UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

JOHN CARFAGNO, derivatively on behalf of CENTERLINE HOLDING COMPANY, Plaintiff, vs. MARC D. SCHNITZER, et al., Defendants.	:	08 Civ. 912 (SAS)

STIPULATION OF SETTLEMENT

This Stipulation of Settlement ("Stipulation") is entered into as of April 8, 2009, subject to the approval of the Court, by and between the following, by their undersigned counsel: (i) Plaintiff John Carfagno ("Plaintiff"); (ii) nominal Defendant Centerline Holding Company ("Centerline" or the "Company'); and (iii) the Individual Defendants (as defined below); for the purpose of fully, finally and forever resolving, discharging and settling the Released Claims, upon and subject to the following terms and conditions.

WHEREAS:

A. On January 25, 2008, Plaintiff John Carfagno filed an action in the United States District Court for the Southern District of New York captioned *Carfagno v. Schnitzer, et al.*, No. 08 Civ. 912 (SAS) (S.D.N.Y.) (hereinafter, the "Action"), derivatively on behalf of the Company and on behalf of a class of Company shareholders alleging Defendants breached their fiduciary duties to the Company and its shareholders by entering into a series of transactions, including the securitization of its tax-exempt affordable housing bond portfolio, the sale of $131 million worth of convertible preferred shares to an affiliate of The Related Companies, L.P. (the "TRCLP Transaction") and the associated rights offering of convertible preferred shares (the "Rights Offering"), in order to transform the Company into an alternative asset manager;

B. On March 3, 2008, the Defendants entered into a settlement in a separate action pending in the Court of Chancery of the State of Delaware captioned *Off v. Ross, et al.*, Civ. A. No. 3468-VCP (Del. Ch.) (the "Delaware Action"), seeking to release any and all claims arising out of or related to the TRCLP Transaction and the Rights Offering, including the claims asserted in the Action;

C. On March 31, 2008, Plaintiff filed an Order to Show Cause against Defendants in the Action, challenging a stay entered in the Delaware Action against Plaintiff and seeking expedited discovery in the Action. At conference, the Court ordered discovery to begin in the Action by April 23, 2008;

D. In April 2008, Defendants began producing documents as part of the expedited discovery ordered in the Action, which documents Plaintiff reviewed and analyzed in an expedited but thorough manner;

E. On April 28, 2008, Plaintiff filed a Verified Consolidated Amended Complaint in the Action based upon his review of the expedited discovery produced by Defendants.

F. On May 9, 2008, Plaintiff filed objections to the proposed settlement in the Delaware Action;

G. On May 12, 2008, the Defendants filed a motion to dismiss the Action;

H. On May 23, 2008, Plaintiff appeared at the settlement hearing in the Delaware Action to argue his objections. At the hearing, the Delaware Court granted, over Defendants' and the Delaware plaintiffs' objections, additional discovery relating to the fairness of the proposed settlement in the Delaware Action;

I. In May and June 2008, the Parties conducted additional document and deposition discovery in both the Action and Delaware Action;

J. On June 5, 2008, Plaintiff opposed Defendants' motion to dismiss the Action. On June 19, 2008, Defendants withdrew (without prejudice) their motion to dismiss the Action;

K. On June 26, 2008, Plaintiff filed supplemental objections to the proposed settlement in the Delaware Action. On July 3, 2008, Plaintiff moved to intervene and be

appointed lead plaintiff in the Delaware Action and filed a complaint in intervention in the Delaware Action.

L. On July, 11, 2008, Defendants filed a reply to Plaintiff's supplemental objections in the Delaware Action.

M. On July 15, 2008, the Court in the Delaware Action conducted an additional hearing on the fairness of the settlement in the Delaware Action;

N. On July 15, 2008, Defendants filed an answer to the Verified Consolidated Amended Complaint in the Action;

O. In September and October 2008, Plaintiff deposed additional Defendants, and Defendants deposed Plaintiff in the Action;

P. In October and November 2008, the Parties conducted expert discovery, including the exchange of expert reports and the depositions of expert witnesses, in the Action;

Q. On November 26, 2008, the Delaware Chancery Court denied approval of the proposed settlement in the Delaware Action, based upon the objections raised and discovery conducted by Plaintiff;

R. On December 16, 2008, Defendants moved for summary judgment in the Action. On January 26, 2009, Plaintiff filed oppositions to Defendants' motions for summary judgment. On February 13, 2009, Defendants filed replies in support of their motions for summary judgment. The Defendants' motions for summary judgment are currently pending in the Action;

S. Plaintiff, through his counsel, represents that he has, since prior to the filing of the Action, conducted a thorough investigation relating to the claims and the underlying events alleged herein, including review and analysis of tens of thousands of pages of documents produced by Centerline and the Individual Defendants, as well as obtained through public sources, and equally thoroughly reviewed the analysis of the legal principles applicable to Plaintiff's claims and the potential defenses thereto.

T. Plaintiff, the Individual Defendants and Centerline, through their respective counsel, have conducted a series of settlement discussions over a period of many months, with a

view to achieving the benefits and relief set forth in this Stipulation (the "Settlement"), including a court-ordered mediation before Magistrate Judge James Francis in October 2008 and a second mediation before the Honorable John S. Martin in February 2009. The Parties also attended a settlement conference before the Judge presiding over the Action, the Honorable Shira A. Scheindlin, U.S. District Judge for the Southern District of New York. After multiple negotiating sessions over a period of months, the Parties hereto reached the agreement referenced herein.

U. Although Plaintiff believes his claims have merit, he recognizes the expense and length of continued proceedings necessary to prosecute such claims through trial and subsequent appeals. Plaintiff's counsel also have taken into account the costs and risks inherent in proceeding further in this Action. Moreover, Defendants, without an agreement to resolve the Action, will continue to vigorously challenge the claims. Therefore, Plaintiff and Plaintiff's counsel believe that the Settlement, on the terms and conditions set forth herein, is reasonable, adequate and in the best interests of the Company and its shareholders.

V. Defendants have denied, and continue to deny, each and every allegation of liability and wrongdoing on their part and assert that the claims asserted against them in the Action are without merit and fail to state a cause of action; deny that they breached any duty, violated any law or engaged in wrongdoing of any form; and believe that they have strong factual and legal defenses to the claims alleged. Defendants have agreed to this Stipulation and the Settlement provided herein solely in order to fully and finally settle and dispose of all claims that have been or could have been or could in the future be raised in the Action and to avoid the continuing burden, expense, inconvenience and distraction of protracted litigation.

W. Defendants acknowledge that the Settlement confers substantial benefits on Centerline and its shareholders, that the Settlement is in the best interests of Centerline and its shareholders, and that the Settlement is fair, reasonable and adequate to Centerline and its shareholders.

NOW, THEREFORE, IT IS STIPULATED AND AGREED, by and among the Parties hereto, through their undersigned counsel, as follows:

I. CERTAIN DEFINITIONS

To the extent not otherwise defined herein, as used in this Stipulation, the following terms have the meanings specified below:

1. "Action" means the consolidated derivative action pending before the Court under the caption *Carfagno* v. *Schnitzer, et al.*, No. 08 Civ. 912 (SAS) (S.D.N.Y.), including, without limitation, all cases consolidated under that caption.

2. "Court" means the United States District Court for the Southern District of New York.

3. "Defendants" means Centerline and the Individual Defendants.

4. "Effective Date" means the date that is one (1) business day after the date on which all of the conditions set forth in Section VI.A are satisfied.

5. "Execution Date" means the date that this Stipulation has been signed by all the signatories hereto through their counsel.

6. "Final" means, with respect to any judgment or order, including but not limited to the Final Judgment, that such judgment or order represents a final and binding determination of all issues within its scope and is not subject to further review on appeal or otherwise. Without limitation, a judgment or order becomes "Final" when: (a) the time within which to seek review, alteration, amendment or appeal of such judgment or order, including (if applicable) any three (3) day period for service by mail under Federal Rule of Civil Procedure 6(a) and (e) has expired without any review, alteration, amendment or appeal having been sought or taken; or (b) if an appeal, petition for writ of certiorari, motion or other application for review, alteration or amendment is filed, sought or taken, the date as of which such appeal, petition, motion or other application shall have been finally determined in such a manner as to affirm the Court's original order in its entirety and the time, if any, for seeking further review has expired.

7. "Final Judgment" means the judgment to be entered by the Court, substantially in the form of Exhibit C hereto.

8. "Final Settlement Approval Hearing" means the final hearing to be held by the Court to determine whether the proposed Settlement should be approved; whether all Released Claims should be dismissed with prejudice; and whether an order approving the Settlement should be entered thereon.

9. "Individual Defendants" means Mark D. Schnitzer, Stephen M. Ross, Jeff T. Blau, Leonard W. Cotton, Robert J. Dolan, Nathan Gantcher, Jerome Y. Halperin, Robert L. Loverd, Robert A. Meister, Janice Cook Roberts and Thomas W. White.

10. "Lead Counsel" means the law firm of Scott + Scott LLP.

11. "Memorandum of Understanding" means the Memorandum of Understanding executed by the Parties on March 9, 2009, setting forth the principal terms of this Settlement.

12. "Parties" means Plaintiff and Defendants.

13. "Preferred Securities" means the convertible preferred securities previously issued by Centerline to an affiliate of The Related Companies, L.P.

14. "Person" means any individual, corporation, partnership, association, affiliate, joint stock company, trust, estate, unincorporated association, government and any political subdivision thereof, and any other type of legal or political entity.

15. "Released Claims" means any and all actions, suits, claims, debts, demands, rights, or causes of action or liabilities of every nature and description whatsoever, whether based on federal, state, local, statutory or common law or any other law, rule, or regulation, whether foreign or domestic, including, without limitation, Unknown Claims and claims under Delaware statutory and/or common law, federal and/or state securities laws and claims under any law governing fiduciaries or the duties of fiduciaries, or for any remedy whether at equity or law, that were or could have been asserted against the Released Parties in the Action by Plaintiff, by Centerline, or by any Shareholder (claiming in the right of, or on behalf of, the Company), and that arise out of or are related, directly or indirectly, in any way to any of the facts, allegations,

transactions, events, occurrences, acts, disclosures, representations, statements, omissions, failures to act, or matters set forth, alleged, referred to, and could have been asserted in the Action or in any other state or federal derivative actions by Plaintiff, Centerline or by any Shareholder (claiming in the right of, or on behalf of, the Company) against any of the Released Parties relating, in whole or in part, to the allegations in this Action, whether known or unknown, suspected or unsuspected, matured or not matured, contingent or non-contingent, accrued or unaccrued, whether or not concealed or hidden by the Released Parties. It is expressly understood that Released Claims do not release, relinquish, discharge or enjoin the prosecution of any claims, demands, rights, actions, causes of action arising under the federal securities laws, whether known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, hidden or concealed, matured or unmatured, that have been or could be asserted in the consolidated securities class actions pending in *In re Centerline Holding Securities Litigation,* No. 08 Civ. 00505 (SAS) (S.D.N.Y.).

16. "Released Parties" means Defendants and each of their immediate family members, heirs, executors, administrators, successors and assigns; Defendants' present, former and future employees, insurers, officers, directors, partners, attorneys, legal representatives and agents; any person or entity in which any Defendant has or had a controlling interest; and the present, former and future parents, subsidiaries, divisions, affiliates, predecessors, successors, employees, officers, directors, partners, attorneys, assigns, and agents of all of the foregoing.

17. "Shareholder" means any Person (including without limitation, any and all of such Person's successors-in-interest, predecessors, representatives, trustees, executors, administrators, heirs, assignees or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under any of them, and each of them) who held Centerline securities, either of record or beneficially, other than Defendants, their subsidiary, related and affiliated companies, and members of their immediate families, at any time from and including December 27, 2007 through and including February 4, 2008.

18. "TRCLP" means The Related Companies, L.P.

19. "Unknown Claims" means any and all claims, demands, rights, liabilities, and causes of action of every nature and description, which Plaintiff, Centerline, and any or every Shareholder (claiming in the right of, or on behalf of, the Company) does not know or suspect to exist in his, her or its favor at or after the Execution Date and including, without limitation, those which, if known by him, her or it, might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Released Claims, Plaintiff and Centerline stipulate and agree that, upon the Effective Date, they shall expressly waive, and every Shareholder shall be deemed to have waived, and by operation of the Final Judgment shall have waived, any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Plaintiff, Centerline and/or any Shareholder may hereafter discover facts in addition to or different from those that any of them now know or believe to be true with respect to the subject matter of the Released Claims, but Plaintiff and Centerline shall expressly have, and every Shareholder shall be deemed to have and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, that now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, reckless, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Plaintiff and Centerline acknowledge, and every Shareholder by operation of the Judgment shall be deemed to have acknowledged, that the waivers contained in this paragraph, and the inclusion of "Unknown

Claims" in the definition of Released Claims were separately bargained for and are key elements of the Settlement.

II. THE SETTLEMENT CONSIDERATION

Within ten (10) business days of the Effective Date of the Settlement (as defined below), the terms of the Preferred Securities shall be amended, such that the conversion price shall be reset from $10.75 to $12.35, and the dividend rate shall be lowered from 11.0% to 9.5%. In order to effect such revised terms, (i) Centerline shall issue a new series of preferred securities with terms substantially identical to the Preferred Securities except as aforesaid ("New Preferred Securities") pursuant to a certificate of designation substantially in the form annexed hereto as Exhibit A-1, and (ii) TRCLP shall exchange its Preferred Securities for the same number of shares of New Preferred Securities. Furthermore, the terms of any Preferred Securities held by any person other than TRCLP and its affiliates shall not be amended with respect to conversion price or dividend rate, but shall only be amended in order to maintain certain voting rights of the Preferred Securities held by such person(s) by treating them as one class for voting persons with the New Preferred Securities pursuant to an amendment substantially in the form annexed hereto as Exhibit A-2.

III. NOTICE ORDER AND SETTLEMENT HEARING

A. The Parties shall submit this Stipulation together with its Exhibits to the Court, and the Parties shall apply for entry of an order (the "Notice Order") substantially in the form and content of Exhibit B attached hereto, requesting, inter alia, the preliminary approval of the Settlement set forth in the Stipulation, and final approval of forms of notice to be communicated to Shareholders via the Company's website (the "Shareholder Notice") and to be published (the "Summary Notice"), substantially in the forms and contents of Exhibits B-1 and B-2 hereto, respectively. The Shareholder Notice shall include the general terms of the Settlement set forth in the Stipulation.

B. The Parties shall request that, after the Shareholder Notice and Summary Notice have been published in accordance with this Stipulation, the Court hold the Final Settlement Approval Hearing and finally approve the Settlement of the Action.

C. After submitting this Stipulation and its Exhibits to the Court for preliminary approval of the Settlement, the Defendants shall submit to the Delaware Chancery Court copies of the Stipulation with its Exhibits and inform the Delaware Chancery Court that Defendants will move for dismissal with prejudice of the actions *Off* v. *Ross, et al.,* Civ. A. No. 3468-VCP (Del. Ch.) and *Ciszerk* v. *Ross, et al.,* Civ. A. No. 3511-VCP (Del. Ch.) upon the entry of Final Judgment in this Action.

D. Centerline will be responsible for, and will cause to be paid, the costs of publishing the Shareholder Notice and the Summary Notice. Under no circumstances shall Plaintiff be responsible for the costs of publishing notice or any related expense.

IV. FINAL JUDGMENT APPROVING THE SETTLEMENT

At the Final Settlement Approval Hearing, the Parties shall jointly request entry of the Final Judgment, substantially in the form attached hereto as Exhibit C. Upon entry of Final Judgment, Defendants shall move for dismissal with prejudice of the *Off* v. *Ross* and *Ciszerk* v. *Ross* actions in the Delaware Chancery Court.

V. ATTORNEYS' FEES AND EXPENSES

Defendants shall cause Centerline's insurer National Union Fire Insurance Company of Pittsburgh, PA (the "Insurer") to pay attorneys' fees and out-of-pocket litigation expenses to Lead Counsel as follows: No later than thirty (30) calendar days of the entry of an order of the Court preliminarily approving the Settlement as fair and reasonable, (i) $1.3 million in cash in exchange for the substantial benefits received as a result of the filing, prosecution and settlement of this Action and for reimbursement of Lead Counsel's out-of-pocket litigation expenses, inclusive, shall be promptly deposited into an interest-bearing escrow account in a money center bank. Such fees and expenses, plus interest earned on the escrow account, shall be paid to Lead Counsel from the escrow account immediately upon entry of the Final Judgment or Alternative

Judgment. Lead Counsel shall be entitled to withdraw the fees and expenses plus interest earned, subject to Lead Counsel's obligation, absent separate agreement by the Parties in writing, to return the fees and expenses plus interest earned to the Insurer in the event that the Effective Date does not occur. Centerline and the Individual Defendants agree that the payment of attorneys' fees and expenses is a material term of this Settlement.

VI. CONDITIONS OF SETTLEMENT; EFFECT OF DISAPPROVAL CANCELLATION OR TERMINATION

A. This Stipulation shall be subject to the following conditions and, except as provided herein, may be canceled and terminated unless:

1. The Court enters the Notice Order, as provided in Section III;

2. The Court has approved the Settlement as described herein, following publication of the Shareholder Notice and Summary Notice and a Final Settlement Approval Hearing, as prescribed by Rule 23.1 of the Federal Rules of Civil Procedure, and has entered the Final Judgment, as provided in Section IV;

3. The Court shall have entered the Final Judgment, in all material respects in the form set forth in Exhibit C attached hereto, or an order and final judgment in a form that is not in all material respects identical to Exhibit C attached hereto (an "Alternative Judgment") if all the Parties hereto agree to such Alternative Judgment;

4. The Final Judgment, or any Alternative Judgment, becomes Final; and

5. The actions *Off* v. *Ross, et al.,* Civ. A. No. 3468-VCP (Del. Ch.) and *Ciszerk* v. *Ross, et al.,* Civ. A. No. 3511-VCP (Del. Ch.), currently pending in the Delaware Chancery Court, are dismissed with prejudice.

B. Failure to timely deposit the Attorneys' Fees and Expenses as set forth in Section V of this Stipulation, or failure to pay court-awarded attorneys' fees and/or expenses as set forth herein shall each constitute a valid basis for terminating this Settlement.

C. Upon the Effective Date, Plaintiff, Centerline and all current and former Shareholders, on behalf of themselves, and their respective current, future and former heirs,

executors, administrators, personal representatives, attorneys, agents, partners, successors and assigns, and any other Person claiming (now or in the future) to have acted through or on behalf of them, shall hereby be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever, released, relinquished, settled and discharged the Released Parties from the Released Claims and shall be permanently barred and enjoined from instituting, commencing, or prosecuting or asserting any Released Claim against any of the Released Parties.

D. Upon the Effective Date, each of the Defendants and the Released Parties shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally and forever released, relinquished and discharged Plaintiff and Plaintiff's counsel from all claims that arise out of or in connection with, or relate to their institution, prosecution, assertion, settlement or resolution of the Action or the Released Claims.

E. If all of the conditions specified in paragraph A of this Section are not met, then the Stipulation may be canceled and terminated, unless Plaintiff and Defendants each authorize their counsel to agree to proceed with the Settlement.

F. If either (a) the Effective Date does not occur, (b) this Stipulation is canceled or terminated pursuant to its terms, or (c) the Settlement does not become Final for any reason, then any and all sums paid by any Defendant or Insurer to Lead Counsel pursuant to Section V hereof, and all interest earned on such sums, shall be refunded by Lead Counsel to the Insurer. All refunds described in the preceding sentence shall be made within thirty (30) calendar days of such cancellation or termination.

G. If either (a) the Effective Date does not occur, (b) this Stipulation is canceled or terminated pursuant to its terms, or (c) the Settlement does not become Final for any reason, all of the Parties to this Stipulation shall be deemed to have reverted to their respective status as of March 9, 2009, and they shall proceed in all respects as if this Stipulation had not been executed and the related orders had not been entered, preserving in that event all of their respective claims and defenses in the Action.

VII. NO ADMISSIONS

A. The Parties hereto intend the Settlement as described herein to be a final and complete resolution of all disputes between them with respect to the Action and to compromise claims that are contested. Entry into this Settlement shall not be deemed an admission by any party hereto as to the merits of any claim or defense or any allegation made in the Action.

B. This Stipulation, offer of this Stipulation and compliance with this Stipulation shall not constitute or be construed as an admission by any Released Party of any wrongdoing or liability. This Stipulation is to be construed solely as a reflection of the desire of the Parties hereto to facilitate a resolution of the claims in the Action and of the Released Claims. The Parties hereto agree that no party was or is a "prevailing party" in this case. In no event shall this Stipulation, any of its provisions, or any negotiations, statements or court proceedings relating to its provisions in any way be construed as, offered as, received as, used as or deemed to be evidence of any kind in the Action, any other action, or any judicial, administrative, regulatory or other proceeding, except a proceeding to enforce this Stipulation, and except that the Defendants or any of the Released Parties may file the Stipulation and/or the Judgment in any action that may be brought against any of them in order to support a defense or counterclaim based on principles of res judicata, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

VIII. MISCELLANEOUS PROVISIONS

A. The Parties hereto: (a) acknowledge that it is their intent to consummate the Settlement contemplated by this Stipulation; (b) agree to cooperate to the extent necessary to effectuate and implement all terms and conditions of this Stipulation; and (c) agree to exercise their best efforts and to act in good faith to accomplish the foregoing terms and conditions of the Stipulation.

B. All counsel who execute this Stipulation represent and warrant that they have authority to do so on behalf of their respective clients.

C. All of the exhibits attached hereto are hereby incorporated by reference as though fully set forth herein.

D. This Stipulation may be amended or modified only by a written instrument signed by counsel for all Parties to this Stipulation or their successors in interest.

E. This Stipulation and the exhibits attached hereto constitute the entire agreement between Plaintiff on the one hand, and the Defendants on the other hand, and supersede any and all prior agreements, written or oral, between such Parties, including the Term Sheet for Proposed Settlement of Claims. No representations, warranties or inducements have been made concerning this Stipulation or its exhibits other than the representations, warranties and covenants contained and memorialized in such documents.

F. This Stipulation may be executed in one or more original, photocopied or facsimile counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument.

G. This Stipulation shall be binding upon, and inure to the benefit of the successors, assigns, executors, administrators, affiliates (including parent companies), heirs and legal representatives of the Parties hereto. No assignment shall relieve any party hereto of obligations hereunder.

H. All terms of this Stipulation and all exhibits hereto shall be governed and interpreted according to the laws of the State of New York without regard to its rules of conflicts of law and in accordance with the laws of the United States.

I. Plaintiff and Defendants hereby irrevocably submit to the jurisdiction of the Court with respect to enforcement of the terms of this Stipulation and for any suit, action, proceeding or dispute arising out of or relating to this Stipulation or the applicability of this Stipulation.

J. This Stipulation shall not be construed more strictly against one party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of them, it being recognized that this Stipulation is the result of arm's-length negotiations

between the Parties hereto and that all of them have contributed substantially and materially to its preparation.

K. Except as otherwise provided herein, each party shall bear its own fees and costs.

L. The headings herein are used for the purpose of convenience and are not intended to have legal effect.

M. The Parties to this Stipulation and related agreements intend the Settlement to be a final and complete resolution of all disputes asserted or which could be asserted by the Plaintiff against the Released Parties with respect to the Released Claims. Accordingly, Plaintiff and Defendants agree not to assert in any forum that the Action was brought by Plaintiff or defended by Defendants in bad faith or without a reasonable basis. The Parties to this Stipulation agree that the Settlement was negotiated at arms-length in good faith by the Parties, and reflects a settlement that was reached voluntarily after consultation with experienced legal counsel.

Dated: April 8, 2009
New York, New York

SCOTT + SCOTT, LLP

By: _____

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Attorneys for Nominal Defendant Centerline Holding Company

IT IS SO ORDERED.

Dated: _____, 2009

_____

SHIRA A. SCHEINDLIN, U.S.D.J.

Exhibit A-1

CERTIFICATE OF DESIGNATION
of
9.5% CUMULATIVE CONVERTIBLE PREFERRED SHARES, SERIES A-1
of
CENTERLINE HOLDING COMPANY

Pursuant to the Second Amended and Restated Trust Agreement of Centerline Holding Company, dated as of November 17, 2003, as amended by Amendment No. 1 thereto, dated as of September 20, 2005, as further amended by Amendment No. 2 thereto, dated as of November 30, 2005, as further amended by Amendment No. 3 thereto, dated as of June 13, 2006, and as further amended by Amendment No. 4 thereto, dated as of April 2, 2007 (the "Trust Agreement").

CENTERLINE HOLDING COMPANY is a Delaware statutory trust created and existing under the Delaware Statutory Trust Act (the "Company"), and

DOES HEREBY CERTIFY:

That pursuant to the authority expressly vested in the board of trustees of the Company (the "Board") by the Trust Agreement, the Board duly adopted on _____ __, 2009, resolutions providing for the creation of a class of Preferred Shares of the Company, with substantially (i) the designations, powers, preferences, (ii) the relative, participating, optional or other special rights, and (iii) the qualifications, limitations or restrictions set forth below (in addition to those set forth in the Trust Agreement) and directed that this Certificate of Designation be attached as an appendix to the Trust Agreement. Capitalized terms used herein, but not otherwise defined herein, shall have the respective meanings ascribed to them in the Trust Agreement.

1. DESIGNATION AND AMOUNT. The shares of such class of Preferred Shares shall be designated "9.5% Cumulative Convertible Preferred Shares, Series A-1" (the "9.5% Cumulative Convertible Preferred Shares)," and, subject to the Trust Agreement, the number of shares constituting such class shall be as determined from time to time by the Board. The Company may, from time to time, issue additional 9.5% Cumulative Convertible Preferred Shares and has issued, and may from time to time issue, other securities that are on parity with the 9.5% Cumulative Convertible Preferred Shares with respect to the payment of distributions and rights upon the Company's liquidation, dissolution or winding up, which includes, but is not limited to, additional already issued and currently outstanding (i) 4.40% Cumulative Perpetual Convertible Community Reinvestment Act Preferred Shares, Series A-1 (the "Cumulative Perpetual Convertible CRA Shares") and (ii) 11.0% Cumulative Convertible Preferred Shares, Series A-1" (the "11.0% Cumulative Convertible Preferred Shares").

2. DISTRIBUTIONS, EARNINGS AND TAX ALLOCATIONS.

a. Distributions. Except as set forth in Section 2.b. and subject to the provisions of 2.g, the Company shall pay, when, as and if, declared, out of funds legally available therefor, cumulative preferential cash distributions on each 9.5% Cumulative Convertible Preferred Share at the annual rate of 9.5% (equivalent initially to $1.1115 per share

per year), as may be adjusted pursuant to Section 2.h, computed on the basis of a 360-day year consisting of twelve 30-day months (such annual rate, the "Dividend Rate"), based on the initial liquidation amount of $11.70 per share (such per share amount, as adjusted, the "Liquidation Preference"). The initial distribution and any distribution payable on 9.5% Cumulative Convertible Preferred Shares for any other partial distribution period will be prorated for the period of time the 9.5% Cumulative Convertible Preferred Shares are outstanding during the applicable period. Distributions on the 9.5% Cumulative Convertible Preferred Shares shall be cumulative from the date of issuance (the "Issue Date"), shall be payable for each calendar quarter in arrears on the following dates of each year: January 31, April 30, July 31 and October 31 and any accumulated and unpaid distribution will be added to the Liquidation Preference on each Distribution Payment Date if not declared and paid in cash on such Distribution Payment Date, such that such accumulated and unpaid distributions will effectively compound each quarter; provided, however, that if any such date is not a business day, the applicable distribution will be made on the next succeeding business day in respect of the immediately preceding calendar quarter ending December 31, March 31, June 30, and September 30, respectively (each such date, a "Distribution Payment Date").

b. Initial Distribution. Pursuant to the terms of Section 2.a., the initial quarterly distribution payable on the 9.5% Cumulative Convertible Preferred Shares shall be equal to the quarterly distribution otherwise payable on such shares, prorated for the period from the date of issuance of the 9.5% Cumulative Convertible Preferred Shares to the end of the calendar quarter in which the 9.5% Cumulative Convertible Preferred Shares were issued.

c. Record Date. Distributions will be payable to holders of record of the 9.5% Cumulative Convertible Preferred Shares as they appear in the Company's transfer records at the close of business on the applicable record date, which shall be the last day of the calendar quarter (whether or not a business day) prior to the applicable Distribution Payment Date or such other date designated by the Board for the payment of distributions that is not more than 31 nor less than 10 days prior to such Distribution Payment Date (each, a "Distribution Record Date").

d. Distribution Priorities.

i. If any 9.5% Cumulative Convertible Preferred Shares are outstanding, except as permitted in the next sentence, no full distributions shall be declared, paid or set apart for payment on any of the Company's shares ranking, as to the payment of distributions or rights upon the Company's liquidation, dissolution or winding up on a parity with or junior to the 9.5% Cumulative Convertible Preferred Shares for any period unless full cumulative distributions have been or contemporaneously are declared and paid, or declared and a sum sufficient for the payment thereof irrevocably set apart for such payment, on the 9.5% Cumulative Convertible Preferred Shares for all past distribution periods and the then current distribution period. When distributions are not paid in full (or a sum sufficient for such full payment is not so irrevocably set apart) upon the 9.5% Cumulative Convertible Preferred Shares and any other Preferred Shares ranking, as to distributions, on a parity with the 9.5% Cumulative Convertible Preferred Shares, including, without limitation, the Cumulative Perpetual Convertible CRA Shares and the 11.0% Cumulative Convertible Preferred Shares, all distributions declared upon the 9.5% Cumulative Convertible Preferred Shares and such other

Preferred Shares, including, without limitation, the Cumulative Perpetual Convertible CRA Shares and the 11.0% Cumulative Convertible Preferred Shares, shall be declared *pro rata* so that the amount of distributions declared for each 9.5% Cumulative Convertible Preferred Share and each such other Preferred Shares, including, without limitation, the Cumulative Perpetual Convertible CRA Shares and the 11.0% Cumulative Convertible Preferred Shares, shall in all cases bear to each other the same ratio that accumulated and unpaid distributions for each 9.5% Cumulative Convertible Preferred Share and such other Preferred Shares (which shall not include any accumulation in respect of unpaid distributions for prior distribution periods if such other Preferred Shares are not entitled to a cumulative distribution) bear to each other.

ii. Except as provided herein, including the payment of distributions on Preferred Shares ranking, as to distributions, on a parity with the 9.5% Cumulative Convertible Preferred Shares as provided in the second sentence of Section 2.d.i., unless full cumulative distributions on the 9.5% Cumulative Convertible Preferred Shares have been or contemporaneously are declared and paid, or declared and a sum sufficient for the payment thereof irrevocably set apart for payment for all past distribution periods and the then current distribution period, no distributions (other than in any of the Company's shares ranking, as to distributions and rights upon the Company's liquidation, dissolution and winding up, junior to the 9.5% Cumulative Convertible Preferred Shares) shall be declared or paid or set apart for payment, nor shall any other distribution be made, upon any of the Company's shares ranking, as to distributions or rights upon the Company's liquidation, dissolution and winding up, on a parity with or junior to the 9.5% Cumulative Convertible Preferred Shares, nor shall any of the Company's shares ranking, as to the payment of distributions or rights upon the Company's liquidation, dissolution or winding up, on a parity with or junior to the 9.5% Cumulative Convertible Preferred Shares be redeemed, purchased or otherwise acquired for any consideration (nor shall any moneys be paid to or made available for a sinking fund for the redemption of any such shares) by the Company or any of the Company's Affiliates (except by conversion into or exchange for other of the Company's Shares ranking, as to the payment of distributions and rights upon the Company's liquidation, dissolution or winding up junior to the 9.5% Cumulative Convertible Preferred Shares).

e. Accumulated Distributions. Distributions on the 9.5% Cumulative Convertible Preferred Shares will accumulate, whether or not there are funds legally available for the payment thereof and whether or not they are declared, and accumulated but unpaid distributions will accumulate as of the Distribution Payment Date on which they first become payable. Any distribution payment made on the 9.5% Cumulative Convertible Preferred Shares shall first be credited against the earliest accumulated but unpaid distribution due with respect to such Shares that remains payable at the time of such distribution payment.

f. Compliance with Law. No distributions on the Convertible Preferred Shares will be authorized by the Board or paid or set apart for payment if such authorization, payment or setting apart for payment would violate any of the Company's agreements or instruments, including, without limitation, the Credit Agreement (as defined below), as the same may from time to time be amended, or is restricted or prohibited by law.

g. Increase in Dividend Rate. If the Company fails to pay the redemption price on any Redemption Date (as defined below), then the Dividend Rate shall

increase commencing on such Redemption Date on the 9.5% Cumulative Convertible Preferred Shares by 4.00% until such date that the redemption price is paid or funds sufficient for the payment of such redemption price are irrevocably deposited in trust by the Company pursuant to Section 3 below.

3. REDEMPTION.

a. Call Redemption. Except as provided in Sections 3.a., the 9.5% Cumulative Convertible Preferred Shares are not redeemable by the Company at any time prior to the Final Redemption Date (as defined below). Unless previously redeemed or converted as herein provided, the Company will redeem all 9.5% Cumulative Convertible Preferred Shares then outstanding at a per share amount equal to 100% of the Liquidation Preference plus an amount equal to any accumulated and unpaid distributions not included in the Liquidation Preference to, but excluding, the Final Redemption Date, on January, 25, 2018 (the "Final Redemption Date").

The Company may redeem the Convertible Preferred Shares, in whole or in part, at a price per share equal to 100% of the Liquidation Preference plus an amount equal to any accumulated and unpaid distributions not included in the Liquidation Preference to the Redemption Date at any time on or after January 31, 2013; provided that (A) the Closing Sale Price of the Common Shares multiplied by the Conversion Rate then in effect equals or exceeds 130% of the Liquidation Preference plus an amount equal to any accumulated and unpaid distributions not included in the Liquidation Preference for 20 Trading Days during any 30 consecutive Trading Day period ending after January 31, 2013 and (B) the Company has paid all accumulated and unpaid distributions on the Distribution Payment Date immediately preceding such Redemption Date.

"Closing Sale Price" means for all purposes of this Certificate of Designation, with respect to the Common Shares, on any date, the last reported per share sale price (or, if no last sale price is reported, the average of the last bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date as reported in composite transactions for the principal United States securities exchange on which the Common Shares are then listed, or if the Common Shares are not then listed on a United States national or regional exchange, as reported on the principal over-the-counter market on which the Common Shares are then traded or quoted.

"Trading Day" means for all purposes of this Certificate of Designation, (i) if the Common Shares are listed or admitted for trading on any national or regional securities exchange, days on which such national or regional securities exchange is open for business, (ii) if the Common Shares are quoted on any system of automated dissemination of quotations of securities prices, days on which trades may be effected through such system, or (iii) if the Common Shares are not listed on a national or regional securities exchange or quoted on any system of automated dissemination of quotation of securities prices, days on which the Common Shares are traded regular way in the over-the-counter market and for which a closing bid and a closing asked price for the Common Shares are available.

b. Source of Financing. Redemptions of the 9.5% Cumulative Convertible Preferred Shares may be financed using funds from any source.

c. Notice of Redemption. Notice of redemption will be mailed not less than 20 nor more than 60 days prior to the date of redemption (the "Redemption Date"), to each holder of 9.5% Cumulative Convertible Preferred Shares to be redeemed, notifying such holder of the Company's election to redeem such shares, stating (i) the Redemption Date, (ii) the redemption price, (iii) the number of 9.5% Cumulative Convertible Preferred Shares to be redeemed (and, if fewer than all the 9.5% Cumulative Convertible Preferred Shares are to be redeemed, the number of shares to be redeemed from such holder), (iv) the place(s) where the 9.5% Cumulative Convertible Preferred Shares are to be surrendered for payment, (v) that distributions on the 9.5% Cumulative Convertible Preferred Shares to be redeemed will cease to accumulate on such Redemption Date and (vi) the date upon which the holder's conversion rights, if any, as to such 9.5% Cumulative Convertible Preferred Shares shall terminate. If fewer than all of the 9.5% Cumulative Convertible Preferred Shares outstanding are to be redeemed, the 9.5% Cumulative Convertible Preferred Shares to be redeemed will be determined *pro rata* or by lot or in such other manner as prescribed by the Board. Holders of Convertible Preferred Shares may continue to convert their 9.5% Cumulative Convertible Preferred Shares into Common Shares after receiving notice of redemption through the close of business on the Redemption Date in accordance with the provisions of Section 6 hereof.

d. Mechanics of Redemption. On or after a Redemption Date, each applicable holder of 9.5% Cumulative Convertible Preferred Shares to be redeemed must present and surrender the certificate representing such 9.5% Cumulative Convertible Preferred Shares to the Company at the place designated in the applicable notice, duly endorsed, and thereupon the Company shall pay or cause to be paid the redemption price of such shares to or on the order of the person whose name appears on such certificate as the owner thereof, and each certificate so surrendered will thereafter be canceled. If fewer than all the shares represented by any such certificate are to be redeemed, the Company shall issue a new certificate representing the unredeemed shares. A holder may notify the Company that its certificate or certificates have been lost, stolen or destroyed, and, upon execution of an agreement satisfactory to the Company to indemnify the Company for any loss incurred by it in connection with such lost certificate or certificates or an indemnity bond (in the Company's sole discretion), and assuming such holder's compliance with the other provisions of this Section 3.d, such holder shall be entitled to receive the amounts contemplated by this Section 3.d. From and after such Redemption Date (unless the Company defaults in payment of the redemption price), all distributions on 9.5% Cumulative Convertible Preferred Shares called for redemption will cease to accumulate and all rights of the holders thereof, except the right to receive the redemption price thereof (including all accumulated and unpaid distributions to, but excluding, the Redemption Date), will cease and terminate and such shares may not thereafter be transferred (except with the Company's consent) in the Company's transfer records, and such shares shall not be deemed to be outstanding for any purpose whatsoever.

e. Deposit of Redemption Price. At the Company's election, the Company may, prior to the Redemption Date, irrevocably deposit the redemption price (including accumulated and unpaid distributions not included in the Liquidation Preference) of the 9.5% Cumulative Convertible Preferred Shares so called for redemption in trust for the

holders thereof with a bank or trust company, in which case the Redemption Notice to holders of the 9.5% Cumulative Convertible Preferred Shares to be redeemed will (i) state the date of such deposit, (ii) specify the office of such bank or trust company as the place of payment of the redemption price and (iii) require such holders to surrender the certificates representing such shares at such place on or about, but not later than, the Redemption Date against payment of the redemption price (including all accumulated and unpaid distributions to such Redemption Date). Any moneys so deposited which remain unclaimed by the holders of the Convertible Preferred Shares at the end of two years after the Redemption Date will be returned by such bank or trust company to the Company.

f. Voting Rights Upon Redemption/Conversion. The voting rights granted to the holders of the 9.5% Cumulative Convertible Preferred Shares (see Section 5 hereof) will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required is effected, all outstanding 9.5% Cumulative Convertible Preferred Shares have been converted, redeemed or called for redemption and sufficient funds shall have been irrevocably deposited in trust to effect such redemption.

g. Payment of Cumulative Distributions Prior to Redemption. Notwithstanding anything in this Section 3 to the contrary, unless full cumulative distributions on the 9.5% Cumulative Convertible Preferred Shares have been or contemporaneously are declared and paid, or declared and sum sufficient for the payment thereof irrevocably set apart for payment for all past distribution periods and the then current distribution period, no Convertible Preferred Shares will be redeemed unless all outstanding 9.5% Cumulative Convertible Preferred Shares are simultaneously redeemed, provided, however, that the foregoing will not prevent the purchase or acquisition by the Company of 9.5% Cumulative Convertible Preferred Shares pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding 9.5% Cumulative Convertible Preferred Shares. In addition, unless full cumulative distributions on all outstanding 9.5% Cumulative Convertible Preferred Shares have been or contemporaneously are declared and paid, or declared and a sum sufficient for the payment thereof irrevocably set apart for payment for all past distributions periods and the then current distribution period, the Company may not purchase or otherwise acquire directly or indirectly any 9.5% Cumulative Convertible Preferred Shares or any of the Company's shares ranking, as to the payment of distributions or rights upon the Company's liquidation, dissolution or winding up on a parity with or junior to the 9.5% Cumulative Convertible Preferred Shares (except by conversion into or exchange for other of the Company's Shares ranking, as to distributions and rights upon the Company's liquidation, dissolution or winding up, junior to the 9.5% Cumulative Convertible Preferred Shares) provided, however, that the foregoing will not prevent the purchase or acquisition by the Company of 9.5% Cumulative Convertible Preferred Shares pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding 9.5% Cumulative Convertible Preferred Shares.

h. Repurchase at Option of Holder Upon a Fundamental Change.

i. If a Fundamental Change (as defined below) occurs at any time prior to the Final Redemption Date, then each holder of 9.5% Cumulative Convertible Preferred Shares shall have the right, at such holder's option, to require the Company to repurchase all of such holder's 9.5% Cumulative Convertible Preferred Shares, or any portion

thereof, for cash on a date designated by the Company (the "Fundamental Change Repurchase Date") that is not less than twenty (20) nor more than thirty (30) days after the date of the Fundamental Change Notice (as defined below) in respect of such Fundamental Change at a repurchase price per share equal to 100% of the Liquidation Preference of the 9.5% Cumulative Convertible Preferred Shares to be repurchased, plus an amount equal to any accumulated and unpaid distributions not included in the Liquidation Preference up to, but excluding, the Fundamental Change Repurchase Date. Notwithstanding the foregoing, if a Fundamental Change Repurchase Date is after a Distribution Record Date but on or prior to the corresponding Distribution Payment Date, the Company will pay the full amount of accumulated and unpaid distributions on such Distribution Payment Date to the holder of record at the close of business on the corresponding Distribution Record Date. Notwithstanding the foregoing, no 9.5% Cumulative Convertible Preferred Shares may be surrendered for repurchase pursuant to this Section 3.h in connection with a merger, consolidation, conversion or other transaction effected solely for the purpose of changing the Company's jurisdiction of organization to any other state within the United States.

ii. Before the fifteenth (15th) day after the occurrence of a Fundamental Change, the Company shall mail or cause to be mailed to all holders of record on the date of the Fundamental Change a notice (the "Fundamental Change Notice") of the occurrence of such Fundamental Change, of the repurchase right at the option of the holders arising as a result thereof and the Fundamental Change Conversion Date (as defined below).

Each Fundamental Change Notice shall specify (A) the circumstances constituting the Fundamental Change, (B) the Fundamental Change Repurchase Date, (C) that; if the holder desires to exercise its repurchase right pursuant to this Section 3.h, the holder must do so on or prior to the close of business on the Fundamental Change Repurchase Date (the "Fundamental Change Expiration Time"), (D) that the holder shall have the right to withdraw any 9.5% Cumulative Convertible Preferred Shares surrendered prior to the Fundamental Change Expiration Time, (E) if the 9.5% Cumulative Convertible Preferred Shares are then convertible, that 9.5% Cumulative Convertible Preferred Shares as to which an Option of Holder to Elect Repurchase (as hereinafter defined) has been given may be converted only if the Option of Holder to Elect Repurchase is withdrawn in accordance with the terms of the Trust Agreement, (F) a description of the procedure that a holder must follow to exercise such repurchase right and to withdraw any surrendered 9.5% Cumulative Convertible Preferred Shares, (G) the place or places where the holder is to surrender such holder's 9.5% Cumulative Convertible Preferred Shares, (H) the amount of accumulated and unpaid distributions in respect of such holder's 9.5% Cumulative Convertible Preferred Shares to the Fundamental Change Repurchase Date and (I) the CUSIP number or numbers of the 9.5% Cumulative Convertible Preferred Shares (if then generally in use).

No failure of the Company to give the foregoing notices and no defect therein shall limit the holders' repurchase rights or affect the validity of the proceedings for the repurchase of the 9.5% Cumulative Convertible Preferred Shares pursuant to this Section 3.h.

iii. Repurchases of 9.5% Cumulative Convertible Preferred Shares under this Section 3.h shall be made, at the option of the holder thereof, upon delivery to the Company, prior to the Fundamental Change Expiration Time, at the address specified in the

applicable Fundamental Change Notice by a holder of a duly completed and executed notice (the "Option of Holder to Elect Repurchase") in the form set forth on the reverse of the 9.5% Cumulative Convertible Preferred Share.

The Company shall not be required to purchase from any holder, fractions of a 9.5% Cumulative Convertible Preferred Share.

Notwithstanding anything herein to the contrary, any holder delivering to the Company the Option of Holder to Elect Repurchase contemplated by this Section 3.h shall have the right to withdraw such Option of Holder to Elect Repurchase at any time prior to the Fundamental Change Expiration Time by delivery of a written notice of withdrawal to the Company in accordance with Section 3.h.iv below. 9.5% Cumulative Convertible Preferred Shares in respect of which an Option of Holder to Elect Repurchase has been given by the holder thereof may not be converted pursuant to Section 6 hereof on or after the date of the delivery of such Option of Holder to Elect Repurchase unless such Option of Holder to Elect Repurchase has first been validly withdrawn.

For a 9.5% Cumulative Convertible Preferred Share to be so repurchased at the option of the holder, the Company must receive at the address specified in the Fundamental Change Notice a share certificate, if any, in respect of such 9.5% Cumulative Convertible Preferred Share duly endorsed for transfer in favor of the Company (or an affidavit of lost share certificate in respect thereof together with either, at the option of the Company in its sole discretion, an indemnity agreement or indemnity bond), together with the form entitled "Option of Holder to Elect Repurchase" on the reverse thereof duly completed and such 9.5% Cumulative Convertible Preferred Share duly endorsed for transfer, on or before the Fundamental Change Expiration Time. All questions as to the validity, eligibility (including time of receipt) and acceptance of any 9.5% Cumulative Convertible Preferred Share for repurchase shall be determined by the Company, the determination of which shall be final and binding absent manifest error.

iv. An Option of Holder to Elect Repurchase may be withdrawn by means of a written notice of withdrawal delivered to the address specified in the Fundamental Change Notice in accordance with the Option of Holder to Elect Repurchase at any time prior to the Fundamental Change Expiration Time, specifying:

A. the 9.5% Cumulative Convertible Preferred Shares with respect to which such notice of withdrawal is being submitted;

B. the certificate number, if any, of the 9.5% Cumulative Convertible Preferred Shares in respect of which such notice of withdrawal is being submitted; and

C. the amount of 9.5% Cumulative Convertible Preferred Shares, if any, that remain subject to the original Option of Holder to Elect Repurchase.

v. At the Company's election, the Company may, prior to the Fundamental Change Repurchase Date, irrevocably deposit an amount of money sufficient to repurchase all the 9.5% Cumulative Convertible Preferred Shares to be repurchased on the

Fundamental Change Repurchase Date in trust for the holders thereof with a bank or trust company, in which case the Fundamental Change Notice will (i) state the date of such deposit, (ii) specify the office of such bank or trust company as the place of payment of the offer to purchase and (iii) require such holders to surrender the certificates representing such shares at such place on or about, but not later than, the Fundamental Change Repurchase Date against payment of the purchase price therefor (including all accumulated and unpaid distributions to such Fundamental Change Repurchase Date). Any moneys so deposited which remain unclaimed by the holders of the 9.5% Cumulative Convertible Preferred Shares at the end of two years after the Fundamental Change Repurchase Date will be returned by such bank or trust company to the Company.

If on the business day immediately following the Fundamental Change Repurchase Date, the Company or such other bank or trust company, holds money sufficient to repurchase all of the 9.5% Cumulative Convertible Preferred Shares that are to be purchased as of the Fundamental Change Repurchase Date, then, on and after such date, (i) such 9.5% Cumulative Convertible Preferred Shares will cease to be outstanding, (ii) distribution on such 9.5% Cumulative Convertible Preferred Shares will cease to accumulate, and (iii) all other rights of the holders of such 9.5% Cumulative Convertible Preferred Shares will terminate, other than the right to receive the repurchase price upon delivery of the 9.5% Cumulative Convertible Preferred Shares in accordance with this Section 3.h.

vi. The Company will comply with the requirements of Rule 13e-4, Rule 14e-1 and any other tender offer rules under the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), to the extent applicable, and file a Schedule TO or any other required schedule or form under the Exchange Act to the extent then applicable in connection with the repurchase rights of the holders of 9.5% Cumulative Convertible Preferred Shares pursuant to this Section 3.h in the event of a Fundamental Change. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Certificate of Designation governing an offer to purchase upon a Fundamental Change, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the provisions of this Certificate of Designation by virtue of such compliance.

vii. A "Fundamental Change" means the occurrence of any of the following: (A) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all of the Company's assets (determined on a consolidated basis) to any person or group (as such term is used in Section 13(d)(3) of the Exchange Act), (B) the adoption of a plan the consummation of which would result in the Company's liquidation or dissolution, (C) the acquisition, directly or indirectly, by any person or group (as such term is used in Section 13(d)(3) of the Exchange Act), of beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) of more than 50% of the aggregate voting power of the Company's voting shares, (D) during any period of two consecutive years, individuals who at the beginning of such period comprised the Board (together with any new trustees whose election by such Board or whose nomination for election by the Company's shareholders was approved by a vote of 66 2/3% of the Company's trustees then still in office who were either trustees at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board then in office, or (E) the Common Shares cease to be

listed on a national securities exchange or quoted on an over-the-counter market in the United States.

viii. Notwithstanding the foregoing, in the event any Fundamental Change would constitute the payment of a distribution or a liquidation, dissolution or winding up of the Company, then the payment by the Company to any holder of 9.5% Cumulative Convertible Preferred Shares upon a Fundamental Change shall be subject to the rights of all holders of all other of the Company's Shares ranking on parity with the 9.5% Cumulative Convertible Preferred Shares as to the payment of distributions or rights upon the Company's liquidation, dissolution or winding up, to receive payment on parity with the 9.5% Cumulative Convertible Preferred Shares.

i. Compliance with Law. Notwithstanding anything to the contrary contained herein, no redemption or repurchase pursuant to this Section 3 will be made by the Company if such redemption or repurchase is restricted or prohibited by law or would violate any of the Company's agreements or instruments, including, without limitation, the Credit Agreement (as defined below), as the same may from time to time be amended.

4. LIQUIDATION, DISSOLUTION OR WINDING UP.

a. Payment of Distributions and Rights. Subject to the rights of any equity securities ranking on parity with, or senior to, the 9.5% Cumulative Convertible Preferred Shares, including, without limitation, the Cumulative Perpetual Convertible CRA Shares and the 11.0% Cumulative Convertible Preferred Shares, and the then existing and future liabilities, upon liquidation, dissolution or winding up of the Company, the holders of the 9.5% Cumulative Convertible Preferred Shares shall be entitled to the Liquidation Preference per such share plus any accrued and unpaid distributions on such shares not otherwise included in the Liquidation Preference. With respect to the payment of distributions and rights upon the Company's liquidation, dissolution or winding up, the 9.5% Cumulative Convertible Preferred Shares shall rank: (i) senior to (A) the Common Shares; (B) the Convertible Community Reinvestment Act Preferred Shares of the Company and Series A Convertible Community Reinvestment Act Preferred Shares of the Company; and (C) all other equity securities issued by the Company the terms of which acknowledge such ranking; (ii) on a parity with (A) the Cumulative Perpetual Convertible CRA Shares and the 11.0% Cumulative Convertible Preferred Shares; and (B) all other equity securities the terms of which acknowledge such ranking; and (iii) junior to (A) all equity securities issued by the Company whose terms specifically provide that they rank senior to the 9.5% Cumulative Convertible Preferred Shares; and (B) the payment of the Company's then existing and future liabilities (including the Company's indebtedness).

The 9.5% Cumulative Convertible Preferred Shares shall not be entitled to CRA Credits. "CRA Credits" are an allocation of the value of any assets owned directly or indirectly by the Company which a Cumulative Perpetual Convertible CRA Shareholder or holder of a parity security may be able to report under the "investment test" promulgated under the Community Reinvestment Act of 1977, as amended from time to time and as affected by the Gramm-Leach-Bliley Act, enacted on November 12, 1999 (the "CRA").

b. Additional Issuances. The Company may issue, without consent of the holders of 9.5% Cumulative Convertible Preferred Shares ("Cumulative Convertible Preferred Shareholders"): (i) additional Common Shares; (ii) securities that rank on parity with or junior to the 9.5% Cumulative Convertible Preferred Shares with respect to payment of distributions and rights upon the Company's liquidation, dissolution or winding up, including, without limitation, 9.5% Cumulative Convertible Preferred Shares, Cumulative Perpetual Convertible CRA Shares and 11.0% Cumulative Convertible Preferred Shares; and (iii) additional securities which rank senior to the 9.5% Cumulative Convertible Preferred Shares solely with respect to CRA Credit allocations and not with respect to payment of distributions and rights upon the Company's liquidation, dissolution or winding up; and (iv) subject to Section 5.c.ii, additional indebtedness.

5. VOTING RIGHTS.

a. General. To the extent not prohibited by the rules of the NYSE and any other national or regional securities exchange or system of automated dissemination of quotation of securities prices in the United States on which the Common Shares are then traded or quoted, the 9.5% Cumulative Convertible Preferred Shares shall be entitled to vote together with the holders of Common Shares as a single class (together with any other securities issued by the Company that are entitled to vote together with the Common Shares with respect to the matter to be voted upon) on all matters that holders of Common Shares are entitled to vote upon, with each 9.5% Cumulative Convertible Preferred Share entitled to such number of votes as are equal to the number of whole Common Shares such 9.5% Cumulative Convertible Preferred Share would be convertible into as of the record date for any such vote of Common Shares regardless of whether the 9.5% Cumulative Convertible Preferred Shares are then so convertible.

b. Outstanding Distributions/Redemption Payment. Whenever (i) distributions on any 9.5% Cumulative Convertible Preferred Shares are in arrears for six or more quarterly periods or (ii) the Company fails to pay the redemption price on any Redemption Date, in each case, subject to the provisions of and in accordance with the Trust Agreement, the holders of a majority in interest of the 9.5% Cumulative Convertible Preferred Shares and the holders of any other parity preferred shares upon which like voting rights have been conferred and are exercisable, including, but not limited to, the Cumulative Perpetual Convertible CRA Shares and the 11.0% Cumulative Convertible Preferred Shares, if applicable (voting together as a single class with all holders of other parity preferred shares upon which like voting rights have been conferred and are exercisable) will be entitled to nominate and elect two trustees to the Board for a one-year term. In exercising their rights to nominate and elect such trustees under this Section 5.b., the holders of the 9.5% Cumulative Convertible Preferred Shares shall comply with all requirements as to the composition of the Board set forth in the Trust Agreement, including any certificates of designation, and the Company Bylaws. During the period of any such arrearage, the Board shall increase the size of the Board by two members to accommodate the two additional trustees. Upon the cure of such arrearage, the two additional trustees shall immediately cease to be trustees and the size of the Board shall be reduced by two members. Such election shall be held at a special meeting of such shareholders and at each subsequent annual meeting until all arrearages and the distributions on the 9.5% Cumulative Convertible Preferred Shares and such other preferred shares have been fully paid or a sum sufficient for the full payment thereof has been irrevocably set apart. Vacancies for trustees elected by holders of

9.5% Cumulative Convertible Preferred Shares and such other preferred shares shall be filled by the remaining trustee so elected then in office or, if there is no such remaining trustee, by the holders of a majority of the outstanding 9.5% Cumulative Convertible Preferred Shares and such other preferred shares voting together as a single class. A trustee elected by the holders of 9.5% Cumulative Convertible Preferred Shares and such other preferred shares may be removed with or without cause only by the holders of a majority of the outstanding 9.5% Cumulative Convertible Preferred Shares and such other preferred shares voting together as a single class. Trustees elected by the holders of the 9.5% Cumulative Convertible Preferred Shares shall not be divided into the classes of the Board and the term of office of all trustees elected by the holders of 9.5% Cumulative Convertible Preferred Shares will terminate immediately upon the termination of the rights of the holders of 9.5% Cumulative Convertible Preferred Shares to vote for trustees and upon such termination the total number of trustees constituting the entire Board will automatically be reduced by two. In accordance with the provisions of this Section 5.b, holders of 9.5% Cumulative Convertible Preferred Shares shall be entitled to one vote per share, provided that if one or more additional classes of parity preferred shares is entitled to vote along together with the holders of the 9.5% Cumulative Convertible Preferred Shares, including, without limitation, the Cumulative Perpetual Convertible CRA Shares and the 11.0% Cumulative Convertible Preferred Shares, if applicable, then the holders of each class of shares will have voting rights proportional to the relative amounts of liquidation preference and accumulated and unpaid distributions outstanding in respect of each class.

c. Required Consent. So long as any 9.5% Cumulative Convertible Preferred Shares or 11.0% Cumulative Convertible Preferred Shares remain outstanding, the Company may not,

i. without the affirmative vote or consent of the holders of at least a majority of, the holders of a majority in interest of the 9.5% Cumulative Convertible Preferred Shares and the 11.0% Cumulative Convertible Preferred Shares (voting together as a single class) outstanding at the time, given in person or by proxy, either in writing or at a meeting, (i) authorize or create, or increase the authorized or issued amount of, any class or series of the Company's shares ranking, with respect to the payment of distributions or rights upon the Company's liquidation, dissolution or winding up, senior to 9.5% Cumulative Convertible Preferred Shares and the 11.0% Cumulative Convertible Preferred Shares, or reclassify any authorized shares into such shares, or create, authorize or issue any obligation or security convertible or exchangeable into, or evidencing the right to purchase any, such shares or (ii) amend, alter or repeal the provisions of the Trust Agreement or the 9.5% Cumulative Convertible Preferred Shares or the 11.0% Cumulative Convertible Preferred Shares, whether by merger, conversion or consolidation (an "Event") or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the 9.5% Cumulative Convertible Preferred Shares and the 11.0% Cumulative Convertible Preferred Shares or the holders thereof; provided, however, with respect to the occurrence of any of the Events set forth in (ii) above, so long as 9.5% Cumulative Convertible Preferred Shares and the 11.0% Cumulative Convertible Preferred Shares remain outstanding with the terms thereof materially unchanged, taking into account that, upon the occurrence of an Event, the Company may not be the surviving entity, the occurrence of any such Event will not be deemed to materially adversely affect the rights, preferences, privileges or voting powers of the 9.5% Cumulative Convertible Preferred Shares and the 11.0% Cumulative Convertible Preferred Shares or the holders thereof; and provided,

further, that (x) any increase in the amount of the authorized Preferred Shares or the creation or issuance of any other Preferred Shares, or (y) any increase in the amount of authorized 9.5% Cumulative Convertible Preferred Shares, Cumulative Perpetual Convertible CRA Shares or 11.0% Cumulative Convertible Preferred Shares, in each case ranking, as to payment of distributions or rights upon the Company's liquidation, dissolution or winding up, on a parity with or junior to the 9.5% Cumulative Convertible Preferred Shares, will not be deemed to materially adversely affect such rights, preferences, privileges or voting powers; and

ii. without the affirmative vote or consent of the holders of at least a majority of 9.5% Cumulative Convertible Preferred Shares and the 11.0% Cumulative Convertible Preferred Shares (voting together as a single class) outstanding at the time, given in person or by proxy, either in writing or at a meeting, incur any indebtedness or issue any capital stock, the incurrence or issuance of which would cause a default in the "Consolidated EBITDA to Fixed Charges Ratio" covenant contained in Section 10.15 of the Revolving Credit and Term Loan Agreement, dated as of December 27, 2007, by and among the Company and Centerline Capital Group Inc., as Borrowers named therein, and certain entities named therein as Guarantors, Bank of America, N.A. and other entities party thereto from time to time as lenders, and Bank of America, N.A., as Swingline Lender and as Administrative Agent on behalf of the Lenders, as the same may be amended from time to time (the "Credit Agreement"), assuming for purposes of this section 5.c.ii that the ratio of Consolidated EBITDA (as defined in the Credit Agreement) to Fixed Charges (as defined in the Credit Agreement) required to be maintained is measured for the period of the last 12 months then ending and is required to be equal to or greater than 1.5 to 1.0.

6. CONVERSION.

a. Optional Right to Convert; Conversion Formula; Automatic Conversion. To the extent permitted by the rules of the NYSE and any other national or regional securities exchange or system of automated dissemination of quotation of securities prices in the United States on which the Common Shares are then traded or quoted and upon compliance with the provisions of this Section 6, 9.5% Cumulative Convertible Preferred Shares may be converted into Common Shares at the Cumulative Convertible Preferred Shareholder's option in whole or in part at any time after the date hereof initially at a conversion rate per $11.70 Liquidation Preference equal to 0.9474 (representing the quotient of 0.9474 obtained by dividing $11.70 by $12.35) (the "Conversion Rate"), which is equivalent to an initial conversion price of $12.35 per Common Share (subject to adjustment in accordance with the provisions of this Section 6).

b. Mechanics of Conversion; Fractional Shares.

i. Each Cumulative Convertible Preferred Shareholder who desires to convert its 9.5% Cumulative Convertible Preferred Shares into Common Shares shall provide notice to the Company's offices in the form of the Notice of Conversion attached to this Certificate of Designation (a "Conversion Notice") via telecopy, hand delivery or other mail or messenger service. The original Conversion Notice and the certificate or certificates representing the 9.5% Cumulative Convertible Preferred Shares for which conversion is elected,

shall be delivered to the Company by nationally recognized courier, duly endorsed. The date upon which a Conversion Notice is initially received by the Company shall be a "Notice Date".

Each conversion will be deemed to have been effected immediately prior to the close of business on the date on which the certificate representing 9.5% Cumulative Convertible Preferred Shares shall have been surrendered and notice shall have been received by the Company or in the case of a conversion pursuant to Section 6.a.ii., on the 20th Trading Day upon which the condition contained therein is met, and the conversion shall be at the Conversion Rate in effect at such time and on such date.

The Company shall use all reasonable efforts to issue and deliver within three (3) business days after the Notice Date, to such Cumulative Convertible Preferred Shareholder at the address of the holder on the books of the Company, a certificate or certificates for the number of Common Shares to which the holder shall be entitled as set forth herein; provided that the original certificates representing the 9.5% Cumulative Convertible Preferred Shares to be converted are received by the transfer agent or the Company within three (3) business days after the Notice Date and the Person or Persons entitled to receive the Common Shares issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Common Shares on such date such original certificates are received.

ii. If the Conversion Rate results in a Cumulative Convertible Preferred Shareholder being entitled to receive a fractional Common Share with respect to the aggregate 9.5% Cumulative Convertible Preferred Shares being converted pursuant to a Conversion Notice, in lieu of the issuance of such fractional Common Share, the Company shall pay to the Cumulative Convertible Preferred Shareholder cash in an amount equal to the closing price of a Common Share at the close of business on the trading day prior to the conversion date multiplied by the fraction representing the fractional share.

c. Anti-Dilution Adjustments to Conversion Rate.

i. If, prior to the conversion of all 9.5% Cumulative Convertible Preferred Shares, the number of issued and outstanding Common Shares is increased by a payment of distributions in Common Shares on any class or series of the Company's shares or other similar event, then the Conversion Rate in effect immediately prior to the close of business on the Record Date shall be increased by multiplying such Conversion Rate by a fraction:

(a) the numerator of which shall be the sum of the total number of Common Shares outstanding at the close of business on such Record Date and the total number of Common Shares with respect to such distribution; and

(b) the denominator of which shall be the number of Common Shares outstanding at the close of business on such Record Date.

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date fixed for such determination. If any distribution of the type described in this Section 6.c.i is declared but not so paid or made, the Conversion Rate shall again be

adjusted to the Conversion Rate which would then be in effect if such distribution had not been declared.

ii. If, prior to the conversion of all 9.5% Cumulative Convertible Preferred Shares, the Company subdivides, combines, reclassifies or splits its outstanding Common Shares into a greater number of Common Shares, the Conversion Rate in effect immediately prior to the opening of business on the day following the day upon which such subdivision, reclassification or split becomes effective shall be proportionately increased, and, conversely, in case the Company shall, while any of the 9.5% Cumulative Convertible Preferred Shares are outstanding, combine or reclassify its outstanding Common Shares into a smaller number of Common Shares, the Conversion Rate in effect immediately prior to the opening of business on the day following the day upon which such combination or reclassification becomes effective shall be proportionately reduced, such increase or reduction, as the case may be, to become effective immediately prior to the opening of business on the day following the day upon which such subdivision, reclassification, split or combination becomes effective, so that any 9.5% Cumulative Convertible Preferred Shares thereafter surrendered for conversion shall be entitled to receive that number of Common Shares which it would have received had such 9.5% Cumulative Convertible Preferred Shares been converted immediately prior to the happening of such event adjusted as a result of such event;

iii. If, prior to the conversion of all 9.5% Cumulative Convertible Preferred Shares, the Company issues rights or warrants to all or substantially all holders of our outstanding Common Shares entitling them to subscribe for or purchase Common Shares (or securities convertible into or exchangeable or exercisable for Common Shares), at a price per share (or having a conversion, exchange or exercise price per share) less than the average of the closing sales prices (the "Closing Sales Price") of a Common Share on the NYSE or any other national or regional securities exchange or other over-the-counter market in the United States on which the Common Shares are then traded or quoted on the ten trading days immediately preceding the date of the announcement by public notice of such issuance or distribution (treating the conversion, exchange or exercise price per Common Share of the securities convertible, exchangeable or exercisable for Common Shares as equal to (x) the sum of (i) the price for a unit of the security convertible into or exchangeable or exercisable for Common Shares and (ii) any additional consideration initially payable upon the conversion of or exchange or exercise for such security into Common Shares divided by (y) the number of Common Shares initially underlying such convertible, exchangeable or exercisable security), then the Conversion Rate shall be increased by multiplying the Conversion Rate in effect at the opening of business on the date after such date of announcement by a fraction:

(a) the numerator of which shall be the number of Common Shares outstanding at the close of business on the date of announcement, plus the total number of additional Common Shares so offered for subscription or purchase (or into which the convertible, exchangeable or exercisable securities so offered are convertible, exchangeable or exercisable); and

(b) the denominator of which shall be the number of Common Shares outstanding on the close of business on the date of

announcement, plus the number of Common Shares (or convertible, exchangeable or exercisable securities) which the aggregate offering price of the total number of Common Shares (or convertible, exchangeable or exercisable securities) so offered for subscription or purchase (or the aggregate conversion, exchange or exercise price of the convertible, exchangeable or exercisable securities so offered) would purchase at such Closing Sale Price of the Common Shares.

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date for such determination. To the extent that Common Shares (or securities convertible, exchangeable or exercisable into Common Shares) are not delivered pursuant to such rights or warrants, upon the expiration or termination of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of the delivery of only the number of Common Shares (or securities convertible, exchangeable or exercisable into Common Shares) actually delivered. In the event that such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if the Record Date fixed for the determination of shareholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase Common Shares at less than such Closing Sale Price, and in determining the aggregate offering price of such Common Shares, there shall be taken into account any consideration received for such rights or warrants, the value of such consideration if other than cash, to be determined by the Board.

iv. (A) If, prior to the conversion of all 9.5% Cumulative Convertible Preferred Shares, the Company, by distribution or otherwise, distributes to all or substantially all holders of its outstanding Common Shares (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing Company and the Common Shares are not changed or exchanged), capital stock, evidences of its indebtedness or other assets, including securities, (including capital stock of any subsidiary of the Company) but excluding (a) dividends or distributions of Common Shares referred to in Section 6.c.i; (b) any rights or warrants referred to in Section 6.c.iii; (c) dividends and distributions paid exclusively in cash and (d) dividends and distributions of securities or other property or assets (including cash) in connection with a merger, consolidation, statutory share exchange, tender offer for all or substantially all of our Common Shares or sale of all or substantially all of the Company's assets to which Section 6.c.v applies (such securities, evidence of its indebtedness or other assets being distributed hereinafter in this Section 6.c.iv called the "Distributed Assets"), then, in each such case, subject to paragraphs (D) and (E) of this Section 6.c.iv., the Conversion Rate shall be increased by multiplying the Conversion Rate in effect immediately prior to the close of business on the Record Date with respect to such distribution by a fraction:

(a) the numerator of which shall be the Current Market Price; and

(b) the denominator of which shall be such Current Market Price, less the Fair Market Value on such date of the portion of the

Distributed Assets so distributed applicable to one Common Share (determined on the basis of the number of Common Shares outstanding on such Record Date) on such date.

Such increase shall become effective immediately prior to the opening of business on the day following the Record Date for such distribution. In the event that such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such dividend or distribution had not been declared.

(B) If the Board determines the Fair Market Value of any distribution for purposes of this Section 6.c.iv by reference to the actual or when issued trading market for any Distributed Assets comprising all or part of such distribution, it must in doing so consider the prices in such market over the same period (the "Reference Period") used in computing the Current Market Price pursuant to this Section 6.c.iv to the extent possible, unless the Board determines in good faith that determining the Fair Market Value during the Reference Period would not be in the best interest of the holders of the 9.5% Cumulative Convertible Preferred Shares.

(C) In the event any such distribution consists of capital stock or Common Shares of, or similar equity interests in, one or more of the Company's subsidiaries (a "Spin Off"), the Fair Market Value of the securities to be distributed shall equal the average of the Closing Sale Prices of such securities for the five consecutive trading days commencing on and including the sixth trading day of those securities after the effectiveness of the Spin Off, and the Current Market Price shall be measured for the same period. In the event, however, that an underwritten initial public offering of the securities in the Spin Off occurs simultaneously with the Spin Off, the Fair Market Value of the securities distributed in the Spin Off shall mean the initial public offering price of such securities and the Current Market Price shall mean the Closing Sale Price for the Common Shares on the same trading day.

(D) Rights or warrants distributed by the Company to all holders of the outstanding Common Shares entitling them to subscribe for or purchase equity securities of the Company (either initially or under certain circumstances), which rights or warrants, until the occurrence of a specified event or events ("Trigger Event"), (x) are deemed to be transferred with such Common Shares, (y) are not exercisable and (z) are also issued in respect of future issuances of Common Shares, shall be deemed not to have been distributed for purposes of this Section 6.c.iv (and no adjustment to the Conversion Rate under this Section shall be required) until the occurrence of the earliest Trigger Event. If such right or warrant is subject to subsequent events, upon the occurrence of which such right or warrant shall become exercisable to purchase different Distributed Assets, or entitle the holder to purchase a different number or amount of the foregoing Distributed Assets or to purchase any of the foregoing Distributed Assets at a different purchase price, then the occurrence of each such event shall be deemed to be the date of issuance and Record Date with respect to a new right or warrant (and a termination or expiration of the existing right or warrant without exercise by the holder thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants, or any Trigger Event or other event (of the type described in the preceding sentence) with respect thereto, that resulted in an adjustment to the Conversion Rate under this Section 6.c.iv:

(a) in the case of any such rights or warrants which shall all have been repurchased without exercise by any holders thereof, the Conversion Rate shall be readjusted upon such final repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share repurchase price received by a holder of Common Shares with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of Common Shares as of the date of such repurchase; and

(b) in the case of such rights or warrants which shall have expired or been terminated without exercise, the Conversion Rate shall be readjusted as if such rights and warrants had never been issued.

(E) For purposes of this Section 6.c.iv and Section 6.c.i, Section 6.c.ii and Section 6.c.iii, any dividend or distribution to which this Section 6.c.iv is applicable that also includes (x) Common Shares to which Section 6.c.i applies, (y) a subdivision, split or combination of shares of Common Shares to which Section 6.c.ii applies or (z) rights or warrants to subscribe for or purchase Common Shares to which Section 6.c.iii applies (or any combination thereof), shall be deemed instead to be:

(a) a dividend or distribution of the evidences of indebtedness, assets, shares of capital stock, rights or warrants, other than such Common Shares, such subdivision, split or combination or such rights or warrants to which Section 6.c.i, Section 6.c.ii and Section 6.c.iii apply, respectively (and any Conversion Rate adjustment required by this Section 6.c.iv with respect to such dividend or distribution shall then be made), immediately followed by

(b) a dividend or distribution of such Common Shares, such subdivision, split or combination or such rights or warrants (and any further Conversion Rate increase required by Section 6.c.i, Section 6.c.ii and Section 6.c.iii with respect to such dividend or distribution shall then be made), except:

the Record Date of such dividend or distribution shall be substituted as (x) "the date fixed for the determination of shareholders entitled to receive such distribution" and "Record Date" within the meaning of Section 6.c.i, (y) "the day upon which such subdivision, reclassification or split becomes effective" or "the day upon which such combination or reclassification becomes effective" (as applicable) within the meaning of Section 6.c.ii, and (z) as "the Record Date fixed for the determination of shareholders entitled to receive such rights or warrants" and such "Record Date" within the meaning of Section 6.c.iii; and (ii) any reduction or increase in the number of Common Shares resulting from such subdivision, split or combination (as applicable) shall be disregarded in connection with such dividend or distribution.

v. If, prior to the conversion of all 9.5% Cumulative Convertible Preferred Shares, the Company shall be a party to any transaction (including, without limitation, a merger, consolidation, statutory share exchange, tender offer for all or

substantially all of our Common Shares or sale of all or substantially all of the Company's assets), as a result of which Common Shares shall be converted into the right to receive securities or other property (including cash or any combination thereof), each 9.5% Cumulative Convertible Preferred Share, if any share thereof remains outstanding and is convertible after the consummation of the transaction, shall thereafter be convertible into the kind and amount of shares and other securities and property (including cash or any combination thereof) receivable upon the consummation of such transaction by a holder of that number of Common Shares or fraction thereof into which one 9.5% Cumulative Convertible Preferred Share was convertible immediately prior to such transaction, assuming such 9.5% Cumulative Convertible Preferred Shareholder failed to exercise any rights of election to convert (provided that if the kind and amount of stock or beneficial interest, securities and other property so receivable is not the same for each non-electing share, the kind and amount so receivable by each non-electing share shall be deemed to bé the kind and amount received per share by a plurality of non-election shares). The Company may not become a party to any such transaction unless the terms thereof are consistent with the foregoing.

vi. If, prior to the conversion of all 9.5% Cumulative Convertible Preferred Shares, the Company makes cash distributions (other than distributions in connection with the Company's liquidation, dissolution or winding up, distributions on the Cumulative Perpetual Convertible CRA Shares, the 11.0% Cumulative Convertible Preferred Shares or other Preferred Shares, ordinary course distributions or quarterly distributions consisting exclusively of cash to all holders of Common Shares equal to or less than $0.15 per share, subject to adjustment for subdivisions, combinations, reclassifications or splits of the Company's Common Shares), the Conversion Rate shall be adjusted so that the same shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to the close of business on the date fixed for determination of the shareholders entitled to receive such distribution by a fraction:

(a) the numerator of which shall be equal to the Current Market Price per Common Share on the date fixed for such determination; and

(b) the denominator of which shall be equal to the Current Market Price per Common Share on such date fixed for determination less the amount per Common Share of such distribution, such adjustment to become effective immediately after the record date fixed for the determination of shareholders entitled to receive such distribution.

Notwithstanding the foregoing, in cases where (A) the per share amount of such distribution equals or exceeds the Current Market Price of the Common Shares, or (B) the Current Market Price of the Common Shares exceeds the per share amount of such distribution by less than $1.00, in lieu of the adjustment set forth in this Section 6.c.vi., holders will have the right to receive upon conversion, in addition to Common Shares, if any, such distribution such holders would have received upon conversion of such holders' 9.5% Cumulative Convertible

Preferred Shares if they had been converted immediately prior to the record date.

vii. No adjustment of the Conversion Rate is required to be made in any case until cumulative adjustments amount to 1% or more of the Conversion Rate. Any adjustments not so required to be made will be carried forward and taken into account in subsequent adjustments.

viii. In addition to the foregoing adjustments, the Company is permitted to make such reductions in the conversion price as the Company considers to be advisable in order that any event treated for federal income tax purposes as a dividend of stock or stock rights will not be taxable to the holders of Common Shares.

ix. For purposes of this Section 6.c, the following terms shall have the meanings indicated:

(a) "Current Market Price" on any date means the average of the daily Closing Sale Prices per Common Share for the ten consecutive trading days immediately prior to such date; provided, however, that if: (1) the "ex" date (as hereinafter defined) for any event (other than the issuance or distribution requiring such computation of Current Market Price) that requires an adjustment to the Conversion Rate pursuant to Section 6.c.i, Section 6.c.ii, Section 6.c.iii, or Section 6.c.iv occurs during such ten consecutive trading days, the Closing Sale Price for each trading day prior to the "ex" date for such other event shall be adjusted by multiplying such Closing Sale Price by the same fraction by which the Conversion Rate is so required to be adjusted as a result of such other event; (2) the "ex" date for any event (other than the issuance or distribution requiring such computation of Current Market Price) that requires an adjustment to the Conversion Rate pursuant to Section 6.c.i, Section 6.c.ii, Section 6.c.iii, or Section 6.c.iv occurs on or after the "ex" date for the issuance or distribution requiring such computation and prior to the day in question, the Closing Sale Price for each trading day on and after the "ex" date for such other event shall be adjusted by multiplying such Closing Sale Price by the reciprocal of the fraction by which the Conversion Rate is so required to be adjusted as a result of such other event; and (3) the "ex" date for the issuance or distribution requiring such computation is prior to the day in question, after taking into account any adjustment required pursuant to clause (i) or (ii) of this proviso, the Closing Sale Price for each trading day on or after such "ex" date shall be adjusted by adding thereto the amount of any cash and the Fair Market Value (as determined by the Board in a manner consistent with any determination

of such value for purposes of Section 6.c.iv) of the evidences of indebtedness, shares of capital stock or assets being distributed applicable to one Common Share as of the close of business on the day before such "ex" date. For purposes hereof, the "ex" date is the date on or after which a Common Share is traded without a previously declared issuance or distribution pursuant to the rules of a securities exchange upon which the Common Shares are then listed and traded.

Notwithstanding the foregoing, whenever successive adjustments to the Conversion Rate are called for pursuant to this Section 6.c, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this Section 6.c and to avoid unjust or inequitable results as determined in good faith by the Board.

(b) "Fair Market Value" means the amount which a willing buyer would pay a willing seller in an arm's length transaction (as determined by the Board, whose determination shall be made in good faith and, absent manifest error, shall be final and binding on holders of the 9.5% Cumulative Convertible Preferred Shares).

(c) "Record Date" means, with respect to any dividend, distribution or other transaction or event in which the holders of Common Shares have the right to receive any cash, securities or other property or in which the Common Shares (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of shareholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board or by statute, contract or otherwise).

d. Adjustment to Conversion Rate Upon a Fundamental Change.

i. If and only to the extent a holder of 9.5% Cumulative Convertible Preferred Shares elects to convert its 9.5% Cumulative Convertible Preferred Shares pursuant to Section 6(a) in connection with a Fundamental Change, the Company shall increase the Conversion Rate applicable to the shares of 9.5% Cumulative Convertible Preferred Shares surrendered for conversion by a number of additional Common Shares (the "Additional Shares"), if any, as set forth in this Section 6(d). A conversion shall be deemed for the purposes of this Section 6 to be "in connection with" a Fundamental Change if the applicable Conversion Notice is received by the Company from and including the Effective Date of such Fundamental Change up to and including the Fundamental Change Conversion Date for that Fundamental Change. If a holder elects to convert 9.5% Cumulative Convertible Preferred Shares in connection with a Fundamental Change, but such Fundamental Change is not consummated, then such holder shall

not be entitled to the increased Conversion Rate referred to above in connection with the conversion.

ii. The number of Additional Shares, if any, shall be determined by reference to the table below, based on the Effective Date of such Fundamental Change and the Share Price for such Fundamental Change. If an event occurs that requires an adjustment to the Conversion Rate as described in Section 6, each applicable Share Price set forth in the first row of the table below shall be adjusted, concurrently with such adjustment in the Conversion Rate, multiplying the Share Price in effect immediately before the adjustment by a fraction, the numerator of which is the Conversion Rate in effect immediately before the adjustment, and the denominator of which is the adjusted Conversion Rate. In addition, but without duplication of the adjustment pursuant to the preceding sentence, if an event occurs that requires an adjustment to the Conversion Rate as described in Section 6, each applicable number of Additional Shares set forth in the table below shall be adjusted concurrently and in the same manner in which the Conversion Rate is adjusted as described in Section 6.

Number of Additional Shares[1]
(per $11.70 liquidation preference of 9.5% Cumulative Convertible Preferred Shares)

	Share Price						
Effective Date	**$10.27**	**$10.75**	**$12.50**	**$15.00**	**$17.50**	**$20.00**	**$25.00**
1/25/2008	0.0509	0.0932	0.0639	0.0379	0.0217	0.0111	0.0000
1/23/2009	0.0509	0.0849	0.0563	0.0318	0.0173	0.0079	0.0000
1/23/2010	0.0509	0.0737	0.0459	0.0234	0.0109	0.0032	0.0000
1/23/2011	0.0509	0.0621	0.0340	0.0133	0.0031	0.0000	0.0000
1/23/2012	0.0509	0.0497	0.0192	0.0000	0.0000	0.0000	0.0000
1/23/2013	0.0509	0.0402	0.0000	0.0000	0.0000	0.0000	0.0000
1/23/2014	0.0509	0.0404	0.0000	0.0000	0.0000	0.0000	0.0000
1/23/2015	0.0509	0.0403	0.0000	0.0000	0.0000	0.0000	0.0000
1/23/2016	0.0509	0.0391	0.0000	0.0000	0.0000	0.0000	0.0000
1/23/2017	0.0509	0.0319	0.0000	0.0000	0.0000	0.0000	0.0000
1/23/2018	0.0509	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

iii. The exact applicable Share Price and the Effective Date of such Fundamental Change may not be set forth in the table above, in which case:

A. if the actual applicable Share Price is between two applicable Share Prices listed in the table above, and/or the actual Effective Date of such Fundamental Change is between two dates listed in the table above, the Company shall determine the number of additional shares by linear interpolation between the numbers of additional shares set forth for the two applicable prices, or for the two dates based on a 365-day year, as applicable;

B. if the actual applicable Share Price is greater than $25.00 per share (subject to adjustment as provided below, the "Cap Price"), no Additional Shares shall be issuable and the Conversion Rate shall not increase in connection with a Fundamental Change; and

[1] Need to revise chart to reflect an equivalent formulation based on an initial $12.35 conversion price.

C. if the actual applicable Share Price is less than $10.27[2] per share (subject to adjustment as provided below, the "Floor Price"), no Additional Shares shall be issuable and the Conversion Rate shall not increase in connection with a Fundamental Change.

iv. In no event shall Additional Shares be issuable if, after giving effect thereto, the Conversion Rate would exceed 1.1392[3] (the "Cap Conversion Rate"). If an event occurs that requires an adjustment to the Conversion Rate as described in Section 6, each of the Cap Price, the Floor Price and the Cap Conversion Rate shall be adjusted concurrently and in the same manner in which the Conversion Rate is adjusted as described in Section 6.

v. The Company shall mail to holders of 9.5% Cumulative Convertible Preferred Shares notice of, or publicly announce (with subsequent prompt notice by mail), the anticipated effective date of any proposed Fundamental Change at least 15 days before the anticipated Effective Date of such Fundamental Change. In addition, no later than the third Business Day after the completion of such Fundamental Change, the Company shall publicly announce such completion.

vi. For purposes of this Section 6(d), the following terms shall have the following meanings:

(a) "Effective Date of such Fundamental Change" means, with respect to a Fundamental Change, the date on which such Fundamental Change occurs or becomes effective.

(b) "Fundamental Change Conversion Date" means, with respect to a Fundamental Change, the date specified as such by the Company in the Fundamental Change Notice delivered pursuant to Section 3(h)(ii), which date shall be a Business Day and shall not be less than 20 days nor more than 35 days after the date on which the Company gives such notice.

(c) "Share Price" means, with respect to a Fundamental Change, an amount determined as follows: (1) if the Fundamental Change is a transaction or series of related transactions and the consideration (excluding cash payments for fractional shares or pursuant to statutory appraisal rights) for Common Shares in the Fundamental Change consists solely of cash, then the Share Price will be the cash amount paid per Common Share in the transaction; (2) if the Fundamental Change is a sale, transfer, lease,

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[2] Need to revise to reflect an equivalent formulation based on an initial $12.35 conversion price.

[3] Need to revise to reflect an equivalent formulation based on an initial $12.35 conversion price.

conveyance or other disposition of property and assets and the consideration paid for the Company's property and assets (or for the property and assets of the Company and its subsidiaries on a consolidated basis) consists solely of cash, then the Share Price will be the cash amount paid for the Company's property and assets, expressed as an amount per Common Share outstanding on the Effective Date of such Fundamental Change; and (3) in all other cases, the Share Price will be the average of the Closing Sale Price per Common Share for the five consecutive Trading Days immediately preceding the Effective Date.

e. Conversion into Common Shares. Upon conversion of the 9.5% Cumulative Convertible Preferred Shares in accordance with this Certificate of Designation and the issuance of a certificate or certificates for the number of Common Shares to which the 9.5% Cumulative Convertible Preferred Shareholder shall be entitled as set forth herein, such 9.5% Cumulative Convertible Preferred Shares shall be deemed automatically canceled and shall cease to be issued or outstanding. The conversion of 9.5% Cumulative Convertible Preferred Shares into Common Shares is hereby authorized and the Common Shares issued upon conversion shall be fully paid and nonassessable undivided beneficial interests in the assets of the Company. The Company shall at all times reserve and keep available out of its authorized but unissued Common Shares, solely for the purpose of effecting the conversion of the 9.5% Cumulative Convertible Preferred Shares, such number of its Common Shares as shall from time to time be sufficient to effect the conversion of all then outstanding 9.5% Cumulative Convertible Preferred Shares; and if at any time the number of authorized but unissued Common Shares shall not be sufficient to effect the conversion of all then outstanding 9.5% Cumulative Convertible Preferred Shares, the Company and the Board shall take such action as may be necessary to increase its authorized but unissued Common Shares to such number of Common Shares as shall be sufficient for such purposes.

7. TRANSFER RESTRICTIONS.

a. Legend.

Any 9.5% Cumulative Convertible Preferred Shares offered in a private offering pursuant to Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"), may be offered and sold only to "accredited investors" within the meaning of Rule 501 under the Securities Act ("Accredited Investors"). Those shares shall be subject to restrictions on transfer as set forth in the Trust Agreement (including this Certificate of Designation) and each such 9.5% Cumulative Convertible Preferred Share certificate must contain a legend substantially to the following effect:

THE 9.5% CUMULATIVE CONVERTIBLE PREFERRED SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS OR ANY OTHER APPLICABLE SECURITIES LAWS, AND CENTERLINE HOLDING COMPANY (THE "ISSUER") HAS NOT BEEN REGISTERED UNDER THE

INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). NEITHER SUCH 9.5% CUMULATIVE CONVERTIBLE PREFERRED SHARES NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, RESOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER, BY ITS ACCEPTANCE HEREOF, AGREES TO OFFER, RESELL OR OTHERWISE TRANSFER THE 9.5% CUMULATIVE CONVERTIBLE PREFERRED SHARES REPRESENTED HEREBY, UNLESS SUCH 9.5% CUMULATIVE CONVERTIBLE PREFERRED SHARES NO LONGER CONSTITUTE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144 UNDER THE SECURITIES ACT, ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) TO ONE OR MORE PERSONS, EACH OF WHICH IS AN "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501 UNDER THE SECURITIES ACT) THAT IS ACQUIRING SUCH 9.5% CUMULATIVE CONVERTIBLE PREFERRED SHARES FOR ITS OWN ACCOUNT FOR INVESTMENT AND NOT WITH A VIEW TO, OR FOR OFFER OR SALE IN CONNECTION WITH, ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT OR OTHER APPLICABLE SECURITIES LAWS OR (D) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN EACH CASE SUBJECT TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH ACCREDITED INVESTOR BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL.

TO THE FULLEST EXTENT PERMITTED BY LAW, ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTION TO THE CONTRARY TO THE ISSUER, THE TRANSFER AGENT OR ANY INTERMEDIARY.

Furthermore, each 9.5% Cumulative Convertible Preferred Share certificate will contain a legend substantially to the following effect:

THE ISSUER WILL FURNISH TO ANY SHAREHOLDER ON REQUEST AND WITHOUT CHARGE A FULL STATEMENT OF (1) ANY RESTRICTIONS, LIMITATIONS, PREFERENCES OR REDEMPTION PROVISIONS CONCERNING THE 9.5% CUMULATIVE CONVERTIBLE PREFERRED SHARES AND (2) THE DESIGNATIONS AND ANY PREFERENCES, CONVERSION AND OTHER RIGHTS, VOTING POWERS, RESTRICTIONS, LIMITATIONS AS TO DISTRIBUTIONS, AND OTHER QUALIFICATIONS AND TERMS AND CONDITIONS OF REDEMPTION OF THE 9.5% CUMULATIVE CONVERTIBLE PREFERRED SHARES, THE DIFFERENCES IN THE RELATIVE RIGHTS AND PREFERENCES BETWEEN THE SHARES OF EACH SERIES OF SUCH CLASS TO THE EXTENT THEY HAVE BEEN SET, AND THE AUTHORITY OF THE BOARD OF TRUSTEES OF THE ISSUER TO SET THE RELATIVE RIGHTS AND PREFERENCES OF SUBSEQUENT SERIES OF 9.5% CUMULATIVE CONVERTIBLE

PREFERRED SHARES. 9.5% CUMULATIVE CONVERTIBLE PREFERRED SHARES WILL BE ISSUED AND MAY BE TRANSFERRED ONLY IN WHOLE SHARES.

8. CAPITALIZED TERMS. Capitalized terms used herein and not otherwise defined are used as defined in the Trust Agreement.

9. SECTION REFERENCES. Unless otherwise stated herein, references to sections shall be deemed to be references to sections of this Certificate of Designation.

10. GOVERNING LAW. This Certificate of Designation shall be interpreted in accordance with the terms of the State of Delaware (without regard to conflict of laws principles), all rights and remedies being governed by such laws.

11. CERTIFICATES. Certificates representing 9.5% Cumulative Convertible Preferred Shares shall include a statement that requires the Company to furnish to any Cumulative Convertible Preferred Shareholder, upon request and without charge, a full statement of (i) any restrictions, limitations, preferences or redemption provisions concerning the 9.5% Cumulative Convertible Preferred Shares and (ii) the designations and any preferences, conversion and other rights, voting powers, restrictions, limitations as to distributions, and other qualifications and terms and conditions of redemption of such 9.5% Cumulative Convertible Preferred Shares and the authority of the Board to set the relative rights and preferences of subsequent series of 9.5% Cumulative Convertible Preferred Shares. Notwithstanding any other provision of the Trust Agreement or the Fifth Amended and Restated Bylaws of the Company (as amended, the "Company Bylaws") to the contrary, a certificate representing 9.5% Cumulative Convertible Preferred Shares shall be validly issued upon the manual signature of any one or more Managing Trustee. Such a certificate need not be countersigned and registered by the Company's transfer agent and/or registrar. The Managing Trustees, acting individually or collectively, shall execute and deliver certificates representing the 9.5% Cumulative Convertible Preferred Shares substantially in the form attached hereto as Exhibit A and incorporated herein by reference, together with such modifications thereto as such Managing Trustee or Managing Trustees shall approve (notwithstanding any other provision of the Trust Agreement or Company Bylaws but subject to the requirements set forth in this Certificate of Designation), such approval to be conclusively, but not exclusively, evidenced by the execution and delivery thereof by such Managing Trustee or Managing Trustees. To the extent that this Section 11 is inconsistent with the Company Bylaws, in accordance with Article XIV of the Company Bylaws, the Company Bylaws, including Article VII of the Company Bylaws, shall be deemed amended for the limited purposes set forth in this Section 11.

12. SEVERABILITY OF PROVISIONS. Each provision of this Certificate of Designation shall be considered severable and if for any reason any provision or provisions herein are determined to be invalid, unenforceable or illegal under any existing or future law, such invalidity, unenforceability or illegality shall not impair the operation of or affect those portions of this Certificate of Designation which are valid, enforceable and legal.

ANNEX TO
CERTIFICATE OF DESIGNATION

NOTICE OF CONVERSION

To: Centerline Holding Company

Reference is made to that certain Certificate of Designation of 9.5% Cumulative Convertible Preferred Shares, Series A-1 (the "9.5% Designation"). Capitalized terms used but not defined herein have the meanings set forth in the 9.5% Designation. Pursuant to the 9.5% Designation, the undersigned, being a holder of 9.5% Cumulative Convertible Preferred Shares (an "Exercising Holder"), hereby elects to exercise its conversion rights as to a portion or portions of its 9.5% Cumulative Convertible Preferred Shares, all as specified opposite its signature below:

Dated:

EXERCISING HOLDER		NUMBER OF 9.5% CUMULATIVE CONVERTIBLE PREFERRED SHARES, SERIES A-1 TO BE CONVERTED TO COMMON SHARES
Name	Signature	_____

Exhibit A-2

AMENDMENT NO. 1 TO THE

CERTIFICATE OF DESIGNATION

OF

11.0% CUMULATIVE CONVERTIBLE PREFERRED SHARES, SERIES A-1

OF

CENTERLINE HOLDING COMPANY

This Amendment No. 1 (this "Amendment") to the Certificate of Designation (the "Certificate of Designation") of the 11.0% Cumulative Convertible Preferred Shares, Series A-1 (the "11.0% Preferred Shares) of Centerline Holding Company, a Delaware statutory trust (the "Trust"), was duly approved by the Trust's Board of Trustees, effective as of _____ ___, 2009. Capitalized terms used and not otherwise defined herein shall for all purposes of this Amendment have the respective meaning as specified by the Certification of Designation.

RECITALS

WHEREAS, the Trust has entered into a Settlement Agreement dated _____ __, 2009 in connection with the settlement of *Carfagno* v. *Schnitzer*, 08 Civ. 912(SAS) (S.D.N.Y.) and other related lawsuits (the "Settlement"); and

WHEREAS pursuant to the Settlement Agreement, the holder of a majority of the outstanding 11.0% Preferred Shares agreed to exchange its 11.0% Preferred Shares for a new series of preferred share of the Trust designated "9.5% Cumulative Convertible Preferred Shares, Series A-1" (the "9.5% Preferred Shares"); and

WHEREAS, the terms of the 9.5% Preferred Shares are intended to be identical to the terms of the 11.0% Preferred Shares other than with respect to the dividend rate and conversion price; and

WHEREAS, the 11% Preferred Shares and the 9.5% Preferred Shares need to continue to be treated as one class in order to maintain equivalent voting rights for all of the original holders of the 11% Preferred Shares; and

WHEREAS, the Board has duly approved and adopted this Amendment to permit the 11% Preferred Shares and the 9.5% Preferred Shares to be treated as one class for voting purposes with respect to certain matters under the Certificate of Designation; and

[WHEREAS, the holders of a majority of the outstanding 11.0% Preferred Shares approved this Amendment by a written consent dated _____ __, 2009 [and the court has also approved the Amendment as part of the Settlement]]

NOW, THEREFORE, the Certificate of Designation is hereby amended effective as of _____ __, 2009, as follows:

1. **Section 5(b)**. Section 5(b) is hereby amended and restated in its entirety as follows:

b. Outstanding Distributions/Redemption Payment. Whenever (i) distributions on any 11.0% Cumulative Convertible Preferred Shares are in arrears for six or more quarterly periods or (ii) the Company fails to pay the redemption price on any Redemption Date, in each case, subject to the provisions of and in accordance with the Trust Agreement, the holders of a majority in interest of the 11.0% Cumulative Convertible Preferred Shares and the holders of any other parity preferred shares upon which like voting rights have been conferred and are exercisable, including, but not limited to, the Cumulative Perpetual Convertible CRA Shares and the 9.5% Cumulative Convertible Preferred Shares, if applicable (voting together as a single class with all holders of other parity preferred shares upon which like voting rights have been conferred and are exercisable) will be entitled to nominate and elect two trustees to the Board for a one-year term. In exercising their rights to nominate and elect such trustees under this Section 5.b., the holders of the 11.0% Cumulative Convertible Preferred Shares shall comply with all requirements as to the composition of the Board set forth in the Trust Agreement, including any certificates of designation, and the Company Bylaws. During the period of any such arrearage, the Board shall increase the size of the Board by two members to accommodate the two additional trustees. Upon the cure of such arrearage, the two additional trustees shall immediately cease to be trustees and the size of the Board shall be reduced by two members. Such election shall be held at a special meeting of such shareholders and at each subsequent annual meeting until all arrearages and the distributions on the 11.0% Cumulative Convertible Preferred Shares and such other preferred shares have been fully paid or a sum sufficient for the full payment thereof has been irrevocably set apart. Vacancies for trustees elected by holders of 11.0% Cumulative Convertible Preferred Shares and such other preferred shares shall be filled by the remaining trustee so elected then in office or, if there is no such remaining trustee, by the holders of a majority of the outstanding 11.0% Cumulative Convertible Preferred Shares and such other preferred shares voting together as a single class. A trustee elected by the holders of 11.0% Cumulative Convertible Preferred Shares and such other preferred shares may be removed with or without cause only by the holders of a majority of the outstanding 11.0% Cumulative Convertible Preferred Shares and such other preferred shares voting together as a single class. Trustees elected by the holders of the 11.0% Cumulative Convertible Preferred Shares shall not be divided into the classes of the Board and the term of office of all trustees elected by the holders of 11.0% Cumulative

Convertible Preferred Shares will terminate immediately upon the termination of the rights of the holders of 11.0% Cumulative Convertible Preferred Shares to vote for trustees and upon such termination the total number of trustees constituting the entire Board will automatically be reduced by two. In accordance with the provisions of this Section 5.b, holders of 11.0% Cumulative Convertible Preferred Shares shall be entitled to one vote per share, provided that if one or more additional classes of parity preferred shares is entitled to vote along together with the holders of the 11.0% Cumulative Convertible Preferred Shares, including, without limitation, the Cumulative Perpetual Convertible CRA Shares and the 9.5% Cumulative Convertible Preferred Shares, if applicable, then the holders of each class of shares will have voting rights proportional to the relative amounts of liquidation preference and accumulated and unpaid distributions outstanding in respect of each class.

2. **Section 5(c)**. Section 5(c) is hereby amended and restated in its entirety as follows:

c. Required Consent. So long as any 11.0% Cumulative Convertible Preferred Shares or 9.5% Cumulative Convertible Preferred Shares remain outstanding, the Company may not,

i. without the affirmative vote or consent of the holders of at least a majority of, the holders of a majority in interest of the 11.0% Cumulative Convertible Preferred Shares and the 9.5% Cumulative Convertible Preferred Shares (voting together as a single class) outstanding at the time, given in person or by proxy, either in writing or at a meeting, (i) authorize or create, or increase the authorized or issued amount of, any class or series of the Company's shares ranking, with respect to the payment of distributions or rights upon the Company's liquidation, dissolution or winding up, senior to 11.0% Cumulative Convertible Preferred Shares and the 9.5% Cumulative Convertible Preferred Shares, or reclassify any authorized shares into such shares, or create, authorize or issue any obligation or security convertible or exchangeable into, or evidencing the right to purchase any, such shares or (ii) amend, alter or repeal the provisions of the Trust Agreement or the 11.0% Cumulative Convertible Preferred Shares or the 9.5% Cumulative Convertible Preferred Shares, whether by merger, conversion or consolidation (an "Event") or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the 11.0% Cumulative Convertible Preferred Shares and the 9.5% Cumulative Convertible Preferred Shares or the holders thereof; provided, however, with respect to the occurrence of any of the Events set forth in (ii) above, so long as 11.0% Cumulative Convertible Preferred Shares and the 9.5% Cumulative Convertible Preferred Shares remain outstanding with the terms thereof materially unchanged, taking into account that, upon the occurrence of an Event, the Company may not be the surviving entity, the

occurrence of any such Event will not be deemed to materially adversely affect the rights, preferences, privileges or voting powers of the 11.0% Cumulative Convertible Preferred Shares and the 9.5% Cumulative Convertible Preferred Shares or the holders thereof; and provided, further, that (x) any increase in the amount of the authorized Preferred Shares or the creation or issuance of any other Preferred Shares, or (y) any increase in the amount of authorized 11.0% Cumulative Convertible Preferred Shares, Cumulative Perpetual Convertible CRA Shares or 9.5% Cumulative Convertible Preferred Shares, in each case ranking, as to payment of distributions or rights upon the Company's liquidation, dissolution or winding up, on a parity with or junior to the 11.0% Cumulative Convertible Preferred Shares, will not be deemed to materially adversely affect such rights, preferences, privileges or voting powers; and

ii. without the affirmative vote or consent of the holders of at least a majority of 11.0% Cumulative Convertible Preferred Shares and the 9.5% Cumulative Convertible Preferred Shares (voting together as a single class) outstanding at the time, given in person or by proxy, either in writing or at a meeting, incur any indebtedness or issue any capital stock, the incurrence or issuance of which would cause a default in the "Consolidated EBITDA to Fixed Charges Ratio" covenant contained in Section 10.15 of the Revolving Credit and Term Loan Agreement, dated as of December 27, 2007, by and among the Company and Centerline Capital Group Inc., as Borrowers named therein, and certain entities named therein as Guarantors, Bank of America, N.A. and other entities party thereto from time to time as lenders, and Bank of America, N.A., as Swingline Lender and as Administrative Agent on behalf of the Lenders, as the same may be amended from time to time (the "Credit Agreement"), assuming for purposes of this section 5.c.ii that the ratio of Consolidated EBITDA (as defined in the Credit Agreement) to Fixed Charges (as defined in the Credit Agreement) required to be maintained is measured for the period of the last 12 months then ending and is required to be equal to or greater than 1.5 to 1.0.

3. **No Further Amendments**. Except as otherwise amended herein, the Certificate of Designation remains unchanged and in full force and effect.

4. **Interpretation**. This Amendment shall be interpreted in accordance with the laws of the State of Delaware (without regard to conflict of laws principles), all rights and remedies being governed by such laws.

5. **Effectiveness**. This Amendment became effective upon the requisite approval of the holders of a majority of the outstanding 11.0% Preferred Shares and the requisite approval of the Board of Trustees.

Exhibit B

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

JOHN CARFAGNO, derivatively on behalf of CENTERLINE HOLDING COMPANY,	:	
Plaintiff,	:	
vs.	:	08 Civ. 912 (SAS)
MARC D. SCHNITZER, et al.,	:	
Defendants.	:	

[PROPOSED] PRELIMINARY APPROVAL ORDER

WHEREAS the above-captioned shareholder derivative action is pending before this Court, and

WHEREAS Plaintiff, Centerline Holding Company ("Centerline" or the "Company") and Defendants (the "Parties") have applied to the Court, pursuant to Rule 23.1 of the Federal Rules of Civil Procedure, for preliminary approval of the proposed settlement (the "Settlement") and dismissal with prejudice of this action, as set forth in the Stipulation of Settlement entered into as of April 8, 2009 by the Parties (the "Stipulation"); and the Court having considered the Stipulation, the exhibits attached thereto, and all other papers filed and proceedings had herein and otherwise being fully advised in the premises and good cause appearing therefore, IT IS HEREBY ORDERED:

1. This Order incorporates by reference the definitions in the Stipulation, and all terms used herein shall have the same meanings as set forth in the Stipulation, unless otherwise set forth herein.

2. The Court preliminarily approves the Stipulation, including the releases contained therein, and the proposed Settlement as being fair, reasonable, adequate, and in the best interests of Centerline and its shareholders.

3. In connection with preliminary approval of the proposed Settlement, the Court preliminarily finds, for purposes of the Settlement, that the Action was properly brought pursuant to Federal Rule of Civil Procedure 23.1 as a shareholder derivative action on behalf of Centerline, and that Plaintiff fairly and adequately represents the interests of Centerline shareholders in enforcing the rights of Centerline.

4. The Court will hold a settlement hearing on _____, 2009 at __.m. in Courtroom 15C, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York 10007 (the "Settlement Hearing"): (i) to determine, pursuant to Federal Rule of Civil Procedure 23.1, whether to grant final approval of the proposed Settlement as fair, reasonable and adequate and in the best interests of Centerline and Centerline shareholders; (ii) to hear and determine any objections to the Settlement; (iii) to determine whether a Final Judgment substantially in the form attached as Exhibit C to the Stipulation should be entered dismissing all claims in the verified consolidated complaint in the Action against the Released Parties with prejudice and releasing the Released Claims; (iv) to consider the payment to Plaintiff's Counsel of attorneys' fees and for the reimbursement of expenses; and (v) to consider any other matters that may properly be brought before the Court in connection with the Settlement.

5. Notice of the proposed Settlement, including the date and time of the Settlement Hearing (the "Shareholder Notice"), shall be disseminated to Centerline shareholders by posting in a clear and conspicuous place on Centerline's website home page within seven (7) calendar days following the entry of this Order, which Shareholder Notice shall be substantially in the form of the Notice attached as Exhibit B-1 to the Stipulation.

6. A summary notice, substantially in the form of the Summary Notice attached as Exhibit B-2 to the Stipulation ("Summary Notice") shall be published in the Wall Street Jounal not later than seven (7) calendar days following the entry of this Order.

7. At or prior to the Settlement Hearing, counsel for Centerline shall file proof by affidavit of the dissemination of the Shareholder Notice and publication of the Summary Notice

as set forth herein. Centerline shall be responsible for paying all costs in connection with the distribution of the Shareholder Notice, publication of the Summary Notice, and all administrative matters relating to the Settlement process pursuant to the Stipulation. Plaintiff shall not be responsible for any such expenses.

8. The Court approves, as to form and content, the Shareholder Notice and the Summary Notice, to be disseminated in accordance with the provisions of paragraphs 5 and 6 above, and such notices are hereby found to be reasonable and sufficient under the circumstances, and to comply with the provisions of Rule 23.1 of the Federal Rules of Civil Procedure and the requirements of due process of the United States Constitution, and to constitute due and sufficient notice to all persons affected by the proposed Settlement or entitled to participate in the Settlement Hearing regarding the claims brought in the Action.

9. The Court will consider objections to the proposed Settlement at the Settlement Hearing, but only if such objections, and any supporting papers, are filed with the Clerk of the Court, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York 10007, not later than seven (7) calendar days prior to the Settlement Hearing, and, by the same date, copies of all such papers are also received by each of the following persons:

Plaintiff's Lead Counsel:

SCOTT + SCOTT LLP
600 B Street, Suite 1500
San Diego, CA 92101
Telephone: 619-233-4565
Fax: 619-233-0508

Counsel for Defendants:

PAUL, WEISS, RIFKIND,WHARTON & GARRISON LLP
1285 Avenue of the Americas
New York, NY 10022
Tel: 212-373-3000
Fax: 212-373-2359

FRIED, FRANK, HARRIS, SHRIVER & JACOBSON LLP
1 New York Plaza
New York, NY 10004
Telephone: 212-859-8455
Fax: 212-859-4000

WOLFBLOCK, LLP
250 Park Avenue
New York, NY 10177
Telephone: 212-883-4955
Fax: 212-672-1155

Written objections must provide a detailed statement of the objector's specific objections to any matter before the Court and all the grounds therefor, and must include all documents such person wishes the Court to consider, as well as a statement specifying and sufficient documentation to demonstrate (i) the objector's name, (ii) address, (iii) telephone number, (iv) how many shares of Centerline securities the objector owned as of February 4, 2008, and still retains (v) when the objector purchased or otherwise acquired such shares, and (vi) whether the objector still owns any such Centerline securities.

10. Any Centerline shareholder may appear at the Settlement Hearing, in person or by counsel, and show cause, if any: why the proposed Settlement of the claims in the Action should not be approved as fair, reasonable, adequate and in the best interests of Centerline and its shareholders; why attorneys' fees should not be awarded and expenses reimbursed in the amount provided for in the Settlement; or why the Final Judgment should not be entered, provided, however, that no such Person shall be heard or be entitled to be heard unless that person has delivered by hand or sent by pre-paid first class mail or by a reputable overnight mail carrier written objections, and the basis thereof, and copies of any papers or briefs in support thereof such that such materials are received by each of the persons listed in paragraph 9 above no later than seven (7) days prior to the Settlement Hearing date set forth in paragraph 4 above. The originals of such objections, papers and briefs shall simultaneously be filed with the Clerk of the Court, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, New York 10007. Any such materials must include the following: (i) a notice of intention to appear;

(ii) a statement specifying that person's name, address, telephone number, how many shares of Centerline securities such person owned as of February 4, 2008, and still retains when such person purchased or otherwise acquired such securities and whether such person still owns any such securities; (iii) a statement of such person's position with respect to the Settlement, an explanation of any objections and the basis therefore, as well as the reasons such person desires to appear and be heard; and (iv) all documents and writings which such person desires the Court to consider, and the names of all witnesses, if any, that such person desires to present at the hearing along with a statement of the matters on which such witnesses will testify and a summary of their proposed testimony.

11. Any Centerline shareholder who fails to object in the manner described in paragraphs 10 or 11 above shall be deemed to have waived his or her objection and shall be barred from raising such objection in this or any other action or proceeding.

12. The Court reserves the right to approve the Stipulation and the Settlement with modifications agreed to by the Parties and without further notice to any Centerline shareholders. The Court further reserves the right to adjourn the date of the Settlement Hearing without further notice to Centerline shareholders, and retains jurisdiction to consider all further matters related to the Action or the Settlement.

13. All papers in support of the Settlement shall be filed at least five (5) calendar days prior to the Settlement Hearing. Additional responses to objections, if any, shall be filed at or prior to the Settlement Hearing.

14. Pending final determination of whether the Settlement and Stipulation should be approved, all proceedings in this Action, other than proceedings necessary to carry out the terms and conditions of the Settlement, are stayed, and the Plaintiff and/or every Centerline shareholder, or any of them, and anyone who purports to act on any of their behalf, are barred and enjoined from (a) commencing, prosecuting, instigating, continuing, or in any way participating in the commencement or prosecution of any action asserting any Released Claims against any of the Released Parties, whether directly, derivatively, representatively, or in any

other capacity, and regardless of whether any such shareholder has appeared in the Action; or (b) challenging the Settlement other than in this Action in accordance with the procedures established by this Court.

15. Neither the Stipulation, nor the exhibits thereto, nor any negotiations or actions taken to carry out the Stipulation, nor any statements or court proceedings relating to its provisions in any way may be construed as, or may be used as, an admission by or against any Released Parties, or any of them, of any fault, wrongdoing or liability whatsoever, nor may any of the foregoing be construed as, offered as, received as, used as or deemed to be evidence of any kind in the Action, any other action, or any judicial, administrative, regulatory or other proceeding, except a proceeding to enforce this Stipulation, and except that the Defendants or any of the Released Parties may file the Stipulation and/or the Final Judgment in any action that may be brought against any of them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

16. Prior to the Settlement Hearing, the Defendants shall submit to the Delaware Chancery Court copies of the Stipulation with its Exhibits and inform the Delaware Chancery Court that Defendants will move for dismissal with prejudice of the actions *Off* v. *Ross, et al.,* Civ. A. No. 3468-VCP (Del. Ch.) and *Ciszerk* v. *Ross, et al.,* Civ. A. No. 3511-VCP (Del. Ch.) upon the entry of Final Judgment. The Order and Final Judgment shall become effective immediately upon the Clerk of the Court of the Southern District of New York being furnished with notice that the Delaware Chancery Court has dismissed with prejudice the *Off* v. *Ross* and *Ciszerk* v. *Ross* actions, and that the orders of dismissal of the *Off* v. *Ross* and *Ciszerk* v. *Rossi* actions are final.

17. If for any reason the Settlement does not become effective in accordance with the terms of the Stipulation, this Preliminary Order shall be rendered null and void, of no further force or effect, and shall be vacated *nunc pro tunc*.

IT IS SO ORDERED.

Dated: _____, 2009

_____

SHIRA A. SCHEINDLIN, U.S.D.J.

Exhibit B-1

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

JOHN CARFAGNO, derivatively on behalf of CENTERLINE HOLDING COMPANY,	:	
Plaintiff,	:	
vs.	:	08 Civ. 912 (SAS)
MARC D. SCHNITZER, et al.,	:	
Defendants.	:	

SUMMARY NOTICE OF PENDENCY OF SHAREHOLDER DERIVATIVE ACTION, PROPOSED SETTLEMENT AND SETTLEMENT HEARING

TO ALL PERSONS WHO OWNED THE SECURITIES OF CENTERLINE HOLDING COMPANY AT ANY TIME FROM AND INCLUDING DECEMBER 27, 2007 THROUGH AND INCLUDING FEBRUARY 4, 2008 ("SHAREHOLDERS")

Please read this notice carefully and in its entirety. Your rights may be affected by the proceedings described in this notice. A proposed settlement has been reached in this action, as set forth in a Stipulation of Settlement ("Stipulation"). A hearing will be held with respect to the proposed settlement on _____, 2009, at ___ _.m. before the Honorable Shira A. Scheindlin, United States District Judge, at the United States District Court for the Southern District of New York, 500 Pearl Street, Courtroom 15C, New York, NY 10007.

The purpose of the hearing is to determine whether the proposed settlement of the derivative claims that were asserted by plaintiff, derivatively on behalf of nominal defendant ("Centerline" or the "Company") against certain current and former directors and officers of Centerline should be approved by the Court as fair, reasonable and adequate. The proposed settlement is subject to Court approval. At the hearing, the Court will also consider whether to enter a judgment dismissing all claims in the litigation with prejudice, forever discharging and settling certain released claims, whether to approve plaintiff's counsel's fees and reimbursement

of expenses, and any other matters that may properly be before the Court in connection with the proposed settlement.

If you are a Centerline Shareholder under the terms of the Settlement, you may have certain rights in connection with the proposed settlement. This notice is a summary only and does not describe all of the details of the Stipulation. Nothing in this notice can vary or supersede the terms of the Stipulation. For full details of the matters discussed in this notice, you may desire to review the Stipulation filed with the Court at the office of the Clerk of the United States District Court for the Southern District of New York, 500 Pearl Street, New York, New York 10007. You may also review the Stipulation online at http://media.corporate-ir.net/media_files/irol/74/74331/settlement.pdf, as well as a detailed notice to Centerline Shareholders regarding the terms of the Settlement at http://media.corporate-ir.net/media_files/irol/74/74331/notice.pdf.

If you are a Centerline Shareholder under the terms of the Settlement and do not take steps to appear in this action and object to the proposed settlement, you will be bound by the Final Judgment of the Court and will forever be barred from raising an objection to such settlement in this or any other action or proceeding, and from pursuing any of the released claims.

Please do not call the Clerk of the Court or Judge Scheindlin for information.

Dated: _____, 2009

/s/_____
Clerk of the Court
United States District Court Southern District of New York

Exhibit B-2

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

JOHN CARFAGNO, derivatively on behalf of CENTERLINE HOLDING COMPANY,	:	
Plaintiff,	:	
vs.	:	08 Civ. 912 (SAS)
MARC D. SCHNITZER, et al.,	:	
Defendants.	:	

NOTICE OF PROPOSED SETTLEMENT OF DERIVATIVE ACTION AND SETTLEMENT HEARING

TO: ALL PERSONS WHO OWNED SECURITIES OF CENTERLINE HOLDING COMPANY AT ANY TIME FROM AND INCLUDING DECEMBER 27, 2007 THROUGH AND INCLUDING FEBRUARY 4, 2008 ("SHAREHOLDERS"). PLEASE READ THIS NOTICE CAREFULLY.

This notice (the "Notice") advises you of the proposed settlement (the "Settlement") of derivative claims, described more fully below, that were asserted by Plaintiff, derivatively on behalf of nominal defendant Centerline Holding Company ("Centerline" or the "Company") against certain current and former directors and officers of Centerline. Plaintiff, Defendants and Centerline have entered into a Stipulation of Settlement (the "Stipulation"), which is subject to Court approval before becoming final, fully and completely resolving, discharging and settling those claims. As detailed below, the Plaintiff and Defendants believe that the proposed Settlement is in the best interests of the Company and Centerline Shareholders. If the Settlement is approved, all Released Claims against all of the Released Parties (as those terms are described herein) will be dismissed with prejudice.

A hearing (the "Settlement Hearing") is scheduled to be held on _____, 2009 at __.m. before the Honorable Shira A. Scheindlin in the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, Courtroom 15C, New York, New York 10007, for the purposes of determining whether to approve the Settlement, including the payment to Plaintiff's counsel of attorneys' fees and reimbursement of litigation expenses. This Notice summarizes the nature of the claims asserted in *Carfagno v. Schnitzer, et al.,* No. 08-Civ-912 (SAS) (S.D.N.Y.) (the "Action" or the "Derivative Action"), the terms of the proposed Settlement, and your rights in connection with the Settlement and the Settlement Hearing.

Nothing in this Notice constitutes a finding of the Court regarding the merits of the claims or defenses asserted by any party, the merits of the Settlement, or any other matter.

The Defendants (defined below) have denied and continue to deny each and every allegation of liability and wrongdoing on their part and contend that the claims asserted against them in the Action are without merit. Defendants deny that they have breached any duty, violated any law, or engaged in wrongdoing of any form.

This Notice reflects only the statements and opinions of the parties to the proposed Settlement, and not the views of the Court.

You should read the Notice carefully because your legal rights may be affected.

What Is the Derivative Action About?

The Action that is the subject of this Notice seeks recovery on behalf of Centerline based on claims asserted against the following present and former directors and officers of Centerline: Mark D. Schnitzer, Stephen M. Ross, Jeff T. Blau, Leonard W. Cotton, Robert J. Dolan, Nathan Gantcher, Jerome Y. Halperin, Robert L. Loverd, Robert A. Meister, Janice Cook Roberts and Thomas W. White (collectively, the "Defendants").

On January 25, 2008, Plaintiff filed this action in the United States District Court for the Southern District of New York (the "Action") derivatively on behalf of the Company and on behalf of a class of Company shareholders alleging Defendants breached their fiduciary duties to

the Company and its shareholders by entering into a series of transactions, including the securitization of its tax-exempt affordable housing bond portfolio, the sale of $131 million worth of convertible preferred shares to an affiliate of The Related Companies, L.P. (the "TRCLP Transaction") and the associated rights offering of convertible preferred shared (the "Rights Offering"), in order to transform the Company into an alternative asset manager.

In early March 2008, the Defendants entered into a settlement in a separate action pending in the Court of Chancery of the State of Delaware captioned *Off v. Ross, et al.*, Civ. A. No. 3468-VCP (Del. Ch.) (the "Delaware Action"), seeking to release any and all claims arising out of or related to the TRCLP Transaction and the Rights Offering, including the claims asserted in the Action. Later that month, Plaintiff filed an Order to Show Cause against Defendants in the Action, challenging a stay entered in the Delaware Action against Plaintiff and seeking expedited discovery in the Action. In conference, the Court ordered that discovery begin in the Action on April 23, 2008.

In April 2008, Defendants began producing documents as part of the expedited discovery ordered in the Action, which documents Plaintiff reviewed and analyzed in an expedited but thorough manner. In late April 2008, Plaintiff filed a Verified Consolidated Amended Complaint in the Action based upon his review of the expedited discovery produced by Defendants and in early May 2008, Plaintiff filed objections to the proposed settlement in the Delaware Action.

On May 12, 2008, the Defendants filed a motion to dismiss the Action. Thereafter, on May 23, 2008, Plaintiff appeared at the settlement hearing in the Delaware Action to argue his objections. At the hearing, the Delaware Court granted, over Defendants' and the Delaware plaintiff's objections, additional discovery relating to the fairness of the proposed settlement in the Delaware Action. In May and June 2008, the Parties conducted additional document and deposition discovery in both the Action and Delaware Action.

In early June 2008, Plaintiff opposed Defendants' motion to dismiss the Action. On June 19, 2008, Defendants withdrew (without prejudice) their motion to dismiss the Action. On June

26, 2008, Plaintiff filed supplemental objections to the proposed settlement in the Delaware Action. On July 3, 2008, Plaintiff moved to intervene and be appointed lead plaintiff in the Delaware Action and filed a complaint in intervention in the Delaware Action.

On July, 11, 2008, Defendants filed a reply to Plaintiff's supplemental objections in the Delaware Action. On July 15, 2008, the Court in the Delaware Action conducted an additional hearing on the fairness of the settlement in the Delaware Action. On July 15, 2008, Defendants filed an answer to the Verified Consolidated Amended Complaint in the Action.

In September and October 2008, Plaintiff deposed additional Defendants, and Defendants deposed Plaintiff in the Action. In October and November 2008, the Parties conducted expert discovery, including the exchange of expert reports and the depositions of expert witnesses, in the Action. And, on November 26, 2008, the Delaware Chancery Court denied approval of the proposed settlement in the Delaware Action, based upon the objections raised and discovery conducted by Plaintiff.

On December 16, 2008, Defendants moved for summary judgment in the Action. On January 26, 2009, Plaintiff filed oppositions to Defendants' motions for summary judgment. On February 13, 2009, Defendants filed replies in support of their motions for summary judgment. In light of the settlement, Defendants' motions for summary judgment have been withdrawn in the Action without prejudice to refiling.

What Is a Derivative Claim?

A derivative claim is a claim brought by a shareholder on behalf of a company and its shareholders rather than on his or her own behalf. The recovery sought in a derivative action is for the benefit of the Company rather than directly for individual shareholders.

What Are the Terms of the Proposed Settlement?

Within ten (10) business days of the Effective Date of the Settlement (as defined below), the terms of the convertible preferred securities ("Preferred Securities") previously issued by Centerline to an affiliate of The Related Companies, L.P. ("TRCLP") shall be amended, such that the conversion price shall be reset from $10.75 to $12.35, and the dividend rate shall be

lowered from 11.0% to 9.5%. In order to effect such revised terms, (i) Centerline shall issue a new series of preferred securities with terms substantially identical to the Preferred Securities except as aforesaid ("New Preferred Securities") and (ii) TRCLP shall exchange its Preferred Securities for the same number of shares of New Preferred Securities. Furthermore, the terms of any Preferred Securities held by any person other than TRCLP and its affiliates shall not be amended with respect to conversion price or dividend rate, but shall only be amended in order to maintain certain voting rights of the Preferred Securities held by such person(s) by treating them as one class for voting persons with the New Preferred Securities.

What Are the Reasons for the Settlement?

As detailed below, the Company and the Plaintiff believe that the proposed Settlement is fair, reasonable and adequate, and is in the best interests of Centerline and its shareholders.

The parties have engaged in intensive negotiations concerning this Settlement. The terms of the Settlement were not agreed on until the parties to the Settlement had several negotiating sessions in which the parties exchanged competing proposals. These negotiations took place over a period of many months with a view to achieving the benefits and relief set forth in terms of the Settlement, including a court-ordered mediation before Magistrate Judge James Francis in October 2008 and a second mediation before the Honorable John S. Martin in February 2009. The Parties also attended a settlement conference before the Judge presiding over the Action, the Honorable Shira A. Scheindlin, U.S. District Judge for the Southern District of New York. After multiple negotiating sessions over a period of months, the Parties hereto reached the agreement referenced herein.

Although Plaintiff believes his claims have merit, he recognizes the expense and length of continued proceedings necessary to prosecute such claims through trial and subsequent appeals. Plaintiff's counsel also have taken into account the costs and risks inherent in proceeding further in this Action. Moreover, Defendants, without an agreement to resolve the Action, will continue to vigorously challenge the claims. Therefore, Plaintiff and Plaintiff's

counsel believe that the Settlement, on the terms and conditions set forth herein, is reasonable, adequate and in the best interests of the Company and its shareholders.

Defendants in this action believe that the transactions announced on December 28, 2007, including the securitization of the Company's tax-exempt affordable housing bond portfolio and the sale of $131 million worth of convertible preferred shares to an affiliate of TRCLP in order to transform the Company into an alternative asset manager, and the reduction of Centerline's dividend, reflected reasonable business judgments by Trustees with no conflicts of interest. Defendants therefore believe that their motions for summary judgment would likely be granted and that in any event a trier of fact would ultimately conclude that the actions of the Defendants were carried out in the good faith, honest belief that these transactions were in the best interest of the Company. Moreover, Defendants believe that another significant obstacle to any recovery in this action is that Centerline's trust agreement and by-laws contain exculpation clauses effective under Delaware law that immunize the Trustees from liability to the Company or its shareholders in the absence of bad faith. Finally, Defendants believe that Centerline suffered no damages as a result of any of the conduct alleged in the lawsuit; Plaintiff's damages theory rests on a comparison of the TRCLP Transaction with two hypothetical transactions to which Centerline's counterparties never agreed.

What Attorneys' Fees and Expenses Will Be Paid?

The Plaintiff is represented by Scott + Scott, LLP. An additional term of the Settlement is Centerline's agreement that the Company and/or its insurer will pay to Plaintiff's counsel attorneys' fees and expenses of $1.3 million, inclusive, incurred in the prosecution and settlement of this Action. Plaintiff's counsel was retained by Plaintiff on a contingent fee basis and, thus, to date has not been paid anything for either their legal services or as reimbursement for expenses incurred in connection with the litigation of the Action.

The agreed-to attorneys' fees and expenses, which are subject to Court approval, were the subject of arm's-length negotiations among the parties, and were a matter of negotiation by

Centerline's insurance carrier. The agreed-to attorneys' fees and expenses were also the subject of the negotiations involving the mediator.

What Will Happen at the Settlement Hearing?

The Court has scheduled a Settlement Hearing for _____, 2009, at _.m. At this hearing, the Court will hear any objections any Centerline Shareholder may raise as to any aspect of the Settlement. At or following the hearing, the Court will determine whether the Settlement is fair, reasonable, and adequate, and determine whether to enter the Final Judgment approving the Settlement. The Court will also consider, at the Settlement Hearing or thereafter, that part of the Settlement that provides for attorneys' fees and the reimbursement of expenses to Plaintiff's counsel. Pending final determination of whether the Settlement should be approved, Plaintiff, the Company and all Centerline Shareholders are each barred and enjoined from instituting or prosecuting any action that asserts any of the Released Claims against any Released Parties (as those terms are described below and defined in the Stipulation).

YOU ARE NOT REQUIRED TO PARTICIPATE OR ATTEND THE SETTLEMENT HEARING.

If you are a Centerline Shareholder and wish to object to any portion of the Settlement, you must send a signed letter or other signed written submission with proof of your current ownership and date of purchase of Centerline stating that you object to the Settlement in *Carfagno v. Schnitzer, et al.,* 08 Civ. 912 (SAS) (S.D.N.Y.). Be sure to include your name, address, telephone number, how many Centerline shares you own and the date you acquired them, a detailed description of your specific objections to any matter before the Court, all the grounds for your objections to the Settlement and any documents you wish the Court to consider. Mail the objection and any supporting papers to the Court and each of the attorneys listed at the addresses provided below to arrive no later than _____, 2009. YOUR OBJECTION MUST BE IN WRITING AND RECEIVED BY THIS DATE TO BE CONSIDERED. If your objection is not received in a timely manner, the Court may not consider it.

Court:

Clerk of the Court
Daniel Patrick Moynihan United States Courthouse
500 Pearl Street
New York, NY 10007

Plaintiff's Lead Counsel:

Arthur L. Shingler III, Esq.
SCOTT + SCOTT, LLP
600 B Street, Suite 1500
San Diego, CA 92101

Counsel for Defendants:

Richard A. Rosen, Esq.
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Peter L. Simmons, Esq.
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New York, NY 10004
Telephone: 212-859-8455
Fax: 212-859-4000

Jennifer F. Beltrami, Esq.
WOLFBLOCK, LLP
250 Park Avenue
New York, NY 10177
Telephone: 212-883-4955
Fax: 212-672-1155

No one will be entitled to object to the proposed Settlement, to the Final Judgment to be entered in this Action, or to the payment of attorneys' fees or the reimbursement of expenses, except by filing and serving written objections in the form and manner, and by the date, required by this Notice. Any person who fails to object in the manner and by the date required shall be deemed to have waived any objections, and shall forever be barred in this or any other action or proceeding from raising such objections to the proposed Settlement.

The Court may consider your written objections whether or not you choose to attend the Settlement Hearing. You may also choose to retain your own lawyer at your own expense to represent you with respect to any objections you may have.

You or your lawyer may ask the Court for permission to speak at the Settlement Hearing. To seek permission, you must send a letter stating that it is your intention to appear at the Settlement Hearing in *Carfagno v. Schnitzer, et al.,* 08 Civ. 912 (SAS) (S.D.N.Y.), and state your position with respect to the Settlement, as well as the reasons you desire to appear and be heard. The letter must include the names of any witnesses you may call to testify at the Settlement Hearing and a summary of their proposed testimony, and must include any documents you intend to proffer into evidence at the Settlement Hearing. Be sure to also include your name, address, telephone number, how many Centerline shares you own and the date you acquired them, a detailed description of your specific objections to any matter before the Court, and all the grounds for your objections to the Settlement. Your notice of intention to appear must be received no later than _____, 2009 by the Clerk of the Court and each of the counsel at their addresses provided above.

The date of the Settlement Hearing is subject to change without further notice to Centerline Shareholders. If you or your lawyer intends to attend the Settlement Hearing, you should confirm the date and time with Plaintiff's counsel.

What Is the Effect of the Court's Approval of the Proposed Settlement?

A full description of the Released Claims is set forth in the Stipulation. The following is only a summary. If the Court approves the Settlement, on the date the Judgment approving the Settlement becomes Final (as defined in the Stipulation), Plaintiff, Centerline, and all current and former Centerline Shareholders, on behalf of themselves, and their respective current, future and former heirs, executors, administrators, personal representatives, attorneys, agents, partners, successors and assigns, and any other Person claiming (now or in the future) to have acted through or on behalf of them, shall have, fully, finally, and forever, released, relinquished, settled and discharged the Released Parties from the Released Claims and shall be permanently barred

and enjoined from instituting, commencing, or prosecuting or asserting any Released Claim against any of the Released Parties.

The Released Parties are Defendants and each of their immediate family members, heirs, executors, administrators, successors and assigns; Defendants' present, former and future employees, insurers, officers, directors, partners, attorneys, legal representatives and agents; any person or entity in which any Defendant has or had a controlling interest; and the present, former and future parents, subsidiaries, divisions, affiliates, predecessors, successors, employees, officers, directors, partners, attorneys, assigns, and agents of all of the foregoing.

The Released Claims are any and all actions, suits, claims, debts, demands, rights, or causes of action or liabilities of every nature and description whatsoever, whether based on federal, state, local, statutory or common law or any other law, rule, or regulation, whether foreign or domestic, including, without limitation, Unknown Claims and claims under Delaware statutory and/or common law, federal and/or state securities laws and claims under any law governing fiduciaries or the duties of fiduciaries, or for any remedy whether at equity or law, that were or could have been asserted against the Released Parties in the Action by Plaintiff, by Centerline, or by any Shareholder (claiming in the right of, or on behalf of, the Company), and that arise out of or are related, directly or indirectly, in any way to any of the facts, allegations, transactions, events, occurrences, acts, disclosures, representations, statements, omissions, failures to act, or matters set forth, alleged, referred to, and could have been asserted in the Action or in any other state or federal derivative actions by Plaintiff, Centerline or by any Shareholder (claiming in the right of, or on behalf of, the Company) against any of the Released Parties relating, in whole or in part, to the allegations in this Action, whether known or unknown, suspected or unsuspected, matured or not matured, contingent or non-contingent, accrued or unaccrued, whether or not concealed or hidden by the Released Parties. It is expressly understood that Released Claims do not release, relinquish, discharge or enjoin the prosecution of any claims, demands, rights, actions, causes of action arising under the federal securities laws or any other federal statute, whether known or unknown, contingent or absolute, suspected or

unsuspected, disclosed or undisclosed, hidden or concealed, matured or unmatured, that have been or could be asserted in the consolidated securities class actions pending in *In re Centerline Holding Securities Litigation,* 08 Civ. 00505 (SAS) (S.D.N.Y.).

The proposed settlement, if approved by the Court, would, by its terms, become effective immediately upon the Clerk of the Court of the Southern District of New York being furnished with notice that the Delaware Chancery Court has dismissed with prejudice the actions *Off* v. *Ross, et al.*, Civ. A. No 3468-VCP (Del. Ch.) and *Ciszerk* v. *Ross, et al.*, Civ. A. No. 3511-VCP (Del. Ch.) and that the orders of dismissal of the *Off v. Ross* and *Ciszerk v. Ross* actions are final. Upon final approval of the Settlement, all releasing parties will be enjoined and barred from bringing any Released Claims against any of the Released Parties.

How Do You Get More Information About the Action and the Proposed Settlement?

This Notice is a summary only and does not describe all of the details of the Stipulation. Nothing in this Notice can vary or supersede the terms of the Stipulation. For full details of the matters discussed in this Notice, you may desire to review the Stipulation filed with the Court, which may be inspected during normal business hours at the office of the Clerk of Court, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007, or by requesting a copy of the relevant documents from Plaintiff's counsel. You may also review the Stipulation online at http://media.corporate-ir.net/media_files/irol/74/74331/settlement.pdf. If you have questions about the Settlement, you may contact Plaintiff's counsel listed above.

Please do not call the Court or the Company with questions or with requests for further information concerning the Settlement.

Dated: _____, 2009

/s/_____
Clerk of the Court
United States District Court Southern District of New York

Exhibit C

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

JOHN CARFAGNO, derivatively on behalf of CENTERLINE HOLDING COMPANY,	:	
Plaintiff,	:	
vs.	:	08 Civ. 912 (SAS)
MARC D. SCHNITZER, et al.,	:	
Defendants.	:	

[PROPOSED] ORDER AND FINAL JUDGMENT

The above-captioned matter, having come before this Court for hearing, as noticed, on _____, 2009, at __.m., pursuant to this Court's Order dated _____, 2009 (the "Preliminary Approval Order"), to consider and determine the matters set forth in the Preliminary Approval Order; and due and sufficient notice having been given in accordance with the provisions of the Preliminary Approval Order, and all Persons having any objection to the proposed Settlement of the Action embodied in the Stipulation of Settlement, dated _____, 2009 (the "Stipulation"), or to the payment to Plaintiff's counsel of attorneys' fees and for the reimbursement of expenses in this Action, having been given an opportunity to present such objections to the Court; the Court having heard and considered the matter, including all papers filed in connection therewith, and the attorneys for the parties having been heard in support of the Settlement of the Action, and an opportunity to be heard having been given to all other persons desiring to be heard, as provided in the Notice, and good cause appearing therefore; THE COURT HEREBY FINDS, DETERMINES AND ORDERS AS FOLLOWS:

1. This Order incorporates by reference the definitions in the Stipulation, and all terms used herein shall have the same meanings as set forth in the Stipulation, unless otherwise set forth herein.

2. This Court has jurisdiction over the subject matter of the Action and over all parties to the Stipulation.

3. Based on evidence submitted, the Court finds that notice was disseminated and published according to this Court's Preliminary Approval Order. This Court further finds that the form and content of the Shareholder Notice and the Summary Notice, as previously preliminarily approved by the Court, complied with the requirements of Federal Rule of Civil Procedure 23.1, satisfied the requirements of due process, and constituted due and sufficient notice of the matters set forth therein.

4. A full opportunity has been offered to Shareholders to object to the proposed Settlement and to participate in the hearing thereon, and as such, all Centerline Shareholders are bound by this Order.

5. The Settlement is found to be fair, reasonable, adequate and in the best interests of Centerline and Centerline Shareholders.

6. The Court finds, for settlement purposes, that (1) the action was properly brought as a shareholder derivative suit pursuant to Federal Rule of Civil Procedure 23.1; and (2) the Plaintiff adequately represents the interests of the Shareholders in enforcing the rights of Centerline.

7. The Stipulation and the terms of the proposed Settlement set forth therein are, in all respects, hereby finally approved. The parties to the Stipulation are directed to consummate the Settlement in accordance with the terms and provisions of the Stipulation.

8. The Action and all claims contained therein, as well as all Released Claims, are hereby dismissed with prejudice in their entirety, on the merits, as against all Released Parties. Each party shall bear its own fees and costs, except as set forth herein.

9. Upon the Effective Date, Plaintiff, Centerline and all current and former Shareholders, on behalf of themselves, and their respective current, future and former heirs, executors, administrators, personal representatives, attorneys, agents, partners, successors and assigns, and any other Person claiming (now or in the future) to have acted through or on behalf

of them, shall hereby be deemed to have, and by operation of this Judgment shall: (i) have fully, finally and forever released, relinquished, settled and discharged the Released Parties from all the Released Claims; and (ii) be forever barred and enjoined from commencing, instituting, prosecuting, continuing, or in any way participating in the commencement or prosecution of any action asserting, any of the Released Claims against any of the Released Parties.

10. Upon the Effective Date, each of the Defendants and the Released Parties, on behalf of themselves and their respective current, future and former heirs, executors, administrators, personal representatives, attorneys, agents, partners, successors and assigns, and any other Person claiming (now or in the future) to have acted through or on behalf of them, shall hereby be deemed to have, and by operation of the this Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Plaintiff and Plaintiff's Counsel from all claims or demands relating to or arising out of, or connected with, the institution, prosecution, assertion, settlement, or resolution of the Released Claims.

11. Plaintiff's Counsel in the action are hereby awarded attorneys' fees and reimbursement of litigation expenses of $_____, inclusive. This Court finds that this amount is fair and reasonable under the facts and circumstances of this case. Payment of such award of attorneys' fees and reimbursement of expenses shall be made in accordance with the provisions of the Stipulation.

12. Without in any way affecting the finality of this Order and Final Judgment, this Court shall retain jurisdiction over the Plaintiff, Defendants, Centerline, the Shareholders and the Released Parties with respect to all matters related to the Action and over all proceedings related to the implementation and enforcement of the terms of the Stipulation.

13. Neither the Settlement, nor this Order and Final Judgment, nor the Stipulation, nor its exhibits, nor any other papers relating to the Settlement, nor any negotiations, discussions or proceedings in connection therewith shall be:

(a) offered or received against any of the Released Parties as evidence of, or construed as, or deemed to be, evidence of any presumption, concession, or admission by any of

the Released Parties of the truth of any fact alleged by the Plaintiff or the validity of any claim that has been or could have been asserted in the Action or in any other proceeding, or the deficiency of any defense that could have been asserted in the Action or in any other proceeding, or of any alleged liability, negligence, fault, or wrongdoing of the Released Parties;

(b) in any way be construed as, offered as, received as, used as or deemed to be evidence of any kind in the Action, any other action, or any judicial, administrative, regulatory or other proceeding, except a proceeding to enforce the Stipulation, and except that the Defendants or Centerline or any of the Released Parties may file the Stipulation and/or the Judgment in any action that may be brought against any of them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim;

(c) construed against any of the Released Parties or the Plaintiff as an admission or concession that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial; or

(d) construed as or received in evidence as an admission, concession or presumption against the Plaintiff or his counsel or any of them that any of the claims asserted in the Action are without merit or that any infirmity exists as to those claims.

14. This Settlement shall be a final and complete resolution of all disputes among the parties. No party to the Stipulation may assert in any forum that the Action was brought, commenced or prosecuted by the Plaintiff or his counsel in bad faith or that the Action was not filed or raised in good faith or was not settled voluntarily after negotiating at arm's length and in good faith after consultation with competent legal counsel. The Court finds that there have been no violations of Rule 11 of the Federal Rules of Civil Procedure by any party to the Stipulation or their counsel relating to the prosecution, defense, or settlement of the Action.

15. All Persons are hereby permanently barred and enjoined from commencing, prosecuting, or asserting any claim for contribution (whether contractual or otherwise) against

the Released Parties or any other claim against the Released Parties where the injury to such Person is any Person's actual or threatened liability, in connection with the Released Claims, to Centerline or to any Shareholder on behalf of Centerline, including but not limited to any amounts paid in settlement of such actual or threatened liability.

16. Entry of the Order and Final Judgment fully and finally settles and disposes of and discharges all of the Released Claims. The Order and Final Judgment shall become effective immediately upon the Clerk of the Court of the Southern District of New York being furnished with notice that Delaware Chancery Court has dismissed with prejudice the actions *Off* v. *Ross, et al.*, Civ. A. No 3468-VCP (Del. Ch.) and *Ciszerk* v. *Ross*, Civ. A. No. 3511-VCP (Del. Ch.) and that the orders of dismissal of the *Off* v. *Ross* and *Ciszerk* v. *Rossi* actions are final. If for any reason the Settlement does not become effective in accordance with the terms of the Stipulation, this Order shall be rendered null and void, of no further force or effect, and shall be vacated *nunc pro tunc.* The parties shall then each be deemed to have reverted to their respective status in the Action on March 9, 2009, and the Court shall enter an order setting forth a new schedule for discovery, and other such deadlines as are appropriate.

17. The provisions of this Order and Final Judgment constitute a full and complete adjudication of the matters considered and adjudged herein, and the Court determines that there is no just reason for delay in the entry of Judgment pursuant to Rule 54(b) of the Federal Rules of Civil Procedure. The Clerk is hereby directed to enter Judgment in accordance with this Order and Final Judgment as a final Judgment with respect to all matters ordered, judged and decreed.

18. Without further order of the Court, the parties to the Stipulation may agree to reasonable extensions of time to carry out any of the provisions of the Stipulation

IT IS SO ORDERED.

Dated: _____, 2009

_____

SHIRA A. SCHEINDLIN, U.S.D.J.