

CORFU PROPERTY LLC

and

HOME TILE CENTER OF NY, INC.

and

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
(TOWN OF ISLIP, NEW YORK)

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

Town of Islip Industrial Development Agency
(Corfu Property LLC/Home Tile Center of NY, Inc. 2015 Facility)

Dated as of October 1, 2015

Town of Islip, Village of Islandia, Central Islip School District, Suffolk County

Address: 165 Oval Drive, Islandia, New York 11749

District: 0504

Section: 011.00

Block: 01.00

Lot: 022.000

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

THIS PAYMENT-IN-LIEU-OF-TAX AGREEMENT, dated as of October 1, 2015 (this "**PILOT Agreement**"), is by and among CORFU PROPERTY LLC, a limited liability company duly organized and validly existing under the laws of the State of New York, having its principal office at 380 Moreland Road, Commack, New York 11725 (the "**Company**"), HOME TILE CENTER OF NY, INC., a business corporation organized and existing under the laws of the State of New York, having an address of 165 Oval Drive, Islandia, New York 11749 (the "**Sublessee**"), and the TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation of the State of New York, having its office at 40 Nassau Avenue, Islip, New York 11751 (the "**Agency**").

RECITALS

WHEREAS, the Agency was created by Chapter 47 of the Laws of 1974 of the State of New York, as amended, pursuant to Title 1 of Article 18-A of the General Municipal Law of the State of New York, as amended (collectively, the "**Act**"); and

WHEREAS, the Agency has agreed to assist in (a) the acquisition of an approximately 1.40 acre parcel of land located at 165 Oval Drive, Islandia, New York (the "**Land**"), the renovation of an approximately 28,373 square foot building located thereon (the "**Improvements**") and the acquisition and installation therein of certain equipment not part of the Equipment (as such term is defined herein) (the "**Facility Equipment**"); and, together with the Land and the Improvements, the "**Company Facility**"), which Company Facility is to be leased and subleased by the Agency to the Company and further subleased by the Company to the Sublessee, and (b) the acquisition and installation of certain equipment and personal property (the "**Equipment**"), which Equipment is to be leased by the Agency to the Sublessee (the Company Facility and the Equipment are collectively referred to herein as the "**Facility**"), and which Facility is to be used by the Sublessee as office and warehouse space in its business as an importer and distributor of ceramic tile; and

WHEREAS, the Company has agreed with the Agency, on behalf of the Agency and as the Agency's agent, to renovate and equip the Company Facility in accordance with the Plans and Specifications; and

WHEREAS, the Company has agreed to lease the Land and the Improvements to the Agency pursuant to the terms of a Company Lease Agreement, dated as of October 1, 2015 (the "**Company Lease**"), by and between the Company, as lessor, and the Agency, as lessee; and

WHEREAS, the Company has agreed to transfer title to the Facility Equipment to the Agency pursuant to a Bill of Sale, dated the Closing Date (the "**Bill of Sale**"); and

WHEREAS, the Agency has agreed to lease and sublease the Company Facility to the Company pursuant to the Lease Agreement, dated as of October 1, 2015 (the "**Lease Agreement**"), between the Agency, as lessor and sublessor, and the Company, as lessee and sublessee; and

WHEREAS, the Company has agreed to sub-lease the Company Facility pursuant to a certain Sublease Agreement, dated September 1, 2015 (the "**Sublease Agreement**"), by and between the Company, as sublessor, and the Sublessee, as sublessee; and

WHEREAS, the Equipment will be leased by the Agency to the Sublessee pursuant to the terms of the Equipment Lease Agreement, dated as of October 1, 2015 (the "**Equipment Lease Agreement**"), by and between the Agency, as lessor, and the Sublessee, as lessee; and

WHEREAS, the Agency, the Company and the Sublessee have agreed to enter into a Recapture Agreement, dated as of October 1, 2015 (the "**Recapture Agreement**"), pursuant to which the Agency has the right to recapture certain economic benefits and assistance granted to the Company and the Sublessee upon the terms and conditions set forth in the Recapture Agreement; and

WHEREAS, pursuant to Section 874(1) of the Act, the Agency is exempt from the payment of taxes and assessments imposed upon real property owned by it, or under its jurisdiction or control or supervision, other than special ad valorem levies, special assessments and service charges against real property located in the Town of Islip (including any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be wholly or partially located) which are or may be imposed for special improvements or special district improvements; and

WHEREAS, the Agency, the Company and the Sublessee deem it necessary and proper to enter into an agreement making provision for payments-in-lieu-of-taxes and such assessments by the Company and the Sublessee to the Town of Islip, the Village of Islandia, any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be wholly or partially located Central Islip School District, Suffolk County and appropriate special districts (hereinafter the "**Taxing Authorities**") in which any part of the Facility is or is to be located.

NOW, THEREFORE, in consideration of the foregoing and in consideration of the covenants herein contained, it is mutually agreed as follows:

1. (a) As long as the Lease Agreement is in effect, the Company and the Sublessee, jointly and severally, agree to make payments in lieu of all real estate taxes and assessments (in addition to paying all special ad valorem levies, special assessments or Special District Taxes and service charges against real property located in the Town of Islip, Central Islip School District, Suffolk County, New York (including any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be wholly or partially located) which are or may be imposed for special improvements or special district improvements) which would be levied upon or with respect to the Facility if the Facility were owned by the Company exclusive of the Agency's leasehold interest therein (the "**Taxes on the Facility**"). The amounts of such payments and method for calculation are set forth herein.

(b) After the effective date of this PILOT Agreement and until the provisions of paragraph 1(c) become effective, the Company and the Sublessee, jointly and

severally, shall pay, as payments in lieu of taxes and assessments, one hundred percent (100%) of the taxes and assessments that would be levied upon the Facility by the respective Taxing Authorities.

(c) Commencing with the 2016/2017 Tax Year the Company and the Sublessee shall pay, as payments-in-lieu-of-taxes and assessments, the amounts set forth on Exhibit A attached hereto and made a part hereof. The Company and the Sublessee covenant at all times to cause to be maintained at the Facility the number of FTE's as agreed upon pursuant to Section 8.13 of the Lease Agreement.

(d) The Company and the Sublessee, jointly and severally, shall pay, or cause to be paid, the amounts set forth in paragraphs 1(a) through (c) above, as applicable, after receipt of tax bills from the Agency or the Taxing Authorities, as the case may be. Failure to receive a tax bill shall not relieve the Company or the Sublessee of their respective obligations to make all payments provided for hereunder. If, for any reason, the Company and/or the Sublessee do not receive an appropriate tax bill, the Company and the Sublessee shall have the responsibility and obligation to make all reasonable inquiries to the Taxing Authorities and to have such a bill issued, and thereafter to make payment of the same no later than the due dates provided therein. Payments shall be made directly to the Taxing Authorities. Payments made after the due date(s) as set forth in the applicable tax bills shall accrue interest (and penalties) at the rates applicable to late payments of taxes for the respective Taxing Authorities and as further provided in the General Municipal Law, including Section 874(5) thereof, which currently provides for an initial penalty of five percent (5%) of the amount due and an additional penalty of one percent (1%) per month on payments more than one month delinquent. Anything contained in this paragraph (d) to the contrary notwithstanding, the Company and the Sublessee shall have the obligation to make all annual payments required by this paragraph (other than payments of penalties, if any) in two equal semi-annual installments on or prior to January 10 and May 31 of each year of the Lease Term or on such other due dates as may be established from time to time during the Lease Term.

(e) During the term of this PILOT Agreement, the Company and the Sublessee shall continue to pay all special ad valorem levies, special assessments and service charges levied against the Facility for special improvements or special district improvements.

(f) In the event that any structural addition shall be made to the building or buildings included in the Facility subsequent to the Completion Date, or any additional building or improvement shall be constructed on the real property described on Exhibit B hereto (such structural additions, buildings and improvements being referred to hereinafter as "**Additional Facilities**"), the Company and the Sublessee agree to make additional payments-in-lieu-of-taxes to the Taxing Authorities in amounts equal to the product of the then current ad valorem tax rates which would be levied upon or with respect to the Additional Facilities by the Taxing Authorities if the Additional Facilities were owned by the Company and not subject to a lease to the Agency times the assessment or assessments established for that tax year by the Town of Islip. All other provisions of this PILOT Agreement shall apply to this obligation for additional payments.

2. In the event that the Agency's leasehold interest in the Facility or any part thereof is terminated at such time in reference to any taxable status date as to make it impossible to place such Facility or part thereof on the tax rolls of the Town of Islip, the Village of Islandia, Central Islip School District, Suffolk County, any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is or may be wholly or partially located, or appropriate special districts, as the case may be, by such taxable status date, the Company and the Sublessee, jointly and severally, hereby agree to pay, at the first time taxes or assessments are due following the taxable status date on which such Facility or part thereof is placed on the tax rolls, an amount equal to the taxes or assessments which would have been levied on such Facility or part thereof had it been on the tax rolls from the time the Agency's leasehold interest in the Facility was terminated until the date of the tax rolls following the taxable status date as of which such Facility or part thereof is placed on the tax rolls. There shall be deducted from such amount any amounts previously paid pursuant to this PILOT Agreement by the Agency or the Company and the Sublessee to the respective Taxing Authorities relating to any period of time after the date of termination of the Lease Agreement. The provisions of this paragraph 2 shall survive the termination or expiration of the Lease Agreement. Any rights the Company or the Sublessee may have against their respective designees are separate and apart from the terms of this paragraph 2.

3. In the event the Facility or any part thereof is declared to be subject to taxation for taxes or assessments by an amendment to the Act or other legislative change or by a final judgment of a court of competent jurisdiction, the obligations of the Company and the Sublessee hereunder shall, to such extent, be null and void.

4. In the event the Company and the Sublessee shall enter into a subsequent PILOT agreement or agreements with respect to the Taxes on the Facility directly with any or all Taxing Authorities in the jurisdiction of which the Facility is located, the obligations of the Company and the Sublessee hereunder, which are inconsistent with such future PILOT agreement or agreements, shall be superseded and shall, to such extent, be null and void.

5. As long as this PILOT Agreement is in effect, the Agency, the Company and the Sublessee agree that (i) the Company shall be deemed to be the owner of the Facility and of the Additional Facilities for purposes of instituting, and shall have the right to institute, judicial review of an assessment of the real estate with respect to the Facility and the Additional Facilities pursuant to the provisions of Article 7 of the Real Property Tax Law or any other applicable law, as the same may be amended from time to time, and (ii) the Agency shall request the Assessor of the Town of Islip, or any other assessor having jurisdiction to assess the Facility, to take into consideration the value of surrounding properties of like character when assessing the Facility. Notwithstanding the foregoing, in the event that the assessment of the real estate with respect to the Facility and the Additional Facilities is reduced as a result of any such judicial review so that such complaining party would be entitled to receive a refund or refunds of taxes paid to the respective Taxing Authorities, if such complaining party were the owner of the Facility and the Additional Facilities exclusive of the Agency's leasehold interest therein, such complaining party shall not be entitled to receive a refund or refunds of the payments-in-lieu-of-taxes paid pursuant to this PILOT Agreement. In that event, such complaining party shall be entitled to receive a credit against future payments-in-lieu-of-taxes and assessments to be paid pursuant to this PILOT

Agreement, as and when collected by the Agency or the affected tax jurisdictions as defined in Section 854 of the General Municipal Law, as amended (as the case may be), in an amount equal to any refund that such complaining party would be entitled to receive if such complaining party were the owner of the Facility and the Additional Facilities exclusive of the Agency's leasehold interest therein; provided, however, that the Agency shall have no obligation to provide a credit against any payments-in-lieu-of-taxes or assessments which it has remitted to any of the respective Taxing Authorities before the date the Agency receives written notice from the complaining party that it seeks a credit. In no event shall the Agency be required to remit to the Company, the Sublessee or any Taxing Authority any moneys otherwise due as a result of a reduction in the assessment of the Facility (or any part thereof) due to a certiorari review. If the Company or the Sublessee receives a reduction in assessment in the last year of the Lease Agreement after they have made their final payments-in-lieu-of-taxes, the Company and the Sublessee acknowledge that they shall look solely to the Taxing Authorities for repayment or for a credit against the first payment(s) of Taxes on the Facility which will be due after the Facility is returned to the tax rolls. The Company and the Sublessee hereby agree that they will notify the Agency if the Company and/or the Sublessee shall have requested a reassessment of the Facility or a reduction in the taxes on the Facility or shall have instituted any tax certiorari proceedings with respect to the Facility. The Company shall deliver to the Agency copies of all notices, correspondence, claims, actions and/or proceedings brought by or against the Company and/or the Sublessee in connection with any reassessment of the Facility, reduction of taxes with respect to the Facility or tax certiorari proceedings with respect to the Facility.

6. The Company and the Sublessee, in recognition of the benefits provided under the terms of this PILOT Agreement, including, but not limited to, the payments-in-lieu-of-taxes set forth in Exhibit A hereto, and for as long as the Lease Agreement is in effect, expressly waive any rights they may have for any exemption under Section 485-b of the Real Property Tax Law or any other exemption under any other law or regulation (except, however, for the exemption provided by Title 1 of Article 18-A of the General Municipal Law) with respect to the Facility. The Company and the Sublessee, however, reserve any such rights with respect to all special ad valorem levies, special assessments, or Special District Taxes and service charges levied against the Facility as referred to in paragraph 1(e) and the Additional Facilities as referred to in paragraph 1(f) and with respect to the assessment and/or exemption of the Additional Facilities.

7. Reserved.

8. Any notice, certificate and other communication required to be given under this PILOT Agreement either delivered personally or sent by certified mail, return receipt requested, or delivered by any national overnight express delivery service (in each case, postage or delivery charges paid by the party giving such communication) addressed as follows or to such other address as any party may specify in writing to the other:

To the Agency:

Town of Islip Industrial Development Agency
40 Nassau Avenue
Islip, New York 11751
Attention: William G. Mannix, Executive Director

With a copy to:

Islip Town Attorney's Office
Town Hall
655 Main Street
Islip, New York 11751
Attention: John R. Dicioccio, Esq.

To the Company:

Corfu Property LLC
380 Moreland Road
Commack, New York 11725
Attention: Member

To the Sublessee:

Home Tile Center of NY, Inc.
165 Oval Drive
Islandia, New York 11749
Attention: President

With a copy for the Company or the Sublessee to:

Petras Law Offices
60 Hillside Ave.
Manhasset, New York 11030
Attention: Nicholas G. Petras, Esq.

Notice by mail shall be effective when delivered but if not yet delivered shall be deemed effective at 12:00 p.m. on the third Business Day after mailing with respect to certified mail and one Business Day after mailing with respect to overnight mail.

9. Failure by the Agency in any instance to insist upon the strict performance of any one or more of the obligations of the Company and/or the Sublessee under this PILOT Agreement, or to exercise any election herein contained, shall in no manner be or be deemed to be a waiver by the Agency of any of the Company's and/or the Sublessee's defaults or breaches hereunder or of any of the rights and remedies of the Agency by reason of such defaults or breaches, or a waiver or relinquishment of any or all of the Company's and/or the Sublessee's obligations hereunder. No waiver, amendment, release or modification of this PILOT Agreement shall be established by conduct, custom or course of dealing. Further, no payment by the Company and/or the Sublessee or receipt by the Agency of a lesser amount than or different manner from the correct amount or manner of payment due hereunder shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed to effect or evidence an accord and satisfaction, and the Agency may accept any checks or payments as made without prejudice to the right to recover the balance or pursue any other remedy in this PILOT Agreement or otherwise provided at law or in equity.

10. This PILOT Agreement shall become effective immediately as of the date of execution hereof. All taxes, assessments, special assessments, service charges, special ad valorem levies or similar tax equivalents due or to become due based upon prior taxable status dates shall be paid by the Company and the Sublessee when due. Upon termination of the Lease Agreement, this PILOT Agreement shall terminate.

11. Whenever the Company and/or the Sublessee fails to comply with any provision of this PILOT Agreement, the Agency may, but shall not be obligated to, take whatever action at law or in equity may appear necessary or desirable to collect the amount then in default or to enforce the performance and observance of the obligations, agreements and covenants of the Company and the Sublessee under this PILOT Agreement. The Agency agrees to notify the Company and the Sublessee in writing of any failure by the Company and/or the Sublessee to comply with any provision of this PILOT Agreement and shall provide the Company and/or the Sublessee with the opportunity to cure such failure within thirty (30) calendar days after receipt by the Company and/or the Sublessee of such notice.

12. This PILOT Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

13. The Company and the Sublessee agree to hold the Agency harmless from and against any liability arising from any default by the Company and/or the Sublessee in performing their respective obligations hereunder or any expense incurred under this PILOT Agreement, including any expenses of the Agency, including without limitation, reasonable attorneys' fees.

14. This PILOT Agreement may be modified only by a written instrument duly executed by the parties hereto.

15. This PILOT Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, heirs, distributees and assigns.

16. Except as provided in paragraphs 3 and 4, if any provision of this PILOT Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction, such provision so adjudged invalid, illegal or unenforceable shall be deemed separate, distinct and independent and the remainder of this PILOT Agreement shall be and remain in full force and effect and shall not be invalidated or rendered illegal or unenforceable or otherwise affected by such holding or adjudication.

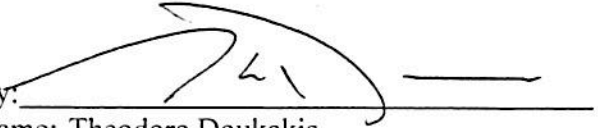
17. All capitalized terms used in this PILOT Agreement and not otherwise defined herein shall have the meanings assigned thereto in the Schedule of Definitions attached to the Lease Agreement as Schedule A, which definitions are incorporated herein and made a part hereof.

(Remainder of Page Intentionally Left Blank – Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have executed this PILOT Agreement as of the date first written above.

CORFU PROPERTY LLC

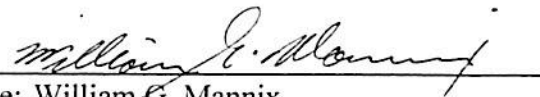
By: 
Name: Ioannis Doukakis
Title: Member

By: 
Name: Theodore Doukakis
Title: Member

HOME TILE CENTER OF NY, INC.

By: 
Name: Theodore Doukakis
Title: President

**TOWN OF ISLIP INDUSTRIAL
DEVELOPMENT AGENCY**

By: 
Name: William G. Mannix
Title: Executive Director



Town Of Islip
Industrial Development Agency
Benefit Explanation Sheet



Prepared For: Home Tile Center of NY

Item Number: 051389

Tax Years	Non-Abated	Abated	Savings
2016 / 2017	81,111.66	40,555.83	40,555.83
2017 / 2018	81,111.66	44,611.41	36,500.25
2018 / 2019	81,111.66	48,667.00	32,444.66
2019 / 2020	81,111.66	52,722.58	28,389.08
2020 / 2021	81,111.66	56,778.16	24,333.50
2021 / 2022	81,111.66	60,833.75	20,277.91
2022 / 2023	81,111.66	64,889.33	16,222.33
2023 / 2024	81,111.66	68,944.91	12,166.75
2024 / 2025	81,111.66	73,000.49	8,111.17
2025 / 2026	81,111.66	77,056.08	4,055.58
TOTALS:	\$811,116.60	\$588,059.54	\$223,057.06

Based on a tentative assessment of 176,100 and the current tax rate of \$460.60 per thousand.

EXHIBIT A

Formula for In-Lieu-of-Taxes Payment: Town of Islip (including any existing incorporated village and any village which may be incorporated after the date hereof, within which the Facility is wholly or partially located), Village of Islandia, Central Islip School District, Suffolk County and Appropriate Special Districts

Normal Tax Due = Those payments for taxes and assessments, other than special ad valorem levies, special assessments and service charges against real property located in the Town of Islip (including any existing incorporated village or any village which may be incorporated after the date hereof, within which the Facility is wholly or partially located) which are or may be imposed for special improvements or special district improvements, that the Company and the Sublessee would pay without exemption

Payment Formula

2016/2017	100% Normal Tax due on the agreed upon assessed value of \$ 88,050
2017/2018	100% Normal Tax due on the agreed upon assessed value of \$ 96,855
2018/2019	100% Normal Tax due on the agreed upon assessed value of \$ 105,660
2019/2020	100% Normal Tax due on the agreed upon assessed value of \$ 114,465
2020/2021	100% Normal Tax due on the agreed upon assessed value of \$ 123,270
2021/2022	100% Normal Tax due on the agreed upon assessed value of \$ 132,075
2022/2023	100% Normal Tax due on the agreed upon assessed value of \$ 140,880
2023/2024	100% Normal Tax due on the agreed upon assessed value of \$ 149,685
2024/2025	100% Normal Tax due on the agreed upon assessed value of \$ 158,490
2025/2026	100% Normal Tax due on the agreed upon assessed value of \$ 167,295

EXHIBIT B

Legal Description of Real Property

All that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Town of Islip, County of Suffolk and State of New York, bounded and described as follows:

BEGINNING at a point on the westerly side of Oval Drive, distant 786.87 feet southerly as measured along the westerly side of Oval Drive from the corner formed by the intersection of the southerly side of Bridge Road with the westerly side of Oval Drive;

RUNNING THENCE along the westerly side of Oval Drive south 6 degrees 05 minutes east 268.00 feet to land now or formerly of Bridge Road Industrial Park;

THENCE along said last mentioned land south 83 degrees 55 minutes west 228.23 feet to land now or formerly of Balin;

THENCE along said last mentioned land north 6 degrees 05 minutes west 268.00 feet to land now or formerly of Bridge Road Industrial Park;

THENCE along said last mentioned land north 83 degrees 55 minutes east 228.23 feet to the westerly side of Oval Drive at the point or place of BEGINNING.

TOGETHER with a non-exclusive Right of Way over the following described premises, being a 60 foot wide private road sometimes known as "Oval Drive" more particularly bounded and described as follows:

BEGINNING at a point on the southerly side of Bridge Road, distant 289.97 feet easterly as measured along the southerly side of Bridge Road from the corner formed by the intersection of the southerly side of Bridge Road and the easterly side of Long Island Motor Parkway;

RUNNING THENCE along the southerly side of Bridge Road, south 78 degrees 18 minutes east 71.38 feet to a point;

THENCE south 21 degrees 06 minutes east 103.36 feet;

THENCE south 09 degrees 23 minutes east 246.24 feet;

THENCE south 06 degrees 05 minutes east 713.76 feet;

THENCE along the arc of a curve bearing to the left, having a radius of 110.00 feet, a distance of 193.43 feet;

THENCE north 73 degrees 10 minutes east 99.46 feet to a monument;

THENCE south 06 degrees 05 minutes 00 seconds east 61.07 feet;

THENCE south 73 degrees 10 minutes west 88.07 feet;

Legal Description (cont'd)

THENCE along the arc of a curve bearing to the left, having a radius of 200.00 feet, a distance of 112.34 feet to a point of reverse curve;

THENCE along a curve bearing to the right, having a radius of 75.00 feet, a distance along said curve of 171.35 feet;

THENCE continuing along the arc of said curve, having a radius of 75.00 feet, a distance of 64.28 feet to a point;

THENCE north 06 degrees 05 minutes 00 seconds west 818.94 feet;

THENCE north 09 degrees 23 minutes west 238.35 feet;

THENCE north 21 degrees 06 minutes west 135.87 feet to the point or place of BEGINNING.

FOR INFORMATION ONLY: SAID PREMISES being known as and by 165 Oval Drive, Islandia, New York.

Real Property tax identification number is District 504, Section 11, Block 1, Lot 22