Tenant to:

Ambac Assurance Corporation  
One State Plaza  
New York, New York 10004  
Attn: Diana Adams

**C. LANDLORD'S CONSENT**

Landlord consents to the terms of this Agreement subject to the conditions set forth in Section D below.

**D. CONDITIONS**

The terms of this Agreement shall be subject to and conditioned upon the fulfillment of all of the following:

1. Assignor shall be current in rent obligations and all pre petition rent shall have been paid.
2. The Court approves the terms of this Agreement.

**E. MISCELLANEOUS**

1. Governing Law. The parties expressly agree that this Agreement shall be governed by, interpreted under and construed and enforced in accordance with the laws of the State of New York.

2. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

3. Defined Terms. Terms not otherwise defined herein shall have the meanings set forth in the Lease.

4. Full Force and Effect. Except as specifically amended herein, all of the terms, provisions, covenants and conditions of the Lease shall remain unmodified and in full force and effect. This Agreement shall supercede all prior agreements and understanding of the parties hereto with respect to the subject matter hereof.

5. No Modifications. This Agreement may not be changed, modified, or terminated in any manner other than in a writing signed by the parties hereto, or their successors or assigns.

6. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original of this Agreement, but all of which when taken together shall constitute one and the same instrument.

[Signature Page Follows]