COOPERATIVE OFFERING PLAN
A PLAN FOR COOPERATIVE OWNERSHIP OF THE RESIDENTIAL CONDOMINIUM UNIT OF THE SUTTON CONDOMINIUM

Premises at
102 Bradhurst Avenue
New York, New York 10039

Total Cash Amount of Offering (15,000 Shares allocated to 134* Apartments):	$25,854,550
HDC Mortgage Indebtedness:	$10,580,000
HPD Mortgage Indebtedness	$ 4,246,506
AHC Mortgage Indebtedness	$ 675,000
TOTAL	$41,356,056

* No shares are allocated to the Superintendent's Apartment.

NAME AND ADDRESS OF THE APARTMENT CORPORATION WHOSE SHARES ARE OFFERED:

SUTTON APARTMENTS CORPORATION
102 Bradhurst Avenue
New York, New York 10039

NAME AND ADDRESS OF SPONSOR:

Bradhurst 100 Development LLC
Suite 404
210 Eleventh Avenue
New York, NY 10001
646.230.0551

NAME AND ADDRESS OF SELLING AGENT:

Michael E. Reed
51-B East 117th Street
New York, NY 10035
212.426.9733

Approximate Date of First Offering: **April 13, 2006.** This Plan may not be used after **April 12,** 2007 unless extended by Amendment.

THIS PLAN CONTAINS SPECIAL RISKS. SEE PAGE 1.

THE CONDOMINIUM ALSO CONTAINS A COMMERCIAL UNIT AND A GARAGE UNIT WHICH ARE NOT OFFERED UNDER THIS OFFERING PLAN AND WHICH WILL BE OWNED BY SPONSOR OR ITS DESIGNEE.

THIS OFFERING PLAN IS THE ENTIRE OFFER TO SELL THESE COOPERATIVE APARTMENTS. NEW YORK LAW REQUIRES SPONSOR TO DISCLOSE ALL MATERIAL INFORMATION IN THIS PLAN AND TO FILE THIS PLAN WITH THE NEW YORK STATE DEPARTMENT OF LAW PRIOR TO SELLING OR OFFERING TO SELL ANY APARTMENT. FILING WITH THE DEPARTMENT OF LAW DOES NOT MEAN THAT THE DEPARTMENT OR ANY OTHER GOVERNMENT AGENCY HAS APPROVED THIS OFFERING.

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SPECIAL RISKS

1. Primary Residence

Pursuant to the Regulatory Agreement between Sponsor and The City of New York by its Department of Housing Preservation and Development (the "HPD Regulatory Agreement"), for a period of twenty-five (25) years from the date the Residential Unit is conveyed to the Apartment Corporation, every Cooperative Apartment must be occupied by the owner of the Shares allocable to the Apartment as his or her primary residence, subject to a limited right to sublet as described in the Plan. The Regulatory Agreement among Sponsor, the Apartment Corporation, the NYC Partnership Housing Development Fund Company, Inc. and the New York City Housing Development Corporation (the "HDC Regulatory Agreement") also requires that Cooperative Apartments be occupied as primary residences, and not as investment property or vacation homes. See the Section of the Plan entitled "Summary of Principal Terms of Regulatory Agreements" in Part IA of this Plan for further details.

2. Income Restrictions

The purchase from Sponsor of Shares allocated to Apartments is subject to the satisfaction of certain income eligibility requirements. Pursuant to the HDC Regulatory Agreement, at the time of a Closing by a Purchaser ("Initial Coop Closing") with respect to the initial sale of Shares by the initial Shareholder (the "Initial Shareholder") for 20% of the units to Purchasers, the annual household income of each such Purchaser shall not exceed 130% ("130% Limitation") of the area median income as adjusted for family size pursuant to the schedule attached to the HDC Regulatory Agreement, for the New York Metropolitan statistical area as determined from time to time by the Secretary of HUD under Section 8 of the United States Housing Act of 1937, as amended, or if such program is terminated, under such program as was in effect immediately before such termination ("Median Income"). For all subsequent sales of Shares subject to the 130% Limitation, the units shall remain subject to the 130% Limitation but the area Median Income shall not be adjusted for family size. For the initial and all subsequent sale of Shares by the Shareholders for 55% of the units, the annual household incomes of the Purchasers shall not exceed 165% ("165% Limitation") of Median Income. For the remaining 25% of the units, the initial and all subsequent sale of Shares, the annual household incomes of the purchasers shall not exceed 250% ("250% Limitation") of Median Income. Upon presentation of this Plan, the following applies in satisfaction of the foregoing requirements: minimum annual household income for eligible purchasers is estimated to be $36,000, assuming a 5% down payment, with a maximum income of $157,000. Twenty-seven apartment units will have the following income restrictions: 6 one-bedroom units will have a maximum annual income restriction of $66,719, 19 two-bedroom units will have a maximum annual income restriction of $ 83,398, and 2 three-bedroom units will have a maximum annual income restriction of $96,741. For these 27 units, the maximum amount of assets a household can have, by apartment size, is $69,000 for a one-bedroom, $97,000 for a two-bedroom, and $127,000 for a three-bedroom. Income restrictions by household size will apply to these 27 units. Seventy-four apartment units will be sold to households with a

maximum annual income of $103,620. Annual household income includes the annual gross income of the Purchaser and any other person who is expected to reside in the unit. Prospective Purchasers of Apartments must complete, among other things, the Purchaser Eligibility Documents, forms of which are contained in Part IIA, and be approved by HDC. See the Section in Part IA entitled "Procedure to Purchase" for further details.

3. Resale and Sublease of Apartments/Right of First Refusal

Each Shareholder shall have the right to sell the Shares of the Apartment Corporation allocated to his or her Apartment and sublease the Apartment only upon compliance with the terms of the HPD and HDC Regulatory Agreements relating to primary residence and the income eligibility of the subsequent purchaser or sublessee, and further, provided the Apartment Corporation's Board of Directors is given notice and does not exercise its right of first refusal to acquire the Shares. This is unlike the typical cooperative, since Board approval is not required to sell the Shares or sublease Apartments. Resales of all Apartments will be subject to the income limitation for so long as the HDC Regulatory Agreement is in effect. Under the HDC Regulatory Agreement, Shareholders are required to occupy their Apartments as their primary residence within sixty (60) days from the date of acquisition of their Apartment, Shareholders may only be natural persons, and Shareholders may sublet their Apartments for not more than two (2) years in any consecutive four (4) year period, provided that such Shareholder has occupied his or her Apartment as their primary residence for a period of at least one (1) year. Under the AHC Mortgage, Apartments receiving the AHC Subsidy (see Schedule A for the list of Apartments receiving the AHC Subsidy) may not be sublet without the consent of the New York State Affordable Housing Corporation. See the Section of the Plan entitled "Summary of Principal Terms of Proprietary Lease," "Summary of Principal Terms of HDC Regulatory Agreement" and "Terms of Mortgages affecting the Residential Unit." in Part IA.

4. Repayment of Unit Debt under HPD Mortgage

In addition to the HDC Mortgage and the AHC Mortgage, there will be a subordinate mortgage held by HPD (the "HPD Mortgage") which will mature on the twenty-fifth (25th) anniversary of the Closing Date. The loan secured by the HPD Mortgage does not bear interest or require the payment of installments, except upon the sale or refinancing of an Apartment. Each Apartment will be allocated with a portion (the "Unit Debt") of the indebtedness secured by the HPD Mortgage. The initial Unit Debt is calculated as the same percentage of the HPD Mortgage as the Shares attributable to the Apartment bear to the total number of issued and outstanding shares of the Apartment Corporation. The Unit Debt will be reduced (i) by 1/25th each year that the Shareholder occupies the Apartment as his or her primary residence and (ii) by payments on resale or refinancing of the Apartment. Upon resale or refinancing of the Shares allocated to an Apartment, the unpaid balance of that Apartment's Unit Debt becomes due and payable by the Shareholder to the extent of (i) 100% of "Resale Profits" or "Refinancing Profits" (see "Terms of Mortgages Affecting the Residential Unit." for definitions of these terms) if the sale or refinancing occurs during the

first three (3) years following the Closing Date, or (ii) 50% of Resale Profits or Refinancing Profits if the sale or refinancing occurs thereafter, and the Shareholder will be entitled to retain the balance of such Resale Profits or Refinancing Profits. If a portion of the Unit Debt remains after a sale or refinancing, that portion will remain a lien on the Apartment until it is subsequently paid off or until the maturity date of the HPD Mortgage, whichever first occurs. For further details, see the Sections of Part IA entitled "Terms of Mortgages Affecting the Residential Unit."

5. Repayment of HDC Mortgage on Resale

Upon resale of any Shares by a Shareholder, the "Resale Profits" shall be paid by the Shareholder to HDC to be applied by HDC to the repayment of the HDC Mortgage until all the indebtedness secured by the HDC Mortgage is paid in full. "Resale Profits" means 100% of the Net Appreciation (defined below), for the first three years from the date of the HDC Mortgage and 50% of the Net Appreciation for years four through fifteen, if any, received by a Shareholder upon the sale of the Shares owned by that Shareholder. "Acquisition Cost" means the total amount of cash and non-cash consideration paid by a Shareholder to a seller to acquire the Shares, plus certain permitted expenses incurred by the Shareholder in acquiring the Shares, plus the cost of the Shareholder's properly documented capital improvements in the apartment to which such shares are attributable up to a maximum of Two Thousand Five Hundred Dollars ($2,500), plus in the case of a Shareholder who acquired Shares from Sponsor, the sum of One Thousand Dollars ($1,000). "Net Appreciation" means the amount by which Net Sales Proceeds received by a Shareholder upon the sale of Shareholder's Shares exceeds the Shareholder's Acquisition Cost for the Shares. "Net Sales Proceeds" means the total amount of cash and non-cash consideration received by a Shareholder from a purchaser in exchange for the sale and conveyance of the Shareholder's Shares, less the permitted expenses incurred by the Shareholder in connection with such sale. For further details, see the Sections of Part IA entitled "Terms of Mortgages affecting the Residential Unit."

6. Repayment of AHC Subsidy

The AHC Mortgage will mature on the twenty-fifth (25th) anniversary of the Closing Date. The loan secured by the AHC Mortgage does not bear interest or require the payment of installments. Twenty-seven (27) Apartments which are designated on Schedule A will receive an AHC Subsidy, each in the amount of $25,000. Repayment of this subsidy will be due and payable by the Shareholder upon sale of the Apartment and is secured by the AHC Mortgage. At the Apartment Closing Date for each of these Apartments the Shareholder will give to AHC a Uniform Commercial Code Financing Statement to evidence this obligation. For further details, see the Sections of Part IA entitled "Terms of Mortgages affecting the Residential Unit."

7. 75% Pre-sale Requirement

It is a requirement of the HDC Commitment that at least seventy-five (75%) percent of the issued Shares of the Apartment Corporation be under contract to bonafide Purchasers unrelated to Sponsor, and be approved by HDC, for the HDC construction loan to be converted to the HDC Note and HDC Mortgage and for the Closing Date to occur. Similarly, the loan documents with Wachovia Bank, National Association, which has made a construction loan to Sponsor to develop the Building, also provides that the Plan may not be declared effective until 75% of the Apartments have been contracted for. For further details, see the Section of Part IA entitled "Effective Date of the Plan and Closing Date."

8. Consequences of Violation of HPD and HDC Regulatory Agreements

A violation of a provision of the HPD Regulatory Agreement which remains uncorrected for sixty (60) days after notice from HPD to the Apartment Corporation shall give HPD the right to remove any or all of the Directors of the Apartment Corporation and appoint persons whom HPD deems advisable, to serve until the default is cured or HPD is assured against violations of a similar nature. An identical provision is contained in the HDC Regulatory Agreement for defaults which are not cured within thirty (30) days. For further details, see the Sections of Part 1A entitled "Terms of Regulatory Agreements."

9. Closing Costs

Each Purchaser will pay the New York State and New York City Real Property Transfer Taxes (the "Transfer Taxes") due on the transfer of the shares of stock of the Apartment Corporation to the respective Purchaser. THESE ARE STATUTORY OBLIGATIONS OF A SELLER, AND THE SHIFTING OF THE OBLIGATION FROM THE SELLER TO THE PURCHASER IS DEEMED ADDITIONAL TAXABLE CONSIDERATION TO THE SELLER. Thus, the New York State Real Property Transfer Tax, which is currently .4% of the gross purchase price, when paid by the Purchaser is increased to approximately .4016%. The New York City Real Property Transfer Tax, which is currently 1% of the gross purchase price where the purchase price is $500,000 or less and 1.425% of the purchase price where the purchase price is more than $500,000, is increased to approximately 1.01 % and 1.4453%, respectively. The term "gross purchase price of the Apartment" shall mean the Purchase Price for the Shares of the Apartment Corporation being purchased plus the proportionate amount of the Mortgages (as described in the section of the Plan entitled "Terms of Mortgages Affecting the Residential Unit") allocable to such Shares. Purchasers shall execute the required Real Property Transfer Tax Returns in connection with the payment of the foregoing Transfer Taxes.

10. Financing Contingency

The Project has been pre-approved by BNY Mortgage Company, JP Morgan Chase Bank and Citibank, all of which will make loans to qualified Purchasers who wish to finance their purchase of Shares. The Plan provides that a Purchaser who wishes to execute a Purchase Agreement making his or her purchase of Shares contingent on financing must apply to one

of these three banks for such financing. A Purchaser may apply independently, at his or her option, to any lender. However, in such event the purchase of the Shares shall not be contingent on obtaining financing, and the failure to obtain financing will not relieve the Purchaser from his or her obligations under the Purchase Agreement. The pre-approval of the Project does not mean that Purchasers will qualify for financing. Sponsor makes no representation or warranty that financing will be available to anyone who executes a Purchase Agreement, or as to the terms and conditions under which such financing might be available. For further details, see the Section of the Plan entitled "Financing for Qualified Purchasers."

11. Partial Exemption from Real Estate Taxes

Sponsor anticipates receiving a partial exemption from real estate taxes with respect to the Property pursuant to Section 421-a of the New York Real Property Tax Law. Sponsor received a Declaratory Ruling dated June 2, 2005 from HPD that the Project will, upon completion, be eligible for Section 421-a benefits. For the effect of this tax exemption on Purchasers, see the opinion of Merker Realty Corp. which appears in Part I of the Plan together with the letter from HPD. However, there can be no guaranty or assurance that the criteria for obtaining Section 421-a benefits for the Property will be satisfied or, if such criteria are satisfied, that Sponsor's application for a partial exemption from real estate taxes will be granted. If the application is not approved, the Residential Unit will be subject to full taxation and will receive no benefits under Section 421-a. Consequently, Schedule A to the Plan contains projections of total monthly carrying charges and annual amounts deductible for income tax purposes both assuming that Section 421-a benefits will be available to the Property and that such benefits will not be available. For further details, see the Section of the Plan entitled "Real Estate Taxes," the HPD letter and Opinion of Counsel hereinabove referred.

12. Reasonable Relationship Test

Under Section 216 of the Internal Revenue Code, the stock allocated to each Apartment must be fully paid up in an amount bearing a "reasonable relationship" to the Apartment Corporation's equity in the Property which is attributable to the Apartment as of the date of the original issuance of the stock. The Owner has the right to convey the Property to the Apartment Corporation at any time after Sponsor has obtained binding Purchase Agreements for 75% of the Shares. On or before the Closing Date, all of the Shares will be conveyed to Sponsor for subsequent sale to Purchasers. In the opinion of counsel, the subsequent issuance to Purchasers of the Unsold Shares allocated to Apartments will qualify for purposes of Section 216 as the date of "Original Issuance," and each Purchaser thus will qualify as a "Tenant-Stockholder" under Section 216. Although they may not be relied upon as a precedent, two Internal Revenue Service Private Letter Rulings support that opinion, and hold that the date of Original Issuance is the date when the corporation's stock is first issued or sold under a plan of cooperative organization to individual Purchasers. In the event that Purchasers do not qualify as Tenant-Stockholders notwithstanding these Private Letter

Rulings, Purchasers would not be entitled to deduct for income tax purposes their proportionate share of the mortgage interest and real estate taxes paid by the Apartment Corporation as estimated on Schedule A and A-1 of the Offering Plan. For further details see the section of the Plan entitled "Counsel's Income Tax Opinion."

13. Tax Status of HPD Note

No regular debt service is payable with respect to the HPD Note. Instead, provided the Apartment Corporation complies with the HPD Regulatory Agreement and makes certain payments to HPD in the amount of resale or refinancing profits, the outstanding principal amount of the HPD Note will expire at the end of the 25th year of its term. Although the matter is not free from doubt, Sponsor is advised that the HPD Note should be viewed for income tax purposes as a grant to the Owner as agent for the Apartment Corporation and, based on certain factual assumptions that Sponsor believes to be correct, and based on certain legal authority, should be exempt from income taxation. See the Counsel's Income Tax Opinion contained in Part I of this Plan. However, if the Internal Revenue Service ("IRS") disagrees with this characterization and analysis, or asserts that some of the factual assumptions are incorrect, then the IRS could assert that the entire HPD Note is income to the Apartment Corporation upon its advance. If the IRS were to view the advance as income to the Apartment Corporation, this would leave the Apartment Corporation with a substantial income tax liability. Alternatively, the IRS could argue that the HPD Note should be treated as debt, a portion of which is treated for income tax purposes as being forgiven each year or upon expiration, possibly giving rise to cancellation of indebtedness income for the Apartment Corporation. This could both be taxable to the Apartment Corporation and not qualify as "good" income for the 80% gross income test, possibly causing the Apartment Corporation to fail such test and not qualify as a cooperative corporation for income tax purposes for such year. If the Apartment Corporation were not to qualify as a cooperative corporation for income tax purposes for a particular tax year, (a) a Tenant-Shareholder would not be entitled to deduct for personal income tax purposes the amounts paid by such Tenant-Shareholder to the Apartment Corporation within that tax year representing his or her proportionate share of (i) real estate taxes and (ii) mortgage interest allowable to the Apartment Corporation as a deduction and paid by the Apartment Corporation in that year, and (b) the ability of a Tenant-Shareholder who sells that year, an Apartment used by him or her as a primary residence, to exclude from income certain gain on the sale of the Apartment, would be adversely affected. These considerations are more fully described in the "Counsel's Income Tax Opinion" contained in Part IIA of this Plan.

14. Subdivision of Commercial Unit

Subject to any applicable building code, fire code or like requirements of governmental authorities and the limitations set forth in the Declaration and By-laws of the Condominium regarding making alterations and improvements, a Commercial Unit Owner shall have the right, without the vote or consent of the Board of Managers of the Condominium, HDC, HPD or the other Unit Owner(s), (i) to change the layout of the Commercial Unit, and (ii) to

change the size and/or number of Commercial Units, including subdividing a Commercial Unit into additional Commercial Units or combining Commercial Units into one Commercial Unit, in which event the Unit Owner will have the right to reapportion, among the Commercial Units affected by such change, subdivision, combination or alteration, their appurtenant interest in the Common Elements, provided the aggregate interest in the Common Elements appurtenant to the Commercial Units after such change, subdivision, combination or alteration equals the aggregate interest in the Common Elements appurtenant to the Commercial Units prior to such change, subdivision, combination or alteration. No subdivision or combination made pursuant hereto shall result in a change in the amount or quality of Common Elements directly affecting or servicing the Residential Unit. For further details, see the section of the Plan in Part IB entitled "Changes in Layout of Commercial Unit."

15. Modifications of Plans and Specifications

Sponsor reserves the right to make changes to the Plans and Specifications, provided that any substitution of materials, appliances, or equipment will be equal or better quality (as determined by Sponsor's architect) than the item substituted for and any necessary approval of any governmental authority will have been first obtained. Sponsor may not change the size or location of any Apartment or other improvements or common areas if such change materially adversely affects the use of any Apartment to which title has closed or for which a Purchase Agreement has been executed and is in effect, unless all affected Shareholders and contract vendees consent in writing to such change. For further details, see the Section of Part IA "Rights and Obligations of Sponsor" and in Part IIA "Description of Property and Specifications."

16. **No Washers or Dryers in Apartments**

Sponsor will be providing neither clothes washers nor dryers. Sponsor will provide adequate plumbing to install washers and dryers in an Apartment. There are established specifications that a washer and dryer installed by a Unit Owner must be a Bosch Axxis + Washer Model # WFR 2460 – Frontload and Dryer needs to be a Bosch Axxis Condensation Dryer Model #WTL5410 frontload. For further details, see the Section of Part IIA "Description of Property and Specifications."

17. **No Bond or Other Security to Secure Sponsor's Obligations**

Sponsor will not be providing any bond or other security to secure its obligations under this Plan. For further details, see the Section of Part IA "Rights and Obligations of Sponsor."

18. **Measurements on Floor Plans**.

The Floor Plans depicting layouts of Apartments appear in Part II of the Plan. Purchasers should note that the salable square footage of each Apartment as reflected in Schedule A and

the Floor Plans are approximate within reasonable tolerances and do not reflect the usable area within an Apartment, which are significantly different. Square footage is measured horizontally from the inside of the exterior walls to centerline of the partitions separating one Apartment from another Apartment (unless there is a structural wall dividing two Apartments in which case it is measured to the inside face of the wall), and to the centerline of the wall separating one Apartment from corridors, stairs, elevators, and other mechanical spaces or any common elements

19. **Lease of Apartments**.

In the event that HDC and Wachovia Bank, National Association, waive or modify their respective 75% requirements described in Special Risk 6 above or otherwise, Sponsor, including any Sponsor-designee, has reserved the right, upon closing of the sale of fifty percent (50%) of the Apartments, to lease Apartments in the Building. If Sponsor or any Sponsor-designee, elects to do so, depending on the number of Apartments in the Building being leased, this may adversely effect the ability of Purchasers to obtain financing or refinancing for his or her Apartment. In addition, a Purchaser may be purchasing a previously occupied Apartment, which first will be disclosed to a Purchaser. Sponsor will endeavor in good faith to sell, in a reasonably timely manner, all Apartments to Purchasers for personal occupancy by themselves or their families. Until at least 50% of the Apartments are so sold and conveyed to Purchasers for personal occupancy, Sponsor will not rent Unsold Apartments. After such 50% threshold is achieved, Sponsor will continue to endeavor in good faith to so sell Apartments to Purchasers for personal occupancy, but reserves the right, if market conditions become unfavorable after the filing of this Plan, to rent Unsold Apartments until they may be sold at prices determined in good faith to be satisfactory to Sponsor. Sponsor's good faith efforts to sell to Purchasers for personal occupancy include multi-listing Unsold Apartments with brokers, showing Unsold Apartments to brokers and prospective Purchasers or their representatives, filing updated Amendments to the Plan and otherwise engaging in customary sales activities. Prospective Purchasers should nevertheless be aware that they potentially may be living with transient tenants (who must nevertheless be occupying the Apartments as their primary residence) in up to 50% of the Apartments for an indefinite period, depending upon market conditions, while Sponsor continues to endeavor in good faith to sell Apartments to Purchasers for personal occupancy at prices determined in good faith to be satisfactory to Sponsor. Transient tenants will receive the same Building services and use the Building's amenities (e.g., the lobby) as owner-occupants; however, they have no investment in their Apartments and, therefore, do not share the same economic interests as owner-occupants in the maintenance and care of the Building's facilities and amenities. Prospective Purchasers should also be aware that Sponsor and any other non-resident Shareholders may be at odds with owner-occupants on expenditures for items like lobby and hallway decorations and capital improvements. In addition, Sponsor will have a significant role in the governance of the Building by reason of its voting control of the Board during the period of time Sponsor is entitled to control the Board. Even thereafter, Sponsor will continue to have a voice in governance due to its right to vote the Shares allocated to the Unsold Apartments. Moreover, Sponsor and any other non-resident Shareholders will at all

times have the same right as owner-occupants to vote on issues that require approval or consent of Shareholders (such as the exercise of the Board's Right of First Refusal to purchase or lease a sold Apartment or to amend the Bylaws or Declaration). See "Rights and Obligations of Sponsor."

DEFINITIONS

Certain words used in this Plan have special meanings for Purchasers. They are used in accordance with their definitions found in Section 339-e of the New York Condominium Act, Section 216 of the Internal Revenue Code, and Part 21 of the Regulations issued by the New York State Attorney General's Office, with occasional modifications necessary to conform to this Plan. They include the following:

AHC: The New York State Affordable Housing Corporation.

AHC Mortgage: The mortgage constituting a third lien upon the Residential Unit, which will be held by AHC and secure a permanent loan in the principal amount of $675,000.

AHC Subsidy: The subsidy in the aggregate amount of $675,000 secured by the AHC Mortgage and allocated in the amount of $25,000 to each of 27 Apartments as denoted in Schedule A.

Annual Household Income: Annual household income for purposes of eligibility to purchase from Sponsor or on a resale is defined in the HDC Regulatory Agreement as follows: "Annual household income includes gross pay, overtime pay, part-time pay, bonuses, commissions, tips, dividends, interest, royalties, trust income, net rental income, Veterans Administration compensation, pensions, social security benefits, unemployment compensation, alimony, child support, public assistance, sick pay, business activity income, investment income and other income. Annual household income includes the annual gross income of the Purchaser and any other person who is expected to reside in the Unit."

Apartment: An apartment unit in the Residential Unit represented by the Proprietary Lease for such Apartment and the appurtenant Shares.

Apartment Corporation: The Sutton Apartments Corporation, which will be owner of the Residential Unit, is a corporation formed pursuant to the New York Business Corporation Law on August 15, 2005, with an authorized capital of 20,000 Shares. A total of 15,000 Shares in the Apartment Corporation will be allocated to 134 Apartments in the Residential Unit. No Shares will be allocated to the Superintendent's Apartment, which will be owned by the Apartment Corporation.

Apartment Closing Date: The date the Unsold Shares allocated to a Cooperative Apartment are conveyed to a Purchaser thereof.

Board of Directors: Subject to the rights of Sponsor described in this Plan, the Shareholders elect the Board of Directors, which is responsible for the affairs of the Apartment Corporation as owner of the Residential Unit. The size of the Board, terms of members and election procedures are summarized in the section of the Plan entitled "Apartment Corporation" and are set forth in full in the By-Laws in Part IIA of this Plan.

Board of Managers: Subject to the rights of Sponsor as described in this Plan, the Unit Owners elect the Board of Managers, which is responsible for the affairs of the Condominium, including operation, upkeep, repair and maintenance of the Common Elements and Limited Common Elements, fixing of the Condominium budget, determination of Common Charges and adoption of rules and regulations affecting the Property. The size of the Board, terms of members and election procedures are summarized in the section of the Plan entitled "Rights and Obligations of Board of Managers/Summary of By-Laws" and are set forth in full in the By-Laws in Part IIB of this Plan.

Building: The building to be known as 102 Bradhurst Avenue, New York, NY, which will contain the Residential Unit, the Commercial Unit, the Garage Unit and the Common Elements and submitted to condominium ownership pursuant to this Plan.

Closing Date: The date on which title to the Residential Unit is conveyed by the Owner to the Apartment Corporation.

Commercial Unit: The Condominium Unit that will be conveyed to Sponsor or its designee and intended for commercial or retail use.

Common Charges: Each Unit's proportionate share of the Common Expenses assessed by the Board of Managers in accordance with the allocations of the Common Interest to each Unit, payable as Common Charges by each Unit Owner.

Common Elements: Those facilities and areas of the Condominium that are not part of a Unit and which are necessary or convenient to the existence, management, operation, maintenance and/or safety of the Property, or normally in common use. For a more detailed description of Common Elements, see the Declaration set forth in Part IIB of this Plan.

Common Expenses: The operating costs of the Condominium, paid by Unit Owners in the form of Common Charges. See the Projected Budget for the Condominium, Schedule C to the Plan, for the details of Common Expenses.

Common Interest: The proportionate undivided fee simple interest of the Unit Owners in the Common Elements, as expressed in the Declaration. In this Plan Sponsor has allocated Common Interests on the basis of method (iv) contained in Section 339-i(1) of the New York Condominium Act, that is, upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use and the overall dimensions of the particular Unit. The Residential Unit has been allocated a 97 percent interest in the Common Elements, the Commercial Unit has been allocated a 2 percent interest in the Common Elements and the Garage Unit has been allocated a 1 percent interest in the Common Elements.

Condominium: The Building and underlying Land, which will be submitted to the New York Condominium Act by the recording of the Declaration and By-Laws and filing of Floor Plans, and which will be known as The Sutton Condominium.

Cooperative Apartment or Apartment: An apartment within the Residential Unit, to which Shares have been allocated and which is subject to a Proprietary Lease.

Declaration: The instrument which the Owner will record in the New York County off ice of the Register of The City of New York, prior to the conveyance of the Residential Unit to the Apartment Corporation, to submit the Property to the New York Condominium Act and legally declare the Property a Condominium, together with duly recorded amendments thereto. A copy of the proposed Declaration is set forth in Part IIB of this Plan.

Down Payment: The money that a person desiring to purchase the Shares allocated to an Apartment must deliver at the time such person delivers an executed Purchase Agreement to Sponsor or the Selling Agent.

Effective Date: The date of the notice declaring that sufficient Purchasers have entered into Purchase Agreements for the Plan to be consummated.

Family Members: The spouse, children (natural and adopted), stepchildren, grandchildren, siblings, parents, parents-in-law, grandparents, great-grandparents, nieces, nephews and aunts and uncles of a Shareholder, and any other person who resides with the Shareholder in the Apartment as a primary or principal residence and with whom he or she has an emotional and financial commitment and interdependence.

Floor Plans: The floor plans of the Building and Land filed in the office of the City Register, New York County, simultaneously recorded with the Declaration, as they may, from time to time, be amended consistent with applicable Law, the Declaration and the By-Laws.

Garage Unit: The Garage Unit that will be conveyed to Sponsor or its designee and intended for parking motor vehicles.

Holder of Unsold Shares: Initially Sponsor or its designee, who will acquire the Unsold Shares and enter into Proprietary Leases for the Apartments to which the Unsold Shares are allocated. Holders of Unsold Shares are granted certain rights and privileges by the Proprietary Lease.

HDC: New York City Housing Development Corporation, having an office at 110 William Street, New York, New York 10038.

HDC Commitment: HDC's Financing Commitment and Agreement to Sponsor, the Owner and the Apartment Corporation, dated June 7, 2005, to provide construction and permanent financing for the Residential Unit, as same may be amended from time to time.

HDC Mortgage: The mortgage constituting a first lien upon the Residential Unit, which will be held by HDC and secure a permanent loan in the principal amount of $10,580,000.

HDC Regulatory Agreement: The Agreement dated June 15, 2005 between the Owner, Sponsor and HDC, as same may be amended from time to time, which among other things contains income eligibility requirements for Purchasers of Shares.

HDC Note: The note evidencing the loan to be secured by the HDC Mortgage, as same may be modified or extended.

HPD: The Department of Housing Preservation and Development of The City of New York, having an office at 100 Gold Street, New York, New York 10038, and which entered into the LDA, the HPD Regulatory Agreement and other Project documents on behalf of The City of New York.

HPD Mortgage: The mortgage constituting a second lien upon the Residential Unit, which will be held by HPD and secure a permanent loan in the principal amount of $4,246,506, to be made by HPD to the Apartment Corporation on the Closing Date.

HPD Note: The note evidencing the loan to be secured by the HPD Mortgage, as same may be modified or extended.

HPD Regulatory Agreement: The Agreement dated as of June 15, 2005 between Sponsor and The City of New York acting through HPD, which contains the restriction that a Cooperative Apartment must be used as a Shareholder's primary residence.

HPD Restriction Period: The twenty-five (25) year period following the Closing Date during which the restrictions of the HPD Regulatory Agreement will apply to resales of Shares allocated to Apartments.

Land: The tract, plot, piece and parcel of land situate, lying and being in the Borough of Manhattan, City, County and State of New York, known as Block 2045, Lot 42, on which the Building is located.

LDA: The Land Disposition Agreement dated June 15, 2005 between The City of New York acting through HPD and Sponsor, pursuant to which Sponsor acquired the Land.

Limited Common Elements: Common Elements which are appurtenant to the Residential Unit or the Commercial Unit and are reserved for the exclusive use of the Owner of such Unit, or which are restricted for the sole use of the Apartment Corporation as owner of the Residential Unit or the Commercial Unit, as the case may be. The respective responsibilities of such Unit Owners and the Board of Managers for repair and maintenance of Limited Common Elements are set forth in the Declaration and By-Laws of the Condominium.

Maintenance Charges: Each Shareholder's proportionate share of the Apartment Corporation's expenses, assessed by the Board of Directors in proportion to the Shares allocated to the Apartment.

Managing Agent: The managing agent for the Residential Unit and the Condominium, which initially will be World Class Management, Inc.

Median Income: Annual median income for the New York Metropolitan statistical area as determined from time to time by the Secretary of HUD under Section 8 of the United States Housing Act of 1937, as amended, or if such program is terminated, then under such program as was in effect immediately before such termination based on a family size of four.

Offering Plan: This document, as it may be amended from time to time, filed with the New York State Department of Law which describes the Property, the Condominium and the Cooperative pursuant to which Shares allocated to individual Apartments are offered for sale.

Owner: The NYC Partnership Housing Development Fund Company, Inc., which acquired the Land from The City of New York pursuant to the LDA. The Owner will submit the Land and Building to Condominium ownership, convey the Residential Unit to the Apartment Corporation and convey the Commercial Unit and Garage Unit to Sponsor or a designee of Sponsor.

Person: A natural person, corporation, partnership, limited liability company, association, trustee or other legal entity.

Property: The Residential Unit with its corresponding interest in the Land and Building.

Proprietary Lease: The special lease of an Apartment to which Shares have been allocated. The form of proprietary lease is set forth in Part IIA of this Plan.

Purchaser: Any Person who has entered into a Purchase Agreement with Sponsor, to purchase the Shares allocated to an Apartment within the Residential Unit and to enter into a Proprietary Lease for the Apartment.

Purchaser Eligibility Documents: Purchaser's Affidavit, Purchaser's Reaffirmation, Purchaser's Income Eligibility Worksheet, Purchaser's Asset Statement and Seller's Affidavit, forms of which are contained in Part 11A of this Plan.

Purchase Agreement: The contract to purchase Shares in the Apartment Corporation from Sponsor. The form of Purchase Agreement is set forth in full in Part IIA of this Plan.

Purchase Price: The purchase price for the Shares allocated to an Apartment that is payable under a Purchase Agreement.

Residential Unit: The Condominium Unit that will be conveyed to the Apartment Corporation, containing the Apartments for residential use.

Refinancing Profits: The amount by which the increased debt resulting from a new loan obtained by the Shareholder, for which the Shareholder has pledged the Shares and delivered the stock certificate for the Apartment pursuant to a security agreement, exceeds the amount paid by the Shareholder in purchasing the Shares allocated to the Apartment.

Resale Profits: The amount by which the total consideration that a Shareholder receives upon the transfer of the Shares attributable to the Shareholder's Apartment exceeds the original cash purchase price paid by the Shareholder in acquiring the Shares (excluding the proportionate share of the underlying mortgages allocable to the Shares), minus the following: the reasonable costs incurred by the Shareholder in acquiring the Shares and the reasonable costs incurred by the Shareholder in selling the Shares, in each case including reasonable attorneys' fees and disbursements, reasonable brokerage fees, title search and title policy fees, reasonable processing fees of the Apartment Corporation, transfer and stamp taxes, usual and reasonable fees and expenses in connection with financing or satisfying a cooperative share loan, including, without limitation, credit report fees, legal fees, points, etc., and in the case of Purchasers under the Offering Plan, contributions to capital.

Selling Agent: The entity which will, on behalf of Sponsor, supervise sales of shares in the Apartment Corporation. The Selling Agent is Michael E. Reed.

SDA: The Site Development Agreement dated as of June 15, 2005 between the Owner and Sponsor, relating to the construction of the Building on the Land, the establishment of the Condominium, the conveyance of the Residential Unit to the Apartment Corporation and the sale of Shares allocated to Cooperative Apartments.

Shares: The shares of the capital stock of the Apartment Corporation offered for sale pursuant to this Plan.

Sponsor: Bradhurst 100 Development LLC, a New York limited liability company which is constructing the Building and developing the Building pursuant to a Site Development Agreement with the Owner, and which will own the Unsold Shares after the Closing Date.

Sponsor Designee: An entity which may be designated by Sponsor to acquire ownership of the Commercial Unit on the Closing Date.

Tenant-Shareholder or Shareholder: A Purchaser of the Shares allocated to an Apartment, and the lessee under a Proprietary Lease for the Apartment.

Unit: The Residential Unit or the Commercial Unit. Units receive the exclusive use of Limited Common Elements. For the technical description of a Unit, see the Declaration, set forth in Part II of this Plan.

Unit Debt: The Apartment's proportionate share of the HPD Mortgage, repayable to the City under specified circumstances.

Unit Owner: The Apartment Corporation as owner of the Residential Unit and the fee simple owner of the Commercial Unit, which may be one or more individuals over 18 years old, owning as tenants in common, joint tenants or tenants by the entirety, partnerships, limited liability companies, corporations, trusts, estates, fiduciaries, unincorporated associations, syndicates, joint ventures, governments or any department or agency thereof, or any other legal entity permitted to own real property in the State of New York.

Unsold Apartments: The Apartments relating to Unsold Shares.

Unsold Shares: Shares which have not been sold and fully paid for by Purchasers on the Closing Date, which will be retained by Sponsor until such Shares are sold and conveyed to Purchasers. Unsold Shares lose their special character upon sale to Purchasers pursuant to this Plan.

INTRODUCTION

Bradhurst 100 Development LLC (the "Sponsor"), a New York limited liability company with an office at 210 Eleventh Avenue, New York, NY 10001, presents this Offering Plan (the "Plan") relating to the construction of a mixed use residential and retail project with parking (the "Project") on land located at 102 Bradhurst Avenue, New York, New York (the "Land"). The land is currently owned by the NYC Partnership Housing Development Fund Company, Inc. (the "Owner'). The Owner is a not-for-profit corporation organized under the Not-For-Profit Corporation Law and Article XI of the Private Housing Finance Law, both of the State of New York, exclusively to facilitate the development of quality housing affordable to families of limited income in areas where such housing is inadequate.

Sponsor acquired the Land by deed from The City of New York dated June 15, 2005, pursuant to a Land Disposition Agreement with The City of New York dated simultaneously therewith (the "LDA"). Immediately upon acquisition of the Land, Sponsor conveyed it to Owner. Sponsor is constructing an eleven-story building (the "Building") on the Land and developing the Project pursuant to a Site Development Agreement with the Owner, also dated as of June 15, 2005 (the "SDA"). Sponsor will develop the Project in accordance with its obligations under the LDA, the SDA and the other Project documents. The Owner will not serve in any capacity as a developer or builder of the Project nor as a sponsor of this Plan. The Owner is responsible only for those functions specifically allotted to it in the Project documents relating to the financing and construction of the Building and marketing and sales of cooperative apartments. The Owner has no liability of any kind for any statements or representations made in this Plan or any of the Project documents.

Upon construction of the Building, the Owner will submit the Land and Building to the provisions of Article 9-B of the New York Real Property Law (the "New York Condominium Act"), thereby establishing a condominium to be known as The Sutton Condominium (the "Condominium"). This will be accomplished by the recording of a Condominium Declaration and By-Laws with the New York County office of the Register of the City of New York, and the simultaneous filing of floor plans. Copies of the Condominium Declaration and By-Laws are set forth in Part II of this Plan. After such recording, the Condominium will be subject to and must comply with the New York Condominium Act.

The Condominium

The Condominium will be comprised of three (3) units (the "Units"), a residential unit (the "Residential Unit"), a garage unit (the "Garage Unit") and a commercial unit (the "Commercial Unit") with certain areas and facilities that are common to the Units and are known as "Common Elements." Common Elements, which are more fully described in the Declaration, will include among other things the Land and structural components of the Building. Certain Common

Elements are limited in use to the Residential Unit, and are described in the Declaration as "Limited Common Elements."

Upon completion of construction by Sponsor, the Owner will convey title to the Residential Unit to Sutton Apartments Corporation (the "Apartment Corporation"), which will own and operate the Residential Unit as a cooperative housing project for its Shareholders, as more fully described in this Plan. The date on which fee title to the Residential Unit is conveyed to the Apartment Corporation is referred to herein as the "Closing Date." Title to the Commercial Unit and the Garage Unit will be conveyed to Sponsor or an entity designated by Sponsor (a "Sponsor Designee").

Ownership of a Unit includes a proportionate undivided ownership interest in the Common Elements, known as the Unit's Common Interest. In accordance with the terms of the Declaration, the percentage interest of each Unit in the Common Elements, pursuant to the terms of 339(i)(1)(iv) of the Condominium Act, has been based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Units. The Residential Unit has been allocated a ninety-seven (97%) percent Common Interest, the Garage Unit has been allocated a 1 percent Common Interest and the Commercial Unit has been allocated a 2 percent Common Interest.

Each Unit is separate and is not subject to the lien of any mortgages placed on any other Unit. Thus, any mortgage on the Residential Unit is the sole responsibility of the Residential Unit Owner and is not the responsibility of the owner or owners of the Commercial Unit or Garage Unit. Each Unit is taxed as a separate tax lot for real estate tax and assessment purposes, and each Unit Owner is solely responsible for the payment of all real estate taxes and assessments levied against its Unit. No Unit Owner will be liable for the payment of, and no Unit will be subject to any lien arising out of the nonpayment of, real estate taxes or assessments levied against any other Unit. Taxes payable by the Residential Unit are included as expenses in the budget of the Apartment Corporation, which will own the Residential Unit, as hereinafter described.

Under the terms of the Declaration, the owners of the Units have reciprocal rights and responsibilities including, but not limited to, maintaining the Common Elements. Decisions on operation and maintenance of the Common Elements are made by a Board of Managers consisting of representatives of the Units (the "Condominium Board"). The Apartment Corporation, as owner of the Residential Unit, will appoint three (3) Members of the Board of Managers and Sponsor or a Sponsor Designee, as owner of the Commercial Unit, will appoint one (1) Member and as owner of the Garage Unit will appoint one (1) Member.

The Residential Unit:

The Residential Unit will contain one hundred thirty-five (135) residential apartments (each a "Cooperative Apartment" or an "Apartment" and, collectively, the "Apartments"), on floors 1-11 of the Building. Pursuant to this Plan, Sutton Apartments Corporation (the "Apartment Corporation") will acquire fee title to the Residential Unit, subject to the terms and conditions of the Condominium Declaration, and will offer for sale its shares of stock (the "Shares") allocated to one hundred thirty-four (134) of the Apartments. One Apartment, 208, will not have any Shares allocated to it and will be for use and occupancy of the Building's superintendent. The Residential Unit will include storage rooms in the cellar and a lobby, community room and fitness room on the 1st floor and the entire Building from the 2nd floor to the 11th Floor and including all roofs. In addition, there will also be an outdoor landscaped recreation area on the 1st floor roof for the exclusive use of residents of the Residential Unit, which will be a Limited Common Element.

After the recording of the Condominium Declaration and By-Laws and transfer of title to the Residential Unit to the Apartment Corporation pursuant to this Plan (the "Closing Date"), the Apartment Corporation will own and manage the Residential Unit, employ its own staff and make any and all decisions relating solely to its operation. The cost of operating the Residential Unit will be the sole obligation of the Shareholders of the Apartment Corporation. Decisions on operations and maintenance of the Residential Unit are made by a Board of Directors consisting of representatives of the Shareholders. See the Section entitled "Apartment Corporation."

Building Services and Facilities

All Apartments will be pre-wired for cable and telephone service. There will be a video intercom system in each Apartment and video security cameras in the lobby entrance, elevators, garage and exterior of the Building. There will be two elevators to the eleventh floor. Refuse rooms with receptacles for recycling and a chute for rubbish will be located on floors 1-11. Mailboxes will be located in the Building lobby. There will be tenant storage rooms in the cellar and on the 1st floor a landscaped terrace, a community room and a fitness room area for residents' use only. Initially, storage areas in the storage rooms will not be specially allocated to Tenant-Shareholders.

Superintendent

There will be a full-time superintendent, who will be given rent-free use of Apartment 208.

The Commercial Unit

The Commercial Unit is located on the first floor and cellar of the Building. On the Closing Date, the Owner will convey fee title to the Commercial Unit to Sponsor or a Sponsor Designee. It is anticipated that the Commercial Unit will contain retail stores, although the owner or owners of the Commercial Unit shall have the right to use the Commercial Unit for any legally permitted

use. The cost of operating the Commercial Unit will be the sole obligation of the owner of the Commercial Unit.

The Garage Unit

The Garage Unit is located on the cellar floor of the Building with a ramp which exits on the 1st floor level. On the Closing Date, the Owner will convey fee title to the Garage Unit to Sponsor or a Sponsor Designee. It is anticipated that the Garage Unit will be used for the parking of motor vehicles. The cost of operating the Garage Unit will be the sole obligation of the owner of the Garage Unit.

Offer of Cooperative Apartments

This Offering Plan relates solely to the proposed establishment of the Residential Unit under cooperative ownership, and to Sponsor's offer of Shares in the Apartment Corporation for sale to Purchasers. Pursuant to the HPD Regulatory Agreement and the HDC Regulatory Agreement, Shares will only be offered for sale to Purchasers for use as their primary residence. Pursuant to the HDC Regulatory Agreement, Shares allocated to all Apartments will only be offered for sale to Purchasers who meet certain income eligibility requirements, as more fully described in the Section entitled "Procedure to Purchase." Prospective Purchasers must be approved by HPD and HDC under their respective Regulatory Agreements.

The purpose of this Plan is to set forth all the material terms of this offer. This Plan may be amended from time to time to reflect changes which materially affect the offer. All amendments will be filed with the New York State Department of Law and will thereafter be served upon one tenant per Apartment, contract vendees of Shares allocated to Apartments, Shareholders of the Apartment Corporation, and any other person entitled to service pursuant to local law or regulation. Service shall be by personal delivery or by mail. Service by personal delivery shall be deemed complete upon delivery. Service by mailing shall be presumed complete on the fifth day after the date of mailing.

Sutton Apartments Corporation is a New York corporation formed pursuant to the Business Corporation Law of the State of New York. It has an authorized capital of 20,000 Shares. A total of 15,000 Shares have been allocated to the Apartments being offered, as shown on Schedule A of this Plan.

The Apartment Corporation will acquire the Property from the Owner in exchange for all the Shares pursuant to the terms of the SDA. The agreement to purchase the Apartment Corporation's shares from Sponsor is called a "Purchase Agreement," the form of which may be found in Part IIA of this Plan. Purchasers will not be required to close, and Shares will not be issued to Purchasers, until after the Plan is declared effective and a temporary or permanent Certificate of Occupancy covering the Residential Unit has been issued.

Construction of the Project began in June 2005. Sponsor projects that construction of the Residential Unit will be completed on or about February 15, 2007 and that closings with Purchasers will commence on or about that time. It is anticipated that the Closing Date will be on or about June, 2007.

For a period of twenty-five (25) years following the Closing Date (the "HPD Restriction Period"), restrictions on individuals who seek to qualify as eligible Purchasers pursuant to the HPD Regulatory Agreement will apply to resales by Shareholders. The HDC Regulatory Agreement also contains income restrictions which will remain in effect for the duration of said Agreement. Restrictions are described in Part I of this Plan in the Sections entitled "Terms of HPD Regulatory Agreement," "Terms of HDC Regulatory Agreement" and "Summary of Principal Terms of Proprietary Lease."

Sometimes in this Plan reference may be made to the "purchase of an Apartment" or the "sale of an Apartment" rather than to the purchase or sale of the Shares and assignment of the Proprietary Lease attributable to the Apartment. Use of such expressions is for convenience only, and shall not be construed to mean that the Purchaser is actually buying the Apartment.

The Shares of the Apartment Corporation are offered under this Plan to individuals 18 years of age and older who satisfy the eligibility requirements of the offering. No binding obligation to sell shall arise unless and until a Purchase Agreement has been executed by all parties and delivered. Purchasers must comply with the eligibility requirements of the HPD and HDC Regulatory Agreements to be accepted, and Sponsor will only execute a Purchase Agreement and return it to the Purchaser after such Purchaser has been accepted by HDC. Sponsor also has the right to reject any prospective Purchaser without cause or explanation, provided that such rejection is not based on race, creed, color, sex, sexual or affectational preference, disability, marital status, national origin, ancestry, or any other ground proscribed by law.

The prices for the blocks of Shares allocated to the Apartments in the Residential Unit are found in SCHEDULE A - PURCHASE PRICES AND SHARE ALLOCATION. THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY. The estimated annual and monthly Maintenance Charges for each Apartment for the projected first year of cooperative operation are also set forth on Schedule A.

No representation or warranty is made that individual financing will be available to anyone who executes a Purchase Agreement or as to the terms or conditions of such financing.

Aspects of Cooperative Ownership

This Plan has been designed to give each Purchaser of Shares of the Apartment Corporation allocated to a Cooperative Apartment the same rights and benefits generally enjoyed by all owners of cooperative apartments. These rights and benefits, and some of the obligations of cooperative ownership, include:

(i) the right to exclusive possession of the Apartment purchased, as a lessee under the long term lease (the "Proprietary Lease") for the Apartment to which the Shares are allocated. The Proprietary Lease governs the Shareholder's use, financing and sale of the Apartment;

(ii) the right, in the opinion of counsel set forth herein, of a Shareholder who uses the Apartment as his or her primary residence, to deduct from adjusted gross income for Federal, State and City income tax purposes that portion of the Maintenance Charges paid by him or her which represents his or her pro-rata share of real estate taxes and mortgage interest paid by the Apartment Corporation with respect to the Residential Unit;

(iii) the right to decorate the Apartment in any way he or she sees fit and, upon consent of the Apartment Corporation (which may not be unreasonably withheld), the right to make any desired alterations, additions or improvements to the Apartment;

(iv) the right as a Shareholder to vote annually for the election of the Apartment Corporation's Board of Directors, which will conduct the affairs of the Apartment Corporation (including supervision of, and making determinations involving the Residential Unit). The Board of Directors will also appoint Residential Unit representatives to the Board of Managers of the Condominium in accordance with the Condominium Declaration;

(v) the right to sell the shares of the Apartment Corporation allocated to the Apartment only in accordance with the terms of the Proprietary Lease, which requirements include, without limitation, that the subsequent purchaser satisfy certain income and residency eligibility requirements and that the consent of HPD and HDC to the proposed purchaser be obtained. Sales are further subject to the requirement that the Apartment Corporation's Board of Directors is given notice and waives or fails to exercise its right of first refusal to acquire the Shares;

(vi) the right to obtain a loan to finance the purchase of the Shares collaterally secured by a pledge of the Shares and Proprietary Lease;

(vii) the obligation to maintain and repair the interior walls, floors and ceilings of the Apartment, and the electrical, plumbing, gas and heating fixtures, appliances and equipment within the Apartment, including without limitation refrigerator, range, oven and other appliances; and

(viii) the obligation to pay Maintenance Charges to the Apartment Corporation on a monthly basis to cover the Shareholder's proportionate share of the cost of operating the Residential Unit and the Apartment Corporation's share of Condominium Common Charges. The proportionate share of the Maintenance Charges payable by each Shareholder is based on the proportion that the number of Shares allocated to the Apartment bears to the total number of outstanding shares issued by the Apartment Corporation. In addition to the regular Maintenance Charges, the Apartment Corporation may, from time to time, charge special assessments to its Shareholders to cover the cost of any unforeseen expenses or for capital repairs or improvements. The estimated

Maintenance Charges for each Apartment for the projected first year of cooperative operation are set forth on Schedule A in Part IA of this Plan.

Legal Documents

Part IIA of this Plan contains the form of Purchase Agreement to be used for the purchase of Shares allocated to Apartments. The Purchase Agreement shall not contain, nor shall it be modified to contain a provision waiving any of the Purchaser's rights or abrogating Sponsor's obligations under the Offering Plan or under Article 23-A of the General Business Law. Any conflict between this Plan and the Purchase Agreement will be resolved in favor of this Plan.

A summary of the principal provisions of the Proprietary Lease which contains the rights and obligations of the Apartment Corporation, as lessor, and each of its Shareholders, as lessee, may be found in Part IA. A copy of the entire Proprietary Lease is set forth in Part IIA. The Apartment Corporation's By-Laws governing operation of the Apartment Corporation are also contained in Part IIA.

Part IIA of the Plan also contains a detailed Description of the Property and Specifications and Unit floor plans, all of which should be carefully reviewed by all prospective Purchasers.

General

The Offering Plan, including all Schedules and Exhibits thereto and Parts A, B and C of the Exhibits, constitute the entire offering and contain all the detailed terms of the offer. Copies of this Plan and Parts A, B and C of the Exhibits are available for inspection without charge and copying at a reasonable charge by prospective Purchasers and their attorneys at the office of Sponsor during regular business hours. This Plan and Exhibits are also available for inspection and copying at the Department of Law, 120 Broadway, 23rd Floor, New York, New York 10271.

Sponsor and all other persons engaged by Sponsor in connection with this Plan have complied and will comply with all applicable laws, rules, regulations and other requirements of all governmental authorities having jurisdiction thereof, including those governing zoning and construction.

The acts of the Apartment Corporation are performed at the direction of Sponsor until control of the Board of Directors is transferred to the Shareholders, and nothing herein shall be interpreted to relieve Sponsor of any responsibility or to impose upon the Apartment Corporation any financial burden it would not otherwise have if certain references made in this Plan to the Apartment Corporation performing an act were instead to refer to Sponsor as performing such act.

All representations under the Offering Plan, all obligations pursuant to the New York General Business Law and such additional obligations under the Offering Plan which are to be performed

subsequent to the Closing Date, will survive delivery of the deed of the Residential Unit to the Apartment Corporation.

THE PURCHASE OF THE SHARES OF THE APARTMENT CORPORATION ALLOCATED TO A COOPERATIVE APARTMENT HAS MANY SIGNIFICANT LEGAL AND FINANCIAL CONSEQUENCES AND MAY BE ONE OF THE MOST IMPORTANT FINANCIAL TRANSACTIONS OF YOUR LIFE. THE ATTORNEY GENERAL STRONGLY URGES YOU TO READ THIS OFFERING PLAN CAREFULLY AND TO CONSULT WITH AN ATTORNEY BEFORE SIGNING A PURCHASE AGREEMENT.

LOCATION AND AREA INFORMATION

Location

The Property has the street address 102 Bradhurst Avenue and is located on Bradhurst Avenue between West 147th and West 148th Streets in the Borough of Manhattan, City and State of New York. Zoning of the site is R-8 with C1-4 commercial overlay and R7-2, reflecting existing predominantly residential land use patterns in the area. To the west of the Property is Jackie Robinson Park. To the south of the Project are existing residential buildings. To the east of the Property is Frederick Douglass Blvd, on which there are residential buildings with ground floor commercial and a police precinct. To the north of the Property is a vacant site on which an affiliate of the Sponsor intends to develop a cooperative project similar in size to the Sutton.

Transportation

The Project is well served by public transportation. The A, B, C, D subway lines are located at the corner of 145th Street and St. Nicholas Avenue. Additionally, the 1, 9 subway lines are located at the corner of 145th Street and Broadway and the 3 subway line is located at 148th Street and 7th Avenue as well as 145th Street and Lenox. The Project is also served by bus lines. The Bx19 bus line runs along 145th Street with stops including 145th and Broadway and 145th and Malcolm X Boulevard. The Metro North Railroad provides service at its 125th Street station on Park Avenue.

Schools

The Project is located in Manhattan School District Five. The elementary school closest to the Project is PS 194 at 242 West 144th Street. Additional schools are PS 192 at 500 West 138th Street. The specialized school of High School for Math, Science and Engineering at City College is located at 138th St and Convent Avenue. George Washington Educational Campus is located at 549 Audubon Avenue at 191st Street. Mahalia Jackson (PS 123) is located at 301 West 140th Street. Frederick Douglass Academy is a public high school in the district located at 2581 Adam Clayton Powell Jr. Boulevard. The Choir Academy of Harlem is located at 2005 Madison Avenue. Parochial schools in the area include Rice High School at 74 West 124th Street, and Christ Crusader Academy at 302 West 124th Street. Columbia University is west of the project at 116th Street between Broadway and Amsterdam Avenue, and City College is at 135th Street and Convent Avenue. The College of New Rochelle - Rosa Parks is located at 144 West 125th Street. No representations are made that children of Shareholders will be entitled to attend any particular school.

Religious Facilities

There are houses of worship of many denominations near the Project, including though not limited to, the Union Baptist Church at 240 West 145th Street, Cathedral Church of St. John the

Divine, Riverside Church, Convent Avenue Baptist Church at 420 West 145th Street, Trinity AME Church at 259 West 126 Street, and Metropolitan Baptist Church at 151 West 128 Street.

Medical

North General Hospital is located east of the Project at 1879 Madison Avenue between 121st and 122nd Street. Mount Sinai Medical Center is on Fifth Avenue and 98th Street. Harlem Hospital is located at 506 Lenox Avenue. Columbia Presbyterian Hospital is on Ft. Washington Avenue and 168th Street. St. Lukes/Roosevelt Hospital is at 1111 Amsterdam Avenue.

Municipal Services

The Project is located in the 32nd Police Precinct, which is headquartered at 250 West 135th Street All police, fire, water, snow removal and sanitation services are provided by the City of New York and the costs of these services are included in various taxes assessed by the City.

The nearest public library is the Hamilton Grange branch located at 503 West 145th Street. Columbia Library is located at 521 West 114th Street and the George Bruce is located at 518 West 125th Street.

Recreational and Cultural Facilities

Jackie Robinson Park is located due west of the Project, north of West 145th Street and west of Bradhurst Avenue. There is a playground and large swimming pool located in the park. There is a playground at St. Nicholas Houses, on the west side of 7th Avenue and 127th Street, and a sitting area in Hancock Park on West 123rd Street between St. Nicholas and Manhattan Avenues. St. Nicholas Park is located south of the Project at St. Nicholas Avenue between 127th Street and 141st Street. Morningside Park is located south of the Project from 110th up to 123rd Street. Riverside Park is west of the Project. Central Park begins south of the Project on 110th Street and Frederick Douglass Boulevard. Hamilton Grange is located just south of the Project, within the historic Hamilton Heights neighborhood. City College is located south of the Project, at 138th Street and Convent Avenue. The Schomburg Center is located at 515 Malcolm X Boulevard. There is an athletic facility, Gymnasium & Public Bath, at 35 West 134th Street. The Apollo Theatre is located at 125th Street and Frederick Douglass Boulevard. The Afro Arts Cultural Center and the Studio Museum in Harlem are both located just east of the Project on 125th Street.

PART IA

THE COOPERATIVE APARTMENTS

The Sutton Apartments Corporation
102 Bradhurst Avenue
New York, NY

PROPOSED PURCHASE PRICES, SQUARE FOOTAGE, AND ESTIMATED MONTHLY CARRYING COSTS

Apt. #	Apt. Square Feet	Bedroo	Bath	Feature	Apt. Shares	Sales Prices	Maintenance with 421(a) exemption	Maintenance without 421(a) exemption	Proportionate Share of HDC Mortgage	te Share of HPD Mortgage	Proportionate Share of AHC Mortgage	First Year Tax Deduction
(a)	(b)		(c)		(d)	(e)	(f)	(g)	(h)	(i)	(j)	(K)
101	1,292	3	2	D	137.00	$314,750	$1,163	$2,519	$96,631	$38,785		$4,062
102	1,279	3	2	D	133.00	$314,750	$1,129	$2,445	$93,809	$37,652		$3,943
103	1,114	2	1.5	D	116.00	$219,750	$984	$2,133	$81,819	$32,840		$3,439
104	1,279	3	2	D	133.00	$314,750	$1,129	$2,445	$93,809	$37,652		$3,943
105	1,292	3	2	D	134.00	$314,750	$1,137	$2,464	$94,515	$37,935		$3,973
106	965	2	2	D,S	104.00	$214,750	$883	$1,912	$73,355	$29,442		$3,083
107	840	2	1	T	103.00	$239,750	$874	$1,894	$72,649	$29,159		$3,054
108	627	1	1	T	74.00	$145,000	$628	$1,360	$52,195	$20,949		$2,194
109	690	1	1	T	80.00	$159,000	$679	$1,471	$56,427	$22,648		$2,372
110	868	2	2	T	105.00	$276,750	$891	$1,930	$74,060	$29,726		$3,113
111	1,222	3	2	D	125.00	$314,750	$1,061	$2,298	$88,167	$35,388		$3,706
112	1,276	3	2	D	129.00	$314,750	$1,095	$2,372	$90,988	$36,520		$3,825
113	1,292	3	2	D	131.00	$314,750	$1,112	$2,408	$92,399	$37,086		$3,884
201	1,167	3	2		119.00	$144,750	$1,010	$2,188	$83,935	$33,689	$25,000	$3,528
202	763	1	1		73.00	$75,000	$620	$1,342	$51,489	$20,666		$2,164
203	838	2	1		82.00	$87,000	$696	$1,508	$57,837	$23,214	$25,000	$2,431
204	627	1	1		61.00	$55,000	$518	$1,121	$43,025	$17,269	$25,000	$1,809
205	690	1	1		67.00	$67,300	$569	$1,232	$47,257	$18,968	$25,000	$1,986
206	870	2	2	T	96.00	$282,750	$815	$1,765	$67,712	$27,178		$2,846
207	965	2	2	T	104.00	$310,750	$883	$1,912	$73,355	$29,442		$3,083
208	942	2	2		-	$0	$0	$0	$0	$0		$0
209	832	2	1		82.00	$92,750	$696	$1,508	$57,837	$23,214	$25,000	$2,431
210	673	1	1		64.00	$66,600	$543	$1,177	$45,141	$18,118	$25,000	$1,898
301	1,215	3	2		128.00	$154,750	$1,086	$2,353	$90,283	$36,237	$25,000	$3,795
302	967	2	2		98.00	$160,750	$832	$1,802	$69,123	$27,744		$2,906
303	1,114	2	1.5	D	118.00	$244,750	$1,001	$2,169	$83,229	$33,406		$3,499
304	966	2	2		97.00	$122,000	$823	$1,783	$68,417	$27,461	$25,000	$2,876
305	997	2	2		100.00	$168,750	$849	$1,839	$70,533	$28,310		$2,965
306	868	2	2		88.00	$110,750	$747	$1,618	$62,069	$24,913	$25,000	$2,609
307	838	2	1		85.00	$107,750	$721	$1,563	$59,953	$24,064	$25,000	$2,520
308	627	1	1		65.00	$76,000	$552	$1,195	$45,847	$18,402	$25,000	$1,927
309	690	1	1		70.00	$86,000	$594	$1,287	$49,373	$19,817	$25,000	$2,075
310	870	2	2		88.00	$115,750	$747	$1,618	$62,069	$24,913	$25,000	$2,609
311	974	2	2		97.00	$172,750	$823	$1,783	$68,417	$27,461		$2,876
312	950	2	2		96.00	$166,750	$815	$1,765	$67,712	$27,178		$2,846
313	840	2	1		86.00	$112,750	$730	$1,581	$60,659	$24,347	$25,000	$2,550
314	970	2	2		98.00	$110,000	$832	$1,802	$69,123	$27,744	$25,000	$2,906
315	967	2	2		97.00	$166,750	$823	$1,783	$68,417	$27,461		$2,876
316	920	2	2		93.00	$162,750	$789	$1,710	$65,596	$26,328		$2,757
401	1,215	3	2		133.00	$284,750	$1,129	$2,445	$93,809	$37,652		$3,943
402	967	2	2		101.00	$166,750	$857	$1,857	$71,239	$28,593		$2,995
403	966	2	2		101.00	$167,750	$857	$1,857	$71,239	$28,593		$2,995
404	997	2	2		104.00	$173,750	$883	$1,912	$73,355	$29,442		$3,083
405	868	2	2		91.00	$117,750	$772	$1,673	$64,185	$25,762	$25,000	$2,698
406	838	2	1		89.00	$110,750	$755	$1,636	$62,775	$25,196	$25,000	$2,639
407	627	1	1		68.00	$81,100	$577	$1,250	$47,963	$19,251	$25,000	$2,016
408	690	1	1		73.00	$91,000	$620	$1,342	$51,489	$20,666		$2,164
409	870	2	2		91.00	$122,750	$772	$1,673	$64,185	$25,762	$25,000	$2,698
410	974	2	2		100.00	$177,750	$849	$1,839	$70,533	$28,310		$2,965

Schedule A

The Sutton Apartments Corporation

102 Bradhurst Avenue

New York, NY

PROPOSED PURCHASE PRICES, SQUARE FOOTAGE, AND ESTIMATED MONTHLY CARRYING COSTS

Apt. #	Apt. Square Feet	Bedroo	Bath	Feature	Apt. Shares	Sales Prices	Maintenance with 421(a) exemption	Maintenance without 421(a) exemption	Proportionate Share of HDC Mortgage	te Share of HPD Mortgage	Proportionate Share of AHC Mortgage	First Year Tax Deduction
(a)	(b)		(c)		(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
411	950	2	2		99.00	$168,750	$840	$1,820	$69,828	$28,027		$2,935
412	840	2	1		89.00	$115,750	$755	$1,636	$62,775	$25,196	$25,000	$2,639
413	970	2	2		101.00	$169,750	$857	$1,857	$71,239	$28,593		$2,995
414	967	2	2		100.00	$167,750	$849	$1,839	$70,533	$28,310		$2,965
415	920	2	2		96.00	$158,750	$815	$1,765	$67,712	$27,178		$2,846
501	1,215	3	2		138.00	$294,750	$1,171	$2,537	$97,336	$39,068		$4,092
502	967	2	2		105.00	$169,750	$891	$1,930	$74,060	$29,726		$3,113
503	1,114	2	1.5	D	125.00	$259,750	$1,061	$2,298	$88,167	$35,388		$3,706
504	966	2	2		105.00	$172,750	$891	$1,930	$74,060	$29,726		$3,113
505	997	2	2		108.00	$179,250	$917	$1,986	$76,176	$30,575		$3,202
506	868	2	2		94.00	$119,750	$798	$1,728	$66,301	$26,611	$25,000	$2,787
507	838	2	1		92.00	$113,750	$781	$1,691	$64,891	$26,045	$25,000	$2,728
508	627	1	1		71.00	$86,000	$603	$1,305	$50,079	$20,100		$2,105
509	690	1	1		76.00	$96,000	$645	$1,397	$53,605	$21,516		$2,253
510	870	2	2		95.00	$130,750	$806	$1,747	$67,007	$26,895	$25,000	$2,817
511	974	2	2		104.00	$183,750	$883	$1,912	$73,355	$29,442		$3,083
512	950	2	2		102.00	$176,750	$866	$1,875	$71,944	$28,876		$3,024
513	840	2	1		93.00	$118,750	$789	$1,710	$65,596	$26,328	$25,000	$2,757
514	970	2	2		104.00	$175,750	$883	$1,912	$73,355	$29,442		$3,083
515	967	2	2		104.00	$176,750	$883	$1,912	$73,355	$29,442		$3,083
516	920	2	2		100.00	$166,750	$849	$1,839	$70,533	$28,310		$2,965
601	1,215	3	2		143.00	$304,750	$1,214	$2,629	$100,863	$40,483		$4,240
602	967	2	2		109.00	$172,750	$925	$2,004	$76,881	$30,858		$3,232
603	834	2	2	T	102.00	$187,750	$866	$1,875	$71,944	$28,876		$3,024
604	888	2	2	T	107.00	$228,750	$908	$1,967	$75,471	$30,292		$3,172
605	868	2	2		98.00	$121,750	$832	$1,802	$69,123	$27,744	$25,000	$2,906
606	838	2	1		95.00	$116,750	$806	$1,747	$67,007	$26,895		$2,817
607	627	1	1		74.00	$125,000	$628	$1,360	$52,195	$20,949		$2,194
608	690	1	1		80.00	$131,000	$679	$1,471	$56,427	$22,648		$2,372
609	870	2	2		99.00	$133,750	$840	$1,820	$69,828	$28,027	$25,000	$2,935
610	974	2	2		108.00	$188,750	$917	$1,986	$76,176	$30,575		$3,202
611	950	2	2		105.00	$178,750	$891	$1,930	$74,060	$29,726		$3,113
612	840	2	1		96.00	$122,750	$815	$1,765	$67,712	$27,178	$25,000	$2,846
613	970	2	2		107.00	$180,750	$908	$1,967	$75,471	$30,292		$3,172
614	967	2	2		107.00	$180,750	$908	$1,967	$75,471	$30,292		$3,172
615	920	2	2		103.00	$178,750	$874	$1,894	$72,649	$29,159		$3,054
701	1,212	3	2		155.00	$314,750	$1,315	$2,850	$109,327	$43,881		$4,596
702	970	2	2		120.00	$188,750	$1,018	$2,206	$84,640	$33,972		$3,558
703	1,114	2	1.5	D	140.00	$249,750	$1,188	$2,574	$98,747	$39,634		$4,151
704	834	2	2		108.00	$182,750	$917	$1,986	$76,176	$30,575		$3,202
705	876	2	2		112.00	$184,750	$950	$2,059	$78,997	$31,707		$3,321
706	871	2	1.5		109.00	$176,750	$925	$2,004	$76,881	$30,858		$3,232
707	837	2	1		106.00	$174,750	$900	$1,949	$74,765	$30,009		$3,143
708	628	1	1		85.00	$150,000	$721	$1,563	$59,953	$24,064		$2,520
709	696	1	1		91.00	$161,000	$772	$1,673	$64,185	$25,762		$2,698
710	964	2	1	T	146.00	$294,750	$1,239	$2,684	$102,979	$41,333		$4,329
711	1,146	3	2	T	153.00	$364,750	$1,298	$2,813	$107,916	$43,314		$4,536
712	835	2	2	T	117.00	$219,750	$993	$2,151	$82,524	$33,123		$3,469
801	1,212	3	2		162.00	$324,750	$1,375	$2,978	$114,264	$45,862		$4,803
802	970	2	2		126.00	$190,750	$1,069	$2,317	$88,872	$35,671		$3,736

Schedule A

The Sutton Apartments Corporation

102 Bradhurst Avenue

New York, NY

PROPOSED PURCHASE PRICES, SQUARE FOOTAGE, AND ESTIMATED MONTHLY CARRYING COSTS

Apt. #	Apt. Square Feet	Bedroo	Bath	Feature	Apt. Shares	Sales Prices	Maintenance with 421(a) exemption	Maintenance without 421(a) exemption	Proportionate Share of HDC Mortgage	te Share of HPD Mortgage	Proportionate Share of AHC Mortgage	First Year Tax Deduction
(a)	(b)		(c)		(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
803	834	2	2		114.00	$187,750	$967	$2,096	$80,408	$32,273		$3,380
804	892	2	2		119.00	$192,750	$1,010	$2,188	$83,935	$33,689		$3,528
805	871	2	2		114.00	$181,750	$967	$2,096	$80,408	$32,273		$3,380
806	837	2	1		111.00	$179,750	$942	$2,041	$78,292	$31,424		$3,291
807	628	1	1		91.00	$151,000	$772	$1,673	$64,185	$25,762		$2,698
808	696	1	1		97.00	$162,800	$823	$1,783	$68,417	$27,461		$2,876
809	964	2	1		123.00	$186,750	$1,044	$2,261	$86,756	$34,821		$3,647
810	1,146	3	2		143.00	$314,750	$1,214	$2,629	$100,863	$40,483		$4,240
811	835	2	2		113.00	$184,750	$959	$2,078	$79,703	$31,990		$3,350
901	1,170	3	2		171.00	$334,750	$1,451	$3,144	$120,612	$48,410		$5,070
902	971	2	2		135.00	$219,750	$1,146	$2,482	$95,220	$38,219		$4,003
903	590	0	1	T	112.00	$120,000	$950	$2,059	$78,997	$31,707		$3,321
904	1,244	3	2	T	202.00	$429,750	$1,714	$3,714	$142,477	$57,186		$5,989
905	888	2	2		124.00	$199,750	$1,052	$2,280	$87,461	$35,104		$3,676
906	610	1	1		98.00	$172,000	$832	$1,802	$69,123	$27,744		$2,906
907	984	2	2		132.00	$209,750	$1,120	$2,427	$93,104	$37,369		$3,914
908	958	2	2	T	150.00	$314,750	$1,273	$2,758	$105,800	$42,465		$4,447
909	1,030	2	2	T,S	156.00	$322,750	$1,324	$2,868	$110,032	$44,164		$4,625
1001	1,133	3	2		185.00	$354,750	$1,570	$3,401	$130,487	$52,374		$5,485
1002	934	2	2		140.00	$219,750	$1,188	$2,574	$98,747	$39,634		$4,151
1003	590	0	1		106.00	$105,000	$900	$1,949	$74,765	$30,009		$3,143
1004	1,244	3	2		174.00	$334,750	$1,477	$3,199	$122,728	$49,259		$5,159
1005	888	2	2	T	133.00	$209,750	$1,129	$2,445	$93,809	$37,652		$3,943
1006	610	1	1		106.00	$177,000	$900	$1,949	$74,765	$30,009		$3,143
1007	984	2	2		141.00	$219,750	$1,197	$2,592	$99,452	$39,917		$4,180
1008	958	2	2		143.00	$224,750	$1,214	$2,629	$100,863	$40,483		$4,240
1009	1,032	2	2	S	148.00	$234,750	$1,256	$2,721	$104,389	$41,899		$4,388
1101	1,133	3	2		192.00	$374,750	$1,629	$3,530	$135,424	$54,355		$5,693
1102	934	2	2		149.00	$244,750	$1,264	$2,739	$105,095	$42,182		$4,418
1103	590	0	1		114.00	$115,000	$967	$2,096	$80,408	$32,273		$3,380
1104	1,244	3	2		183.00	$354,750	$1,553	$3,364	$129,076	$51,807		$5,426
1105	888	2	2		141.00	$219,750	$1,197	$2,592	$99,452	$39,917		$4,180
1106	610	1	1		115.00	$182,000	$976	$2,114	$81,113	$32,557		$3,410
1107	984	2	2		150.00	$229,750	$1,273	$2,758	$105,800	$42,465		$4,447
1108	958	2	2		149.00	$234,750	$1,264	$2,739	$105,095	$42,182		$4,418
1109	1,032	2	2	S	155.00	$244,750	$1,315	$2,850	$109,327	$43,881		$4,596
Total	125,083				15,000.00	$25,854,550	$127,297.81	$275,776.46	$10,580,000	$4,246,506	$675,000	$444,733

* Note: Features include "T" for Terrace and "D" for Duplex unit and "S" for apartments that include a Study

SCHEDULE A
SUTTON APARTMENTS CORPORATION
102 Bradhurst Avenue
New York, New York
PROPOSED PURCHASE PRICES, SQUARE FOOTAGE,
AND ESTIMATED MONTHLY CARRYING COSTS
First Year of Operation: July 1, 2007 – June 30, 2008

FOOTNOTES TO SCHEDULE A

(a,b,c) Floor Plans depicting layouts of Apartments in this Schedule A appear in Part II of the Plan. Purchasers should note that the salable square footage of each Apartment as reflected in Schedule A and the Floor Plans set forth in Part II of the Plan are approximate within reasonable tolerances and do not reflect the usable area within an Apartment, which are significantly different. Square footage is measured horizontally from the inside of the exterior walls to centerline of the partitions separating one Apartment from another Apartment (unless there is a structural wall dividing two Apartments in which case it is measured to the inside face of the wall), and to the centerline of the wall separating one Apartment from corridors, stairs, elevators, and other mechanical spaces or any common elements. The number of rooms in each Apartment is computed in accordance with the method of residential room count recommended by the Real Estate Board of New York Inc.

(d) Shares have been allocated based upon the relative size of Apartments, the number of rooms and baths contained in each Apartment, the location of each Apartment within the Building, and amenities such as terraces. The allocation of Shares determines the proportionate share of the underlying mortgages attributable to an Apartment and the amount of Maintenance Charges payable by the Shareholder.

(e) These prices have been set by Sponsor. Prices are not subject to the approval of the Department of Law or any other governmental agency. For an explanation of conditions affecting these prices, including negotiability, see the section of the Plan entitled "Changes in Prices and Apartments." For closing costs payable by Purchasers (in addition to the Purchase Price) and adjustments at closing, see the section of the Plan entitled "Closing Costs." As discussed in this Plan in the section entitled "Procedure to Purchase," to be eligible to purchase, at the time of a Closing by a Purchaser with respect to the initial sale of Shares by the initial Shareholder (the "Initial Shareholder") for 20% of the Apartments to Purchasers, the annual household income of each such Purchaser shall not exceed 130% ("130% Limitation") of the area median income as adjusted for family size pursuant to the schedule attached to the HDC Regulatory Agreement, for the New York Metropolitan statistical area as determined from time to time by the Secretary of HUD under Section 8 of the United States Housing Act of 1937, as amended, or if such program is terminated, under such program as was in effect immediately before such termination

("Median Income"). For all subsequent sales of Shares subject to the 130% Limitation, the Apartments shall remain subject to the 130% Limitation but the area Median Income shall not be adjusted for family size. For the initial and all subsequent sale of Shares by the Shareholders for 55% of the Apartments, the annual household incomes of the Purchasers shall not exceed 165% ("165% Limitation") of Median Income. For the remaining 25% of the Apartments, the initial and all subsequent sale of Shares, the annual household incomes of the purchasers shall not exceed 250% ("250% Limitation") of Median Income. Upon presentation of this Plan, the following applies in satisfaction of the foregoing requirements: minimum annual household income for eligible purchasers is estimated to be $36,000, assuming a 5% down payment, with a maximum income of $157,000. Twenty-seven Apartments will have the following income restrictions: 6 one-bedroom Apartments will have a maximum annual income restriction of $66,719, 19 two-bedroom Apartments will have a maximum annual income restriction of $ 83,398, and 2 three-bedroom Apartments will have a maximum annual income restriction of $96,741. For these 27 Apartments, the maximum amount of assets a household can have, by apartment size, is $69,000 for a one-bedroom, $97,000 for a two-bedroom, and $127,000 for a three-bedroom. Seventy-four Apartments will be sold to households with a maximum annual income of $103,620.See the section of this Plan entitled "Procedure to Purchase" for additional information. These prices have been set by Sponsor. Prices are not subject to the approval of any governmental agencies. For an explanation of conditions affecting these prices, including negotiability, see the section of the Plan entitled "Changes in Prices and Apartments." For closing costs payable by Purchasers (in addition to the price) and adjustments at closing, see the section of the Plan entitled "Closing Costs."

(f,g) These figures are based upon projections made by Sponsor, estimated for the first year of operation, assuming a July 1, 2007 Closing Date. They include real estate taxes on the Residential Unit, with a Section 421-a partial tax exemption under the New York Real Property Tax Law and without such an exemption. Estimated charges also include fuel for heat and hot water, cooking gas, electricity for all public areas and water and sewer charges. These figures do not include charges for telephone, electricity or cable for individual Apartments, which will be separately metered, or the cost of repairs to the interior of the Apartment, for which the Shareholder is responsible. The projections are not passed on by any governmental agency. For Purchasers who obtain financing to purchase the Shares allocated to their Apartments, the debt service on the loan will be an additional expense. Sponsor obtained a Declaratory Ruling, dated June 2, 2005, from HPD regarding the likelihood of Section 421-a tax benefits, and an opinion from Merker Realty Corp. with further information as to the likelihood and amount of tax benefits available to the Project under Section 421-a. Notwithstanding the foregoing, there can be no guaranty or assurance that the criteria for obtaining Section 421-a benefits will be satisfied or, even if they are satisfied, that Sponsor's application for a partial exemption from real estate taxes will be granted. Thus, Sponsor has provided projections both assuming that Section 421-a benefits will be available and assuming that they will not be available.

(h,i,j) The allocable share of the HDC Mortgage will be due and payable by a Shareholder from "Resale Profits." Upon satisfaction of the HDC Mortgage, the allocable share of the HPD Mortgage will be due on the sale or refinancing of an Apartment from "Resale Profits" or "Refinancing Profits." The allocable share of the AHC Mortgage is due and payable by a Shareholder upon the sale of an Apartment which has received the AHC Subsidy. The Apartment Corporation will be obligated to make payments on account of the HDC Mortgage. The funds for such payment are raised by the collection of monthly Maintenance Charges from Shareholders, and the failure by a sufficient number of Shareholders to pay their Maintenance Charges may render the Apartment Corporation unable to make its mortgage payments. This could result in a foreclosure of the mortgage and the loss of each Shareholder's equity in his Apartment. For further details, see the section of the Plan entitled "Terms of Mortgages affecting the Residential Unit."

(k) These figures are based upon the Budget for the First Year of Cooperative Operation, Schedule B. The estimated tax deduction amounts assume that Section 421-a benefits will be effective as of the anticipated Closing Date, although they might not appear of record as benefitting the Residential Unit until some months after that date. The estimated income tax deductions thus are calculated on the amount of estimated real estate taxes that would be payable if the projected partial exemption from real estate taxes pursuant to Section 421-a is in effect during the anticipated first year of cooperative operation. Tax deductible amounts may vary in future years if the mortgage is refinanced, or as a result of changes in real property taxes resulting from changes in the assessed value or tax rate, amortization of the loan or expiration of real estate tax benefits. Purchasers who obtain financing to purchase the Shares allocated to their Apartments may also be able to deduct the interest paid with respect to such loans.

SCHEDULE B

PROJECTED BUDGET FOR RESIDENTIAL UNIT

Estimated Schedule of Receipts and Expenses
For First Full Year of Operation Commencing July 1, 2007

If the actual first year of cooperative operation begins later than six (6) months after the anticipated start date, this Plan will be amended to include a revised budget, if necessary. If the revised projections in any such revised budget exceed those set forth herein by 25% in the aggregate or more, Purchasers will be given a period of not less than fifteen (15) days to rescind their Purchase Agreements and to receive refunds of their Down Payments.

	Without 421-a Exemption	With 421-a Exemption
Receipts/Income		
Maintenance Charges (1)	$1,527,973	$1,527,973
Total Income	**$1,527,973**	**$1,527,973**
Expenses		
Repairs & Maintenance (7)	123,968	123,968
Supplies (8)	7,200	7,200
Miscellaneous Operating Expenses (11)	5,700	5,700
Wages and Benefits (2)	81,916	81,916
Gas for Heat & Hot Water (3)	161,280	161,280
Electricity (4)	97,400	97,400
Gas for Cooking (5)	33,280	33,280
Water & Sewer (6)	65,517	65,517
Elevator Contract (9)	14,500	14,500
Management Fee (10)	57,000	57,000
Real Estate Taxes (15)	1,816,801	32,146
Accounting (16)	6,000	6,000
Legal (17)	5,000	5,000
Contingency (18)	112,938	112,938
Contribution to Condo Common Charges (see Schedule C) (12)	87,119	87,119
Replacement Reserve (14)	33,750	33,750
Debt Service (13)	603,259	603,259
Total Expenses	**$3,225,508**	**$1,527,972**

NOTES TO SCHEDULE B

(1) Maintenance Charges

The Maintenance Charges projected herein are based upon estimated expenses for the twelve (12) month period commencing July 1, 2007.

(2) Payroll and Employee Benefits

The building staff shall consist of one resident (1) superintendent and one (1) handyman:

Position	
Superintendent (1)	$ 40,000
Handyman/Maintenance (1)	30,000
Total	$ 70,000

4% of the super's salary and related benefits is allocated to the Condominium to cover minimal shared expenses. The hourly wages, exclusive of benefits, are calculated assuming a 40 hour week, 2080 hour year. The superintendent's annual salary of $40,000 = an hourly wage of $19.23. The handyman's hourly salary of $30,000 = an hourly wage of $14.42.

The current plan provides for a non-union staff. It should be noted that the employees in the future can, at their own volition and without any influence from the Board of Managers or Board of Directors, join one of the various union organizations that represent building employees in the city of New York. In the event that the employees do join one of the available Locals an increase in payroll expenses should be expected.

Each position is considered a full time (forty hour per week) position.

The allocated staffing exceeds the required levels prescribed by the applicable housing and labor laws.

In addition to salary, it is anticipated that the superintendent will reside in Apartment 208. The Apartment will be provided rent-free with gas, electric, telephone and cable service provided at no cost to the superintendent.

Related costs for overtime, vacations, sick time, bonuses, FICA, federal unemployment insurance, state unemployment insurance, disability and workers compensation costs are included in the budget assumptions.

The following expenses are mandated by law for each employee and are estimated.

FICA Employer	7.65%	$ 5,355
NYS Unemployment (1st $8,500)	3.2%	488
Federal Unemployment (1st $7,000)	0.8%	136
State Disability (1st $17,680)	0.82%	290
Workers Compensation (weekly)	5.00%	3,500
Health Insurance	8.00%	5,600
Total		$15,369

(3) Heat / Hot Water

Fuel for the heating plant is gas and will be provided by Con Edison. The Residential Unit heating plant is separate from the heating plant for the Commercial Unit. This projection is based on an analysis dated October 4, 2005, made by Simon Rodkin, P.C., 214 West 29th Street, New York, New York 10001. As of the date of this estimate, the cost of gas was $0.985/Therm. The projected cost assumed a 12% increase over current cost plus 16% for taxes.

Heating

Projected Consumption	Average Cost	Projected Total Cost
72,000 Therms.	$1.28/Therm.	$92,160

Hot Water

Projected Consumption	Average Cost	Projected Total Cost
54,000 Therms.	$1.28/ Therm.	$69,120

Fuel shortages and other factors could raise the cost of gas higher than current rates. It is not possible to predict how closely the estimated figures will reflect the actual expenses for gas during the first year of operation, since such expenses will vary with the occupancy ratio, level of consumption by individuals, fluctuations in the price of gas, fuel cost adjustments and State and City surcharges and variations in annual climatic conditions.

(4) Electricity

Includes electricity for lighting common areas, exhaust fans, miscellaneous motor driven equipment, electric heaters, elevators and air-conditioning the lobby, fitness room and community room, but does not include the cost of electricity to individual Apartments, which will be individually metered. Tenant-Shareholders will be responsible to pay the electric bills for their Apartments. Common area electric will be provided by Con Edison.

Projected Electric Consumption	Average Cost of Electricity	Projected Total Cost
442,740 KWH/yr.	$.22	$97,400

This projection is based on an analysis dated October 4, 2205, made by Simon Rodkin, P.C., 214 West 29th Street, New York, New York 10001. As of the date of this estimate, the cost of electricity was $0.17/KWHR. The projected cost assumed a 12% increase over current cost plus 16% for taxes.

(5) Gas (Cooking & Laundry)

There is a single gas meter for Residential Units to measure gas consumed for cooking in all Apartments in the building. This projection is based on an analysis dated October 4, 2005, made by Simon Rodkin, P.C., 214 West 29th Street, New York, New York 10001. As of the date of this estimate, the cost of gas was $0.985/Therm. The projected cost assumed a 12% increase over current cost plus 16% for taxes.

Projected Gas Consumption	Cost of Gas	Projected Total Cost
26,000 Therms	$ 1.28 Therm	$33,280

(6) Water and Sewer

Water consumed in the Building is measured by a single meter. The Commercial Unit has a separate meter. This projection is based on an analysis dated October 26, 2004, made by Simon Rodkin, P.C., 214 West 29th Street, New York, New York 10001.

Projected Annual Water Consumption / 100 Cu Ft	Projected Average Cost of Water	Projected Total
5,400	$1.31 / 100 Cu Ft	$34,519

Projected Annual Sewer Consumption / 100 Cu Ft	Projected Average Cost of Sewer	Projected Total
5,400	$2.0829 / 100 Cu Ft	$54,885

Usage estimates includes all kitchen, bath, maintenance related and laundry facility consumption.

Note: Cu Ft means Cubic Feet.

(7) Repairs and Maintenance

Exterminating service cost is based on a letter dated January 10, 2005 from Critter Crushers, 840 Grand Concourse, Bronx, New York 10451. Security Service is based on a letter from AR&R Security, Inc., 1164 Bedford Avenue, Brooklyn, New York 11216, dated November 11, 2004 for one (1) Security Guard 24 hours a day, 7 days a week.

Repairs & Maintenance	**Annual Expense**
HVAC, Plumbing, Electrical	$ 3,274
Exterminating Service	4,296
Sprinkler System Service	1,164
Fire Alarm	4,850
Landscaping	4,000
Security	104,384
Communications Repairs	2,000
Total	**$123,968**

The budgeted number does not include repairs, painting, maintenance or supplies for individual Apartments which are the responsibility of the individual Tenant-Shareholders. Budget amounts are based on the Managing Agent's experience in operating newly constructed buildings of comparable size and quality.

(8) Supplies:

The budget number covers the following general maintenance supplies, including but not limited to: Lamps, Lobby Mats, Elevator Pads, Fitness Room Supplies, Painting Supplies, Janitorial Supplies, Plumbing, HVAC and Electrical.

(9) Elevator Service Contract

This number represents the annual contract amount for complete maintenance and service coverage for 2 passenger elevators. The elevator estimate is based on a proposal dated January 7, 2005, made by ThyssenKrupp Elevator Corporation, 494 Eighth Avenue, New York, New York 10001.

(10) Management Fee

Based on a proposed agreement with World Class Management, Inc. for a term of three (3) years. For further details as to the responsibilities of the managing agent, see the section of the Plan entitled "Management Agreement, Contracts and Leases."

(11) Miscellaneous Operating Expenses

The figure includes the purchase and maintenance of the doormen's uniforms, telephone service for the superintendent and reimbursements to the Managing Agent for out-of-pocket disbursements such as for long distance telephone calls, messenger service, express courier, postage, printing and miscellaneous office supplies, as estimated by the managing agent, based on its experience in managing newly renovated buildings of similar size, quality and amenities. Various permits and/or inspections by city and state agencies may be required throughout the year. In addition, there may be unforeseeable fees, corporate and other taxes, or licensing expenses which Sutton Apartments Corporation may be required to pay.

(12) Condominium Common Charges:

See Schedule C.

(13) Debt Service

The Residential Unit will have a mortgage with the New York City Housing Development Corporation for $10,580,000 for a term of 30 years with a 30 year amortization schedule at a rate of 3.96% per annum payable in equal monthly installments. Please see "Summary of Principal Terms of Mortgages Affecting the Residential Unit" in Part 1B for further detail.

(14) Replacement Reserve

The Residential Unit is required to fund a replacement reserve account ($250/unit/year) on a monthly basis pursuant to the terms of the loan documents with HDC.

(15) Real Estate Taxes

The amount budgeted is the Residential Unit's share of the actual real estate taxes imposed on the Land and Building for the 2004/2005 fiscal year. Figures was provided by Merker Realty Corp., 85 Old Shore Road, Suite 201, Port Washington, NY 11050, in an opinion letter dated July 23, 2004. Eligible properties which receive a Section 421-a exemption are exempted from any increase in assessed value over the assessed value of the property for the tax year prior to the commencement of construction. This means that the assessed value of the property, after application of the exemption, will be "frozen" at the level of the assessed value prior to construction for the duration of the exemption. See the section entitled "Real Estate Tax Benefits in Part 1A.

(16) Accounting

This line item covers the cost of auditing, tax and budgetary services for the Residential Unit. The estimate is based on a letter dated August 3, 2005 from Newman, Newman & Kaufman, PPL, 575 Underhill Boulevard, Syosset, New York 11791.

(17) Legal

This line item covers the cost of legal and collection services for the Residential Unit. The estimate is based on a letter dated August 5, 2005 from Schneider Goldstein Bloomfield LLP, 90 Broad Street, New York, NY 10004.

(18) Contingency

The contingency fund may be used by Sutton Apartments Corporation to pay for any expenses of the Apartment Corporation such as applicable taxes and other surcharges assessed by Con Edison, or other expenses which have not been budgeted.

CHANGES IN PRICES AND APARTMENTS

Changes in Purchase Price

The offering prices may be changed from those set forth in Schedule A so that Purchasers may pay different prices for similar Apartments, but no price change which (a) is across-the-board or affects one or more lines or types of Apartments, or (b) is to be advertised, or (c) is a price increase, will be made except pursuant to a duly filed amendment to this Plan.

Sponsor will abide by any regulations concerning price changes promulgated by the Department of Law. Sponsor also reserves the right to negotiate with Purchasers all aspects of the price of Shares, including but not limited to (i) the amount of the Down Payment (which may not, however, be less than $1,000.00); (ii) renovations or improvements to the Apartment or the fixtures or equipment or appliances contained therein or credits or allowances therefor; (iii) payment of all or part of the Purchaser's closing costs such as attorneys' fees, transfer taxes, financing costs, origination fees and/or commitment fees; (iv) extensions of time periods provided for in this Plan and (v) any and all other costs related to the costs of acquiring the Shares. Furthermore, Sponsor reserves the right to amend this Plan from time to time to add and/or delete negotiable terms.

In the event of a change in the offering price of the Shares of the Apartment Corporation allocated to one or more Apartments, the Purchaser of the Shares of the Apartment Corporation allocated to an Apartment may pay or may have paid more or less than other Purchasers of comparable Apartments having the same share allocation. However, such change shall not affect the Maintenance Charges or share allocation of any Apartment (including Apartments whose Offering Prices have changed), nor vary the total number of Shares of the Apartment Corporation, nor affect the offering price stated in any Purchase Agreement then in effect. Sponsor will file an amendment to this Plan reflecting a price change negotiated with an individual Purchaser within ten (10) days after entering into the Purchase Agreement with such Purchaser.

The Selling Agent has advised the Apartment Corporation that, in its opinion, the price of the Shares allocated to each Apartment as set forth on Schedule A bears a reasonable relationship to the fair market value of the portion of the Apartment Corporation's equity in the Property attributable to such Apartment, as determined on the anticipated date of presentation of the Plan. Sponsor will not approve a change in any such price prior to the Closing Date unless, in the opinion of the Selling Agent or another qualified party, that the aforementioned reasonable

relationship, as determined on the date the change is to be made, is preserved, and an updated opinion of reasonable relationship is obtained.

Changes in Apartments

No change will be made by Sponsor or by any Holder of Unsold Shares (see the section of the Plan entitled "Unsold Shares") in the size or number of Apartments, the share allocations, the total number of issued Shares or the size or quality of public areas in the Residential Unit except by duly filed amendment to this Plan. No change will be made in the total number of Shares or the size or quality of public areas, unless Purchasers who have executed and delivered Purchase Agreements to Sponsor and are not in default receive a right to rescind and a reasonable and specified period in which to exercise the right.

Subject to the provisions of the SDA and to the prior approval of HDC under the HDC Mortgage and Wachovia Bank, National Association under the construction loan documents, Sponsor and Holders of the Unsold Shares have the right to change the number, size (either as a result of subdivision, combination, alteration of boundary walls, or otherwise) and/or layout of the Unsold Apartments and to reallocate Shares in connection with such change, subject to compliance with the Apartment Corporation's By-Laws. Any reallocation of Shares will vary the estimated annual Maintenance Charges for the Apartment or Apartments affected thereby from the amounts estimated in the schedule of "PURCHASE PRICES AND SHARE ALLOCATION"; however, such change shall not affect the proportion or amount of Maintenance Charges to be paid with respect to Apartments which are not Unsold Apartments. Furthermore, the total number of shares allocated to all Apartments will not vary as a result of such re-allocation. The right of Sponsor and Holders of Unsold Shares to make such changes may be exercised without the consent or approval of the Apartment Corporation, its Shareholders or others and without payment of any charge or fee to the Apartment Corporation, its managing agent or others. The layout of an Apartment may be changed at any time by altering interior partitions and the like without amendment to the Plan.

No change in the size or layout of an Apartment, nor in the number of Shares allocated thereto, will be made with respect to an Apartment for which a Purchase Agreement has been accepted and is not then in default.

Subject to the provisions of the SDA and the HDC construction loan and mortgage and any modifications or amendments thereto, Sponsor reserves the right to make changes in any and all architectural, structural, mechanical or electrical plans and specifications, provided that prior approval is first obtained from the municipal agencies further provided that any such changes are made with the approval of an architect or professional engineer, and are reflected by a duly filed amendment to this Plan. Again, unless the Purchaser consents, no such change shall be made with respect to any Apartment for which a Purchase Agreement has been accepted and is in effect.

REAL ESTATE TAX BENEFITS

Sponsor has obtained a Declaratory Ruling from HPD dated June 2, 2005 (the "HPD Opinion Letter") regarding the eligibility of the Residential Unit for tax benefits pursuant to Section 421-a of the Real Property Tax Law ("Section 421-a").

Merker Realty Corp. has provided its opinion as to the estimated assessed value, upon construction of the Building, as well as the description of tax benefits pursuant to Section 421-a of the Real Property Tax Law. Merker Realty Corp.'s opinion regarding Section 421-a was based upon HPD's Declaratory Ruling, which concluded that Section 421-a benefits would be available to the newly constructed premises based on information provided by Sponsor. HPD's letter states that the Residential Unit will be eligible for a construction period partial tax exemption and a 25-year post construction partial tax exemption as provided by Section 421-a. Copies of both opinions follow this page.

As set forth in the attached letters, the Section 421-a program as it applies to the Residential Unit provides for a "mini-tax" based on the Residential Unit's proportionate share of the assessed value of the Property in the fiscal year immediately preceding commencement of construction (the 2004-2005 tax year) throughout the 25-year tax benefit period, based on the applicable tax rate in each of these 25 years. As construction commenced in June 2005, the mini-tax will be based on the Residential Unit's proportionate share of the assessed value of the Property during such tax year.

The Section 421-a program also provides for 100% exemption on the assessed value of the improvements for the first 21 years after completion (as evidenced by a temporary or permanent Certificate of Occupancy), 80% exemption in year 22, 60% exemption in year 23, 40% exemption in year 24 and 20% exemption in year 25, with full taxes due and payable commencing with the 26th year following completion of the Residential Unit.

Sponsor represents that it will keep all records required by HPD to obtain Section 421-a benefits and will make said records available to HPD whenever reasonably requested to do so. Sponsor will make all Section 421-a benefit documents available to the Apartment Corporation upon request, for inspection and copying for the duration of the Section 421-a benefits.

The timing of the final Certificate of Eligibility under Section 421-1 may result in taxes being imposed on the Residential Unit for a partial tax year, subject to subsequent refund. In the event this should occur, Sponsor or an entity designated by Sponsor will pay the taxes, and enter into an agreement with the Apartment Corporation to be reimbursed when the tax refund is received.

Notwithstanding anything above or in either of the attached letters to the contrary, Sponsor makes no representation or warranty that the Residential Unit will receive Section 421-a benefits, and no representation or warranty as to the date such benefits will take effect if they are received.

PROCEDURE TO PURCHASE

Marketing of Apartments

Sales under this Plan will comply with HDC's policy and procedures regarding an owner's marketing and occupant selection plan for projects which are financed by HDC under its New Housing Opportunities Program. The primary objective is to achieve age, ethnic and geographic diversity of Shareholders as well as a pool of disabled applicants with mobility, visual or hearing impairments that require an adaptable/accessible apartment.

Initial marketing will consist of newspaper advertisements, informational flyers and one or more seminars. Prospective Purchasers who respond to Sponsor's marketing efforts will receive and must submit an Application of Interest. Applications of Interest must be mailed to a post office box, and will be picked up at one time, approximately two (2) weeks after the deadline set by Sponsor in the marketing materials. There is no application fee.

Under the supervision of representatives of HDC and/or HPD, Sponsor will randomly select and open the Applications of Interest and enter them in the order selected into a log book. The post office box will remain open for an additional fourteen (14) days, and Applications of Interest postmarked after the deadline date will be listed separately from the balance in the log book and will not be processed until all timely Applications of Interest are processed.

Sponsor will select potential Purchasers from the log book based on the following criteria (the "Selection Criteria"):

a. order entered in log book;
b. program eligibility criteria (such as income limits, family size and composition);
c. preferences as required by HDC, as requested by Sponsor or as may be required by another governmental entity (the "Special Preferences" described below); and
d. Sponsor's selection and rejection criteria (credit check, rent payment history, family size and composition).

Applicants who meet the Selection Criteria in b. and d. above will be selected based on their order in a.; provided, however, that persons who fit the categories of Special Preferences receive priority according to the preference. All applicants will be informed in writing of their selection status as soon as it is determined.

For purposes of this Plan, Special Preferences required by HDC are mobility impairments (5% of the Apartments) and visual or hearing impairments (2% of the Apartments). Special Preferences requested by Sponsor and approved by HDC are uniformed New York City police officers (5% of the Apartments), Community District residents (50% of the Apartments) and New York City municipal employees (5% of the Apartments). The Community District receiving the preference is the District served by Community Board # 10, shown on the map contained in Part IC of this Plan. Apartments available to these residents shall be of varying sizes. If there are more people

meeting these criteria than available Apartments, the additional people will be processed with the non-preferential applicants. If there are too few such people, the Apartments can be marketed to non-preferential applicants. Specified Apartments are not allocated to Purchasers receiving Special Preferences.

Special Preferences, and then other persons who preliminarily qualify to purchase under the Selection Criteria, in log order, shall complete and execute a Credit Report Authorization and Information Form, which they shall submit to the Selling Agent together with a check in the amount of $40.00 for each individual applicant and $25.00 for a co-applicant spouse, payable to Sponsor for the credit check, and back up materials relating to their income and debt. All applicants of Apartments receiving an AHC Subsidy are required to provide asset documentation.

Based on the foregoing documentation, Sponsor, by written notice, will invite applicants who have met the Selection Criteria, in their log order, to obtain a copy of the Offering Plan. In this notice, Sponsor will advise applicants that they have a period of fifteen (15) business days following the date of the notice within which to obtain a copy of the Offering Plan, enter into a Purchase Agreement, complete the Purchaser Eligibility Documents, and pay the requisite Down Payment. The Purchaser Eligibility Documents, copies of which are contained in Part IIA, consist of Purchaser's Affidavit and the Purchaser Income Eligibility Worksheet. Applicants who do not meet the time deadline are not precluded from purchasing, but they will no longer have a priority. After the lists in the log book are exhausted, remaining Apartments will be available to all eligible applicants on a first-come first-served basis.

To receive a copy of the Plan, a potential Purchaser must tender a $100 deposit by check payable to the order of Sponsor. This Offering Plan deposit will be returned to a potential Purchaser who signs a Purchase Agreement when the Purchaser is determined by HDC to be eligible to purchase and Sponsor countersigns the Purchase Agreement, or when the Plan is returned by an applicant to the Selling Agent in good condition (i) if such applicant does not execute a Purchase Agreement or (ii) if such applicant executes a Purchase Agreement but is determined by HDC to be ineligible to purchase.

The Purchase Agreement

A person desiring to purchase the Shares allocated to an Apartment will be required to execute a Purchase Agreement in the form set forth in Part IIA of this Plan, and to return it to the Selling Agent at the sales office, together with a check for the required Down Payment drawn on a New York State bank to the order of "Schneider Goldstein Bloomfield LLP Escrow Account." The Down Payment must be in an amount equal to 5% of the Purchase Price of the Shares. The Purchaser must simultaneously deliver the Purchaser Eligibility Documents required by HDC, copies of which can also be found in Part IIA of this Plan, and a Form W-9, Payor's Request for Taxpayer Identification Number. Sponsor will review the Purchaser Eligibility Documents. If Sponsor determines that such Purchaser still satisfies the requirements of the HDC Regulatory Agreement, Sponsor will complete Seller's Affidavit and forward it together with the Purchaser's

Application, the Purchase Agreement, the Purchaser Eligibility Documents and all back-up documentation to HDC for its determination of eligibility. If the Purchaser is found by HDC to be eligible to purchase an Apartment in accordance with the requirements of the HDC Regulatory Agreement, then Sponsor will countersign the Purchase Agreement and cause to be returned to the Purchaser a fully executed counterpart thereof. If the Purchaser is found to be ineligible to purchase an Apartment, then Sponsor will direct the Escrow Agent to return to the Purchaser the Down Payment (with interest earned thereon), and the Purchase Agreement will not be executed by Sponsor. Sponsor will have no liability whatsoever for not executing a Purchase Agreement with a potential Purchaser who has been determined to be ineligible by HDC. When accepted in writing by Sponsor, the Purchase Agreement will be binding upon Sponsor, subject to Sponsor's rights to abandon this Offering Plan, as set forth in the section of this Plan entitled "Effective Date of this Offering Plan."

Purchasers must have received the Offering Plan and all filed amendments at least three (3) business days before executing a Purchase Agreement, or, alternatively, they may rescind their Purchase Agreements at any time during the seven (7) day period following the delivery of an executed Purchase Agreement to the Selling Agent. A Purchaser who wishes to rescind must personally deliver a written notice of rescission to the Selling Agent during such seven (7) day period, or mail the notice of rescission to the Selling Agent during such seven (7) day period and Sponsor will, within twenty (20) days after receipt of such notice, refund any monies paid by such person pursuant to the Purchase Agreement, without interest. Upon the refund of these monies, all rights and obligations under the Purchase Agreement shall terminate.

The form of Purchase Agreement provides that the purchase of Shares may be conditioned on the Purchaser obtaining financing. See the section of the Plan entitled "Financing That May Be Available to Purchasers" for further details.

In the event the Purchaser's Apartment Closing Date is more than six (6) months after the date the Purchaser executed the Income Eligibility Worksheet contained in the Purchaser Eligibility Documents, the Purchaser shall be required to reaffirm Purchaser's Affidavit by executing the Reaffirmation contained in the Purchaser Eligibility Documents and delivering same to Sponsor, who shall deliver the executed Reaffirmation to HDC for review prior to the Apartment Closing Date. If the Reaffirmation indicates a change in Purchaser's income or debt, Sponsor and/or HDC may request additional documentation from the Purchaser to verify his income or debt. Sponsor will submit such additional documentation to HDC for review prior to the Apartment Closing Date. If a Purchaser is found by HDC to be ineligible to purchase as a result of changes in financial circumstances as indicated on the Reaffirmation, the Purchase Agreement will be terminated by Sponsor without liability to the Purchaser. In the event of termination, the Down Payment with interest earned thereon, it any, will be returned to the Purchaser.

Any notice or other communication required or permitted to be given under the Purchase Agreement shall be in writing and shall be deemed to have been given if sent by certified or registered mail, return receipt requested, or by overnight or express mail service or delivered by messenger or overnight courier service. All such notices and communications shall be deemed

to have been received on the day after being sent by overnight or express mail or on the fifth (5th) day after mailing.

Neither Sponsor nor the Selling Agent shall have any liability or responsibility to Purchasers, nor will any Purchaser be relieved of a Purchase Agreement, by reason of any minor inaccuracy or error in the floor plans for or square footage of the Apartments. Each Purchase Agreement contains an acknowledgment by the Purchaser that the room sizes, dimensions and layout of Apartments set forth in this Plan are approximations, and that he or she is purchasing the Apartment without relying upon any warranties or representations as to its size, dimensions or other physical characteristics.

The Purchase Agreement will also provide that the Purchaser is purchasing the Apartment without relying upon any warranties or representations as to financial data or estimated income tax deductions, except as specifically represented in this Offering Plan and the Exhibits thereto.

To summarize, parties interested in purchasing must take the following steps:

(a) Applicant mails Application of Interest to post office box;

(b) Applicants deemed preliminarily eligible under Selection Criteria submit Credit Report Authorization and Information Form and a fee of $40.00 for each individual applicant and $25.00 for a co-applicant spouse, together with supporting documentation on income and debt, and assets, if applicable.

(c) If still determined to be eligible under the Selection Criteria, and depending on priority of order in the log book (with exception for Special Preferences), applicant receives invitation to obtain copy of Offering Plan and enter into a Purchase Agreement;

(d) Invited applicant pays $100 deposit to obtain copy of Offering Plan;

(e) If interested in purchasing an Apartment, applicant completes the Purchaser Eligibility Documents, signs a Purchase Agreement, pays the Down Payment, and completes other associated Purchaser forms;

(f) Applicant's completed Purchaser Eligibility Documents, Seller's Affidavit and copy of Purchase Agreement are submitted by Sponsor to HDC for review and approval;

(g) If HDC approves applicant, Sponsor countersigns the Purchase Agreement and forwards a copy to applicant, who thereby becomes a "Purchaser."

The Offering Plan will be incorporated by reference in the Purchase Agreement. Any inconsistency between the Purchase Agreement and this Offering Plan shall be resolved in favor of the Offering Plan. A copy of the Purchase Agreement is contained in Part IIA of this Plan. The form of Purchase Agreement may only be modified by a duly filed amendment to the Plan. Purchase Agreements are not assignable by Purchasers.

Neither the Plan nor the Purchase Agreement shall contain or be modified to contain any provision waiving Purchaser's rights or abrogating Sponsor's obligations under the Offering Plan or under Article 23-A of the New York General Business Law.

Income and Residence Eligibility Requirements

Under this Plan, Shares may be sold and Proprietary Leases may be assigned only to individuals who are "eligible" pursuant to the HDC and HPD Regulatory Agreements, until such time as those Regulatory Agreements are no longer in effect.

In order for a Purchaser to be approved by HDC and HPD, the Purchaser must: (i) be a natural person or persons, (ii) agree to occupy the Apartment as his or her primary residence, which occupancy must commence within sixty (60) days after the Apartment Closing Date, (iii) occupy the Apartment for residential purposes, (iv) not sublease the Apartment for more than two (2) years in any consecutive four (4) year period, (v) not utilize the Apartment as an investment or a vacation home and (vi) have not previously purchased a governmentally subsidized home.

In addition to the foregoing criteria, Purchasers of Shares allocated to Apartments must satisfy the following income restrictions described in the Section entitled "HDC Regulatory Agreement" in Part I of this Plan. Pursuant to the HDC Regulatory Agreement, at the time of a Closing by a Purchaser ("Initial Coop Closing") with respect to the initial sale of Shares by the initial Shareholder (the "Initial Shareholder") for 20% of the Apartments to Purchasers, the annual household income of each such Purchaser shall not exceed 130% ("130% Limitation") of the area median income as adjusted for family size pursuant to the schedule attached to the HDC Regulatory Agreement, for the New York Metropolitan statistical area as determined from time to time by the Secretary of HUD under Section 8 of the United States Housing Act of 1937, as amended, or if such program is terminated, under such program as was in effect immediately before such termination ("Median Income"). For all subsequent sales of Shares subject to the 130% Limitation, the Apartments shall remain subject to the 130% Limitation but the area Median Income shall not be adjusted for family size. For the initial and all subsequent sale of Shares by the Shareholders for 55% of the Apartments, the annual household incomes of the Purchasers shall not exceed 165% ("165% Limitation") of Median Income. For the remaining 25% of the Apartments, the initial and all subsequent sale of Shares, the annual household incomes of the purchasers shall not exceed 250% ("250% Limitation") of Median Income. Upon presentation of this Plan, the following applies in satisfaction of the foregoing requirements: minimum annual household income for eligible purchasers is estimated to be $36,000, assuming a 5% down payment, with a maximum income of $157,000. Twenty-seven Apartments will have the following income restrictions: 6 one-

bedroom Apartments will have a maximum annual income restriction of $66,719, 19 two-bedroom Apartments will have a maximum annual income restriction of $ 83,398, and 2 three-bedroom Apartments will have a maximum annual income restriction of $96,741. For these 27 Apartments, the maximum amount of assets a household can have, by apartment size, is $69,000 for a one-bedroom, $97,000 for a two-bedroom, and $127,000 for a three-bedroom.

Inspection Procedures

At least fifteen (15) days in advance of a scheduled Apartment Closing Date, a Purchaser will be notified by Sponsor of a date and time that the Purchaser may inspect the Purchaser's Apartment. The Purchaser may attend an inspection only with an authorized representative of Sponsor, and shall, at the inspection, together with Sponsor's representative, complete, date and sign an inspection statement (the "Inspection Statement").

The Inspection Statement will serve as an acknowledgment of the Purchaser's acceptance of the Apartment in accordance with the terms of the Plan. Or, if the Purchaser finds that certain minor construction items remain open, although the Apartment otherwise has been substantially completed, and if Sponsor's representative agrees with this finding, the Purchaser and Sponsor's representative shall agree on a list of punch list items to be completed by Sponsor post-closing (or post-occupancy in those instances where Purchaser takes occupancy under an Interim Lease), and shall itemize same as an attachment to the Inspection Statement. The agreed-upon Inspection Statement, and any attachments thereto, shall be dated and executed by both parties. The Purchaser's failure to permit Sponsor or Sponsor's contractors, agents or employees access to the Apartment to complete punch list items on the Inspection Statement shall constitute the Purchaser's waiver of the punch list items, and shall cause Sponsor's obligation to complete the punch list items to be deemed satisfied.

The fact that an Inspection Statement containing punch list items has been executed shall not be grounds for the Purchaser's delay of the closing, for the Purchaser's refusal to close, for a credit against the purchase price of the Shares or for an escrow from the sales proceeds.

The Purchaser shall be obligated to close notwithstanding incomplete construction of (i) minor details in the Apartment (provided the Apartment is covered by at least a temporary certificate of occupancy), (ii) other Apartments in the Residential Unit or (iii) the common areas of the Residential Unit or the Building.

The Purchaser's failure to attend an inspection during the period Sponsor provides Purchaser an opportunity to do so, and/or the Purchaser's failure to sign and deliver an Inspection Statement, shall not excuse the Purchaser from closing and shall constitute the Purchaser's full and unconditional acceptance of the Apartment.

Sponsor shall not have any obligation to complete or cause to be completed, any work in an Apartment not specifically itemized on an Inspection Statement, except work required to be

completed to obtain a permanent Certificate of Occupancy, if one is yet to be obtained at the time of the Purchaser's Apartment Closing Date.

INTERIM LEASES

Subsequent to the Closing Date, Sponsor shall have the right to enter into an interim lease with a Purchaser who has signed a Purchase Agreement (the "Interim Lease"), at a market rental rate. No portion of the rental paid under an Interim Lease will be credited toward the Purchase Price for the Shares allocated to the Apartment. The term of an Interim Lease will expire on the earlier of the date of the closing of the purchase of the Apartment or one (1) year from its commencement date, unless sooner terminated due to Purchaser's default or otherwise. Interim Leases may be entered into once Sponsor has obtained a temporary Certificate of Occupancy covering the subject Apartment.

A Purchaser who enters into an Interim Lease shall be given the opportunity to inspect the Apartment before taking occupancy, and to complete an Inspection Statement at that time instead of prior to the Apartment Closing Date. Risk of loss from fire or other casualty for all losses not covered by insurance will pass to Purchaser pursuant to the Interim Lease. From the time the Interim Lease is executed until the Apartment Closing Date, a Purchaser shall not be allowed to make any alterations or improvements to the Apartment without Sponsor's prior written consent, which may be granted or withheld in Sponsor's sole discretion. Any Interim Lease entered into by a Purchaser terminates automatically at the time Purchaser becomes a Shareholder of the Apartment Corporation.

If the Purchase Agreement and any Interim Lease, if applicable, is terminated due to Purchaser's default, (for example, if Purchaser fails to pay rent under the Interim Lease, makes unauthorized alterations or improvements to the Apartment in violation of the Interim Lease, or defaults in any other obligation under the Interim Lease), Sponsor may retain the Purchaser's deposit, but not more than 10% of the Purchase Price plus all interest earned thereon, as liquidated damages, plus the cost of restoring the Apartment to its condition prior to any unauthorized alterations or improvements and all costs of collection, including reasonable attorneys' fees. Alternatively, Sponsor may sue Purchaser for specific performance of Purchaser's obligations.

If a person has taken occupancy of an Apartment pursuant to an Interim Lease and thereafter the Offering Plan is not declared effective, is abandoned or the person rescinds pursuant to a right granted in a duly filed amendment to the Plan, then provided the occupant is not in default under the Interim Lease, he or she may remain a tenant. If the Offering Plan is abandoned, the Rent Stabilization Laws will be applicable to the Building, which means that, among other things, as long as the Building receives 421-a benefits, eligible tenants will be entitled to renewal leases and rents limited to those established by the Rent Guidelines Board. Alternatively, he or she may terminate the Interim Lease without liability for future rent on not less than sixty (60) days notice sent during the thirty (30) day period following the effective date of the abandonment.

At the time a closed Purchaser in occupancy under an Interim Lease becomes a Shareholder, Sponsor and Purchaser shall apportion rent and Maintenance Charges for the month in which the closing occurs.

ESCROW FUNDS

Sponsor will comply with the escrow and trust fund requirements of General Business Law Sections 352-e(2-b) and 352-h and the Attorney General's regulations promulgated pursuant thereto.

Any provision of any contract or agreement, whether oral or in writing, by which a Purchaser purports to waive or indemnify any obligation of the Escrow Agent (defined below) holding trust funds is absolutely void. The provisions of the Attorney General's regulations concerning escrow/trust funds shall prevail over any conflicting or inconsistent provision in the Offering Plan or in a Purchase Agreement. Purchasers shall not be obligated to pay any legal or other expense of Sponsor in connection with the establishment, maintenance or defense of obligations arising from the handling or disposition of trust funds.

All deposits, down payments or advances made by Purchasers prior to closing of each individual transaction will be placed, within five (5) business days after tender by the Purchaser in a segregated special escrow account of Schneider Goldstein Bloomfield LLP (the "Escrow Agent"), whose office is at 90 Broad Street, New York, New York 10004. The sole signatories in this account are Jay Bloomfield, Harvey N. Goldstein and Donald F. Schneider. The name of the account is "Schneider Goldstein Bloomfield LLP, Escrow Account" located at JPMorgan Chase Bank, 1 Chase Manhattan Plaza, New York, New York 10081. This bank is covered by Federal Bank Deposit Insurance to a maximum of $100,000 per individual deposit.

The account will be interest bearing and, unless the Purchaser defaults, interest will be credited to the Purchaser at Closing. The interest rate to be earned will be the prevailing rate for these accounts, which as of presentation of this Plan is approximately 1% per annum. Interest will begin to accrue within five (5) business days of tender of the Down Payment or within five (5) business days after the W-9 form has been delivered by the Purchaser, if later than the tender of the Down Payment.

All instruments shall be payable to or endorsed to the order of Schneider Goldstein Bloomfield LLP, as Escrow Agent. The form of Escrow Agreement is included in Part IIA of this Plan.

Within ten (10) business days after tender of the Down Payment submitted with the Purchase Agreement, the Escrow Agent will notify the Purchaser that such funds have been deposited into the Escrow Account and will provide the account number and the initial interest rate. If the Purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the Down Payment, the Purchaser may cancel the purchase and rescind so long as the right to rescind is exercised within ninety (90) days after tender of the deposit. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited and requisite notice was timely mailed to the Purchaser in conformity with the Attorney General's regulations.

In the event that insufficient funds are raised through the offering or otherwise to effectuate the contemplated transaction, or in the event Sponsor is unable for any reason to perform in accordance with the terms of the Purchase Agreement, or in the event that the Purchase Agreement has been conditioned upon the availability of a mortgage loan and such loan has not been obtained by the Purchaser, then such monies will be fully returned to the Purchaser, with interest earned, if any.

Since all Purchase Agreements are contingent upon the Plan's becoming effective, under no circumstances shall Sponsor apply for release of the escrowed funds of a defaulting Purchaser until after consummation of the Plan. Consummation of the Plan is defined as declaration of effectiveness by Sponsor and acceptance of the amendment by the Department of Law confirming the declaration of effectiveness.

If, instead of closing, Sponsor cancels the Purchase Agreement because of the Purchaser's default, then the Down Payment (but in no event more than five (5%) percent of the Purchase Price plus interest, if any), shall be released to Sponsor by the Escrow Agent as liquidated damages.

The Escrow Agent will hold funds in escrow until the Apartment Closing Date under the Purchase Agreement, at which time the Down Payment shall be paid over to Sponsor or as otherwise directed by Sponsor or unless otherwise directed in:

(i) A writing signed by both Sponsor and the Purchaser; or

(ii) A determination of the Attorney General pursuant to the dispute resolution procedures contained in the Attorney General's regulations; or

(iii) A judgment or order of a court of competent jurisdiction.

If the funds are to be released from escrow other than in connection with a closing and there is no written agreement between the parties to release the escrowed funds, the Escrow Agent will not pay the funds to Sponsor until the Escrow Agent has given the Purchaser written notice of not fewer than ten (10) business days. Thereafter, the funds may be paid to Sponsor unless the Purchaser has already made application to the Department of Law pursuant to the dispute resolution provisions of the Attorney General's Regulations and has so notified the Escrow Agent in accordance with such provisions.

Sponsor will not object to the release of the escrowed funds to:

(a) a Purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an amendment to the Plan; or

(ii) all Purchasers after an amendment abandoning the Plan is accepted for filing by the Department of Law.

The Escrow Agent shall incur no liability to Sponsor with respect to any action taken or suffered by it in reliance upon any notice, direction, instruction, consent, statement paper or document reasonably believed by it to be genuine. Upon payment of accordance with the terms of the Escrow Agreement and this Plan, the Escrow will be discharged from liability by Sponsor.

Purchasers and the Escrow Agent may apply to the Attorney General in the event of a dispute for a determination of the disposition of the Down Payment and any interest thereon. Sponsor must avail itself of this procedure if there is a dispute which needs to be resolved. A form for this purpose is included in Part IIA of this Plan. The party applying for a determination must send all other parties a copy of the application. Pending the determination of the Attorney General to grant or deny the application, Sponsor, the Purchaser and the Escrow Agent shall abide by any interim directive issued by the Attorney General.

If the application permitting release of funds is granted, the Down Payment and any interest earned thereon shall be disposed of in accordance with the determination of the Attorney General, subject to any court action in which preliminary relief is granted. If the application seeking release of funds is denied, the Escrow Agent shall continue to hold the deposit and any interest earned thereon until:

(i) both Sponsor and Purchaser direct payment to a specified party in accordance with a written direction signed by both Sponsor and the Purchaser; or

(ii) a judgment or order of a court of competent jurisdiction is served on the Escrow Agent; or

(iii) The Escrow Agent deposits the disputed amount into court.

In no event shall the Escrow Agent release funds in dispute, other than a payment of such funds into court, until such dispute is finally resolved either by determination of the Attorney General or by order or judgment of a court of competent jurisdiction or by written agreement of Sponsor and the Purchaser.

In the event a conflict should arise over the disposition of any monies deposited in escrow, the attorney serving as Escrow Agent may represent Sponsor in such dispute.

The Escrow Agent will maintain all records concerning the Escrow Account for seven (7) years after the release of funds.

The Escrow Agreement between Sponsor and the Escrow Agent is included in Part II of this Plan.

CLOSING COSTS

Each Purchaser will pay certain closing costs in addition to the legal fees of such Purchaser's counsel. These will be paid into escrow at the Purchaser's Apartment Closing Date for subsequent purchases. Such closing costs for the purchase of the Shares of the Apartment Corporation allocated to Apartments in the Residential Unit will include the following:

(i) a closing fee in the amount of $750.00 to Schneider Goldstein Bloomfield LLP.

(ii) the New York State and New York City Real Property Transfer Taxes due on the transfer of the shares of stock of the Apartment Corporation to the respective Purchaser (and without any allowance for any credits on account of prior payment(s) of these taxes). The New York State Transfer Tax is currently .4% of the gross purchase price, but when paid by the Purchaser, it is increased to approximately.4016%, since the shifting of the obligation from Sponsor as seller to Purchaser is deemed additional consideration to the seller. The New York City Real Property Transfer Tax is currently at the rate of 1% of the gross purchase price where the purchase price is $500,000 or less, but when paid by the Purchaser is increased to approximately 1.01%, since the shifting of the obligation from the seller to Purchaser is deemed additional consideration to the seller, or at the rate of 1.425% of the gross purchase price where the purchase price is more than $500,000 (1.445% when paid by Purchaser), plus a filing fee to the City of $25.00. The term "gross purchase price of the Apartment" shall mean the Purchase Price for the Shares of the Apartment Corporation being purchased plus the proportionate amount of the Mortgages (as described in the section of the Plan entitled "Terms of Mortgages Affecting the Residential Unit") allocable to such Shares. It should be noted, however, at presentation of this Plan, a transfer of an Apartment by Owner to a Purchaser is exempt from New York City Transfer Taxes by virtue of Owner's not-for-profit status and, therefore, no New York City Real Property Transfer Tax should be payable.

(iii) If, through no fault of Sponsor, for closings scheduled subsequent to the Closing Date, a Purchaser fails to close for any reason on the date scheduled for Closing of the Apartment, then Maintenance Charges and any periodic charges due the Apartment Corporation shall be adjusted as of midnight of the day preceding the scheduled Apartment Closing Date, and the Purchaser will also pay any assessments or installments of same that he would otherwise have paid had the closing occurred on the scheduled Apartment Closing Date. Additionally, the Purchaser shall reimburse Sponsor (for construction interest expenses incurred and/or loss of earnings on the Purchase Price as a result of the Purchaser's delay), an amount equal to 9% times the Purchase Price of the Shares apportioned for each day's delay, starting with the originally scheduled Apartment Closing Date and including the day immediately prior to the actual Apartment Closing Date.

(iv) The Working Capital Fund contribution in the amount of two (2) months' Maintenance Charges.

(v) In the event the Purchaser obtains a loan to finance his or her purchase of Shares, the Purchaser shall pay all costs incurred in connection with such loan. See the form of Purchase Agreement in Part IIA for further details.

Following is an estimate of the closing costs of an Apartment hypothetically having a Purchase Price of $400,000 financed by a coop loan of $320,000 with monthly Maintenance of $450:

Sponsor's Legal Fee	$ 1,000.00
Working Capital	$ 900.00
NYS Tax	$ 1,608.00
Total	$ 3,508.00

Note: These costs do not include costs of Purchaser's counsel or loan costs, including but not limited to: "points" or origination fees, credit check and appraisal costs, lender's attorneys fees, document preparation fees, underwriting fees, municipal searches, tax service charges or flood zone certificate costs, none of which are within the control of Sponsor. A typical example of these costs for a $320,000 coop loan are as follows:

Loan Application Fee	$ 200
Loan Origination Fee (1%)	$3,200
Appraisal Fee	$ 750
Credit Report	$ 25
Miscellaneous Lender Fees	$ 500
Lender Legal Fees	$ 750
Filing Fees	$ 100
Flood Search	$ 25
Total	$5,550

FINANCING FOR QUALIFIED PURCHASERS

The Project has been pre-approved by BNY Mortgage Company, JPMorgan Chase Bank and Citibank to make loans to qualified Purchasers who wish to finance their purchase of Shares. A Purchaser who desires to finance his or her purchase of Shares and to make the Purchase Agreement contingent on obtaining such financing in an amount agreed to by Sponsor in its absolute discretion, may do so provided he or she applies to one of these three lenders. However, neither the Owner nor Sponsor is making arrangements for such financing to Purchasers or is acting as agent for any lender in respect of the financing of Share purchases. Furthermore, no representation or warranty is made that bank financing will be available to anyone who executes a Purchase Agreement for Shares of the Apartment Corporation under the Plan, or as to the terms and conditions upon which such financing might be available. Neither Sponsor nor the Owner shall have liability or responsibility to any applicant if his or her application for a loan is not accepted.

Purchasers who are interested in making financing arrangements may apply independently, at their option, to other lenders. However, in such event, the Purchase Agreement may not be conditioned upon financing, and the Purchaser's failure to obtain financing will not relieve him or her from any obligations under the Purchase Agreement.

Each lending institution has its own lending policies and credit requirements. In the event that a lending institution makes a loan for the purchase of Shares only if the Apartment Corporation enters into an agreement with the institution pursuant to which the institution obtains special rights in respect of the Shares and obtains the Purchasers Proprietary Lease as collateral security for the loan, if requested by Purchaser, the Apartment Corporation will enter into an agreement (commonly known as a "Recognition Agreement") with an Institutional Lender (defined below), provided such Recognition Agreement is on the form approved by the Cooperative Housing Lawyers Group or the form prepared by a special Joint Committee of the New York State Bar Association and the Association of the Bar of the City of New York or a form in substantially such similar tenor of either such form and also containing the following:

(a) The Apartment Corporation must maintain insurance policies that meet Federal National Mortgage Association requirements for cooperatives;

(b) The Apartment Corporation must maintain replacement and operating reserves;

(c) The Apartment Corporation shall notify the Secured Party of any of the following occurrences:

- any threatened or actual condemnation, eminent domain proceeding or acquisition, or any actual loss in excess of $150,000;

- the Apartment Corporation's generation, during any taxable year, of 80% or less of its gross income from "tenant-stockholders" income, as that term is defined in Section 216 of the Internal Revenue Code;

- any 30-day delinquency by the Apartment Corporation in payments due under any blanket mortgage for real estate taxes, assessments, and charges imposed by a government entity or public utility, or under any ground lease;

- any lapse, cancellation, or material modification of any insurance or fidelity insurance coverages maintained by the Apartment Corporation;

- any proposed action that requires the consent of a specified percentage of eligible share loan holders; and

- any 60-day delinquency by the tenant-stockholder that is related to the payment of such tenant-stockholder's monthly assessments or carrying charges.

The Apartment Corporation will also enter into any Recognition Agreement in a form approved by the counsel to the Apartment Corporation, which approval may not be unreasonably withheld or delayed and shall be given or deemed given for a Recognition Agreement which is substantially similar to other Recognition Agreements previously signed by the Apartment Corporation; provided, further, that the Apartment Corporation reserves the right to impose conditions on signing the Recognition Agreement, (not including any restriction on the amount borrowed in connection with such pledge) such as a reasonable fee for the Apartment Corporation or the Apartment Corporation's managing agent or counsel to review such Recognition Agreement.

The Apartment Corporation will also furnish any information required by the Real Estate Settlement Procedures Act of 1974 in order to enable a Purchaser of Shares of the Apartment Corporation to obtain a commitment for bank financing for the purchase of such Shares.

The term "Institutional Lender" for Recognition Agreement purposes shall mean a commercial bank, savings bank, trust company, savings and loan association, an insurance company, an educational institution, a federal, state, municipal or similar public employee's welfare, pension or retirement fund system, credit union of which the Purchaser is a member, or a state or an agency thereof and a political subdivision of a state or an agency thereof.

With respect to the initial purchase of Shares, application for a loan must be made within seven (7) business days from the date a fully executed original of the Purchase Agreement is delivered to the Purchaser. Once a Purchaser receives a commitment for financing, he or she must provide Sponsor with a copy of the commitment within five (5) days of receipt thereof. Each initial loan

will close on the Apartment Closing Date and the proceeds thereof will be applied on account of the Purchase Price of the Shares.

The financing contingency clause provides that the Purchaser shall have forty-five (45) days from the date Sponsor delivers to him or her a fully executed Purchase Agreement to obtain a written loan commitment for financing.

In the event that a Purchaser timely applies for financing, the loan commitment expires prior to the scheduled Apartment Closing Date and the Purchaser, notwithstanding a good faith effort and the payment of an additional fee, it required, is unable to obtain either a renewal or extension of the loan commitment at the same or the then prevailing interest rate or a new loan commitment at the same or the then prevailing interest rate, and the Purchaser is not otherwise in default at such time under the Purchase Agreement, then the Purchase Agreement may be cancelled by the Purchaser within ten (10) days after notice of such failure to extend as if a commitment had not been granted, and Sponsor shall return to the Purchaser the Down Payment, together with interest earned thereon, within twenty (20) days thereafter.

Notwithstanding the foregoing, if a Purchaser's loan commitment expires and such expiration has occurred due to the Purchaser's refusal to close or the Purchaser's delay in closing, or in the event that the terms of the loan commitment are changed or the loan commitment is revoked by the lender as a result of the Purchaser's acts or omissions, or the Purchaser does not request a renewal or extension of the loan commitment in writing on a timely basis, the Purchase Agreement shall remain in full force and effect and the Purchaser must pay the balance of the Purchase Price at closing or be in default.

EFFECTIVE DATE OF THE PLAN AND CLOSING DATE

The offer to sell Shares as set forth in this Plan is contingent upon the Plan being declared effective and upon compliance with the conditions and time periods regarding effectiveness described in the Plan.

The following provisions will determine whether, and when, the Plan will be declared effective:

1. This Plan may be declared effective at Sponsor's option, but in no event prior to the date upon which there are valid and binding Purchase Agreements with bonafide Purchasers for occupancy of Apartments representing at least seventy-five (75%) percent of the issued Shares of the Apartment Corporation. Sponsor must, however, declare this Plan effective at such time as Sponsor shall have entered into valid and binding Purchase Agreements for eighty (80%) percent of the Shares. For the purpose of this Offering Plan, a Purchase Agreement shall be valid and binding if executed by both the Purchaser and Sponsor, and has been qualified for an end loan by a permanent lender if the Purchase Agreement was conditioned on such financing.

2. For purposes of effectiveness, Purchase Agreements will not be included in the count if they were (i) signed by Purchasers who have been granted a right of rescission that has not yet expired or been waived; or (ii) if the Purchaser was not afforded the protection required by Section 21.3(l)(14) of the Attorney General's Regulations relating to the seven (7) day right of rescission; or (iii) signed by any Purchaser who is Sponsor, the Selling Agent or the Managing Agent or a principal of any of them, or is related to Sponsor, the Selling Agent or the Managing Agent or to a principal of any of them by blood, marriage or adoption or as a business associate, employee, Shareholder or limited partner. Notwithstanding the foregoing, such a Purchaser other than Sponsor or a principal of Sponsor may be included if Sponsor has submitted proof satisfactory to the Department of Law establishing that the Purchaser is a bonafide purchaser.

3. It is a requirement of the HDC Commitment that the requisite number of Purchase Agreements representing at least seventy-five (75%) percent of the Shares allocated to the Apartments for sale shall have been sold to bonafide, non-Sponsor related Purchasers; therefore, this Plan cannot be declared effective without HDC's consent until such requisite Shares have been sold, but in no event prior to when there are Purchase Agreements with bonafide Purchasers for fifteen (15%) percent of the Apartments for sale.

4. This Offering Plan may be abandoned by Sponsor at any time prior to either being declared effective or obtaining valid and binding Purchase Agreements for 80% of the Apartments. If the Plan is abandoned, all Purchasers will be promptly notified, and within twenty (20) days thereafter all monies paid by them under their respective Purchase Agreements will be returned to them, with interest if earned. Sponsor shall then promptly submit to the Department of Law an amendment confirming such abandonment, or file a notice of abandonment on form RS-3 or such other form as the Department of Law may require, explaining the reason for the abandonment and the disposition of all funds received.

The Offering Plan will be declared effective by a duly filed amendment to this Offering Plan.

If requested, Sponsor will submit to the Department of Law copies of all Purchase Agreements and any amendments or modifications thereto, within five (5) business days after the request is made.

Sponsor may not abandon the Offering Plan after it has been declared effective for any reason other than (i) a defect in title which cannot be cured without litigation or which cannot be cured for less than $100,000.00, or (ii) substantial damage or destruction of any portion of the Residential Unit by fire or other casualty which cannot be repaired for less than $90,000.00, or (iii) the taking of any material portion of the Building by condemnation or eminent domain, or (iv) refusal or failure by HDC or HPD to make all or any part of the loans secured by the HDC Mortgage or the HPD Mortgage. Except as specifically set forth above, Sponsor or its designee shall have no obligation to incur any expenses or engage in litigation to cure title defects. The figures computed for purposes of (i) and (ii) above shall not include attorneys' fees and title defects or determinations of any authority or regulatory association which exist on the date of presentation of the Plan and either are known to Sponsor or are a matter of public record.

After the Plan has been declared effective, title to the Property will close on the Closing Date fixed by the Owner, which shall be not less than 30 days nor more than 180 days after the amendment incorporating the declaration of the Plan's effectiveness has been accepted for filing, unless the Closing Date is adjourned or unless the Plan is abandoned. On the Closing Date, the Property will be conveyed to the Apartment Corporation.

On the Closing Date or the Purchaser's Apartment Closing Date, if later, the Purchaser will thereupon become obligated for the payment of Maintenance Charges under his or her Proprietary Lease, whether or not he or she has taken possession of his or her Apartment. Certificates for the Shares of the Apartment Corporation and the accompanying Proprietary Leases will be issued to the respective Purchasers on the Closing Date or the Apartment Closing Date, if later, and will be delivered to such Purchasers or their lenders promptly thereafter.

UNSOLD SHARES

Unsold Shares shall be any Shares for which a Purchase Agreement has not been entered into and/or which otherwise are owned by Sponsor after the Closing Date. As indicated in the Opinion of Reasonable Relationship, the consideration paid for the Unsold Shares will meet the reasonable relationship standard of Section 216(b)(2) of the Internal Revenue Code.

Unsold Shares may not be sold, assigned, pledged or transferred without the approval of HDC and HPD during the terms of their respective Regulatory Agreements. Although neither HDC nor HPD has promulgated specific criteria for determining who may be designated a Holder of Unsold Shares, it is not expected that any person or entity other than Sponsor will be a Holder, since Apartments must only be offered to persons for primary residency, and Purchasers of Shares are subject to approval of HPD and HDC.

Sponsor shall pay Maintenance Charges with respect to the Unsold Shares. It may not sublet Apartments to which Unsold Shares are allocated without the approval of HPD and HDC, but it may use said Apartments for models and/or offices under this Plan.

Sponsor has agreed that if a Holder of Unsold Shares fails to fulfill his obligations under his Proprietary Lease, including the payment of all Maintenance Charges and assessments thereunder, then and in that event, Sponsor will become liable for such obligations. Sponsor's guarantee shall exist only with respect to a Holder designated as such by Sponsor while that Holder owns the Shares, and shall not run to transferees of that Holder. The Apartment Corporation also will have a lien upon the Shares to secure the payment of all obligations of the Holder of Unsold Shares.

On the Closing Date, Sponsor shall deposit with HDC a cash deposit or letter of credit in an amount equal to one (1) year's Maintenance Charges for Apartments to which Unsold Shares are allocated. Such cash deposit or letter of credit may be drawn upon by HDC only if Maintenance Charges with respect to an Apartment covered by such deposit or letter of credit are not paid and then, only in the amount of the unpaid Maintenance Charges, and may be reduced by Sponsor in the applicable amount each time an Apartment covered by the deposit or letter of credit is sold to a Purchaser approved by HDC or HPD.

As provided in the Proprietary Lease, Sponsor's liability for the obligations of a Holder of Unsold Shares under the Proprietary Lease will terminate and the Unsold Shares will lose their character as such, if the Shares are transferred to a Purchaser for bonafide occupancy or if the Holder or a person related by blood or marriage to the Holder becomes a bonafide occupant of the Apartment to which the Shares are allocated, but only as to obligations which may arise after the date of such transfer or bonafide occupancy.

Holders of Unsold Shares are granted certain rights and privileges by the Proprietary Lease, which are described in more detail in the Proprietary Lease. Holders of Unsold Shares:

(i) are not required to obtain the consent of the Apartment Corporation before making any alteration, enclosure, addition or removing any addition, improvement or fixture, but need only notify the then Managing Agent of the Building; however, the work which is done must be in compliance with Building codes and related laws;

(ii) are not required to offer the Board of Directors a right of first refusal before selling Shares or assigning a Proprietary Lease, but the approval of HPD and HDC must be obtained;

(iii) may veto any change in the form, term or conditions of the Proprietary Lease which (i) materially and adversely affects their right to assign their Proprietary Leases, subject to the restrictions imposed by HPD and HDC or (ii) eliminates, restricts or materially and adversely modifies any right, privilege or obligation given to or imposed upon them;

(iv) may veto any change in the House Rules which eliminates, restricts or materially and adversely modifies any right, privilege or obligation given to or imposed upon them;

(v) are exempt from any transfer fee or "flip tax" imposed by the Apartment Corporation;

(vi) may, until Unsold Shares constitute less than 25% of the outstanding Shares, but not later than the second anniversary of the Closing Date, veto any of the actions by the Board of Directors set forth in the Section entitled "Apartment Corporation," subject to the limitations of such veto power set forth in that Section of the Plan; and

(vii) may use one or more Apartments to which Unsold Shares are allocated as a model and/or sales office.

A Holder of Unsold Shares must register as a broker-dealer pursuant to, Section 359-e of the General Business Law, unless already registered as a principal of Sponsor or otherwise. So long as any Unsold Shares exist, Holders of Unsold Shares shall (i) comply with the trust fund provisions of Sections 352-e(2) (b) and 352-h of the General Business Law, (ii) amend the Plan to provide current and accurate information, including information required of the principals of Sponsor under regulations promulgated by the Department of Law, subject to Sponsor's right to file for an exemption from filing amendments under CPS-5. The Apartment Corporation shall be expected to provide materials within its control which must be included in such amendments and (iii) provide prospective Purchasers with a copy of the Offering Plan and all filed amendments.

For a further description of special rights of Holders of Unsold Shares, see the Proprietary Lease contained in Part IIA of this Plan.

FINANCIAL FEATURES

The total cash proceeds of this offering, if all the Shares of the Apartment Corporation allocated to Apartments are sold at the prices set forth in Schedule A contained in this Plan, will amount to $25,854,550. These proceeds, when added to the anticipated indebtedness on the Residential Unit as of the Closing Date in the principal amount of $10,580,000 for the HDC Mortgage, $4,246,506 for the HPD Mortgage and $675,000 for the AHC Mortgage will total $41,356,056, which is the total amount of this offering.

The anticipated mortgage indebtedness on the Residential Unit represents the principal amount of the underlying mortgages anticipated to encumber the Residential Unit on the Closing Date. Sponsor reserves the right to change the principal amount and terms of the underlying mortgages prior to the Closing Date. If Sponsor exercises that right, then provided the terms of the underlying mortgages as changed do not materially and adversely increase projected Maintenance Charges for Purchasers who have already executed Purchase Agreements, no such Purchaser shall have a right to rescind a Purchase Agreement on account of any such change(s). However, if the principal amount of the underlying mortgages is increased or if the terms of the underlying mortgages are materially modified, and if such increase in principal or other change in the terms of the underlying mortgages will materially and adversely increase Maintenance Charges for Purchasers who have executed Purchase Agreements and not yet closed thereunder, such Purchasers will be offered the opportunity to rescind their Purchase Agreements on account of any such change(s).

SUMMARY OF PRINCIPAL TERMS OF MORTGAGES AFFECTING THE RESIDENTIAL UNIT

HDC Mortgage

On the Closing Date, the Property will be encumbered by the HDC Mortgage, securing an indebtedness in the amount of $10,580,000. The term of the HDC Mortgage will be thirty (30) years. Monthly payments will be based on a 30 year amortization schedule. The loan will bear interest at the rate of 3.96% percent per annum, resulting in monthly payments of principal and interest in the amount of $50,266.86. The HDC Mortgage shall also require monthly escrow payments to HDC for real estate taxes, water and sewer charges, if any, mortgage insurance, if applicable, fire and extended coverage and such other insurance as may be required. The insurance requirements set forth in the HDC Mortgage will be satisfied by the insurance specified in Schedule B and Schedule C, both of which budgets have been reviewed by HDC as part of its review of the Offering Plan.

Prepayments of the HDC Mortgage shall not be permitted until ten years from the first principal payment date of the HDC Mortgage. For the period commencing on the tenth anniversary date of the first principal payment date and continuing for one year, the HDC Mortgage may be prepaid, in whole or in part, and the Apartment Corporation shall pay a premium of two percent (2%) of the amount being prepaid. For the period commencing on the eleventh anniversary of the first principal payment date and continuing for one year, the HDC Mortgage may be prepaid in whole or part, and the Apartment Corporation shall pay a premium of one percent (1%) of the amount being prepaid. The HDC Mortgage may be prepaid, in whole or in part, commencing on the date after the twelfth (12th) anniversary date of the first principal payment date without premium.

The HDC Mortgage will also be due and payable from "Resale Profits" as follows:

a. Upon resale of any Shares by a Shareholder, Resale Profits (as defined herein) shall be paid to HDC to be applied by HDC to the repayment of the HDC Mortgage until all the indebtedness secured by the HDC Mortgage is paid in full. The Corporation agrees to collect such Resale Profits and transmit them to HDC not later than two business days from the closing of the sale of such Shares (the "Coop Closing"). Resale Profits shall be applied in the following manner:

   i. "Resale Profits" shall mean 100% of the Net Appreciation (defined below), for the first three years from the date of the HDC Mortgage and 50% of the Net Appreciation for years four through fifteen, if any, received by a Shareholder upon the sale of the Shares owned by that Shareholder.

   ii. "Acquisition Cost" shall mean the total amount of cash and non-cash consideration paid by a Shareholder to a seller to acquire the Shares, plus Permitted Expenses (defined below) incurred by the Shareholder

in acquiring the Shares, plus the cost of the Shareholder's properly documented capital improvements in the apartment to which such shares are attributable up to a maximum of Two Thousand Five Hundred Dollars ($2,500), plus in the case of a Shareholder who acquired Shares from Sponsor, the sum of One Thousand Dollars ($1,000).

iii. "Net Appreciation" as used in this section shall mean the amount by which Net Sales Proceeds received by a Shareholder upon the sale of Shareholder's Shares exceeds the Shareholder's Acquisition Cost for the Shares.

iv. "Net Sales Proceeds" shall mean the total amount of cash and non-cash consideration received by a Shareholder from a purchaser in exchange for the sale and conveyance of the Shareholder's Shares, less the Permitted Expenses (defined below) incurred by the Shareholder in connection with such sale.

v. "Permitted Expenses" means the following costs in connection with the sale or purchase of the Shares: reasonable attorneys fees and disbursements, reasonable brokerage fees, title insurance fees, reasonable processing fees of the Corporation and fees of the Corporation's agents and attorneys related to such sale or purchase, recording fees, State and local transfer taxes, stamp taxes, and usual and reasonable fees and expenses in connection with financing or satisfaction of cooperative share loans, including without limitation, credit report fees, legal fees, appraisal fees and loan origination fees.

vi. In no event shall the proportionate share of underlying mortgages on the Residential Unit attributable to a particular block of shares be deemed part of consideration received or paid by a Shareholder for Shares for the purpose of computing Net Appreciation as described above.

The HDC Mortgage imposes a late charge of four (4%) percent of the amount due on, any payment received more than fifteen (15) days after such payment is due.

Under the HDC Mortgage, neither the Building nor any improvements shall be substantially altered, removed or demolished without the prior written consent of HDC.

NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF FUNDS FOR REFINANCING, THE INTEREST RATE OR THE COST OF REFINANCING AT THE MATURITY DATE OF THE AFOREMENTIONED MORTGAGE. THE ABILITY OF THE APARTMENT CORPORATION TO REFINANCE THE MORTGAGE ON THE SAME OR DIFFERENT TERMS AND THE COST OF SUCH REFINANCING WILL DEPEND ON

MARKET CONDITIONS AT THAT TIME. IF THE MORTGAGE PAYMENTS SHOULD BE INCREASED ON ANY SUCH REFINANCING, THEN IN SUCH EVENT IT MAY BE NECESSARY TO INCREASE THE MAINTENANCE CHARGES TO SHAREHOLDERS TO COVER THE COST OF THE INCREASED MORTGAGE PAYMENTS.

HPD Mortgage

On the Closing Date, the Property will also be encumbered by a second mortgage held by HPD (the "HPD Mortgage") securing an indebtedness in the amount of $4,246,506. The term of the HPD Mortgage is twenty-five (25) years from the Closing Date. The indebtedness secured by the HPD Mortgage is a standing loan which shall not bear interest nor require the payment of installments, except as provided therein with respect to Unit Debt. Unit Debt is the portion of the HPD Mortgage allocated to each Apartment, reduced by 1/25th of the initial amount for each full year during which the Shareholder occupies the Apartment as his or her principal residence, and reduced by payments upon resale or refinancing, as described in the Section of this Plan untitled "Summary of Principal Terms of Proprietary Lease." Any remaining balance of Unit Debt becomes due and payable on the maturity date of the HPD Mortgage.

For so long as any portion of the Unit Debt remains outstanding for an Apartment, all transfers of Shares with respect to that Apartment shall be subject to the written consent of HPD.

The entire unpaid principal balance of the HPD Mortgage shall, at the option of HPD, become due upon any prohibited transfer of the Property, consisting of any total or partial sale, disposition, transfer, assignment, conveyance, mortgage, lease, trust, power or other transfer without the prior written consent of HPD, or upon default by the Apartment Corporation under the HDC Mortgage after the expiration of any applicable grace period.

The remaining portion of the Unit Debt attributable to an Apartment will immediately become due and payable upon the Shareholder's failure to occupy the Apartment as his or her primary residence, as required under the Regulatory Agreement between HPD and the Owner, which is recorded against the Residential Unit. Shareholders shall in no event be liable for the repayment to HPD of Unit Debt attributable to Apartments other than their own.

Neither the Building nor any improvements thereto shall be removed or demolished without the prior written consent of HPD, and no Building or improvement shall be structurally altered at a cost in excess of 2 1/2% of the replacement cost thereof as determined by the casualty insurer of the property, without the prior written consent of HPD.

The HPD Mortgage requires that the Apartment Corporation permit HPD to inspect the Apartment Corporation's stock book upon request, and it also requires the Apartment Corporation to furnish HPD with copies of the semi-annual reports of sales of Shares that the Apartment Corporation is required to make to the New York City Department of Finance.

AHC Mortgage

On the Closing Date, the Property will also be encumbered by a third mortgage held by the New York State Affordable Housing Corporation (the "AHC Mortgage") securing an indebtedness in the amount of $675,000. The term of the AHC Mortgage is twenty-five (25) years from the Closing Date. The indebtedness secured by the AHC Mortgage is a standing loan which shall not bear interest nor require the payment of installments, except upon the sale of an Unit receiving the AHC Subsidy, at which time the sum of $25,000 shall be due and payable by the Apartment Owner. Under the AHC Mortgage, Apartments receiving the AHC Subsidy (see Schedule A for the list of Apartments receiving the AHC Subsidy) may not be sublet without AHC's consent. At the Apartment Closing Date for each of these Apartments the Shareholder will give to AHC a Uniform Commercial Code Financing Statement to evidence this obligation.

SUMMARY OF PRINCIPAL TERMS OF HPD REGULATORY AGREEMENT

As a condition of conveying the Property to the Owner pursuant to the LDA, HPD has required that there be recorded against the Property and assumed by the Apartment Corporation the HPD Regulatory Agreement, restricting the use of the Property for a twenty-five (25) year period following the Closing Date (the "HPD Restriction Period"). During the HPD Restriction Period, every Cooperative Apartment must be occupied by the owner of the Shares allocated thereto as the Shareholder's primary residence. A violation of this covenant in the HPD Regulatory Agreement, if uncorrected within thirty (30) days after notice from HPD, or such longer cure period if it cannot be cured within such thirty (30) day period, provided the Apartment Corporation commences such cure and diligently pursues it to completion, will allow HPD to obtain an injunction against such violation or specific performance of the Apartment Corporation's obligations (as successor to the Owner). Notwithstanding the foregoing, Shareholders may sublet Apartments for a period not to exceed two (2) years out of every consecutive four (4) year period, provided that such Shareholder has occupied his or her Apartment as their primary residence for a period of at least one (1) year, with the consent of the Apartment Corporation, which is not to be unreasonably withheld or delayed.

The terms of the HPD Regulatory Agreement relating to the use of Apartments by Shareholders are contained in the Proprietary Lease, a copy of which may be found in Part IIA of this Plan.

A violation of a provision of the HPD Regulatory Agreement which remains uncorrected for sixty (60) days after notice from HPD to the Apartment Corporation shall give HPD the right to remove any or all of the Directors of the Apartment Corporation and appoint persons whom HPD deems advisable, to serve until the default is cured or HPD is assured against violations of a similar nature.

The HPD Regulatory Agreement terminates at the end of the HPD Restriction period. A copy of the Agreement is contained in Part IIA of this Plan.

SUMMARY OF PRINCIPAL TERMS OF HDC REGULATORY AGREEMENT

The HDC Regulatory Agreement also imposes restrictions on the sale of Shares by Sponsor under this Plan, and on resales by Shareholders. All such transfers are subject to prior written consent of HDC. Pursuant to the HDC Regulatory Agreement, at the time of a Closing by a Purchaser ("Initial Coop Closing") with respect to the initial sale of Shares by the initial Shareholder (the "Initial Shareholder") for 20% of the Apartments to Purchasers, the annual household income of each such Purchaser shall not exceed 130% ("130% Limitation") of the area median income as adjusted for family size pursuant to the schedule attached to the HDC Regulatory Agreement, for the New York Metropolitan statistical area as determined from time to time by the Secretary of HUD under Section 8 of the United States Housing Act of 1937, as amended, or if such program is terminated, under such program as was in effect immediately before such termination ("Median Income"). For all subsequent sales of Shares subject to the 130% Limitation, the Apartments shall remain subject to the 130% Limitation but the area Median Income shall not be adjusted for family size. For the initial and all subsequent sale of Shares by the Shareholders for 55% of the Apartments, the annual household incomes of the Purchasers shall not exceed 165% ("165% Limitation") of Median Income. For the remaining 25% of the Apartments, the initial and all subsequent sale of Shares, the annual household incomes of the purchasers shall not exceed 250% ("250% Limitation") of Median Income. Annual household income includes the annual gross income of the Purchaser and any other person who is expected to reside in the Apartment. Prospective Purchasers of affected Apartments must complete, among other things, the Purchaser Eligibility Documents, forms of which are contained in Part IIA, and be approved by HDC.

In addition to the income restrictions, the HDC Regulatory Agreement contains the following restrictions on Shareholders and on the Apartment Corporation:

(a) Shareholders must occupy their Apartments as their primary residence within sixty (60) days after their Apartment Closing Date, and they may only sublet the Apartment for a maximum of two (2) years out of every consecutive four (4) year period, provided that such Shareholder has occupied his or her Apartment as their primary residence for a period of at least one (1) year, with consent of the Apartment Corporation, which consent will not be unreasonably withheld or delayed. Shareholders must be natural persons, and may not use Apartments as investment property or a vacation home.

(b) On the first day of the fourth month following the occupancy of ten (10%) percent of the Apartments in the Residential Unit for which closings have occurred and every three (3) months thereafter, the Apartment Corporation shall provide HDC with a listing of all Apartment closings which have occurred during the previous three (3) months (including transfers by devise or bequest).

(c) Upon prior notice, HDC may, during business hours, (i) audit and examine the books, documents, contracts, invoices, plans and records of the Apartment Corporation and Sponsor concerning the Project and remove same for copying, and (ii) inspect the Building, Apartments,

grounds, equipment and offices of the Project.

(d) Apartments may not be used as investment properties or vacation homes.

(e) Shareholders may only be natural persons.

(f) The Managing Agent, any sub-agent, any management agreement or management plan must be approved in writing by HDC and such management agreement or management plan shall contain a provision that it may be terminated within thirty (30) days without cause and without penalty upon a request by HDC.

(g) The Apartment Corporation may not incur any debt other than that reasonably necessary for the operation and maintenance of the Building, other than the HDC Mortgage, the HPD Mortgage and the AHC Mortgage.

(h) A violation of a provision of the HDC Regulatory Agreement which is not cured within thirty (30) days after notice from HDC, or such longer cure period required provided the Apartment Corporation or Sponsor commences such cure and diligently pursues it to completion, will allow HDC to declare a default under the HDC Regulatory Agreement. In such event, HDC may resort to one or all of the following:

(i) direct the Apartment Corporation to evict any non-complying Shareholder;
(ii) accelerate or foreclose the HDC mortgage;
(iii) obtain an injunction or specific performance of the HDC Regulatory Agreement, or
(iv) remove the Directors of the Apartment Corporation and appoint persons whom HDC deems advisable, to serve until the default is cured or HDC is assured against violations of a similar nature.

The HDC Regulatory Agreement terminates on the expiration or earlier termination date of the HDC Mortgage. A copy of the Agreement is contained in Part IIA of this Plan.

SUMMARY OF PRINCIPAL TERMS OF PROPRIETARY LEASE

The term of the Proprietary Lease will commence on the Closing Date and expire approximately ninety-nine (99) years thereafter, but it may be extended by vote of the Shareholders. It provides that Apartments may only be used as private dwellings, and for the duration of the HDC Regulatory Agreement, except for the Holder of Unsold Shares, as the Shareholder's primary residence.

As a lessee, each Shareholder of the Apartment Corporation will be obligated to pay the Maintenance Charges for his Apartment as fixed by the Board of Directors. The Maintenance Charges will be based on the cash requirements necessary for owning, operating and maintaining the Residential Unit of the Condominium as established by the Board of Directors. Each lessee will be required to pay monthly, in advance, his proportionate share of the Maintenance Charges based on the proportion that the number of Shares allocated to the Apartment bears to the total number of outstanding Shares issued by the Apartment Corporation. In addition to regular Maintenance Charges, the Board of Directors may require a lessee to pay special assessments, either in a lump sum or over a period of time, to cover the cost of any unforeseen expenses or for capital repairs or improvements.

The Apartment Corporation will keep full and correct books of account at its principal office or such other place as the Directors may determine, and these shall be open during all reasonable hours for inspection by Shareholders or representatives of Shareholders.

Each Shareholder will also have the following rights and obligations:

(1) Subject to the rights of any lender with which the Shares and Proprietary lease may be pledged, and to the approval of HPD and HDC, he will have the right to sell his Shares and assign his Proprietary Lease or sublet his Apartment at any time in compliance with the provisions of the Proprietary Lease, the Apartment Corporation's By-Laws, which grant a right of first refusal in the case of a sale or sublet (other than to a Family Member) to the Board of Directors of the Apartment Corporation on behalf of all Shareholders, and the HDC Regulatory Agreement.

Re-sales of Shares by Shareholders are subject to the primary residency requirement of the HPD Regulatory Agreement and the HDC Regulatory Agreement and the income restrictions of the HDC Regulatory Agreement. As long as the HDC Mortgage is in effect, no Shares may be transferred without the prior written consent of HDC. To facilitate compliance with this requirement, the Proprietary Lease specifies the steps a Shareholder must take for the resale of Shares subject to income limitations, once the Board of Directors has elected not to exercise the right of first refusal. These steps are as follows:

(a) Not more than 14 days prior to execution of a contract by a prospective purchaser, the selling Shareholder (or the Apartment Corporation on direct sales by it) must (i) require the prospective purchaser to complete and execute a Purchaser's Affidavit and a Purchaser Income Eligibility Worksheet (part of the Purchaser Eligibility Documents, forms of which are contained in Part

IIA of this Plan as Exhibits), (ii) complete and execute a Seller's Affidavit (a form of which also is part of the Purchaser Eligibility Documents) and (iii) arrange for all completed and executed Purchaser Eligibility Documents to be submitted to the Apartment Corporation.

(b) The Apartment Corporation by its Managing Agent must review all the Purchaser Eligibility Documents to ascertain that (i) the prospective purchaser's income has been calculated consistently with the standards for determination of income under Section 8 of the United States Housing Act, as amended, as required by the HDC Regulatory Agreement, and (ii) the prospective purchaser is eligible to purchase in accordance with the income limitations required by the HDC Regulatory Agreement, which limitations are summarized above. A prospective purchaser whose aggregate Annual Household Income exceeds the income limitations included in Section 7 of the HDC Regulatory Agreement or whose aggregate Annual Household Income is insufficient or whose annual household debt is excessive, according to the HDC Regulatory Agreement, will be rejected.

(c) If the prospective purchaser appears to satisfy the eligibility requirements of the HDC Regulatory Agreement and any additional requirements of the Apartment Corporation, the Apartment Corporation by its Managing Agent shall forward the completed Purchaser Eligibility Documents for the prospective purchaser and the contract of sale to HDC for review.

(d) If HDC approves a prospective purchaser, the Apartment Corporation shall require that the prospective purchaser execute the Reaffirmation included in the Purchaser Eligibility Documents and same shall be forwarded by the Apartment Corporation to HDC no later than five (5) days prior to the anticipated closing, if the Apartment Closing Date is more than six (6) months after the prospective purchaser executed the Purchaser's Affidavit. Changed information must be disclosed, and if any changed information appears, no closing may occur until HDC re-approves the prospective purchaser. If HDC does not re-approve the prospective purchaser, the sale may not be consummated.

Re-sales of Shares are also subject to the provisions of the HPD Mortgage regarding the repayment of Unit Debt, as described in the Section of Part IA entitled "Terms of Mortgages affecting the Residential Unit." On a resale (or refinancing), the unpaid portion of the Unit Debt allocated to the Apartment becomes due and payable to the extent of (i) 100% of Resale Profits or Refinancing Profits (as defined herein) if the sale or refinancing occurs during the first three (3) years following the Closing Date or (ii) 50% of Resale Profits or Refinancing Profits if the sale or refinancing occurs thereafter. If a portion of the Unit Debt remains after a sale (or refinancing), that portion will remain a lien on the Apartment until it is subsequently paid off or until the maturity date of the HPD Mortgage, whichever first occurs. All remaining Unit Debt becomes due and payable on the maturity date of the HPD Mortgage. The Apartment Corporation will have the obligation of collecting payments from the selling Shareholder and remitting them to HPD.

(2) A devise or bequest by a Shareholder of the Shares allocable to an Apartment shall not constitute a sale of Shares, provided that the individuals or entities acquiring the Shares shall be subject to the HDC Regulatory Agreement and an entity acquiring the Shares shall be exempt

from the residency requirement for a period not to exceed one (1) year.

(3) Although the Proprietary Lease incorporates the provisions of the HDC Regulatory Agreement and the HPD Regulatory Agreement requiring that an Apartment must only be used as the primary residence of the Shareholder, subletting of the Apartment is permitted for a period not to exceed two (2) years out of every consecutive four (4) year period, provided that such Shareholder has occupied his or her Apartment as their primary residence for a period of at least one (1) year, and further subject to the Apartment Corporation's right of first refusal to sublet the Apartment.

The Board of Directors shall have authority to fix by resolution and to collect, before any assignment of a Proprietary Lease takes effect, reasonable fees to cover the Apartment Corporation's expenses and attorneys' fees in connection with a proposed assignment or sublease and/or a so-called "flip tax." The foregoing provisions of this paragraph do not apply to a Holder of Unsold Shares, which may freely sell or sublet its apartments without the consent of the Board of Directors and without payment of any fees or charges whatsoever.

(4) The Shareholder will be responsible for the cost of interior repairs (excluding unexposed plumbing, and the heating, ventilation and air-conditioning system) and decorating in his Apartment. He or she may not make any structural addition, alteration or improvement in or to the Apartment without first obtaining the written consent of the Apartment Corporation. Alterations must be made in accordance with all applicable rules and regulations of the Apartment Corporation and necessary municipal agency approvals, and may not encroach upon common areas, or upon Common Elements or the Commercial Unit of the Condominium.

(5) Subject to the right of any lender with a lien on the Shares, and subject to the repayment of any outstanding Unit Debt with respect to the Apartment, he may cancel his Proprietary Lease and surrender his Shares to the Apartment Corporation (without receiving any compensation) effective as of any September 30th following the third anniversary of the Closing Date, on at least six (6) months' prior written notice to the Apartment Corporation. If he elects to cancel, he will have no liability for payment of Maintenance Charges accruing after the effective date of the cancellation.

Notwithstanding the above, a Holder of Unsold Shares may not cancel his or her Proprietary Lease unless (i) Shareholders owning a majority of the Apartment Corporation's outstanding Shares (other than Unsold Shares) shall have given notice of intent to cancel or (ii) all Unsold Shares constitute 15% percent or less of the Apartment Corporation's outstanding shares, at least five (5) years have elapsed since the Apartment Corporation acquired title to the Property, and on the effective date of cancellation the Holder of Unsold Shares shall pay to the Apartment Corporation a sum equal to the product of the then current monthly Maintenance Charges payable under his or her Proprietary Lease multiplied by 24.

(6) The Shareholder will have the right to pledge his shares and Proprietary Lease to any Person to secure an indebtedness in any amount; provided, however, the Apartment Corporation will be under no obligation to enter into a so-called Recognition Agreement with any Person who is not

an Institutional Lender. Pursuant to such a Recognition Agreement, the Apartment Corporation will notify the Lender of any default by the lessee under his Proprietary Lease and the Lender will have an additional period of time within which to cure said default, and, if the lessee defaults under the loan, the Apartment Corporation will, on notice from the lender, transfer the Proprietary Lease and shares of the defaulting lessee to an individual produced by the lender, provided the lender shall have first paid all Rent and other arrearages due from the defaulting lessee.

(7) The Proprietary Lease provides that the Apartment Corporation may terminate the Lease upon thirty (30) days notice upon the occurrence of specified events, which include the following:

(a) The Proprietary Lease and the appurtenant shares are not owned by the same person;

(b) Certain acts of bankruptcy or insolvency of the lessee;

(c) An assignment of the Proprietary Lease or subletting of the Apartment without compliance with its terms or an unauthorized occupancy of the Apartment which continues for ten (10) days after notice;

(d) A failure for one (1) month to pay Maintenance Charges or other charges which is not cured within fifteen (15) days after notice;

(e) A failure to perform any other covenant of the Proprietary Lease which is not cured within thirty (30) days after notice;

(f) Objectionable conduct of the Shareholder or a person dwelling in or visiting the Apartment, repeated after written notice from the Apartment Corporation, and resulting in a vote by holders of at least two-thirds (2/3) of the Apartment Corporation's issued and outstanding Shares that the tenancy of the Shareholder is undesirable.

Upon the occurrence of any such default which is uncured within the applicable grace period, if any, the Apartment Corporation may take possession of the Apartment and, at its option, re-let same for the account of the defaulting lessee. Notwithstanding such re-letting or termination, the liability of the lessee for the payment of Rent will continue until the Apartment is sold, and if the proceeds of such sale are insufficient to pay the amount owed to the Apartment Corporation, the lessee will remain liable for such deficiency. Any surplus will be paid over to the lessee after first paying therefrom the portion of Unit Debt remaining with respect to the Apartment and all other liens on his stock or Apartment (of which the Apartment Corporation has notice), in the order of priority of such liens. Reference should be made the Proprietary Lease as to other conditions under which it may be terminated by the Apartment Corporation.

The Proprietary Lease may be changed only by the approval of lessees owning at least two-thirds of the Apartment Corporation's outstanding Shares and the approval of HDC (so long as the

HDC Regulatory Agreement is in effect).

Each Shareholder agrees to indemnify the Apartment Corporation and hold it harmless from all liability, loss, damage and expense which may be occasioned by his or her failure to comply with the terms of the Proprietary Lease.

In the event an Apartment has been subleased and payment of Maintenance Charges or late fees is not made within sixty (60) days of the expiration of any grace period for such payment, the Board of Directors will provide written notice to the rental tenant and non-occupying owner that rental payments from the tenant shall become directly payable to the Apartment Corporation. When the non-occupying owner resumes payment of Maintenance Charges on a current basis, the rental tenant and non-occupying owner will be so notified within three (3) business days, and the rental payments will once again be payable to the non-occupying owner. Pursuant to GBL Section 352-1, payment by a rental tenant to the Apartment Corporation relieves the rental tenant from the obligation to pay that rent to the non-occupying owner.

If Shares of the Apartment Corporation are owned by a Holder of Unsold Shares, any change to the Proprietary Lease which materially and adversely affects the rights of such Holder to sublet the Apartment to which such Shares are allocated or to assign the Lease, or which eliminates, restricts or materially and adversely modifies or affects any right, privilege or obligation of such Holder, may only be made with the consent of such Holder. For example, the modification of the form of Proprietary Lease to require that subleases be for a minimum term of one (1) year would require the consent of the Holder of Unsold Shares, as the rights of such Holder to sublet would be affected thereby. Similarly, a proposed change in the Proprietary Lease to make a transfer fee or flip tax applicable to Holders of Unsold Shares, to diminish the consent rights of Holders of Unsold Shares set forth in the Proprietary Lease to the extent permitted therein or to restrict such Holder's rights to regroup space as provided in the Proprietary Lease shall not be permitted without the consent of the Holder of Unsold Shares.

THE FOREGOING SUMMARY OF CERTAIN PROVISIONS OF THE PROPRIETARY LEASE DOES NOT PURPORT TO BE A COMPLETE STATEMENT OF THE PROVISIONS THEREOF. PROSPECTIVE PURCHASERS ARE URGED TO READ THE ENTIRE PROPRIETARY LEASE, REPRODUCED IN PART IIA OF THIS PLAN.

APARTMENT CORPORATION

The Apartment Corporation was formed on August 15, 2005 under the Business Corporation Law of the State of New York. It has an authorized capital of Twenty Thousand (20,000) Shares at a par value of $1.00 each, of which 15,000 Shares have been allocated to 134 of the Apartments in the Residential Unit. No Shares have been allocated to the Superintendent's Apartment.

The By-Laws of the Apartment Corporation provide that Shareholders are entitled to elect a Board of Directors consisting of not less than three (3) nor more than seven (7) members, and that until changed by amendment to the By-Laws, the number of Directors shall be three (3) until control of the Apartment Corporation is turned over to the Shareholders, and seven (7) thereafter. It is not necessary for a Director to be a Shareholder. However, except where the Holder of Unsold Shares controls the Board of Directors, not less than a majority of the Board shall be Shareholders, or their spouses, in occupancy of Apartments. The present Officers and Directors of the Apartment Corporation have been designated by Sponsor and will resign in favor of Directors and Officers to be elected by the Shareholders and Directors at meetings to be held within ninety (90) days after the Closing Date. Their names are as follows:

President	-	Gale Kaufman
Vice-President	-	Joni Brooks
Secretary/Treasurer	-	Emily Allison

Each Shareholder will be entitled to one vote for each Share held. Notwithstanding the foregoing, Sponsor will cause the Holder of Unsold Shares to agree that after the second anniversary of the Closing Date, or when Unsold Shares constitute less than 50% of the outstanding Shares of the Apartment Corporation, whichever shall first occur, such Holder will in no event control the Board of Directors of the Apartment Corporation. Thereafter, so long as the Holder of Unsold Shares owns Shares in the Apartment Corporation, said Holder shall have the right to designate as many Directors as the votes allocated to the Unsold Apartments allow, but not more than one less than a majority, and not less than one. During the period the Holder of Unsold Shares is in control of the Board of Directors, the Directors designated by it will be responsible for the day-to-day management of the Apartment Corporation and the Residential Unit, and will make all decisions relating to such management.

Pursuant to the provisions of the HDC Regulatory Agreement and the HPD Regulatory Agreement, HDC or HPD, as applicable, shall have the right to remove members of the Board of Directors and replace same with designees of said agencies in the event of a default under the HDC Regulatory Agreement or HPD Regulatory Agreement, as applicable.

Directors shall be elected at the annual meeting of Shareholders, or at a special meeting called for that purpose as provided by law, by a plurality of the votes cast at such election. Any Director may resign at any time by written notice delivered or sent by registered mail, return receipt requested, to the president or secretary of the Apartment Corporation. Such resignation shall take

effect at the time specified therein, and unless specifically requested, acceptance of such resignation shall not be necessary to make it effective. Any Director may be removed from office at any time with or without cause and at the pleasure of the Shareholders upon affirmative vote of the Shareholders of record taken at a Shareholders' meeting duly called for that purpose; provided, however, that the Directors elected by a Holder of Unsold Shares can be removed only for cause by vote of a majority of the Shareholders or without cause by the Holder of Unsold Shares. Any position on the Board held by a Director designated or elected by a Holder or Holders of Unsold Shares which becomes vacant, whether arising from the resignation, removal, or death of such Director, or otherwise, shall be filled only by a designee of such Holder or Holders of Unsold Shares. Except for Directors elected by the Holder of Unsold Shares, a Director who ceases to be a Shareholder or whose spouse ceases to be a Shareholder, as the case may be, shall be deemed to have resigned as a Director.

All members of the Board of Directors and officers of the Apartment Corporation will serve without compensation.

Until Unsold Shares constitute less than 50% of the outstanding Shares of the Apartment Corporation, but in no event later than the second anniversary of the Closing Date, the Board of Directors of the Apartment Corporation may not, without the prior written consent of the Holder of Unsold Shares: (i) make any change in the number of Shares allocated to any Apartment or (ii) undertake any capital or major improvement or addition not provided for in the Plan, unless required by law or approved by resolution of a majority of the Board of Directors or by Shareholders owning at least 65% of the outstanding Shares of the Apartment Corporation (other than Unsold Shares) and necessary to avoid jeopardy to the continued existence of the Building or to eliminate a danger to health or safety or to avoid risk of deterioration, destruction or breakdown of a component part, fixture or element of the Building, or (iii) establish any reserves in addition to the Working Capital Fund, including (without limitation) a reserve for contingencies, repairs, improvements or replacements, other than a 12 month reserve for contingencies not exceeding 5% of the budgeted operating expense (exclusive of mortgage debt service) for the ensuing 12 months of cooperative operation, or (iv) hire any additional employees or enter into any service or maintenance contract for work not provided for in the Budget for First Year of Cooperative Operation (Schedule B), unless the annual cost of such additional employees and/or additional services, when added to the annual cost of all other services being provided, is no greater than that provided in said Schedule, adjusted for inflation at an estimated 3% annual rate, or (v) borrow money on behalf of the Apartment Corporation, including the refinancing of a mortgage. The Holder of Unsold Shares may not exercise veto power over capital repairs, over expenses described in Schedule B or over expenses required (a) to comply with applicable laws or regulations, or (b) to remedy any notice of violation, or (c) to remedy any work order by a mortgagee or an insurer, or (d) to remedy a notice of default from a mortgagee.

The Apartment Corporation will have a lien on each Shareholder's shares to secure the payment of Maintenance Charges and assessments. If a Shareholder defaults under the terms of the Proprietary Lease, the Apartment Corporation may enforce the lien by selling the subject Shares.

All expenses incurred by the Apartment Corporation up to and including the Closing Date, including the cost of title insurance, survey costs and recording charges, will be paid by Sponsor.

As provided in the Certificate of Incorporation and By-Laws, no Director of the Apartment Corporation shall have any personal liability to the Apartment Corporation or to any Shareholder for damages for any breach of duty in his or her capacity as Director, provided that this provision does not eliminate or limit the liability of a Director if a judgment or other final adjudication adverse to him or her establishes (a) that his or her acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law, or (b) that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled, or (c) that his or her acts violated Section 718 of the Business Corporation Law of the State of New York.

As provided in the By-Laws, the Apartment Corporation shall indemnify to the fullest extent permitted by law any person made, or threatened to be made, a party to an action by or in the right of the Apartment Corporation to procure a judgment in its favor or an action other than one by or in the right of the Apartment Corporation and including an action by or in the right of any corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any Director or Officer served in any capacity at the request of the Apartment Corporation, by reason of the fact that he or she, his or her testator or intestate, was a Director or Officer of the Apartment Corporation, or served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, provided that no indemnification may be made to or on behalf of any Director or Officer if a judgment or other final adjudication adverse to the Director or Officer establishes that his or her acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled. The liability of any Shareholder on account of the indemnification described in this paragraph shall be limited to such proportion thereof as the Shareholder's Shares bear to the aggregate number of issued and outstanding Shares.

Members of the Board who handle funds of the Apartment Corporation will be bonded.

Shareholders are responsible for the cost of interior maintenance, repairs and replacement within Apartments, as more fully described in the Proprietary Lease. Repairs and replacement costs for the common areas of the Residential Unit are the responsibility of the Apartment Corporation, and repairs and replacement costs for the Building exterior and Common Elements of the Condominium are the responsibility of the Condominium. For further details, see the subsection entitled "Repairs and Maintenance" in the Section of the Plan entitled "Rights and Obligations of Unit Owners and the Board of Managers/Summary of By-Laws," and the Condominium By-Laws contain in Part II of the Plan. The Condominium is responsible for fire and casualty insurance, and proceeds are to be used for repair and restoration, as explained in the subsection entitled "Insurance" of the aforesaid section of the Plan concerning the Condominium. The Apartment Corporation maintains liability insurance, as more fully described in Schedule B of the Plan.

The By-Laws reflect certain reporting requirements contained in the HDC Regulatory Agreement, as follows:

(a) on the first day of the fourth month following the occupancy of ten (10%) percent of the Apartments in the Project for which an Apartment Closing has occurred and every three (3) months thereafter, the Apartment Corporation shall provide HDC with a listing of all Apartment closings which have occurred during the previous three (3) months, including transfers by devise or bequest;

(b) the Apartment Corporation shall furnish any reports, records, documents or information reasonably requested by HDC, in form and substance satisfactory to HDC, regarding the construction, marketing, occupancy, maintenance and operation of the Apartment Corporation or the Building, including a status report on Unsold Shares, an annual schedule of Maintenance Charges, annual financial reports and budgets of the Apartment Corporation and audited financial statements; and

(c) the Apartment Corporation shall maintain and keep current all books, documents, contracts, invoices, plans and records concerning the Condominium, and upon prior notice HDC may, during business hours, audit and examine same and remove them for copying, and inspect the Property.

The By-Laws may be amended by a vote of Shareholders owning at least two-thirds of the outstanding shares of the Apartment Corporation. Notwithstanding the above, the By-Laws may not be amended, altered, repealed, or added to, which would adversely affect Sponsor, without the consent of Sponsor, and for so long as the HDC Regulatory Agreement is outstanding, no amendment of the By-Laws may be enacted without the prior written consent of HDC.

As provided in the Proprietary Lease and Certificate of Incorporation, termination of all Proprietary Leases requires a vote of eighty percent (80%) the outstanding Shares of the Apartment Corporation.

The Apartment Corporation may not discriminate against any person for a reason proscribed by civil rights laws.

A copy of the By-Laws is contained in Part IIA of the Plan. A copy of the HDC Regulatory Agreement will be annexed to and incorporated as part of the By-Laws.

THE FOREGOING SUMMARY OF CERTAIN PROVISIONS OF THE BY-LAWS OF THE APARTMENT CORPORATION DOES NOT PURPORT TO BE A COMPLETE STATEMENT OF THE PROVISIONS THEREOF. THE BY-LAWS ARE REPRODUCED IN THEIR ENTIRETY IN PART IIA OF THIS PLAN.

WORKING CAPITAL FUND

At each Apartment Closing the Purchaser shall be required to pay to the Board of Directors a non-refundable sum equal to two (2) months' estimated Maintenance Charges as set forth in Schedule A. This payment shall be in addition to regular monthly payments of Maintenance Charges. For Apartment closings which occur subsequent to the Closing Date.

Working Capital Funds will be accumulated to provide the Apartment Corporation with working capital for capital items and/or repairs, emergencies and other appropriate purposes as determined by the Board of Directors. Except for reimbursements to Sponsor and emergency and working capital expenditures, it is anticipated that the balance of the fund will be turned over intact by Sponsor to the first Board of Directors controlled by Shareholders, to be used as the Board shall determine. The Working Capital Fund may not be used to reduce Maintenance Charges while Sponsor is in control of the Board of Directors.

The Working Capital Fund is to be distinguished from the contingency fund provided for in the proposed Budget, Schedule B to the Offering Plan, and which may in fact be used during the period of Sponsor's control of the Board of Directors.

NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENTAL AGENCY HAS PASSED OR IS REQUIRED TO PASS UPON THE ADEQUACY OF THE WORKING CAPITAL FUND.

RESERVE FUND

There are no restrictions on the Board's right to accumulate available funds for reserves. Maintenance Charges may also be assessed for this purpose or a special assessment imposed on Shareholders; provided, however, that so long as Sponsor or its designee shall own any Shares the Board will use the reserve fund solely for the replacement of capital items.

The By-laws require the Board to establish a reserve fund for capital expenditures and for so long as HDC holds a mortgage on the Residential Unit, the Apartment Corporation shall collect an aggregate of $250 per Apartment per year (as may be revised by HDC) from the Tenant-Shareholders for deposit into a reserve fund to be used to make capital improvements and extraordinary renovations to the Residential Unit or Common Elements, which are not otherwise part of the ordinary and normal expenses of operating the Residential Unit or Condominium.

The reserve fund for capital expenditures provided in the budget is expected to be sufficient, on an annual basis, to provide for any needed capital expenditures during the first five (5) years following the Closing Date. It will be held by HDC pursuant to the terms of the HDC Mortgage. It meets the funding requirements of HDC under its commitment for financing.

The reserve fund shall not be used to reduce projected Maintenance Charges during the time that Sponsor or its designee controls the Board, nor shall it be used to cover closing adjustments. No representation can be made, however, that after Sponsor or its designee relinquishes control of the Board of Directors, said Board will use the reserve fund solely for the replacement of capital items.

NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENTAL AGENCY HAS PASSED OR IS REQUIRED TO PASS UPON THE ADEQUACY OF SUCH RESERVE FUND FOR CAPITAL EXPENDITURES.

APARTMENT CORPORATION'S ACQUISITION OF THE RESIDENTIAL UNIT

Conveyance of Residential Unit

As contemplated by the LDA, the SDA and the other project documents, the Owner will convey title to the Residential Unit to the Apartment Corporation on completion of construction of the Residential Unit. The deed will be a bargain and sale deed with covenants against grantor's acts. The date of the conveyance will be the Closing Date. Until that time, the Apartment Corporation will be deemed to have held beneficial ownership of the Residential Unit and upon acquisition of title on the Closing Date it will also have legal title to the Residential Unit.

Upon the Closing Date, Sponsor will arrange for the Apartment Corporation to obtain fee title insurance insuring its legal title to the Residential Unit from a title insurer selected by Sponsor (the "Title Company"). Coverage will be in an amount equal to the aggregate offering price of the Shares, plus the original principal amount of the HDC Mortgage plus the original principal amount of the HPD Mortgage.

For warranties which will be assigned to the Apartment Corporation or individual Shareholders on the Closing Date and other obligations of Sponsor which will survive the Closing Date, see the section of the Plan entitled "Rights and Obligations of Sponsor."

The Apartment Corporation will own the Residential Unit free and clear of all liens and encumbrances, except as follows:

a. The terms and provisions of the Offering Plan;

b. State of facts a current survey or inspection would show, provided that such additional state of facts would not render title unmarketable;

c. Zoning Lot Development Declaration;

d. Terms, covenants, reservations, agreements and conditions contained in the deed to the Property from The City of New York to the Owner dated June 15, 2005;

e. The provisions of the Declaration, By-Laws and Floor Plans of the Condominium recorded or filed simultaneously with and as part of the Declaration, as the same may be amended from time to time by instruments to be recorded in the office of the Register of the City of New York, County of New York, which provisions, together with any amendments thereto, shall constitute covenants running with the Land and shall bind any person having at any time any interest or estate in the Property, as though such provisions were recited and stipulated at length therein;

f. The HDC Mortgage;

g. The HPD Mortgage;

h. The AHC Mortgage;

i. The HDC Regulatory Agreement;

j. The HPD Regulatory Agreement;

k. Terms, restrictions and conditions set forth in the LDA;

l. The rights of tenants, occupants or parties in possession, if any;

m. UCC financing statements, if any, assignments of rent or other documents filed by or assigned to the holder of the HPD Mortgage and the HDC Mortgage, with respect to the fixtures, chattels and personal property located at the Property;

n. Zoning laws and ordinances now or hereafter in effect which are not violated by the Building or use thereof as a mixed residential and commercial building;

o. The lien of any unpaid real estate and vault taxes, water charges or sewer rents (to be apportioned);

p. Encroachments of stoops, sewers, areas, cellar steps, retaining and brick yard walls (and other walls), trim, cornices, iron doors, light brackets, vent pipes, doorways, windows and window sills, projecting air-conditioner units or equipment, if any, upon any abutting streets, highway, the adjoining sidewalks or any adjoining property;

q. Easements and other rights of public utilities to install, replace, repair and maintain lines, pipes and equipment;

r. The lien of any unpaid franchise or corporation taxes with respect to any corporation in the chain of title, provided that any reputable title insurance company, a member of the New York Board of Title Underwriters, agrees to insure the Apartment Corporation against the collection thereof out of the Property;

s. Covenants, easements, party wall or other agreements and restrictions of record, provided that the same have not been violated by the existing improvements and do not prevent the use of the Residential Unit for residential purposes, unless the Apartment Corporation's title insurance company will affirmatively insure the Apartment Corporation against the enforcement thereof against the Residential Unit;

t. Service, union, concession and maintenance contracts and leases, if any, as may be in force and effect on the Closing Date;

u. Insubstantial variations between tax lot and lines of record title;

v. The revocable nature of the right, if any, to use vaults and other areas and space beyond the lot lines and under and abutting the public sidewalks;

w. The lien of any unpaid assessment payable in installments;

x. Notices and violations of record, but such violations shall be cured or disposed of by Sponsor within a reasonable time after the Closing Date, such cure or disposal having been commenced promptly after closing, subject to the limitation on Sponsor's obligation to consummate this Plan, as described in the section of Part I entitled "Effective Date of the Plan and Closing Date."

y. Easements in favor of the Commercial Unit and/or the Common Elements of the Condominium for the continuance of all encroachments of such Commercial Unit and/or Common Elements on the Residential Unit now existing as a result of construction of the Building, or which may come into existence as a result of settling or shifting of the Building, or as result of repair or restoration of the Building or of the Commercial Unit and/or the Common Elements after damage or destruction by fire or other casualty, or after a taking in condemnation or eminent domain proceedings, or by reason of an alteration or repair to the Common Elements so that any such encroachments may remain so long as the Building shall stand;

z. Easements in favor of the Commercial Unit to use the pipes, wires, ducts, conduits, cables, public utility lines and other Common Elements located in the Residential Unit or elsewhere on the Property and serving the Commercial Unit;

aa. Any other lien or encumbrance or state of facts as to which the Title Company would be willing, in a fee policy, to insure provided it (i) will not be collected out of the Residential Unit if it is a lien or (ii) will not be enforced against the Residential Unit if it is not a lien;

bb. Any other encumbrance or state of facts, imputed to or within the knowledge of the Apartment Corporation, which would not prevent the use of the Residential Unit for the purposes set forth in this Plan;

cc. Standard exceptions to title set forth in the printed form of title insurance policy of the Title Company insuring the Apartment Corporation's title.

Adjustments

If there had been a sale of the Residential Unit to the Apartment Corporation on the Closing Date, certain items such as real estate taxes and/or real estate tax escrows with lenders, water and

sewer charges, payroll expenses, electricity and other utility costs for common areas and insurance premiums would normally be adjusted as of said date. Thus, to the extent Sponsor has paid expenses or advanced funds covering any period of time after the Closing Date, or if Sponsor has received income with respect to the Residential Unit attributable to the period from and after the Closing Date, the Apartment Corporation will adjust with Sponsor to provide for apportionment of those expenses and income to the period from and after the Closing Date. Sponsor will not be required to reimburse the Apartment Corporation.

Net adjustments due Sponsor will be made from the Working Capital Fund with the balance to be paid by the Apartment Corporation pursuant to a promissory note to be executed on the Closing Date, payable monthly over the twelve (12) month period following the Closing Date, without interest, as provided in the first year's budget for the Apartment Corporation.

If any items to be apportioned cannot be adjusted on the Closing Date because they are not fully ascertainable, they shall be apportioned and adjusted on that date to the extent feasible, with final adjustment to be made as soon as possible thereafter.

MANAGEMENT AGREEMENT AND OTHER CONTRACTUAL ARRANGEMENTS

Management Agreement

The Apartment Corporation will be managed by World Class Management, Inc., which is not affiliated with Sponsor. The proposed management agreement is for a three (3) year term and provides for a monthly fee equal to $4,750. The management agreement provides that it may be terminated by the managing agent with or without cause on ninety (90) days prior written notice, or upon thirty (30) days prior written notice with or without cause by the Apartment Corporation or if HDC requests the Apartment Corporation to terminate the management agreement. It is not assignable by either party without consent of the other.

The Managing Agent will perform the following duties, among others:

(a) cause the Residential Unit to be maintained in such condition as may be deemed advisable by the Board of Directors;

(b) cause all such acts to be done in or about the Residential Unit as shall be required to comply with any or all orders or violations of any governmental authority having jurisdiction thereof;

(c) solicit bids, negotiate and enter into contracts as agent of the Apartment Corporation for the purchase of supplies and maintenance services, provided that approval of the Board of Directors is necessary for any contract requiring annual payments in excess of $2,000 or having a term longer than two (2) years;

(d) if requested by the Board of Directors, cause appropriate insurance coverage for the Residential Unit to be obtained;

(e) bill or cause Shareholders to be billed for maintenance charges, rent and other ancillary charges which may become due and payable;

(f) consider and when reasonable attend to the complaints of Shareholders, provided that if the Managing Agent shall find any such complaints unreasonable, it shall so advise the Board of Directors;

(g) establish and maintain in good order a full set of records pertaining to the operation of the Residential Unit;

(h) assist the Board of Directors in the annual preparation of an operating budget;

(i) in conjunction with the certified public accountant of the Apartment Corporation, arrange for an annual audit of the books of account, and otherwise cooperate with

the accountants and auditors of the Apartment Corporation;

(j) arrange to have a representative of the Managing Agent attend meetings of the Shareholders and of the Board of Directors; and

(k) generally, do all things reasonably deemed necessary or desirable by the Board of Directors for the proper management of the Residential Unit.

The annual certified financial statement with respect to the Apartment Corporation will not be prepared by the Managing Agent. Such statement will be prepared by an independent certified public accountant engaged by the Board of Directors, whose fees are to be paid by the Board and charged to the Shareholders as part of Maintenance Charges.

All disbursements incurred by the Managing Agent in performance of its duties will be reimbursed by the Apartment Corporation and charged to the Shareholders as part of Maintenance Charges. In addition, the Apartment Corporation will indemnify the Managing Agent against any claims or liabilities in connection with acts properly performed by it pursuant to the instructions of the Board of Directors or for personal injury or property damage not resulting from the Managing Agent's negligence or willful failure to comply with its obligations under the management agreement.

RIGHTS AND OBLIGATIONS OF SPONSOR

Sponsor represents that:

1 . Sponsor will defend any suits or proceedings against the Apartment Corporation arising out of Sponsors acts or omissions, or representations made by Sponsor in this Offering Plan, and it will indemnify the Apartment Corporation, the Board of Directors and the Shareholders against liability imposed as a result of such suits or proceedings.

2. All representations under this Plan, such obligations under this Plan which are to be performed subsequent to the Closing Date and all other obligations under the General Business Law, shall survive delivery of the deed.

3. Sponsor has secured construction financing which, together with its own funds, it believes will be sufficient to complete construction of the Building.

4. Sponsor will at its sole cost and with reasonable diligence complete the construction of the Project substantially in accordance with the Plans with Specifications described in the Offering Plan and Exhibits thereto. Sponsor's intention is to use the materials, fixtures, appliances and other equipment described in the Plan and in the architectural plans on file, but due to unavailability of materials and supplies or for any other reason, Sponsor may substitute materials, fixtures, appliances and equipment of substantially equal or better quality, without prior notice or amendment to this Plan. The issuance of a Certificate of Occupancy covering the Building shall be deemed presumptive evidence that the Building, its appurtenances and all of the Apartments in the Residential Unit have been completed substantially in accordance with the Offering Plan and the Plans with Specifications.

Sponsor also reserves the right to make modifications of layout or design, as more fully set forth in the section entitled "Changes in Prices and Apartments"; provided, however, that Sponsor may not change the size or layout of Apartments, other improvements or public areas if such changes adversely affect the common areas or adversely affect the value of any Apartment which has been sold or for which a Purchase Agreement has been executed and is in effect unless all affected Shareholders consent in writing to such change and all affected contract vendees are given the right to rescind and receive back any deposit or Down Payment.

Sponsor will not be obligated to correct or be liable to any Purchaser by reason of any variations from the plans with specifications or the description of the Residential Unit or Apartments included in the Plan which are not in violation of applicable building codes nor require the approval of any governmental authority having jurisdiction or which are necessitated by job or site conditions or requirements, so long as said variations are insubstantial changes in the dimensions or arrangements of rooms, walls or other areas within an Apartment or the Residential Unit.

Warranties of Construction.

(i) All Units, Apartments, Common Elements, and Limited Common Elements offered pursuant to this Plan are sold only as described in this Plan. The quality of construction will be comparable to local standards customary in the particular trade and substantially in accordance with the Plans and Specifications. Sponsor will not be liable for any defect in construction if the work and materials are in substantial compliance with the Plans and Specifications.

(ii) Sponsor will warrant construction of the Units, Apartments and Building as provided in the Limited Warranty as set forth in Part II of this Plan, which is in replacement of the Housing Merchant Implied Warranty contained in Article 36-B of the General Business Law, the portions of which that are permitted to be excluded are hereby expressly excluded, to the extent permitted by Law. Notwithstanding any provision to the contrary herein, Sponsor shall not be obligated to correct, and shall not be liable to any Purchaser as a result of (x) any insubstantial variations from the Plans and Specifications or the descriptions of the Building, Apartments or a Unit set forth in the Plan or (y) variations from the Plans and Specifications or description of the Building, Apartments or a Unit set forth in the Plan which are neither in violation of applicable Law, provided such variations are of substantially similar or better quality.

(iii) Sponsor, in its sole discretion, will select the method of correcting any defect. On three (3) days' notice from Sponsor, the Board, and/or the Shareholder in question will allow Sponsor, Sponsor's contractors and/or the Managing Agent access to the Building, the Apartment or the Unit in question on any weekday which is not celebrated as a federal or state holiday to inspect and/or correct such defect.

(iv) Sponsor shall be deemed to have discharged any obligation it may have with respect to patent or latent defects, as the case may be, if (1) Sponsor is not notified within the time periods specified herein or the Board, Shareholder and/or the Unit Owner in question prevents Sponsor, Sponsor's contractors and/or the Managing Agent access to the Building, Apartment or the Unit in question as provided herein, or (2) Sponsor shall have corrected the defect in accordance with the practice of the industry as determined by Sponsor's general contractor or architect or engineer, in their sole discretion.

NOTWITHSTANDING THE FOREGOING, SPONSOR SHALL NOT BE RESPONSIBLE FOR CORRECTING OR REPAIRING ANY DEFECTS IN CONSTRUCTION OR DEFECTS IN THE INSTALLATION OR OPERATION OF ANY APPLIANCES (INCLUDING, WITHOUT LIMITATION, KITCHEN APPLIANCES), EQUIPMENT OR FIXTURES WITH RESPECT TO WHICH ASSIGNABLE WARRANTIES OR OTHER UNDERTAKINGS (HOWEVER DENOTED) FROM MANUFACTURERS, CONTRACTORS, MATERIALMEN, OR OTHERS, ARE ASSIGNED TO EITHER PURCHASER OR THE BOARD.

(v) In addition, in no event shall Sponsor be responsible for correcting or repairing

any of the following: any condition resulting from normal wear and tear or natural deterioration or from the normal movement, settlement and shrinkage of the Building and/or Building materials; or defects of an insubstantial nature, such as, without limitation, partial or total death of any trees, shrubs, bushes or other landscape improvements, minor protruding of dry wall fastenings, minor ridging on gypsum board, minor lumber shrinkage, door or window sticking due to weather, minor door warpage including, without limitation, minor warpage of the main entrance door within reasonable tolerances of doors of similar size and weight, slight scratches in plastic laminate, vitreous china, stainless steel or porcelain surfaces, bathroom finish grouting, adjustment of bi-fold doors, walls not square, electrical plates not straight, minor discoloration or shrinkage, slight separation between base and floor; normal settlement and deflection or any consequential damage resulting therefrom including, without limitation, minor cracks in roof ballast, or concrete cracks which do not reduce the structural integrity of the Building; deviations in the level of ceilings, and minor imperfections in ceiling finishes; minor imperfections in painting finishes; minor deviations in the level of a floor or minor buckling or sinking due to expansion or shrinkage; minor misalignment of bathroom finishes and variations in grouting thickness; normal noise from plumbing, heating, and ventilating operation, floor noises and creaking; minor carpet or floor discoloring or stretching; minor variations in width, length, thickness, finish or color range of wood flooring; minor chips, scratches, mars, breaks, dents, cracks, imperfections, or other defects in: windows, window glass, frames and hardware; sliding glass doors, frames, door glass and hardware; louvers; shower doors; lighting fixtures, lenses, baffles and globes; all painted surfaces; all sinks, tubs, basins, water closets; kitchen cabinet back splashes and counter tops; vanity tops and cabinets; all tile, stone or marble floors; saddles; all appliances; woodwork, millwork and doors; mirrors; all hardware; appliance cabinets; ceilings and flooring; variations in tone or color of marble or stone or variations in tone or color of vanity tops or other marble or stone surfaces; leaching or color variation in exterior color mortar and colored brick, and dimensional variations in brick joints, and mortar droppings on bricks and window surfaces; normal ponding and/or controlled drainage on the roof surface; or cracks in pressure treated lumber used or intended for use outside the Building; or television and radio reception; or discoloration to hardware and plumbing finishes; or any other imperfection or defect, except as expressly warranted pursuant to this Plan. Notwithstanding anything to the contrary contained herein and regardless of any limitation in Sponsor's warranty, complete the construction of the Project substantially in accordance with the Plans with Specifications described in this Offering Plan and Exhibits hereto.

(vi) Sponsor shall have discharged its obligation to repair abnormal scratches in plastic laminate, vitreous china, porcelain and stainless steel surfaces by filling or refinishing and Sponsor shall not be obligated to replace such surfaces.

(vii) Except as expressly set forth in this Paragraph 4, Sponsor has no obligation to correct or repair any other defect or conditions in the Apartments, Units, Common Elements or the Building and all other installations, apparatus, fixtures and appurtenances. The foregoing sets forth the entire obligation of Sponsor to correct any defects and none other shall be implied. Nothing contained herein shall be construed to render Sponsor liable for consequential damages (whether based on negligence, or breach of contract, warranty, or otherwise), it being intended that Sponsor's sole obligations pursuant to this Plan shall be to repair or replace, at Sponsor's

option, any defective item which has been warranted in, and subject to the terms and conditions of, this Plan. The Housing Merchant Implied Warranty Law (New York State General Business Law Article 36-B) is not applicable to this offering.

5. The Closing Date shall not occur until there has been issued a temporary Certificate of Occupancy covering at least the Residential Unit. If a permanent Certificate of Occupancy covering at least the Residential Unit shall not have been issued by the Closing Date, Sponsor will, at its sole cost and expense, do and perform or cause to be performed all work and will supply or cause to be supplied all material necessary for its issuance, and will within two (2) years after the Closing Date, secure the permanent Certificate of Occupancy, unless it is prevented from doing so by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations or any other reason not the fault of Sponsor. In such event, the two (2) year period shall be extended for a period equivalent to the period of such delay. Notwithstanding the foregoing, if a Shareholder or the Board (if not under Sponsor's control) makes any change of any kind or nature in or to the Building which will prevent Sponsor from obtaining a final Certificate of Occupancy for the Building or which would cancel or make void any existing Certificate of Occupancy, or fails to permit access to its Unit or Apartment at reasonable times on reasonable advance notice in order for Sponsor to obtain a final Certificate of Occupancy, or if a Shareholder or Board (not in control of Sponsor) commits any act, whatever its nature, or fails to perform any reasonable act, which would cancel or make void any existing Certificate of Occupancy or interfere with or prevent Sponsor from obtaining the final Certificate of Occupancy, such act or failure will void and obviate Sponsor's obligation to obtain the final Certificate of Occupancy. Such Shareholder or Board shall indemnify and hold Sponsor and the Commercial Unit Owner harmless from and against all damage, liability, and expense resulting from any such act or failure.

In the event that an Apartment Closing Date takes place prior to the issuance of a permanent Certificate of Occupancy for the Residential Unit, Sponsor shall maintain all deposits and funds in the special escrow account required by Section 352-e(2)(b) of the New York General Business Law, unless Sponsor's engineer or architect certifies that a lesser amount will be necessary to complete the work necessary to obtain a permanent Certificate of Occupancy for at least the Residential Unit, in which case the sum exceeding the amount so certified by Sponsor's engineer or architect may be released from escrow. Alternatively, Sponsor may deposit with the escrow agent an unconditional, irrevocable letter of credit or post a surety bond in the amount so certified, in which event same will be reflected by duly filed amendment to the Plan.

Notwithstanding the foregoing, the HDC Commitment requires that if Sponsor has not obtained a permanent Certificate of Occupancy by the Closing Date, the Residential Unit will not be conveyed to the Apartment Corporation unless Sponsor provides collateral security in form and amount acceptable to HDC based upon twice the value of the punch list items plus $50,000.00, which shall be held until completion of construction of the Residential Unit pursuant to the Plans with Specifications, the issuance of the permanent Certificate of Occupancy and the completion of any punch list items.

6. If any work still remains to be done to complete the Building on the Closing Date,

including completion of the Apartments and common areas, Sponsor, at its own cost and expense, will perform or cause all such work to be performed and will supply or cause all such work to be supplied, will pay or cause to be paid all contractors, subcontractors and materialmen and all others involved in the construction of the Apartments and common areas for work performed and fixtures, material and equipment supplied or installed in the construction of the Building, and will discharge by bonding or otherwise all mechanics' liens which may have been filed as a result of the construction of the Apartments or common areas.

Sponsor will bear all costs and expenses incurred in connection with the construction of the Residential Unit and the initial sale of Apartments, including, but not limited to selling expenses and commissions of Sponsor's Selling Agent, advertising and printing expenses, architect's fees, organization costs and engineering costs, whether incurred prior or subsequent to the Closing Date.

7. All references in this Plan to "Plans with Specifications" shall mean the plans for the Building filed with the appropriate governmental authorities, as the same have been amended or changed. After completion of construction and prior to the transfer of control of the Residential Unit's Board of Directors to the Shareholders, Sponsor shall provide to the Board of Directors a copy of "as built" architectural plans for the Residential Unit. It shall also provide the Board of Managers of the Condominium with a copy of "as built" architectural plans for the Project.

8. Sponsor will pay all Maintenance Charges, special assessments and other expenses allocable to any Shares owned by Owner, Sponsor, or a Sponsor designee, so long as any of such parties shall continue to own the same. Sponsor has the financial resources to meet its obligations with respect to Unsold Shares. In the first instance, these obligations will be funded from projected sales. However, no bond or other security has been furnished to secure the performance of Sponsor's obligations, except for the deposit required by HDC and described in this Section. The ability of Sponsor to perform its obligations will depend upon its financial condition at the time it is called upon to perform. No representation can be made as to its financial ability to perform any such obligations.

9. Sponsor shall initially procure, on behalf of the Condominium, fire and casualty insurance pursuant to an agreed amount replacement value policy or in an amount sufficient to avoid coinsurance and liability insurance for the Apartment Corporation, as more fully described in Schedule B (for the Apartment Corporation) and C (for the Condominium).

10. Pursuant to Section 352-e(9) of the General Business Law, copies of this Offering Plan and all Exhibits or documents referred to herein and all Exhibits submitted to the Department of Law in connection with the filing of the Plan are and will be kept on file at the office of Sponsor set forth on the cover page hereof for six (6) years from the Closing Date for examination without charge and copying at a reasonable charge, during normal business hours, upon reasonable notice, by prospective Purchasers and any person who has purchased Shares under this Plan or otherwise has participated in this offering.

Copies of the Plans with Specifications are also on file in Sponsor's office and will be available for examination by any prospective Purchaser.

11. Sponsor may dissolve or liquidate itself, or its principals may transfer their ownership interest at any time after the Closing Date, provided that construction of the Building has been completed and all Shares offered under the Plan have been sold. This paragraph 11 shall in no way be deemed as a limitation of any of Sponsor's obligations or any of the rights and remedies of Purchasers pursuant to law.

12. If any work still remains to be done to complete the Project, including the Apartments and common areas, Sponsor shall be obligated to repair any damages caused by it or its employees, contractors or subcontractors in the process of such completion of construction. During such time, Sponsor shall use its best efforts not to unreasonably interfere with the use of the Property by the Shareholders. Sponsor has no obligation to make any repair to the Apartments or common areas except as set forth in this Plan and as required by law.

13. On the Closing Date, Sponsor will cause the Residential Unit to be free of all liens and encumbrances other than the liens and encumbrances described in this Plan.

14. Sponsor will obtain an updated Opinion of Reasonable Relationship as of the Closing Date, as described in Part I of this Plan.

15. Sponsor shall use its best efforts to obtain for the Residential Unit a Certificate of Final Exemption pursuant to Section 421-a of the New York Real Property Tax Law.

16. On the Closing Date, Sponsor shall deposit with HDC a cash deposit or letter of credit in an amount equal to one (1) year's Maintenance Charges for Apartments the Shares of which are owned by Owner, Sponsor, or a Sponsor designee and for which Purchase Agreements have not been entered into. Such cash deposit or letter of credit may be drawn upon by HDC only it Maintenance Charges with respect to an Apartment covered by such deposit or letter of credit is not paid and then, only in the amount of the unpaid Maintenance Charges, and may be reduced by Sponsor in the applicable amount each time an Apartment covered by the deposit or letter of credit is sold to a Purchaser approved by HDC. Such letter of credit may also be drawn upon by HDC if it is not timely replaced prior to expiration.

17. At each Apartment Closing, Sponsor will assign to the Purchaser any assignable manufacturers' warranties relating to equipment and appliances installed in the Apartment, and on the Closing Date, Sponsor will assign any warranties with respect to equipment and appliances installed in the Residential Unit to the Apartment Corporation. Additionally, Sponsor will assign to the Apartment Corporation the warranties obtained from each subcontractor with respect to the Project, but it will not itself warrant the materials and workmanship of the Apartments and common areas. Sponsor makes no representations or warranties except as provided in this Offering Plan and none should be implied nor will any survive delivery of the deed of the Residential Unit to the Apartment Corporation.

18. In the event that HDC and Wachovia Bank, National Association, waive or modify their respective 75% requirements described in Special Risk 6 above or otherwise, Sponsor, including any Sponsor-designee, has reserved the right, upon closing of the sale of fifty percent (50%) of the Apartments, to lease Apartments in the Building. Sponsor will endeavor in good faith to sell, in a reasonably timely manner, all Apartments to Purchasers for personal occupancy by themselves or their families. Until at least 50% of the Apartments are so sold and conveyed to Purchasers for personal occupancy, Sponsor will not rent Unsold Apartments. After such 50% threshold is achieved, Sponsor will continue to endeavor in good faith to so sell Apartments to Purchasers for personal occupancy, but reserves the right, if market conditions become unfavorable after the filing of this Plan, to rent Unsold Apartments until they may be sold at prices determined in good faith to be satisfactory to Sponsor. Sponsor's good faith efforts to sell to Purchasers for personal occupancy include multi-listing Unsold Apartments with brokers, showing Unsold Apartments to brokers and prospective Purchasers or their representatives, filing updated Amendments to the Plan and otherwise engaging in customary sales activities.

The representations contained in paragraphs 1 through 18 of this Section shall survive delivery of the deed.

REPORTS TO SHAREHOLDERS

All Shareholders of the Apartment Corporation will be entitled to receive, annually, from the Apartment Corporation at its expense, copies of the following:

A. An income tax deduction statement within three (3) months after the close of the Apartment Corporation's fiscal year;

B. An audited financial statement prepared and certified by an independent certified public accountant, to be received within one hundred twenty (120) days after the close of the Apartment Corporation's fiscal year; and

C. Notice of the holding of an annual Shareholders' meeting for the purpose of electing a Board of Directors, to be received in accordance with the By-Laws.

The aforesaid dates may be changed in accordance with the By-Laws of the Apartment Corporation.

PART IB - THE CONDOMINIUM

THE COMMERCIAL UNIT AND GARAGE UNIT

The Commercial Unit has a two (2) percent interest and the Garage Unit has a one (1) percent interest in the Common Elements of the Condominium. Sponsor or a Sponsor Designee will initially retain ownership of the Commercial Unit and the Garage Unit. The Commercial Unit is intended for retail use and the Garage Unit is intended for parking use, but may be used for any legal use; however, the Commercial Unit may not be used for any "Adult Use." Adult Use means any use or purpose which is immoral or disreputable, including without limitation "adult entertainment establishments," "adult video store," "adult bookstores" or other establishment having a predominant portion of its stock in trade in books, magazines, periodicals, videos, firms and/or novelties which are distinguished or characterized by their emphasis on matter depicting, describing or relating to specified sexual activities or specified anatomical areas, or for the sale of any roach clip, water pipe, bong, coke spoon, cigarette papers, hypodermic syringe or other paraphernalia commonly used in the use or ingestion of illicit drugs.

The Commercial Unit consists of portions of the ground floor and cellar of the Building, as shown on the floor plans for the Units which will be filed with the New York County office of the Register of the City of New York. The Commercial Unit shall have separate entrances from outside the Building. The Garage Unit consists of portions of the cellar of the Building and a ramp up to the ground floor exiting on the street. See the form of Declaration in Part II of this Plan for further details.

The Commercial Unit includes as part of the Unit, without limitation, all space and Building components below the structural slab under the second floor, except for those spaces and components located on the cellar and first floors of the Building identified in the Condominium Documents and/or in the Tax Lot Drawings as part of the Residential Unit or the Garage Unit or as a Common Element.

The Garage Unit includes as part of the Unit, without limitation, all space and Building components below the structural slab under the ground floor, except for those spaces and components located on the cellar floor of the Building identified in the Condominium Documents and/or in the Tax Lot Drawings as part of the Residential Unit or the Commercial Unit or as a Common Element.

Neither the Garage Unit nor the Commercial Unit shall include any of the Common Elements located therein or any piping, wiring, ducts, machinery or other materials and equipment used exclusively by another Unit or by the Common Elements.

THE RESIDENTIAL UNIT

The Residential Unit consists of:

(a) a portion of first (lobby) floor, containing the entrance lobby to the residential floors and the mail area, together with all doors, canopies and lighting appurtenant thereto, hallway, Apartments, fitness room, community room, and storage rooms in the cellar, excluding the Garage Unit and Commercial Unit;

(b) the entire second through eleventh floors and all exterior walls and windows from the second floor to the roofs, except the columns, girders, beams, supports, bearing walls, pre-cast concrete floors;

(c) all roofs and their components;

(d) the standpipe system;

(e) equipment room on main roof;

(f) elevator core, pits, shafts and cabs;

(g) trash compactor and compactor room, work room and storage rooms in cellar; and

(h) stairways through the central core of the Building and associated stairwells and landings, including the emergency egress doors from these stairs opening to the outdoors on the ground floor of the Property.

Any Common Elements located within the Residential Unit shall not be considered part of the Unit.

COMMON ELEMENTS

The Common Elements encompasses all portions and elements of the Building that are not part of a Unit and will include, without limitation, the following:

(a) The Land, including sidewalks thereon or appurtenant thereto, together with all easements, rights and privileges appurtenant thereto;

(b) Any Building structural components which are utilized for or serve more than one Unit, including foundations and footings, structural columns and pillars, girders, beams, joists and supports and structural slabs, unless specifically provided to the contrary in the Condominium Documents;

(c) All interior load-bearing walls;

(d) All ground floor exterior walls and wall systems up to, but not including, any gypsum wallboard;

(e) All exterior landscaping and lighting (with the exception of Residential Unit lobby lighting) installed in, on or along the sides of the Property facing the streets adjacent to the Property;

(f) Sanitary sewer pumping system from the point at which the sanitary sewer line leading from a Unit connects with the Building's main sewer line, to the point at which the Building's main sewer line connects with the municipal sewer system;

(g) Storm drainage system within the Building to the point at which it connects to the municipal storm sewer system;

(h) All passages and corridors, areas, rooms and other spaces, located at the Property and serving or benefiting more than one Unit; and

(i) All other facilities of the Property (including but not limited to shafts, pipes, wires, ducts, vents, cables, chases, conduits and lines), which serve or benefit or are necessary or convenient for the existence, maintenance, operation or safety of more than one Unit and/or more than one Unit Owner; and

(j) Telephone room, fire pump room, water meter room and boiler room in the cellar; and

Limited Common Elements.

Limited Common Elements are Common Elements of the Property that serve only a specified Unit and thus are restricted in use to the Owner of the Unit and/or to such occupants of the Unit as the Owner shall permit, subject to the right of the Board of Managers to enter upon such Limited Common Elements to make structural repairs or structural replacements thereto, and subject to the Rules and Regulations. Any Unit Owner having the exclusive right to use a Limited Common Element shall have the obligation, at the Unit Owner's expense, for day-to-day maintenance of the Limited Common Element, including, without limitation, cleaning of debris from drains and general cleaning and repairs, in accordance with the applicable provisions of the Declaration and the By-laws.

Common Interest.

The Common Interest for each of the Units is as follows: the Residential Unit, 97%; the Garage Unit, 1%; and the Commercial Unit, 2%. Such percentages are based upon method (iv) contained In Section 339-i(1) of the New York Condominium Act, that is, upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use and the overall dimensions of the particular Unit.

Generally, all painting, decorating, maintenance, repairs and replacements, whether structural or nonstructural, ordinary or extraordinary, in or to the interior of a Unit (other than Common Elements included therein) will be made by the owner of such Unit at such owner's sole cost and expense.

SCHEDULE C

CONDOMINIUM PROJECTED BUDGET

THE SUTTON CONDOMINIUM
102 Bradhurst Avenue
NEW YORK, NEW YORK

ESTIMATED SCHEDULE OF RECEIPTS AND EXPENSES
FOR FIRST FULL YEAR OF OPERATION
COMMENCING JULY 1, 2007

Income	Total	Residential Units	Commercial Unit	Garage Unit
Common Charges (1)	**$89,813**	**$87,119**	**$1,796**	**$898**

Expenses	Total	Residential 97% of total	Commercial 2% of total	Garage 1% of total
Insurance (5)	$75,000	$72,750	$1,500	$750
Legal (9)	$2,500	$2,425	$50	$25
Accounting (8)	$3,000	$2,910	$60	$30
Payroll (2)	$3,413	$3,311	$68	$34
Repairs and Maintenance (3)	$1,000	$970	$20	$10
Management Fee (8)	$3,000	$2,910	$60	$30
Supplies (4)	$400	$388	$8	$4
Miscellaneous (7)	$1,500	$1,455	$30	$15
Total	**$89,813**	**$87,119**	**$1,796**	**$898**

NOTES TO SCHEDULE C

(1) **Common Charges**

The Unit Owners will pay for Common Expenses in accordance with their Common Interests.

(2) **Payroll**

It is anticipated that the superintendent will spend 4% of his time providing services for both the Residential and Commercial Units, such as sweeping and cleaning sidewalks, shoveling snow, maintaining the landscaping, and making miscellaneous repairs. Figure includes 4% of salary and uniform costs.

(3) **Repairs and Maintenance**

The budget number is based on estimates to make repairs to the Common Elements, which generally are those areas of the Building considered common to both the Residential and Commercial Units. No amount is included for items covered by construction warranties or for the cost of any major capital expenditure in the Building. Budget amounts are based on the Managing Agent's experience in operating newly constructed buildings of comparable size and quality.

(4) **Supplies**

The budget number covers items such as brooms, cleaning and salt/sand supplies.

(5) **Insurance**

This figure represents the estimated cost of the following insurance coverages for the Building based on a letter dated July 18, 2005 from HUB International Northeast, 1065 Avenue of the Americas, New York, New York 10018.

Coverages	Limits of Liability
Building – "All Risk" including theft, replacement cost, agreed amount	$25,000,000
Building Law and Ordinance	Included
Business Income/Extra Expense	$1,594,000
Boiler and Machinery – Comprehensive	Actual Loss
Fidelity Bond	$ 500,000
Flood	$1,000,000
Commercial General Liability	$1,000,000/$2,000,000
Automobile Non-Owned/Hired Car	$1,000,000
Personal and Advertising	$1,000,000
Medical Payments	$5,000 per person

Products/Completed Operations	$1,000,000
Umbrella Liability (including excess directors and officers)	$25,000,000

The foregoing coverages will not provide fire and casualty losses to personal property, furniture, furnishings, replacements, additions, fixtures and improvements of Tenant-Shareholders, or liability insurance covering the Tenant-Shareholder for occurrences within the Property. The Bylaws of the Apartment Corporation provide that the Board of Directors may require that each Tenant-Shareholder maintain such coverages at the Tenant-Shareholder's expense.

(6) **Accounting**

All Condominium Unit Owners are entitled to receive annually from the Condominium at the Condominium's expense an annual audited statement prepared by an independent certified public accountant. The estimate is based on a letter dated August 3, 2005 from Newman, Newman & Kaufman, PPL, 575 Underhill Boulevard, Syosset, New York 11791.

(7) **Miscellaneous Operating Expenses**

Various permits and/or inspections by city and state agencies may be required throughout the year.

(8) **Administrative Expenses**

Figure includes reimbursements to the Managing Agent for out-of-pocket disbursements such as express courier, collection and postage expenses. In addition, there may be corporate organizational fees, unforeseeable corporate and other taxes, or licensing expenses which the Apartment Corporation may be required to pay.

(9) Management Fee

Based on a proposed agreement with World Class Management, Inc. for a term of three (3) years. For further details as to the responsibilities of the managing agent, see the section of the Plan entitled "Management Agreement, Contracts and Leases."

CHANGES IN LAYOUT OF COMMERCIAL UNIT AND GARAGE UNIT

Subject to any applicable building code, fire code or like requirements of governmental authorities, the Commercial Unit Owner shall have the right, without the vote or consent of the Board, HDC, HPD or the other Unit Owners, (i) to change the layout of the Commercial Unit, and (ii) to change the size and/or number of Commercial Units, including subdividing a Commercial Unit into additional Commercial Units or combining Commercial Units into one Commercial Unit, in which event the Unit Owner will have the right to reapportion, among the Commercial Units affected by such change, subdivision, combination or alteration, their appurtenant interest in the Common Elements, provided the aggregate interest in the Common Elements appurtenant to the Commercial Unit(s) after such change, subdivision, combination or alteration equals the aggregate interest in the Common Elements appurtenant to the Commercial Unit(s) prior to such change, subdivision, combination or alteration. Any such change, subdivision, combination or alteration will be reflected in a duly filed amendment to this Plan, and by a duly recorded amendment to the Declaration and floor plans prepared by the Unit Owner and meeting the requirements of Article 9-B of the New York Real Property Law. The amendment to Declaration shall, if appropriate, reapportion among the Commercial Unit(s) affected by such change their percentages of interest in the Common Elements. No subdivision or combination made pursuant hereto shall result in a change in the amount or quality of Common Elements directly affecting or servicing the Residential Unit.

In the event of a subdivision or combination of a Commercial Unit, the Condominium Board of Managers shall be required, at the request of the Unit Owner, to execute and record in the New York County office of the Register of the City of New York, the amendment to Declaration described above, together with such other documents as the Unit Owner deems appropriate to effectuate the same. All expenses for the preparation and recording of the amendment to Declaration shall be borne by the Unit Owner, and shall not be a Common Expense.

RIGHTS AND OBLIGATIONS OF SPONSOR WITH RESPECT TO THE CONDOMINIUM AND THE COMMERCIAL UNIT AND GARAGE UNIT

Sponsor represents that:

1. Sponsor will defend any suits or proceedings against the Condominium arising out of Sponsors acts or omissions, and it will indemnify the Board of Managers and the Unit Owners against liability imposed as a result of such suits or proceedings.

2. The Property is currently encumbered by mortgages held by Wachovia Bank, National Association, securing construction loans in the aggregate principal amount of $25,633,127, and by a subordinate building loan mortgage held by HDC in the principal amount of $6,075,000 and by the HPD Mortgage in the amount of $4,825,575. Sponsor will pay the indebtedness secured by such mortgages on the Property for the benefit of Wachovia Bank, National Association, and will comply with all of the other terms and provisions of said mortgages and the notes which are secured thereby.

On the Closing Date, the Residential Unit and its appurtenant interest in the Common Elements shall be released from the lien of said mortgages, and shall instead be made subject to a permanent first mortgage held by HDC in the principal amount of $10,580,000, and a permanent second mortgage held by HPD in the principal amount of $4,246,506 and the AHC Mortgage in the amount of $675,000. Simultaneously with the closing of title to the Residential Unit, Sponsor will obtain from HDC and HPD agreements subordinating the aforesaid mortgages to the Declaration of Condominium. In addition, prior to the Closing Date, all other liens affecting the Residential Unit shall be paid, bonded or satisfied or, prior to or simultaneously with the Closing Date, the Residential Unit and its appurtenant Common Interest shall be released therefrom by a partial release duly recorded.

3. Sponsor will at its sole cost and with reasonable diligence complete the construction of the Condominium substantially in accordance with the plans and specifications described in the Offering Plan and Exhibits thereto, and with a quality of construction comparable to currently prevailing standards. Sponsor's intention is to use the materials, fixtures, appliances and other equipment described in the Plan and in the architectural plans on file, but due to unavailability of materials and supplies or for any other reason, Sponsor may substitute materials, fixtures, appliances and equipment of substantially equal or better quality. Except as set forth in the Section of this Plan entitled "Changes in Prices and Apartments," Sponsor also reserves the right to make changes in any and all architectural, structural, mechanical or electrical plans and specifications, provided that prior approval is first obtained from the municipal agencies having jurisdiction, and further provided that any such changes are made with the approval of an architect or professional engineer, and are reflected by a duly filed amendment to this Plan.

4. The entity designated by Sponsor to acquire the Commercial Unit and the Garage

Unit if they are not acquired directly by Sponsor (the "Sponsor Designee"), will pay all Common Charges, real estate taxes, special assessments and other expenses allocable to such Units, so long it shall continue to own the same. Sponsor Designee has the financial resources to meet its obligations with respect to the Commercial Unit and Garage Unit; however, no bond or other security has been furnished to secure the performance of Sponsor Designee's obligations. The ability of Sponsor Designee to perform its obligations will depend upon its financial condition at the time it is called upon to perform. No representation can be made as to its financial ability to perform any such obligations.

5. Sponsor will initially procure, on behalf of the Condominium, fire and casualty insurance pursuant to an agreed amount replacement value policy or in an amount sufficient to avoid coinsurance, and to meet the requirements of the mortgagees of the Residential Unit. The cost of such insurance will be a Common Expense. See Schedule C.

All representations under this Plan, such obligations under this Plan which are to be performed subsequent to the Closing Date and all other obligations under the New York General Business Law shall survive delivery of the deed of the Residential Unit to the Apartment Corporation.

Except as provided in this Plan, Sponsor makes no representations or warranties and none should be implied nor will any survive delivery of the deed.

Each of the obligations of Sponsor contained in this Offering Plan shall be enforceable by any Unit Owner as to its Unit and by the Board of Managers on behalf of the Unit Owners as to Common Elements. Sponsor has no obligations to make any repair to the Units or Common Elements except as set forth in this Plan, nor any obligation to defend any suits or proceedings arising out of Sponsor's acts or omissions, except that it shall defend such suits or proceedings to the extent that such acts or omissions relate to Sponsor's obligations hereunder. Sponsor shall indemnify the Board of Managers and the Unit Owners against any claims, judgments and expenses relating to Sponsor's obligations hereunder. Each of the obligations of Sponsor contained herein shall be binding on any Sponsor Designee as referred to in the Plan.

RIGHTS AND OBLIGATIONS OF UNIT OWNERS AND THE BOARD OF MANAGERS/SUMMARY OF BY-LAWS

Sale, Lease or Mortgaging of Units

The Owners of the Units are free to sell, lease or mortgage their Units. A Unit will not be subject to the lien of a mortgage on another Unit. Each conveyance of a Unit will include, as part of the property to be conveyed, the Unit's undivided interest in the Common Elements. No fee, charge, "flip tax" or other payment may be charged by the Condominium with respect to any such sale, lease or mortgage.

Restrictions on Use of Units

The Units may be used for any lawful purpose, provided (i) the Residential Unit may only be used for residential purposes and home occupation uses permitted under the zoning law, (ii) the Garage Unit may only be used for parking of motor vehicles and (ii) the Commercial Unit may be used for any legal use, but may not be used for any "Adult Use." Adult Use means any use or purpose which is immoral or disreputable, including without limitation "adult entertainment establishments," "adult video store," "adult bookstores" or other establishment having a predominant portion of its stock in trade in books, magazines, periodicals, videos, firms and/or novelties which are distinguished or characterized by their emphasis on matter depicting, describing or relating to specified sexual activities or specified anatomical areas, or for the sale of any roach clip, water pipe, bong, coke spoon, cigarette papers, hypodermic syringe or other paraphernalia commonly used in the use or ingestion of illicit drugs.

Common Charges

The Board of Managers will, from time to time but at least once a year, prepare a budget for the Condominium. Copies of such budgets will be furnished to the Unit Owners. Each Unit Owner will be assessed Common Charges in accordance with the Unit Owners' allocation of interest in Common Elements. Incorporated herein as Schedule C is the proposed budget for the first year of Condominium operation.

Each of the financial estimates appearing in Schedule C to this Plan has been prepared by Sponsor based upon its experience in construction, management and operation of residential properties. Sponsor believes these estimates to be dependable, but because actual expenditures may differ from the estimated expenditures and because of possible changes in the future income and expenses of the Property, such expenses are not intended nor should they be considered as representations, guarantees or warranties of any kind whatsoever, including without limitation, that the actual expenses for any period of operation will not vary from the amounts estimated, that the Condominium will not incur additional expenses, or that its Board of Managers will not provide for such additional reserves or other sums not reflected in any such financial schedule.

Sponsor believes that subject to the foregoing contingencies and assumptions, the projected Common Charges are adequate to meet the estimated normal operating expenses enumerated on Schedule C for the first year of operation of the Condominium based upon occupancy of all Units. Sponsor further believes that the Common Charges payable by the Commercial Unit Owner are sufficient to cover the expenses fairly attributable to such Unit.

The Board of Managers shall be authorized to impose a reasonable late charge for late payment of Common Charges, which shall be added to the Unit Owner's Common Charges due on the first day of the following month, and which shall be a lien upon the Unit Owner's Unit if not paid.

No Unit Owner shall be liable for the payment of any part of the Common Charges assessed against its Unit subsequent to a transfer by it of such Unit, or subsequent to a conveyance of such Unit with or without consideration to the Board of Managers on behalf of all Unit Owners in accordance with the provisions of the Declaration and By-Laws. No Unit Owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease said Owner's Unit, unless and until said Owner shall have paid in full to the Board of Managers all unpaid Common Charges and other assessments theretofore assessed by the Board against said Owner's Unit and until said Owner shall have satisfied all unpaid liens in favor of the Condominium against such Unit.

Liens for Nonpayment of Common Charges

Under the provisions of Section 339-z of the Real Property Law of the State of New York, the Board of Managers, on behalf of the Unit Owners, shall have a lien on each Unit for unpaid Common Charges assessed against such Unit by the Board of Managers. Such lien, however, shall be subordinate to liens for taxes on each Unit and any sums unpaid on a first mortgage of record on such Unit. Any lien for unpaid Common Charges against a Unit shall be effective from and after the filing of a notice thereof in the New York County office of the Register of the City of New York and until all sums secured thereby with interest at 2% over the prime rate established from time to time by JPMorgan Chase Bank shall have been fully paid or until six (6) years from the date of filing (unless foreclosure of such lien is started within such six (6) year period), whichever shall be sooner. Such lien may be foreclosed by a suit brought in the name of the Board of Managers, acting on behalf of the Unit Owners, in like manner as a mortgage of real property, as provided in Section 339-aa of the Real Property Law. Unit Owners against whom proceedings are brought to collect unpaid Common Charges shall also be responsible for the expenses of the proceeding, including attorneys' fees.

While Sponsor is in control of the Board of Directors of the Apartment Corporation (which appoints three of the five Members of the Condominium Board of Managers), Sponsor will cause the Condominium Board to file a lien as provided for in Section 339-aa of the Real Property Law against the Commercial Unit with respect to which Sponsor Designee is in arrears of Common Charges by more than thirty (30) days.

Repairs and Maintenance

All maintenance of and repairs to any Unit, ordinary or extraordinary, including windows, the electrical system and fixtures, lighting fixtures, plumbing, and gas and heating apparatus within the Unit and serving only the Unit, will be at the Unit Owner's expense. With respect to the Residential Unit, the foregoing repair and maintenance obligations as to each Apartment will be performed by the Shareholder owning such Apartment, as provided in the Proprietary Lease.

Unit Owners are also generally responsible for the maintenance of Limited Common Elements which are appurtenant to or exclusively serve their Units.

All maintenance, repairs and replacements to the Common Elements of the Property as defined in the Declaration, including but not limited to ground floor exterior walls and roof members, sidewalks (including removal of snow and ice therefrom), as well as all maintenance, repairs and replacements of pipes, wires, risers, conduits and public utility lines, any portion of which is located in one Unit and serves another Unit or more than one Unit or so much of any pipes, wires, risers, conduits and public utility lines as are located in the Common Elements but serve one or more Units, will be made by the Board of Managers, and the cost thereof shall be charged to all Unit Owners as a Common Expense; however, maintenance, repairs and replacements to the Common Elements shall be charged to a Unit Owner if it can be established that such expense was necessitated by the negligence, misuse or neglect of such Unit Owner or his lessees invitees, licensees or agents.

The Board of Managers and/or the manager or Managing Agent, and persons acting at their direction, shall have a right of access to any Unit for the purpose of making any repairs or replacements to any of the Common Elements contained in such Unit or elsewhere in the Building, or to remedy any condition which would result in damage to such Unit, any other Unit or to the Common Elements, or which would violate the provisions of any mortgage covering another Unit, or for the purpose of complying with any laws, orders, rules or regulations of any governmental body having jurisdiction thereof. Requests for such entry will be made in advance, except in the case of an emergency, when the right of entry will be immediate.

In the event of damage to or destruction of the Building as a result of fire or other casualty, the Board of Managers shall arrange for the prompt repair and restoration of the Building (including any damaged Units, but not including any furniture, furnishings, fixtures or other personal property or equipment installed in the Apartments by Shareholders of the Apartment Corporation). Any cost of such repair and restoration in excess of the net insurance proceeds shall constitute a common expense and the Board of Managers shall assess all the Unit Owners for such deficit in insurance proceeds. Notwithstanding the foregoing, if the loss involves only the Commercial Unit or only the Residential Unit, then the adjustment shall be made by the affected Unit Owner alone, and the net proceeds thereafter shall be payable only to the Unit Owner, as the case may be.

Additions, Alterations and Improvements

Subject to the next succeeding paragraph, any Unit Owner shall have the right to make any structural addition, alteration or improvement in or to the Unit or any Limited Common Element appurtenant thereto without the prior written consent of the Board of Managers or any other Unit Owner, if it does not affect the portion of the Building utilized by any other Unit Owner, provided that such Unit Owner shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction.

No Unit Owner shall make any structural addition, alteration or improvement in or to any Unit or any Limited Common Element without first (1) obtaining and maintaining during the course of such work such insurance as the Board of Managers may reasonably prescribe and providing the Board with a certificate of insurance prior to the commencement of the work, (2) executing and delivering to the Board of Managers an agreement, in form and substance reasonably satisfactory to the Board, setting forth the reasonable terms and conditions under which such alteration, addition or improvement may be made, including, without limitation, the days and hours during which any such work may be done and (3) executing and delivering to the Board of Managers an agreement indemnifying and holding harmless the Board, its members and officers, and all Unit Owners from and against any liability, cost or expense arising out of or connected to such work. In the event the Board of Managers chooses to have the proposed addition, alteration or improvement reviewed by an independent architect or engineer, the Unit Owner shall pay the charges of such architect or engineer.

Any application to any department of The City of New York or to any other governmental authority for a permit to make an addition, alteration or improvement in or to any Unit shall be completed by the Unit Owner and executed by the Board of Managers only, without, however, incurring any liability on the part of the Board of Managers or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom.

All additions, alterations or improvements in or to any Common Elements shall be made by the Board of Managers and the cost and expense thereof shall be charged to all Unit Owners as a Common Expense.

Insurance

The Board of Managers shall obtain and maintain the following insurance:

(i) Builder's Risk Insurance. With respect to any restoration after a casualty or condemnation or other alteration or improvement performed by the Board of Managers, "Builder's Risk" insurance (standard "all risk" or equivalent coverage) in an amount not less than one hundred percent (100%) of the replacement cost of the Building (exclusive of foundations and footings) including (a) any so-called "soft cost" value sums, written on a completed value (non-reporting basis) with respect to the initial construction of the Building, (b) water damage (including sprinkler leakage) and (c) collapse (subject to standard exclusions, e.g. defective materials, poor construction and improper maintenance), as well as flood insurance (to the extent

the same can be maintained at commercially reasonable rates in the State of New York). Such insurance requirement shall also apply in connection with any alteration to or reconstruction of the Building, once construction is completed, being performed by or on behalf of or affecting all Unit Owners (for example, subsequent renovations, alterations or restoration to the Building impacting all Unit Owners' interests in the Building). The policies shall be endorsed with coverage for (a) increased construction costs due to changes in laws and (b) so-called "soft costs."

(ii) All Risk Insurance. "All risk" coverage on each Unit and the Common Elements for an amount equal to one hundred percent (100%) of the replacement cost thereof. Replacement cost shall be determined annually by an independent appraiser, by reference to the Dodge Building Cost Index (or other published index of construction costs), or by such other method acceptable to the insurance company providing such coverages. Such policy shall be endorsed with (a) replacement coverage, (b) an agreed amount clause (waiving any applicable co-insurance clause;) in accordance with such determination or appraisal and (c) coverage for demolition costs and increased costs of construction due to changes in laws.

i. comprehensive general liability insurance of not less than $1,000,000 per occurrence and not less than $2,000,000 in the annual aggregate per location, covering claims for personal injury or property damage arising out of any occurrence on the Property (except, however, that such insurance shall not cover any liability of a Shareholder or occupant of an Apartment arising from occurrences within his or her Apartment or Additional Space (as defined in the Proprietary Lease);

ii. rent insurance;

iii. boiler and machinery insurance;

iv. water damage legal liability insurance;

v. elevator collision insurance;

vi. directors and officers liability insurance;

vii. fidelity insurance;

viii. if the Building is located in a designated flood hazard area, flood hazard insurance;

ix. such other insurance as the Board of Directors shall from time to time determine;

x. earthquake insurance; and

xi. such additional coverage consistent with the requirements of mortgages insured by the Federal National Mortgage Association.

To the extent that a loss affects only one Unit, such loss shall be adjusted and paid to such Unit Owner, and otherwise, such loss shall be adjusted and paid to the Board of Managers, to be applied for the purpose of repairing, restoring or rebuilding the Building unless otherwise determined by the Unit Owners. No portion of the insurance proceeds shall be applied to the payment of the mortgage indebtedness of any Unit Owner unless the Unit Owners determine not to repair, restore or rebuild the Building.

All policies of property damage insurance shall contain waivers of subrogation and on any

defense based on coinsurance or on pro-rata reduction of liability of the insurer as a result of any insurance carried by Unit Owners or on invalidity arising from any acts of the insured or any Unit Owners, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days prior written notice to all of the insureds, including all mortgagees of Units. The standard mortgagee loss payable clause shall be attached to all policies.

The cost of all such insurance shall be paid by the Board of Managers and shall constitute a Common Expense. The Board of Managers shall review all insurance carried by it once each year.

Unit Owners are encouraged to carry other insurance for their own benefit, provided that all such policies contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Board of Managers shall not be affected or diminished by reason of any such additional insurance carried by Unit Owners. It is advisable for insurance obtained by Unit Owners to cover such risks as fire and casualty losses to Unit contents, replacements, additions, upgraded fixtures and improvements and Unit Owner's liability coverage for occurrences within the Unit, or where applicable, on Limited Common Elements.

Compliance with Declaration, By-Laws, Rules and Regulations

Pursuant to Section 339-j of the New York Condominium Act, each Unit Owner shall be required to comply with and abide by the Declaration, the By-Laws and the Rules and Regulations of the Condominium made in accordance therewith and to pay the Common Charges levied by the Board of Managers. Failure to comply is grounds for an action for damages or injunctive relief or both. The obligation to pay Common Charges shall also be enforceable by the Board of Managers by suit to collect the same, or by foreclosure of its statutory lien against the Unit for the amount of any such unpaid Common Charges. The violation of any rule or regulation adopted by the Board of Managers, or the breach of any By-Law or any provision of the Declaration, shall give the Board of Managers the right to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach. A Unit Owner may also be fined for such violations. Failure to comply with the Declaration, By-Laws and Rules and Regulations of the Condominium issued thereunder or to pay the Common Charges levied by the Board of Managers may be an event of default under the terms of the Unit Owner's mortgage.

Amendments to Condominium Documents

The Declaration or By-Laws may be modified or amended by unanimous vote of both Unit Owners; however, Sponsor, Sponsor Designee or other Commercial Unit Owner has the right to amend the Declaration and floor plans without obtaining consent of the Board of Managers, HDC, HPD, or any other Unit Owner or mortgagee, to reflect an alteration or a change in the layout, size and/or number of the Commercial Unit by subdivision or combination, as more fully described in the Declaration. In that connection, a Commercial Unit Owner has the right to require the Board of Managers to execute the necessary documents to amend the

Declaration and floor plans so as to reflect the subdivision, combination, alteration or improvement to any Commercial Unit, provided that the Residential Unit is not substantially adversely affected by any such change.

No Partition of Common Elements

As provided in Section 339-i(3) of the Real Property Law, the Common Elements shall remain undivided and no right shall exist to partition or divide any portion thereof, except as otherwise provided therein (and described in this Section of the Plan) in the event of condemnation, destruction of the Building, or termination of the Condominium.

Termination of Condominium

The Condominium shall continue (unless terminated by casualty loss or by condemnation) until such time as the Property shall be withdrawn from the provisions of Article 9-B of the Real Property Law of the State of New York as a result of the vote to do so by all Unit Owners. In such event the property shall be subject to an action for partition by any Unit Owner or any lienor, as if owned in common, following which the net proceeds of the sale resulting therefrom shall be divided among all Unit Owners in proportion to their respective interests in the Common Elements, after first applying the share of the net proceeds of such sale otherwise payable to any Unit Owner to the payment of any liens on its Unit, in order of the priority of such liens.

Complete copies of the Declaration and By-Laws are set forth in Part II of this Plan.

RESERVE FUND

Initially, the Condominium will not establish any reserve fund for replacement of capital items.

The reserve fund for capital expenditures provided in the budget is expected to be sufficient, on an annual basis, to provide for any needed capital expenditures during the first five (5) years following the Closing Date.

The reserve fund shall not be used to reduce projected Common Charges during the time that Sponsor or its Designee controls the Board. No representation can be made, however, that after Sponsor or its Designee relinquishes control of the Board of Managers, said Board will use the reserve fund solely for the replacement of capital items.

NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENTAL AGENCY HAS PASSED OR IS REQUIRED TO PASS UPON THE ADEQUACY OF SUCH RESERVE FUND FOR CAPITAL EXPENDITURES.

TAX STATUS OF THE CONDOMINIUM

Section 528 of the Internal Revenue Code provides that condominiums are taxable in a manner similar to corporations except to the extent that their income is received as membership dues, fees or assessments from the owners of the Units and provided that substantially all of the Condominium's expenditures are for management, maintenance and care of the Condominium property. Since the Condominium would qualify under said section of the Internal Revenue Code, if it elects to be covered thereby, only income from the sale or lease of Units owned by the Board of Managers or its designee on behalf of all Unit Owners or income from sources which do not qualify as membership dues, fees or assessments will be subject to tax. If the Condominium is required to pay taxes, the amount thereof will be additional Common Expenses, assessed to all Unit Owners as part of the Common Charges.

The opinion of Schneider Goldstein Bloomfield LLP with respect to the taxability of the Condominium is contained in the opinion set forth in Part IIA of this Plan.

No warranties are made that either the Internal Revenue Service or the New York State Department of Taxation and Finance will abide by or continue to abide by the aforementioned description of the taxability of condominiums. Sponsor and Schneider Goldstein Bloomfield LLP will in no event be liable if it is determined that the taxability of the Condominium is not as aforesaid, by reason of changes in fact or statutory or decisional law or amendment to any law which could not be foreseen or expected to be foreseen.

MANAGEMENT AGREEMENT AND OTHER CONTRACTUAL ARRANGEMENTS

The Condominium will also be managed by World Class Management, Inc., which is not affiliated with Sponsor. The proposed management agreement is for a three (3) year term and provides for a monthly fee equal to $250. The management agreement provides that it may be terminated by the managing agent with or without cause on ninety (90) days prior written notice, or upon thirty (30) days prior written notice with or without cause by the Condominium or if HDC requests the Condominium to terminate the management agreement. It is not assignable by either party without consent of the other.

The Managing Agent will perform the following duties, among others:

(a) On behalf of the Condominium, hire, pay and supervise all persons, who shall be employees of the Condominium and not of the Managing Agent, necessary to properly maintain and operate the Common Elements of the Condominium;

(b) cause the Common Elements of the Condominium to be maintained in such condition as may be deemed advisable by the Board of Managers;

(c) cause all such acts and things to be done in or about the Building as shall be necessary or desirable to comply with any or all orders or violations affecting the Condominium, placed thereon by any federal, state or municipal authority having jurisdiction thereover;

(d) solicit bids, negotiate and enter into contracts, for the account of the Condominium, for maintenance services and the purchase of supplies, except that approval of the Condominium Board is necessary for any contract in excess of $2,000 or for longer than two (2) years;

(e) cause to be effected and/or maintained appropriate insurance coverage for the Condominium if requested to do so by the Board of Managers;

(f) bill Unit Owners for common charges, late fees and other charges which may become due and payable;

(g) set up and keep in good order a full set of receipts and disbursements, and maintain orderly files and records;

(h) in conjunction with the certified public accountant of the Condominium, arrange for an annual audit each year of the books of account, and otherwise cooperate with the accountants and auditors of the Condominium;

(i) assist the Board of Managers in preparation of an operating budget for the Condominium;

(j) if requested by the Board of Managers, arrange to have a representative of the Managing Agent attend the annual meeting of the Unit Owners and meetings of the Board of Managers; and

(k) generally, do all things reasonably deemed necessary or desirable by the Board of Managers of the Condominium for the proper management of the Property.

The Managing Agent's responsibility for supervising repairs and alterations to the Building is limited to those routine repairs and incidental alterations required in the course of the ordinary maintenance and care of the Building. Non-emergency repairs and alterations involving an expenditure in excess of $2,000 or for more than a two year term for any one item will be made only with the prior approval of the Board of Managers.

The annual certified financial statement with respect to the Condominium will not be prepared by the Managing Agent. Such statement will be prepared by an independent certified public accountant engaged by the Condominium Board, whose fees are to be paid by the Condominium Board and charged to the Unit Owners as a Common Expense.

All disbursements incurred by the Managing Agent in performance of its duties will be reimbursed by the Condominium Board and charged to the Unit Owners as a Common Expense. In addition, the Condominium Board will indemnify the Managing Agent against any claims or liabilities in connection with acts properly performed by it pursuant to the instructions of the Condominium Board or for personal injury or property damage not resulting from the Managing Agent's negligence or willful failure to comply with its obligations under the management agreement.

Insurance

Prior to the closing of title to the Residential Unit, Sponsor will cause the Condominium to be covered by insurance as described in the applicable footnote to Schedule C.

REPORTS TO UNIT OWNERS

All Unit Owners will be entitled to receive annually from the Condominium, at the expense of the Condominium, copies of the following:

(a) audited annual financial statements of the Condominium, prepared by independent certified public accountants, to be received within one hundred twenty (120) days after the end of the fiscal year, which statements shall be certified while Sponsor controls the Board of Directors of the Apartment Corporation;

(b) notices of the holding of the annual meetings of the Unit Owners, to be sent not less than ten (10) nor more than forty (40) days in advance of the meeting, stating the purpose thereof as well as the time and place where it is to be held;

(c) a copy of the proposed annual budget of the Condominium, to be received not less than ten (10) days prior to the date set for adoption thereof by the Board of Managers, which budget will be certified in accordance with Section 20.4(d) of the Attorney General's Regulations while Sponsor controls the Board of Directors of the Apartment Corporation.

PART IC - GENERAL

IDENTITY OF PARTIES

Sponsor

Sponsor of the Plan is Bradhurst 100 Development LLC., a New York limited liability company whose principal place of business is located at 210 Eleventh Avenue, New York, NY 10001. Bradhurst 100 Development LLC has two members, Duvernay + Brooks LLC and Pennrose Properties, LLC. This is the first cooperative or condominium offering made by Sponsor.

Duvernay + Brooks, LLC

Duvernay + Brooks LLC is a New York limited liability company formed in May, 1999. The sole member of Duvernay + Brooks is Joni Brooks. Duvernay + Brooks is a developer partner on over $100 million of housing developments in New York, Pennsylvania and Colorado totaling 1,100 units of housing. Duvernay + Brooks is also a national leader in advising clients on the structuring of financing for affordable and mixed-income housing, having assisted clients with the development of thousands of units of affordable housing totaling more than $560 million..

Pennrose Properties, LLC

Pennrose Properties, LLC, a Pennsylvania limited liability company formed on May 5, 2005, and its affiliates (collectively, "Pennrose") is a leading private producer of housing in the nation. Since 1970, Pennrose has developed in excess of 8,000 housing residences in more than 130 separate developments, with a combined total development cost in excess of $600 million. The principals of Pennrose, which is headquartered in Philadelphia, are Richard Barnhart, Chief Executive Officer, and Mark Dambly, President.

The Owner

The NYC Partnership Housing Development Fund Company, Inc. is a not-for-profit corporation organized under the Not-For-Profit Corporation Law and Article XI of the Private Housing Finance Law, both of the State of New York, exclusively to facilitate the development of quality housing affordable to families of limited income in areas where such housing is inadequate.

Selling Agent

Michael E. Reed is the Selling Agent retained by Sponsor in connection with the offering. Mr. Reed has over twenty years of experience in real estate marketing and sales. He has no financial relationship, past or present, to Sponsor, except as Selling Agent.

Managing Agent

The Managing Agent is World Class Management, Inc., having an address at 1862 East Tremont Avenue, Bronx, NY 10460. The principals of World Class Management, Inc. have more than 25 years of housing management experienced, with annual operating budgets in excess of $44 million. The firm has no financial relationship, past or present, to Sponsor, except as Managing Agent.

Attorneys for Sponsor

The law firm of Schneider Goldstein Bloomfield LLP, located at 90 Broad Street, New York, New York 10004, represents Sponsor in connection with all matters pertaining to this Plan. Jay Bloomfield, Esq., prepared this Plan.

Architect

Magnusson Architecture and Planning PC, having an address at 853 Broadway Suite 800 New York, NY 10003, is Sponsor's architect with respect to the Project. The Architect began its practice in 1986 and its three principals each have more than 25 years of experience with planning and design.

Contractor

West Manor Construction Corp., having an address at 193-04 Horace Harding Expressway, Fresh Meadows, NY 11365, is the contractor engaged by Sponsor to construct the Project. The principals of West Manor have a combined experience of 60 years in general contracting work in New York City.

DOCUMENTS ON FILE AND OF RECORD

In accordance with Section 352-e(g) of the General Business Law, copies of this Offering Plan, Parts A, B and C of the Exhibits and documents referred to herein and submitted to the Department of Law in connection with the filing of the Offering Plan and the amendments thereto, will be kept on file at the office of Sponsor set forth on the cover page hereof for a period of six (6) years from the Closing Date for examination without charge and copying at a reasonable charge, during normal business hours and upon reasonable notice, by prospective Purchasers and any person who has purchased Shares allocated to an Apartment offered under this Plan or who has otherwise participated in this Offering. The Plan and all other Exhibits and documents referred to herein shall also be available for inspection and copying at the Department of Law, 120 Broadway, 23rd Floor, New York, New York 10081.

The Declaration and By-Laws will be recorded in the New York County office of the Register of the City of New York prior to conveyance of title to the Residential Unit to the Apartment Corporation and the Commercial Unit to Sponsor or a Sponsor Designee. In addition, a set of floor plans of the Building showing the layout, location and approximate dimensions of the Units and the Unit designations, certified by the New York City Bureau of Assessment as confirming to the official tax lot number for each such Unit and an Architects statement required by Section 339-p of Article 9-B of the Real Property Law of the State of New York certifying that the floor plans fully and fairly depict the layout, location, Unit designations and approximate dimensions of the Units as built, will be filed in the Register's office.

GENERAL

The Plan does not knowingly omit any material fact or contain any untrue statement of any material fact. Exact copies are contained in Part II hereof of the Purchase Agreement, Proprietary Lease, House Rules and By-Laws.

There are no lawsuits, administrative proceedings or other proceedings now pending, the outcome of which may materially affect this offering, the Property, the Purchasers of Shares allocated to Apartments, Sponsor's capacity to perform all of its obligations under the Plan, the Condominium, the Apartment Corporation or the operation of the Apartment Corporation.

The Property has not been the subject of any prior cooperative or condominium offering.

In accordance with the provisions of the laws of the United States and the State and City of New York, Sponsor represents that neither Sponsor nor its agents will discriminate against any person because of race, creed, color, national origin, sex, age, disability, marital status, sexual orientation or other grounds prohibited by law in the sale of the Shares offered under this Plan.

In the event of a material amendment to the Plan that adversely affects Purchasers, Sponsor will grant Purchasers a right of rescission and a reasonable period of time to exercise the right. Sponsor will promptly return the Down Payment of any Purchaser who exercises the right of rescission.

No person has been authorized to make a representation which is not expressly contained herein. The Plan may not be changed or modified orally.

SPONSOR'S STATEMENT OF BUILDING CONDITION

Sponsor adopts the "Description of Property and Specifications" set forth in Part II of this Plan. Sponsor represents that to the best of its knowledge, the "Description of Property and Specifications" set forth in Part II of this Plan accurately summarizes the general nature of the systems, materials, equipment, appliances and fixtures to be contained in the Residential Unit on completion of construction, provided same are completed in substantial accordance with the Plans with Specifications. The Description of Property and Specifications was prepared by Greenberg Farrow Architecture and is included in this Plan with its consent.

BRADHURST 100 DEVELOPMENT LLC, Sponsor

PART IIA - EXHIBITS

EXHIBIT A

PURCHASE AGREEMENT

PURCHASE AGREEMENT

Purchase Agreement ("Agreement"), dated _____200__between Bradhurst 100 Development LLC, a New York limited liability company (the "Sponsor") having an office 210 Eleventh Avenue, New York, NY 10001 and NYC Partnership Housing Development Fund Company, Inc., having an office at 1 Battery Park Plaza, New York, NY 10004 (the "Partnership"), and _____ (the "Purchaser), residing at _____.

Apartment _____(the "Apartment")	102 Bradhurst Avenue, New York, N.Y. 10039
Shares _____ (the "Shares")	of Sutton Apartments Corporation (the "Apartment Corporation")
Purchase Price	$_____ (the Purchase Price is exclusive of the Apartment's allocable share of the mortgages on the Residential Unit)
Less: Down Payment	$_____ (the "Down Payment") 5% of Purchase Price (by check made payable to the order of Schneider Goldstein Bloomfield LLP, Escrow Account)
Balance Due	$_____ (the "Cash Balance")
Loan Requested	$_____ (the "Loan")
Purchaser(s) Social Security No(s):	_____
	_____
Purchaser(s) Telephone No.:	(Home): _____
	(Office): _____

1. The Plan: (a) The Purchaser represents that he or she has, at least three (3) business days prior to signing this Agreement, received and read the Cooperative Offering Plan with respect to the premises located at 102 Bradhurst Avenue, New York, New York 10039, dated ,2002, together with all amendments to said Cooperative Offering Plan (as so amended, the

"Plan"), which includes a copy of the Proprietary Lease and the By-Laws of Sutton Apartments Corporation (the "Apartment Corporation"), all of which documents are made part of this Agreement.

(b) If the Purchaser executed this Agreement without having the opportunity to review the Plan for three (3) business days before signing, the Purchaser shall have the right to rescind this Agreement and receive back the Down Payment within seven (7) days after the execution of this Agreement, provided written notice of rescission is personally delivered to the Selling Agent by the end of the seventh calendar day after the execution of this Agreement by the Purchaser or is mailed to the Selling Agent at its address listed on the front of this Agreement.

2. Agreement to Purchase: (a) The Purchaser hereby agrees to purchase the Shares for the Purchase Price, to pay the other Closing Costs and to execute the Apartment Closing Documents, all as further described in Paragraph 9 hereof, within fifteen (15) days after notice from Sponsor, and that his or her failure to do so will be a default under this Agreement.

(b) The Purchaser hereby delivers to the Selling Agent, on behalf of Sponsor, the Purchaser's check to the order of "Schneider Goldstein Bloomfield LLP, Escrow Account" in the amount of the Down Payment.

(c) The Purchaser understands and agrees that in accordance with the section of the Plan entitled "Procedure to Purchase," he or she is executing this Agreement and the Purchaser Eligibility Documents and delivering same, together with Form W-9 and the Purchaser's check in the amount of the Down Payment payable to the Escrow Agent, to Sponsor, before the Purchaser has been approved as a Purchaser by HDC. The Purchaser further understands and agrees that until the Purchaser has been approved by HDC, Sponsor cannot and will not sign this Purchase Agreement as seller, and until this Agreement is signed and returned to the Purchaser, he or she shall have no rights as a purchaser under this Agreement or the Offering Plan. Finally, the Purchaser understands and agrees that Sponsor shall have the right to deliver the Down Payment to the Escrow Agent for deposit in the Escrow Account prior to the Purchaser's approval by HDC. In such event, deposit of the Down Payment shall not be deemed to mean that the Purchaser has been approved or that the Purchase Agreement has been accepted by Sponsor, but it will mean simply that the Down Payment has been deposited in the Escrow Account. The Purchaser will be notified subsequently of approval by receipt of a copy of this Purchase Agreement signed by Sponsor, or of disapproval, by return of the Purchaser's Down Payment.

(d) If the Purchaser's Apartment Closing Date is to occur on a date which is more than six (6) months after the date on which the Purchaser executed the Income Eligibility Worksheet contained in the Purchaser Eligibility Documents, the Purchaser will be required to reaffirm his or her eligibility by executing the Reaffirmation contained in the Purchaser Eligibility Documents and delivering same to Sponsor for submission to and approval by HDC. The Apartment Closing Date cannot occur in such event until HDC re-approves the Purchaser

based on the Reaffirmation. The Purchaser's failure to timely cooperate with a request for a required Reaffirmation shall be a default under this Agreement.

(e) The Purchaser understands and agrees that the Purchaser Eligibility Documents which the Purchaser is executing and delivering simultaneously with this Purchase Agreement and all statements made in the Purchaser Eligibility Documents, including without limitation the Purchaser's statements about his or her income, are hereby made part of this Agreement. A false statement in the Purchaser Eligibility Documents may be grounds for disapproval of the Purchaser if discovered prior to the time the Purchaser is approved by HDC, and it will be a default under this Agreement, entitling Sponsor to terminate this Agreement in accordance with its terms, if discovered after the Purchaser has been approved by HDC.

(f) In the event a temporary or permanent Certificate of Occupancy is obtained for the portion of the Building containing the Apartment, and the Plan has been declared effective, the Purchaser understands and agrees that he or she shall be obligated to close under this Purchase Agreement, upon notice from Sponsor as described in Paragraph 9 below.

3. Primary Residence: The Purchaser understands and agrees that he or she must use and reside in the Apartment as his or her primary residence, and that the Apartment may not be used as an investment or vacation home or for occupancy by someone other than the Purchaser.

4. Effectiveness of Plan: (a) This Agreement is contingent upon the Plan being declared effective, and the Plan shall not be declared effective except as provided therein. Sponsor will give the Purchaser prompt written notice when the Plan either becomes effective or is abandoned.

(b) If the Plan is abandoned, as provided in the Plan, then this Agreement shall be deemed canceled and the Plan terminated, and the Purchaser shall receive a refund in full, not later than twenty (20) days thereafter, of all monies paid by the Purchaser, with interest if any has been earned. Upon such repayment, no party shall have any claim against the other or Sponsor or the Escrow Agent, and all parties shall be released from all obligations under this Agreement.

5. Construction Obligations. (a) The construction of the Building and the Apartment, including the materials, equipment and fixtures to be installed therein, shall be substantially in accordance with the Plan and Exhibits thereto and the architectural plans with specifications for the Building, and with a quality of construction comparable to currently prevailing standards. Such construction is, however, subject to Sponsor's right to amend the Plan and the plans with specifications in order to substitute materials, equipment or fixtures of equal or better quality, provided that the approval of any governmental authorities having jurisdiction is first obtained (if required). The issuance of a temporary or permanent Certificate of Occupancy for the Building shall be deemed presumptive evidence that the Building and the Apartment have been completed substantially in accordance with the Plan and the plans with specifications; however, nothing herein contained shall excuse Sponsor from its obligation to correct any defects in construction

in accordance with the conditions set forth in the Plan in the section entitled "Rights and Obligations of Sponsor."

(b) The construction of the Building and the Apartment as described in the Plan, and the correction of any defects in construction to the extent required thereunder, are the full extent of Sponsor's construction obligations under this Agreement. The Purchaser acknowledges and agrees that Sponsor will not be liable for, and will have no obligation to correct, certain variations from the Plan and the plans with specifications as indicated in the section of the Plan entitled "Rights and Obligations of Sponsor," and will only be responsible to correct any construction defects to the extent, and on the terms and conditions, set forth in such section of the Plan.

6. Inability to Complete Construction, Force Majeure: (a) The Purchaser understands and agrees that the construction of the Apartment in the Building herein described is either to be commenced or has already been started, and Sponsor agrees to endeavor to complete the same on or before the Apartment Closing Date, and to obtain a permanent Certificate of Occupancy for the Building within two (2) years after the Closing Date under the Plan; however, if conditions at the time for construction are such that there is uncertainty in the obtaining of labor and/or materials for residential construction, due to strikes, lockouts, war, military operations and requirements, national emergencies, and/or governmental restrictions causing the unavailability of same, or if construction is halted due to a government imposed moratorium on building, delays in inspections or reports thereon, delays in processing of required documents by applicable governmental agencies or due to inclement weather, or if the installation of any public utilities is curtailed or restricted or if Sponsor is otherwise prevented from performing its obligations under this Agreement by any other circumstances beyond its control, then the Purchaser hereby agrees that Sponsor may declare the Apartment Closing Date to be extended until such time as the Apartment can be completed, may adjourn the Closing Date for the conveyance of the Residential Unit to the Apartment Corporation, and may extend the two (2) year period to obtain the permanent Certificate of Occupancy for a period equivalent to the period of such delay.

(b) The Purchaser acknowledges that except as otherwise specifically provided in the Plan, he or she shall not be excused from paying the full Purchase Price, without credit or setoff, and shall have no claim against Sponsor for damages or losses, in the event that the Apartment Closing Date is delayed or postponed by Sponsor as herein provided.

7. The Apartment: (a) The room sizes, dimensions and layout of the Apartment stated in the Plan are approximations. It is the Purchaser's responsibility to check the Plan. After the Purchaser signs this Agreement, immaterial variations in the sizes or dimensions of the rooms will not give him or her any right to rescind this Agreement.

(b) Sponsor reserves the right to make such changes and/or substitutions of materials and construction which may be required, authorized and/or approved by its lending institution or by government agencies having jurisdiction thereof, provided same are of equal or better quality. The construction of the Apartment shall be in substantial accordance with the

plans as filed with the Building Department of the City of New York, and with the requirements as to materials and workmanship of the above-mentioned Building Department.

(c) Included in this sale are the fixtures, equipment and articles of personal property listed for this Apartment in the Architect's Report found in the Plan. The same shall be delivered free and clear of all liens and encumbrances. Any other furniture, furnishings, appliance or equipment exhibited in any model Apartments are for display purposes only and are not included in the sale of the Apartment.

8. Escrow Account: (a) Sponsor will hold all monies received by it through the Selling Agent or its employees (the "Escrowed Funds") in accordance with the Escrow Agreement between Sponsor and Schneider Goldstein Bloomfield LLP (the "Escrow Agent"), a copy of which Escrow Agreement is included in Part 11 of the Plan and in accordance with General Business Law sections 352-e(2)(b) and 352-h. The Escrowed Funds will be deposited within five (5) business days after receipt in an attorney's segregated special interest-bearing escrow account entitled "Schneider Goldstein Bloomfield LLP Escrow Account" (the "Escrow Account") at JPMorgan Chase Bank ("the Escrow Depository"), located at 1 Chase Manhattan Plaza, New York, NY 10081. Except as otherwise stated in this Agreement, the Escrow Agent will bold the Escrowed Funds there in trust, until the Closing Date or the date of the closing of the Apartment (the "Apartment Closing Date") or until the Escrowed Funds are returned to the Purchaser upon rescission of the Agreement or abandonment of the Plan or paid to Sponsor upon the Purchaser's default, all as provided herein and in the Plan.

(b) Within ten (10) business days after tender of the Down Payment, the Escrow Agent shall notify the Purchaser that such funds have been deposited in the Escrow Depository, and shall provide the account number and the initial interest rate. If the Purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the Down Payment, the Purchaser may cancel this Agreement and rescind this purchase within ninety (90) days after tender of the Down Payment, or may apply to the Attorney General for relief. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Down Payment was timely deposited in accordance with Part 21 of the Attorney's General's Regulations and requisite notice was timely mailed to the Purchaser.

(c) Purchaser hereby authorizes the Escrow Agent to disburse the Escrowed Funds on the Closing Date or the Apartment Closing Date, if later, in which event the interest earned will be paid to Purchaser within ten (10) days thereafter. The Escrowed Funds will be disbursed only upon the signature of Jay Bloomfield, Harvey Goldstein or Donald Schneider, the signatories on the Escrow Account. In the event a conflict should arise over the disposition of the Escrowed Funds, the attorney serving as Escrow Agent may represent Sponsor in such dispute.

(d) The Escrow Agent shall bold the Escrowed Funds in escrow until the release of such funds is authorized by the terms of this Agreement or until other-wise directed to release:

(i) in a writing signed by both Sponsor and the Purchaser; or

(ii) in a determination of the Attorney General pursuant to the dispute resolution procedures contained in Part 21 of the Attorney General's Regulations; or

(iii) in a judgment or order of a court of competent jurisdiction served on the Escrow Agent.

(e) In the event the Purchaser defaults under this Agreement, under no circumstances shall Sponsor apply for release of the Escrowed Funds until after the Closing Date.

(f) In the event of a dispute, Sponsor shall apply and the Purchaser or the Escrow Agent may apply to the Attorney General for a determination on the disposition of the Escrowed Funds and any interest earned thereon, upon forms available from the Attorney General. The party applying shall contemporaneously send to all other parties a copy of such application. Pending the determination of the Attorney General, Sponsor, the Purchaser and the Escrow Agent shall abide by any interim directive issued by the Attorney General.

(g) If the application permitting release of the Escrowed Funds is granted, such funds and any interest earned thereon shall be disposed of in accordance with the determination of the Attorney General, subject to any court action in which preliminary relief is granted.

(h) If the application seeking release of the Escrowed Funds is denied, the Escrow Agent shall continue to hold the Escrowed Funds and any interest earned thereon until:

(i) both Sponsor and the Purchaser direct payment to a specified party in accordance with a written direction signed by both the Apartment Corporation and the Purchaser; or

(ii) a judgment or order of a court of competent jurisdiction is served on the Escrow Agent; or

(iii) the Escrow Agent deposits the disputed amount into court.

(i) Nothing contained in this Agreement shall diminish or impair Sponsor's statutory obligation to the Purchaser pursuant to Section 352-h of the General Business Law to hold in trust all deposits, advances or payments made in connection with the offer of the Shares, until consummation of the transaction with the Purchaser. Consummation of the Plan does not relieve Sponsor of its obligations pursuant to Section 352-h of the General Business Law. The Escrowed Funds remain the property of the Purchaser until employed in connection with the consummation of the transaction. Such funds shall not be a part of the estate of Sponsor or the Escrow Agent upon any bankruptcy, incapacity or death.

9. Apartment Closing Date: (a) The Purchaser will pay the Cash Balance of the Purchase Price on the Apartment Closing Date, by personal certified check or bank check, drawn a New York Clearinghouse Bank, to the order of or as directed by Sponsor. At the Closing, the Purchaser shall also be required to deliver a check or checks drawn on a New York Clearinghouse Bank payable to the Escrow Agent to pay for the New York State Real Estate Transfer Tax and New York City Real Property Transfer Tax (the "Transfer Taxes") due with respect to the Apartment, the Purchaser's contribution to the Working Capital Fund and the Purchaser's payment toward Sponsor's attorneys' fees, all as listed in the section of the Plan entitled "Closing Costs." They consist of the following:

(i) a closing fee in the amount of $750.00 to Schneider Goldstein Bloomfield LLP;

(ii) the New York State and New York City Real Property Transfer Taxes due (without any allowance for any credits on account of prior payment(s) of these taxes). The New York State Transfer Tax is currently .4% of the gross purchase price, but when paid by the Purchaser, it is increased to approximately.4016%, since the shifting of the obligation from Sponsor as seller to Purchaser is deemed additional consideration to the seller. The New York City Real Property Transfer Tax is currently at the rate of 1% of the gross purchase price where the purchase price is $500,000 or less, but when paid by the Purchaser is increased to approximately 1.01%, since the shifting of the obligation from the seller to Purchaser is deemed additional consideration to the seller, or at the rate of 1.425% of the gross purchase price where the purchase price is more than $500,000 (1.445% when paid by Purchaser), plus a filing fee to the City of $25.00. The term "gross purchase price of the Apartment" shall mean the Purchase Price for the Shares of the Apartment Corporation being purchased plus the proportionate amount of the mortgages (as described in the section of the Plan entitled "Terms of Mortgages Affecting the Residential Unit") allocable to such Shares; and

(iii) the Working Capital Fund contribution in the amount of two (2) months' Maintenance Charges for the Apartment.

(b) In addition, at the Closing, the Purchaser shall be required to execute in duplicate the Proprietary Lease, New York City Real Property Transfer Tax and New York State Real Estate Transfer Tax Returns, a smoke detector affidavit, window guard notice, the Reaffirmation (if applicable) and all other documents necessary to consummate the purchase under the Purchase Agreement (collectively, the "Apartment Closing Documents").

On the Closing Date, or the Apartment Closing Date if later, Sponsor will assign to the Purchaser any assignable manufacturers' warranties relating to equipment and appliances installed in the Apartment.

(c) If, through no fault of Sponsor, such Purchaser fails to close for any reason on the date scheduled for Closing of the Apartment, then Maintenance Charges and any periodic charges due the Apartment Corporation shall be adjusted as of midnight of the day preceding the scheduled Apartment Closing Date, and the Purchaser will also pay any assessments or installments of same that he or she would otherwise have paid had the closing occurred on the scheduled Apartment Closing Date. Additionally, the Purchaser shall reimburse Sponsor (for construction interest expenses incurred and/or loss of earnings on the Purchase Price as a result of the Purchaser's delay), an amount equal to 9% times the Purchase Price of the Shares apportioned for each day's delay, starting with the originally scheduled Apartment Closing Date and including the day immediately prior to the actual Apartment Closing Date.

10. Inspection of the Apartment. (a) At least fifteen (15) days in advance of a scheduled Apartment Closing Date, a Purchaser will be notified by Sponsor of a date and time that the Purchaser may inspect the Purchaser's Apartment. The Purchaser may not inspect the Apartment until he or she has received the aforesaid notice from Sponsor. The Purchaser may attend an inspection only with an authorized representative of Sponsor, and shall, at the inspection, together with Sponsor's representative, complete, date and sign an inspection statement (the "Inspection Statement"). The Inspection Statement will serve as an acknowledgment of the Purchaser's acceptance of the Apartment in accordance with the terms of the Plan. Or, if the Purchaser finds that certain minor construction items remain open, and if Sponsor's representative agrees with this finding, the Inspection Statement shall list those "punch list items" to be completed by Sponsor post-closing (or post-occupancy in those instances where Purchaser takes occupancy under an Interim Lease), subject to force majeure.

(b) The Purchaser's failure to attend an inspection during the period Sponsor provides Purchaser an opportunity to do so, and/or the Purchaser's failure to sign and deliver an Inspection Statement, shall not excuse the Purchaser from closing, as applicable, and shall constitute the Purchaser's full and unconditional acceptance of the Apartment "as is" on the Apartment Closing Date.

(c) The fact that an Inspection Statement containing punch list items has been executed shall not be grounds for the Purchaser's delay of the Apartment Closing Date, for the Purchaser's refusal to close, for a credit against the Purchase Price of the Shares or for an escrow from the sales proceeds. The Purchaser shall be obligated to close notwithstanding incomplete construction of (i) minor details in the Apartment (provided the Building is covered by at least a temporary Certificate of Occupancy), (ii) other Apartments in the Residential Unit or (iii) the common areas of the Residential Unit or the Building.

(d) The Purchaser's failure to permit Sponsor or Sponsor's contractors, agents or employees access to the Apartment to complete punch list items on the Inspection Statement,

shall constitute the Purchaser's waiver of the punch list items, and shall cause Sponsor's obligation to complete the punch list items to be deemed satisfied.

(e) The Purchaser agrees that no discussion of incomplete items is to take place at the Apartment Closing Date.

(f) Sponsor shall not have any obligation to complete or cause to be completed, any work in an Apartment not specifically itemized on an Inspection Statement, except work required to be completed to obtain a permanent Certificate of Occupancy, if one is yet to be obtained at the time of the Purchaser's Apartment Closing Date.

11. Survival of Sponsor's Obligations, Performance by Sponsor: (a) Sponsor will have no obligations under this Agreement or the Plan after Sponsor gives the Purchaser the Shares and Proprietary Lease, unless this Agreement specifically gives Sponsor an obligation after that time However, all representations required by Article 23-A of the General Business law to survive closing hereunder shall survive delivery of the Shares and Proprietary Lease.

(b) The acceptance of the Shares and the assumption or entering into of the Proprietary Lease by the Purchaser shall be deemed to be the full performance and discharge of every agreement and obligation (express or implied) on the part of Sponsor to be performed pursuant to this Agreement, except those which are herein specifically stated to survive the closing.

12. Risk of Loss: The risk of loss to the Apartment from fire or other casualty remains with Sponsor until the earlier of the Apartment Closing Date or the date the Purchaser commences occupancy of the Apartment pursuant to an Interim Lease.

13. Purchaser's Default: In the event the Purchaser shall fail to: (i) pay the Cash Balance or other Closing Costs when due, (ii) deliver to Sponsor a copy of his or her loan commitment if a portion of the Purchase Price is being financed, and to execute the documents required by the Institutional Lender in order that the financed amount will be paid by such lender on the Closing Date, or (iii) duly sign the copies of the Proprietary Lease for the Apartment or the other Apartment Closing Documents at the Apartment Closing Date, if the Purchase Agreement was entered into after the Closing Date, or (iv) perform any of the Purchaser's other obligations under this Agreement, and if, within thirty (30) days after written notice to the Purchaser any such default is not remedied, Sponsor may elect to immediately cancel this Agreement by written notice to the Purchaser, in which event all rights of the parties under this Agreement shall terminate. In the event of such cancellation, Sponsor shall be entitled to retain as liquidated damages the amount of the Down Payment, but not more than 10% of the Purchase Price, plus interest if any has been earned. In the event of such cancellation, Sponsor shall have the right to sell the Shares and Proprietary Lease to another Purchaser as though this Agreement had never been made.

14. Interim Lease: If any Interim Lease under which the Purchaser may occupy the Apartment is terminated by reason of the Purchaser's failure to fulfill his or her obligations under

such Interim Lease or under applicable law, such default is a default under this Agreement. Similarly, a default under this Agreement shall be a default under the Interim Lease. The Purchaser's failure to cure a default under the Interim Lease or this Agreement within the time period set forth in the Interim Lease or this Agreement, may result in termination of the Interim Lease and this Agreement, as applicable, and the retention by Sponsor of the Down Payment plus all interest earned thereon as liquidated damages.

15. Cancellation of Agreement by Purchaser: Sponsor's liability under this Agreement for failure to deliver the Shares and the Proprietary Lease for any reason, other than Sponsor's willful default, shall be limited to the return of the Purchaser's Escrowed Funds paid hereunder, together with interest earned thereon, if any. Upon the return of such Escrowed Funds, together with interest earned thereon, if any, this Agreement shall be null and void and the Purchaser and Sponsor will be released from any and all liability to each other. In any event, Sponsor shall not be required to bring any action or proceeding or otherwise incur any expense to render title to the Shares and Proprietary Lease marketable or to cure any objection to title.

16. Representations and Warranties: The entire contract between the parties is set forth in this Agreement and in the Plan. The only representations made to the Purchaser are those contained in this Agreement and in the Plan. The Purchaser has not relied upon any representations, statements or warranties, written or oral, as to any matters that are not set forth in this Agreement and in the Plan. The Purchaser acknowledges that he or she has had full opportunity to examine all documents referred to in this Agreement. The Purchaser represents that he or she is over eighteen (18) years of age and a legal resident of the State of New York.

17. Offering Plan Governs: The Plan is incorporated by reference in this Agreement. Any inconsistency or conflict between this Agreement and the Plan shall be resolved in favor of the Plan.

18. No Waiver:

(a) Any provision of any contract or agreement, whether oral or in writing, by which the Purchaser purports to waive or indemnify any obligation of the Escrow Agent is absolutely void. The provisions of this Section shall prevail over any conflicting or inconsistent provision in the Plan or in this Agreement.

(b) Any failure by Sponsor to insist upon strict performance by the Purchaser of any of the provisions of this Purchase Agreement shall not be deemed a waiver of any of the provisions hereof, irrespective of the number of violations or breaches which may occur, and Sponsor, notwithstanding any such failure, shall have the right thereafter to insist upon strict performance by the Purchaser of any and all of the provisions of this Agreement to be performed by Purchaser.

19. Binding Effect:

(a) This Agreement shall not be binding until the Purchaser has been approved as a purchaser by HDC as set forth in the Plan, such approval to be indicated by execution and acknowledgment of this Agreement by Sponsor, and delivery of a fully executed counterpart of this Agreement to the Purchaser.

(b) This Agreement shall bind and apply to the parties and their heirs, legal representatives, successors and assigns. This Agreement may not be changed orally. This Agreement may not be modified to contain a provision waiving the Purchaser's rights or abrogating Sponsor's obligations under the Plan or under Article 23-A of the General Business Law.

20. No Recording, Assignment or Advertisement, No Lis Pendens. The Purchaser agrees not to record this Agreement. The Purchaser also agrees not to advertise or otherwise offer, promote or publicize the availability of the Apartment for sale or lease prior to closing hereunder. The Purchaser agrees not to assign this Agreement or Purchaser's rights hereunder. Violation by the Purchaser of any of the agreements in this Paragraph shall be a default under this Agreement. The Purchaser waives any right he or she may have to file a lis pendens against the Residential Unit in the event of Sponsor's default under this Agreement.

21. Waiver of Jury Trial: The Purchaser waives the right to a trial by jury in any action, proceeding or counterclaim in any way connected with this Agreement or the Plan.

22. Apartment Corporation Not a Party: The Purchaser understands that the Apartment Corporation is not a party to this Agreement or the sale contemplated hereby and that no representations, warranties or promises of any kind have been made to the Purchaser by the Apartment Corporation. The Purchaser agrees that no claim will be made against the Apartment Corporation by the Purchaser in respect of, or arising out of, the purchase of the Shares and Proprietary' Lease. The provisions of this Paragraph shall survive the closing.

23. Broker: The Purchaser represents that he or she has not negotiated with or had any dealings with any broker other than Sponsor or the Selling Agent in connection with the purchase of the Shares, and that he or she is purchasing the Shares for his or her own beneficial account (and not as nominee for any other individual or any corporation, partnership, trust or other entity) in order to obtain a Proprietary Lease for the Apartment. The Purchaser agrees that should any claim be made against Sponsor for commissions by any other broker on account of any of the Purchaser's acts or the acts of his or her representatives, the Purchaser will indemnify and hold Sponsor harmless from any and all liabilities and expenses in connection therewith, including reasonable legal fees and expenses. This provision shall survive the closing hereunder or any earlier termination of this Agreement.

24. Plural Purchasers: The term "Purchaser" shall be read as "Purchasers" if more than one person are subscribers, in which case the Purchaser's obligations and representations in this Agreement shall be deemed joint and several.

25. Notices: Any notices permitted or required under this Agreement shall be in writing and sent by reputable overnight courier or mailed by certified mail, return receipt requested, to the address listed on the first page of this Agreement. Any notice sent by overnight courier shall be deemed received the next day. Any notice sent by certified mail shall be deemed received five (5)business days after being deposited with the U.S. Postal Service, except that a notice of an address change shall be considered given when it is received. Sponsor and the Purchaser may specify a different address for themselves by giving notice of it to the other. Any notice sent by the Closing Attorney on Sponsor's behalf to the Purchaser shall be deemed notice by Sponsor, should notice need be given by Sponsor pursuant to this Agreement. If the Purchaser's name, address or telephone number changes, or if the Purchaser's attorney's name, address or telephone number changes from that set forth on the first page of this Agreement, the Purchaser shall provide Sponsor with the pertinent new name, address and/or telephone number immediately.

26. Mortgage Financing.

(a) Mortgage Contingency: Subject to the provisions of subparagraphs (d), (e) and (f) hereof, the obligations of the Purchaser under this Agreement are conditioned upon issuance, on or before a date which is forty-five (45) days after a fully executed original of this Agreement is given to the Purchaser (referred to in this Agreement as the "Contingency Period"), of a written commitment from an Institutional Lender (as defined in subparagraph (h) below) pursuant to which such Institutional Lender agrees to make a loan to the Purchaser (the "Commitment"), at the Purchaser's sole cost and expense, in an amount not greater than the Loan set forth on page 1 of this Agreement, at the prevailing rate of interest (which may be adjustable) for a term of at least 25 years secured by a first lien upon the Shares and the Proprietary Lease.

(b) Purchaser's Obligations: The Purchaser shall:

(i) make prompt application to one or more Institutional Lenders for such loan within seven (7) business days after receipt of a fully executed original of this Agreement by the Purchaser;

(ii) furnish accurate and complete information on the Purchaser and members of the Purchaser's family, as required;

(iii) pay all fees, points and charges required in connection with such application and loan;

(iv) pursue such application with diligence;

(v) cooperate in good faith with such Institutional Lenders to the end of securing such loan;

(vii) accept the Commitment of one of such Institutional Lenders when issued, comply with all the requirements of the commitment and

furnish Sponsor with a copy thereof within five (5) days after receipt.

(c) Cancellation Notice: If a Commitment is not issued on or before the expiration of the Contingency Period, then subject to subparagraphs (d), (e) and (f) hereof, unless the Purchaser has accepted a Commitment that does not comply with the requirements set forth in subparagraph (a) above, he or she may cancel this Agreement by giving notice to Sponsor (the "Cancellation Notice") within ten (10) days after the expiration of the Contingency Period. The Cancellation Notice shall be accompanied by a copy of a loan refusal letter or noncomplying commitment (as the case may be) issued by the Institutional Lender. Within twenty (20) days of cancellation of this Agreement pursuant to this subparagraph (e), if the Purchaser is not otherwise in default under this Agreement, the Escrow Agent will return to him or her the Down Payment paid hereunder, with interest if any has been earned, and thereafter neither party shall have any further rights against, or obligations or liabilities to the other by reason of this Agreement.

(d) Denial of Mortgage, Purchaser's Fault: If the Purchaser's inability to obtain a Commitment is due to his or her failure to provide the necessary information to the Institutional Lender or to otherwise cooperate with the Institutional Lender, or if he or she fails to sign and return a duly issued Commitment which complies with subparagraph (a) hereof within seven (7) days of its issuance, then such inability or failure shall be a default under this Agreement. In such case Sponsor may cancel this Agreement and retain the Down Payment as liquidated damages as provided in this Agreement.

(e) Failure to Cancel: In the event the Purchaser fails to obtain a Commitment on or prior to the expiration of the Contingency Period, as same may have been extended, and does not cancel this Agreement during the subsequent ten (10) day period, then this Agreement shall become firm and binding regardless of the Purchaser's inability to obtain a commitment for a Loan.

(f) Acceptance of Noncomplying Commitment: In the event the Purchaser shall accept a Commitment that does not comply with the requirements set forth in subparagraph (a) hereof, then this Agreement shall become firm and binding and the Purchaser shall be deemed to have waived his or her right to cancel this Agreement and to receive a refund of the Down Payment by reason of the financing contingency contained in the Agreement.

(g) Expiration of Commitment: If a Commitment is obtained but expires prior to the Apartment Closing Date under this Agreement, failure of the Institutional Lender to give an extension of the Commitment on the terms prevailing at the time of such extension (unless such failure is caused by the Purchaser, which shall constitute a default under this Agreement), notwithstanding his or her good faith effort to extend the Commitment, including the payment of any additional fees and the agreement to pay a higher interest rate on the Loan, shall entitle the Purchaser to cancel this Agreement within ten (10) days after receipt of notice of such failure to extend the Commitment, in which case within twenty (20) days after such cancellation the Down

Payment paid under this Agreement will be refunded, with interest if any has been earned, and both parties shall be relieved of further liability to the other hereunder.

(h) Institutional Lender: The term "Institutional Lender" as used in this Agreement shall mean one of three (3) lending institutions which have pre-approved the Project, namely [ ].

(i) Application to Other Lending Institutions: A Purchaser may apply for a loan to finance his or her purchase of Shares from any other commercial bank, savings bank, trust company, savings and loan association, an insurance company, an educational institution, a federal, state municipal or similar public employee's welfare, pension or retirement fund system, credit union of which Purchaser is a member, or a state or an agency thereof and a political subdivision of a state or an agency thereof which is regularly engaged in the business of making residential cooperative loans; however, in such event this Purchase Agreement may not be conditioned upon financing, and the Purchaser's failure to obtain financing will not relieve him or her from any obligations under this Purchase Agreement.

(j) No Guarantee of Mortgage: The Purchaser acknowledges that no warranty or representation has been made in the Plan, or by Sponsor, the Apartment Corporation or anyone else, that financing is available to him or her.

27. Title Held by Partnership. Record ownership of the Shares and Proprietary Lease is held by the Partnership and is not held by Sponsor, which was designated the builder/developer of the Condominium and the Partnership having entered into contractual relationship for acquisition of the site for purposes of development. The Partnership is joining in this Agreement and the transfer documents pursuant to this Agreement and the Plan for the sole purpose of conveying or joining in the conveyance of the Apartments, it being understood and agreed that, by the execution and delivery of this Agreement, the Partnership is assuming no obligation whatsoever either to Sponsor or to Purchaser, other than the obligation to execute and deliver the transfer documents as provided in this Agreement and the Plan. Purchaser agrees that no claim will be made against the Partnership by the Purchaser in respect of, or arising out of, the purchase of the Shares and Proprietary' Lease. The provisions of this Paragraph shall survive the closing.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto.

Dated: _____, [_____]

_____
PURCHASER

_____
PURCHASER

This Agreement is not binding on
Sponsor until signed by:
BRADHURST 100 DEVELOPMENT LLC

By:
Name:
Title:

NYC PARTNERSHIP HOUSING DEVELOPMENT
FUND COMPANY, INC.

By: _____
Name:
Title:

EXHIBIT B

SHAREHOLDERS' AGREEMENT AND PROPRIETARY LEASE

SHAREHOLDERS' AGREEMENT
AND
PROPRIETARY LEASE

Apartment No. _____
Number of Shares_____

THE SUTTON APARTMENTS CORPORATION,

Lessor,

to

Lessee.

SHAREHOLDERS' AGREEMENT
AND
PROPRIETARY LEASE

SHAREHOLDERS' AGREEMENT and

PROPRIETARY LEASE

Apartment Corporation: SUTTON APARTMENTS CORPORATION

Address of the Building: 102 Bradhurst Avenue

New York, New York 10039

Block and Lot of the Residential Unit: Block: 2045 Lot: 1003

Tenant-Shareholder:

Apartment Number:
Number of Shares:

Effective Date:

Termination Date:

Additional Space (e.g.,

roof terrace, balcony, storage

space) _____

SHAREHOLDERS' AGREEMENT and PROPRIETARY LEASE (the "Lease") made on the Effective Date set forth above by and between the APARTMENT CORPORATION named above, a corporation organized under the laws of the State of New York, and the TENANT-SHAREHOLDER named above.

RECITALS: The Apartment Corporation is the owner of the residential condominium unit (the "Residential Unit"), as more particularly described in Condominium Documents for The Sutton Condominium in the building known as 102 Bradhurst Avenue, New York, NY.

The Tenant-Shareholder is the owner of the Number of Shares of the Apartment Corporation set forth above (the "Shares"), which have been allocated to the Apartment, as defined below in Paragraph 1.1.

DEFINITIONS:

"Apartment" is defined in paragraph 1.1 hereof.
"Additional Space" is defined in paragraph 1.1 hereof.
"Additional Rent" is defined in paragraph 2.3.5 hereof
"Cash Requirements" is defined in paragraph 2.3 hereof.
"Condominium Documents" shall mean the Declaration and By-Laws of the Hamilton Condominium, as amended from time to time.
"HDC Regulatory Agreement" is defined in paragraph 10.01 hereof.
"House Rules" is defined in paragraph 4.4 hereof.
"HPD Regulatory Agreement" is defined in paragraph 11.01 hereof.
"Maintenance" is defined in paragraph 2.1 hereof.
"Operating Expenses" is defined in paragraph 2.3.2 hereof.
"Ownership Expenses" is defined in paragraph 2.3.1 hereof.
"Proportionate Share" is defined in paragraphs 2.2 and 2.2.1 hereof.
"Rent" is defined in paragraph 2.1 hereof.
"Residential Unit" in defined in the Recitals set forth above.
"Shares" is defined in the Recitals set forth above.
"Term" is defined in paragraph 1.3 hereof.
"User Charges" is defined in paragraph 2.3.4 hereof.

The parties hereby agree as follows:

1 **Demised Premises and Term.**

1.1 The Apartment Corporation hereby leases to the Tenant-Shareholder, and the Tenant-Shareholder hereby hires and takes from the Apartment Corporation, upon the terms and

conditions hereinafter expressed, the Apartment. This Apartment is defined as the space in the Residential Unit as partitioned on the date of the execution of this Lease designated by the above-stated Apartment Number, together with any appurtenances and fixtures, and the right to exclusive use of any Additional Space, which may include maids rooms, closets, storage bins, garage or parking spaces, or a terrace, balcony, or a portion of the roof, which are allocated exclusively to the Apartment. Any such Additional Space shall be identified on page 1 of this Lease. Tenant-Shareholder shall not have any rights to exclusive use of any space not listed on page 1, except as may be expressly provided by separate agreement.

1.2 If this Apartment includes Additional Space listed page 1 of this Lease, the Tenant-Shareholder shall have and enjoy the exclusive use of such Additional Space subject to the applicable provisions of this Lease and to the use of such Additional Space by the Apartment Corporation to the extent herein permitted. The Tenant-Shareholder's use thereof shall be subject to such regulations as may, from time to time, be prescribed by the Apartment Corporation.

1.3 The Term of this Lease shall be, and the Tenant-Shareholder shall have and hold the Apartment upon the terms and conditions herein set forth, from the Effective Date set forth above until the Termination Date set forth above, unless the term shall sooner expire or be extended as hereinafter provided in this Lease.

2 **Payments to the Apartment Corporation.**

2.1 The rent (hereinafter called "Maintenance") payable by the Tenant-Shareholder during the term of this Lease shall equal the Proportionate Share, as defined in Paragraph 2.2, and 2.2.1 of the aggregate amount of the Cash Requirements of the Apartment Corporation, as defined in paragraph 2.3.

2.1.1 The Maintenance shall be payable in equal monthly installments in advance on the first day of each month unless the Board of Directors of the Apartment Corporation (the "Board of Directors") shall direct otherwise. The Board of Directors may require payment of assessments at such times and in such amounts it shall determine. The Tenant-Shareholder shall also pay, when due, such Additional Rent, User Charges, and fees as may be provided for herein.

2.1.2 In the event that after the fixing of the amounts payable as Maintenance by the Tenant-Shareholders under Leases for any period of time, one or more additional Leases and appurtenant shares shall be issued, thus increasing the aggregate number of shares specified in all Leases, the Maintenance to be paid under such additional Lease, until otherwise fixed by the Board of Directors, shall be at the same rate per share of stock as applied to the shares of stock specified in all other Leases in effect at the time.

Proportionate Share.

2.2 In every Lease previously executed by the Apartment Corporation there has been specified, and in every Lease hereafter executed by it there will be specified, the number of shares of the capital stock of the Apartment Corporation appurtenant to such Lease, which number, in relation to the aggregate of all shares, issued and outstanding, similarly specified in all the Leases at the time in effect, shall constitute the basis for fixing the proportionate share of the Cash Requirements of the Apartment Corporation which shall be payable as Maintenance by the Tenant-Shareholder.

2.2.1 The Proportionate Share shall be the ratio which the number of shares of the Apartment Corporation owned by the Tenant-Shareholder bears to the aggregate of all shares, issued and outstanding, similarly specified in all the Leases in effect at the time of the fixing and determination of the Cash Requirements.

Cash Requirements.

2.3 The Cash Requirements shall be such amount, including operating and replacement reserves, as the Board of Directors shall determine is necessary or proper to pay the estimated costs of the Apartment Corporation, over such period of time as the Board of Directors shall determine, arising out of or connected with (i) the ownership of the Residential Unit and the management of the Apartment Corporation and any other corporate purpose, and (ii) the operation, upkeep, and care of the Residential Unit and the Building. In making such determination the Board of Directors may give consideration to other income of the Apartment Corporation, including User Charges as defined in Paragraph 2.3.4, existing funds, existing and future liabilities, and existing and future services provided pursuant to Paragraph 3.2 hereof, and any other relevant financial consideration.

2.3.1 Ownership Expenses are defined as expenses that arise from the status as a Shareholder of the Apartment Corporation. Ownership Expenses may include, among other things, without limitation, common charges and assessments due under the Condominium Documents, real estate taxes and assessments, interest on mortgage indebtedness, mortgage amortization payments, renovation or capital improvements, corporate taxes, professional fees, the creation of reserve or surplus funds, and expenses for other corporate purposes.

2.3.2 Operating Expenses are defined as all costs of maintaining and operating the Residential Unit and the Building, and may include, among other things, without limitations, salaries, utilities, replacements, renewals and repairs, and other operating expenses and liabilities incurred by the Apartment Corporation.

2.3.3 The Board of Directors may, by resolution or resolutions duly adopted from time to time, increase or diminish the amount of Cash Requirements previously fixed or determined. No determination of Cash Requirements shall have any retroactive effect on the amount of the Maintenance payable by the Tenant-Shareholder for any period prior to the date of such determination. All determinations of Cash Requirements shall be conclusive as to all Tenant-Shareholders.

2.3.4 The Apartment Corporation may also charge User Charges to the Tenant-Shareholder. User Charges are defined as charges for services, facilities, or utilities, consumption of which is discretionary on the part of the Shareholder or which, in the sole discretion of the Board of Directors, are appropriately charged based on use. Utilities which may be charged on a uniform fee or use basis include, but are not limited to, water, electricity, or transmission or receipt of electronic signals, supplied by or contracted for by the Apartment Corporation, or for which the Apartment Corporation pays the service provider. Services or facilities which may be charged on a uniform fee or use, basis include, but are not limited to, parking, laundry facilities, health club or exercise room, or storage areas. Fixtures, appliances, or facilities which may be charged on a uniform fee or use basis include, (but are not limited to) air conditioners, washing machines, dryers, or other items that may require the consent of the Board of Directors before installation or use.

2.3.5 Additional Rent shall mean such amounts as the Tenant-Shareholder may be obligated to pay by reason of any default hereunder, as specified in Paragraphs 2.5, 2.6, 3.2.3, 3.7, 3.7.1, 4.4.3, 4.5.3 and 8.2.4 hereof, or as otherwise required by the terms of this Lease.

2.4 If the Board of Directors does not determine the Apartment Corporation's Cash Requirements for any year or portion thereof, it shall not be deemed a waiver or modification in any respect of the covenants and provisions of this Lease, or a release of the Tenant-Shareholder from the obligation to pay the Maintenance charges or any installment thereof, but the maintenance computed on the basis of the Cash Requirements as last determined for any year or portion thereof shall thereafter continue to be the maintenance until a new determination of Cash Requirements shall be made.

2.5 The Tenant-Shareholder will pay the Maintenance, Additional Rent, and User Charges to the Apartment Corporation upon the terms, at the times and in the manner herein provided, without any deduction on account of any set-off or claim which the Tenant-Shareholder may have against the Apartment Corporation. If the Tenant-Shareholder shall fail to pay any installment of Maintenance, Additional Rent, or User Charges, or any other sum due hereunder, when due, the Tenant-Shareholder shall be subject to a late fee to be determined by the Board of Directors. If the Tenant-Shareholder shall fail to pay any installment of Maintenance, Additional Rent, or User Charges, or any other sum due hereunder, within one month from the time when the same becomes due, the Tenant-Shareholder shall pay in addition to the applicable late fee, interest on such unpaid amounts at the rate to be determined by the Board of Directors, not to exceed the highest rate permitted by law, from the date when such installment shall have become due to the date of the payment thereof. Such late fee and interest shall be Additional Rent.

2.6 If the Tenant-Shareholder shall at any time fail to comply with, or be in default under, any part of this Lease or of the House Rules and the Apartment Corporation shall incur any expense (whether paid or not) in causing such default to be cured or in performing any act which the Tenant-Shareholder is required to perform, or in curing any damage to the Building or

any part thereof caused by the Tenant-Shareholder or anyone occupying or visiting the Apartment with the consent of the Tenant-Shareholder or anyone for whom the Tenant-Shareholder is legally responsible, or in enforcing the terms of this Lease or of the House Rules against the Tenant-Shareholder, including, but not limited to, the sending of notices and the prosecution of any arbitration, action or proceeding based on such default, or in defending, or asserting a counterclaim in any arbitration, action or proceeding brought by the Tenant-Shareholder, the expense thereof to the Apartment Corporation, including attorneys' fees and disbursements, shall be paid by the Tenant-Shareholder to the Apartment Corporation, on demand, as Additional Rent.

2.7 If damage to the Apartment or to the Building shall render the Apartment partly or wholly untenantable, the portion of the Maintenance charges arising under Paragraph 2.3.2 hereof shall proportionately abate until the Apartment is again rendered wholly tenantable (but the Ownership Expenses arising under Paragraph 2.3.1 hereof shall not abate), provided that if at the end of any fiscal year the Apartment Corporation incurs an operating deficit for any reason, including, but not limited to, any abatement, then the Tenant-Shareholder is obligated to pay his proportionate share of any Assessment required by the Board of Directors to cover such shortfall. If said damage shall be caused by the act or negligence of the Tenant-Shareholder or the agents, employees, guests or members of the family of the Tenant-Shareholder or any occupant of the apartment, such Maintenance charge shall abate only to the extent of the rental value insurance, if any, collected by the Apartment Corporation with respect to the Apartment.

3 **Operating and Repairing**

3.1 The Obligation of the Apartment Corporation

3.1.1 The Apartment Corporation shall at its expense keep in good repair the Residential Unit and Common Elements (as defined in the Condominium Documents) of the Building including all of the Apartments and all equipment and apparatus therein, except those portions the maintenance and repair of which are expressly stated to be the responsibility of the Tenant-Shareholder pursuant to Paragraphs 3.2.1, 3.2.2 and 3.2.3 hereof.

3.1.2 The Apartment Corporation shall operate and manage the Building as a first-class apartment building, and shall keep all common areas, elevators, halls, basements, cellars, and stairways, and all portions of the Residential Unit that are not part of any Apartment, clean and properly lighted and heated, and shall provide the number of employees requisite, in the discretion of the Board of Directors, for the proper care and service of the Residential Unit, and shall provide the Apartment with a proper and sufficient supply of hot and cold water and of heat, and, if there be central air conditioning equipment supplied by the Apartment Corporation, air conditioning when deemed appropriate by the Board of Directors, and such other amenities and services as the Board of Directors deems appropriate. The covenants by the Apartment Corporation herein contained are subject, however, to the discretionary power of the Board of Directors to determine from time to time what services and what employees shall be proper, and the manner of operating the Residential Unit, and what existing services shall be increased,

reduced, changed, modified or terminated, and what facilities or services shall require the payment of User Charges, and the Board of Directors shall have the discretion to make repairs, replacements, alterations or improvements to the structure, facilities, or appearance of the Building.

3.1.3 The Apartment Corporation shall have the right to erect, or permit to be erected, equipment on the roof, including, but not limited to, radio and television aerials and antennas, satellite dishes and microwave towers, and shall have the right of access thereto for such installations and for the repair and maintain

3.1.4 The Apartment Corporation shall determine the insurance coverage and limits to be obtained for the Building, which coverage and limits shall, at a minimum, comply with all requirements of the Bylaws of the Apartment Corporation and Condominium Documents. During the first year of cooperative operation, the insurance coverage and limits with respect to the Property shall be as set forth in section of the Offering Plan entitled "Projected Budget for the First Year of Cooperative Operation - Schedule B."

3.1.5 In the event of fire or other casualty damage, all proceeds of the insurance policies maintained by the Apartment Corporation will be dedicated to repair or restoration of the damage, subject to the terms and conditions of the Condominium Documents and certain conditions and limitations set forth in Paragraph 7.1.2 of the this Lease.

3.2 The Obligation of the Tenant-Shareholder

3.2.1 The Tenant-Shareholder accepts the Apartment and the Additional Space in its as-is condition as of the Effective Date set forth above, and shall keep the interior of the Apartment, and any additional maids room, closet or storage area of which the Shareholder has exclusive use, (including interior walls, floors and ceilings, but excluding windows, window panes, window frames, sashes, sills, entrance and terrace doors, frames and saddles, and unexposed plumbing, and the heating, ventilation and air-conditioning system) in good repair. The Tenant-Shareholder shall be responsible for all of the paint, wall surfaces, plaster, wall paper and tiles, and for all decorating required for the Apartment, including the interior of window frames, sashes and sills, entrance and terrace doors, frames, and saddles. The Tenant-Shareholder shall be solely responsible for the upkeep, repair, and replacement of exposed plumbing and gas fixtures and equipment and such refrigerators, dishwashers, removable and through-the-wall air conditioners, washing machines, ranges and other appliances, as may be in the Apartment. Plumbing and gas fixtures as used herein shall include exposed gas and water pipes attached to fixtures, appliances and equipment and the fixtures, appliances and equipment to which they are attached, and any special pipes or equipment which the Tenant-Shareholder or any predecessor Tenant-Shareholder may have installed within the wall or ceiling, or under the floor, but shall not include gas, steam, water or other pipes or conduits within the walls, ceiling or floors, or air conditioning or heating equipment which is part of the standard building equipment. The Tenant-Shareholder shall be solely responsible for the upkeep, repair and replacement of all lighting and electrical fixtures, appliances, and equipment, and all meters, fuse

boxes or circuit breakers and electrical wiring and conduits from the junction of the common wiring and the Tenant- Shareholder's fuse box or current-breaker box into and through the Apartment. In the event the Tenant-Shareholder or any prior Tenant-Shareholder made changes to the windows, plumbing, electrical lines or made alterations to the structure of the Apartment, or installed any appliance or equipment outside of the Apartment which exclusively serves the Apartment, the Tenant-Shareholder shall be responsible for making repairs, replacements and alterations to such items, notwithstanding paragraph 3.1.1 hereof. Any ventilator or air conditioning device which shall be visible from the outside of the Building shall at all times be painted by the Tenant-Shareholder in a standard color which the Apartment Corporation shall have the right to designate for the Building. The obligations of the Tenant-Shareholder under this Paragraph 3.2.1 may be expanded by separate agreement entered into pursuant to Paragraph 8.1 of this Lease.

3.2.2 The Tenant - Shareholder shall maintain in proper condition all safety devices and equipment, including but not limited to smoke detectors, and window guards, located in or appurtenant to the Apartment which serve the Apartment exclusively, and shall be responsible for remediation of all environmental hazards within the Apartment.

3.2.3 The Tenant-Shareholder shall keep any terrace, balcony, or portion of the roof included as Additional Space on page 1 of this Lease clean and free from snow, ice, leaves and other debris, and shall keep all screens and drains clean, free of debris, and in good condition. No planting, fences, structures or lattices shall be erected or installed on the courtyards, terraces, balconies, or roof of the Building without the prior written approval of the Apartment Corporation. No cooking shall be permitted on any terraces, balconies or the roof of the Building, nor shall the walls thereof be painted or otherwise altered or decorated by the Tenant-Shareholder without the prior written approval of the Apartment Corporation. Any planting, alteration, decoration or structure erected by the Tenant-Shareholder or any prior Tenant-Shareholder shall be maintained by the Tenant-Shareholder, and may be removed and restored by the Apartment Corporation at the expense of the Tenant-Shareholder for the purpose of improvements, repairs, upkeep or maintenance of the Building. The Tenant-Shareholder shall be responsible for damage to the Building caused by improper or unauthorized use of any Additional Space. Any sum owed by the Tenant-Shareholder hereunder shall be Additional Rent.

3.3 Alterations by the Tenant-Shareholder

3.3.1 The Tenant-Shareholder shall not, without first obtaining the written consent of the Apartment Corporation, which shall not be unreasonably withheld, make in the Apartment, or in any Additional Space, or any portion of the Building which Tenant-Shareholder is not obligated to maintain pursuant to Paragraph 3.2 hereof, or any other place in the Building, any alteration, which shall include, without limitation, any alteration of the structure of the Building, including any windows, walls, floors, or ceilings, or any alteration of or addition to the water, gas or steam pipes, electrical conduits, or plumbing, heating or air conditioning fixtures,

or any communication or alarm system, or, except as hereinafter authorized, remove any additions, improvements, fixtures or appliances from the Apartment.

3.3.2 Consent to any proposed alteration may be subject to such conditions as the Board of Directors may impose, which may include, but shall not be limited to, an obligation to indemnify the Apartment Corporation, and minimum insurance requirements for all contractors, and payment of the Apartment Corporation's professional engaged to review alteration plans and preparation and negotiation of the Alteration Agreement.

3.3.3 The performance by Tenant-Shareholder of any work in the Apartment shall be in accordance with any applicable rules and regulations of the Apartment Corporation and all governmental agencies having jurisdiction thereof, and in accordance with the terms of an Alteration Agreement in the form required by the Apartment Corporation. The Tenant-Shareholder shall not in any case install any pipes, wires, or appliances which, in the sole discretion of the Board of Directors, may overload the existing Building facilities or equipment.

3.3.4 Without written consent from the Apartment Corporation, the Tenant-Shareholder shall not remove any fixtures, appliances, additions or improvements from the Apartment except as hereinafter provided. If the Tenant-Shareholder, or a prior Tenant-Shareholder, shall have heretofore placed, or the Tenant-Shareholder shall hereafter place in the Apartment, at the Tenant-Shareholder's own expense, any additions, improvements, appliances or fixtures, including but not limited to fireplace mantels, lighting fixtures, refrigerators, air conditioners, dishwashers, washing machines, ranges, woodwork, wall paneling, ceilings, special doors or decorations, special cabinet work, special stair railings or other built-in ornamental items, which can be removed without alterations to the structure of the Building or permanent damage to the Apartment, then title thereto shall remain in the Tenant-Shareholder and the Tenant-Shareholder shall have the right, prior to the termination of this Lease, upon 10 days written notice to the Apartment Corporation, to remove the same at the Tenant-Shareholder's own expense, provided: (i) that the Tenant-Shareholder at the time of such removal shall not be in default in the payment of Maintenance charges or in the performance or observance of any other covenants or conditions of this Lease; and (ii) that the Tenant-Shareholder shall, at the Tenant-Shareholder's own expense, prior to the termination of this Lease, repair all damage to the Apartment which shall have been caused by either the installation or removal of any of such additions, improvements, appliances or fixtures; and (iii) that if the Tenant-Shareholder shall have removed from the Apartment any articles or materials owned by the Apartment Corporation or any fixtures or equipment necessary for the use of the Apartment, the Tenant-Shareholder shall either restore such articles and materials and fixtures and equipment and repair any damage resulting from their removal and restoration, or replace them with others of a kind and quality then customary in comparable buildings and satisfactory to the Apartment Corporation. On the expiration of the term hereby granted, or upon a sooner termination of this lease, the Tenant-Shareholder shall surrender to the Apartment Corporation possession of the apartment with all additions, improvements and fixtures then included therein except as hereinabove provided.

3.4 The Tenant-Shareholder will not require, permit, suffer or allow the cleaning of any window in the Apartment from the outside (within the meaning of Section 202 of the New York Labor Law) unless the equipment and safety devices required by law, ordinance, rules and regulations, including, without limitation, Section 202 of the New York Labor Law, are provided and used, and unless the industrial code of the State of New York is fully complied with; and the Tenant-Shareholder hereby agrees to indemnify the Apartment Corporation and its employees, other Tenant-Shareholders, and the managing agent, for all losses, damages or fines suffered by them as a result of the Tenant-Shareholder's requiring, permitting, suffering or allowing any window in the premises to be cleaned from the outside in violation of the requirements of the aforesaid laws, ordinances, regulations and rules.

3.5 The Apartment Corporation and its agents, professional advisors, employees and contractors, shall be permitted to visit, examine, or enter the Apartment at any reasonable hour of the day upon notice, or at any time and without notice in case of emergency, to inspect the Apartment or to make or facilitate repairs or improvements in any part of the Apartment or the Building or to cure any default by the Tenant-Shareholder. The Apartment Corporation may remove and replace such portions of the windows, walls, floors and ceilings of the Apartment or the Building as may be required for any such purpose.

3.6 If: (a) a portion of the Apartment which is not the Tenant-Shareholder's obligation to maintain pursuant to Paragraph 3.2 hereof is damaged, or (b) the original installation interior walls, floors or ceilings of an Apartment are damaged by a casualty, the Apartment Corporation shall at its expense with reasonable dispatch after receipt of notice of such damage, repair such cause and damage; provided, however, in no event shall the Apartment Corporation be responsible to repair or replace any paint, wall covering, or floor covering in an Apartment. Except as provided in the immediately preceding sentence, if any portion of the Apartment which is the Tenant-Shareholder's obligation to maintain is damaged, the Tenant-Shareholder shall be responsible to repair the damage, regardless of who is responsible to cure the cause of the damage.

3.6.1 Any fixtures, appliances, equipment, additions, improvements, or other items of personal property including but not limited to fireplace mantels, lighting fixtures, air conditioners, woodwork, wall paneling, custom floors, ceilings, cabinet work, railings, or other built-in items, carpeting, tile, wallpaper, and paint is the sole responsibility of the Tenant-Shareholder, who shall be responsible for the cost of removal, replacement, or repair in the event any such item is damaged by any cause, or is required to be removed in order for the Apartment Corporation to make repairs or improvements to the Building or to the Apartment.

3.6.2 If in the course of any such repair, in the sole discretion of the Board of Directors, it is prudent or necessary to remove any item listed in Paragraph 3.6.1 hereof, such removal and replacement will be at the cost of the Tenant-Shareholder. All sole risk of loss or damage to such items shall be that of the Tenant-Shareholder. In no event shall the Apartment Corporation be obligated to repaint or replace wallpaper, carpeting, or non-standard tiles, or any other item listed in 3.6.1 above.

3.7 If the Tenant-Shareholder shall fail for 30 days after notice to make repairs to any part of the Apartment, its fixtures, equipment, appliances, additions or improvements as herein required, or shall fail to remedy a condition which has become objectionable to the Apartment Corporation, or if the Tenant-Shareholder or any person dwelling in the Apartment shall request the Apartment Corporation to perform any act not hereby required to be performed by the Apartment Corporation, the Apartment Corporation may make such repairs, or arrange for others to do the same, or remove such objectionable condition or equipment, or perform such act, at the sole expense of the Tenant-Shareholder without liability on the part of the Apartment Corporation; provided that, if the condition requires prompt action, notice of less than 30 days may be given or, in case of emergency, no notice need be given. In all such cases the Apartment Corporation, its professional advisors, agents, employees and contractors shall, as between Apartment Corporation and Tenant-Shareholder, be conclusively deemed to be acting on behalf of the Tenant-Shareholder, and all contracts therefor made by the Apartment Corporation shall be so construed whether or not made in the name of the Tenant-Shareholder. The Tenant-Shareholder shall be responsible for any damages caused by Tenant-Shareholder's negligence or by Tenant-Shareholder's failure to carry out its obligation pursuant to this Lease. Any sum owed by the Tenant-Shareholder hereunder shall be Additional Rent. The foregoing shall not be a waiver of any default by Tenant-Shareholders under this Lease.

3.7.1 If the Tenant-Shareholder shall fail to perform or comply with any of the other covenants or provisions of this Lease within the time required by a notice from Apartment Corporation, which shall be not less than 5 days except in case of emergency, then the Apartment Corporation may, but shall not be obligated to, cure such default, and for such purpose may enter the Apartment of Tenant-Shareholder as set forth in Paragraph 3.5 hereof. The Apartment Corporation shall be entitled to recover from the Tenant-Shareholder all expenses incurred or for which it has contracted hereunder, such expenses to be payable by the Tenant-Shareholder as Additional Rent.

4 Management of the Cooperative.

4.1 The primary purpose for which the Apartment Corporation was established, and for which this Lease is entered into, is to provide residences for the Tenant-Shareholders, and to operate the Residential Unit on a cooperative basis. The Tenant-Shareholder shall always in good faith endeavor to observe and promote the cooperative purposes for which the Apartment Corporation was established.

4.2 Any right, power or privilege given to the Board of Directors by this Lease, may be exercised only by the Board of Directors, and in no event may any such right, power or privilege be exercised by a creditor, receiver or trustee of the Apartment Corporation.

4.3 The Apartment Corporation shall keep full and correct financial records at its principal office or at such other place as the Board of Directors may from time to time determine. Only the Shareholders' list, minutes of Shareholders' meetings, and the annual and monthly

financial reports of the Apartment Corporation shall be open to inspection by the Tenant-Shareholder or a duly authorized representative and holders, insurers, and guarantors of any loan(s) secured by a security interest in this Lease during normal business hours. The Board of Directors may allow inspection of other records of the Apartment Corporation in its discretion provided that

(i) minutes of meeting of the Board of Directors, and files and records (other than financial records) of currently ongoing matters, shall not be open to inspection except as expressly authorized by the Board of Directors;

(ii) personal financial records submitted by prospective purchasers or sub-lessees of apartments shall be kept confidential and shall not be disclosed to any person except the Board of Directors, members of an admissions committee, the managing agent and professional advisors to the same.

The Tenant-Shareholder shall reimburse the Apartment Corporation for any expenses incurred in making records available for inspection.

4.3.1 The Apartment Corporation shall deliver to the Tenant-Shareholder within 120 days after the end of each fiscal year an annual report of corporate financial affairs, including a balance sheet and a statement of income and expenses, audited by an independent certified public accountant.

4.3.2 The Board of Directors may from time to time determine how much of the maintenance and any other receipts, when received (but not more than such amount as represents payments on account of principal of mortgages on the property, other capital expenditures, and reserves for future capital expenditures), shall be credited on the corporate accounts to "Paid-in Surplus."

4.4 The Apartment Corporation has adopted House Rules which are incorporated herein. The Board of Directors may alter, amend or repeal such House Rules and adopt new House Rules. The House Rules may (i) regulate the use of the Building, all facilities therein, and the Apartments; (ii) regulate the conduct of all persons occupying, visiting, or working in the Building; (iii) impose User Charges pursuant to Paragraph 2.3.4 hereof; (iv) impose charges and fees on Tenant- Shareholders for violating this Lease and/or the House Rules; (v) impose requirements for the Tenant-Shareholders to carry homeowners' insurance; and (vi) include policies and resolutions carrying out the rights, powers and privileges of the Board of Directors authorized by this Lease and by the By-Laws of the Apartment Corporation.

4.4.1 Notice of any new or modified House Rule shall be given to all Tenant-Shareholders affected thereby.

4.4.2 The Tenant-Shareholder shall comply with all such House Rules and see that they are faithfully observed by all persons entering the Building with the consent of the

Tenant-Shareholder including all residents of the Apartment, guests, employees, contractors and subtenants of the Tenant-Shareholder. Breach of the House Rules shall be a default under this Lease. The Apartment Corporation shall not be responsible to the Tenant-Shareholder for the nonobservance or violation of any other Lease or the House Rules by any other Tenant-Shareholder or person.

4.4.3 The charges and fees authorized by Paragraph 4.4 (iv) shall be fixed by the Board of Directors on a uniform basis and may include, but shall not be limited to, administrative costs and expenses of the Apartment Corporation, its managing agent, and its professional advisors arising out of or caused by any such breach including, but not limited to, costs of notifying the Tenant-Shareholder of any breach of the House Rules and of remedying the same. Such charges and fees shall be Additional Rent hereunder.

4.5 The Tenant-Shareholder shall not create or permit unreasonable cooking or other odors to escape into the Building. The Tenant-Shareholder shall not create or permit or allow any unreasonable noises, vibrations, electrical or magnetic impulses, or vermin infestations, or do or permit or allow anything to be done which will damage the Building or any part thereof, or interfere with the rights of other Tenant-Shareholders, residents, visitors, employees, or building staff, or endanger or unreasonably annoy them. The Tenant-Shareholder will not obstruct the public halls or stairways.

4.5.1 If, in the sole judgment of the Apartment Corporation, any of the Tenant-Shareholder's fixtures, equipment or appliances shall cause damage to the Building, or interrupt or impair the quality of service to other portions of the Building, or overload, or damage facilities maintained by the Apartment Corporation for supplying heat, water, gas, electricity, air conditioning or other services or facilities of the Building, or violate Paragraph 4.5 hereof, or if any such appliances visible from the outside of the Building shall become unsightly, the Tenant-Shareholder shall promptly, on notice from the Apartment Corporation, remedy the condition and, pending such remedy, shall cease using any appliance or equipment which may be creating the objectionable condition.

4.5.2 The Tenant-Shareholder will comply with all the requirements of the Board of Fire Underwriters, insurance underwriters and all governmental authorities, and with all laws, ordinances, rules and regulations with respect to the occupancy or use of the Apartment. If any mortgage affecting the land or the Residential Unit shall contain any provisions pertaining to the right of the Tenant-Shareholder to make changes or alterations in the apartment or to remove any of the fixtures, appliances, equipment or installations, the Tenant-Shareholder shall comply with the requirements of such mortgage or mortgages. Upon the Tenant-Shareholder's written request, the Apartment Corporation will furnish Tenant-Shareholder with copies of applicable provisions of each such mortgage.

4.5.3 The Tenant-Shareholder shall not do any act or permit or suffer anything to be done in the Apartment or anywhere in the Building which is in violation of law, or is

hazardous, or will increase the rate of fire insurance on the Building or the contents thereof. If, by reason of such occupancy or use of the Apartment by the Tenant-Shareholder, the rate of fire insurance on the Building or the Apartment or the contents of either shall be increased, the Tenant-Shareholder shall (if such occupancy or use continues for more than 30 days after written notice from the Apartment Corporation specifying the objectionable occupancy or use) without prejudice to the Apartment Corporation's right to require a cure of the occupancy or use, become liable for the additional insurance premiums incurred by Apartment Corporation or any other Tenant-Shareholder on all policies so affected, and the Apartment Corporation shall have the right to collect the same for its benefit or the benefit of any such Tenant-Shareholders as Additional Rent for the Apartment due on the first day of the calendar month following written demand therefor by the Apartment Corporation.

4.6 If the Apartment Corporation shall furnish to the Tenant-Shareholder any storage area, service, or facility, the use of the laundry, or any facility outside the Apartment, including but not limited to use of antennas, the same shall be furnished by the Apartment Corporation under a revocable license. The Tenant-Shareholder shall not use such storage space or any area or facility appurtenant to the Apartment for the storage of hazardous or flammable material. Valuable or perishable property is stored at the sole risk of the Tenant-Shareholder. Any such facility shall be kept clean and hazard free by the Tenant-Shareholder.

4.6.1 If washing machines exercise equipment, or other equipment or facilities are made available to the Tenant-Shareholder, the Tenant-Shareholder shall use the same on the understanding that such machines, equipment or facilities may or may not be in good order and repair and that the Apartment Corporation is not responsible for such machines, equipment or facilities, nor for any damage caused to the property of the Tenant-Shareholder resulting from the Tenant-Shareholder's use thereof, and that any use that the Tenant-Shareholder may make of such machines, equipment or facilities shall be at the Tenant-Shareholder's sole cost, risk and expense.

4.7 The Apartment Corporation shall not be responsible for any personal property left with or entrusted to any employee of the Apartment Corporation, or for the loss of or damage to any property within or without the Apartment or in any storage bin by theft or otherwise. The Apartment Corporation may by regulation provide for the temporary storage of packages or deliveries, however all such temporary storage shall be at the sole risk of the Tenant-Shareholder. In no event shall any Tenant-Shareholder leave an automobile or the keys to an automobile in the care or custody of any employee of the Apartment Corporation.

4.8 In order that the Apartment Corporation shall at all times have access to the Apartment or Additional Space for the purposes provided for in Paragraph 3.5 or elsewhere in this Lease, the Tenant-Shareholder shall provide the Apartment Corporation with a key to each lock providing access to the Apartment or Additional Space and if any lock shall be altered or new lock installed, the Tenant-Shareholder shall provide the Apartment Corporation with a key thereto immediately upon installation.

4.8.1 If the Tenant-Shareholder shall not be personally present to permit entry to the Apartment or any Additional Space at any time when an entry therein shall be necessary or permissible hereunder and shall not have furnished a key to the Apartment Corporation as required hereunder, the Apartment Corporation or the Apartment Corporation's agents (but, except in an emergency, only when specifically authorized by an officer of the Apartment Corporation or an officer of the managing agent) may forcibly enter the Apartment or Additional Space at the Tenant-Shareholder's cost, and without liability for damages by reason thereof (provided that during such entry the Apartment Corporation shall accord reasonable care to the Tenant-Shareholder's property), and without in any manner affecting the obligations and covenants of this Lease.

4.8.2 The right and authority hereby reserved do not impose, nor does the Apartment Corporation assume by reason thereof, any responsibility or liability for the care or supervision of the Apartment, including but not limited to any of the pipes, fixtures, appliances or appurtenances therein contained, except as herein specifically provided.

5 Ownership, Occupancy, and Use of the Apartment.

5.1 The Tenant-Shareholder shall not, without the written consent of the Apartment Corporation on such conditions as the Apartment Corporation may prescribe, occupy or use the Apartment or permit the same or any part thereof to be occupied or used for any purpose other than as a private dwelling or for any home occupation use permitted under applicable zoning law, building code or other rules and regulations of governmental authorities having jurisdiction for the Tenant-Shareholder or Tenant-Shareholder's subtenant (pursuant to a sublease made in accordance with this Lease) and Tenant-Shareholder's Family or such subtenant's Family, who reside in the Apartment concurrently with the Tenant-Shareholder or such subtenant, as the case may be. The term Family shall mean either (a) Tenant-Shareholder's spouse or (b) one additional adult, and (i) the Tenant-Shareholder's children, grandchildren, parents, grandparents, brothers and sisters, and (ii) the children of such spouse or additional adult, and (iii) Tenant-Shareholder's domestic employees. The Apartment may also be occupied from time to time by guests of the Tenant-Shareholder. In no event shall more than two adults for each bedroom occupy the apartment without the written consent of the Apartment Corporation.

5.1.1

(a) The Tenant-Shareholder shall not sublet the whole or any part of the Apartment, or renew or extend any previously authorized sublease, or in any way sell, assign or otherwise transfer this Lease and the shares appurtenant thereto in any manner, except pursuant to this Lease.

(b) The Tenant-Shareholder shall not sell, assign or otherwise transfer this Lease and the shares appurtenant thereto or sublease the Apartment without first entering into a written contract of sale or sublease. Promptly after the execution of any sublease or contract of sale ("Proposed Contract"), the subleasing or selling Tenant-Shareholder ("Offering Tenant-

Shareholder") shall send written notice thereof to the Apartment Corporation by certified or registered mail, return receipt requested, which notice shall be accompanied by a fully executed, original counterpart of the Proposed Contract, containing all of the terms offered in good faith by the prospective transferee or subtenant ("Prospect").

(i) The sending of the notice referred to in this Section 5.1.1 shall constitute an offer by the Offering Tenant-Shareholder to assign this Lease together with the appurtenant shares, or to sublease the Apartment, as the case may be, to the Apartment Corporation or to its designee, upon the same terms and conditions as are contained in the Proposed Contract, subject, however, to any variance therefrom provided in this Section 5.1.1. The giving of such notice shall further constitute a representation and warranty by the Offering Tenant-Shareholder to the Apartment Corporation, that the Offering Tenant-Shareholder believes the Proposed Contract to be bonafide in all respects. Thereafter, upon the written demand of the Apartment Corporation, the Offering Tenant-Shareholder shall submit, in writing, such further information with respect to the Prospect and the Proposed Contract as the Board of Directors may reasonably request.

(ii) The Apartment Corporation may elect by sending written notice thereof to the Offering Tenant-Shareholder by certified or registered mail, not later than 15 business days after receipt of the notice referred to in this Section 5.1.1, together with such further information as may be requested pursuant to the terms of this Section 5.1.1, to assume the Lease and purchase the appurtenant shares, or sublease the Apartment, as the case may be, or to cause same to be assumed or subleased by its designee, upon the same terms and conditions as are contained in the Proposed Contract and stated in the response(s) by the Offering Tenant-Shareholder to any requests for additional information pursuant to the terms of this Section 5.1.1.

(iii) In the event that the Apartment Corporation shall elect, within the time and in the near provided in this Section 5.1.1, to sublease the Apartment or assume this Lease, or to cause the same to be accomplished by its designee, this Lease shall be assigned or a sublease shall be executed, in either event, in accordance with the terms of the Proposed Contract, at the office of the attorneys for the Apartment Corporation within 30 days after the day upon which the Apartment Corporation shall give notice of its election to accept such offer.

(iv) If this Lease and its appurtenant shares are to be purchased by the Apartment Corporation or its designee such purchase may be made from the funds deposited in capital and/or expense accounts of the Apartment Corporation. If the funds in such accounts insufficient to effectuate such purchase, the Board of Directors may levy a special assessment against each Shareholder of the Apartment Corporation (other than the Offering Tenant-Shareholder) in accordance with the terms of Section 2 hereof and/or the Board of Directors may in its discretion finance the acquisition of this Lease; provided, however, that no such financing may be secured by any encumbrance on property of the Apartment Corporation other than this Lease together with its appurtenant shares. At the closing of title, the Offering Tenant-Shareholder shall execute an assignment of this Lease and grant a stock power with respect to the appurtenant shares to the Apartment Corporation or its designee in accordance with the

provisions of Section 5.1.1 hereof and shall pay any and all local, state or federal transfer taxes arising out of such sale notwithstanding the terms of the Proposed Contract. Rent and special assessments due under this Lease all be apportioned as midnight preceding the closing date, notwithstanding any terms in the Proposed Contract to the contrary.

(v) In the event the Apartment is to be subleased by the Apartment Corporation or its designee, the Offering Tenant-Shareholder shall execute and deliver to the Apartment Corporation or such designee a sublease covering the Apartment by and between the Offering Tenant-Shareholder as overtenant and the Apartment Corporation or its designee as under-tenant. Any funds payable by the Apartment Corporation in connection with said sublease may be paid from the Apartment Corporation's capital and/or expense accounts of the Apartment Corporation or, if the funds in such accounts are insufficient, the Board of Directors may levy a special assessment against each Shareholder of the Apartment Corporation in accordance with the terms of Section 2 hereof. Such sublease shall be in the then current form of apartment sublease recommended by the Real Estate Board of New York, and shall contain all the terms and conditions of the Proposed Contract not in conflict with such form of sublease or this Lease.

(vi) Until such time the Apartment is no longer owned or subleased by the Apartment Corporation, all costs and expenses of maintaining, repairing, altering, improving, operating, leasing and the like shall be assessed to all Shareholders of the Apartment Corporation as rent (maintenance). Likewise all income or other revenue and profit derived from such ownership or sublease shall be collected and used to defray the maintenance charges.

(vii) In the event that the Apartment Corporation shall fail to accept an offer made pursuant to the terms of this Section 5.1.1 within the time set forth herein, the Tenant-Shareholder shall be free to consummate the transaction embodied in the sublease or contract of transfer within one hundred and twenty (120) days after (x) notice of refusal is sent to the Tenant-Shareholder by the Board of Directors or (y) the expiration of the period within which the Tenant-Shareholder or its designee might have accepted such offer, as the case may be. If the Tenant-Shareholder shall fail to consummate the transaction embodied in the sublease within such 120-day period, then, should the Tenant-Shareholder thereafter elect to sublease such Apartment or transfer this Lease, the Tenant-Shareholder shall be required again to comply with all of the terms and provisions of this Section 5.1.1.

(c) The terms and conditions contained in Section 5.1.1 shall not apply with respect to, and no consent of the Apartment Corporation shall be required for, any assignment of this Lease and transfer of its appurtenant shares or sublease of the Apartment to:

(i) the Tenant-Shareholder to any adult Family Member, including transfers by devise or pursuant to the laws of intestacy, or any trust for the benefit of Tenant-Shareholder or any Family Member;

(ii) Sponsor, any Sponsor designee, any Holder of Unsold Shares (as such terms are used in the Offering Plan for the shares of the Apartment Corporation) or any partner

or principal of any entity affiliated directly or indirectly with Sponsor, a Sponsor designee or Holder of Unsold Shares;

(iii) any proper officer conducting the sale of shares in connection with the foreclosure of a security interest in or other lien on such shares or delivering an assignment in lieu of such foreclosure; or

(iv) any holder of a security interest in this Lease and appurtenant shares ("Secured Party") which is an institution governed by the banking laws of the State of New York or the United States of America or its nominee or designee (hereinafter, an "Institutional Secured Party"), which has acquired title to any shares at any foreclosure sale of its secured loan or by assignment in lieu thereof delivered in a bona fide transaction; provided, however, that each succeeding Tenant-Shareholder shall be bound by, and his or her shares and occupancy of the Apartment shall continue to be subject to, all of the terms and conditions of this Lease; provided further, any Institutional Secured Party which has acquired title to any shares at any foreclosure sale of its secured loan or by assignment in lieu thereof delivered in a bona fide transaction and has been unable to effect a reasonably satisfactory sale of this lease and its appurtenant shares, either through its own efforts or with assistance from the Apartment Corporation, may sublet the Apartment for a period up to three (3) years after it acquired the Apartment, subject to the terms and conditions of this lease.

(d) No Tenant-Shareholder shall be permitted to sublease his or her Apartment or transfer this Lease unless he or she shall have paid in full all rent theretofore assessed against such Apartment and shall have satisfied all unpaid liens, other than those of Secured Parties levied against such shares and Lease. And no Tenant-Shareholder shall be permitted to sublease his or her Apartment for any period which exceeds two (2) years out of any consecutive four (4) year period and only if such Shareholder shall have occupied his or her Apartment as their primary residence for a period of at least one (1) year

(e) Except as expressly provided in the last sentence of this paragraph, the Apartment Corporation may require the Tenant-Shareholder to pay a fee in connection with the sale or sublease of an Apartment pursuant to the provisions of this Section reasonably related to the cost of services for processing and approving a Prospect and a fee or tax in the nature of a "flip tax" or other charge based on the consideration received for such sale or sublease or the number of shares sold. No such fee, "flip tax" or other change shall apply to a sale of any Shares and Proprietary Lease or sublease by Sponsor, any Sponsor designee or any partner or principal of any entity affiliated directly or indirectly with Sponsor.

(f) Notwithstanding anything contained in this Lease, (i) any sale, assignment, subleasing or other transfer of this Lease and the appurtenant shares shall be in compliance with federal and state security disclosure laws and (ii) no sale, assignment, subleasing or other transfer of this Lease and the appurtenant shares shall be permitted if in the opinion of counsel to the Apartment Corporation, such sale, assignment, subleasing or transfer would alter the tax status of the Apartment Corporation, violate any provision of the organic documents of the Apartment

Corporation or the Condominium Documents or in any way restrict the rights or expand the obligations of the Apartment Corporation or any of its Shareholders. If any proposed subtenant or assignee is rejected on account of the preceding sentence, the Apartment Corporation shall not be obliged to accept an assignment of this Lease and its appurtenant shares or sublease the Apartment.

(g) There shall be no limitation, except as above specifically provided, on the right of Board of Directors to exercise the right of first refusal provided herein for any reason or for no reason, except that such exercise shall not be based on race, religion, color, creed, or any other ground proscribed by law.

(h) If this Lease shall be assigned in compliance herewith, the lessee-assign or shall have no further liability for any of the covenants of the Lease to be thereafter performed.

(i) Regardless of any consent theretofore given, neither the Tenant-Shareholder nor his or her executor, nor administrator, nor any trustee or receiver of the property of the Tenant-Shareholder, nor anyone to whom the interests of the Tenant-Shareholder shall pass by law, shall be entitled further to assign this Lease, or to sublet the Apartment or any part thereof, except upon compliance with the requirements of this Lease.

(j) If this Lease is then in force and effect, the Apartment Corporation will, upon reasonable request of the Tenant-Shareholder, deliver to the assignee a written statement that this Lease remains on the date thereof in force and effect, but no such statement shall be deemed an admission that there is no default under this Lease.

(k) Tenant-Shareholder shall have the right to show the Apartment and, at reasonable times and without being subject to any charge therefor, the public areas of the Building, including lobbies, elevators and hallways, to prospective assignees or subtenants, without interference.

5.2 Each sublease of an Apartment shall comply with the following:

5.2.1 (a) Each sublease of an apartment shall be in the then current form of apartment lease recommended by the Real Estate Board of New York, Inc., subject to such modifications as may be approved in writing by the Board of Directors. Notwithstanding the foregoing, however, each such sublease shall be consistent with all organic documents of the Apartment Corporation, the Condominium Documents and any mortgage thereupon and shall expressly provide that:

(i) such sublease shall provide that it is expressly subordinate to the provisions of this Lease and that the sublessee represents therein that he has read this Lease, initialed this Lease and acknowledges that he will not violate this Lease in any way; and

(ii) such sublease shall expressly provide that the provisions of this Lease are incorporated therein by reference and the provisions of this Lease shall apply to the Tenant-Shareholder and shall be binding on and shall apply to the sublessee; and

(iii) such sublease may not be amended or modified without the prior written consent of a majority of the Directors in each instance: and

(iv) such sublease shall expressly provide that the subtenant shall not assign his interest in such sublease or further sublease the Apartment, except in accordance with the provisions of Section 5.1.1 and 5.2 hereof in each instance: and

(v) such sublease shall not be a violation of a pledge or security instrument which the Apartment Corporation may have entered into in accordance with the provisions of Section 5.4 hereof: and

(vi) such sublease shall expressly provide that in the event this Lease is terminated pursuant to any of the provisions of this Lease, such sublease shall likewise be automatically terminated and such subtenant shall quit and vacate the Apartment and in the event that such subtenant shall fail to vacate the Apartment, the Apartment Corporation may commence a summary dispossess proceeding against such subtenant; the cost of which proceedings, including reasonable attorneys fees, shall be the responsibility of such subtenant and Tenant-Shareholder, jointly and severally, and may be included as additional rent; and

(vii) The Apartment Corporation shall have the power to terminate such sublease and/or to bring summary dispossess proceedings against the subtenant in the name of Tenant-Shareholder in the event of a default by the subtenant in the performance of its obligations under such sublease or a foreclosure of a security interest granted in accordance with Section 5.4 hereof; and

(viii) Except as provided in Section 5.1.1(c), Tenant-Shareholder shall have first given the Apartment Corporation a right of first refusal in accordance with the provisions of Section 5.1.1 hereof, which right shall have expired or been waived as provided in Section 5.1.1; and

(ix) If the Tenant-Shareholder shall default for a period of one month in the payment of any rent, the Apartment Corporation may, at its option, so long as such default shall continue, after serving notice of the default upon the Tenant-Shareholder and the under-tenant, demand and receive from the under-tenant occupying the Apartment the rent due or becoming due from such under-tenant to the Tenant-Shareholder, up to an amount sufficient to pay all sums due from the Tenant-Shareholder to the Apartment Corporation; that the under-tenant shall pay the rent to the Apartment Corporation within 10 days of receipt of a demand therefor; that any such payment of rent to the Apartment Corporation shall be sufficient payment and discharge of such under-tenant as between such under-tenant and the Tenant-Shareholder, to the extent of the amount so paid; and any such demand or acceptance of rent from any under-

tenant shall not be deemed a consent or approval of any under-letting or assignment by the Tenant-Shareholder, or a release or discharge of any of Tenant-Shareholder's obligations hereunder.

5.3 The Tenant-Shareholder shall not assign this Lease or transfer the shares to which it is appurtenant or any interest therein except in compliance with all federal and New York State security disclosure laws, and no such assignment or transfer shall take effect as against the Apartment Corporation for any purpose until

(i) An instrument of assignment in form and substance approved by the Apartment Corporation executed and acknowledged by the assignor shall be delivered to the Apartment Corporation; and

(ii) An agreement executed and acknowledged by the assignee in form and substance approved by the Apartment Corporation assuming and agreeing to be bound by all the covenants and conditions of this Lease to be performed or complied with by the Tenant-Shareholder, and assuming and agreeing to be bound by any Alteration Agreement entered into by the Tenant-Shareholder or a predecessor owner of this Apartment which covers any alteration, improvement or installation on and after the effective date of said assignment shall have been delivered to the Apartment Corporation. At the request of the Apartment Corporation, the assignee shall surrender the assigned Lease and enter into a new Lease in the same form for the remainder of the term, in which case the Tenant-Shareholder's Lease shall be deemed cancelled as of the effective date of said assignment; and

(iii) All shares of the Apartment Corporation to which this Lease is appurtenant shall have been transferred to the assignee, with proper transfer taxes paid and stamps affixed; and

(iv) All sums due from the Tenant-Shareholder shall have been paid to the Apartment Corporation, together with a sum to be fixed by the Board of Directors to cover legal and other expenses of the Apartment Corporation and its managing agent in connection with such assignment and transfer of shares, together with payment of a transfer fee to be determined by the Board of Directors; and

(v) A search or certification from a title or abstract company has been provided to, and is acceptable to, the Board of Directors; and

(vi) Compliance with the provisions of Section 5.1.1 hereof.

5.3.2 Regardless of any prior consent, neither the Tenant-Shareholder, nor an executor, nor an administrator or personal representative, nor any trustee or receiver of the property of the Tenant-Shareholder, nor anyone to whom the interests of the Tenant-Shareholder shall pass by law, shall be entitled to occupy the Apartment, or further to assign this Lease, or to

sublet the Apartment, or any part thereof, except upon compliance with the requirements of this Lease, as above provided.

5.3.2.1 No demand or acceptance of Maintenance, User Charges, or fees from any such person shall constitute an approval of or consent to any assignment, sublease, or occupancy, or a waiver of any of the rights of the Apartment Corporation hereunder.

5.3.3 If this Lease is then in force and effect, the Apartment Corporation will, upon request of the Tenant-Shareholder, deliver to the assignee a written statement that this Lease remains in force and effect, but no such statement shall be deemed an admission that there is no default under this Lease.

5.4 Tenant-Shareholder shall have the unrestricted right without the written consent of the Apartment Corporation to grant a security interest to an Institutional Secured Party to secure an obligation in any amount. Tenant-Shareholder shall not grant or permit any security interest in this Lease and the shares to which it is appurtenant to any other party without the prior written consent of the Apartment Corporation. Any required consent to or the creation of a security interest shall be subject to such conditions as the Board of Directors may reasonably impose. If requested by the Tenant-Shareholder, the Apartment Corporation will enter into an agreement (commonly known as a "Recognition Agreement") with a Secured Party, provided such Recognition Agreement is on the form approved by the Cooperative Housing Lawyers Group or the form prepared by a special Joint Committee of the New York State Bar Association and the Association of the Bar of the City of New York or a form in substantially such similar tenor of either such form or such other form approved by the counsel to the Apartment Corporation, which approval may not be unreasonably withheld or delayed and shall be given or deemed given for a Recognition Agreement which is substantially similar to other Recognition Agreements previously signed by the Apartment Corporation; provided, further, that the Apartment Corporation reserves the right to impose conditions on signing the Recognition Agreement (not including any condition which conflicts with any other provision of this Lease) such as a reasonable fee for the Apartment Corporation or the Apartment Corporation's managing agent or counsel to review such Recognition Agreement. In addition, if requested, the Apartment Corporation will agree with any Institutional Secured Party that it will notify the Institutional Secured Party of any blanket financing that is superior to the share loan if it would result in an annual increase of more than 10% in a unit's monthly assessments or carrying charges.

5.4.1 Neither a secured party nor any transferee of the secured party shall be entitled to have the shares transferred of record on the books of the Apartment Corporation, nor to vote such shares, nor to occupy or permit the occupancy by others of the Apartment, nor to sell such shares or this Lease, without first complying with all of the provisions of this Lease.

5.4.2 The acceptance by the Apartment Corporation of payments from any secured party or any transferee of the secured party on account of Maintenance charges or

Additional Rent shall not constitute a waiver of the aforesaid provisions, or be construed as consent.

5.5 The Tenant-Shareholder, upon paying the Maintenance and other financial obligations required hereunder and performing the covenants and complying with the conditions on the part of the Tenant-Shareholder to be performed as herein set forth, shall, at all times during the term hereby granted, quietly have, hold and enjoy the Apartment without any suit, trouble or hindrance from the Apartment Corporation, subject, however, to the rights of present tenants or occupants of the Apartment, and subject to the Condominium Documents and any and all mortgages on the Residential Unit.

6 **Defaults.**

6.1 If upon, or at any time after, the happening of any of the events mentioned in subdivisions (a) to (i) inclusive of this Paragraph 6.1, the Apartment Corporation shall give to the Tenant-Shareholder a notice stating that the term hereof will expire on a date at least five days thereafter, the term of this Lease shall expire on the date so fixed in such notice as fully and completely as if it were the date herein definitely fixed for the expiration of the term, and all right, title and interest of the Tenant-Shareholder to occupy the Apartment hereunder shall thereupon wholly cease and expire, and the Tenant-Shareholder shall thereupon quit and surrender the Apartment to the Apartment Corporation, it being the intention of the parties hereto to create hereby a conditional limitation, and thereupon the Apartment Corporation shall have the right to re-enter the Apartment and to remove all persons and personal property therefrom, either by summary dispossess proceedings, or by any suitable action or proceeding at law or in equity, or by lawful force or otherwise, and to repossess the Apartment in its former estate as if this Lease had not been made, and no liability whatsoever shall attach to the Apartment Corporation by reason of the exercise of the right of re-entry, re-possession and removal herein granted and reserved:

(a) If the Tenant-Shareholder shall cease to be the owner of any of the shares allocated to the Apartment, or if this Lease shall pass by operation of law or be assigned to anyone who is not then the owner of all of said shares;

(b) If at any time during the term of this Lease (i) the then holder hereof shall be adjudicated a bankrupt under the laws of the United States; or (ii) a receiver of all of the property of such holder or of this Lease shall be appointed under any provision of the laws of the State of New York, or under any statute of the United States, or any statute of any state of the United States and the order appointing such receiver shall not be vacated within thirty days; or (iii) such holder shall make a general assignment for the benefit of creditors, or (iv) any of the shares owned by such holder to which this Lease is appurtenant shall be duly levied upon under the process of any court whatever unless such levy shall be discharged within thirty days; or (v) this Lease or any of the shares to which it is appurtenant shall pass by operation of law or otherwise to anyone other than the Tenant-Shareholder herein named or a person to whom such Tenant-Shareholder has assigned this Lease in the manner herein permitted, but this subsection (v) shall

not be applicable if this Lease shall devolve upon the executors or administrators of the Tenant-Shareholder and provided that within eight (8) months (which period may be extended by the Board of Directors) after the death said Lease and shares shall have been transferred to any assignee in accordance with Paragraph 5.3 hereof;

(c) If there be an assignment of this Lease, or any occupancy or subletting of the Apartment without full compliance with the requirements of Paragraphs 5.1, 5.2 or 5.3 hereof, or if any person not authorized by Paragraph 5.1 shall use or occupy the Apartment, and the Tenant-Shareholder shall fail to cure any such default within ten days after written notice from the Apartment Corporation;

(d) If the Tenant-Shareholder shall be in default for a period of one month in the payment of any Maintenance charges or Additional Rent or User Charges or of any installment thereof and shall fail to cure such default within ten days after written notice from the Apartment Corporation;

(e) If the Tenant-Shareholder shall be in default in the performance of any covenants or provision hereof, other than the covenant to make any payments specified in sub-Paragraph (d), and such default shall continue for thirty days after written notice from the Apartment Corporation;

(f) If at any time the Apartment Corporation shall determine, upon the affirmative vote of Tenant-Shareholders representing at least two-thirds of the amount of its then issued and outstanding shares, at a Shareholders meeting duly called for their purpose, that because of objectionable conduct on the part of the Tenant-Shareholder, or of a person residing in or visiting the apartment, the tenancy of the Tenant-Shareholder is undesirable. Objectionable conduct shall include (i) conduct on the part of the Tenant-Shareholder, or any person residing in or visiting the Building with the consent of the Tenant-Shareholder, which (A) repeatedly violates or disregards the terms of this Lease or the House Rules established in accordance with the provisions hereof, or (B) permits or tolerates a dangerous condition or dangerous or disruptive person to enter or remain in the Building or the Apartment, or (ii) conduct on the part of the Tenant-Shareholder, or any person residing in the Apartment or regularly visiting the Building with the consent of the Tenant-Shareholder, which constitutes a felony or any crime of violence or threatened violence affecting the Building or any person lawfully in the Building;

(g) If at any time the Apartment Corporation shall determine, upon the affirmative vote of Tenant-Shareholders owning at least 80% in amount of its then issued and outstanding shares, at a Shareholders' meeting duly called for that purpose, to terminate all Leases;

(h) If the Building shall be destroyed or damaged and the Shareholders shall decide not to repair or rebuild as provided in Paragraph 7.1.2 hereof;

6.2.2 If the Apartment Corporation re-lets the Apartment as the agent of or for the account of the Tenant-Shareholder, it shall, after reimbursing itself for its reasonable expenses in connection therewith, including a reasonable amount for professional fees, decorations, alterations and repairs in and to the Apartment, and reserves for unpaid Maintenance, and all costs it incurred which are the responsibility of Tenant-Shareholder pursuant to the terms of this Lease, apply the remaining proceeds of such re-letting to the payment of any and all sums then due from the Tenant-Shareholder to the Apartment Corporation and all sums which would thereafter have become due from the Tenant-Shareholder under the provisions of this Lease if the Apartment Corporation had not so resumed possession, accounting to the Tenant-Shareholder at the expiration of each of the several terms of such re-letting for the surplus, if any. If at any time or from time to time before the expiration of the term originally demised hereunder, there shall be a deficiency between the proceeds of such re-letting and such sums as would have become due hereunder, the Tenant-Shareholder agrees to pay such deficiency upon demand.

6.2.3 The Apartment Corporation may issue a new Lease for the Apartment and issue a new certificate for the shares of the Apartment Corporation owned by the Tenant-Shareholder and allocated to the Apartment when a purchaser therefor is obtained, provided that the issuance of such shares and such lease to such purchaser is authorized by a resolution of the Board of Directors, or by Tenant-Shareholders holding a majority of the shares then in full force and effect. If the Apartment Corporation issues and sells shares for the Apartment and an appurtenant Lease, it may do so at public or private sale, upon such terms as are consistent with the restrictions upon occupancy of apartments set forth in Article 5 hereof. If this Lease and shares are sold at a public auction, the Apartment Corporation may purchase them for its own account. The Apartment Corporation may subject any such sale to the consent of the Board of Directors, which may be withheld for any reason or for no reason, and to such conditions as the Board may choose to impose.

6.2.3.1 The Apartment Corporation shall retain the proceeds received for the issuance of such shares provided that, if the proceeds exceed the Tenant-Shareholder's indebtedness hereunder, which shall include, but not be limited to, all damages, costs of sale, and preparation of the apartment for sale, including interest, attorneys' fees, damages and other expenses incurred by the Apartment Corporation, and all costs it incurred which are the responsibility of the Tenant-Shareholder pursuant to the terms of this Lease, the Apartment Corporation shall pay over any surplus to the Tenant-Shareholder or to a lender for whom there is a recognition in effect, for the benefit of the Tenant-Shareholder, but, if the proceeds are insufficient to cover the Tenant-Shareholder's indebtedness hereunder, the Tenant-Shareholder shall remain liable for the balance of the indebtedness.

6.2.3.2 Upon the issuance of any such new Lease and certificate, the Tenant-Shareholder's liability hereunder shall cease and the Tenant-Shareholder shall only be liable for Maintenance charges, Additional Rent, User Charges, damages and expenses accrued to that time. The Apartment Corporation shall not, however, be obligated to sell such shares and appurtenant Lease or otherwise make any attempt to mitigate damages.

6.3 The Tenant-Shareholder hereby expressly waives any and all right of redemption in case the Tenant-Shareholder shall be dispossessed by judgment or warrant of any court or judge. The words "enter," "re-enter" and "re-entry" as used in this Lease are not restricted to their technical legal meaning.

6.3.1 Upon the termination of the occupancy rights of the Tenant-Shareholder under this Lease pursuant to the provisions of subdivisions (g), (h) and (i) of Paragraph 6.1, or upon the expiration of this Lease, the Tenant-Shareholder shall be and remain liable to pay all Maintenance charges, Additional Rent and User Charges due or accrued and to perform all covenants and agreements of the Tenant-Shareholder up to the date of such termination, and will retain ownership of the shares of the Apartment Corporation, and the rights and obligations of the parties thereafter shall be as set forth in Paragraph 7.2 below.

7. Termination Of Occupancy Rights Other Than By Default.

7.1 Termination of All Leases

7.1.1 No later than the termination of all Leases, for whatever reason, a special meeting of Tenant-Shareholders of the Apartment Corporation shall take place to determine whether (a) to continue to operate the Residential Unit as a cooperative, (b) to operate the Residential Unit as a rental apartment residential unit, (c) to alter, demolish or rebuild the Building or any part thereof, or (d) to sell the Residential Unit and liquidate the assets of the Apartment Corporation. The Board of Directors shall carry out the determination made at said meeting by a majority of Tenant-Shareholders.

7.1.2 If the Building is substantially damaged or destroyed, and if the Board of Directors shall determine either (i) that (A) the cost of repairing the damage or destruction will substantially exceed the insurance proceeds available to the Apartment Corporation, or (B) the destruction or damage was caused by hazards which are not covered under the Apartment Corporation's insurance policies then in effect, and that the assets of the corporation are insufficient to replace or rebuild the Building, or (ii) that the Building is totally destroyed or is so damaged that it cannot be repaired within a reasonable time, and if in either case the Tenant-Shareholders holding two-thirds of the issued and outstanding shares, at a Shareholders' meeting duly called for that purpose held within 60 days after the determination by the Board of Directors, shall vote not to repair, restore or rebuild, then upon the giving of notice pursuant to Paragraph 6.1(g) hereof, this Lease and all other Leases and the rights thereby created, shall thereupon wholly cease and expire.

7.1.3 The Tenant-Shareholder hereby waives any and all rights under Section 227 of the Real Property Law and in no event shall the Tenant-Shareholder have any individual option or right to terminate this Lease, except as expressly provided in Paragraph 7.3.1 hereof.

7.2 Rights Upon Termination

7.2.1 On or before any expiration or termination of this Lease pursuant to Paragraphs 6.1(g)(h) or (i), or Paragraphs 7.1.1, or 7.1.2, the Tenant-Shareholder shall vacate the Apartment and surrender possession thereof to the Apartment Corporation or its assigns, and upon demand of the Apartment Corporation or its assigns, shall execute, acknowledge and deliver to the Apartment Corporation or its assigns any instrument which may reasonably be required to evidence the surrendering of all of the estate and interest of the Tenant-Shareholder in the Apartment, or in the Residential Unit of which it is a part.

7.2.2 The Tenant-Shareholder shall surrender to the Apartment Corporation possession of the Apartment with all additions, improvements, appliances and fixtures then included therein, except as provided in Paragraph 3.3.4 hereof. Any additions, improvements, fixtures or appliances not removed by the Tenant-Shareholder on or before such expiration or termination shall, at the option of the Apartment Corporation, be deemed abandoned and shall become the property of the Apartment Corporation and may be disposed of by the Apartment Corporation without liability or accountability to the Tenant-Shareholder.

7.2.3 The Tenant-Shareholder shall be and remain liable to pay all Maintenance charges, Additional Rent, User Charges and other charges due or accrued and to perform all covenants and agreements of the Tenant-Shareholder up to the date of such termination.

7.2.4 Thereafter, the Tenant-Shareholder shall continue to be liable for the Proportionate Share of the cash requirements of ownership of the Residential Unit, as defined in Paragraph 2.3.1 hereof, until the affairs of the Apartment Corporation are wound up and liquidated. If the Tenant-Shareholder shall, with or without the consent of the Apartment Corporation, remain in possession of the Apartment, the Tenant-Shareholder shall additionally be liable for the use and occupancy of the Apartment, in an amount to be determined by the Board of Directors.

7.2.5 Upon termination or expiration of all Leases, the Tenant-Shareholder shall retain ownership of the shares of the Apartment Corporation, which shall continue its corporate existence until its affairs are wound up and liquidated. All of the holders of the then issued and outstanding shares of the Apartment Corporation shall have such rights as inure to Shareholders of corporations having title to real estate.

7.3 Individual Surrender of All Rights

7.3.1 This Lease may be cancelled by the Tenant-Shareholder on any September 30th after the third anniversary of the consummation of the Offering Statement-Plan of Cooperative Organization pursuant to which Leases were originally issued, upon complying with all the provisions hereinafter set forth. Irrevocable written notice of intention to cancel must be given by the Tenant-Shareholder to the Apartment Corporation on or before April 1 in the

calendar year in which such cancellation is to occur. At the time of the giving of such notice of intention to cancel there must be deposited with the Apartment Corporation by the Tenant-Shareholder:

(i) the Tenant-Shareholder's counterpart of this Lease with a written assignment in form required by the Apartment Corporation, in blank, effective as of August 31 of the year of cancellation, free from all subleases, tenancies, liens, encumbrances and other charges whatsoever;

(ii) the Tenant-Shareholder's certificate for the Tenant-Shareholder's shares of the Apartment Corporation, endorsed in blank for transfer and with all necessary transfer tax stamps affixed and with payment of any transfer taxes due thereon;

(iii) a written statement setting forth in detail those additions, improvements, fixtures or equipment which the Tenant-Shareholder has, under the terms of this Lease, the right and intention to remove.

7.3.2 All additions, improvements, appliances and fixtures which are removable under the terms of this Lease and which are enumerated in the statement made as provided in subdivision (iii) above shall be removed by the Tenant-Shareholder prior to August 31st of the year of cancellation, and on or before said August 31st the Tenant-Shareholder shall deliver possession of the Apartment to the Apartment Corporation in good condition with all required equipment, fixtures and appliances installed and in proper operating condition and free from all subleases and tenancies, liens, encumbrances and other charges and pay to the Apartment Corporation all Maintenance, User Charges, Additional Rent and other charges which shall be payable under this Lease up to and including the following September 30th.

7.3.3 The Apartment Corporation and its agents may show the Apartment to prospective Tenant-Shareholders, contractors and architects at reasonable times after notice of the Tenant-Shareholder's intention to cancel. After August 31st or the earlier vacating of the Apartment, the Apartment Corporation and its agents, employees and Tenant-Shareholders may enter the Apartment, occupy the same and make such alterations and additions therein as the Apartment Corporation may deem necessary or desirable without diminution or abatement of the Rent due hereunder.

7.3.4 If the Tenant-Shareholder is not otherwise in default hereunder and if the Tenant-Shareholder shall have timely compiled with all of the provisions of 7.3.1 and 7.3.2 hereof, then this Lease shall be cancelled and all rights, duties and obligations of the parties hereunder shall cease as of the September 30th fixed in said notice, and the shares of the Apartment Corporation shall become the absolute property of the Apartment Corporation, provided, however, that the Tenant-Shareholder shall not be released from any indebtedness owing to the Apartment Corporation on such date.

7.3.5 If the Tenant-Shareholder shall give the notice but fail to comply with any of the other provisions of this Paragraph, the Apartment Corporation shall have the option at any time prior to September 30th (i) of returning to the Tenant-Shareholder this Lease, the certificate for shares and other documents deposited, and thereupon the Tenant-Shareholder shall be deemed to have withdrawn the notice of intention to cancel this Lease, or (ii) of treating this Lease as cancelled as of the September 30th named in the notice of intention to cancel as the date for the cancellation of such Lease, and bringing such proceeding and actions as it may deem best to enforce the covenants of the Tenant-Shareholder hereinabove contained and to collect from the Tenant-Shareholder the payments which the Tenant-Shareholder is required to make hereunder, together with attorneys' fees and expenses.

7.3.6 If on April 1st in any year the total number of shares owned by Tenant-Shareholders holding Leases, who have given notice pursuant to Paragraph 7.3.1 of intention to cancel such Leases on September 30th of said year, shall aggregate ten percent (10%) or more of the Apartment Corporation's outstanding shares, exclusive of treasury shares, then the Apartment Corporation shall, prior to April 30th in such year, give a written notice to the holders of all issued shares of the Apartment Corporation, stating the total number of shares then outstanding and in its treasury and the total number of shares owned by Tenant-Shareholders holding Leases who have a given notice of intention to cancel. In such case the Tenant-Shareholders to whom such notice shall have been given shall have the right to cancel their Leases in compliance with the provisions of Paragraph 7.1.1 hereof, provided only that written notice of the intention to cancel such Leases shall be given on or before July 1st instead of April 1st.

7.3.7 If Tenant-Shareholders owning at least 80% of the then issued and outstanding shares of the Apartment Corporation shall exercise the option pursuant to Paragraph 7.3 to cancel their Leases in one year, then this and all other Leases shall thereupon terminate on September 30th of the year in which such options shall have been exercised, as though every Tenant-Shareholder had exercised such option. In such event none of the Tenant-Shareholders shall be required to surrender his shares to the Apartment Corporation and all certificates for shares delivered to the Apartment Corporation by those who had, during that year, served notice of intention to cancel their Leases under the provisions hereof, shall be returned to such Tenant-Shareholders.

8 **General Clauses.**

8.1 Every Lease shall be in the form of this Lease, unless a modification of any one or more Leases is approved by Tenant- Shareholders owning at least two-thirds of the shares of the Apartment Corporation then issued and outstanding, and such modified Lease is executed by the Apartment Corporation and Tenant-Shareholders affected, except that the description of the Apartment and the list of appurtenances on page 1 of this Lease may vary, and except that the use and occupancy of the Apartment pursuant to Paragraph 5.1, and the Tenant-Shareholder's responsibility for up keep and repair of the Apartment, and they change alterations, fixtures and equipment and any other obligation of Tenant-Shareholders pursuant to Paragraphs 3.2 and 3.3

may be increased by written agreement between the Tenant-Shareholder and the Apartment Corporation.

8.1.1 The form and provisions of all the Leases then in effect and thereafter to be executed may be changed by the approval of Tenant-Shareholders owning at least seventy-five percent (75%) of the shares of the Apartment Corporation then issued and outstanding, and such changes shall be binding on all Tenant-Shareholders even if they did not vote for such changes, except that the Proportionate Share of Maintenance charges or Cash Requirements payable by any Tenant-Shareholder may not be increased nor may the Tenant-Shareholder's right to cancel this Lease under the conditions set forth in Paragraph 7.3 be eliminated or impaired without the Tenant-Shareholder's express consent. Approval by Tenant-Shareholders as provided for herein shall be evidenced by written consent or by affirmative vote taken at a meeting called for such purpose.

8.1.2 The failure of the Apartment Corporation to insist, in any one or more instances, upon a strict performance of any of the provisions of this Lease, or to exercise any right or option herein contained, or to serve any notice, or to institute any action or proceeding, shall not be construed as a waiver, or a relinquishment for the future, of any such provision, option or right, but such provision, option or right shall continue and remain in full force and effect. The receipt by the Apartment Corporation of Maintenance charges or Additional Rent or User Charges, with knowledge of the breach of any covenant hereof, shall not be deemed a waiver of such breach. No waiver by the Apartment Corporation of any provision hereof shall be deemed to have been made unless in a writing expressly approved by the Board of Directors and signed by an officer.

8.2 The Apartment Corporation shall not be liable for any failure or insufficiency of any service, facility or utility supplied to Tenant-Shareholders by the Apartment Corporation, or service, facility or utility to be supplied by third parties, or for injury or damage to persons or property caused by the elements or by another Tenant-Shareholder or person in the Building, or resulting from steam, gas, electricity, water, rain or snow which may leak or flow from any part of the Building, or from the pipes, appliances or plumbing works of the same, or from any other place, or for interference with light, air, view or other interest of the Tenant-Shareholder, except to the extent that the Apartment Corporation is required by law to be liable for its negligence.

8.2.1 No abatement of Maintenance or other compensation or claim of eviction shall be made or allowed because of any condition or event specified in Paragraph 8.2, or because of the making or failure to make or delay in making any repairs, alterations or decorations to the Building, or any fixtures or appurtenances therein, or for interruption or curtailment of any service agreed to be furnished by the Apartment Corporation, due to accidents, alterations or repairs, or due to difficulty or delay in securing supplies or labor, or causes beyond the Apartment Corporation's control, or for any use of a terrace, balcony or appurtenant roof area by the Apartment Corporation which is authorized by this Lease, except to the extent that the Apartment Corporation is required by law to be liable for its negligence. In no

event whatsoever shall any abatement be made for damage or inconvenience suffered in common by all Tenant-Shareholders, and in no event shall any abatement be made for any portion of the Maintenance charges or Additional Rent paid to cover ownership expenses of the Apartment Corporation pursuant to Paragraph 2.3.1 hereof.

8.2.2 The Tenant-Shareholder agrees to save the Apartment Corporation harmless from all liability, loss, damage and expense arising from injury, to person or property occasioned by the failure of the Tenant-Shareholder to comply with any provision hereof, or due wholly or in part to any act, default or omission of the Tenant-Shareholder or of any person dwelling or visiting in the apartment, or by the Apartment Corporation, its agents, employees or contractors when acting as agent for the Tenant-Shareholder as in this Lease provided.

8.2.3 Paragraph 8.2.2 shall not apply to any loss or damage when the Apartment Corporation is covered by insurance which provides for waiver of subrogation against the Tenant-Shareholder. To the extent that any loss or damage is covered by the Apartment Corporation by any insurance policies which contain such waiver of subrogation, the Apartment Corporation releases the Tenant-Shareholder from any liability with respect to such loss or damage except for damage caused by intentional acts of the Tenant-Shareholder and/ or the occupants of the Apartment. In the event that the Tenant-Shareholder suffers loss or damage for which the Apartment Corporation would be liable, and Tenant-Shareholder carries insurance which covers such loss or damage and such insurance policy or policies shall contain or permit a waiver of subrogation against the Apartment Corporation, then in such event Tenant-Shareholder releases Apartment Corporation from any liability with respect to such loss or damage.

8.2.4 In case a notice of mechanic's lien against the Residential Unit shall be filed purporting to be for labor or material furnished or delivered at the Building or the Apartment to or for the Tenant-Shareholder, or anyone claiming under the Tenant-Shareholder, the Tenant-Shareholder shall forthwith cause such lien to be discharged by payment, bonding or otherwise. If the Tenant-Shareholder shall fail to do so within ten days after notice from the Apartment Corporation, then the Apartment Corporation may, in addition to its other rights and remedies hereunder, cause such lien to be discharged by payment, bonding or otherwise, without investigation as to the validity thereof or of any offsets or defenses thereto, and shall have the right to collect, as Additional Rent, all amounts so paid and all costs and expenses paid or incurred in connection therewith, including reasonable attorneys' fees and disbursements, together with interest thereon from the time or times of payment.

8.3 The leasehold interest created by this Lease is and shall be subject and subordinate to all present and future ground or underlying leases, the Condominium Documents, the HDC Regulatory Agreement, the HPD Regulatory Agreement, and to any mortgages now or hereafter liens on the Residential Unit and to any replacements thereof. This clause shall be self-operative and no further instrument of subordination shall be required. In confirmation of such subordination the Tenant-Shareholder shall at any time, and from time to time, on demand, execute any instruments that may be required by any mortgagee, or by the Apartment

Corporation, for the purpose of more formally subjecting the leasehold interest created by this Lease to the lien of any such mortgage or mortgages or ground or underlying leases, and the duly elected officers of the Apartment Corporation are and each of them is hereby irrevocably appointed the attorney-in-fact and agent of the Tenant-Shareholder to execute the same upon such demand, and the Tenant-Shareholder hereby ratifies any such instrument hereafter executed by virtue of the power of attorney hereby given.

8.3.1 Notwithstanding anything contained in this Lease, if any action shall be instituted to foreclose any mortgage on the Residential Unit, the Tenant-Shareholder shall, on demand, pay to the receiver of the rents appointed in such action rent, if any, owing hereunder on the date of such appointment and shall pay thereafter to such receiver in advance, on the first day of each month during the pendency of such action, as Rent hereunder, the Rent for the Apartment as last determined and established by the Board of Directors prior to the commencement of said action, and such Rent shall be paid during the period of such receivership, whether or not the Board of Directors shall have determined and established the Rent payable hereunder for any part of the period during which such receivership may continue. The provisions of this Paragraph are intended for the benefit of present and future mortgagees of the Residential Unit and may not be modified or annulled without the prior written consent of any such mortgage holder.

8.3.2 Nothing herein shall prevent the Apartment Corporation from assessing Tenant-Shareholders, during the pendency of any receivership, for the costs of continuing operations of the Apartment Corporation .

8.4 Any notice by or demand from either party to the other shall be duly given only if in writing and

(i) sent by certified mail, return receipt requested; or
(ii) sent by overnight courier service; or
(iii) personally delivered.

8.4.1 Notice by the Tenant-Shareholder shall be addressed to the Apartment Corporation at the Building to the attention of the President, and if personally delivered must be delivered to the President or the Secretary, and a copy shall be sent to the managing agent. Notice by the Apartment Corporation shall be addressed to the Tenant-Shareholder at the Building, and if personally delivered must be delivered to the Tenant-Shareholder or any adult permitted occupant of the Apartment (see Paragraph 5.1).

8.4.2 Either party may, by notice served in accordance herewith, designate a different address for service of such notice or demand. Notices or demands shall be deemed given on the date when mailed, delivered to the courier service, or personally delivered, whichever is first.

8.4.3 Either party may, by notice served in accordance with Paragraph 8.4, request service of notices by telefax or electronic mail, which notice shall include the telefax or electronic mail address, and any notice may be given thereafter by such means, provided that service of any notice thereafter may be made pursuant to Paragraph 8.4 hereof at the option of the party giving the notice.

8.4.4 If more than one person is named as Tenant-Shareholder hereunder, the Apartment Corporation may require the signatures of all such persons in connection with any notice to be given or action to be taken by the Tenant-Shareholder hereunder, including, without limiting the generality of the foregoing, the surrender or assignment of this Lease, or any request for consent to assignment or subletting.

8.4.5 Any notice by the Apartment Corporation to any person named as Tenant-Shareholder shall be sufficient, and shall have the same force and effect, as though given to all persons named as Tenant-Shareholder

8.5 The references herein to the Apartment Corporation shall be deemed to include its successors and assigns, and the references herein to the Tenant-Shareholder shall be deemed to include the executors, administrators, legal representatives, legatees, distributees and assigns of the Tenant-Shareholder. The covenants herein contained shall apply to, bind and inure to the benefit of the Apartment Corporation and its successors and assigns, and the Tenant-Shareholder and the executors, administrators, legal representatives, legatees, distributees and assigns of the Tenant-Shareholder, except as may be expressly otherwise provided in this Lease. Each person named as Tenant-Shareholder for the Apartment shall be jointly and severally liable for all of the obligations hereunder of all Tenant-Shareholders for the Apartment.

8.5.1 To the extent permitted by law, the respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the Tenant-Shareholder's use or occupancy of the Apartment, or any claim of damage resulting from any act or omission of the parties in any way connected with this Lease or the Apartment, not required to be arbitrated pursuant to Paragraph 8.5.3 hereof.

8.5.2 In the event of a breach or threatened breach by Tenant-Shareholder of any provision hereof, the Apartment Corporation shall have the right of injunction and the right to invoke any remedy at law or in equity, as if re-entry, summary proceedings and other remedies were not herein provided for, and the election of one or more remedies shall not preclude the Apartment Corporation from any other remedy, including mediation or arbitration as provided in Paragraph 8.5.3 hereof

8.5.3 Any and all disputes arising out of the meaning, intent, or interpretation of any portion of this Lease, and any claims by the Tenant-Shareholder against the Apartment Corporation shall, at the election of the Board of Directors of the Apartment Corporation, be

submitted to either mediation or arbitration. Any dispute or claim by a Tenant-Shareholder against any other Tenant-Shareholder arising out of the ownership and use of the Apartment, or the breach of a Lease, or the House Rules, shall be submitted to mediation or arbitration. Nothing herein shall prevent the Apartment Corporation from bringing an action in a court having jurisdiction (i) to collect arrears in Maintenance charges, User Charges or Additional Rent, or (ii) to evict the Tenant-Shareholder and/or to obtain possession of the Apartment.

8.5.4 If any clause or provision herein contained shall be adjudged invalid, the same shall not affect the validity of any other or provision of this Lease, or constitute any cause of action in favor of either party as against the other.

8.5.5 The marginal headings of the several Paragraphs of this lease shall not be deemed a part of this Lease. References to the masculine gender shall be deemed to include the feminine gender, and vice versa, and to the singular shall be deemed to include the plural, and vice versa, when the context so requires.

8.5.6 The provisions of this Lease cannot be changed orally.

8.6 Unsold Shares

The term "Unsold Shares" means and has exclusive reference to the shares of the Apartment Corporation which are held by Sponsor or persons designated in writing by Sponsor to be holders of Unsold Shares. All shares which are Unsold Shares retain their character as such when held by a transferee who is designated as successor holder, and for whom Sponsor is responsible for all guarantees and other obligations pursuant to the Offering Plan, until such shares become the property of a Purchaser (as defined in the Offering Plan) of the Apartment to which such shares are allocated.

8.6.1 Without the consent of the Tenant-Shareholder who is the holder of the Unsold Shares appurtenant to this Lease, no change in the form, terms or conditions of this Lease, as permitted by Paragraph 8.1.1, shall (1) affect the rights of such Tenant-Shareholder to sublet the Apartment or to assign this Lease, as provided in this Lease, or (2) eliminate or modify any rights, privileges or obligations of such Tenant-Shareholder.

8.6.2 In addition, the holders of Unsold Shares shall have additional rights as follows:

(a) each Holder of Unsold Shares shall have the right to sublet the Apartment(s) relating to such Unsold Shares ("Unsold Apartment(s)") and to sell such Unsold Shares and transfer the appurtenant Proprietary Lease to any Person (as defined in the Offering Plan) without being subject to any right of first refusal with respect to any such subletting, sale or transfer;

(b) the Apartment Corporation shall not prevent, unreasonably impede, or interfere with the sale of any block of Unsold Shares or the subletting of an Unsold Apartment. To this end, prospective

Purchasers of Unsold Shares, prospective subtenants of Unsold Apartments and sales and rental personnel shall be given access to the public areas of the Building, including (without limitation) lobbies, elevators and hallways, for purposes of ingress and egress, without being subject to any charge or fee therefor;

(c) each Holder of Unsold Shares shall have the right to (i) use one or more such Holder's Apartments as models or offices (or both) in connection with the sale or subletting of such Apartments and (ii) display "For Sale" and "For Rent" signs and similar promotional signs and material on or about the exterior of the Building, the lobby of the Building and exterior of the door of such Apartments;

(d) no charge fee or "flip tax" may be imposed on any Holder of Unsold Shares in connection with any sale, transfer or sublet of an Apartment;

(e) upon request of a Holder of Unsold Shares, the Apartment Corporation shall enter into a Recognition Agreement with the Holder of Unsold Shares (if such Holder shall agree to finance the sale of such Shares to a Purchaser) or a lender designated by the Holder of Unsold Shares (if such Holder procures financing in connection with its ownership of any such Shares or if a Purchaser of such Shares procures financing from a third party). The Recognition Agreement may contain such additional or different provisions as such Holder of Unsold Shares or lender, as the case may be, may request, and the Apartment Corporation shall execute and deliver same to the Holder or lender provided only that such additional or different provisions are approved by counsel to the Apartment Corporation (which approval may not be unreasonably withheld or delayed and shall be given or deemed given if same are of substantially similar tenor to other Recognition Agreements previously signed by the Apartment Corporation). All costs and expenses incurred by the Apartment Corporation in connection with such Recognition Agreement shall be borne entirely by the Apartment Corporation and no charge for the same may be assessed to the Holder of Unsold Shares or the individual acquiring the Proprietary Lease and the appurtenant Shares from the Holder of Unsold Shares, or the lender;

(f) each holder of Unsold Shares shall have the right to change the number, size and/or layout of his or her Apartment, to combine his or her Apartments, to divide his or her Apartments, and to reallocate Shares in connection therewith, without obtaining the consent of the Apartment Corporation or its Shareholders and without payment of any fee or charge. However, any reallocation of Shares must meet the reasonable relationship test set forth in the Bylaws. Such changes may be made provided that (i) the approvals of all governmental authorities having jurisdiction are first obtained, if any such approval is required by law, (ii) the changes do not prevent ingress or egress to exits, elevators, or other apartments and (iii) the other requirements and restrictions set forth in "Changes in Prices and Apartments" in the Offering Plan are met. In the event of a dispute, the same will be decided by a recognized real estate expert selected by the holder of Unsold Shares or (if none is selected) by the then managing agent, whose determination shall be conclusive and binding. In no event shall the total number of issued and outstanding Shares be changed as a result of such reallocation;

(g) no Holder of Unsold Shares shall have the right to cancel a Proprietary Lease pursuant to the so-called "escape clause" (Section 7.3) unless (a) owners of a majority of all outstanding Shares (other than the Unsold Shares) have elected to cancel their Proprietary Lease or (b) the Unsold Shares constitute fifteen percent or less of the outstanding Shares, at least five years have elapsed since the Commencement Date and, on the effective date of cancellation, the Holder of Unsold Shares pays to the Apartment Corporation a sum equal to the product of the then current monthly Maintenance Charge for the Shares being surrendered multiplied by 24;

(h) so long as there are any Unsold Shares outstanding, no amendment, alteration, repeal, or addition to the Certificate of Incorporation, Bylaws, Proprietary Lease, or House Rules shall be made that would, directly or indirectly, abridge or otherwise have an adverse effect on the rights, privileges, obligations, or interests of any Holder of Unsold Shares, unless all Holders of Unsold Shares shall consent thereto in writing;

(i) all Holders of Unsold Shares shall collectively vote their Unsold Shares for not more than a bare majority of the directors to be elected while the Unsold Shares constitute, in the aggregate, a majority of the outstanding Shares; and

(j) the directors elected by the Holders of Unsold Shares can be removed only for cause by vote of a majority of the Shareholders or without cause by the holders of Unsold Shares; any vacancy on the board by a director elected by a Holder or Holders of Unsold Shares, whether arising from resignation, removal, death, or otherwise, shall be filled only by such Holder or Holders of Unsold Shares;

(k) so long as a majority of the Board of Directors consists of the Holders of Unsold Shares or persons elected by them, such directors elected by the Holders of Unsold Shares will not vote against payment of the expenses described in Schedule B of the Offering Plan or required to comply with applicable laws or regulations, remedy any notice of violations or to remedy a work order by an insurer, or to make capital repairs.

9 Repayment of Unit Debt

9.01 An assignment of this Lease by Tenant-Shareholder and transfer of the appurtenant shares is subject to the repayment of Unit Debt provisions of the second mortgage encumbering the Residential Unit and held by the Department of Housing Preservation and Development of The City of New York (the "HPD Mortgage"), for so long as the HPD Mortgage remains in effect. These provisions require that on a resale (or refinancing), the unpaid portion of the Unit Debt (as defined herein) allocated to the apartment becomes due and payable to the extent of 100% of Resale Profits or Refinancing Profits (as defined herein) if the sale or refinancing occurs during the first three (3) years following the date the Residential Unit was conveyed to the Apartment Corporation or (ii) 50% of Resale Profits or Refinancing Profits if the sale or refinancing occurs thereafter. If a portion of the Unit Debt remains after a sale (or refinancing), that portion will remain a lien on the apartment until it is subsequently paid off or until the maturity date of the HPD Mortgage, whichever first occurs. All remaining Unit Debt becomes

due and payable on the maturity date of the HPD Mortgage. The Apartment Corporation will have the obligation of collecting payments from the Tenant-Shareholder and remitting them to HPD.

"Unit Debt" is the portion of the HPD Mortgage allocated to each apartment, reduced by (i) ½5 of the initial amount for each full year during which the Tenant-Shareholder occupies the apartment as his or her primary residence, and (ii) prior payments of Resale Profits or Refinancing Profits in connection with such apartment.

"Resale Profits" shall mean the amount by which the Total Consideration (as defined below) that the Tenant-Shareholder receives on the assignment of the lease and transfer of the shares exceeds the original cash purchase price the Tenant-Shareholder paid when acquiring the apartment (i.e., excluding the proportionate share of the underlying mortgages on the Residential Unit allocable to the apartment), minus the following: the reasonable costs incurred by the Tenant-Shareholder in purchasing the apartment and the reasonable costs incurred by the Tenant-Shareholder in selling the apartment to a purchaser, in each case, including reasonable attorneys, fees and disbursements, reasonable brokerage fees, title search and title policy fees, reasonable processing fees of HPD, transfer and stamp taxes, usual and reasonable fees and expenses in connection with financing or satisfying a coop share loan, including, without limitation, credit report fees, legal fees, points, etc.

"Refinancing Profits" shall mean the amount by which the increased debt resulting from a new loan obtained by the Tenant-Shareholder, for which the Tenant-Shareholder has pledged the shares and delivered the stock certificate for the apartment pursuant to a security agreement, exceeds the amount paid by the Tenant-Shareholder in purchasing the apartment.

"Total Consideration" shall mean the cash and noncash consideration which a Tenant-Shareholder receives for the assignment of lease and transfer of shares, including cash, real property and personal property, but not including the proportionate share of any underlying mortgages on the Residential Unit.

For so long as any portion of the Unit Debt remains outstanding for an Apartment, all transfers of shares and assignments of lease with respect to that Apartment shall be subject to the prior written consent of HPD.

10 HDC Regulatory Agreement

(a) The New York City Housing Development Corporation Regulatory Agreement (the "HDC Regulatory Agreement") among the Apartment Corporation, NYC Partnership Housing Development Fund Company, Inc. and New York City Housing Development Corporation ("HDC"), a copy of which is annexed to the Apartment Corporation's By-Laws and made a part thereof shall remain in effect, for so long as the HDC Mortgage encumbers the Residential Unit, resales of shares and assignments of leases by Tenant-Shareholders and subleases are subject to the primary residency requirements and the income restrictions as set forth in the Regulatory

Agreement. For so long as the HDC Regulatory Agreement remains in effect, assignments of leases and transfers of shares appurtenant to all other apartments in the Residential Unit may be made only with prior consent of HDC and only to purchasers whose aggregate Annual Household Income fits within the limits described in the Regulatory Agreement. A Tenant-Shareholder who satisfies the applicable income limitation requirements on the date the lease is assigned and the shares are transferred to him or her shall be entitled to remain in occupancy of the apartment notwithstanding an increase in such Tenant-Shareholder's aggregate Annual Household Income after initial occupancy.

(b) The procedure a Tenant-Shareholder must take for the assignment of a lease and transfer of appurtenant shares relating to an apartment subject to income restrictions, once the Board of Directors has elected not to exercise the right of first refusal, is as follows:

(i) Not more than 14 days prior to execution of a contract by a prospective purchaser, the selling Tenant-Shareholder (or the Apartment Corporation on direct sales by it) must (x) require the prospective purchaser to complete and execute a Purchaser's Affidavit and a Purchaser Income Eligibility Worksheet (part of the Purchaser Eligibility Documents, forms of which may be obtained from the managing agent), (y) complete and execute a Seller's Affidavit (a form of which also is part of the Purchaser Eligibility Documents) and (z) arrange for all completed and executed Purchaser Eligibility Documents to be submitted to the Apartment Corporation.

(ii) The Apartment Corporation, by its managing agent, must review all the Purchaser Eligibility Documents to ascertain that (i) the prospective purchaser's income has been calculated consistently with the standards for determination of income under Section 7 of the United States Housing Act, as amended, as required by the HDC Regulatory Agreement, and (ii) the prospective purchaser is eligible to purchase in accordance with the income limitations required by the HDC Regulatory Agreement, which limitations are summarized above. A prospective purchaser whose aggregate Annual Household Income exceeds the income limitations included in Section 7 of the HDC Regulatory Agreement or whose aggregate Annual Household Income is insufficient or whose annual household debt is excessive, according to the HDC Regulatory Agreement, will be rejected.

(iii) If the prospective purchaser appears to satisfy the eligibility requirements of the HDC Regulatory Agreement and any additional requirements of the Apartment Corporation, the Apartment Corporation by its managing agent shall forward the completed Purchaser Eligibility Documents for the prospective purchaser and the contract of sale to HDC for review.

(iv) If HDC approves a prospective purchaser, the Apartment Corporation shall require that the prospective purchaser execute the Reaffirmation included in the Purchaser Eligibility Documents and same shall he forwarded by the Apartment Corporation to HDC no later than five (5) days prior to the anticipated closing, if the closing date is more than six (6) months after the prospective purchaser executed the Purchaser's Affidavit. Changed information must be disclosed, and if any changed information appears, no closing may occur until HDC re-approves

the prospective purchaser. If HDC does not re-approve the prospective purchaser, the sale may not be consummated.

11 HPD Regulatory Agreement

The primary residency requirements contained in the HDC Regulatory Agreement are also contained in the regulatory agreement of the Department of Housing Preservation and Development of the City of New York (the "HPD Regulatory Agreement"), dated June 15, 2005, between NYC Partnership Housing Development Fund Company, Inc. and The City of New York, which will remain in effect for a period of twenty-five (25) years from the date the Residential Unit was conveyed to the Apartment Corporation.

12 AHC Debt

An assignment of this Lease by Tenant-Shareholder and transfer of the appurtenant shares is subject to the repayment of the provisions of the third mortgage encumbering the Residential Unit and held by the New York State Affordable Housing Corporation (the "AHC Mortgage"), for so long as the AHC Mortgage remains in effect. These provisions require that on a resale of the apartment, the unpaid portion of the debt allocated to the apartment becomes due and payable.

IN WITNESS WHEREOF, the parties have executed this Lease.

SUTTON APARTMENTS CORPORATION

By_____
President

TENANT-SHAREHOLDER

_____

_____

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the ____ day of _____, in the year ____, before me, the undersigned, a notary public in and for said state, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the ____ day of _____, in the year ____, before me, the undersigned, a notary public in and for said state, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the ____ day of _____, in the year ____, before me, the undersigned, a notary public in and for said state, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

HOUSE RULES

(1) The public halls and stairways of the Building shall not be obstructed or used for any purpose other than ingress to and egress from the Apartments in the Building.

(2) Children shall not play in the public halls, courts, stairways, fire towers or elevators and shall not be permitted on the roof unless accompanied by a responsible adult.

(3) No public hall of the Building shall be decorated or furnished by any Tenant-Shareholder in any manner without the prior consent of all of the Tenant-Shareholders to whose Apartments such hall serves as a means of ingress and egress; in the event of disagreement among such Tenant-Shareholders, the Board of Directors shall decide.

(4) No Tenant-Shareholder shall make or permit any disturbing noises in the Building or do or permit anything to be done therein which will interfere with the rights, comfort or convenience of other Tenant-Shareholders. No Tenant-Shareholder shall play upon or suffer to be played upon any musical instrument or permit to be operated a phonograph or a radio or television loud speaker in such Tenant-Shareholder's Apartment between the hours of eleven o'clock p.m. and the following eight o'clock a.m. if the same shall disturb or annoy other occupants of the Building. No construction or repair work or other installation involving noise shall be conducted in any Apartment except on weekdays (not legal holidays) and only between the hours of 8:30 a.m. and 5:00 p.m.

(5) No article shall be placed in the halls or on the staircase landings or fire towers, nor shall anything be hung or shaken from the doors, windows, or roofs or placed upon the window sills of the Building.

(6) No awnings, window air-conditioning units or ventilators shall be used in or about the Building except such as shall have been expressly approved by the Apartment Corporation or the managing agent, nor shall anything be projected out of any window of the Building without similar approval.

(7) No sign, notice, advertisement or illumination shall be inscribed or exposed on or at any window or other part of the Building, except such as shall have been approved in writing by the Apartment Corporation or the managing agent.

(8) No velocipedes, bicycles, scooters or similar vehicles or baby carriages shall be allowed to stand in the public halls, passageways, areas or courts of the Building.

(9) Trunks and heavy baggage shall be taken in or out of the Building through the service entrance.

(10) Garbage and refuse from the apartments shall be disposed of only at such times and in such manner as the superintendent or the managing agent of the Building may direct.

(11) Water closets and other water apparatus in the Building shall not be used for any purposes other than those for which they were constructed, nor shall any sweepings, rubbish, rags or any other article be thrown into the water closets. The cost of repairing any damage resulting from misuse of any water closets or other apparatus shall be paid for by the Tenant-Shareholder in whose Apartment it shall have been caused.

(12) No Tenant-Shareholder shall send any employee of the Apartment Corporation out of the Building on any private business of a Tenant-Shareholder.

(13) Except for cats and dogs, no bird or animal shall be kept or harbored in the Building unless the same in each instance is expressly permitted in writing by the Apartment Corporation; such permission shall be revocable by the Apartment Corporation. In no event shall dogs be permitted on elevators or in any of the public portions of the Building unless carried or on leash. No pigeons or other birds or animals shall be fed from the window sills, roofs or in the yard, court spaces or other public portions of the Building, or on the sidewalks or street adjacent to the Building.

(14) No radio or television aerial shall be attached to or hung from the exterior of the Building without the prior written approval of the Apartment Corporation or the managing agent.

(15) No vehicle belonging to a Tenant-Shareholder or to a member of the family or guest, subtenant or employee of a Tenant-Shareholder shall be parked in such manner as to impede or prevent ready access to any entrance of the Building by another vehicle.

(16) The Tenant-Shareholder shall use the available laundry facilities only upon such days and during such hours as may be designated by the Apartment Corporation or the managing agent.

(17) The Apartment Corporation shall have the right from time to time to curtail or relocate any space devoted to storage or laundry purposes.

(18) Unless expressly authorized by the Board of Directors in each case, the floors of each Apartment must be covered with rugs or carpeting or equally effective noise-reducing material, to the extent of at least eighty (80%) percent of the floor area of each room, excepting only kitchens, pantries, bathrooms, maid's rooms, closets and foyer.

(19) No group tour or exhibition of any Apartment or its contents shall be conducted, nor shall any auction sale be held in any Apartment without the consent of the Apartment Corporation or its managing agent.

(20) The Tenant-Shareholder shall keep the windows of the Apartment clean. In case of refusal or neglect of the Tenant-Shareholder during ten (10) days after notice in writing from the Apartment Corporation or the managing agent to clean the windows, such cleaning may be done by the Apartment Corporation, which shall have the right, by its officers or authorized agents, to enter the Apartment for the purpose and to charge the cost of such cleaning to the Tenant-Shareholder.

(21) Complaints regarding the service of the Building shall be made in writing to the managing agent of the Apartment Corporation.

(22) Any consent or approval given under these House Rules by the Apartment Corporation shall be revocable at any time.

(23) No Tenant-Shareholder shall install any planting, planter, flowerpot or container of any type on the roof, roof terrace or balcony without the prior written approval of the Apartment Corporation. Plants shall be contained in boxes of wood lined with metal or other material impervious to dampness and standing on supports at least two inches from the terrace, balcony or roof surface, and if adjoining a wall, at least three inches from such wall. Suitable weep holes will be provided in the boxes to draw off water. In special locations, such as a corner abutting a parapet wall, plants may be contained in masonry or hollow tile walls which will be at least three inches from the parapet and flashing, with the floor of drainage tiles and suitable weep holes at the sides to draw off water. It will be the responsibility of the Tenant-Shareholder to maintain the containers in good condition, and the drainage tiles and weep holes in operating condition. Terraces and balconies shall at all times be kept in neat and clean order consistent with the first class quality of the Building and shall not be used for the storage of personal or any other item. No carpeting, furniture, or other articles may be placed on the roof, roof terrace or balcony that may impede the flow of water to the drain. It is the Tenant-Shareholder's sole responsibility to at all times keep the terrace and balcony drains free and clear of any leaves or other debris. Tenant-Shareholder shall be obligated to pay for any water damage to the Building resulting from such Tenant-Shareholder's failure to comply with this rule.

(24) The agents of the Apartment Corporation, and any contractor or workman authorized by the Apartment Corporation, may enter any Apartment and Outdoor Space at any reasonable hour of the day for the purpose of inspecting such Apartment and Outdoor Space, to ascertain whether measures are necessary or desirable to control or exterminate any vermin, insects or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pests. If the Apartment Corporation takes measures to control or exterminate carpet beetles, the cost thereof shall be payable by the Tenant-Shareholder, as additional rent.

(25) No sheet or other makeshift window treatment or covering shall be hung covering windows or otherwise visible from the exterior of the Building.

(26) These House Rules may be added to, amended or repealed at any time by resolution of the Board of Directors of the Apartment Corporation.

(27) No barbecuing, smoking, or other cooking is permitted on any outdoor portion of the Building, including roofs, terraces, or balconies.

EXHIBIT C

BY-LAWS OF SUTTON APARTMENTS CORPORATION

BY-LAWS

OF

SUTTON APARTMENTS CORPORATION

ARTICLE I

Meetings of Shareholders

Section 1. Annual Meeting: Within thirty (30) days after the closing (the "Closing Date") under the Cooperative Offering Plan (the "Plan") with respect to the residential unit of The Sutton Condominium, located at 102 Bradhurst Avenue, New York, New York 10039 (the "Property" or the "Residential Unit"), promulgated by Bradhurst 100 Development LLC (the "Sponsor"), the first annual meeting of the Shareholders of this corporation shall be held for the election of Directors and for such other business as may properly come before such meeting. Subsequent annual meetings shall be held on or about the anniversary of such date each succeeding year. Such meetings shall be held in the City and County of New York at the office of the corporation or at such other suitable place convenient to the Shareholders as may be designated in the notice of the meeting.

Section 2. Special Meetings: Special meetings of Shareholders, other than those the calling of which is regulated by statute, may be called at any time by the President or Secretary or by a majority of the Board of Directors. It shall also be the duty of the Secretary to call such meetings whenever requested in writing so to do by Shareholders of record owning at least twenty-five (25%) percent of the outstanding shares of the corporation. No business other than that stated in such notice shall be transacted at such special meeting unless the holders of all the outstanding shares of the corporation are present thereat in person or by proxy.

Section 3. Notice of Meetings: Notices of all meetings shall be in writing and signed by the President, Vice President or the Secretary. Such notice shall state the time, place and purpose of the meeting. The Secretary shall cause a copy thereof to be delivered personally or mailed to each Shareholder of record of the corporation entitled to vote at such meeting not less than ten (10) nor more than thirty (30) days before the meeting. It mailed, it shall be directed to each such Shareholder at his or her address as it appears on the record of Shareholders, which shall be the address of the apartment covered by the proprietary lease to which his shares are appurtenant, unless a written request shall have been filed by him or her with the Secretary that notice be mailed to some other address, in which case it shall be mailed to the address designated in such request.

Section 4. Waiver of Notices: The notice provided for in the foregoing section is not indispensable, and any Shareholders' meeting shall be deemed validly called for all purposes if all of the outstanding shares of the corporation are represented thereat in person or by proxy, or if a quorum is present as provided in the next succeeding section, and waivers of notice of the time, place and purpose of such meeting may be duly executed in writing either before or after said meeting by such Shareholders as are not so represented and were not given such notice. Attendance of any Shareholder at a meeting, in person or by proxy, shall constitute a waiver of notice by him of the time and place thereof.

Section 5. Quorum: At all meetings of Shareholders, except where otherwise provided by law, the Certificate of Incorporation or by these By-Laws, Shareholders representing, in person or by proxy, a majority of the shares entitled to vote thereat shall constitute a quorum. In case a quorum shall not be present at any meeting, the holders of a majority of the shares represented may adjourn the meeting to some future time and place. No notice of the time and place of the adjourned meeting need be given other than by announcement at the meeting. only those Shareholders who, if present at the original meeting, would have been entitled to vote thereat, shall be entitled to vote at any such adjourned meeting.

Section 6. Voting: Except where otherwise provided by law or elsewhere in these By-Laws or in the Certificate of Incorporation of the corporation, the affirmative vote of a majority of the shares represented at a meeting where a quorum is present shall constitute the act of the Shareholders. At each meeting of Shareholders, each Shareholder present in person or by proxy shall be entitled to one vote for each share registered in his name (except as provided in Article II for the election or removal of Directors) on the record date, which shall be not more than thirty (30) days nor less than ten (10) days before such meeting, and which shall be the date fixed by the Board of Directors as the date for determining which Shareholders of record are entitled to notice of and to vote at such meeting. Proxies shall be in writing duly signed by the Shareholder but need not be acknowledged or witnessed, and the person named as proxy by any Shareholder need not himself be a Shareholder of the corporation. Proxies shall be filed with the Secretary at or prior to the time of the meeting. Voting by Shareholders shall be vica voce unless any Shareholder present at the meeting, in person or by proxy, demands a vote by written ballot, in which case the voting shall be by ballot, and each ballot shall state the name of the Shareholder voting and the number of shares owned by him, and in addition, the name of the proxy of such ballot if cast by a proxy.

Section 7. Consent of Shareholders: Whenever the Shareholders are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken and signed by the holders of all outstanding shares entitled to vote thereon.

Section 8. Inspectors of Election: Inspectors of election shall not be required to be appointed at any meeting of Shareholders unless requested by a Shareholder present in person or by proxy and entitled to vote at such meeting. On the making of such request, two (2) inspectors shall be appointed by the Chairman of the meeting. No Director or candidate for Director shall be eligible to appointment as inspector. Before entering upon the discharge of their duties, the inspectors appointed to act at any meeting of the Shareholders shall be sworn faithfully to execute the duties of inspectors at such meeting with strict impartiality, and according to the best of their ability, and the oath so taken shall be subscribed by them and immediately filed with the Secretary of the corporation with a certificate of the result of the vote taken at such meeting. If there are not two (2) inspectors present, ready and willing to act, the required number of temporary inspectors to make up such number shall be appointed by the Chairman of the meeting.

Section 9. Order of Business: At each meeting of Shareholders, the President, or in his absence a Vice President, shall act as Chairman of the meeting. The Secretary, or in his absence such person as may be appointed by the Chairman, shall act as Secretary of the meeting. So far as consistent with the purpose of the meeting, the order of business shall be as follows:

1. Call to order.
2. Presentation of proof of due calling of the meeting.
3. Roll call and presentation and examination of proxies.
4. Reading of minutes of previous meeting or meetings.
5. Reports of Officers and committees.
6. Appointment or election of inspectors of election, if requested.
7. If the annual meeting or a special meeting called for that purpose, the election of Directors.
8. Unfinished business.
9. New business.
10. Adjournment.

ARTICLE II

Directors

Section 1. Number: The number of the Directors of the corporation shall be not less than three (3) nor more than seven (7), as may from time to time be herein provided. Until changed by amendment of this By-Law provision, as hereinafter provided, the number of Directors shall be three (3) until control of the corporation is turned over to the Shareholders, and seven (7) thereafter. The number of Directors shall not be decreased to a number less than the number of Directors then in office except at an annual meeting of Shareholders, or at a special meeting held after a vacancy in the Board.

Section 2. Election and Qualification: The Directors shall be elected at the annual meeting of Shareholders, or at a special meeting called for that purpose, as provided by law, by a plurality of votes cast at such meeting. In voting for the election of Directors, each Shareholder shall be entitled to vote the number of shares owned by him for each of the openings in the Board to be filled at such meeting. For example, if there are three Directors to be elected from a total of six

nominees and a Shareholder owns 400 shares of the corporation, he may vote 400 shares for each of three candidates. He may not, however, accumulate his shares and vote 1200 for one candidate. The term of office of Directors shall be until the next annual meeting, or until their respective successors are elected and qualify. It shall not be necessary for a Director of this corporation to be a Shareholder. However, except where Sponsor controls the Board of Directors, not less than a majority of the Board shall be Shareholders, or the spouses of Shareholders, in occupancy of Apartments.

Section 3. Quorum: A majority of the Directors authorized by the By-Laws shall constitute a quorum. In case a quorum shall not be present at any meeting, the Directors present may adjourn the meeting to some future time and place. No notice of the time and place of the adjourned meeting need be given other than by announcement at the meeting only those Directors who, if present at the original meeting, would have been entitled to vote thereat, shall be entitled to vote at such adjourned meeting.

Section 4. Vacancies: Vacancies in the Board of Directors resulting from death, resignation or increase in the size of the Board may be filled for the remainder of the term without notice to the Shareholders by a vote of a majority of the remaining Directors present at any regular meeting of the Board of Directors or any special meeting thereof called for such purpose. In the event of the failure to hold any election of Directors at the time designated for the annual election of Directors or in the event that the Board of Directors shall not have filled any such vacancy, a special meeting of Shareholders to elect a new Board of Directors or to fill such vacancy or vacancies may be called in the manner generally provided for the calling of special meetings of Shareholders. Vacancies in the Board of Directors resulting from an increase of the Board of Directors by amendment of these By-Laws shall be filled in the manner provided in the resolution adopting such amendment.

Section 5. Management of the Corporation: The business affairs of the corporation shall be managed by the Board of Directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the Shareholders.

Section 6. Meetings: The Board of Directors shall meet immediately after the annual meeting of Shareholders without notice, and also whenever called together by any officer or by the written request of any two (2) Directors then holding office, upon notice given to each Director, by delivering personally, mailing, delivering same by facsimile or emailing the same to him at least two days prior to such meeting at the last address furnished by him to the corporation. Regular meetings may be held with or without notice at such times and places as the Board of Directors may determine. Any meeting of the Board at which all the members shall be present, or of which notice shall be duly waived by all absentees, either before or after the holding of such meeting, shall be valid for all purposes provided a quorum be present. Meetings of Directors may be held either at the principal office of the corporation or elsewhere within the State of New York as provided in the notice calling the meeting, unless the Board of Directors by resolution adopts some further limitation in regard thereto. At all meetings of the Board of Directors, each Director

shall be entitled to one vote. Except where otherwise provided by law or elsewhere in these By-Laws or in the Certificate of Incorporation of the corporation, the affirmative vote of a majority of the Board of Directors present at the time of a vote of a duly constituted meeting where a quorum is present shall constitute the act of the Board of Directors.

Section 7. Consent of Directors: Whenever the Directors are required or permitted to take any action by vote, such action may be taken without a meeting on written consent to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the Directors shall be filed with the minutes of the proceedings of the Board of Directors.

Section 8. Resignation and Removal: Any Director may resign at any time by written notice delivered in person or sent by certified or registered mail to the President or Secretary of the corporation. Such resignation shall take effect at the time specified therein, and unless specifically requested, acceptance of such resignation shall not be necessary to make it effective. Any Director may be removed from office at any time with or without cause, by the Shareholders, upon affirmative vote, taken at a Shareholders, meeting duly called for the purpose, by the Shareholders of record of a majority of the then outstanding shares. Notwithstanding the above or anything to the contrary contained in these By-Laws, any Director designated by Sponsor may not be removed by the Shareholders without cause. Any Director designated by Sponsor who is removed shall be replaced by Sponsor. Directors may also be removed from office and replaced by designees of the New York City Housing Development Corporation ("HDC") or the Department of Housing Preservation and Development of the City of New York ("HPD"), as may be applicable, in the event of default under the provisions of the HDC and HPD Regulatory Agreements which impose restrictions on the purchase and sale of shares of the corporation and occupancy of apartments. Copies of these Agreements are annexed to and incorporated as part of these By-Laws as Exhibits A and B.

Section 9. Annual Cash Requirements: The Board of Directors shall, except as may be otherwise restricted by the Proprietary Lease of the corporation, from time to time determine the cash requirements as defined in the corporation's Proprietary Lease for each particular year of the term of such Proprietary Lease by resolution or resolutions adopted during the particular year in question or the preceding year, and fix the terms and manner of payment of rent (maintenance charges) under the corporation's Proprietary Leases. Immediately after the adoption of any such resolution as above provided, the Secretary shall mail or cause to be mailed, or deliver or cause to be delivered to each Shareholder who is such a Proprietary Lessee, a statement of the amount of the cash requirements so determined or a copy of the resolution of the Board concerning the same. The Board of Directors shall establish, in amounts reasonably estimated by it, operating reserves and reserves for capital purposes, including (without limitation) reserves for capital improvements, capital repairs or alterations or modifications to building structure and components, which reserves shall be treated on the corporate books as capital contributions and not as income. In addition, the Board of Directors shall have discretionary power to prescribe a reserve for mortgage amortization, the manner of maintaining and operating the Residential Unit, and any other premises acquired by the corporation by purchase or otherwise, and to determine the cash requirements of the corporation to be paid as aforesaid by the Shareholders under their

respective Proprietary Leases. Every such determination by the Board of Directors shall be final and conclusive as to all Shareholders who are lessees under Proprietary Leases, and any expenditures made for any corporate purpose by the corporation's Officers or its agents under the direction or with the approval of the Board of Directors of the corporation shall, as against the Shareholders, be deemed necessarily and properly made for such purpose.

Section 10. House Rules: The Board of Directors may, from time to time, adopt and amend such reasonable house rules with respect to the premises owned or leased by the corporation as it may deem necessary for the health, safety and convenience of the Shareholders. Copies thereof and changes therein shall be furnished to each Shareholder. All house rules shall be binding upon all tenants and occupants of the Residential Unit.

Section 11. Executive Committee and Other Committees: The Board of Directors may by resolution appoint an Executive Committee, and such other committees as it may deem appropriate. The Executive Committee, if one is appointed, shall consist of three or more Directors of the corporation. Members of other committees need not be Directors or Shareholders resident in the Residential Unit. Vacancies in such committees shall be filled by the Board of Directors at a regular or special meeting. Such committees shall have and may exercise such of the powers of the Board in the management of the business and affairs of the corporation during the intervals between the meetings of the Board as may be determined by the authorizing resolution of the Board of Directors and so far as may be permitted by law, except that no committee shall have power to determine the cash requirements defined in the Proprietary Leases, to fix the rent to be paid under the Proprietary Leases, to vary the terms of payment thereof as fixed by the Board, to consent to the assignment of leases or subletting of apartments covered by Proprietary Leases, to amend the By-Laws, or to take any action which is denied to such committee by Section 712 of the Business Corporation Law.

Section 12. Compensation: No salary or other compensation for services shall be paid to any Director of the corporation for services rendered as such Director unless and until the same shall have been authorized in writing or by affirmative vote, taken at a duly held meeting of Shareholders called for that purpose, by Shareholders of record of at least two-thirds of the then outstanding shares of the corporation. This shall not preclude a Director of the corporation from performing any other service for the corporation and receiving compensation therefor.

Section 13. Contracts and Transactions of the Corporation. No contract or other transaction between the corporation and any one or more of its directors or any other corporation, firm, association or other entity in which one or more of its directors are directors or officers, or are financially interested shall be void or voidable for this reason alone or by reason that such director or directors are present at the meeting of the Board or of a Committee thereof which approves such contract or transaction, or that he or their votes are counted for such purpose, provided that the provisions of Section 713 of the Business Corporation Law are complied with.

Section 14. Insurance. The Board of Directors shall also obtain and maintain, or cause the Condominium to obtain and maintain:

(i) Builder's Risk Insurance. With respect to any restoration after a casualty or condemnation or other alteration or improvement performed by the Board of Directors or the Board of Managers, "Builder's Risk" insurance (standard "all risk" or equivalent coverage) in an amount not less than one hundred percent (100%) of the replacement cost of the Building (exclusive of foundations and footings) including (a) any so-called "soft cost" value sums, written on a completed value (non-reporting basis) with respect to the initial construction of the Building, (b) water damage (including sprinkler leakage) and (c) collapse (subject to standard exclusions, e.g. defective materials, poor construction and improper maintenance), as well as flood insurance (to the extent the same can be maintained at commercially reasonable rates in the State of New York). Such insurance requirement shall also apply in connection with any alteration to or reconstruction of the Building, once construction is completed, being performed by or on behalf of or affecting all Unit Owners (for example, subsequent renovations, alterations or restoration to the Building impacting all Unit Owners' interests in the Building). The policies shall be endorsed with coverage for (a) increased construction costs due to changes in laws and (b) so-called "soft costs."

(ii) All Risk Insurance. "All risk" coverage on the Building for an amount equal to one hundred percent (100%) of the replacement cost thereof. Replacement cost shall be determined annually by an independent appraiser, by reference to the Dodge Building Cost Index (or other published index of construction costs), or by such other method acceptable to the insurance company providing such coverages. Such policy shall be endorsed with (a) replacement coverage, (b) an agreed amount clause (waiving any applicable co-insurance clause;) in accordance with such determination or appraisal and (c) coverage for demolitiion costs and increased costs of construction due to changes in laws.

(iii) Boiler and Machinery Insurance. After the Construction Period, comprehensive boiler and machinery insurance on a blanket basis covering any Building equipment, machinery and apparatus (i.e., boilers, heating apparatus; fired and unfired pressure vessels, air conditioning equipment, miscellaneous electrical apparatus and their appurtenant equipment), in an amount equal to the full replacement cost thereof.

(iv) Earthquake Insurance. If not included within the builder's risk insurance required under Section 6.1(A)(i) and the all risk property insurance required under Section 6.1(A)(ii), earthquake insurance in an amount equal to not less than ten percent (10%) of the replacement cost of the Building and the Units and Common Elements.

(v) General Liability Insurance. Comprehensive general liability insurance in the amount not less than $1,000,000 per occurrence and not less than $2,000,000 in the annual aggregate per location, covering all claims for personal injury or property damage arising out of any occurrence on the Property (except, however, that such insurance shall not cover any liability of a Shareholder or occupant of an Apartment arising from occurrences within his or her Apartment or Additional Space (as defined in the Proprietary Lease);

(vi) rent insurance;

(vii) boiler and machinery insurance;

(vii) water damage legal liability insurance;

(viii) elevator collision insurance;

(ix) directors and officers liability insurance;

(x) fidelity insurance;

(xi) if the Building is located in a designated flood hazard area, flood hazard insurance;

(xii) such other insurance as the Board of Directors shall from time to time determine;

(xiii) such additional coverage consistent with the requirements of mortgages insured by the Federal National Mortgage Association; and

(xiv) such insurance coverage required and as provided in any mortgage covering the Residential Unit.

Each of the aforementioned policies shall name the Apartment Corporation, the Board of Directors, the officers thereof, Sponsor, all mortgagees and the managing agent, as the named or additional insureds, as their interests may appear.

All policies of insurance to be maintained by the Board of Directors shall contain such limits as the Board of Directors shall from time to time determine; provided, however, that:

i. with respect to insurance policies maintained by the Board of Directors pursuant to paragraph (A) hereof, the coverage shall be in an amount equal to the current cost at the time coverage or renewal is obtained to repair or replace the Building at the time of loss, including additional cost to meet the most current building codes, exclusive excavation, foundations and non-recurring soft costs, without deduction for depreciation; such coverage shall be on an agreed amount basis so as to avoid the effects of coinsurance;

ii. with respect to insurance policies maintained by the Board of Directors pursuant to subparagraph (i) of paragraph B hereof, such primary policies shall contain limits of not less than $1,000,000 per occurrence, $1,000,000 general aggregate, $1,000,000 other aggregates and umbrella policies shall contain limits of not less than $5,000,000 per occurrence and $5,000,000 and will also cover cross-liability claims of one insurer against another; and

iii. with respect to insurance policies maintained by the Board of Directors pursuant to subparagraph (ii) of paragraph B hereof, the minimum coverage shall be in an amount equal to the aggregate of all of the Shareholders' Maintenance for one year.

Any insurance policies maintained by the Board of Directors may also provide for such deductible amounts as the Board of Directors shall determine. The Board of Directors shall review the limits of each insurance policy, as well as the amount of any deductible sum thereunder, at least once each year. All insurance shall be consistent with the requirements of mortgages insured by the Federal National Mortgage Association.

The cost of all insurance maintained by the Board of Directors pursuant to this Section shall be borne by the Board of Directors as a Cash Requirement.

ARTICLE III

Officers

Section 1. Election and Removal: The Officers of the corporation shall be a President, one or more Vice Presidents, a Secretary and a Treasurer. Such Officers shall be elected at the first meeting of the Board of Directors after these By-Laws become effective, and thereafter at the regular Board meeting in each year following the annual meeting of Shareholders, and shall serve until removed or until their successors shall have been elected and shall qualify. The Board of Directors may at any time or from time to time appoint one or more Assistant Secretaries and one or more Assistant Treasurers to hold office at the discretion of the Board and may accord to such officers such power as the Board deems proper.

Section 2. Qualifications: The President shall be a member of the Board of Directors, but none of the other Officers need be a member of the Board of Directors. One person may hold not more than two offices at the same time, except that the President and the Secretary may not be the same person.

Section 3. Resignation, Removal and Vacancies: Any Officer may be removed at any time, with or without cause, by the affirmative vote of a majority of the then authorized total number of Directors. Any Officer may resign at any time by giving written notice to the Board, the President or Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Vacancies occurring in the office of any officer may be filled by the Board of Directors at any time, in the manner prescribed for regular election. The officer elected to fill such vacancy shall serve for the remainder of the term of the Officer he replaces.

Section 4. Duties of President and Vice Presidents: The President shall preside at all meetings of the Shareholders and of the Board of Directors. The President shall make and sign in the name of the corporation all certificates for shares of the corporation, proprietary and other leases and subleases, contracts and other instruments which are authorized from time to time by the Board of Directors. The President, subject to the control of the Board of Directors, shall have general management of the affairs of the corporation and perform all the duties incidental to the office, or prescribed for him by these By-Laws or by the Board of Directors. In his absence or if the President is unable to act, any Vice President shall have the powers and perform the duties of the President. A Vice President shall at all times have power to make and sign proprietary leases and stock certificates in the name of the corporation.

Section 5. Duties of Treasurer: The Treasurer shall, subject to the control of the Board, have the care and custody of and be responsible for all funds and securities of the corporation, shall deposit such funds in the name of the corporation in such bank or trust companies as the Directors may determine, and shall perform all other duties incidental to his office or prescribed for him by these By-Laws or by the Board of Directors. If so required by the Board of Directors, he shall, before receiving any such funds, furnish to the corporation a bond of a surety company, in such form and amount as said Board from time to time shall determine. The premium upon such bond shall be paid by the corporation.

As soon as possible after the close of each fiscal year, the Treasurer shall furnish or cause to be furnished to each Shareholder whose proprietary lease is then in effect, a statement of the receipts, disbursements and paid-in surplus of the corporation during such year, on which statement shall be indicated the amount of rental paid by Shareholders under their Proprietary Leases during such year which has been used by the corporation for the payment of taxes on real property owned by the corporation, interest on mortgages or other indebtedness, the principal of any mortgage and any other capital expenditure and such other information as may be necessary to permit him to compute his income tax liability in respect thereof.

In the absence or disability of the Treasurer, the Assistant Treasurer, if any, shall have all the powers and perform the duties of the Treasurer.

Section 6. Duties of Secretary: The Secretary shall keep and record in proper books provided for the purpose, the minutes of the meetings of the Board of Directors and of the meetings of Shareholders; he shall record all transfers of shares and cancel and preserve certificates of shares transferred, and he shall keep such other records as the Board shall require. He shall attend to the giving and service of all notices of the corporation, have custody of the corporate seal and shall be empowered to affix the corporate seal to certificates for shares and to all written instruments authorized by the Board of Directors or by these By-Laws. He shall cause to be kept a Shareholders' record containing the names, alphabetically arranged, of all persons who are Shareholders of the corporation, showing their places of residence, the number of shares held by them, the time when they respectively became the owners thereof, the amount paid thereon, and the denomination and the amount of all stock transfer stamps affixed thereto, and such book shall be open for inspection as provided by law. In the absence or inability of the

Secretary, an Assistant Secretary, if any, shall have all the powers and perform all the duties of the Secretary.

Section 7. Compensation: No salary or other compensation for services shall be paid to any officer of the corporation for services rendered as such Officer unless and until the same shall have been authorized in writing or by affirmative vote, taken at a duly held meeting of Shareholders called for that purpose, by Shareholders of record of at least two thirds of the then outstanding shares of the corporation. This shall not preclude an officer of the corporation from performing any other service for the corporation and receiving compensation therefor.

ARTICLE IV

Indemnity; Elimination of Personal Liability

Section 1. Indemnification of Directors and Officers: To the fullest extent permitted by applicable law as the same exists or may hereafter be in effect, any person who is or was made or threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he or she is or was or has agreed to become a Director or officer of the corporation or is or was serving at the request of the corporation as a director or officer of any other corporation of any type or kind, domestic or foreign, of any partnership, joint venture, trust, employee benefit plan or other enterprise, shall be indemnified by the corporation against amounts paid or to be paid in settlement, and costs, charges and expenses, including attorneys, fees, actually and necessarily incurred by him or her in connection with the defense or settlement of such action, suit or proceeding, or in connection with an appeal therein, if such Director or officer acted in good faith for a purpose which he or she reasonably believed to be in, or, in the case of service for any other entity, not opposed to, the best interests of the corporation, provided, however, that no indemnification shall be made in respect of (i) a threatened action, or a pending action which is settled or otherwise disposed of, or (ii) any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation, unless and only to the extent that the court in which the action was brought, or, if no action was brought, any court of competent jurisdiction, determines upon application that, in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for such portion of the settlement amount and expenses as the court deems proper, and further provided that no indemnification shall be provided to any such person if a judgment or other final adjudication adverse to the director or officer establishes that (i) his or her acts were committed in bad faith or were the result of active and deliberate dishonesty and, in either case, were material to the cause of action so adjudicated, or (ii) he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled. The benefits of this section shall extend to the heirs and legal representatives of any person entitled to indemnification hereunder.

To the fullest extent allowed by applicable law as the same exists or may hereafter be in effect, any person who is or was made or threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than one by or in the right of the corporation to procure a judgment in its favor, including an action by or in the right of any other corporation, domestic or foreign, or any partnership, joint venture, trust or other enterprise which such person is serving, has served or has agreed to serve in any capacity at the request of the corporation, brought to impose a liability or penalty upon such person by reason of the fact that he or she is or was or has agreed to become a Director or officer of the corporation, or was serving or has agreed to serve such other corporation, partnership, joint venture, trust or other enterprise in any capacity, shall be indemnified by this corporation against judgments, fines, amounts paid or to be paid in settlement, taxes or penalties and costs, charges and expenses, including attorneys fees, actually and necessarily incurred by him or her as a result of such action or proceeding, or any appeal therein, if such Director or Officer acted in good faith for a purpose which he reasonably believed to be in, or, in the case of service for any other entity, not opposed to the best interests of the corporation, and, in criminal actions or proceedings, in addition, had no reasonable cause to believe that his conduct was unlawful, provided, however, that no indemnification shall be provided to any such person if a judgment or other final adjudication adverse to the director or officer establishes that (i) his or her acts were committed in bad faith or were the result of active and deliberate dishonesty and, in either case, were material to the cause of action so adjudicated, or (ii) he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled. The benefits of this section shall extend to the heirs and legal representatives of any person entitled to indemnification hereunder.

The termination of any such civil or criminal action, suit or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not in itself create a presumption that any such Director or officer did not act in good faith, for a purpose which he reasonably believed to be in the best interests of the corporation, or that he had reasonable cause to believe that his conduct was unlawful.

The right to be indemnified and to the reimbursement or advancement of expenses incurred in defending a proceeding in advance of its final disposition authorized by this section shall not be exclusive nor limit any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, By-Laws, or when authorized by such Certificate of Incorporation or the By-Laws, by agreement, vote or Shareholders or disinterested Directors, or otherwise.

Section 2. Payments: Any payments by the corporation pursuant to this Article IV, shall be made in accordance with the provisions of Sections 722 through 726 of the Business Corporation Law.

Section 3. Elimination of Directors, Personal Liability: A Director of the corporation shall not be personally liable to the corporation or its Shareholders for damages for any breach of duty as a Director, except for liability pursuant to a judgment or other final adjudication adverse

to such Director which establishes (i) that his or her acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or (ii) that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled or (iii) that his or her acts violated Section 719 of the New York Business Corporation Law. Neither the amendment nor repeal of this section, nor the adoption of any provision inconsistent with this section, shall eliminate or reduce the effect of this section in respect of any matter occurring, or any cause of action, suit or claim that, but for this section, would accrue or arise, prior to such amendment, repeal, or adoption of an inconsistent provision.

ARTICLE V

Proprietary Leases

Section 1. Form of Lease: The Board of Directors shall adopt a form of Proprietary Lease to be used by the corporation for the leasing of all apartments and other space in the Residential Unit to be leased to Shareholders under Proprietary Leases. Such Proprietary Leases shall be for such terms, with or without provisions for renewals, and shall contain such restrictions, limitations and provisions in respect to the assignment thereof, the subletting of the premises demised thereby and the sale and/or transfer of the shares of stock of the corporation appurtenant thereto, and such other terms, provisions, conditions and covenants as the Board of Directors may determine.

After a Proprietary Lease in the form so adopted by the Board of Directors shall have been executed and delivered by the corporation, all Proprietary Leases subsequently executed and delivered shall be in the same form (except with respect to the statement as to the number of shares owned by the lessee and the date of the commencement of the lease term), and shall not be changed in form or substance unless any change or alteration is approved at a meeting of Shareholders called for that purpose or by written consent of Shareholders owning at least two-thirds of the outstanding shares of the corporation then owned by Shareholders under Proprietary Leases then in effect. Any change in the form of Proprietary Lease is subject to the prior approval of HDC, for so long as the HDC Regulatory Agreement remains in effect.

Section 2. Allocation of Shares: The Board of Directors shall allocate to each apartment to be leased to Shareholders under Proprietary Leases, the number of shares of the corporation which must be owned by the Proprietary Lessee of such apartment.

Section 3. Assignment of Lease and Transfer of Shares: Proprietary Leases shall be assigned or transferred only in compliance with, and never in violation of, the terms, conditions or provisions of such Proprietary Leases. A duplicate original of each Proprietary Lease shall always be kept on file in the principal office of the corporation or with the Corporation's managing agent.

No assignment of any Lease or transfer of the shares of the corporation shall take effect as against the corporation for any purpose until (a) a proper assignment has been delivered to the corporation; (b) the assignee has assumed and agreed to perform and comply with all the covenants and conditions of the assigned Lease or has entered into a new Lease for the remainder of the term; (c) the assignee has agreed to comply with the primary residency requirements of the HDC and HPD Regulatory Agreements; (d) all shares of the corporation appurtenant to the Lease have been transferred to the assignee; (e) all sums due have been paid to the corporation; (f) the corporate waiver of the right of first refusal has been properly obtained; (g) prior written consent of HDC is obtained for transfers subject to the income restrictions of the HDC Regulatory Agreement; and (h) all sums due under the provisions of the HPD Mortgage and HDC Mortgage have been paid.

No person to whom the interest of a lessee or Shareholder shall pass by law shall be entitled to assign any lease, transfer any shares, or sublet or occupy any apartment, except upon compliance with the requirements of the Lease and these By-Laws.

Section 4. Fees on Assignment: The Board of Directors shall have authority before an assignment or sublet of a Proprietary Lease or reallocation of shares takes effect as against the corporation as lessor, to fix a reasonable fee to cover actual expenses and attorneys, fees and a service fee of the corporation in connection with each such proposed assignment, and/or payment of a so-called "flip tax" or other charge based on the consideration received for a sale or sublease or the number of shares sold and to make provision that such fees be payable in advance as a condition to such assignment.

Section 5. Lost Proprietary Leases: In the event that any Proprietary Lease in full force and effect is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new Proprietary Lease in lieu thereof, in the same form and with the same terms, provisions, conditions and limitations. The Board may, in its discretion, before the issuance of any such new Proprietary Lease, require the owner thereof, or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutilation as it deems necessary, and to give the corporation a bond in such reasonable sum as it directs, to indemnify the corporation.

Section 6. Regrouping of Space: The Board of Directors, upon the written request of the lessee or lessees of one or more Proprietary Leases covering one or more apartments in the Residential Unit and the owner or owners of the shares issued to accompany the same, may in its discretion, subject to applicable zoning regulations and building codes, at any time, permit such owner or owners, at his or their own expense: (1) to subdivide any apartment into any desired number of apartments, (2) to combine all or any portions of any such apartments into one or any desired number of apartments; and (3) to reallocate the shares issued to accompany the Proprietary Lease or Leases so affected, provided that the total number of the shares so reallocated shall not be less than the number of shares previously allocated to the apartment or apartments involved, and that the allocation of shares is based upon the fair rental value of the subdivided or combined apartments. In connection with any such regrouping, the Board of

Directors may require that the number of shares allocated to the resulting apartment or apartments be greater than the number of shares allocated to the original apartment or apartments, and may authorize the issuance of shares from its treasury for such purpose.

The Board of Directors may, subject to applicable zoning regulations and building codes, incorporate one or more servant's rooms, or other space in the Residential Unit not covered by any Proprietary Lease, into one or more apartments covered by a Proprietary Lease, whether in connection with any regrouping of space pursuant to this Section 6 or otherwise, and in allocating shares to any such resulting apartment or apartments, shall determine the number of shares from its treasury to be issued and allocated in connection with the appropriation of such additional space.

Upon any regrouping of space in the Residential Unit, the Proprietary Leases so affected and the accompanying share certificates shall be surrendered, and there shall be executed and delivered in place thereof, respectively, a new Proprietary Lease for each separate apartment involved, and a new certificate for the number of shares so reallocated to each new Proprietary Lease.

Section 7. No action or proceedings at law which may result in a forfeiture of a Proprietary Lease or a determination that a forfeiture has occurred, whether for nonpayment of maintenance charges or otherwise, shall be maintained unless authorized or ratified by resolution of the Board of Directors.

ARTICLE VI

Capital Shares

Section 1. Owners of Shares Entitled to Proprietary Leases: The shares of the corporation issued and outstanding on the date of adoption of these By-Laws having all been allocated among the apartments, no such shares hereafter acquired by the corporation shall be reissued except in connection with the execution by the purchaser and delivery by the corporation of a Proprietary Lease of an apartment in the Residential Unit. The ownership of shares shall entitle the holder thereof to occupy the apartment for the purposes specified in the Proprietary Lease to which the shares are appurtenant, subject to the provisions, covenants and agreements contained in such Proprietary Lease. Unissued but authorized shares may hereafter be issued by the corporation but only in conjunction with a Proprietary Lease or Leases and in connection with the leasing of space in the Residential Unit not now covered by Proprietary Leases, or the regrouping of space as provided in Article V, Section 6 hereof.

Section 2. Form and Share Register: Certificates of the shares of the corporation shall be in the form adopted by the Board of Directors, and shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer,

and sealed with the seal of the corporation, and shall be numbered in the order in which issued. Such signatures and seal may be sent by facsimile when and to the extent permitted by applicable statutory provisions. Certificates shall be bound in a book and issued in consecutive order therefrom, and in the margin or stub shall be recorded the name of the person holding the shares, the number of shares and the date of issue. Each certificate exchanged or returned to the corporation shall be cancelled, and the date of cancellation shall be indicated thereon by the Secretary and such certificate shall be retained in the certificate book opposite the memorandum of its issue.

Section 3. Issuance of Certificates: Shares appurtenant to each Proprietary Lease shall be issued in the amount allocated by the Board of Directors to the apartment or other space described in such Proprietary Lease and shall be represented by a single certificate.

Section 4. Transfers: Transfers of shares shall be made upon the books of the corporation only by the holder in person or by power of attorney, duly executed, witnessed and filed with the Secretary of the corporation, and on the surrender of the certificate for such shares properly endorsed, except that shares sold by the corporation to satisfy any lien which it holds thereon may be transferred without the surrender of the certificate representing such shares. No transfer of shares shall be valid as against the corporation, its Shareholders and creditors for any purpose except to render the transferee liable for the debts of the corporation to the extent provided for in the Business Corporation Law or any other applicable provision of law, until it shall have been entered in the stock book as required by Section 624 of the Business Corporation Law or any then existing applicable provision of law by an entry from whom and to whom transferred. The shares may be transferred only after the proposed transferor has complied with the procedure for the right of first refusal granted to the Board of Directors pursuant to Paragraph 16(b) of the Proprietary Lease, and the Board of Directors has waived said right of first refusal. Any Shareholder may surrender all of his shares and the appurtenant Proprietary Lease to the Corporation in accordance with the terms of said lease, and may thereafter he released from all future obligations of said lease.

The Board of Directors shall have authority to fix by resolution and to collect, before the transfer of any shares, reasonable fees to cover the corporation's actual expenses and attorneys' fees and a service fee of the corporation in connection with such proposed transfer.

Notwithstanding the foregoing, transfers of shares by Sponsor shall not be subject to the right of first refusal, or to any transfer fees otherwise authorized hereunder. Such transfers may also be subject to the prior written consent of HDC as required by the HDC Regulatory Agreement.

Section 5. Units of Issuance: Except as otherwise provided in Article V, Section 5, unless and until all Proprietary Leases which shall have been executed by the corporation shall have been terminated, the shares appurtenant to each Proprietary Lease shall not be sold or assigned except as an entirety to the corporation or an assignee of such Proprietary Lease, after

complying with and satisfying the requirements of such Proprietary Lease with respect to the assignment thereof.

Section 6. Corporation's Lien: The corporation shall at all times have a lien upon the shares owned by each Shareholder to secure the payment by such Shareholder of all rent (maintenance charges) to become payable by such Shareholder under his Proprietary Lease, and for any other indebtedness and obligations owing and to be owing by such Shareholder to the corporation, and to secure the performance by the Shareholder of all the covenants and conditions of said Proprietary Lease to be performed or complied with by the Shareholder. Unless and until such Shareholder as lessee shall default in the payment of any of the rent or other indebtedness or obligation or in the performance of any of the covenants or conditions of such Proprietary Lease, such shares shall continue to stand in the name of the Shareholder upon the books of the corporation, and the Shareholder shall be entitled to exercise the right to vote thereon as though said lien did not exist. The corporation shall have the right to issue to any purchaser of such shares upon the enforcement by the corporation of such lien, or to the nominee of such purchaser, a certificate of the shares so purchased substantially of the tenor of the certificate issued to such defaulting Shareholder, and thereupon the certificate for such shares theretofore issued to such defaulting Shareholder shall become void, and such defaulting Shareholder shall surrender same to the corporation upon the latter's demand, but the failure of such defaulting Shareholder so to surrender such certificate shall not affect the validity of the certificate issued in replacement thereof. The corporation may refuse to consent to the transfer of shares of any Shareholder indebted to the corporation unless and until such indebtedness is paid.

Section 7. Lost Certificates: In the event that any share certificate is lost, stolen, destroyed or mutilated, the Board of Directors may authorize the issuance of a new certificate of the same tenor and for the same number of shares in lieu thereof. The Board may, in its discretion, before the issuance of such new certificate, require the owner of the lost, stolen, destroyed or mutilated certificate, or the legal representative of the owner, to make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutilation as it deems necessary, and to give the corporation a bond in such reasonable sum as it directs, to indemnify the corporation.

Section 8. Legend on Share Certificates: Certificates representing shares of the corporation shall bear a legend reading as follows:

> The shares represented by this Certificate are appurtenant to a Proprietary Lease of the apartment described on the face hereof between the Corporation named on the face hereof, as Lessor, and the record holder of the shares represented by this Certificate, as Lessee, and the rights of the holder of this Certificate are subject to the provisions of said Proprietary Lease which limits and restricts the title and rights of any transferee of this Certificate, and of the Certificate of Incorporation and the By-Laws of said Corporation, copies of which Proprietary Lease,

Certificate of Incorporation and By-Laws are available for examination at the office of said Corporation.

Without limitation to the foregoing, the shares represented by this Certificate are transferable only as an entirety and only to an assignee of the aforementioned Proprietary Lease, after complying with and satisfying the requirements of said Proprietary Lease with respect to the assignment thereof. The Corporation has a lien upon said shares for all sums due and to become due under said Proprietary Lease, and the Directors of said corporation may refuse to consent to the transfer of said shares and to an assignment of said Proprietary Lease unless and until any indebtedness of the Shareholder to the corporation is paid. Said shares may be pledged by the record holder thereof under the provisions and conditions set forth in said Proprietary Lease and in said By-Laws pertaining to a pledge of said Corporation's shares.

Pursuant to Section 616 of the Business Corporation Law of the State of New York, the Certificate of Incorporation provides that certain actions by the Shareholders of the Corporation require a proportion of votes greater than a majority.

For so long as any portion of the HPD Mortgage and the HDC Mortgage (as defined in the By-laws) remains outstanding, certificates representing shares of the Corporation shall also bear a legend reading as follows:

The Shareholder acknowledges that upon (i) the transfer of the shares evidenced by this stock certificate or (ii) the pledge of shares hereunder and delivery of this stock certificate pursuant to a security agreement entered into by the Shareholder with a lender (a "refinancing"), the corporation shall be required to pay to the City of New York, acting by and through its Department of Housing Preservation and Development ("HPD") or New York City Housing Development Corporation ("HDC"), all or a portion of "Resale Profits" or "Refinancing Profits" (as the case may be) realized from such transfer, as more fully described in the Certificate of Incorporation and By-Laws of the Corporation. The Shareholder shall therefore, immediately upon transfer or refinancing, pay such Resale Profits or Refinancing Profits to HPD or HDC, as the case may be, directly or pay the Corporation the amount of Resale Profits or Refinancing Profits which the Corporation must in turn pay HPD or HDC, as the case may be.

For so long as any portion of the "Unit Debt" (as defined in the By-Laws of the Corporation) for the apartment or the HDC Mortgage remains outstanding, no transfer of shares for this apartment may be made or shall be effective and no pledge of shares hereunder or delivery of this stock certificate may be made or shall be effective unless the transfer or pledge and delivery, as the case may be, is consented to by HPD and HDC. HPD and HDC will provide such consent only upon HPD's or HDC's (as the case may be) receipt of the amount of Resale Profits or Refinancing Profits, as the case may be, which is due HPD or HDC, as the case may be. HPD's and HDC's consent will be indicated by HPD's and HDC's authorized signature on the line below:

_____ The transfer of shares hereunder is consented to this __ day of _____, ____.

_____ The pledge of shares hereunder and delivery of this stock certificate pursuant to a security agreement entered into by Shareholder is consented to this __ day of _____, ____.

The City of New York, acting through its Department of Housing and Development

By: _____

New York City Housing Development Corporation

By: _____

Section 9. No Preemptive Right. Ownership of shares of the corporation shall not entitle the holders thereof to any Preemptive Right under Section 622 of the Business Corporation Law, or otherwise, it being the purpose and intent hereof that the Board of Directors, as in its discretion it may deem advisable, shall have the full right, power and authority to offer for subscription or sale, or to make any other disposition of any or all unissued shares of the corporation, or of any or all shares issued and thereafter acquired by the corporation.

Section 10. Distributions: The Shareholders shall not be entitled, either conditionally or unconditionally, except upon a complete or partial liquidation of the corporation, to receive any distribution not out of earnings and profits of the corporation.

ARTICLE VII

Repayment of HPD Mortgage, HDC Mortgage and AHC Mortgage

Section 1. HDC Mortgage

The applicable Shareholder shall make the following payments:

1. As long as the mortgage (the "HDC Mortgage") on the Residential Unit held by HDC remains outstanding, the following shall apply:

    b. Upon resale of any shares (the "Shares") of the Corporation by a Shareholder, Resale Profits (as defined herein) shall be paid to HDC to be applied by HDC to the repayment of the HDC Mortgage until all the indebtedness secured by the HDC Mortgage is paid in full. The Corporation agrees to collect such Resale Profits and transmit them to HDC not later than two business days from the closing of the sale of such Shares (the "Coop Closing"). Resale Profits shall be applied in the following manner:

        i. "Resale Profits" shall mean 100% of the Net Appreciation (defined below), for the first three years from the date of the HDC Mortgage and 50% of the Net Appreciation for years four through fifteen, if any, received by a Shareholder upon the sale of the Shares owned by that Shareholder.

        ii. Such Resale Profits shall be collected from a Shareholder at the closing of the sale of the Shareholder's Shares, and remitted to HDC within two (2) business days after the Coop Closing. Three (3) business days prior to such closing, the Corporation shall submit to HDC a worksheet indicating how Net Appreciation and Resale Profits are to be calculated. The worksheet, and any changes to the worksheet at closing, must be approved by HDC prior to completion of the Coop Closing. The Corporation shall forward to HDC and HDC shall apply any such Resale Profits so received in reduction of the outstanding principal amount of the HDC Mortgage. The obligation of the Shareholder to pay, and of the Corporation to collect, Resale Profits shall not apply to the initial sale of the Shares.

        iii. "Acquisition Cost" shall mean the total amount of cash and non-cash consideration paid by a Shareholder to a seller to acquire the Shares, plus Permitted Expenses (defined below) incurred by the Shareholder in acquiring the Shares, plus the cost of the Shareholder's properly documented capital improvements in the apartment to which such shares are attributable up to a maximum of Two Thousand Five Hundred Dollars ($2,500), plus in the case of a Shareholder who acquired Shares from Sponsor, the sum of One Thousand Dollars ($1,000).

iv. "Net Appreciation" as used in this section shall mean the amount by which Net Sales Proceeds received by a Shareholder upon the sale of Shareholder's Shares exceeds the Shareholder's Acquisition Cost for the Shares.

v. "Net Sales Proceeds" shall mean the total amount of cash and non-cash consideration received by a Shareholder from a purchaser in exchange for the sale and conveyance of the Shareholder's Shares, less the Permitted Expenses (defined below) incurred by the Shareholder in connection with such sale.

vi. "Permitted Expenses" means the following costs in connection with the sale or purchase of the Shares: reasonable attorneys fees and disbursements, reasonable brokerage fees, title insurance fees, reasonable processing fees of the Corporation and fees of the Corporation's agents and attorneys related to such sale or purchase, recording fees, State and local transfer taxes, stamp taxes, and usual and reasonable fees and expenses in connection with financing or satisfaction of cooperative share loans, including without limitation, credit report fees, legal fees, appraisal fees and loan origination fees.

vii. In no event shall the proportionate share of underlying mortgages on the Residential Unit attributable to a particular block of shares be deemed part of consideration received or paid by a Shareholder for Shares for the purpose of computing Net Appreciation as described above.

2. As long as the mortgage (the "HPD Mortgage") on the Residential Unit held by HPD remains outstanding, the following shall apply:

a. Definitions.

i. "Applicable Percentage" shall mean (i) 100% for any resale or refinancing of the Shares and appurtenant proprietary lease (together, an "apartment") which occurs prior to the third anniversary of the Coop Closing, and (ii) 50% for any resale or refinancing of the apartment which occurs during the period from the third anniversary of the Coop Closing until the maturity date of the HPD Mortgage.

ii. "Resale Profits" shall mean the amount by which the Total Consideration (as defined below) that the Shareholder receives on the transfer of the apartment exceeds the original cash purchase price the Shareholder paid when acquiring the apartment (i.e., excluding the

proportionate share of the underlying mortgages on the Residential Unit allocable to the apartment), minus the following: the reasonable costs incurred by the Shareholder in purchasing the apartment and the reasonable costs incurred by the Shareholder in selling the apartment to a purchaser, in each case, including reasonable attorneys' fees and disbursements, reasonable brokerage fees, title search and title policy fees, reasonable processing fees of HPD, transfer and stamp taxes, usual and reasonable fees and expenses in connection with financing or satisfying a coop share loan, including, without limitation, credit report fees, legal fees, points, etc.

iii. "Refinancing Profits" shall mean the amount by which the increased debt resulting from a new loan obtained by the Shareholder, for which the Shareholder has pledged the Shares and delivered the stock certificate for the apartment pursuant to a security agreement, exceeds the amount paid by the Shareholder in purchasing the apartment.

iv. "Total Consideration" shall mean the cash and noncash consideration which a Shareholder receives for the apartment, including cash, real property and personal property, but not including the proportionate share of any underlying mortgages on the Residential Unit.

v. "Unit Debt" shall mean, for each apartment, the portion of the HPD Mortgage initially allocated to the apartment. The Unit Debt for each apartment shall be reduced by (i) one twenty-fifth (1/25th) of the initial amount of the Unit Debt for each full year during which the Shareholder for the apartment continuously occupies the apartment as a primary residence, and (ii) payments of Resale Profits and Refinancing Profits in connection with such apartment.

b. For so long as any portion of the HPD Mortgage remains outstanding, the principal balance of the loan secured thereby shall become due and payable to the extent of the Applicable Percentage of any Resale Profits or Refinancing Profits from the resale or refinancing of the shares allocated to a Unit by any Shareholder, up to the unpaid portion of the Unit Debt for such Unit; provided, however, no payment on account of Resale Profits shall be due and payable as long as the HDC Mortgage is outstanding.

c. Notwithstanding anything contained in Article X of these By-laws with respect to amendments, no provision of this Article VII may be amended so long as any portion of the HPD Mortgage or HDC Mortgage remains outstanding.

3. As long as the mortgage (the "AHC Mortgage") on the Residential Unit held by the New York State Affordable Housing Corporation ("AHC") remains outstanding, upon the first resale of the an apartment receiving the AHC Subsidy (as defined in the offering plan), the sum of $25,000 shall be due and payable to AHC.

ARTICLE VIII

Negotiable Instruments

Section 1. Signatures: Checks shall be signed by one or two officers who, from time to time, shall be designated by the Board of Directors by standing resolution or special order for that purpose. The Board may, from time to time, authorize the managing agent to sign checks on the Board's behalf for such purposes and in such amounts as duly authorized by resolution. Promissory notes and bonds of the corporation shall be signed by any officer who, from time to time, shall be designated by the Board of. Directors for that purpose. Endorsements or transfers of stocks, bonds or other securities shall be signed by the President or any Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary unless the Board of Directors by special resolution prescribes otherwise.

Section 2. Safe Deposit Boxes: Such Officer or Officers as from time to time shall be designated by the Board of Directors, shall have access to any safe deposit box of the corporation in the vault of any safe deposit company.

Section 3. Securities: Such Officer or officers as from time to time shall be designated by the Board of Directors shall have power to control and direct the disposition of any bonds or other securities or property of the corporation deposited in the custody of any trust company, bank or other custodian.

ARTICLE IX

Miscellaneous

Section 1. Compliance with HDC Regulatory Agreement: The corporation shall adhere to the terms and conditions contained in the New York City Housing Development Corporation's Regulatory Agreement dated June 15, 2005, annexed as Exhibit A, including but not limited to the restrictions on ownership and leasing contained in Section 11 thereof.

Section 2. Seal: The seal of the corporation shall be circular in form and have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal" and "New York."

Section 3. Fiscal Year: The fiscal year of the corporation shall be the calendar year unless otherwise determined by resolution of the Board of Directors.

Section 4. Allocation of Shares to Additional Space: The Board of Directors may, in its discretion, authorize the conversion of space in the Residential Unit not covered by a Proprietary Lease into space suitable for the primary purposes of the corporation, as set forth in the certificate of incorporation, allocate theretofore unissued shares to such space, and authorize the execution of a Proprietary Lease or Leases covering such space.

Section 5. Reporting Requirements under HDC Regulatory Agreement: The following reporting requirements contained in the HDC Regulatory Agreement shall be complied with by the Board of Directors of the corporation:

(a) on the first day of the fourth month following the occupancy of ten (10%) percent of the apartments for which a closing has occurred and every three (3) months thereafter, the corporation shall provide HDC with a listing of all apartment closings which have occurred during the previous three (3) months, including transfers by devise or bequest;

(b) the corporation shall furnish any reports, records, documents or information reasonably requested by HDC, in form and substance satisfactory to HDC, regarding the construction, marketing, occupancy, maintenance and operation of the Property, including a status report on unsold shares, an annual schedule of maintenance charges, annual financial reports and budgets of the corporation and audited financial statements; and

(c) the corporation shall maintain and keep current all books, documents, contracts, invoices, plans and records concerning the Property, and upon prior notice HDC may, during business hours, audit and examine same and remove them for copying, and inspect the Property.

Section 6. Rights of Lenders Making Share Loans. The Board of Directors shall provide each holder of a security interest in a proprietary lease and appurtenant shares to secure repayment of a cooperative share loan with respect to which the Corporation has entered into a so-called Recognition Agreement the right to cure the Shareholder's defaults in his or her assessment payments or maintenance, as more particularly set forth in the Recognition Agreement, and the right to review the following actions before the Corporation can consent:

1. Any proposed material changes to the Certificate of Incorporation of the Corporation, these By-laws or a Proprietary Lease with respect to: allocation of Shares; voting rights, (including increases that raise the previous assessment amount by more than 25%, and the method of calculating liens or lien subordination); unit boundaries; material reduction or elimination of insurance or fidelity coverages; restrictions on leasing or selling units; professional management; reductions in replacement or operating reserves; changes in maintenance policies; and all other provisions that are for the express benefit of any secured party; provided, however, such lender shall be deemed to have approved any

such action if no response is received from the lender within 20 days of mailing such notice.

2. Any threatened or actual condemnation, eminent domain proceeding or acquisition, or any actual loss in excess of $150,000;

3. The Apartment Corporation's generation, during any taxable year, of 80% or less of its gross income from "tenant-stockholders" income, as that term is defined in Section 216 of the Internal Revenue Code;

4. Any 30-day delinquency by the Apartment Corporation in payments due under any blanket mortgage for real estate taxes, assessments, and charges imposed by a government entity or public utility, or under any ground lease;

5. Any lapse, cancellation, or material modification of any insurance or fidelity insurance coverages maintained by the Apartment Corporation;

6. Any proposed action that requires the consent of a specified percentage of eligible share loan holders;

7. Any 60-day delinquency by the tenant-stockholder that is related to the payment of such tenant-stockholder's monthly assessments or carrying charges;

8. Any action to change the form of ownership of the Property; or

9. Any contraction, expansion, or termination of the Property.

ARTICLE X

Amendments

Section 1. By the Shareholders: These By-Laws may be amended at any Shareholders' meeting by vote of Shareholders owning sixty-six and two thirds (66 2/3%) percent of the outstanding shares of the corporation, represented in person or by proxy, provided that the proposed amendment or the substance thereof shall have been contained in the notice of meeting or that all of the Shareholders be present in person or by proxy.

Section 2. HDC Consent: For so long as the HDC Regulatory Agreement remains in effect, these By-Laws may not be amended without the prior written consent of HDC.

Section 3. Consent of Sponsor: Anything herein contained to the contrary notwithstanding, so long as Sponsor owns any shares of the corporation, these By-Laws cannot

be amended, repealed or added to so as to adversely affect Sponsor without the consent of Sponsor.

Section 4. Rights of Share Loan Holders to Approve Certain Amendments. The Board of Directors shall provide each holder of a security interest in a proprietary lease and appurtenant shares to secure repayment of a cooperative share loan with respect to which the Corporation has entered into a so-called Recognition Agreement such notice as provided to the Shareholders of any proposed material changes to the Certificate of Incorporation or these Bylaws with respect to: allocation of shares; voting rights; assessments (including increases that raise the previous assessment amount by more than 25% and the method of calculating liens or lien subordination); unit boundaries; insurance or fidelity coverages, restrictions on leasing or selling units; professional management (if the Federal National Mortgage Association requires it); reduction in replacement or operating reserves and changes in maintenance policies; and any other provisions that are for the express benefit of the lender; provided, however, such lender shall be deemed to have approved any such action if no response is received from the lender within 20 days of mailing such notice.

ARTICLE XI

Reports

Section 1. Annual Reports. Within ninety (90) days following close of a fiscal year, the corporation shall send to each Shareholder then listed on the books of the corporation, a financial statement including a balance sheet (as of the end of said prior fiscal year) and a profit and loss statement (for the entire prior fiscal year), prepared and audited by an independent certified public accountant. On the written request of any former Shareholder who owned shares of the corporation during any portion of the fiscal year covered by the financial statement, such financial statement shall be sent to such former Shareholder.

Section 2. Tax Deduction Statement. On or before March 15th following the close of a fiscal year, the corporation shall send to each Shareholder listed on the books of the corporation for the prior fiscal year, a statement setting forth the amount per share of that portion of the rent paid by such Shareholder under the Shareholder's proprietary lease during such year which has been used by the corporation for payment of real estate taxes and interest on mortgage or other indebtedness paid by the corporation with respect to property owned by it.

EXHIBIT D

DECLARATION OF CONDOMINIUM

DECLARATION OF CONDOMINIUM

ESTABLISHING

THE SUTTON CONDOMINIUM

102 BRADHURST AVENUE
NEW YORK, NEW YORK 10039

DECLARANT:	NYC PARTNERSHIP HOUSING DEVELOPMENT FUND COMPANY, INC. 1 Battery Park Plaza New York, New York 10004
DATE OF DECLARATION:	_____
RECORDING INFORMATION:	Section: ___ Block: 2045 Lots: Formerly Known as Lot 42 Now Known as Lots 1001, 1002 and 1003* County: New York State: New York
* Lots:	1001 -- Commercial Unit (Unit 1) 1002 – Garage Unit (Unit 2) 1003 -- Residential Unit (Unit 3)

RECORD AND RETURN TO:

SCHNEIDER GOLDSTEIN BLOOMFIELD LLP
90 Broad Street
New York, New York 10004
Attn: Jay Bloomfield, Esq.

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DECLARATION OF CONDOMINIUM

THE SUTTON CONDOMINIUM

102 BRADHURST AVENUE
NEW YORK, NEW YORK 10039

ARTICLE 1

INTRODUCTORY PROVISIONS

Section 1.1 Creation of the Condominium. NYC PARTNERSHIP HOUSING DEVELOPMENT FUND COMPANY, INC. ("Declarant"), is the fee owner of the land described on Schedule A attached to this Declaration (the "Land"). The Land and all improvements now and hereafter constructed thereon are referred to collectively as the "Property." Declarant hereby submits the Property, together with all rights, privileges and appurtenances thereto appertaining, to the Condominium Act.

Section 1.2 Name of Condominium. The name of the Condominium is "The Sutton Condominium."

Section 1.3 Location of Property. The Property is located at 102 Bradhurst Avenue in the City, County and State of New York.

Section 1.4 Description of Property and Units. The Condominium contains three (3) Units; the Commercial Unit, the Garage Unit and the Residential Unit. Each Unit contains the space described in Section 2.3 of this Declaration. The superstructure of the Building is pre-cast concrete plank on steel frames and CMU masonry bearing walls. Foundations are cast-in-place concrete walls on pile caps with 150 ton 135/8" piles. The Building has a cellar level and eleven (11) floors above grade.

Section 1.5 Anticipated Conveyances. Declarant intends to convey (i) fee title to the Residential Unit to the Apartment Corporation, which thereby will become the Residential Unit Owner, and (ii) fee title to the Commercial Unit and the Garage Unit to Sponsor or an Affiliate of Sponsor, which thereby will become the Commercial Unit Owner and Garage Unit Owner, respectively.

Section 1.6 Definitions. Unless otherwise defined in this Declaration or in the By-laws of the Condominium annexed hereto as Schedule C, all capitalized terms in the Condominium Documents shall have the meanings specified for said terms in the Condominium Act.

"*2003 Equivalent Dollars*" means the equivalent purchasing power at any time of the value of the same number of US dollars in calendar year 2003. The 2003 equivalent dollars of any amount shall be determined by multiplying said amount by 1, plus a fraction expressed as

a percentage (but not less than zero), the numerator of which is the difference obtained by subtracting (i) the Consumer Price Index for January 2003 form (ii) the monthly Consumer Price Index most recently published prior to the date such determination of 2003 Equivalent Dollars is to be made, and the denominator of which is the Consumer Price Index for January 2004. As used in this definition, "Consumer Price Index" means the Consumer Price Index for Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor, New York, New York, Northwestern New Jersey Area, All Items (1982-84=100) or similar index agreed to by the Board of Managers if such index is no longer available. If the Board of Managers shall fail to agree on a substitute index within thirty (30) days, the selection shall be subject to Arbitration in accordance with Article 11 of the By-laws.

"*Affiliate*" shall have the meaning given in Section 9.1(b) of this Declaration.

"*Apartment Corporation*" means Sutton Apartments Corporation, a New York corporation formed pursuant to the New York Business Corporation Law.

"*Appurtenant Interests*" means the interests appurtenant to ownership of a Unit, which includes the Common Interest appurtenant to the Unit and the Unit Owner's undivided interest in any and all assets of the Condominium.

"*Arbitrable Dispute*" means a dispute arising under the Condominium Documents which shall be subject to Arbitration pursuant to Article 12 of the By-laws.

"*Arbitration*" means the process of dispute resolution described and discussed in Article 12 of the By-laws.

"*Architect*" shall have the meaning given in Section 16.1 of the By-laws.

"*Architect Allocation Ratio*" shall have the meaning given in Section 7.4(b) of the By-laws.

"*Architect Condemnation Ratio*" shall have the meaning given in Section I 1.5(c) of the By-laws.

"*Attorney General*" means the New York State Attorney General, who is the head of the New York State Department of Law.

"*Award*" shall have the meaning given in Section 11.2 of the By-laws.

"*Board of Managers*" or "*Board*" means the Board of Managers of the Condominium.

"*Building*" means the Building erected on the Land after the date of this Declaration and all alterations and replacements made to the Building.

"*Buildings Department*" means the New York City Department of Buildings.

"*By-laws*" means the By-laws of the Condominium, which By-laws are annexed to this Declaration, as such By-laws may be amended from time to time.

"*Certifying Professional*" means an architect (which may be the Architect) or a licensed professional engineer or engineering or construction consulting firm providing engineering and/or architectural services, who or which is experienced in the design and operation in the City of New York of structures similar to the Building and has provided services comparable to those for which the Certifying Professional is to be engaged under the Condominium Documents within at least three (3) of the ten (10) years immediately preceding engagement, selected under (a) Article 7 of the By-laws in connection with damage under (i) Section 7.1 or 7.2 of the By-laws, by the Damaged Owner and approved by its Recognized Mortgagee, or (ii) Section 7.3 of the By-laws by the Board of Managers and approved by the Recognized Mortgagees, or (b) Article 11 of the By-laws, by the Board of Managers and approved by the Recognized Mortgagees, and who shall be paid out of Restoration Funds or Net Awards, as provided in the By-laws.

"*City Register's Office*" means the New York County Office of the Register of The City of New York.

"*Commercial Unit*" means a Unit designated as a Commercial Unit on Schedule B to this Declaration, together with the Common Interest appurtenant to such Unit.

"*Commercial Unit Owner*" means the Owner of a Commercial Unit.

"*Commercial Unit Representative*" means a representative to the Board of Managers appointed by the Commercial Unit Owner(s).

"*Common Charges*" means the annual assessments payable in monthly installments by Unit Owners for the purpose of meeting Common Expenses. Assessments, both special and otherwise, will be characterized and treated as Common Charges of the Unit Owner to whom assessed, all as more fully described in Article 5 of the By-laws.

"*Common Elements*" means those facilities and areas of the Condominium that are not part of a Unit and which are necessary or convenient to the existence, management, operation, maintenance and/or safety of the Property, or normally in common use.

"*Common Expenses*" means all costs and expenses in connection with repair, maintenance, replacement, restoration, operation of, and alteration, addition or improvement to, the Common Elements, including but not limited to insurance and establishment of reserves for repairs and replacements.

"*Common Interest*" (also referred to occasionally as "percentage of interest in the Common Elements") means the proportionate undivided interest in fee simple absolute in the

Common Elements allocated and appurtenant to a Unit, as set forth in the Declaration. Said interest is expressed as a numerical percentage. The total of all Common Interest percentages appertaining to all Units equals 100%.

"*Common Surplus*" means the excess of all Common Charges over all Common Expenses.

"*Condominium*" means the Units and Common Elements comprising the Property.

"*Condominium Act*" means Article 9B of the New York State Real Property Law.

"*Condominium Documents*" means this Declaration and the By-laws attached hereto, as same may be amended from time to time.

"*Condominium Taking*" shall have the meaning given in Section 11.1 (c) of the By-laws.

"*Cooperative Apartment*" means a residential apartment in the Residential Unit during such time as the Residential Unit is owned by the Apartment Corporation.

"*Cooperative Conversion Date*" means the date of the first closing of a purchase agreement for a Cooperative Apartment sold pursuant to the Offering Plan.

"*CP Statement*" shall have the meaning given in Section 7.5(a) of the By-laws.

"*Creditor Owner*" means a Unit Owner (a) to whom payment of money is owed under the Condominium Documents or (b) who has exercised any self-help remedy provided for in the Condominium Documents, and who is referred to in the Condominium Documents as a Creditor Owner.

"*Damaged Owner*" shall have the meaning given in Section 7.1 of the By-laws.

"*Date of Taking*" shall have the meaning given in Section 11.2 of the By-laws.

"*Declarant*" means NYC Partnership Housing Development Fund Company, Inc.

"*Declaration*" means this Declaration of Condominium, as same may be amended from time to time.

"*Default Rate*" means a rate of interest equal to the lesser of (a) the floating rate equal to 4% over the annual rate of interest announced by JPMorgan Chase Bank from time to time at its New York office (or any successor thereto) as its base or reference rate of interest (or announced by such other Institutional Lender as shall be designated by the Board of Managers if JPMorgan Chase Bank ceases to publish such rate), or (b) the then maximum lawful rate of interest in New York State.

"*Defaulting Owner*" shall mean a Unit Owner who has failed to perform any of its duties or obligations required under the Condominium Documents or to make payment of money owed under the Condominium Documents and who is referred to in the Condominium Documents as a Defaulting Owner.

"*Department of Law*" means the New York State Department of Law, which is headed by the New York State Attorney General.

"*Depositary*" means an Institutional Lender selected by the Board of Managers and approved by the Recognized Mortgagees, agreeing to perform the obligations of "Depositary" as described in the Condominium Documents. Any Institutional Lender designated to serve as Depositary must have an office in the City of New York.

"*Depositary Agreement*" means an agreement substantially in the form attached as Exhibit D to this Declaration (or as otherwise approved by the Unit Owners, the Board of Managers and the Recognized Mortgagees), to be entered into with a Depositary as and if required under the Condominium Documents.

"*Emergency Situation*" means a situation (a) impairing or imminently likely to impair structural support of any portion of the Building or causing or imminently likely to cause bodily injury to persons or physical damage to the Building or any property in, on, under, within, upon or about the Building, (b) causing or imminently likely to cause substantial economic loss to a Unit Owner or to a tenant of a Unit, (c) causing or imminently likely to cause loss of any utility, elevator or other essential services to the Building, or (d) causing or imminently likely to cause interference with ingress to and egress from the Building.

"*Estimate*" shall have the meaning given in Section 7.5(a) or 11.5(c) of the By-laws, as applicable.

"*Facility*" or "*Facilities*" includes, but is not limited to, the following items (grouped more or less functionally) which are set forth only for the purpose of illustrating the broad scope of that term: structural columns, system, equipment, apparatus, connector, radiator, heat exchanger, mechanism, device, machinery, induction unit, fan coil unit, motor, pump, control, tank or tank assembly, installation, condenser, compressor, fan, damper, blower, thermostat, thermometer, coil, vent, sensor, shutoff valve or other valve, gong, panel, receptacle, outlet, relay, alarm, sprinkler head, electric distribution facility, wiring, wireway, switch, switchboard, circuit breaker, transformer, fitting, siamese connection, hose, plumbing fixture, lighting fixture, other fixture, bulb, sign, telephone, meter, meter assembly, scaffolding, piping, line, duct, conduit, cable, riser, main, shaft, pit, flue, lock or other hardware, rack, screen, strainer, trap, drain, catch basin, leader, filter, incinerator, canopy, closet, cabinet, door, railing, coping, step, furniture, mirror, furnishing, appurtenance, urn, basket mailbox, carpeting, tile or other floor covering, drapery, shade or other window covering, wallpaper or other wall covering, tree, shrubbery, flower or other planting and horticulture or planting tub or box.

"*Facility Area*" means the area or room in which a Facility is located.

"*Garage Unit*" means a Unit designated as the Garage Unit on Schedule B to this Declaration, together with the Common Interest appurtenant to such Unit.

"*Garage Unit Owner*" means the Owner of the Garage Unit.

"*Garage Unit Representative*" means a representative to the Board of Managers appointed by the Garage Unit Owner.

"*Institutional Lender*" means (1) a governmental agency, or (2) (i) any domestic or foreign savings bank, savings and loan association, commercial bank, trust company, or institutional finance company (whether acting individually or in a representative, custodial or fiduciary capacity) whose investments are regulated by the laws of the United States, or any State thereof, (ii) an insurance company organized and existing under the laws of the United States or any State thereof, (iii) a federal, state or municipal teachers' or other public employees' welfare, benefit, pension, profit-sharing or retirement trust or similar fund or system, (iv) a credit union, trust or endowment fund, (v) a consortium of any of the foregoing, or (vi) any other entity the Board of Managers determines to consider an Institutional Lender, provided that any entity listed in clause 2 of this definition, to qualify as an Institutional Lender, must (a) be subject to service of process within the State of New York, and (b) have a net worth of not less than $500,000,000 and net assets of not less than $2,500,000,000 (in 2003 Equivalent Dollars).

"*Land*" means the land upon which the Building is to be built, as described in Section 1.1 of this Declaration.

"*Managing Agent*" means any management company or agent engaged by the Board of Managers to manage the Condominium.

"*Mortgagee*" means any Institutional Lender holding or insuring a mortgage of record encumbering a Unit.

"*Net Award*" shall have the meaning given in Section 11.2 of the By-laws.

"*Offering Plan*" (or "Plan") shall mean the "Offering Plan for the Sale of Cooperative Apartments in the Residential Unit of The Sutton Condominium" filed by Sponsor with the Department of Law, as said Plan may be amended from time to time.

"*Owner*" (see "Unit Owner").

"*Permittees*" means the Unit Owners, Tenant-Shareholders, Recognized Mortgagees, tenants of the Units, and any other party who by lease or license is entitled to use or occupy space within the Building, and their respective beneficiaries, officers, directors, employees, agents, partners, Shareholders, contractors, guests, invitees and licensees, it being

understood that the term "Permittees" shall in no event or circumstance create or be deemed to create any rights hereunder generally to members of the general public.

"*Property*" means the Land and all improvements now and hereafter erected thereon submitted by this Declaration to the Condominium Act, as described in Section 1.1. of this Declaration.

"*Recognized Mortgagee* "shall have the meaning given in Section 9.1 of the Bylaws.

"*Residential Unit*" means a Unit designated as the Residential Unit on Schedule B to this Declaration, together with the Common Interest appurtenant to such Unit.

"*Residential Unit Owner*" means the Owner of the Residential Unit.

"*Residential Unit Representative*" means a representative to the Board of Managers appointed by the Residential Unit Owner.

"*Restoration Funds*" shall have the meaning given in Section 15.1 of the By-laws.

"*Restoration Work*" shall have the meaning given in Section 15.1 of the By-laws.

"*Rules and Regulations*" means the rules and regulations adopted by the Board of Managers pertaining to the use of the Condominium, as same may be amended from time to time.

"*Signs*" shall have the meaning given in Section 8.7(i) of the By-laws.

"*Site Development Agreement*" means the agreement between Declarant and Sponsor with respect to development of the Property dated as of [____], as same may be amended from time to time.

"*Sponsor*" means Bradhurst 100 Development LLC, in its capacity as, and having the rights and obligations of, Sponsor, as set forth in the Offering Plan and in the Condominium Documents.

"*Substantially All of the Property*" shall have the meaning given in Section 11.2 of the By-laws.

"*Tax Lot Drawings*" means the drawings of the Property filed with the Real Property Assessment Department of the City of New York and the City Register's Office simultaneously with the recording of this Declaration, as same may be modified and amended from time to time to reflect, among other things, completion of construction of the Building, as more fully described in Article 2 of this Declaration.

"*Tenant-Shareholder*" means an owner of the corporate shares of the Apartment Corporation attributable to a Cooperative Apartment which owner is the lessee under a proprietary lease for that Cooperative Apartment entered into with the Apartment Corporation as lessor.

"*Unavoidable Delays*" means delays from any and all causes beyond an Owner's reasonable control, including, without limitation, delays resulting from actions or inactions of the other Owner (provided such are not themselves the result of actions or inactions by the Owner obligated to perform), governmental restrictions, labor disputes (including strikes, slowdowns and similar labor problems), accident, mechanical breakdown, shortages or inability to obtain labor, fuel, steam, water, electricity or materials (for which no substitute is readily available at a comparable price), acts of God (including inordinately severe weather conditions), removal of hazardous materials, enemy action, civil commotion, fire or other casualty, of which the Owner required to perform has given the other Owner notice within thirty (30) days after such Owner knows of same.

"*Unit*" means any space at the Property intended for independent use or ownership and designated as a Unit in this Declaration, as same may be amended from time to time, together with such Unit's Common Interest.

"*Unit Owner*" or "Owner" means any owner of a Unit in fee simple absolute.

Section 1.7 Schedules. All Schedules referred to in this Declaration are incorporated into this Declaration as integral parts hereof.

ARTICLE 2

UNITS

Section 2.1 Schedule of Information. Annexed hereto and made a part hereof as Schedule B is a list of all Units comprising the Condominium, which list also contains Unit designations, location, Common Interest, approximate area and Common Elements to which each Unit will have access.

Section 2.2 Tax Lot Drawings. The approximate dimensions, classifications, area and location of each Unit comprising the Condominium, as well as the anticipated Common Elements of the Condominium, are shown on the Tax Lot Drawings. The Tax Lot Drawings as of the date of this Declaration are the construction drawings for the Building as approved by the Buildings Department. Upon completion of construction of the Units, a set of as-built drawings containing the certification required by the Condominium Act will be filed as amended Tax Lot Drawings.

Section 2.3 Unit Boundaries and Measurements.

Each Unit shall consist of that part of the Property containing the Unit (and the Owner of the Unit shall be deemed the owner of all facilities, systems and components, except for those facilities, systems and components that are Common Elements) within the area bounded, described and measured as follows:

(i) Each Unit extends horizontally from and is measured from and includes the exterior face of the glass and/or masonry or other material comprising exterior walls of the Building to the center line of concealed block work or plaster or drywall partitions separating the Unit from any other Unit (and, where applicable, to the center line of concealed block work or plaster or drywall partitions separating the Unit from any Common Elements), or from the exterior face of the glass and/or masonry or other material comprising one exterior wall of the Building to the exterior face of the glass and/or masonry or other material comprising the opposite exterior wall of the Building, as applicable; and

(ii) Each Unit extends vertically from and is measured from the center line of the concrete slab in each of the lowest portions of the Unit (however, if there is no Unit or Common Element below all or any portion of the Unit, then the Unit extends vertically from and is measured from and includes, with respect to such portion, the concrete slab forming such lowest portion), up to the center line of the concrete slab forming all or part of the bottom of the Unit above it, and if there is no Unit above it, then up to the center line of the concrete slab forming all or part of the floor, roof, or other Common Element above it. Notwithstanding the foregoing, where a concrete slab is a Common Element, as described in Section 2.4(a)(i), the Unit shall be measured from the center line of the slab, as described in this Section 2.3(b)(ii), but the slab shall not be part of the Unit.

Section 2.4 Components of Units.

(a) Components of Each Unit

Each Unit includes as part of the Unit, without limitation, the following components:

(i) Concrete slabs wholly within a Unit consisting of two or more contiguous floors shall be part of the Unit. However, concrete slabs serving two or more Units or serving a Unit and a Common Element, or located between two Units or between a Unit and a Common Element, shall be Common Elements.

(ii) Doors (and appurtenant locks) accessing a Unit from a Common Element or from the outdoors are part of the Unit unless otherwise specified in this Declaration.

(iii) Heating, ventilating and air conditioning equipment exclusively servicing a Unit are part of the Unit, as are any pipes, ducts, wires, flues, conduits, drains, or similar facilities connecting such equipment to the Unit if they service the Unit exclusively, regardless of where located. Electric service lines originating at the meter measuring consumption of electricity in a Unit are part of the Unit, regardless of where located. If the electric meter

measures the electricity consumed in that Unit only, the electric meter shall be part of the Unit as well. Branch water lines exclusively servicing a Unit also are part of the Unit, regardless of where located.

(iv) In general, any facility or facility area located within a Unit and serving only that Unit, is part of that Unit and is not a Common Element, and any facility or facility area located outside of a Unit and serving only that Unit, is part of that Unit and not a Common Element. Access, however, to facilities and facility areas that are part of a Unit and located outside of the Unit, is not absolute, and must be exercised by the affected Unit Owner in a manner that will not unreasonably interfere with the use and operation of the Unit or Common Element in which the facility or facility area is located, as more fully described elsewhere in this Declaration and in the By-laws.

(b) Components of the Commercial Unit

The Commercial Unit includes as part of the Unit, without limitation, all space and Building components below the structural slab under the second floor, except for those spaces and components located on the cellar and first floors of the Building identified in the Condominium Documents and/or in the Tax Lot Drawings as part of the Residential Unit, Garage Unit or as a Common Element.

(c) Components of the Residential Unit

The Residential Unit includes as part of the Unit, without limitation, the following specific components:

The Residential Unit consists of:

(i) a portion of first (lobby) floor, containing the entrance lobby to the residential floors and the mail area, together with all doors, canopies and lighting appurtenant thereto, hallway, Apartments, fitness room and community room, excluding the Garage Unit and Commercial Unit;

(iii) the entire second through eleventh floors and all exterior walls and windows from the second floor to the roofs, except the columns, girders, beams, supports, bearing walls and pre-cast concrete floors;

(iv) all roofs and their components;

(v) the standpipe system;

(vi) elevator core, pits, shafts and cabs;

(vii) trash compactor and compactor room, work room and storage rooms in cellar; and

(viii) stairways through the central core of the Building and associated stairwells and landings, including the emergency egress doors from these stairs opening to the outdoors on the ground floor of the Property.

(d) Components of the Garage Unit

The Garage Unit includes as part of the Unit, without limitation, all space and Building components below the structural slab under the cellar floor, except for those spaces and components located on the cellar and first floors of the Building identified in the Condominium Documents and/or in the Tax Lot Drawings as part of the Residential Unit, Commercial Unit or as a Common Element.

Section 2.5 Excluded from Units. Except as otherwise provided in this Declaration, a Unit shall not be deemed to include foundations, columns, girders, beams, joists, supports, interior load bearing walls, pillars, structural floor slabs or ceilings between two Units or between a Unit and a Common Element, central installations and equipment for power, sprinklers, lights, air conditioning, heating, ventilation, and utility lines which are utilized for or serve more than one Unit. If a Common Element runs through a Unit, the Common Element shall not thereby be deemed part of the Unit and the Unit shall not be deemed to include the Common Element.

Section 2.6 No Partition. No Unit (including the Common Interest appurtenant thereto), shall be subject to partition from the Condominium or otherwise by the Unit Owner. The foregoing shall not be deemed to prohibit division or combination of Units, provided such action is taken in accordance with procedures outlined in this Declaration and the By-laws.

ARTICLE 3

COMMON ELEMENTS

Section 3.1 Schedule of Common Elements. The Common Elements encompasses all portions and elements of the Building that are not part of a Unit and will include, without limitation, the following:

(a) The Land, including sidewalks thereon or appurtenant thereto, together with all easements, rights and privileges appurtenant thereto;

(b) Any Building structural components which are utilized for or serve more than one Unit, including foundations and footings, structural columns and pillars, girders, beams, joists and supports and structural slabs, unless specifically provided to the contrary in this Declaration;

(c) All interior load-bearing walls;

(d) Ground floor exterior walls and wall systems up to, but not including, any gypsum wallboard;

(e) All exterior landscaping and lighting (with the exception of Residential Unit lobby lighting) installed in, on or along the sides of the Property facing the streets adjacent to the Property;

(f) Sanitary sewer pumping system from the point at which the sanitary sewer line leading from a Unit connects with the Building's main sewer line, to the point at which the Building's main sewer line connects with the municipal sewer system;

(g) Storm drainage system within the Building to the point at which it connects to the municipal storm sewer system;

(h) All passages and corridors, areas, rooms and other spaces, located at the Property and serving or benefiting more than one Unit; and

(i) All other facilities of the Property (including but not limited to shafts, pipes, wires, ducts, vents, cables, chases, conduits and lines), which serve or benefit or are necessary or convenient for the existence, maintenance, operation or safety of more than one Unit and/or more than one Unit Owner; and

(j) Telephone room, fire pump room, water meter room and boiler room in the cellar.

Section 3.2 Limited Common Elements.

(a) Limited Common Elements are Common Elements of the Property that serve only a specified Unit and thus are restricted in use to the Owner of the Unit and/or to such occupants of the Unit as the Owner shall permit, subject to the right of the Board of Managers to enter upon such Limited Common Elements to make structural repairs or structural replacements thereto, and subject to the Rules and Regulations.

(b) Any Unit Owner having the exclusive right to use a Limited Common Element shall have the obligation, at the Unit Owner's expense, for day-to-day maintenance of the Limited Common Element, including, without limitation, cleaning of debris from drains and general cleaning and repairs, in accordance with the applicable provisions of the Declaration and the By-laws.

Section 3.3 No Severability or Partition. The Common Elements are not subject to partition nor are they severable from Units, except in accordance with the Condominium Act.

ARTICLE 4

COMMON INTEREST

Section 4.1 General. The aggregate Common Interest of all Units shall equal 100%. This provision of the Declaration may not be amended.

Section 4.2 Determination of Common Interest. The Common Interest of each Unit has been determined pursuant to Section 339-i(1)(iv) of the Condominium Act. It is based upon floor space, subject to the location of such space and additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the Unit.

Section 4.3 No Separation of Common Interest. The Common Interest may not hr separated from the Unit to which it appertains and shall be deemed conveyed or encumbered with the Unit even through such interest is not expressly mentioned or described in the conveyance, encumbrance or other instrument.

ARTICLE 5

USE OF AND ACCESS TO COMMON ELEMENTS

Section 5.1 General Use of and Access to Common Elements.

(a) The Common Elements shall be used for the furnishing of services and facilities for which the same are reasonably intended, and for the enjoyment to be derived from such proper and reasonable use. Each Unit Owner may use the Common Elements in accordance with the purposes for which they were intended and the limitations in use described in this Declaration, without hindering the exercise of or encroaching upon the rights of other Unit Owners, their tenants, licensees, invitees, clients or guests. A Unit Owner may not obstruct the Common Elements.

(b) The Board of Managers shall, if any question arises, determine the purpose for which a Common Element is intended to be used. The Board of Managers shall have the right to supervise access to Common Elements and to promulgate rules and regulations respecting the Common Elements.

(c) Notwithstanding anything in this Declaration or in the By-laws to the contrary, a Unit Owner may gain access to mechanical equipment rooms described as Common Elements in this Declaration, if any, only through clearance by the Board of Managers and under such supervision as the Board shall reasonably require..

Section 5.2 Easements for Utilities, Pipes and Conduits.

(a) Each Unit Owner and said Unit Owner's agents, contractors, invitees, licensees and employees shall have in common with all other Unit Owners, an easement of access to all other Units and to the Common Elements, and each Unit and the Common Elements shall be subject to such easement, as may be necessary for such Unit Owner to use, install, operate, maintain, repair, rebuild, restore and replace, as necessary, such Owner's Unit including, if any, the pipes, wires, flues, ducts, air conditioning equipment, condensers and conduits which are part of the Unit running from the meters or equipment servicing such Unit to the Unit.

(b) Each Unit Owner shall have an easement in common with the Owners of all other Units to use, in accordance with then present use and present available facilities, all pipes, wires, ducts, cables, conduits, public utility lines which are Common Elements, as well as other Common Elements located in any other Unit and serving such Unit Owner's Unit. Each Unit shall be subject to an easement in favor of the Owners of all other Units to use, in accordance with then present use and present available facilities, Common Elements serving such other Units and located in such Unit.

Section 5.3 Access Easement of Board of Managers. Subject to the provisions of Section 5.4 of this Declaration and the notice provisions in the By-laws, the Board of Managers, its members, agents, contractors and employees, shall have an easement and a right of access to each Unit to (i) inspect the Unit in seeking to identify the source or cause of a plumbing, mechanical or other problem in the Building, (ii) abate violations in the Unit that are endangering the health or safety of occupants or other users of the Building, (iii) maintain, repair or improve pipes, wires, ducts, cables, conduits and utility lines or other Common Element located in any Unit, (iv) make repairs to the Unit to prevent damage to the Common Elements or to any other Unit or (v) abate any violation of any law, ordinance, statute or rule of any governmental authority having jurisdiction thereof. The Board shall have an easement and right of access to all Common Elements to remove violations, to prevent harm or damage to other Common Elements or Units, Owners, occupants or users of the Property, and for inspection, maintenance, repair or improvement.

Section 5.4 Exercise of Easements.

(a) The easements authorized pursuant to Sections 5.2 and 5.3 of this Declaration shall be exercised in such a manner as will not materially or unreasonably interfere with the normal conduct of business of an Owner, tenant(s) or other occupant(s) of a Unit, in the event access is needed, or with the use of any Units or the Common Elements, for their permitted purposes. Any pipes, wires, ducts or other facilities installed, operated, maintained and/or used pursuant to said easements, if located within the normal view of the occupants, patrons, customers, tenants or other users of Common Elements, a Unit or the use or businesses located therein, shall be reasonably consistent with the aesthetic character of the Unit or Common Element, in, on or through which the facility is located, and if installed, operated or maintained within a Unit, shall not be so installed, operated or maintained without the Unit Owner's prior written consent, which consent shall not be unreasonably withheld or delayed. Entry shall be

permitted on reasonable prior notice to the applicable Unit Owner, except that notice will not be necessary in the case of an "emergency" (i.e., a condition requiring inspection, repair or replacement immediately necessary for the preservation or safety of the Property, or for the safety of occupants or users of the Property, or required to avoid the suspension of any necessary service to the Property).

(b) If the Board of Managers requires entry into a Unit, or if one Unit Owner requires entry into another Owner's Unit, in either case during non-business hours or any other period when there ordinarily would not be security or other occupants present in the Unit, the Unit Owner whose Unit is being entered shall have the right to make reasonable arrangements for security of the Unit and its contents and oversight of the work being performed, during such period as access and entry shall continue. The cost of such security and oversight shall be borne exclusively by the party (i.e., the Board of Managers or the Unit Owner, as applicable), requiring the access and entry, unless, however, access is required due to the negligence, or other action or inaction of the Owner of the Unit being entered, in which case the Owner whose Unit is being entered shall bear such cost.

(c) The Board of Managers shall not perform any work in a Unit to cure a violation or problem therein arising out of the action or failure to act of the Unit Owner or a tenant or other occupant of the Unit (except emergency work pursuant to the foregoing), unless the Board of Managers has given the Unit Owner notice of and opportunity to cure the violation or other problem emanating from Owner's Unit, in accordance with the By-laws.

Section 5.5 Easement for Encroachments. If any portion of a Unit or the Common Elements encroaches or shall hereinafter encroach upon another Unit or the Common Elements as a result of: (i) the construction, reconstruction or settling or shifting of the Building, or (ii) any repair or restoration made by the Board of Managers to the Building, any Unit or the Common Elements, or (iii) any reconstruction after a partial or total destruction as a result of a fire or other casualty or as a result of condemnation or eminent domain proceedings, a valid easement for the encroachment and the maintenance of the same shall and does exist, provided, however, that the encroachment is de minimis and does not materially or unreasonably interfere with the normal conduct of business of the Owner, tenant(s) or other occupant(s) of the Unit, or Common Element being encroached upon, or with the use of the Common Element or Unit being encroached upon, for its or their permitted purposes. Such easements as provided in this Section shall exist so long as the Building shall stand.

Section 5.6 Easements of Necessity and Emergency Egress. Each Unit shall have and each Unit shall be subject to all easements of necessity and emergency egress in favor of such Unit or in favor of other Units and the Common Elements.

Section 5.7 Declarant's, Sponsor's and Board's Easements.

(a) Declarant, Sponsor and/or its or their designees and their respective successors and assigns, for so long as Sponsor is offering at least one Cooperative Apartment for sale under the Offering Plan, shall have an easement to erect, maintain, repair and replace, from time to

time, one or more signs on the Property for the purposes of advertising the sale or lease of Cooperative Apartments. Sponsor and/or its designees and their respective successors and assigns shall have an additional easement providing access in and to all Units and Common Elements consistent with Sponsor's rights and obligations under the Offering Plan and the Site Development Agreement, including, without limitation, an easement to develop, renovate, maintain, repair, refurbish, offer, sell and lease Cooperative Apartments and construct the Building.

(b) Declarant, Sponsor and/or its or their designees, and their respective successors and assigns, for so long as Declarant and/or Sponsor or either one of their affiliates or designees shall own all or any portion of the Commercial Unit, shall have an easement to erect, maintain, repair and replace, from time to time, one or more signs on the Property for the purpose of advertising the lease and/or sale of all or any portion of the Commercial Unit, and shall have an additional easement of access in and to all Units and the Common Elements, to develop, renovate, maintain, repair, refurbish, offer, sell and/or lease all or any portion of the Commercial Unit.

(c) Declarant, Sponsor and/or its or their designee(s) and their successors and assigns and, upon completion of construction of the Condominium, the Board of Managers, shall have the right to grant such electric, gas, steam or other utility easements or relocate any existing utility easements in any portion of the Property generally, as Declarant, Sponsor and/or its or their designee(s), or the Board of Managers, as the case may be, shall deem necessary or desirable for the proper construction, operation and maintenance of the Building or any portion thereof, or for the general health or welfare of the Owners, tenants and occupants of the Units, provided that such additional utility easements or the relocation of existing utility easements will not prevent or unreasonably interfere with the normal conduct of business of the Owner, tenant(s) or other occupant(s) of a Unit or with the use of a Unit for its permitted purposes. Any utility company and its employees and agents shall have the right of access to any Unit or the Common Elements in furtherance of such easement, provided such right of access shall be exercised in such a manner as shall not unreasonably interfere with the normal conduct of business of the Owner, tenant(s) or other occupant(s) of the Commercial Unit or with the use of the Residential Unit for its permitted purposes.

Section 5.8 Commercial and Garage Unit Owner Easements. The Commercial Unit Owner, the Garage Unit Owner and their respective successors and assigns shall have an easement to erect, maintain, repair and replace, from time to time, one or more signs on the Property for the purposes of advertising the sale or lease of all or any portion of that Owner's Unit and the operation of any business of that Owner or a tenant or other occupant of all or any portion of that Owner's Unit, subject in all events, however, to the provisions and conditions of the By-laws and/or Rules and Regulations respecting signs. The Commercial Unit Owner and said Unit Owner's successors and assigns, shall have an easement to erect, maintain, repair and replace, from time to time, one or more sidewalk cafes on the sidewalk adjacent to the Commercial Unit or any portion of the Commercial Unit, for the operation of any restaurant business of that Owner or a tenant or other occupant of all or any portion of that Owner's Unit, subject in all events, however, applicable law.

Section 5.9 Responsibility and Indemnity. The user of any easement granted by the above subparagraphs of this Article 5 shall have the responsibility of repairing any damage to the Common Elements or to any other Unit directly or indirectly resulting from the exercise of the easement. Additional obligations respecting maintenance and repair of Units and Common Elements arising out of these access and easement rights are found in the By-laws. Unit Owners shall be obligated to indemnify other Unit Owners and the Board of Managers, and the Board of Managers shall be obligated to indemnify Unit Owners, in connection with loss, damage or liability arising out of that party's exercise of rights pursuant to the easements granted in this Article 5.

ARTICLE 6

CONDOMINIUM GOVERNANCE; SERVICE OF PROCESS

Section 6.1 Board of Managers; Common Owner.

(a) The affairs of the Condominium shall be governed and controlled by a Board of Managers, as described in the By-laws. When in this Declaration or in the By-laws an action is to be undertaken, or is authorized to be done by the Condominium, it shall mean the Condominium acting through its Board of Managers, unless the text clearly requires another interpretation (i.e., through a vote of the Unit Owners). When the Board of Managers is authorized or obligated to act, it shall be acting on behalf of all Unit Owners in the Condominium.

(b) Notwithstanding anything to the contrary contained in this Declaration or in the By-laws, and to the extent permitted under applicable law, it is the intention of the Condominium Documents that while the Units are owned by the same Owner, such Owner shall operate the Property as if the Unit Owner were the owner and operator of the entire Property and the Property were not owned in the condominium form of ownership. Thus, it is intended that the Condominium will be managed entirely by such single Unit Owner who shall be deemed the Board of Managers for purposes of establishing the Condominium, but that neither the formal establishment of a Board of Managers, nor decision-making or governance by the Board of Managers, shall be required. That is, it is intended that the sole Unit Owner shall be authorized and required to perform all duties and to have all obligations that would otherwise be the responsibility of the Board. While there is only one Unit Owner, a Board shall be established and shall perform such duties and undertake such obligations as set forth in the Condominium Documents, if required by applicable law, Recognized Mortgagees or if it otherwise determines to do so.

Section 6.2 Administration. The administration of the Condominium shall be in accordance with the provisions of this Declaration and the By-laws.

Section 6.3 Service of Process. The Secretary of State is hereby designated as agent of the Board of Managers upon whom process against the Board of Managers may be served. Service of process on the Secretary of State as agent for the Board of Managers shall be made

personally, by delivering to and leaving with the Secretary of State or his or her deputy, or with any person authorized by the Secretary of State to receive such service, at the office of the Department of State in Albany, New York, duplicate copies of such process together with the statutory fee, which shall be a taxable disbursement. Service of process on the Board of Managers shall be complete when the Secretary of State is so served. The Secretary of State is required under the Condominium Act to promptly send one of such copies by certified mail, return receipt requested, to the Board of Managers, at the post office address on file with the Department of State, specified for such purpose. ***The Board of Managers is required under the Condominium Act to file with the Secretary of State the name and post office address to which the Secretary of State shall mail a copy of any process served upon the Secretary of State, and to update such filing as necessary.***

ARTICLE 7

CONDOMINIUM DOCUMENTS RUN WITH THE LAND

Section 7.1 All Owners, Tenants and Occupants Subject to Condominium Documents Which Run With the Land. All present and future Unit Owners, tenants, occupants or any other person that might use the Units or the facilities of the Property in any manner, are subject to the provisions of this Declaration, the By-laws and Rules and Regulations of the Condominium, as they may be amended from time to time. The acceptance of a deed of conveyance of, or the entering into of a lease for all or any portion of, or the entering into occupancy of all or any portion of a Unit shall signify that the provisions of this Declaration and the By-laws and Rules and Regulations of the Condominium, are accepted and ratified by such Owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the Land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed of conveyance or lease thereof.

ARTICLE 8

AMENDMENT AND TERMINATION

Section 8.1 Amendment.

(a) Except for the rights of Declarant and Sponsor to amend this Declaration or the By-laws as set forth in this Article 8 and elsewhere in this Declaration or in the By-laws, and the right of the Board of Managers discussed in this Declaration or in the By-laws to cause this Declaration to be amended to reflect the alteration of Common Elements by the Board of Managers and the alteration, combination or division of Unit(s) by Unit Owners, this Declaration and the By-laws may be modified, altered, amended or added to only by unanimous vote of all Unit Owners cast in person or by proxy at a meeting duly held in accordance with the provisions of the By-laws or otherwise consented to in writing by all Unit Owners.

(b) Notwithstanding the foregoing, while Declarant is the only Unit Owner, Declarant may amend this Declaration or the By-laws without the necessity of calling a meeting.

(c) Declarant, its affiliates and its successors and assigns shall have the right, while Declarant is the Owner of the Residential Unit, and Sponsor shall have the right while the Apartment Corporation is the Owner of the Residential Unit and Sponsor controls the Board of Directors of the Apartment Corporation, to amend (or to cause the Board of Managers to amend, as applicable) this Declaration and the By-laws annexed hereto, and the Tax Lot Drawings, without calling a meeting and without obtaining any other party's consent, to effect changes and/or corrections, at Sponsor's written direction, consistent with Sponsor's rights and obligations under this Declaration and the By-laws and under the Offering Plan.

(d) An instrument evidencing an amendment to this Declaration or the Bylaws must be duly recorded in the City Register's Office. Such instrument need not contain the written consent of the required number of Unit Owners, but shall contain a certification by the Board of Managers, or Declarant, if applicable, that the consents, if any, required for such change have been received and filed with the Board of Managers. With certain exceptions discussed below, the costs and expenses of preparing and recording an amendment to the Declaration or the By-laws shall be borne by the Unit Owners as a Common Expense. However, Sponsor shall bear the costs with respect to amendments filed pursuant to Sections 8.1 (b) and 8.1(c). Further, if an amendment is necessitated as a result of alteration work performed by a Unit Owner, the Unit Owner shall bear the expense of preparing and recording the amendment, although the Board shall bear the responsibility of recording such amendment, provided it has been notified of same in accordance with this Declaration and the By-laws.

(e) Copies of amendments to this Declaration or the By-laws will be furnished by the Board of Managers to Unit Owners (as a Common Expense) if the amendment is prepared and recorded by the Board of Managers and affects the Condominium as a whole. Amendments filed by the Board of Managers on behalf of a Unit Owner shall be duplicated and distributed to all Unit Owners at the amending Unit Owner's sole cost and expense.

(f) No amendment to this Declaration or the By-laws may be enacted which. (i) adversely affects Declarant's rights hereunder generally or Sponsor's rights hereunder with respect to the sale and/or leasing of Cooperative Apartments pursuant to the Offering Plan or with respect to the sale or leasing of the Commercial Unit, or with respect to the making of alterations, additions and improvements to Units owned by Declarant or Sponsor, (ii) adversely affects Declarant's or Sponsor's rights under this Declaration or the By-laws in any other way whatsoever, without Declarant's and/or Sponsor's, as applicable, prior written consent, or (iii) adversely affects any Unit Owner, without the affected Unit Owner's prior written consent.

(g) No amendment to this Declaration or the By-laws attached hereto, which shall impair or prejudice the rights or priorities of a Recognized Mortgagee, shall be adopted without the prior written consent of such Recognized Mortgagee. Any such amendment that is adopted without the prior written consent of an affected Recognized Mortgagee shall be deemed null and void ab initio.

Section 8.2 Termination and Withdrawal. The Condominium shall not be terminated or withdrawn from the Condominium Act except in accordance with this Declaration, the Bylaws, and all laws, ordinances and regulations applicable to the Property at the time termination or withdrawal is desired. In this regard, the Condominium may be terminated following a loss due to casualty or condemnation, as more fully described in the By-laws. In addition, the Condominium may be withdrawn from the provisions of the Condominium Act by the unanimous vote of Unit Owners. If withdrawal of the Condominium from the Condominium Act is authorized as provided in this Section 8.2, the Property shall be subject to an action for partition by any Unit Owner or lienor as if owned in common, in which event the net proceeds of sale arising out of the partition action shall be divided among all Unit Owners in proportion to their respective Common Interests, provided, however, that no payment shall be made to a Unit Owner until there has first been paid off out of the Unit Owner's share of such net proceeds, all liens on the Unit Owner's Unit, in the order of priority of such liens.

ARTICLE 9

GENERAL

Section 9.1 Declarant's and Sponsor's Rights and Obligations; Affiliates.

(a) Nothing contained in the Condominium Documents shall be deemed to impose upon Declarant or Sponsor any obligation of any nature to build, construct or provide any improvements on the Property. All rights accruing to Declarant under the Condominium Documents shall also accrue to an Affiliate of Declarant and to Sponsor and all rights accruing to Sponsor under the Condominium Documents shall also accrue to an Affiliate of Sponsor, as well as to any entity appointed by Declarant or Sponsor, as applicable, as its designee, or to any person or entity succeeding to Declarant's or Sponsor's rights hereunder by operation of law or otherwise.

(b) An Affiliate of Declarant or Sponsor, as applicable, shall be deemed to be (i) a person or entity who or which owns more than 25% of the legal or beneficial interest of Declarant or Sponsor, as applicable, (ii) a person or entity who or which has voting or other decision-making control with respect to Declarant or Sponsor, as applicable, (iii) an entity with respect to which Declarant or Sponsor, as applicable, owns or controls more than 25% of the legal or beneficial interest, or (iv) an entity owned or controlled directly or indirectly by the parent company of Declarant or a parent company of Sponsor or of Sponsor's principals, as applicable.

Section 9.2 Subordination to Land Disposition Agreement and Deed. This Declaration is and shall be subject and subordinate to the provisions of (a) the Land Disposition Agreement between The City of New York and Declarant dated as of June 15, 2005, and thereafter recorded in the City Register's Office (the "LDA"), for so long as the provisions of the LDA shall be in effect, (b) the deed conveying the Property from The City of New York to Declarant, dated as of June 15, 2005, and thereafter recorded in the City Register's Office (the "Deed"), so long as the restrictions in the Deed applicable to the Property shall be in effect, (c)

the Regulatory Agreement, dated June 15, 2005, among Sponsor, Declarant and New York City Housing Development Corporation and thereafter recorded in The City Registrar's Office (the "HDC Regulatory Agreement"), for so long as the provisions of the HDC Regulatory Agreement shall be in effect, and (d) the Regulatory Agreement, dated June 15, 2005, between Declarant and The City of New York, and thereafter recorded in the City Registrar's Office (the "HPD Regulatory Agreement"), for so long as the HPD Regulatory Agreement shall be in effect.

Section 9.3 Inspection Right of Recognized Mortgagees. Each Recognized Mortgagee, while it holds a mortgage on a Unit, shall have the right, from time to time, upon reasonable advance notice to the Board of Managers and during reasonable business hours, to have access to and to inspect the Property, in the company of a member of the Board of Managers or in the company of the Managing Agent of the Condominium, in the same manner and to the same extent as provided for access to and inspection of the mortgaged property that is subject to the lien of the Recognized Mortgagee's mortgage, as if the lien of the Recognized Mortgagee's mortgage extended to cover the entire Property rather than just a single Unit.

Section 9.4 Invalidity. The invalidity of any provision of this Declaration shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of this Declaration, and, in such event, all of the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been made.

Section 9.5 Waiver. No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce same, irrespective of the number of violations or breaches which may occur.

Section 9.6 Captions. The captions in the Condominium Documents are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope or intent of any provision thereof.

Section 9.7 Conflicts. Conflicts between this Declaration and the By-laws attached hereto shall be resolved in favor of this Declaration. Conflicts between this Declaration and the Condominium Act shall be resolved in favor of the Condominium Act.

IN WITNESS WHEREOF, NYC Partnership Housing Development Fund Company, Inc. has caused this Declaration to be executed as of this ____ day of _____ [_____].

NYC PARTNERSHIP HOUSING DEVELOPMENT FUND COMPANY, INC.

By: _____
Name:
Title:

STATE OF NEW YORK)
COUNTY OF NEW YORK)

On this _____ day of _____ [_____] before me personally came _____ to me known, who, being by me duly sworn, did depose and say that s/he resides at _____ that s/he is a _____ of NYC Partnership Housing Development Fund Company, Inc., the corporation described in and which executed the foregoing instrument; and that s/he executed the instrument on behalf of said corporation pursuant to order of the board of directors of the corporation.

Notary Public

LIST OF SCHEDULES

Schedule A - Legal Description
Schedule B - Unit Designations, Common Interest and Related Information
Schedule C - By-laws of the Condominium
Schedule D - Depositary Agreement

SCHEDULE A

LEGAL DESCRIPTION

ALL that certain lot, piece or parcel of land with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, County, City and State of New York, more particularly designed on the Tax Map of the City of New York, for Borough of Manhattan, as Block 2045 Lot 42, Lot 43, Lot 44, Lot 45, Lot 46, Lot 47, Lot 48, Lot 49, Lot 50, Lot 61 and Lot 62, as said Tax Map was filed on the 10th day of February, 1976 and as shown on a survey prepared by Erlandsen-Crowell & Shaw CE dated March 5, 2004 and updated April 8, 2005 and described as follows:

BEGINNING at a point at the intersection of the northeast line of W. 147th Street and the southeast line of Bradhurst Avenue, said point being the northwest corner of Lot 42, Block 2045 as described above; thence northeasterly along the southeast line of Bradhurst Avenue, being the northeast line of Lots 42, 43, 44, 45, 62 and 61 aforesaid, a total of 174 feet 10 inches to a point, said point being the northeast corner of said Lot 61; thence southeasterly along the northeast line of said Lot 61 a distance of 75 feet to a point, said point being the southeast corner of said Lot 61; thence southwesterly along the southeast line of said Lot 61 and Lot 62 aforesaid and along the line of Lot 45 aforesaid a distance of 60 feet to a point; thence turning southeasterly continuing along the line of said Lot 45 a distance of 25 feet to the southeast corner of said Lot 45; thence turning southwesterly along the southeast line of said Lot 45 a distance of 14 feet 11 inches to a point, said point being in the northeast corner of Lot 47 aforesaid; thence turning southeasterly along the northeast line of Lot 47 and continuing along the northeast line of Lot 48 a total distance of 50 feet to a point, said point being the southeast corner of said Lot 48; thence turning southwesterly along the southeast line of said Lot 48 a distance of 49 feet 11 inches to a point, said point being in the northeast corner of Lot 50 aforesaid; thence turning southeasterly along the northeast line of said Lot 50 a distance of 75 feet to a point, said point being the southeast corner of said Lot 50 and being in the northwest line of Frederick Douglass Boulevard at a point 50 feet northeasterly as measured along the northwest line of Frederick Douglas Boulevard where it intersects the northeast line of W. 147th Street; thence turning southwesterly along the northwest line of Frederick Douglass Boulevard, being the southeast line of Lots 50 and 49 aforesaid, a distance of 50 feet to the northeast line of W. 147th Street, being the southwest corner of Lot 49 aforesaid; thence turning northwesterly along the northeast line of W. 147th Street aforesaid, also being the southwest line of Lots 49, 48, 47, 46 and 42 aforesaid, a total distance of 225 feet to where the northeast line of W. 147th Street meets the southeast line of Bradhurst Avenue aforesaid, being the POINT OF BEGINNING.

SCHEDULE B
UNIT DESIGNATIONS, COMMON INTEREST AND RELATED INFORMATION

Unit Designation	Tax Lot No.	Approximate Square Foot Floor Area*	Limited Common Elements and Approximate Square Foot Areas	Common Interest	Common Elements to Which Unit has Access	Location
Commercial Unit (Unit 1)	1001	_____	None	[___]	Sidewalks	Portions of cellar and portions of first floor
Garage Unit (Unit 2)	1002	_____	None	[___]	Sidewalks	Cellar
Residential Unit (Unit 3)	1003	_____	None	[___]	Sidewalks	Portions of cellar; portions of first floor and second floor through eleventh floors

* The approximate square foot floor area in this column does not include the approximate square foot area of Limited Common Elements appurtenant to the Unit, which are listed in the next column

SCHEDULE C TO CONDOMINIUM DECLARATION

BY-LAWS

of

THE SUTTON CONDOMINIUM
102 Bradhurst Avenue
New York, New York 10039

SCHNEIDER GOLDSTEIN BLOOMFIELD LLP
90 Broad Street
New York, New York 10004

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BY-LAWS

of

THE SUTTON CONDOMINIUM
102 Bradhurst Avenue
New York, New York

ARTICLE 1

GENERAL

Section 1.1. Purpose. The purpose of these By-laws is to set forth the rules and procedures governing the operation and conduct of the Condominium. All capitalized terms used in these By-laws and not defined herein, shall have the meanings ascribed to them in the Declaration to which they are annexed.

Section 1.2. Applicability of By-Laws. The provisions of these By-laws are applicable to the Property and to the use and occupancy thereof.

Section 1.3. Application. All present and future owners, mortgagees, lessees and occupants of Units and their employees, agents and/or licensees, and any other persons who may use the facilities of the Property in any manner are subject to these By-laws, the Declaration and the Rules and Regulations, each as amended from time to time. The acceptance of a deed or conveyance or the entering into (or acceptance of assignment) of a lease for all or any portion of a Unit or the act of occupancy of all or any portion of a Unit shall constitute an agreement that these By-laws, the Rules and Regulations and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.

Section 1.4. Title to Units.

(a) Title to Units may be taken in the name of two or more parties, as tenants in common or as joint tenants or as tenants by the entirety, or in the name of a corporation, limited liability company, partnership, fiduciary, trust, estate, unincorporated association, organization, syndicate, joint venture, government (or any mission, department or agency thereof), or any other entity. In no event may title to a Unit be held by an individual person.

(b) Notwithstanding the foregoing, before any such conveyance to a government or governmental mission, or to a department, agency or consulate of a government, or to any other individual or entity who or which may be entitled under applicable laws, conventions or treaties (including, without limitation, the United States Foreign Sovereign Immunities Act as same may be amended) to any present or future claim to any immunity, whether characterized as sovereign immunity or otherwise (or diplomatic or consular immunity, if applicable), from any

legal or equitable proceedings in the United States of America or elsewhere, may occur or be valid or effective, the Board of Managers may require that certain additional conditions be satisfied.

(c) Specifically, the Board of Managers may require that the potential grantee enter into an agreement with the Board of Managers, on terms acceptable to the Board of Managers and its counsel, in which the potential grantee (i) agrees to a specified arrangement for service of process, (ii) expressly and irrevocably waives, to the full extent permitted by law (including, without limitation, the United States Foreign Sovereign Immunities Act, as same may be amended), with respect to the potential grantee, and with respect to any and all other intended occupants of the Unit, any present or future claim to any immunity, whether characterized as sovereign immunity or otherwise, (and diplomatic and consular immunity, if applicable) from any legal or equitable proceedings in the United States of America or elsewhere, brought by the Board of Managers or any other party claiming with respect to the Unit (including without limitation, immunity from service of process, immunity from jurisdiction of any court or tribunal, and immunity of any of that party's property from attachment prior to entry of judgment and from attachment in aid of execution, and from execution itself, upon :1 judgment), (iii) agrees that any legal action or proceeding with respect to the Unit may be brought in the courts of the State of New York, and in the City of New York, or in the United States District Court for, the Southern District of New York, as the Board of Managers shall elect, and (iii) permits execution anal enforcement of any judgment obtained by the Board of Managers.

(d) The Board of Managers may require evidence satisfactory to the Board's counsel, of the authority of the party executing any such agreement to execute it, and confirming the binding nature of any agreement executed by such party.

(e) With respect to any potential grantee which is a governmental entity (i.e., any of the types of patties described in Section 1.5(b) above), or a corporation, limited liability company, partnership, trust or other entity including, without limitation, those itemized in Section 1.5(a) above, the Board of Managers shall have the right and authority to require personal guarantees and/or such other assurances and security as the Board of Managers shall reasonably deem necessary to insure that Common Charges due with respect to the Unit are paid and other obligations respecting the Unit arc satisfied.

ARTICLE 2

BOARD OF MANAGERS

Section 2.1. Number and Qualification.

(a) The affairs of the Condominium shall be governed by a Board of Managers (the "Board of Managers"). The Board of Managers shall comprise representatives of the Residential Unit, the Garage Unit and the Commercial Unit. The initial Board of Managers shall

consist of three (3) persons designated by Declarant. These individuals shall hold office until their successors shall have been installed at the first annual meeting of Unit Owners held pursuant to Section 3.1 of these By-laws, at which time a new five (5) member Board of Managers shall be established in accordance with these By-laws. Of these five (5) members, three (3) individuals shall be appointed by the Residential Unit Owner (the "Residential Unit Representatives"), one (1) individual shall be appointed by the Garage Unit Owner (the "Garage Unit Representative") and one (1) individual shall be appointed by the Commercial Unit Owner (the "Commercial Unit Representative"). In the event that the Commercial Unit is subdivided and there is more than one (1) Commercial Unit Owner, the Board of Managers shall be increased in number so that each Commercial Unit Owner shall have the right to designate a Commercial Unit Representative, and upon such designation the Owner of the Residential Unit shall appoint one or more additional representatives so that it shall always maintain a bare majority of its representatives on the Board of Managers. In such event, whenever in these By-Laws reference is made to the Commercial Unit or the Commercial Unit Owner, it shall mean each Commercial Unit or Commercial Unit Owner, or the applicable Commercial Unit or Commercial Unit Owner, as the case may be.

(b) Notwithstanding anything to the contrary contained in these By-laws, during such period as the Apartment Corporation owns the Residential Unit, but only while Sponsor has the right to control the Board of Directors of the Apartment Corporation, Sponsor shall have the right to appoint the Residential Unit Representatives.

(c) While the Apartment Corporation is the Residential Unit Owner, all Residential Unit Representatives to the Board of Managers shall be Tenant-Shareholders of the Apartment Corporation. From and after the first annual meeting of Tenant-Shareholders of the Apartment Corporation held after the Cooperative Conversion Date, all Residential Unit Representatives must be Tenant-Shareholders of the Apartment Corporation and residents of the Residential Unit. The foregoing requirement is subject to the right of a Recognized Mortgagee to remove Tenant-Shareholder Residential Unit Representatives and to appoint Residential Unit Representatives who are not Tenant-Shareholders in the event a receiver of the Recognized Mortgagee's loan is appointed, and/or in the event of foreclosure of the Recognized Mortgagee's mortgage, and/or if pursuant to the mortgage or regulatory agreement on the Residential Unit held by the Recognized Mortgagee, the Recognized Mortgagee is entitled to remove and replace the Board of Directors of the Apartment Corporation and the Recognized Mortgagee exercises such rights. Subject to the foregoing, members of the Board of Managers, other than the appointees of Declarant, Sponsor and/or its or their designee(s), shall be Unit Owners, the authorized designee of a Unit Owner or the authorized designee of a Mortgagee or of a Recognized Mortgagee of a Unit. In the case of partnership Unit Owners the Board member shall be a general partner of such partnership (and, if the general partner is a corporation or partnership, shall be an officer, director, Shareholder or partner of such corporate or partnership general partner, as applicable). In the case of corporate Unit Owners, the Board member shall be an officer, director or Shareholder of such corporation. In the case of limited liability company Unit Owners, the Board member shall be a member of such company or a principal of a member of the company. In the case of fiduciary Unit Owners the Board member shall be the fiduciary or

an officer of such fiduciary. In any event, regardless of the type of Unit Owner or Mortgagee, the Board member must be an individual principal, member or other authorized designee of the Unit Owner, Mortgagee or Recognized Mortgagee.

(d) If a member of the Board of Managers ceases to meet the qualifications for membership set forth in the previous paragraph, he or she shall be deemed to have resigned from the Board effective as of the date such ownership, stock ownership, partnership, mortgage or other qualifying interest ceased.

Section 2.2. Term of Office.

(a) The term of office of each of the Residential Unit Representatives shall be one (1) year, and the term of office of the Commercial Unit Representative and the Garage Unit Representative, shall be indefinite until their respective successors are appointed. Thereafter, at all annual meetings, candidates will be appointed for one-year terms.

(b) Members of the Board of Managers may serve for more than one term.

Section 2.3. Resignation and Removal of Members of the Board of Managers.

(a) Members of the Board of Managers may resign at any time by giving notice in writing to the Board. Unless otherwise stated in the notice, the resignation shall be effective immediately.

(b) At any regular or special meeting of the Board of Managers, any member of the Board of Managers may be removed with cause by vote of the Board of Managers, provided notice of such proposed removal was given to the Board member and in the notice of the meeting. Any member of the Board of Managers whose removal has been proposed shall be given an opportunity to be heard at the meeting.

(c) If a Recognized Mortgagee has the right under its mortgage or regulatory agreement to remove members of the governing body of the Owner of the Unit securing its loan, and if the Recognized Mortgagee exercises such right in accordance with its mortgage or regulatory agreement, then in such event the Recognized Mortgagee also shall have the right to remove the members of the Board of Managers appointed by that Unit Owner and to appoint its own representatives to serve as the Residential Unit Representatives or the Commercial Unit Representatives, as applicable.

Section 2.4. Vacancies. Subject to the right of a Recognized Mortgagee to remove and appoint members of the Board of Managers in certain instances as discussed above, only the Residential Unit Owner (or Sponsor, while Sponsor controls the Apartment Corporation) shall have the right to designate a replacement for a Residential Unit Representative, only the Garage Unit Owner shall have the right to designate a replacement for a Garage Unit Representative and only the Commercial Unit Owner shall have the right to designate a replacement for a

Commercial Unit Representative, who has been removed from or has resigned from the Board. Vacancies in the Board of Managers caused by resignation, removal, death or any other reason shall be filled promptly by Declarant, Sponsor, the Residential Unit Owner, the Commercial Unit Owner, the Garage Unit Owner or the Recognized Mortgagee, as applicable. Each person so appointed shall be a member of the Board of Managers for the remainder of the term of the predecessor member and until a successor shall be appointed.

Section 2.5. Powers and Duties.

(a) The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things except as by law or by the Declaration or by these By-laws may not be delegated to the Board of Managers by the Unit Owners; however, all determinations which affect only one Unit and do not "adversely affect" another Unit for its permitted purposes shall be made by the affected Unit Owner. All other determinations with respect to administration of the affairs of the Condominium shall be made by the Board of Managers. A dispute with respect to whether the determination of one Unit of the Condominium adversely affects another Unit of the Condominium shall not be deemed to exist unless the objecting party specifies the ground for its objection in writing to the other party within ten (10) days of receipt by it of notice of such determination. Each Unit Owner shall have a duty to notify the other Unit Owners in writing each time a determination is made by one of them that might reasonably be expected to have a material impact on the other Unit Owners, or either of them. Any dispute as to whether a determination made by one Unit Owner "adversely affects" another Unit Owner or said Unit Owner's Unit, shall be an Arbitrable Dispute.

(b) Subject to the foregoing, the powers and duties of the Board of Managers shall include, but shall not be limited to, the following:

(i) Operation, care, upkeep, maintenance, repair, replacement and cleaning of the Common Elements.

(ii) Determination of Common Charges required to pay Common Expenses of the Condominium.

(iii) Collection of Common Charges and other assessments from Unit Owners and expenditure of same to pay Common Expenses.

(iv) Employment and dismissal of personnel necessary for maintenance and operation of the Common Elements.

(v) Adoption and amendment of Rules and Regulations covering operation and use of the Property, and seeking of damages and impositions of fines from Unit Owners for violations of Rules and Regulations. However, the Board of Managers may not enact rules or regulations or perform any acts, or make any other provisions that would interfere with

Declarant's or Sponsor's rights set forth in these By-laws or in the Declaration relating to sales and leasing of Cooperative Apartments nor may the Board of Managers enact Rules and Regulations that interfere with the rights of the Commercial Unit Owner or the Garage Unit Owner with respect to the sale or leasing of all or any portion of the Commercial Unit or the Garage Unit.

(vi) Opening and maintaining of bank accounts on behalf of the Condominium and designating the signatories required therefor.

(vii) Reasonable leasing and/or licensing portions of the Common Elements, including, without limitation, licensing portions of the roof for cellular, satellite and/or other transmission or related purposes, to the extent same does not materially interfere with the use or enjoyment of the Units for their permitted purposes by the Unit Owners or other occupants of the Units.

(viii) Procuring and maintaining insurance for the Property in accordance with these By-laws.

(ix) Making ordinary repairs, restorations, additions and improvements to or alterations of the Common Elements and making repairs to and restoration of the Property after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings, in accordance with these By-laws.

(x) Borrowing money and thereby incurring debt on behalf of the Condominium in connection with the operation, care, upkeep and maintenance of, or the making of repairs, replacements, restorations, improvements or additions to or alterations of, the Common Elements, working capital, bad debts and unpaid Common Charges, depreciation, obsolescence or similar purposes, or otherwise in connection with any permitted action or activity of the Board. However, (i) the unanimous consent of Unit Owners voting at a meeting duly called and held for such purpose in accordance with the provisions of these By-laws, and the unanimous consent of Recognized Mortgagees of Units, shall be required for the borrowing of any sum in excess of $150,000 in 2003 Equivalent Dollars in any one fiscal year (regardless of the balance of loans outstanding from previous years) and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant Common Interest without the consent of the Owner of the Unit so affected (and the Recognized Mortgagee of the Unit). If any sum borrowed by the Board of Managers on behalf of the Condominium pursuant to the authority contained in this subparagraph (x) or elsewhere in these By-laws is not repaid by the Board, a Unit Owner who pays to the creditor such Unit Owner's proportionate share of the sum based on such Unit Owner's Common Interest, shall be entitled to obtain from the creditor a release of any judgment or other lien which said creditor shall have filed or shall have the right to file against the Unit Owner's Unit. The foregoing sentence shall be deemed incorporated into each and every loan agreement or promissory note entered into or made by the Board of Managers pursuant to the authority granted it in the Condominium Documents.

(xi) In connection with a debt incurred by it pursuant to the foregoing paragraph, the Board of Managers, on behalf of the Unit Owners, may, with the prior consent of the Recognized Mortgagees, (i) assign to the lender the Board's rights in and to future Common Charges, (ii) create a security interest in, assign, pledge, mortgage or otherwise encumber funds or other real or personal property that the Board holds, (iii) agree that, to the extent of any amounts due under any provisions of the agreements pursuant to which the debt was incurred, and subject to the provisions of Section 339-l of the Condominium Act, all Common Charges received and to be received by the Board of Managers, and the right to receive such funds, shall constitute trust funds for the purpose of paying such debt and such funds shall be expended for such purpose before expending any part of the same for any other purpose, and (iv) agree that at the lender's direction the Board will increase Common Charges to the extent necessary to pay any amount when due under any of the provisions of the agreements pursuant to which the debt was incurred. The foregoing sentence shall not be construed to authorize the Board of Managers to create a lien on any Common Elements. Any assignment pursuant to clause (i) of this subparagraph (xi) may provide, subject to the provisions of subparagraph (x) above, that in the event of a default, the lender shall have the same right as the Board of Managers to file liens on Units for unpaid Common Charges, in the lender's name, in accordance with these By-laws and Section 339-z and 339-aa of the Condominium Act, and to foreclose such liens pursuant to Sections 339-aa of the Condominium Act and pursuant to these By-laws.

(xii) Levying fines or taking other action against Unit Owners for violations of the Rules and Regulations governing the operation and use of the Property. Fines shall be considered Common Charges payable by the Unit Owner against whom they are assessed.

(xiii) Adjusting and settling claims under insurance policies obtained pursuant to the provisions of these By-laws, and executing and delivering releases upon settlement of such claims on behalf of all Unit Owners.

(xiv) Execution, acknowledgment and delivery of (i) any declaration or other instrument affecting the Property which the Board of Managers deems appropriate or necessary to comply with any law, ordinance, regulation, zoning resolution or requirement of the Department of Buildings, the City Planning Commission, or any other public agency or authority, applicable to the maintenance, demolition, construction, alteration, repair or restoration of the Property, or (ii) any consent, covenant, restriction, easement or declaration affecting the Property which the Board of Managers deems necessary or appropriate.

(xv) Prepare, execute and record, on behalf of all Unit Owners, as their attorney-in-fact, coupled with an interest, a restatement of the Declaration and/or these By-laws whenever, in the estimation of the Board of Managers, it is advisable to consolidate and restate all amendments, modifications, additions and deletions theretofore made to the Declaration and/or these By-laws.

(xvi) Execution, acknowledgment and delivery of any documents or other instruments necessary to commence, pursue, compromise or settle certiorari proceedings to

obtain reduced real estate tax assessments with respect to Units as agent for each Unit Owner who has given appropriate written authorization (and to retain counsel in connection therewith on behalf of all such Unit Owners), provided that each such Unit Owner indemnifies the Board of Managers from and against all claims, costs and expenses (including, without limitation, reasonable attorneys' fees) resulting from such proceedings. The foregoing shall not be deemed to prohibit a Unit Owner from commencing, pursuing, compromising or settling tax certiorari proceedings for its own Unit, and each Unit Owner may initiate, pursue and settle such proceedings for its own Unit independently from and without the consent of, any other Unit Owner or the Board of Managers.

Section 2.6. Managing Agent. The Board of Managers may employ for management of the Condominium a Managing Agent at a compensation established by the Board of Managers, to perform such duties and services as the Board of Managers shall authorize, provided that the Board retains the power to designate the signatories on any account opened by such Managing Agent. The Board of Managers may delegate such other tasks as hiring and firing employees, obtaining insurance policies, forming corporations and entering into contracts and leases for services and repairs to Common Elements, provided the Board retains the right to consent to the action or contract prior to execution of the task or contract.

Section 2.7. Organizational Meeting. The first meeting of the members of the Board of Managers following each annual meeting of the Unit Owners shall be held either immediately following the adjournment of the annual meeting or within ten (10) days thereafter at such time and place as shall be fixed by a majority of the members of the Board of Managers and no notice shall be necessary to the newly elected members of the Board of Managers in order legally to constitute such meeting, provided a majority of the Board of Managers was present at the time the date was selected, or is present at the meeting itself.

Section 2.8. Regular Meetings. Regular meetings of the Board of Managers may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Managers, but at least six (6) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Managers shall be given to each member of the Board of Managers, personally or by mail, telephone or telegraph, at least three (3) business days prior to the day named for such meeting.

Section 2.9. Special Meetings. Special meetings of the Board of Managers may be called by the President on not less than three (3) business days' notice to each member of the Board of Managers, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Managers also shall be called by the President or Secretary (in like manner and on like notice), on the written request of at least two (2) members of the Board of Managers.

Section 2.10. Waiver of Notice; Telephone Participation.

(a) Any member of the Board of Managers may at any time waive notice of any meeting of the Board of Managers, in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Managers at any meeting of the Board shall constitute a waiver of notice by him or her of the time and place thereof.

(b) Anyone or more members of the Board of Managers, or any committee thereof, may participate in a meeting of the Board or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 2.11. Quorums, Determinations and Adjournments.

(a) Except as otherwise set forth in these By-laws, all determinations of the Board of Managers shall be made at a meeting of the Board at which a quorum is present. At all meetings of the Board of Managers the presence of a majority of the members of the Board of Managers shall constitute a quorum for the transaction of business. The vote of a majority of the members of the Board of Managers present at a Board meeting at which a quorum is established shall constitute the decision of the Board of Managers. Notwithstanding the foregoing, if a vote held at a meeting of the Board of Managers at which the Commercial Unit Representative is not present purports to authorize action adversely affecting a Commercial Unit, a quorum shall not be deemed to have been established at that meeting. In such event, the vote taken at that meeting shall be voidable at the option of the Commercial Unit Representative, by written notice given to the Board within ten (10) days after the vote is taken. If the Residential Unit Owner disputes the Commercial Unit Owner's characterization of the action as adverse, and if the Board of Managers cannot resolve the issue, the matter shall promptly be submitted to Arbitration, the cost of which shall be shared equally by the Residential Unit and the Commercial Unit.

(b) If at any meeting of the Board of Managers there shall be less than a valid quorum present, those present may adjourn the meeting. Notice of the adjournment and any rescheduled meeting, shall be given to all members of the Board of Managers. At any such adjournment meeting at which a valid quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

(c) Any action required or permitted to be taken by the Board of Managers or any committee thereof, may be taken without a meeting if all members of the Board or the committee consent in writing to the adoption of a resolution authorizing such action and the writing or writings are filed with the minutes of the proceedings of the Board or the committee.

Section 2.12. Fidelity Bonds. The Board of Managers shall obtain adequate fidelity bonds for all members of the Board of Managers, officers of the Board of Managers and employees of the Condominium and of the Managing Agent, if any, handling or responsible for Condominium funds. The premiums on such bonds shall constitute a Common Expense.

Section 2.13. Compensation. No member of the Board of Managers shall receive any compensation from the Condominium for acting as such unless the Unit Owners amend these By-laws to provide otherwise.

Section 2.14. Liability of the Board of Managers and Officers of the Condominium.

(a) The members and officers of the Board of Managers shall not be liable to the Unit Owners except for their own individual willful misconduct or bad faith actions or bad faith failures to act. The Unit Owners shall indemnify and hold harmless each of the members and officers of the Board of Managers against all loss, damage or liability that a Board member or officer incurs arising from his or her acts as, or by reason of the fact that such person was, a member of the Board of Managers or an officer of the Condominium, except with respect to liability arising from willful misconduct, bad faith actions or bad faith failures to act.

(b) Members of the Board of Managers shall have no personal liability with respect to any contract made by them as the Board of Managers within the scope of their authority or believed by them in good faith to be within the scope of their authority. The liability of any Unit Owner arising out of any contract made by the Board of Managers or out of the aforesaid indemnity in favor of the members of the Board of Managers shall be limited to the Unit Owner's proportionate share of the total liability based on the Unit Owner's Common Interest.

(c) Every agreement made by the Board of Managers or by the Managing Agent on behalf of the Condominium shall provide or be deemed to provide that the members of the Board of Managers, or the Managing Agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners, if applicable), and that any liability of a Unit Owner thereunder shall be limited to the Unit Owner's proportionate share of the total liability based on the Unit Owner's Common Interest.

Section 2.15. Committees. The Board of Managers may by resolution create such committees as it shall deem appropriate. Such committees shall each consist of at least two members of the Board and shall each have such powers and authority as the Board of Managers shall vest therein. The members of any such committee shall be appointed by the President of the Condominium. So long as the Residential Unit is owned by the Apartment Corporation and Sponsor or its designee has the right to appoint a majority of the members of the Board of Directors of the Apartment Corporation, Sponsor may appoint at least one member of each such committee.

Section 2.16. Rules and Regulations. Rules and Regulations concerning the use of the Units and the Common Elements may be promulgated and amended from time to time by the Board of Managers provided that copies are furnished to each Unit Owner not less than five days prior to the time that they become effective. Each Unit Owner must comply with the By-laws and the Rules and Regulations, and the resolutions and decisions adopted pursuant thereto. Failure to comply with any of same shall be grounds for action to recover sums due, for damages

or injunctive relief, or both, by the Board of Managers, or in a proper case, by an aggrieved United Owner. In the case of repeated or flagrant violations, the Board may ask the offending Unit Owner for sufficient surety for future compliance.

ARTICLE 3

UNIT OWNERS

Section 3.1. Annual Meetings.

(a) Within approximately 90 days after the conveyance of title to the Residential Unit by Declarant to the Apartment Corporation, Sponsor shall call and conduct the first annual meeting of the Unit Owners. Sponsor reserves the right, however, to call the first annual meeting at such earlier date as Sponsor shall in its discretion select after title to the Residential Unit is conveyed to the Apartment Corporation. Thereafter, annual meetings of the Unit Owners shall be held within approximately three weeks of the anniversary of the first annual meeting.

(b) At all annual meetings of Unit Owners the Residential Unit Owner shall appoint its Residential Unit Representatives and the Commercial Unit Owner shall appoint its Commercial Unit Representative to the Board of Managers. The Unit Owners may transact such other business at annual meetings as may properly come before them.

Section 3.2. Place of Meetings. Meetings of Unit Owners shall be held at the principal office of the Condominium or at such other suitable place convenient to the Unit Owners as may be designated by the Board of Managers.

Section 3.3. Special Meetings. It shall be the duty of the President of the Board of Managers to call a special meeting of Unit Owners if so directed by resolution of the Board of Managers. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 3.4. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting of the Unit Owners at least five (5) but not more than forty (40) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Unit Owner of record, at the Property or at such other address as such Unit Owner shall have designated by notice in writing to the Secretary. If the purpose of any meeting shall be to act upon a proposed amendment to the Declaration or to these By-laws, the notice of meeting shall be mailed at least ten (10) days prior to such meeting and the notice shall be accompanied by the text of the proposed amendment. The mailing of a notice of meeting by regular mail or by certified mail return receipt requested in the manner provided in this Section shall be considered service of notice.

Section 3.5. Adjournment of Meetings. If any meeting of Unit Owners cannot be held because a quorum has not attended, a majority of the Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than three (3) business days from the date the original meeting was scheduled. Notice of the date, time and location of the adjournment meeting shall be given to each Unit Owner in writing by mail, telegraph or personal delivery, at least three business days prior to the date of the adjournment meeting. At any such adjournment meeting at which a quorum is present, any business which might have been transacted at the meeting originally called, may be transacted without further notice.

Section 3.6. Order of Business. The order of business at all meetings of the Unit Owners shall be as follows:

(a) Roll call.

(b) Proof of notice of meeting.

(c) Reading of minutes of preceding meeting.

(d) Reports of officers.

(e) Report of Board of Managers.

(f) Reports of committees.

(g) Appointment of members of the Board of Managers (when so required).

(h) Unfinished business.

(i) New business.

Section 3.7. Voting.

(a) Each Unit Owner shall be entitled to cast one vote either in person or by proxy for each 1% of Common Interest attributable to said Owner's Unit(s), for each item voted upon at each meeting of Unit Owners. Accordingly, the total number of votes that may be cast at meetings of Unit Owners is 100. Votes attributable to one Unit may not be cumulated or split. The Board of Directors of the Apartment Corporation shall exercise the voting rights of the Residential Unit Owner once the Apartment Corporation takes title to the Residential Unit.

(b) Each Unit Owner, or a party designated by the Unit Owner to act as proxy on the Unit Owner's behalf, shall be entitled to cast the votes attributable to said Unit Owner's Unit at meetings of Unit Owners. Those owning a Unit jointly or in common must act unanimously

and may not cast more than one; vote for each 1% of Common Interest attributable to the Unit, and may not split or cumulate said votes.

Section 3.8. Proxies. Each Unit Owner shall be entitled to vote by proxy at any meeting of Unit Owners. The designation of any such proxy shall be in writing and shall be filed with the Secretary at or prior to the meeting in which the same is to be used. Such proxy shall be valid only for such meeting or subsequent adjournment meetings thereof. Such proxy shall, however, be revocable at any time (i) by written notice to the Secretary by the Owner who designated the proxy, or (ii) by verbal notice given in person to the Secretary. A notation of such proxy shall be made in the minutes of the meeting. If a Unit is owned jointly or otherwise in common, the co-owner who is present must hold a proxy for each co-owner not present at the meeting where the proxy is to be used. Alternatively, one single proxy holder holding the proxies of all co-owners (who need not be a co-owner himself or herself), may vote the votes appurtenant to said Unit at the meeting. The holder of a Unit Owner's proxy need not be a Unit Owner.

Section 3.9. Majority of Unit Owners. As used in these By-laws the term "majority of Unit Owners" shall mean those Owners of Units representing more than 50% of the total authorized votes of all Unit Owners. In all cases, such majority must be present in person or by proxy and voting in favor of one position at any meeting of the Unit Owners in accordance with the provisions of Section 3.7 of these By-laws in order to constitute a valid vote of a majority of the Unit Owners when such vote is required.

Section 3.10. Quorum. Except as otherwise provided in these By-laws, the presence in person or by proxy of Unit Owners representing 50% of the total authorized votes of the Unit Owners shall constitute a quorum at meetings of Unit Owners.

Section 3.11. Binding Nature of Majority Vote. Except where otherwise provided by law, the Declaration or these By-laws, at meetings of Unit Owners the vote of a majority of Unit Owners present in person or by proxy at a meeting at which a quorum is established, shall be binding on all Unit Owners for all purposes.

Section 3.12. Action Without Meeting. Any action required or permitted to be taken by the Unit Owners may be taken without a meeting if the number of Unit Owners required by the Declaration, these By-laws or applicable law consents in writing to the adoption of a resolution authorizing such action and the writing is filed with the records of the Condominium.

ARTICLE 4

OFFICERS

Section 4.1. Designation and Qualification. The principal officers of the Condominium shall be the President, the Vice-President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Managers. All officers except the Secretary must satisfy the standards to be a Board member contained in Section 2.1 of these By-laws. The Secretary may be an employee of the Managing Agent, but in any event need not be a member of the Board of Managers. The Board of Managers may appoint such other officers as in its judgment may be necessary.

Section 4.2. Election of Officers. The officers of the Condominium shall be elected annually by the Board of Managers at the organizational meeting of each new Board of Managers, and shall hold office at the pleasure of the Board of Managers.

Section 4.3. Removal, Resignation and Other Vacancies.

(a) Any officer may be removed, either with or without cause, and his or her successor may be elected at any regular meeting of the Board of Managers, or at any special meeting of the Board of Managers called for such purpose, provided notice of the proposed removal was given to the officer and in the notice of the meeting. Any officer whose removal has been proposed shall be given an opportunity to be heard at the meeting.

(b) Officers may resign at any time by giving notice in writing to the Board. Unless stated otherwise in the letter of resignation, the resignation shall be effective immediately.

(c) Vacant offices caused by removal, resignation, death or otherwise, shall be promptly filled by vote of the Board of Managers.

Section 4.4. President. The President of the Condominium shall be the chief executive officer of the Condominium. He or she shall preside at all meetings of Unit Owners and of the Board of Managers. The President shall have all of the general powers and duties as would be incident to the office of president of a stock corporation organized under the Business Corporation Law of the State of New York, including, but not limited to, the power to appoint committees from among the Unit Owners from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the entire Condominium, as the case may be.

Section 4.5. Vice-President. The Vice-President shall take the place of the President and perform the President's duties as head of the Condominium whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Managers shall appoint some other member of the Board of Managers to act in the place of the President on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him or her by the Board of Managers or by the President.

Section 4.6. Secretary. The Secretary of the Condominium shall keep the minutes of all meetings of the Unit Owners and of the Board of Managers. The Secretary shall have charge of such books and papers as the Board of Managers may direct. He or she shall, in general, perform all the duties as would typically be performed by a secretary of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 4.7. Treasurer. The Treasurer of the Condominium shall have the responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements. The Treasurer shall be responsible for the preparation of all required financial data, for the deposit of all moneys and other valuable effects in the name of the Board of Managers or the Managing Agent, as applicable, in such depositories as may from time to time be designated by the Board of Managers. He or she shall, in general, perform all the duties as would typically be performed by a treasurer of a stock corporation organized under the Business Corporation Law of the State of New York. Notwithstanding anything in the foregoing discussion to the contrary, the Board of Managers shall have the right to engage accountants, bookkeepers and other appropriate professionals to perform one or more of the tasks described as the Treasurer's responsibility in this Section 4.7. In the event such professional is engaged, it shall be the Treasurer's responsibility to oversee and examine the work performed by the professional, to ensure accuracy, timeliness and complete performance.

Section 4.8. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed by any two officers of the Condominium or by such other two (or more) persons as may be designated by the Board of Managers.

Section 4.9. Compensation of Officers. No officer shall receive compensation from the Condominium for acting as such, unless the Unit Owners amend these By-laws to provide otherwise. These By-laws may not be so amended while Declarant or its designee owns at least one Unit, without the consent of Declarant and its designee(s).

ARTICLE 5

COMMON EXPENSES, CHARGES AND ASSESSMENTS DETERMINATION, PAYMENT, COLLECTION AND ACCOUNTS

Section 5.1. Determination of Common Expenses and Fixing of Common Charges; Special Assessments.

(a) (i) The Board of Managers shall from time to time, and at least annually, prepare a budget to meet the Common Expenses of the Condominium and determine the overall amount of Common Charges payable by the Unit Owners to meet the Common Expenses of the Condominium. Generally, Common Expenses will be allocated between the Units pro rata in accordance with the Common Interest attributable to each Unit. The Board, upon unanimous vote of all Board members, however, shall have the right to determine Common Charges for a particular item of expense on a different basis than Common Interest. Specifically, upon unanimous vote of all Board members, the Board may compute Common Charges for a particular item of expense based on the estimated amount by which the particular expense item benefits or is used by the Unit or the Unit Owner, provided the allocation is fairly attributable to the Unit and reasonable under the circumstances.

(ii) If a Unit Owner objects to any such allocation as between that Unit Owner and other Unit Owners, and the dispute cannot be resolved among the Board members, the dispute shall be submitted to Arbitration in accordance with these By-laws.

(iii) The Board of Managers shall advise the Unit Owners promptly, in writing, of the amount of Common Charges payable by each of them, as determined by the Board of Managers, and shall furnish copies of each budget on which such Common Charges are based to the Unit Owners, at least ten (10) days prior to the adoption thereof. That portion of the Common Charges which is allocated by the Board of Managers to principal payments on indebtedness or for capital improvements shall be treated upon the books of the Condominium as capital contributions.

(b) Each Unit Owner shall become responsible for all Common Charges assessed against Units owned by it from and after the date of first conveyance of a Unit by Declarant.

(c) The Common Expenses shall include, among other things, the cost of insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Managers pursuant to the provisions of these By-laws. The Common Expenses may also include such amounts as the Board of Managers may deem proper for repairs, reserves, replacements, improvements, betterments, maintenance and other operating expenses of the Property, including, without limitation, an amount for working capital for the Condominium, for a general operating reserve, for a reserve fund for replacement, and an amount to cover any deficit in the Common Charges collected for any prior year. Common Expenses shall also include other items stated in the Declaration or these By-laws to be Common Expenses.

(d) In the event of casualty to the Common Elements for which insurance proceeds under policies maintained by the Board are forthcoming, the Board may levy and assess as a special assessment an amount anticipated to be needed to repair or restore the Common Elements, prior to receipt of such proceeds. Upon receipt of such proceeds, the Board will

reimburse Unit Owners the amount they paid as a special assessment, or such lesser amount as shall be necessary to compensate for the Board's receipt of insurance proceeds in an insufficient amount to cover the cost of repair or restoration. In addition, to the extent insufficient insurance proceeds are received to cover the actual cost of repair or restoration, the Board may levy and assess as a special assessment the amount needed to cover such shortfall in insurance proceeds.

(e) Assessments other than and in addition to Common Charges shall be levied against and paid by Unit Owners in the same manner as provided in these By-laws for Common Charges. Failure to pay any such assessments shall be treated in the same manner as failure to pay Common Charges.

Section 5.2. Accounts. The receipts and expenditures of the Condominium shall be Common Charges and Common Expenses, respectively, and shall be credited and charged to accounts deemed by the Board to be reasonably necessary for the prudent operation of the Property.

Section 5.3. Reserves.

(a) The Board shall not be obligated to expend all the revenues collected in any one accounting period. The Board may maintain reasonable reserves for, among other things, repairs, replacements, emergencies, contingencies of bad weather or uncollected accounts.

(b) The Board shall not be obligated to segregate physically the funds held in such reserve accounts but may, in its sole discretion, maintain the funds in one or more consolidated accounts.

Section 5.4. Payment of Common Charges and Assessments; Liability of Grantee and Grantor After Transfer of Unit.

(a) Unit Owners shall be obligated to pay Common Charges and other assessments at such time or times (but not less than monthly) as the Board of Managers shall determine. Unless otherwise determined, all Common Charges shall be payable monthly, in advance, on the first day of each month.

(b) Dissatisfaction with the quantity or quality of maintenance or services furnished to the Property shall not be grounds for withholding or failure to pay Common Charges or any other assessments. Likewise, no Unit Owner shall deem itself or be deemed by the Board of Managers to be exempt from the obligation to pay Common Charges or other assessments for any reason, including, without limitation, waiver of use or enjoyment of the Common Elements, abandonment of Unit Owner's Unit, or by claiming the quantity or quality of services are not worthy of such payment or are not as were expected by such Owner at the time of acquisition of the Unit or at any other time.

(c) No Unit Owner shall be liable for the payment of Common Charges or other assessments assessed against such Owner's Unit from and after the date of sale, transfer or other conveyance of the Unit made by such Unit Owner in accordance with the Declaration and these By-laws, and applicable to the period subsequent to the sale, transfer or other conveyance.

(d) The grantee of a Unit shall be jointly and severally liable with grantor for unpaid Common Charges and other assessments assessed against such Unit and due up to the date of conveyance, without prejudice to the grantee's right to recover from the grantor any amounts paid by the grantee therefor. Accordingly, a party acquiring title through an arm's-length transaction or as a gift or donation, a mortgagee or other party acquiring title to a Unit through foreclosure or by deed in lieu of foreclosure, a creditor of a Unit Owner acquiring title to a Unit through a sale or other proceeding arising out of the bankruptcy of a Unit Owner, or any other grantee whatsoever, shall be liable for the payment of Common Charges and other assessments assessed against that Unit prior to that party's acquisition of the Unit. Accordingly, a Unit shall, upon transfer, always be subject to a lien for unpaid Common Charges that were assessed against the Unit and due and payable prior to the transfer.

(e) A party acquiring a Unit through foreclosure or by deed in lieu of foreclosure, through a Unit Owner's bankruptcy or liquidation, through purchase, gift or donation, or through any other means, shall be liable for all Common Charges and assessments assessed against the Unit for the period on and after, and due from and after, the date of that party's acquisition of title to the Unit.

(f) If a petition in bankruptcy is filed by or against a Unit Owner, or if a trustee, receiver or similar official is appointed to administer a Unit Owner's assets, the Unit Owner, trustee, receiver or other official shall remain obligated to pay, and the Unit shall continue to be subject to, Common Charges and assessments for the entire duration of any bankruptcy or other reorganization proceeding.

Section 5.5. Default in Payment of Common Charges and Assessments.

(a) If any Common Charge or other assessment imposed by the Board of Managers, or any installment thereof, is not paid by the due date, then such payment shall be deemed delinquent and the Unit Owner shall be in default under these By-laws for such nonpayment.

(b) The Board of Managers may impose a late charge in the amount of not less than 2% of the overdue payment, or such other amount as the Board deems reasonable, provided such late charges are uniformly applied, with respect to Common Charges or other assessments not paid within 10 days after the due date.

(c) In addition to late charges, if the Common Charge or assessment (or installment thereof with respect to any assessment payable in installments), is not paid within thirty (30) days after the due date, then (i) such Common Charge or assessment shall bear

interest at the Default Rate, (ii) the Board may accelerate the remaining installments of any assessment payable in installments, and (iii) the Board may bring legal action against the delinquent Unit Owner, foreclose the lien on such Unit granted under these By-laws and/or by the Condominium Act, or otherwise seek to recover the amounts due to the Condominium. The expenses, including without limitation, attorneys' fees and disbursements, incurred by the Board in any proceeding brought to collect such unpaid Common Charges or assessments, shall be added to the amount of such delinquent Common Charge, assessment or installment thereof, together with late charges and interest.

(d) Any amounts collected on account of past due Common Charges or other assessments through foreclosure or otherwise, shall be applied in the following order: attorneys fees and disbursements, other costs of collection, interest, late charges and Common Charges or assessments, beginning with the Common Charge or assessment due for the longest period.

Section 5.6. Collection of Common Charges and Assessments. The Board of Managers shall take prompt action to collect any Common Charge and/or other assessment previously imposed by the Board which remains unpaid for more than 30 days from the due date for payment thereof.

Section 5.7. Unpaid Common Charges and Assessments; Personal Obligation of Unit Owner and Lien on Unit. All sums assessed as Common Charges by the Board of Managers, as well as any other assessments made by the Board of Managers, but unpaid, together with late charges as may be established by the Board of Managers, interest thereon at such rate as may be fixed by the Board of Managers and reasonable attorneys' fees and other costs and expenses incurred in efforts to collect such past due Common Charges and/or other assessments, shall be the personal obligation of the Unit Owner. Such sums shall constitute a lien upon the Unit prior to all other liens except (i) any lien for past due and unpaid real estate taxes, and (ii) any lien for sums unpaid on a first mortgage of record against that Unit.

Section 5.8. Foreclosure of Lien for Common Charges and Assessments; Liability of Grantee in Foreclosure.

(a) Any lien for past due Common Charges and/or other assessments may be foreclosed by the Board of Managers in accordance with the laws of the State of New York, in like manner as a mortgage on real property, and the Board of Managers shall also have the right to recover all costs incurred in foreclosing on such lien, including but not limited to reasonable attorneys' fees and disbursements, as set forth in these By-laws.

(b) Notwithstanding anything to the contrary in these By-laws or in the Declaration, once an action to foreclose a lien for Common Charges or other assessments is commenced, if the representative(s) of the Owner of the Unit being foreclosed has (have) not previously resigned from the Board of Managers each such individual's membership on the Board shall be deemed terminated.

(c) In the event the proceeds of any foreclosure sale for non-payment of Common Charges or other assessments are not sufficient to pay such unpaid Common Charges, assessments and related expenses, the Board of Managers shall commence an action for the deficiency (if not yet commenced) against the Unit Owner who had failed to pay the Common Charges or other assessments. Following suit for a deficiency judgment, if the amounts collected are insufficient to pay outstanding costs, the remaining balance may be charged to all Unit Owners as a Common Expense.

Section 5.9. Proceedings to Foreclose Common Charge Liens or Otherwise Collect Unpaid Common Charges and Assessments; Unit Rentals.

(a) In any action brought by the Board of Managers to foreclose a lien on a Unit because of unpaid Common Charges or other assessments, the Unit Owner shall be required to pay a reasonable rental for the use of said Unit Owner's Unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same.

(b) The Board of Managers, acting on behalf of all Unit Owners, shall have power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same.

(c) A suit to recover a money judgment for unpaid Common Charges shall be maintainable without foreclosing, filing or waiving the lien securing the same, and foreclosure may be maintained despite the pendency of a suit to recover a money judgment.

Section 5.10. Statement of Monies Owed. Upon the written request of a Unit Owner, lessee or Mortgagee with respect to the Unit owned by such Owner, leased by such lessee or upon which such Mortgagee holds a mortgage, or upon the written request of a prospective purchaser, lessee, Mortgagee or title insurer of such Unit, the Board of Managers, acting through the Managing Agent, if any, shall promptly furnish a certificate in writing setting forth with respect to such Unit as of the date of such certificate, (i) whether or not the Common Charges due have been paid, (ii) the amount of such Common Charges, including interest and costs, if any, due and payable, and (iii) whether any amounts or charges are owing to the Condominium, e.g., for the cost of extinguishing a violation of the Declaration, By-laws or Rules and Regulations. A reasonable charge, as determined by the Board of Managers as and when applicable, may be made for the issuance of this certificate. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with regard to any matter therein stated as between the Board of Managers and any bona fide purchaser or lessee of, or lender on, or title insurer of, the Unit with respect to which the request was made.

ARTICLE 6

INSURANCE

Section 6.1. Casualty Insurance For Damage Against Property. The Board of Managers shall cause to be procured and maintained the following insurance for the Property:

(A) Coverage.

(i) Builder's Risk Insurance. With respect to any Restoration Work or other alteration or improvement performed by the Board of Managers, "Builder's Risk" insurance (standard "all risk" or equivalent coverage) in an amount not less than one hundred percent (100%) of the replacement cost of the Building (exclusive of foundations and footings) including (a) any so-called "soft cost" value sums, written on a completed value (non-reporting basis) with respect to the initial construction of the Building, (b) water damage (including sprinkler leakage) and (c) collapse (subject to standard exclusions, e.g. defective materials, poor construction and improper maintenance), as well as flood insurance (to the extent the same can be maintained at commercially reasonable rates in the State of New York). Such insurance requirement shall also apply in connection with any alteration to or reconstruction of the Building, once construction is completed, being performed by or on behalf of or affecting all Unit Owners (for example, subsequent renovations, alterations or restoration to the Building impacting all Unit Owners' interests in the Building). The policies shall be endorsed with coverage for (a) increased construction costs due to changes in laws and (b) so-called "soft costs."

(ii) All Risk Insurance. "All risk" coverage on each Unit and the Common Elements for an amount equal to one hundred percent (100%) of the replacement cost thereof. Replacement cost shall be determined annually by an independent appraiser, by reference to the Dodge Building Cost Index (or other published index of construction costs), or by such other method acceptable to the insurance company providing such coverages. Such policy shall be endorsed with (a) replacement coverage, (b) an agreed amount clause (waiving any applicable co-insurance clause;) in accordance with such determination or appraisal and (c) coverage for demolition costs and increased costs of construction due to changes in laws.

(iii) Boiler and Machinery Insurance. After the Construction Period, comprehensive boiler and machinery insurance on a blanket basis covering any Building equipment, machinery and apparatus (i.e., boilers, heating apparatus; fired and unfired pressure vessels, air conditioning equipment, miscellaneous electrical apparatus and their appurtenant equipment) that is a Common Element, in an amount equal to the full replacement cost thereof.

(iv) Earthquake Insurance. If not included within the builder's risk insurance required under Section 6.1(A)(i) and the all risk property insurance required under Section 6.1(A)(i i), earthquake insurance in an amount equal to not less than ten percent (10%) of the replacement cost of the Building and the Units and Common Elements.

(B) Parties Named on Policies. For the insurance policies required pursuant to this Section 6.1, the Residential Unit Owner, the Commercial Unit Owner and the Board of Managers shall be a named insured as their interests may appear. Each Recognized Mortgagee shall be named as "mortgagee" of the Unit against which its lien is recorded under a standard New York State mortgagee clause or its equivalent and the Depositary shall be named as "loss payee, as agent for the insureds." For builder's risk insurance, any general contractor or construction manager shall be named as an "additional named insured" with respect to any such general contractor's or construction manager's materials which are to become part of the Building. All losses payable under policies issued under this Section 6.1 in excess of $100,000 shall be payable to the Depositary who shall hold and/or disburse the same in accordance with these By-laws and the Depositary Agreement or as otherwise directed by all of the insureds and the Recognized Mortgagees in writing. Losses of $100,000 or less shall be paid to the Board of Managers who shall hold and disburse same in accordance with these By-laws.

(C) Waiver of Subrogation. The insurance policies required pursuant to this Section 6.1 shall contain waivers of subrogation against Unit Owners, the Board of Managers, Tenant-Shareholders of the Apartment Corporation and tenants of the Commercial Unit Owner.

(D) No Invalidation. The insurance policies required pursuant to this Section 6.1 shall provide, by endorsement or otherwise, that (i) the acts or omissions of any insured party or their Permittees shall not invalidate the policy as against any other insured party or otherwise adversely affect the rights of any other insured party under any such policy to collect the full amount of the policy to the extent required to rebuild its portion of the Building, and (ii) the insurance shall not be invalidated should any of the insureds under the policy waive any or all rights of recovery against any party for loss occurring to the property insured under the policy.

(E) No Co-Insurance. No policy of casualty insurance under this Section 6.1 for damage against property shall contain a co-insurance clause.

Section 6.2. Commercial General Liability Insurance. The Board of Managers shall procure and maintain as a Common Expense for the Common Elements of the Condominium, and the Unit Owners shall each procure and maintain, at their sole cost and expense for their Units, the following insurance under their own policy or policies of insurance.

(A) Coverage. Commercial general liability insurance covering claims for personal and bodily injury or property damage occurring in, on, under, within, upon or about the Common Elements or the Owner's Unit, as applicable, or as a result of operations thereon (including contractual liability covering obligations created by the Condominium Documents) in such amounts as may be required by law and as may from time to time be carried by prudent owners of first-class retail commercial or residential apartment buildings, as the case may be, in New York City, or as may be reasonably requested by a Recognized Mortgagee from time to time with respect to either or both of the Common Elements and the Unit on which the Recognized Mortgagee holds a mortgage, but in all events for limits, as to the Board of Managers and the Common Elements and as to each Unit Owner and its Unit, of not less than

$1,000,000 per occurrence and not less than $2,000,000 in the annual aggregate per location, and excess or umbrella liability coverage in excess of the above, in amounts carried by prudent owners and operators of similar properties in New York City as determined from time to time. The party purchasing the insurance required pursuant to this Section 6.2 shall be responsible for the payment of any deductible in connection with a claim. The dollar amounts set forth in this Section 6.2(A) shall be adjusted every five (5) years to reflect the value in 2003 Equivalent Dollars, rounded to the nearest million. The Board of Managers and the Unit Owners each shall be deemed to agree that if its annual aggregate limit is reduced by more than half of the aggregate by the payment of a claim or claims or the establishment of a reserve or reserves, it shall notify the other Unit Owner and/or the Board of Managers, as applicable, and each Recognized Mortgagee of such reduction.

(B) Parties Named on Policies. For the insurance policies required pursuant to this Section 6.2, the parties shall be named as follows: the party purchasing the policy (that is, the Board of Managers, the Residential Unit Owner or the Commercial Owner, as the case may be) shall be the "named insured", the non-purchasing Unit Owner, the Board of Managers and any Managing Agent of the Condominium or of either Unit of the Condominium, shall be named as "additional insureds", and all Recognized Mortgagees of the Unit, if applicable, shall be named as "additional insureds."

Section 6.3. Optional Separate Insurance. Nothing contained hereby shall be deemed to preclude (a) any Unit Owner from maintaining, or (b) any Recognized Mortgagee from requiring its mortgagor/Owner to maintain, increased, additional or other insurance in the types and amounts as may be desired or required from time to time, and without any requirement to name the other Unit Owner. However, neither a Unit Owner nor any Permittee shall carry any additional casualty insurance for damage against property (i) unless each policy contains a waiver of subrogation against the other Unit Owners, their tenants and the Board of Managers, or (ii) if the effect of such additional casualty insurance for damage against property is to affect adversely or otherwise diminish the liability of or coverage available from the carriers issuing the insurance obtained by the parties pursuant to the provisions of Section 6.1.

Section 6.4. General Requirements.

(A) Insurance policies required pursuant to this Article 6 shall be in such form and shall be issued by financially responsible insurance companies licensed to do business in the State of New York as are reasonably acceptable to the Unit Owners and the Board of Managers. Any insurance company having a rating of "A" or better and a financial size category of Class X or better (or the equivalent of such ratings if there is a change in the basis of the rating) as rated by A.M. Best's Insurance Guide (or any successor publication of comparable standing) shall be deemed a financially responsible company acceptable to the Unit Owners and the Board of Managers.

(B) Insurance policies required pursuant to this Article 6 shall provide for a minimum of thirty (30) days' prior written notice of the cancellation, non-renewal or modification thereof to the Unit Owners, the Board of Managers and any Recognized Mortgagee.

(C) Neither a Unit Owner nor the Board of Managers may willfully or knowingly violate or suffer or permit the violation of the terms of any policy of insurance required hereunder, or do or permit or suffer anything to be done, or keep anything in any portion of the Building which could result in termination of any such policies, could adversely affect the right of recovery under any such policies, or would result in reputable and independent insurance companies refusing to insure the Building and or the Units or Common Elements in the amounts required hereunder at the regular rates.

Section 6.5. Limits of Liability.

(A) Insurance specified in Sections 6.1 and 6.2 shall be reviewed by the Board of Managers periodically at the request of any Unit Owner or at the request of a Recognized Mortgagee, but no review will be required more often than annually (unless there is a substantial change in the Building or operations conducted in the Building), to determine if such limits, deductible amounts and types of insurance are reasonable and prudent in view of the type, place and amount of risk to be transferred, the financial responsibility of the insureds, the cost of the insurance and to determine whether such limits, deductible amounts and types of insurance comply with the requirements of all applicable statutes, laws, ordinances, codes, rules, regulations, or orders and whether on a risk management basis, additional types of insurance or endorsements against special risks should be carried or whether required coverages or endorsements should be deleted. Initially, deductible amounts for insurance required under Section 6.1 shall not exceed $25,000, except for earthquake insurance, which deductible shall not exceed $50,000. Based upon the review contemplated herein and upon the determination of the Board of Managers, (i) such limits may be increased or decreased, (ii) such deductible amounts may be increased or decreased or (iii) the types of insurance may be modified, if justified. However, the Board of Managers shall not amend or waive any of the insurance requirements set forth in Section 6.1 or 6.2 without the consent (not to be unreasonably withheld) of each Recognized Mortgagee, if such amendment or waiver would (i) effect a (x) reduction in insurance coverage, (y) increase in the amount of the deductible, or (z) reduction in an insurance carrier's rating or (ii) materially affect coverage or affect protection afforded to any Recognized Mortgagee.

(B) The Board of Managers may employ an insurance consultant to perform the review contemplated hereby or to administer insurance-related matters, and the cost of employing any such consultant shall be shared by the Unit Owners as a Common Expense.

Section 6.6. Renewal Policies.

(a) Current copies of each Unit Owner's insurance policies must be maintained by the Unit Owner with the Board of Managers at all times. Certified copies of a Unit Owner's new

or renewal policies replacing any expiring policies expiring shall be delivered by the Unit Owner to the Board of Managers within ninety (90) days following the expiration of expired policies, provided, however, that evidence of renewal policies, in binder form, shall be delivered by each Unit Owner to the Board of Managers (and to the Recognized Mortgagees) not less than thirty (30) days prior to the expiration dates of any expiring policies, together with proof that the premiums for at least the first year of the term of such policies (or installment payments then required to have been paid on account of such premiums) shall have been paid.

(b) The Board of Managers shall provide copies of its new or renewal policies to each Recognized Mortgagee within ninety (90) days following expiration of expired policies, and evidence of renewal policies, in binder form, shall be delivered by the Board of Managers to each Recognized Mortgagee at least thirty (30) days prior to the expiration dates of such policies, together with proof that the premiums for at least the first year of the term of such policies have been paid.

Section 6.7. Waiver. Provided that such a waiver does not invalidate the respective policy or policies or diminish or impair the insured's ability to collect under such policy or policies or unreasonably increase the premiums for such policy or policies unless the party to be benefited by such waiver pays such increase, and without limiting any release or waiver of liability or recovery required or contained elsewhere in the Condominium Documents, each Unit Owner waives all claims for recovery from the other Unit Owner and the Board of Managers, and the Board of Managers waives all claims for recovery from the Unit Owners, for any loss or damage to any of its property insured (or required hereunder to be insured) under valid and collectible insurance policies to the extent of any recovery collectible (or which would have been collectible had such insurance required hereunder been obtained) under such insurance policies.

Section 6.8. Miscellaneous.

(a) The Board of Managers shall also be required to obtain and maintain: (i) fidelity insurance covering all employees of both the Condominium and Managing Agent who handle Condominium funds, (ii) workers' compensation insurance,(iii) rent insurance in an amount equal to at least the annual aggregate of the Common Charges payable to the Board of Managers, (iv) water damage legal liability insurance, (v) directors and officers liability insurance, (vi) if the Property is located in a flood hazard area, flood hazard insurance, and (vii) such other insurance as may be required from time to time for pursuant to the selling guidelines of the Federal National Mortgage Association.

(b) If a Unit Owner fails to procure and maintain the insurance required under this Article 6, the Board of Managers may, but shall not be obligated to, procure such insurance on behalf of the Unit Owner and shall cause the cost of such premium to be charged to the Unit Owner as a special assessment. Failure to pay such assessment shall be treated in the same manner as failure to pay Common Charges.

(d)If the Board of Managers fails to obtain and maintain the insurance required in this Article 6, then the Unit Owners shall have a joint and several right, upon five (5) business days notice to the Board of Managers, to obtain such insurance in the required amounts. If the Unit Owners fail to obtain and maintain the insurance required in this Article 6 following the Board of Managers' failure, then the Depositary shall have the right, upon the request of a Recognized Mortgagee, upon five (5) business days notice to the Board of Managers and the Unit Owners, to obtain such insurance in the required amounts. All premiums paid therefor shall be deemed a debt and obligation of the Board of Managers to be repaid with interest at a rate equal to the prime rate of interest (as reported from day to day in The Wall Street Journal) imposed by JPMorgan Chase Bank or its successor, or if such rate is not available, the same rate or prime rate of interest at any "money center" bank as may be designated by a Recognized Mortgagee, plus 2% per year, upon demand. The Unit Owners shall be deemed to have a joint and several power of attorney from the Board of Managers to act on its behalf to perform the obligations of the Board of Managers as set forth herein. The Depositary also shall be deemed to have a power of attorney from the Board of Managers to act on its behalf to perform the obligations of the Board of Managers, in accordance with the provisions of this Section 6.8(c).

(e) Upon closing of the permanent mortgage loan made by the New York City Housing Development Corporation ("HDC") to the owner of the Residential Unit, the Board of Managers shall pay to HDC an insurance escrow reserve equal to approximately six months of insurance premiums and, thereafter, as long as HDC is the holder of a mortgage securing such loan and covering the Residential Unit, the Board of Managers shall pay to HDC on a monthly basis a sum equal to 1/12 of the anticipated annual premium(s), as reasonably determined by HDC, for any insurance policies required under these By-Laws. Such amounts shall be expended by HDC to reimburse the Condominium for, or to pay directly when due, the premiums of any insurance policies required by these By-Laws. The Board of Managers shall remit this escrow to the Residential Unit Owner to be included with the Residential Unit Owner's mortgage payment to HDC. The Unit Owners and the Board of Managers agree that any amount by which the insurance escrow reserve shall, at any time in the sole discretion of HDC, be deficient for the purpose of paying the insurance premiums, shall be paid by the Unit Owners as apportioned by HDC within twenty (20) days after written notice and demand. All amounts in the insurance escrow reserve may be commingled with the general funds of HDC. Upon satisfaction of the HDC Loan, any amounts remaining in the insurance escrow reserve shall be returned to the Board of Managers. Absent gross negligence, willful misconduct or bad faith, HDC shall be protected and shall incur no liability for or in respect of any action taken or omitted with respect to this escrow reserve. This provision may not be amended or modified without the written consent of HDC.

ARTICLE 7

DAMAGE AND DESTRUCTION ARISING FROM CASUALTY

Section 7.1. Damage Affecting Only a Single Unit.

(a) If any portion of the Property is damaged by fire or other casualty and if such damage (i) occurs within and affects only the Residential Unit, or (ii) occurs within and affects only the Commercial Unit, then any such damage shall be promptly repaired and restored by the Owner of the Unit in which the damage occurred (the "Damaged Owner") with due diligence and in as timely a manner as is practicable under the circumstances. Such Damaged Owner shall obtain all required permits and shall adjust the claim with the insurance company (subject to approval rights of any Recognized Mortgagee of the Unit for a claim greater than $200,000 in 2003 Equivalent Dollars, which approval shall not be unreasonably withheld). In accordance with the provisions of Article 15 of these By-laws, the Damaged Owner shall be entitled to any insurance proceeds held by Depositary by reason of such damage, for application to the cost and expense of the repair and restoration of any such damage, as provided in these By-laws. The Damaged Owner shall be responsible for any costs to repair or restore the damage in excess of the insurance proceeds, and shall be entitled to receive any excess proceeds, subject to the rights, if any, of any Recognized Mortgagee of the Unit respecting such excess proceeds. If the cost of repair and restoration is projected to cost more than $200,000 in 2003 Equivalent Dollars, the Damaged Owner shall submit plans and specifications, a construction schedule, copies of permits and contracts, and a payment and performance bond, and any other document's reasonably required by the Board of Managers, to the Board of Managers and to the Recognized. Mortgagee to the extent requested by such Recognized Mortgagee.

(b) If the cost of repair and restoration to be performed pursuant to this Section is less than $1,000,000 (or such lesser amount as determined by the Board of Managers), in 2003 Equivalent Dollars, the Damaged Owner, upon compliance with Section 15.2(c), shall be entitled to receive the total insurance proceeds (less the expenses of the Depositary, if any) for application to the cost of repair or restoration, but without otherwise complying with the provisions for Disbursement of Restoration Funds in Section 15.2(b), but subject to compliance with the provisions of Section 15.2(c) below and Section 7.1 (A) above.

Section 7.2. Damage Affecting Predominantly a Single Unit. If any portion of the Property is damaged by fire or other casualty and if such damage occurs within one Unit only and does not affect another Unit or the Common Elements, other than to an immaterial degree, then the provisions contained in Section 7.1 shall apply; provided, however, that the Damaged Owner shall (i) notify the other Owners and/or the Board of Managers, as applicable (individually or together, the "Minimally Damaged Party") of the nature and extent of the damage and (ii) obtain the Minimally Damaged Party's prior consent to the contractor to be used, which consent shall not be unreasonably withheld. If the Damaged Owner delivers to the Minimally Damaged Party evidence reasonably satisfactory to the Minimally Damaged Party that the Minimally Damaged Party has the benefit of reasonably adequate warranties and guaranties provided by the contractor, then so long as the Damaged Owner has complied with the provisions of this Section 7.2, the Damaged Owner shall not be liable to the Minimally Damaged Party for any defect in the work performed by the contractor repairing the damage. Notwithstanding the foregoing, either the Damaged Owner or the Minimally Damaged Party may elect, on notice to the other party prior to the earlier of (a) adjustment of the loss with the insurer or (b) commencement of Restoration Work (prior notice of which shall have been given

to the Minimally Damaged Party), to have the provisions of Section 7.3 govern the repair and restoration requirements.

Section 7.3. Damage Affecting the Common Elements.

(a) Subject to Section 7.7, if the Property is damaged by fire or other casualty and the provisions of Sections 7.1 and 7.2 do not apply, the Board of Managers shall, with due diligence and in as timely a manner as practicable under the circumstances, cause the damage to be repaired and the Property to be restored and the repair and restoration of the damage shall be the responsibility of the Board of Managers pursuant to the provisions of this Section 7.3.

(b) The Board of Managers shall adjust the claim with the insurance company providing the insurance under Section 6.1, shall obtain all required permits (copies of which shall be given to each Owner and to the Recognized Mortgagees), subject, however, to the prior approval by any Recognized Mortgagee of the adjustment of any claim greater than $200,000, in 2003 Equivalent Dollars, which approval shall not be unreasonably withheld. If the cost of repair is $200,000 or less in 2003 Equivalent Dollars, the Board may and shall perform and complete the repair and restoration promptly, without the consent of any Unit Owner or Recognized Mortgagee.

(c) The Board of Managers shall supervise the construction work with respect to the Property. The repair and restoration shall be commenced and pursued to completion in as timely a manner as practicable and shall be performed on behalf of the Unit Owners by a general contractor or a construction manager selected by the Board of Managers. If the overall cost of the repair and restoration is greater than $200,000, in 2003 Equivalent Dollars, then (i) the Board of Managers shall prepare a construction schedule and (ii) the general contractor or construction manager (and in the case of a construction manager, any trade contractors performing work for the benefit of both Owners with a contract price in excess of $200,000, in 2003 Equivalent Dollars) shall be selected by the Board of Managers and approved by the Recognized Mortgagees, which approval shall not be unreasonably withheld. The construction manager or general contractor will coordinate the Board's restoration work with the Unit Owner's restoration work, as necessary, so the work and scheduling may proceed expeditiously and efficiently. All such coordination work shall be performed in accordance with good construction practices, without priority or preferences for particular Units or Unit Owners. The cost of the construction manager or general contractor shall be a Common Expense.

(d) The plans and specifications for such repair and restoration shall be prepared by an architect engaged by the Board of Managers and shall provide for the restoration of the damaged portion of the Property as close as commercially practicable to the Property as existed prior to the damage or destruction, except to the extent any changes in law require otherwise or unless the Unit Owners agree otherwise subject to the reasonable approval of the Recognized Mortgagees. The Board of Managers shall cause the architect to furnish to each of the Unit Owners and the Recognized Mortgagees a set of the plans and specifications (and shop drawings upon request) which it has prepared or caused to be prepared. If, in connection with any

restoration or repair hereunder, only one Unit Owner desires to make any material change in the Property, the consent of the other Unit Owner shall be required. Each Recognized Mortgagee shall receive copies of all change orders and shall have the right to reasonably approve any material changes to the Property which affect the Unit securing the lien of its mortgage.

(e) Unless the Board of Managers determines otherwise, the general contractor or the construction manager, as the case may be, shall work under the supervision of the Architect.

(f) The Board of Managers shall maintain the Builder's Risk insurance required pursuant to Section 6.1(A)(i). The Board of Managers shall deliver a certificate for any such insurance to the Recognized Mortgagees.

Section 7.4. Cost of Repairs.

(a) If the cost and expense of performing any repair and restoration of the Property pursuant to Section 7.1 (including cases where the provisions of Section 7.1 apply by operation of the provisions of Section 7.2) shall exceed the amount of any available insurance proceeds for the restoration of the Property, the excess cost and expense (or the entire amount of such cost and expense, if there are no insurance proceeds) shall be paid by the Damaged Owner. The Damaged Owner shall also pay any deductible amount.

(b) If the cost and expense of performing any repair and restoration which is undertaken pursuant to Section 7.3 shall exceed the amount of available insurance proceeds, the excess cost and expense (or the entire amount of such cost and expense, if there are no insurance proceeds) shall be borne by the Unit Owners in proportion to the Architect Allocation Ratio (as defined below). Notwithstanding the foregoing, (i) to the extent the additional costs result from changes requested by an Owner or the acts or omissions by an Owner, such Owner shall be solely responsible for payment of the additional costs, and (ii) if an Owner fails to carry any insurance required under Section 6.1, such Owner shall be responsible for the payment of any restoration costs that would have been paid from the proceeds of such insurance. The Owners shall share, subject to the terms of the immediately preceding sentence, any cost overruns resulting from Unavoidable Delays based on the Architect Allocation Ratio. The term "Architect Allocation Ratio" shall have the following meaning: the ratio of (A) the relative cost of the restoration to be performed under Section 7.3 of the damage suffered by each Owner to (B) initially, the Estimate and, as and if the costs change during the course of the Restoration Work, the actual total costs. The Certifying Professional shall reasonably determine the Architect Allocation Ratio and shall notify the Owners of such ratio and the method by which the same was calculated, which notice shall include a complete schedule of costs and a reasonably detailed breakdown thereof by area and type of damage. Either Owner shall have the right for thirty (30) days from the date of receipt of the aforementioned notice from the Certifying Professional to dispute the Architect Allocation Ratio by giving notice to the others (including the Certifying Professional), which notice shall include, with reasonable detail, the basis for the dispute and the proposed alternate allocation ratio and the method by which the same is calculated. Each Owner shall share in paying the deductible in accordance with the Architect Allocation Ratio. Any

dispute relating to the Architect Allocation Ratio shall be subject to Arbitration in accordance with these By-Laws.

Section 7.5. Determination of Costs.

(a) Within sixty (60) days after any damage requiring any repair or restoration under either Section 7.1, 7.2 or Section 7.3, the Certifying Professional shall be selected by the Board of Managers where Section 7.3 applies, and the Damaged Owner (where Section 7.1 or 7.2 applies) and the selecting party shall cause the Certifying Professional to prepare a reasonably detailed statement (the "CP Statement") setting forth (i) a description of the damaged areas of the Property, and (ii) an estimate of the total costs of such repair or restoration (the "Estimate"), and shall deliver a copy of such Estimate to each Owner and to the Board of Managers.

(b) If the insurance proceeds available for any repair or restoration required under Section 7.1, 7.2 or Section 7.3 (based upon the adjustment of the insurance claims in respect of the damage giving rise thereto) are less than the amount of the Estimate (and provided that with respect to Section 7.1 or 7.2, the Estimate exceeds $200,000 in 2003 Equivalent Dollars), then within ten (10) days of such deficiency becoming known, (x) if pursuant to Section 7.1 or 7.2, the Damaged Owner shall deposit with the Depositary the deficiency, or (y) if pursuant to Section 7.3, the Owners shall deposit with the Depositary their respective shares of such deficiency as determined in accordance with the Architect Allocation Ratio. Furthermore, if the Certifying Professional determines, pursuant to Section 15.4, that a deficiency exists, then, and in such case, the Damaged Owner (if pursuant to Section 7.1 or 7.2) shall deposit with the Depositary, or the Owners (if pursuant to Section 7.3) shall each deposit with the Depositary, within ten (10) days after receipt of the statement of the deficiency from the Certifying Professional, the deficiency (if pursuant to Section 7.1 or 7,,2) or their respective shares of the deficiency in accordance with the Architect Allocation Ratio (if pursuant to Section 7.3). If an Owner fails to contribute its deficiency as determined above and such failure continues for a period of ten (10) days after the Owner is given notice of such failure, the other Owner (who shall be a Creditor Owner) may, but shall not be obligated to, pay the share of the defaulting Owner (who shall be a Defaulting Owner) to the Depositary. In addition, the Board of Managers shall have the right, but shall not be obligated, to pay the share of the Defaulting Owner to the Depositary. Any payments made by the Board of Managers pursuant to the foregoing shall be deemed a special assessment made by the Board of Managers against the Defaulting Owner, and failure of the Defaulting Owner to pay such special assessment shall be treated in the same manner as failure to pay Common Charges.

Section 7.6. Excess Insurance Proceeds. Upon completion of the repair and restoration and full payment therefor, any unadvanced portion of the amounts on deposit with the Depositary for such purpose shall be distributed as follows:

i) With respect to any repairs or restoration performed pursuant to the provisions of Section 7.1 or 7.2, the balance held by the Depositary shall be paid and/or delivered to the Damaged Owner, subject to the provisions of Section 15.2(e).

ii) With respect to any repairs or restoration pursuant to Section 7.3, the balance on deposit with the Depositary shall be paid and/or delivered to the Board of Managers.

iii) If the Depositary is holding any letter of credit or other security, the Depositary will draw upon or otherwise liquidate these items unless the party depositing these items substitutes cash in an amount equal to the amount secured by these deposits. If an Owner's or the Board of Managers' share of excess proceeds is equal to the amount secured by deposits made by the Owner or the Board of Managers, as applicable, the return of the deposited items shall be a credit against the excess proceeds to which it is entitled.

Section 7.7. Obligation and Rights to Repair and Rebuild.

(a) Subject to the provisions of Section 7.10 of these By-laws, each Unit Owner shall be obligated to repair and restore its Unit, and the Board of Managers shall be obligated to repair and restore the Common Elements, regardless of whether or not any insurance proceeds are available for that purpose. Furthermore, each Owner shall cooperate with the other Owner and the Board of Managers, and the Board of Managers shall cooperate with the Unit Owners, in connection with any repairs or restoration to the Property.

(b) If, however, one Owner defaults in the full, faithful and punctual performance of any obligation under this Article 7 (including, without limitation, adjusting any loss, preparing plans and specifications, selecting contractors, negotiating and executing contracts, and performing construction and submitting requisitions to the Depositary), then the other Owner or the Board of Managers, shall have, in addition to all other remedies it may have hereunder or at law or in equity, upon the expiration of at least ten (10) days' prior notice of such default, the right, but not the obligation, if the Defaulting Owner has not commenced the good faith cure of such default within said ten (10) day period, (i) to make any decisions required in connection with the performance of such obligation on behalf of the Defaulting Owner, (ii) to actually perform the obligation on behalf of the Defaulting Owner, and (iii) in accordance with the applicable provisions of Section 15.5, to use the Defaulting Owner's insurance proceeds in connection with the performance of any such obligation. If any Owner defaults in the performance of its obligations under this Article 7, as aforesaid, the other Owner and the Board of Managers, are each hereby irrevocably appointed attorney-in-fact of the Defaulting Owner (such power of attorney being coupled with an interest) to take any and all steps necessary on behalf of Defaulting Owner to perform the Defaulting Owner's obligations as provided herein. Any and all expenses incurred by the Board of Managers pursuant to the foregoing shall be deemed a special assessment against the Defaulting Owner, and failure of the Defaulting Owner to pay such special assessment shall be treated in the same manner as failure to pay Common Charges. To the extent one Owner incurs expenses for the obligations of the Defaulting Owner pursuant to this Section, the Owner incurring such expenses shall be a Creditor Owner with

respect to all funds expended on behalf of the Defaulting Owner, and the Defaulting Owner shall owe such monies to the Creditor Owner.

(c) If the Board of Managers defaults in the full, faithful and punctual performance of any obligation under this Article 7 (including, without limitation, adjusting any loss, preparing plans and specifications, selecting contractors, negotiating or executing contracts and performing construction and submitting requisitions to the Depositary), the Unit Owners shall have, in addition to any other rights and remedies, the right, acting together jointly, to perform all obligations of the Board of Managers, and the Unit Owners shall be deemed to have a joint and several power of attorney from the Board of Managers to act on its behalf to perform the Board of Managers' obligations set forth herein.

Section 7.8. Costs Defined. For purposes of this Article 7, architects' and engineers' fees, attorneys' fees, consultants' fees, the fees of the Certifying Professional, title insurance premiums and other similar costs and expenses relating to repair or restoration shall be included in the costs and expenses of any such repair or restoration.

Section 7.9. Advance of Funds for Repairs. When and if the Board is authorized or otherwise required to proceed with repair and reconstruction pursuant to Section 7.3 above, the Board of Managers shall arrange for and commence such work promptly and shall diligently prosecute same to completion in accordance with these By-laws. In anticipation of receipt of insurance proceeds, the Board may levy and assess as a special assessment, prior to receipt of such proceeds, the amount anticipated to be necessary to repair or reconstruct the Property. Upon receipt of the proceeds, the Board will reimburse Unit Owners any amounts they paid as special assessments as will not be needed to pay the cost of repair and restoration. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a Common Expense and the Board of Managers may assess all the Unit Owners for such deficit as part of their Common Charges.

Section 7.10. Termination of Condominium Following Damage or Destruction. If as the result of fire or other casualty, at least 75% of the Property is destroyed or substantially damaged, a special meeting of the Unit Owners shall be called in accordance with these By-laws at which meeting the Unit Owners shall be asked to decide if the Building should be repaired or reconstructed. The Building shall be repaired and reconstructed unless pursuant to the vote held at that meeting, Unit Owners unanimously and affirmatively determine not to repair or restore the Building. If Unit Owners representing 100% in number of Units and in Common Interest affirmatively determine not to repair or restore the Building, then, and in such event, the Building will not be repaired and the Property, or such portion of the Property as shall remain, shall be subject to an action for partition at the suit of any Unit Owner or lienor as if owned in common, in accordance with the provisions of the Condominium Act. The net proceeds of sale, together with the net proceeds of insurance policies maintained by the Board for coverage of the Common Elements, shall be divided by the Board of Managers among and paid to the Unit Owners in proportion to their respective Common Interests, after first paying out of the share of each Unit Owner the amount of any unpaid liens on said Owner's Unit, in the order of the priority of such liens.

ARTICLE 8

THE CONDOMINIUM PROPERTY MAINTENANCE, REPAIR, USE, OPERATION, ALTERATION, ENFORCEMENT AND UTILITIES

Section 8.1. Maintenance and Repairs Which Are the Responsibility of the Board of Managers. The Board of Managers shall be responsible for maintaining the Common Elements in good condition and repair, and in a safe, clean, sightly and sanitary condition, including, without limitation, causing those portions of the Common Elements as are exposed to the elements to be properly drained and kept free from ice and snow, and causing the Common Elements where pedestrians may walk to be adequately lighted. The Board of Managers also shall be obligated, as a Common Expense of the Condominium, to keep the sidewalks adjacent to the Building free and clear of ice and snow. All painting, decorating, landscaping, maintenance, repairs and replacements, whether structural or nonstructural, ordinary or extraordinary, to the Common Elements, whether located inside or outside of the Units shall be made by the Board of Managers. The cost of all such maintenance undertaken by the Board of Managers shall be charged to all Unit Owners as a Common Expense (unless necessitated by the negligence, misuse or neglect of a Unit Owner, in which case the expense shall be charged to such Unit Owner as described below).

Section 8.2. Maintenance and Repairs Which Are a Unit Owner's Responsibility.

(a) Except as otherwise provided in the Declaration or By-laws, all painting, decorating, maintenance, repairs and replacements, whether structural or non-structural, ordinary or extraordinary, or to any Unit (other than to the Common Elements contained therein) shall be made by the Owner of such Unit, at the Unit Owner's sole cost and expense. Each Unit Owner shall be responsible for all damage to any and all other Units and/or to the Common Elements in said Unit Owner's Unit or elsewhere in the Condominium, that said Unit Owner's failure to make necessary replacements or perform necessary maintenance may engender, or which are caused by said Unit Owner's actions, inactions, negligence, misuse or neglect.

(b) Each Unit Owner, at said Unit Owner's expense, shall keep said Owner's Unit in good order, shall cause the Unit, the street level entrance door or doors and all street level glass surfaces and storefronts, and any service entrance area, to be maintained in a first class manner. Unit Owners shall cause these items and areas to be cleaned at regular intervals (but not less frequently than weekly), shall not at any time sweep any refuse, rubbish or dirt into the gutters or streets, and shall cause any portion of the Unit used for storage, preparation, service or consummation of food or beverages to be exterminated against infestation by vermin, roaches or rodents regularly, and in addition, whenever there shall be evidence of any infestation.

(c) The washing, maintenance, repair and replacement of windows and window systems in a Unit, including, without limitation, panes, frames, doors, signage, louvers, glazing, metal panels, etc., shall be the sole responsibility of the Owner of that Unit.

(d) Any maintenance, repair or replacement necessary to preserve the appearance and value of the Property made pursuant to Section 8.1 above but which is occasioned by the action, regardless of whether same be a negligent or willful act or omission of (i) a Unit Owner, (ii) any agent, licensee, contractor, employee, family member, guest or tenant of such Unit Owner, (iii) an agent, employee, licensee, contractor, family member or guest of the tenant or licensee of such Unit Owner, or (iv) a guest of (1) any member of such Unit Owner's family or (2) any family member or employee of the tenant of such Unit Owner, shall be made at the cost and expense of such Unit Owner. If such maintenance, repair or replacement is undertaken and paid for by the Board of Managers, it shall not be regarded as a Common Expense, but rather shall be considered a special assessment allocable to the specific Unit and such cost shall be added to that Unit Owner's Common Charges and, as part of those Common Charges, shall constitute a lien on the Unit to secure the payment thereof.

Section 8.3. Quality, Type and Scheduling of Maintenance and Repairs.

(a) All repairs, painting and maintenance, whether made by a Unit Owner or the Board of Managers to any generally visible portion of the Property, shall be carried on in such a manner so as to conform to the materials, style and color of the Unit or Common Element being repaired, painted or otherwise maintained, unless the Board of Managers authorizes a variance from such materials, style and color prior to commencement of the nonconforming repair, painting or maintenance.

(b) Unit Owners and the Board of Managers shall, in connection with alteration, maintenance and repair of their respective interests at the Property, comply with the Rules and Regulations and schedule their construction and/or maintenance and/or repair work such that (i) no party or its agents or employees unreasonably interferes with the work being done by any other party, its agents or employees at the Property, and (ii) the labor employed by Unit Owners shall be compatible and harmonious with the labor employed by the Board of Managers, it being understood that, if in the reasonable judgment of the Board of Managers, the labor is incompatible, the Unit Owner shall forthwith, upon the request of the Board of Managers, as applicable, withdraw the incompatible laborers.

Section 8.4. Scaffolding. In connection with Sponsor's obligations under the Offering Plan, and with respect to Unit Owners' obligations generally, in connection with their responsibilities pursuant to applicable law, and/or their rights and/or responsibilities under the Condominium Documents, Sponsor and/or a Unit Owner, as applicable, shall have the right to erect and maintain scaffolding, sidewalk bridges or other equipment or facility required by law, regulation, code or ordinance when Sponsor or the Unit Owner, as applicable, is performing such required or permitted construction work, even though such scaffolding, sidewalk bridge or other equipment or facility may encroach on another Unit or on the Common Elements. Neither

Sponsor nor any such Unit Owner shall be liable to any Unit Owner or the Board of Managers, or to any tenant or licensee of a Unit or Unit Owner, for any damages (including but not limited to interference with business operations) incurred in connection with the foregoing, except for damages caused by the negligence of Sponsor or the Unit Owner, or any of Sponsor's or Unit Owner's agents or employees. In no event, however, may scaffolding be installed in a manner or location that will prevent access to a Unit (other than a Unit owned by the Owner erecting same).

Section 8.5. Use of Units. In order to provide for congenial occupancy of the Property and for the protection of the values of the Units, the use of the Units shall be restricted to and shall be in accordance with the following provisions:

(a) The Residential Unit may be used for residential use or for any legal home occupation use or for any other lawful purpose. The Residential Unit Owner must use, occupy and maintain or cause to be used, occupied and maintained, said Owner's Unit, during the period of said Owner's ownership, in a manner that will not detract from the character or appearance of the Condominium and will not adversely affect the Commercial Unit.

(b) The Commercial Unit (or any portion thereof) or any Commercial Units resulting from the subdivision thereof, may be used for any lawful purpose including, without limitation, medical or other professional use or retail or other commercial use (except as otherwise prohibited by these By-laws or the Declaration), provided such use is permitted under the certificate of occupancy for the Building, zoning classification and project approvals for the Property, and other applicable laws, regulations and ordinances and, provided further, that the Commercial Unit (or any portion thereof) may not be used for any "Adult Use." Adult Use means any use or purpose which is immoral or disreputable, including without limitation "adult entertainment establishments," "adult video store," "adult bookstore" or other establishment having a predominant portion of its stock in trade in books, magazines, periodicals, videos, firms and/or novelties which are distinguished or characterized by their emphasis on matter depicting, describing or relating to specified sexual activities or specified anatomical areas, or for the sale of any roach clip, water pipe, bong, coke spoon, cigarette papers, hypodermic syringe or other paraphernalia commonly used in the use or ingestion of illicit drugs.

(c) Each Unit Owner, at its sole expense, shall comply with all laws, orders and regulations of federal, state and municipal authorities and with any direction of any public officer or officers, pursuant to law, and all rules, orders, regulations or requirements of the New York Board of Fire Underwriters, or any other similar body which shall impose any violation, order or duty upon the Condominium, its Board of Managers or the Unit Owner, and shall indemnify and hold harmless the other Unit Owner with respect to said Owner's Unit as a result of (i) any authorized or unauthorized use or occupation thereof by said Unit Owner or its tenant(s) or licensee(s), or (ii) the conduct by the Unit Owner or its tenant(s) or licensee(s) of business in the Unit. A Unit Owner shall not do or permit to be done any act or thing in or upon the Unit or Common Elements of the Condominium which will invalidate or be in conflict with any insurance policies covering the Condominium and fixtures and property therein, and shall not do, or permit anything to be done in or upon the Unit, or bring or keep anything therein, except as

now or hereafter permitted by the New York City Fire Department, New York Board of Fire Underwriters, New York Fire Insurance Rating Organization or other authority having jurisdiction.

Section 8.6. Use of Common Elements and Facilities.

(a) A Unit Owner shall not place or cause to be placed in the common areas or common facilities, other than the areas designated as storage areas, any furniture, packages or objects of any kind.

(b) The Common Elements and facilities shall be used only for the furnishing of the services and facilities for which they are reasonably suited and capable. No Unit Owner shall make any addition, alteration, improvement or change in or to any Common Element without the prior written consent of the Board of Managers.

(c) While Declarant, Sponsor and/or its or their designee owns any Unit, said party(is) shall have the right to maintain general and sales and leasing offices on or about the Property, to have their employees, contractors and agents present on the Property, to use the Common Elements and to do all things necessary or appropriate to sell Cooperative Apartments or lease Units, including, without limitation, the right to erect and maintain signs on exterior portions of the Building and elsewhere on the Property. Declarant, Sponsor and/or its or their designee, as applicable, shall be obligated to repair and maintain the portions of the Property used by said party(is) for such purpose so long as such use by Declarant, Sponsor and/or its or their designee shall continue.

Section 8.7. Operation of the Property.

(a) A Commercial Unit Owner and/or the tenants or other occupants of a Commercial Unit, shall contract for private carting service for removal of their trash and rubbish, and shall not be permitted to dispose of trash and rubbish with the trash of the Residential Unit. Dumpsters and rubbish bins utilized by a Commercial Unit Owner and/or the tenants or other occupants of a Commercial Unit are required to be maintained within the confines of the Commercial Unit and placed on the sidewalks or streets adjacent to the Building only at the time scheduled by the carting company for trash collection, and then only if the carting company requires same to be placed on the sidewalk or street. All trash generated by a Commercial Unit Owner and/or the tenants or other occupants of a Commercial Unit, shall be carted only during regular business hours. Dumpsters and rubbish bins may not in any event, be maintained on a permanent basis on the sidewalks that are part of the Property or on any streets abutting the Property.

(b) A Unit Owner shall not suffer or permit said Unit Owner's employees or any persons making deliveries to or from the Unit or removing refuse therefrom, to leave any food, refuse and rubbish containers or other matter standing upon the streets or sidewalks adjacent to the Property.

(c) No nuisances shall be allowed on the Property nor shall any use or practice be allowed which interferes with the peaceful possession or proper use of the Property by its residents or occupants. No Owner, tenant or other occupant of a Unit shall do, suffer or permit to be done in any Unit, activities of a pornographic, illegal or unlawful nature. No Owner, tenant or occupant of a Unit shall do, suffer, or permit to be done, anything in any Unit which would impair the soundness or safety of the Building, or which will result in the cancellation of insurance applicable to the Building, or which would be noxious, offensive or hazardous or an interference with the peaceful possession and proper use of any other Unit, or which would require an alteration to any of the Common Elements in order to comply with any applicable law or regulation, or which would otherwise be in violation of law.

(d) No offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with by and at the sole expense of the Unit Owners, the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.

(e) A Unit Owner shall not at any time use or occupy or suffer or permit anyone to use or occupy said Owner's Unit or do anything in said Owner's Unit or the Building, or suffer or permit anything to be done in said Owner's Unit or the Building, in violation of any temporary or permanent certificate of occupancy issued for the Unit and/or the Building, and in the event that any department of the City or State of New York shall at any time contend and/or declare by notice, violation, order or in any other manner whatsoever, that the Owner's Unit is used for a purpose which is a violation of such certificate of occupancy, the Unit Owner shall, upon ten (10) days' written notice from the Board of Managers, immediately discontinue such use of the Unit. Each Unit Owner agrees that it will make no change of any kind or nature in or to the Building which will prevent Sponsor from obtaining a final Certificate of Occupancy for the Building or which would cancel or make void any existing Certificate of Occupancy, and shall permit access to its Unit at reasonable times on reasonable advance notice in order for Sponsor or the other Unit Owner to obtain a final Certificate of Occupancy or amended Certificate of Occupancy, and will not commit any act, whatever its nature, or fail to perform any reasonable act, which would cancel or make void any existing Certificate of Occupancy or interfere with or prevent Sponsor or the other Unit Owner from obtaining the final Certificate of Occupancy or amended Certificate of Occupancy. Any such act or failure will void and obviate Sponsor's obligation to obtain the final Certificate of Occupancy. Unit Owner shall indemnify and hold Sponsor and the other Unit Owner harmless from and against all damage, liability, and expense resulting from any such act or failure.

(f) Notwithstanding anything contained in the By-laws or the Rules and Regulations to the contrary, Declarant and/or Sponsor and/or its or their designee may, without the permission of the Board of Managers, use or grant permission for the use of all or part of any Unit owned by Declarant or Sponsor or its or their designee, as models, sales, leasing, promotion and/or production offices in connection with the sale or rental of Cooperative Apartments in

connection with or the sale or leasing of all or any portion of the Commercial Unit, or for any other purpose, subject only to compliance with applicable governmental laws and regulations. In addition, while Sponsor is offering Cooperative Apartments for sale pursuant to the Offering Plan, and while Declarant and/or Sponsor owns all or any part of the Commercial Unit, Declarant and/or Sponsor shall be entitled to erect one or more signs and banners at the Building, including but not limited to signs and banners affixed to the windows of the Residential or Commercial Unit, on the Building facade, etc., advertising Cooperative Apartments and/or space in the Commercial Unit for sale or lease.

(g) The Units shall be used in a manner appropriate to the design of the building systems and for which adequate elevator, stair, ventilation, plumbing and similar and related facilities exist. A Unit Owner's use of electricity and other systems in the Unit shall not at any time exceed the capacity of any electrical conductors and other equipment in or otherwise serving the Property.

(h) Unit Owners shall maintain their Units and any Limited Common Elements appurtenant thereto in a manner which will not interfere with the use of the Building by others.

(i) A) The Commercial Unit Owner and (if approved by such Owner) a tenant of such Owner's Unit shall have the right, freely and without consent, payment or restriction (other than those set forth below), to erect, maintain, repair and alter one or more "Signs" (defined in subparagraph B below): (i) outside or inside the storefronts and storefront windows of, and entrances to, the Commercial Unit or any portion thereof, and within the Commercial Unit, (ii) on the exterior portions of the Building's facade (i.e., exterior walls) that enclose or border the Commercial Unit (which are part of the Commercial Unit), (iii) on the outside or inside of any other Common Element enclosing or appurtenant to or servicing only the Commercial Unit, and (iv) on the sidewalks immediately adjacent to the Commercial Unit.

B) The term "Signs" means any one or more signs, inscriptions, letterings, pictures, banners, awnings, canopies, placards, board, stanchions, planters, landscaping, structures, decorations and/or displays used for sales, rental, promotion, advertising, identity, business, operations and/or any other lawful purpose. The Signs may be: of any nature, size, content, composition, material, design, illumination, configuration, fabrication, quality, color, appearance, content or character whatsoever. The Board of Managers and other Unit Owners will not have the right to approve the Signs or impose any charge or fee in connection with their installation, existence, maintenance, repair or alteration. Signs: (i) must comply with all applicable laws and governmental requirements, (ii) must not impair or threaten the structural integrity of any portion of the Building, and (iii) and must not unreasonably and materially prevent another Unit from being used for any purpose permitted in the Declaration and By-Laws.

Section 8.8. Additions, Alterations or Improvements by Board of Managers.

(a) The Board of Managers shall have the right to make or cause or permit to be made such additions, alterations and improvements to the Common Elements as in its opinion

may be beneficial or necessary, or which are requested in writing by a Unit Owner, subject, however, to the requirement that if the addition, alteration or improvement shall cost more than 75% of the then current estimated annual operating budget of the Condominium, exclusive of reserves, such addition, alteration or improvement must be approved unanimously by Unit Owners, voting at a meeting duly called in accordance with the By-laws, or otherwise consenting in writing to the proposed expenditure, and also must be consented to in writing by Recognized Mortgagees, which consent shall not be unreasonably withheld or delayed.

(b) Additions, alterations or improvements that are general in nature and cost 75% or less than 75% of the Condominium's then current estimated annual operating budget, exclusive of reserves, may be made by the Board of Managers and the cost thereof shall be a Common Expense. Before undertaking any work pursuant to Sections 8.8(a) and 8.8(b), the Board of Managers may require the consent in writing of any Unit Owner and Recognized Mortgagee whose rights, in the Board of Managers's sole judgment, may be prejudiced by the addition, alteration or improvement.

(c) If the Board of Managers determines that a proposed addition, alteration or improvement of a Common Element (or Limited Common Element, if applicable) is general in character, the cost thereof shall be a Common Expense, shared by all Unit Owners in accordance with the By-laws subject to the requirements of Section 8.2(a) of these By-laws. If the Board of Managers determines that an addition, alteration or improvement is exclusively or substantially for the benefit of the Unit Owner that requested it, the cost shall be a special assessment against such Owner. If more than one Unit Owner requested the addition, alteration or improvement, the cost shall be assessed in such proportion as the Board of Managers shall determine to be fair and equitable. The foregoing shall not prevent the Unit Owners affected by such addition, alteration or improvement from agreeing in writing, before or after the assessment is made, to be assessed in different proportions.

(d) Notwithstanding the foregoing, until Declarant or its designee shall have conveyed title to both Units, or for a period of five years following the first conveyance of title to a Unit by Declarant, whichever is earlier, the Board of Managers may not make any addition, alteration, or improvement to the Common Elements without Sponsor's prior written consent.

Section 8.9. Additions, Alterations or Improvements by Unit Owners.

(a) Any structural addition, structural alteration or structural improvement to a Unit or affecting the Common Elements in any way, shall require the prior written consent of the Board and the Recognized Mortgagee of the Unit, which consent shall not be unreasonably withheld or delayed. Subject to the foregoing, each Unit Owner shall have the right with respect to a Unit owned by that Unit Owner, without the prior consent of but with prior notice to the Board of Managers to, (i) make non-structural alterations; additions or improvements to the Unit, (ii) change the layout of or number of rooms in the Unit, (iii) change the size and/or number of Units by subdividing the Unit into two or more separate Units, combining separate Units (including those resulting from subdivision or otherwise) into one or more Units, altering

boundary walls between Units or otherwise, and (iv) if appropriate, reapportion among the Units affected by such changes, their Common Interest. In no event may the subdivision or combination of Units result in a different total aggregate Common Interest than existed for the Units) being subdivided or combined before the subdivision or combination. In each of the foregoing instances a Unit Owner shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction, shall cause the Declaration to be amended, if necessary, and shall hold the Board of Managers and all other Unit Owners harmless from any liability arising therefrom. Under no circumstances shall a Unit Owner make any changes to a Unit which will affect the Common Elements and/or the structural integrity of the Building without the prior written consent of the Board of Managers and the Recognized Mortgagee of the Unit. Application for such consent shall be made by the Unit Owner in accordance with this Section 8.9 and the Board shall respond in accordance with the procedures set forth in this Section.

(b) The Board shall be obligated to act on a Unit Owner's request for approval for an addition, alteration or improvement in or to a Unit, as contemplated by Section 8.9(a) above, within forty-five (45) days after the Board's receipt from the Unit Owner of information and material in sufficient detail for the Board to thoroughly evaluate the request. In connection with any such request for approval, the Unit Owner shall be expected to submit, at a minimum, preliminary plans and specifications prepared by an architect licensed in New York State, and, in the event the request for Board approval concerns the division or combination of Units, a draft of the proposed associated amendment to the Declaration, which shall, among other things, reallocate Common Interest. The Board shall have the right to impose such additional reasonable requirements as it deems appropriate. The 45-day period within which the Board is obligated to act, shall not begin to run until the Board, in its sole reasonable judgment, has received a complete application from the Unit Owner seeking the Board's approval. The Board's failure to act on a complete application within forty-five (45) days after receipt thereof shall be deemed to mean the Board has approved the application.

(c) The cost of any proposed alteration, improvement, division or combination of a Unit, as contemplated by Section 8.9(a) above (including but not limited to the cost incurred by the Board to engage architects, lawyers and other professionals to review the plans and specifications for the proposed construction work and, if applicable, the proposed amendment to the Declaration), shall be borne by the Owner(s) of the Units being altered, improved, divided or combined.

(d) Any alteration, improvement, division or combination of a Unit, as contemplated by Section 8.9(a) above, shall be performed in compliance with all laws, codes, ordinances and regulations, and the provisions of these By-laws governing alterations generally. Any division or combination of a Unit shall become effective only upon the recording of the amendment to this Declaration prepared by and at the expense of the Unit Owner with the prior approval of the Board, and the concurrent filing of all necessary amendments to the Tax Lot Drawings with the necessary architectural certification affixed. The foregoing amendments to the Declaration and to the Tax Lot Drawings shall be recorded and filed respectively by the Board of

Managers, upon the Unit Owner's completion of construction and at the expense of the Unit Owner combining, dividing or otherwise altering the Unit(s), provided the Board consented to the amendment prior to the Unit Owner's alteration work, in accordance with the procedures contained in the Declaration and By-laws.

(e) Prior to and as a condition of granting consent to the making of any structural, mechanical, electrical or plumbing alteration, repair, addition or improvement to a Unit or the Limited Common Elements appurtenant thereto, or to any other Common Element, pursuant to Section 8.9(a) above, the Board may require the Unit Owner to execute an agreement in the form required by the Board, setting forth the terms and conditions under which the proposed work is to be done, including, without limitation, the name and address of the contractor and the days and hours during which the work is to be done.

(f) Unit Owners proposing alteration work shall have the obligation to submit the name and address of their contractor(s), together with a telephone number and contact person for each contractor who will be working in the Unit, in writing to the Board of Managers at least five (5) business days before the work is scheduled to begin. For insurance purposes, electrical and plumbing work in a Unit must be performed by licensed contractors. Further, all contractors must carry liability insurance coverage in such minimum amounts as the Board shall from time to time establish. Proof of license and insurance coverage must be submitted to the Board of Managers at the time the contractor's name is given to the Board. A contractor's liability insurance policy must be in full force and effect at the time the work is performed and must be issued by a reputable insurance company licensed to do business in New York. The contractor shall deliver a certificate of insurance, satisfactory to the Board of Managers, naming the Board of Managers of the Condominium, the Managing Agent of the Condominium, Declarant or Sponsor (if they shall then own a Unit), and all Unit Owners, as additional insureds. The determination as to whether an application is complete shall be in the sole discretion of the Board.

(g) Any application by a Unit Owner to any department of or governmental agency of the City of New York or to any other governmental authority for permits or certificates necessary to make an addition, alteration or improvement in or to any Unit shall be executed by the Board of Managers, if required by the agency or authority, provided, however, the Board of Managers shall not incur any liability on the part of the Board of Managers or any member of the Board to any contractor, subcontractor, materialman, architect or engineer on account of such installation, addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom. The Unit Owner shall, if so requested, indemnify the Board of Managers and other Unit Owners in writing for any loss, damage or liability the Board or other Unit Owners may incur, resulting in any way from execution of any such documents. The cost of obtaining any such permits or certificates, as well as the cost of professional fees, if any, incurred by the Board of Managers in evaluating the proposed construction plans, shall be borne by the Owner of the Unit in which the addition, alteration or improvement is to be made. Any Unit Owner who combines two or more Units into one or more Units, and any Unit Owner who divides a Unit into two or more Units, shall be obligated, at said Unit Owner's sole cost and expense, to obtain the services of a registered architect or engineer to

(i) file such drawings and make such applications as may be necessary to obtain, and (ii) if required by law and/or by the Board of Managers, actually obtain, an amended certificate of occupancy for the Building reflecting the changes made by said Unit Owner.

(h) The provisions of Sections 8.9(a)-8.9(g) of these By-laws, shall not apply to any Unit owned by Declarant, Sponsor and/or its or their designee. Declarant, Sponsor and/or its or their designee shall have the right, without the consent of the Board of Managers or other Unit Owners with respect to Units owned by Declarant and/or Sponsor, as applicable, but subject to the prior approval of the Recognized Mortgagee of the Unit, to (i) make alterations, additions or improvements, structural and nonstructural, ordinary and extraordinary, interior and exterior, in, to and upon any Unit owned by it, (ii) reverse or change the layout of any Unit and make adjustments in interior dimensions of Units, (iii) change the number of rooms in any Unit, (iv) change the size and/or number of Units by subdividing one or more Units into two or more separate Units, combining separate Units (including those resulting from such subdivision or otherwise) into one or more Units, altering the boundary walls between Units or otherwise, including, without limitation, incorporating any wall, hallway or portion thereof, or any space or other area abutting a Unit or Units into one or more of said Units, or otherwise, and (v) if appropriate, reapportion among the Units affected by such change their appurtenant Common Interests. In each of the foregoing instances the Declarant, Sponsor and/or its or their designee shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction, and shall cause the Declaration to be amended, if necessary.

(i) The Board of Managers shall execute any application or other document required to be filed with any governmental authority having or asserting jurisdiction in connection with any such installation or structural addition, alteration or improvement made by Declarant, Sponsor and/or its or their designee, or by any other Unit Owner, to any Unit, if necessary; provided, however, that neither the Board of Managers nor the Unit Owners shall be subjected to any expense or liability by virtue of the execution of the application or such other document. A copy of any such application or document required to be signed by the Board shall be given to the Board by the applicable party.

Section 8.10. Right of Access. By acceptance of a deed to a Unit, a Unit Owner shall be deemed to have granted a right of access to said Unit Owner's Unit to the Board of Managers, the Managing Agent and/or any other person authorized by the Board of Managers or by these By-laws as described below, for the purpose of making inspections or for the purpose of correcting any condition originating in said Unit Owner's Unit and threatening another Unit or a Common Element, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in said Unit Owner's Unit or elsewhere in the Building, or to correct any condition which violates the provisions of any mortgage covering another Unit, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner and, further provided that such right shall be exercised in such a manner as will not unreasonably interfere with the use of the Unit for which it was intended. No prior notice shall be required in the event that the Board of Managers shall determine that action is immediately necessary for the preservation or safety

of the Building or for the safety of the residents or Unit Owners of the Condominium or other persons, or required to avoid the suspension of any necessary service to the Condominium. In case of emergency, such right of entry shall be immediate, whether or not a Unit Owner is present.

Section 8.11. Violations of Maintenance Obligations.

(a) In the event any Unit Owner, after receipt of written notice from the Board of Managers, fails or neglects in any way to perform any obligations with respect to the painting, decorating, maintenance, repair or replacement of said Unit Owner's Unit as provided in this Article 8 or of any Common Element for which such Unit Owner is responsible under the Declaration or these By-laws, the Board of Managers may perform or cause to be performed such painting, decorating, maintenance, repair or replacement unless such Unit Owner, within five days after receiving notice of such default, cures such default, or in the case of a default not reasonably susceptible to cure within such period, commences and thereafter prosecutes to completion, with due diligence, the curing of such default. All sums expended and all costs and expenses incurred in connection with the making of any such painting, decorating, maintenance, repair or replacement in such Unit Owner's Unit, together with interest thereon at the rate of 2% per month (but in no event in excess of the maximum rate permitted by law), shall be immediately payable by such Unit Owner to the Board of Managers and shall, for all purposes hereunder, constitute Common Charges payable by such Unit Owner.

(b) In addition to the foregoing, if any Unit Owner fails or neglects in any way to perform or cause to be performed any obligation with respect to the maintenance, repair or replacement of any part of said Unit Owner's Unit (hereinafter the "recalcitrant Unit Owner"), and if the recalcitrant Unit Owner's failure to so perform materially and adversely affects the value or use of another Unit, the normal conduct of business of a Unit Owner, or the tenants or other occupants of a Unit, or the safe and efficient operation of a Unit, then in addition to such rights as the nondefaulting Unit Owner shall have against the Defaulting Owner for the failure of the Defaulting Unit Owner to repair and restore its Unit under Section 7.7 of these By-laws, if the Owner of the adversely affected Unit petitions the Board of Managers in writing to take specified actions to enforce the recalcitrant Unit Owner's obligation, the Board of Managers shall be obligated to and shall promptly take such specified actions, provided that such specified actions are reasonable, necessary and do not materially or adversely affect the value or use of any other Unit in the Condominium, the safe or efficient operation of any other Unit in the Condominium, or the normal conduct of business of any other Unit in the Condominium or its tenant or other occupants, and the Board provides at least 48 hours prior notice to the recalcitrant Unit Owner before commencing such actions. Notwithstanding the foregoing, no notice shall be required in case of an Emergency Situation. The costs incurred in taking such action shall be charged in accordance with Section 8.2 of these By-laws.

Section 8.12. Abatement and Enjoinment of Violations by Unit Owners. The material violation of the Rules and Regulations, or the breach of any By-law contained herein, or the breach of any provision of the Declaration, shall give the Board of Managers the right, in

addition to and supplementing any other rights set forth in these By-laws, upon reasonable advance notice to the Unit Owner notifying the Unit Owner of the violation and advising that the Board intends to take action to remedy or cure the default or violation, (i) to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist in the Unit contrary to the intent and meaning of the provisions of the Declaration, By-laws or Rules and Regulations, as applicable (provided, however, that no prior notice shall be required in the event that the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the Property or for the safety of the residents of the Condominium or other persons or required to avoid the suspension of any necessary service to the Condominium), and the Board of Managers shall not thereby be deemed guilty of trespass, and (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Section 8.13. Water. Upon completion of construction of the Building, the Building will be metered for water consumption and water and sewer costs will be a Common Expense. The Board will have the right to install submeters, in which event the Unit Owner will pay for the water and sewer usage as measured by the submeter.

Section 8.14. Electricity. Upon completion of construction of the Building, each Unit will be separately metered for electricity consumption in the Unit, and each Unit Owner will be obligated to pay the cost of such electricity consumption directly to the utility company providing same. Electricity used in connection with maintenance and operation of the Common Elements will be measured by means of one or more separate meters or submeters, and the cost of such Common Element electricity consumption shall be a Common Expense of the Condominium.

Section 8.15. Gas. Upon completion of construction of the Building each Unit will be separately metered for gas consumption in the Unit, and each Unit will be responsible to pay the cost of gas consumed in the Unit directly to the utility company providing same. There is not expected to be any gas provided to the Common Elements.

ARTICLE 9

MORTGAGES

Section 9.1. Unit Owner's Rights. Each Unit Owner shall have the right to give one or more mortgages on said Owner's Unit to a Mortgagee, and the Board of Managers will recognize any such Mortgagee in connection with the giving of notices of default under these By-laws, and in connection with all other rights accorded a "Recognized Mortgagee" in the Condominium Documents, provided that (i) the mortgage shall be recorded and shall be expressly subordinate to the Declaration, and (ii) the Unit Owner making such mortgage pays all assessments against said Owner's Unit prior to the making of the mortgage. Any such Mortgagee shall be deemed a "Recognized Mortgagee."

Section 9.2. Notice to Board of Managers. A Unit Owner who mortgages a Unit shall notify the Board of Managers of the name and address of the Mortgagee.

Section 9.3. Notice of Unpaid Common Charges or Other Default. The Board of Managers shall promptly report to a Recognized Mortgagee any unpaid Common Charges due from or any other default by the Owner of the mortgaged Unit. The Board shall also, in the event the Unit has been leased, have the right to provide to the Recognized Mortgagee, copies of notices to tenants, as described in Section 10.2 of these By-laws.

Section 9.4. Notice of Default.

(a) The Board of Managers, when giving notice to a Unit Owner of a default in paying Common Charges or other default, shall send a copy of such notice to each Recognized Mortgagee. A Recognized Mortgagee who is entitled to receive notices of default by a Unit Owner in accordance with the foregoing shall also be entitled to cure said default, in accordance with the following paragraph.

(b) (i) The Recognized Mortgagee shall have the right, but not the obligation, for a period of thirty (30) days following receipt of a copy of a default notice, to cure the default in the name and on behalf of the Unit Owner.

(ii) To facilitate the foregoing, for a period of thirty (30) days following the giving of notice to a Recognized Mortgagee of a default by a Unit Owner in payment of Common Charges, the Board of Managers will not commence a proceeding to foreclose its lien for said Unit Owner's nonpayment of Common Charges or other assessments. If the Recognized Mortgagee fails to cure said default within said thirty (30) day period by paying the requisite Common Charges or other assessments (plus late payment charges and interest thereon as per these By-laws), the Board of Managers shall be free to commence a proceeding to foreclose its lien at its discretion.

Section 9.5. Mortgagee to Notify Board of Managers of Unit Owner's Default. Upon the happening of a default under the terms of a mortgage on a Unit which would permit a Mortgagee to declare the entire principal sum due, the Mortgagee shall endeavor to send such notice in writing to the Board of Managers prior to instituting a foreclosure action; however, failure of a Mortgagee to give such notice shall not be deemed to affect any of the rights and remedies of such Mortgagee under its mortgage.

Section 9.6. Board of Managers Shall Be Notified in All Mortgage or Other Lien Foreclosures; Right to Bid. The Board of Managers shall be notified in writing by the affected Unit Owner of every action brought to foreclosure any mortgage or other lien affecting a Unit. The Board of Managers shall be entitled to bid at any sale, whether the Board of Managers is the plaintiff or a defendant, and to purchase any Unit at such sale (in its name or in the name of a nominee) for such amount as shall be approved by the Unit Owners (excluding, however, the

Unit Owner whose Unit is being foreclosed), taking into consideration the amount due the plaintiff, the costs and disbursements, and all other charges affecting the Unit. The Board of Managers shall not, however, be limited in their bidding to such amount or total but may bid any higher sum that they find necessary in order to protect the interests of the Unit Owners.

Section 9.7. Receivers. Notwithstanding anything to the contrary in these By-laws or the Declaration, in the event a receiver is appointed in connection with an action to foreclose a mortgage against a Unit, said receiver shall, upon appointment, be obligated to pay to the Board of Managers all Common Charges and other assessments owed by the defaulting Unit Owner, together with any late charges, interest. and penalties assessed thereon. Further, upon the appointment of a receiver, the Unit Owner whose Unit is being foreclosed loses all rights accorded a Unit Owner in these By-laws or the Declaration in connection with the operation of the Condominium, including but not limited to the right to appoint members of the Board of Managers and the right to be a member of the Board of Managers or an officer of the Condominium, and the receiver shall succeed to all such rights.

ARTICLE 10

SALES AND LEASES OF UNITS

Section 10.1. Sales. There shall be no restrictions pursuant to the Condominium Documents on the right of a Unit Owner to sell said Owner's Unit and no fee, charge, "flip tax" or other payment shall be payable to the Condominium with respect to any transfer, lease or mortgage of a Unit or any portion thereof.

Section 10.2. Leases.

(a) A Unit Owner (including a Mortgagee who acquires title to the Unit through foreclosure or by deed in lieu of foreclosure) may lease said Owner's Unit in whole or in part, without any notice to or consent of the Board but subject, in all events, to the provisions of the Condominium Documents concerning uses of Units. However, a Unit Owner must regularly advise the Board of Managers in writing of the name of each tenant in its Unit, together with the name, telephone number and address of an individual who is authorized to take action or make decisions respecting the tenant, who may be contacted in event of emergency. The Unit Owner also must provide the Board of Managers with the name, address and telephone number of the Unit Owner's own representative who may be contacted in event of emergency or other problem concerning the Unit.

(b) While the Residential Unit is owned by the Apartment Corporation and occupied by Tenant-Shareholders, the Apartment Corporation shall maintain on file with the Board of Managers, the name(s), address(es) and telephone number(s) of at least one individual who is authorized to take action or make decisions on behalf of the Apartment Corporation in the event of emergency or other problem concerning the Unit.

(c) Any lease for all or part of a Unit shall be consistent with and shall be deemed to incorporate by reference these By-laws, and that the Board of Managers shall have power to terminate such lease and/or to bring summary proceedings to evict the tenant thereunder, other than a Tenant-Shareholder under a proprietary lease for a Cooperative Apartment.

(d) Each proprietary lease for a Cooperative Apartment and any lease for all or part of a Commercial Unit or the Garage Unit entered into from and after the date the Declaration is recorded, regardless of whether such lease has been entered into in accordance with these By-laws, shall be deemed to have incorporated into it the following provisions:

(i) In the event the Owner of the Unit forming all or part of the demised premises under the lease shall be in default in payment of Common Charges, assessments or late fees for more than 60 days after the date such payment was due, the Board of Managers shall have the right to notify the tenant of the Unit Owner's default, and in said notice to direct tenant to pay all or a portion of the rent that would otherwise be due under the lease directly to the Board of Managers. Upon receipt of such rental income the Board shall apply it against Common Charges, assessments or late fees owed by the defaulting Unit Owner. When the Owner becomes current in Common Charges, assessments or late fees, as applicable, the Board of Managers shall notify the tenant and the tenant may recommence paying rent to the Unit Owner or other party designated under the lease to receive rent.

(ii) In the event, however, that the Unit Owner has made an assignment of rents to a Recognized Mortgagee in connection with a mortgage on the Unit, the Board of Managers shall endeavor to send a copy of the notification of the Unit Owner's default to the Recognized Mortgagee at the same time as same is sent to the tenant. In such event, the Board shall refrain for a period of 30 days after giving a tenant notice of the Unit Owner's default from directing tenant to pay its rent directly to the Board, in order to allow the Recognized Mortgagee to enforce its assignment of rents. If the Recognized Mortgagee notifies the Board in writing during such 30-day period that it has enforced its assignment of rents, the Recognized Mortgagee so notifying the Board shall be required to make payments of Common Charges attributable to the Unit to the Board of Managers. If the Recognized Mortgagee shall not provide notice to such effect to the Board of Managers, then, at the expiration of the 30-day period following the Board's written notice to the tenant and the Recognized Mortgagee of the Unit Owner's default, the Board shall be entitled to direct tenant to pay rent directly to the Board as described above.

Section 10.3. Consent of Unit Owners to Purchase or Lease of Units by Board of Managers. The Board of Managers shall not purchase or lease any Unit without the prior approval of 100% in number and Common Interest of Unit Owners.

Section 10.4. No Severance of Ownership. No Unit Owner shall execute any deed, mortgage or other instrument conveying or mortgaging title to said Owner's Unit without including therein the Appurtenant Interests, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to

include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the Appurtenant Interests of any Unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit to which such interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the Appurtenant Interests of all Units.

Section 10.5. Gifts and Devises, etc. An individual Unit Owner shall be free to convey or transfer his or her Unit and Appurtenant Interests by gift, or to devise his or her Unit and Appurtenant Interests by will, or to pass the same by intestacy, without restriction.

Section 10.6. Waiver of Right of Partition with Respect to Such Units as Are Acquired by the Board of Managers, or Its Designee, on Behalf of All Unit Owners as Tenants in Common. In the event that a Unit shall be acquired by the Board of Managers, or its designee, on behalf of all Unit Owners as tenants in common, all such Unit Owners shall be deemed to have waived all rights of partition with respect to such Unit.

Section 10.7. Payment of Assessments. No Unit Owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease said Owner's Unit, unless and until said Owner shall have paid in full to the Board of Managers all unpaid Common Charges and other assessments theretofore assessed by the Board against said Owner's Unit and until said Owner shall have satisfied all unpaid liens in favor of the Condominium against such Unit.

ARTICLE 11

CONDEMNATION

Section 11.1. Takings in General.

(a) If a Unit Owner or the Board of Managers receives notice that all or any part of the Property has been or is to be taken through the exercise of the power of eminent domain under applicable law (a "Taking"), such Owner or the Board of Managers shall so notify the other Owner, the Board of Managers and all Recognized Mortgagees, as applicable.

(b) Except for the foregoing requirement, the provisions of this Article 11 (as well as Articles 14 and 15) shall only apply to Takings if and so long as such Taking qualifies as a Condominium Taking as defined herein. No provision of Articles 11, 14 and 15 shall apply to a Taking which is not a Condominium Taking (and, accordingly, any proceeding or award in respect thereof shall be prosecuted and settled by, and the Award shall be paid to the affected Owner or the Board of Managers, as applicable, subject only to the rights, if any, granted by such Owner to its Recognized Mortgagee(s)).

(c) A Condominium Taking is a Taking (i) which is a Residential Taking, a Commercial Taking and a Common Element Taking, and (ii) in which the Residential Unit

Owner, the Commercial Unit Owner and the Board of Managers are named or should be named in or otherwise made parties to the Taking proceeding.

(d) A Commercial Taking which is not in any way a Residential Taking or a Common Element Taking and in which the Residential Unit Owner and the Board of Managers are not named (or required to be named) as a party to the condemnation proceeding is not a Condominium Taking. A Residential Taking which is not in any way a Commercial Taking or a Common Element Taking and in which the Commercial Unit Owner and the Board of Managers are not named (or required to be named) as a party to the condemnation proceeding is not a Condominium Taking.

(e) Notwithstanding that a Taking does not initially qualify or ceases to qualify as a Condominium Taking, if such Taking is not of Substantially All of the Property, then any restoration, reconstruction, or alteration in connection with such Taking shall nevertheless be subject to the provisions of Article 7, in the same manner as if there were damage or destruction arising from casualty, to the extent otherwise applicable to such restoration, reconstruction or alteration.

Section 11.2. Definitions. The following terms shall have the following meanings:

(a) "Award" or "Awards": Any or all of the Commercial Award, the Residential Award or the Common Element Award, as applicable.

(b) "Combined Award": An aggregate award for damages or compensation payable on the basis of, or attributable to, the Residential Taking, the Commercial Taking and the Common Element Taking in connection with a Condominium Taking, and, in the case of a Condominium Taking of less than Substantially All of the Property, shall include any award (or portion thereof) payable on the basis of restoration or other work necessitated by the Condominium Taking, but not including any separate claim by either Owner or their respective tenants for personal property, trade fixtures or money or relocation costs.

(c) "Commercial Award": The aggregate award(s) payable in connection with and attributable to a Commercial Taking which is a Condominium Taking, including, without limitation, consequential damages for any constructive taking, and in the case of a Condominium Taking of less than Substantially All of the Property, such award shall include any award (or portion thereof) payable on the basis of restoration or other work necessitated by, or arising out of, such taking or condemnation, but shall not include any separate claim for the Commercial Unit Owner's personal property, trade fixtures, and moving or relocation costs for itself or any tenants of the Commercial Unit.

(d) "Commercial Taking": The Taking of the whole or any portion of the Commercial Unit.

(e) "Common Element Award": The aggregate award(s) payable in connection with and attributable to a Common Element Taking which is a Condominium Taking, including, without limitation, consequential damages for any constructive taking, and in the case of a Condominium Taking of less than Substantially All of the Property, such award shall include any award (or portion thereof) payable on the basis of restoration or other work necessitated by, or arising out of, such taking or condemnation, but shall not include any separate claim for the Board of Managers' personal property, trade fixtures, and moving or relocation costs.

(f) "Common Element Taking": The Taking of all or any part of the Common Elements.

(g) "Date of Taking": With respect to a Condominium Taking, the earlier of (1) the date on which actual possession of the Property, or any part thereof, as the case may be, is acquired pursuant to applicable law in connection with the Condominium Taking, or (2) the date on which fee title to the Units, the Common Elements, or any part thereof, as the case may be, has vested in any lawful power or authority pursuant to the provision of applicable law in connection with the Condominium Taking.

(h) "Net Award" or "Net Awards": Any one of or all of the Net Commercial Award, Net Residential Award or the Net Common Element Award, as applicable.

(i) "Net Commercial Award": The Commercial Award less all reasonable fees and expenses incurred by the Commercial Unit Owner and any Recognized Mortgagee of the Commercial Unit and by the Board of Managers, if applicable, in collecting the Commercial Award or the initial Combined Award, as applicable.

(j) "Net Common Element Award": The Common Element Award less all reasonable fees and expenses incurred by the Board of Managers, Unit Owners and any Recognized Mortgagee of a Unit in collecting the Common Element Award.

(k) "Net Residential Award": The Residential Award less all reasonable fees and expenses incurred by the Residential Unit Owner and any Recognized Mortgagee of the Residential Unit and by the Board of Managers, if applicable, in collecting the Residential Award or the initial Combined Award, as applicable.

(I) "Residential Award": The aggregate award(s) payable in connection with and attributable to a Residential Taking which is a Condominium Taking, including, without limitation, consequential damages for any constructive taking, and in the case of a Condominium Taking of less than Substantially All of the Property, such award shall include any award (or portion thereof) payable on the basis of restoration or other work necessitated by, or arising out of, such taking or condemnation, but shall not include any separate claim for the Residential Unit Owner's personal property, trade fixtures, and money or relocation costs for itself or any tenants of the Residential Unit.

(m) "Residential Taking": The Taking of the whole or any portion of the Residential Unit.

(n) "Section 11.4 Condominium Taking": A Condominium Taking qualifying under Section 11.4(a)(1), (2), (3) or (4).

(o) "Substantially All of either the Commercial Unit or the Residential Unit": Such portion of either (but not both) the Commercial Unit or the Residential Unit, as the case may be, as, when so taken, would leave a balance of the Commercial Unit, or the Residential Unit, as the case may be, due to either the area so taken or the location of the part or parts so taken in relation to the part or parts of the Commercial Unit or the Residential Unit, as the case may be, not so taken, such that the Commercial Unit or the Residential Unit, as the case may be, would not, under economic conditions, zoning laws and building regulations then existing constitute a Unit capable of producing a fair and reasonable net annual income from any use permitted hereunder with respect to the Commercial Unit or the Residential Unit, as the case maybe.

(p) "Substantially All of the Property": Such portion of the Property as, When so taken, would leave a balance of the Property that, due either to the area so taken or the location of the part or parts so taken in relation to the part or parts not so taken, would not, under economic conditions, zoning laws and building regulations then existing, readily accommodate a new or reconstructed building or buildings of a type and size generally similar to the Building existing at the Date of Taking and capable of producing a fair and reasonable net annual income with respect to both of the Commercial Unit and the Residential Unit.

Section 11.3. In General. In the event of a Condominium Taking, the Awards shall be determined and disbursed, and any repair and restoration of the Building shall be performed, in accordance with the requirements of this Article 11. The Commercial Unit Owner, the Board of Managers and any Recognized Mortgagees of the Commercial Unit shall have the right to participate in the prosecution of the claims for the Commercial Award and/or the Combined Award. The Residential Unit Owner, the Board of Managers and the Recognized Mortgagees of the Residential Unit shall have the right to participate in the prosecution of the claims for the Residential Award and /or the Combined Award. All parties shall cooperate with one another to maximize the amount of their respective Awards and in any event, in connection with a Combined Award. (Nothing herein shall limit the right of either Owner to make a separate claim for Owner's or Owner's tenants' personal property, trade fixtures and moving or relocation costs). If the court is prepared to allocate a separate Commercial Award, a separate Residential Award and a separate Common Element Award, then each Owner, together with its respective Recognized Mortgagees, and the Board of Managers, where applicable, may compromise or settle its Award. However, if the court does not allocate a separate Residential Award, a separate Commercial Award and a separate Common Element Award, but instead awards only a Combined Award, then no Owner (nor Recognized Mortgagee), nor the Board of Managers, may compromise or settle the Combined Award without the consent of all the others. Upon a determination of the Combined Award, then the Board of Managers, the Residential Unit Owner, the Commercial Unit Owner and the Recognized Mortgagees of the Residential Unit and the

Commercial Unit, shall endeavor in good faith to allocate and divide the Combined Award into a Residential Award and a Commercial Award, and if applicable, a Common Elements Award. If the parties cannot agree, then such allocation and division shall be an Arbitrable Dispute. Upon such allocation and division of the Combined Award, whether by agreement of the parties or by Arbitration, such allocated award shall then be the Commercial Award and Residential Award, and if applicable, the Common Element Award, for all purposes hereunder.

Section 11.4. Condominium Takings.

(a) In the event of (1) a Condominium Taking of Substantially All of the Property, or (2) a temporary Condominium Taking of (i) all of the Building, or (ii) part of both the Commercial Unit and the Residential Unit, or (3) a Condominium Taking which is both a Commercial Taking and a Residential Taking, but by which Substantially All of either the Commercial Unit or the Residential Unit is taken (but the Condominium Taking is thus not of Substantially All of the Property), or (4) a Condominium Taking that is both a Residential Taking and a Commercial Taking, but in which it is determined that no Restoration Work is required in either Unit that affects the Common Elements, then the provisions of Paragraphs (b) and (c) immediately below shall apply. If there is any dispute as to whether the Condominium Taking qualifies as a Section 11.4 Condominium Taking, the same shall constitute an Arbitrable Dispute.

(b) If, in connection with any Section 11.4 Condominium Taking described in Paragraph (a) above, a separate Residential Award and Commercial Award (and/or a separate Common Element Award as applicable), is awarded by the court, then upon such separate court awards, such Taking shall no longer be a Condominium Taking (and, accordingly, the provisions of Section 11.1 (b) shall apply). However, if there is a dispute as to whether such Condominium Taking qualifies as a Section 11.4 Condominium Taking, then any Awards received shall be paid over to and held by the Depositary, in trust, until such dispute is resolved, and if it is determined to be a Taking which qualifies as a Section 11.4 Condominium Taking, then the Depositary shall release all Awards in accordance with Paragraph (c) below, and upon such release, such Taking no longer constitutes a Condominium Taking (and, accordingly, the provisions of Section 11.1 (b) shall apply). If, in connection with any Section 11.4 Condominium Taking, a Combined Award is awarded, it shall be paid over to the Depositary and held in trust until any disputes are resolved and until the allocation is made as provided in Section 11.3 above, at which time the Depositary shall release all Awards in accordance with Paragraph (c) below and upon such release the Taking shall no longer constitute a Condominium Taking (and, accordingly, the provisions of Section 11 .1 (b) shall apply). If the Condominium Taking is determined upon resolution of any dispute to not be a Section 11.4 Condominium Taking, then the provisions of Section 11.5 shall apply.

(c) When the Award is released under Paragraph (b) above, the Residential Award, net of a proportionate share of the expenses due the Depositary, shall be paid to the Residential Unit Owner, the Commercial Award, net of a proportionate share of the expenses due the Depositary, shall be paid to the Commercial Unit Owner, and if applicable, the Common

Element Award, net of a proportionate share of the expenses due the Depositary, shall be paid to the Board of Managers. However, to the extent the Depositary has received a notice pursuant to Section 17.5 with respect to the Residential Unit and/or the Commercial Unit, the portion of the Residential Award otherwise payable to the Residential Unit Owner shall be paid to the Recognized Mortgagee of that Unit, and the portion of the Commercial Award otherwise payable to the Commercial Unit Owner shall be paid to the Recognized Mortgagee of that Unit, as applicable.

Section 11.5. Condominium Takings other than Section 11.4 Condominium Takings.

(a) In the event of a Condominium Taking other than a Section 11.4 Condominium Taking, if the court awards a separate Commercial Award, Residential Award and/or Common Element Award, then the Awards shall promptly be paid to the Depositary and the Depositary shall hold the same separately, in trust, and disburse the same in accordance with this Section and Article 15. Upon receipt of a Combined Award, the payees shall also pay the same over to the Depositary which shall hold and invest the same in trust and shall not disburse any proceeds thereof until the Combined Award is allocated as provided in Section 11.3 above. After receipt of the separate Awards or after the Combined Award is allocated and divided into a Commercial Award, Residential Award and Common Element Award, if applicable, the Depositary shall pay its expenses and then, prior to any other disbursements, shall promptly pay (i) out of the Residential Award, to the Residential Unit Owner and its Recognized Mortgagees, their respective reasonable fees and expenses, (ii) out of the Commercial Award, to the Commercial Unit Owner and its Recognized Mortgagees, their respective reasonable fees and expenses and (iii) out of the Common Element Award, to the Board of Managers, its reasonable fees and expenses. The Net Award for each portion of the Property shall be held and disbursed in accordance with this Section 11.5 and Article 15. The expenses of the Depositary shall be paid out of the Awards based on the ratio of each Owner's Award or the Common Elements Award, as applicable, to the sum of the Awards.

(b) In connection with any Condominium Taking to which this Section 11.5 applies, the Board of Managers and the Unit Owners shall cooperate to repair and restore the remainder of the; Building (such repair and restoration being referred to herein as a "Condemnation Restoration") in accordance with the applicable provisions of Section 7.3 (except that (i) any deficiency shall be determined in accordance with Section 11.6(c) below and (ii) all decisions to be made by the Owners in Section 7.3 shall be made by the Owners when applied to this Section 11.5). The plans and specifications shall provide for repair and restoration of the remainder of the Building to form an architectural and functional whole with such changes in the Building as shall be required by reason of the Taking.

(c) As soon as reasonably practical after a Condominium Taking governed by this Section 11.5, (i) a Certifying Professional shall be selected, (ii) the Certifying Professional shall prepare a reasonably detailed statement setting forth (a) a description of the condemned areas of the Building, and (b) an estimate of the total costs of such repair or restoration, and shall deliver

a copy of such estimate to each Owner and the Board of Managers (the "Estimate") and (iii) the Certifying Professional shall determine and certify to the initial Architect Condemnation Ratio (as defined below). Each Owner and the Board of Managers shall be responsible for its share of the costs of restoration (including costs resulting from "Unavoidable Delays") based on the Architect Condemnation Ratio. If the cost and expense to either Owner or the Board of Managers of performing its share of any repair and restoration pursuant to this Section 11.5 shall exceed the amount of its Net Award, the excess cost and expense shall be borne by such Owner or the Board of Managers as provided in Section 11.5(d) below. The term "Architect Condemnation Ratio" shall have the following meaning: the ratio reasonably determined by the Certifying Professional comparing (A) the relative cost of the restoration to be performed under this Section 11.5 as a result of the taking suffered by an Owner or the Board of Managers to (B) initially, the Estimate, and, as and if the costs change during the course of the Restoration Work, the actual total costs. Notwithstanding the foregoing, (1) to the extent the additional costs incurred by an Owner or the Board of Managers result from the acts or omissions of the other Owner or the Board of Managers, as applicable, or optional changes requested by the other Owner or the Board of Managers, as applicable, such Owner or the Board of Managers, as applicable, requesting the changes or causing the delays shall be solely responsible for payment of the additional costs (which costs will be factored into an adjusted Architect Condemnation Ratio), and (2) if an Owner or the Board of Managers fails to carry any insurance required under Section 6.1 hereof, the Owner or the Board of Managers, as applicable, shall be responsible for the payment of any restoration costs that would have been paid from the proceeds of such insurance. Any dispute relating to the Architect Condemnation Ratio shall be deemed an Arbitrable Dispute.

(d) If with respect to either Owner or the Board of Managers, the portion of the Estimate allocated to such Owner or the Board of Managers based on the Architect Condemnation Ratio, or if the actual amount incurred in performing the repair or restoration for such Owner or the Board of Managers (based on the Architect Condemnation Ratio) exceeds the amount of such party's Net Award, if any, or if the Certifying Professional determines, in accordance with Section 15.4, that a deficiency exists with respect to such Owner or the Board of Managers, such Owner or the Board of Managers, as applicable, shall deposit with the Depositary, within ten (10) days after receipt of the statement of the deficiency from the Certifying Professional, or the other Owner or the Depositary, its deficiency as so determined in accordance with Section 15.4. If an Owner or the Board of Managers fails to contribute its deficiency, and such failure continues for a period of ten (10) days after the Owner or the Board of Managers is given notice of such failure, then the other Owner (who shall be a Creditor Owner) may, but shall not be obligated to, pay the share of the defaulting Owner (who shall be a Defaulting Owner) or to pay the share of the Board of Managers, as applicable, to the Depositary. In addition, the Board of Managers shall have the right, but shall not be obligated, to pay the share of the Defaulting Owner to the Depositary. Any payments made by the Board of Managers pursuant to the foregoing shall be deemed a special assessment made by the Board of Managers against the Defaulting Owner, and failure of the Defaulting Owner to pay such special assessment shall be treated in the same manner as failure to pay Common Charges.

(e) At such time as there is (i) either (a) an executed fixed price or guaranteed maximum price construction contract for all the Restoration Work or (b) both an executed construction management agreement and signed trade contracts for not less than sixty percent (60%) of the Restoration Work and (c) payment and performance bonds covering (x) the construction contracts under a fixed price or guaranteed maximum price construction contract or (y) all trade contracts in excess of $1,000,000, in 2003 Equivalent Dollars, and (ii) the Certifying Professional certifies as to the foregoing and that with respect to an Owner, the Net Award of such Owner then held by the Depositary, is more than 120% of the estimated cost of such Owner's share of remaining Restoration Work allocable to such Owner based on such contracts and the Estimate as it may have been adjusted and the Architect Condemnation Ratio (any amount above 120%, the "Surplus Net Award"), then with respect to such Owner's Net Award, the Depositary, upon notice from an Owner accompanied by the foregoing certifications (which notice shall be sent to the other Owner, the Board of Managers and the Recognized Mortgagees), shall disburse said Owner's Surplus Net Award in accordance with the disbursement provisions for excess Net Awards in Section I 1.5(h) below (it being understood that any disbursement under Section 11.5(h) which is authorized by this Section 11.5(e) shall be in addition to, and not in lieu of, any subsequent distribution under Section 11.5(h) which shall occur upon the completion of the Condemnation Restoration and the full payment of the costs thereof).

(f) If an Owner is required to deposit a deficiency under Section 11.5(d) above, and fails to do so (thus becoming the Defaulting Owner) and if the other Owner (the Creditor Owner) has no deficiency applicable to it, but elects not to deposit the deficiency of the Defaulting Owner, then the (i) Creditor Owner or (ii) the Recognized Mortgagee of the Creditor Owner (any such party, the "Notifying Party") may send a notice to all Owners and all other Recognized Mortgagees specifying (a) that the notice is being sent under this Section 11.5(f) and (b) demanding that the deficiency be deposited within sixty (60) days so that Restoration Work can proceed. If such deficiency is not so deposited (by anyone) within such sixty (60) day period, then, upon fifteen (15) days' prior notice to both Owners and all other Recognized Mortgagees, the Notifying Party may at any time thereafter request that the Depositary pay to it the Creditor Owner's Net Award then held by the Depositary in accordance with Section I 1.5(h) below, and thus terminating the Creditor Owner's obligation to rebuild its portion of the Building. The Depositary shall continue to hold the Net Award of the Defaulting Owner pending final resolution of any claims by the Creditor Owner for failure to deposit the deficiency and thus enabling the restoration to proceed. Upon such final resolution, the amount owing to the Creditor Owner shall be paid first out of the Defaulting Owner's Net Award, and the balance, if any, shall be paid to the Defaulting Owner in accordance with applicable provisions of Section 11.5(h). Nothing herein shall be deemed to limit the amount of the Creditor Owner's claims to the Defaulting Owner's Net Award.

(i) Except to the limited extent provided in Section 11.5(e) above, and subject to the provisions of Section 11.6, each Owner shall be obligated to repair and restore its Unit, and the Board of Managers shall be obligated to repair and restore the Common Elements, regardless of whether or not its Net Award is sufficient. Furthermore, each Owner shall

cooperate with the other Owner and the Board of Managers, and the Board of Managers shall cooperate with each Unit Owner, in connection with any repairs or restoration to the Building.

(ii) If, however, one Owner defaults in the full, faithful and punctual performance of any obligation under this Section 11.5 or Article 15 (including, without limitation, preparing plans and specifications, selecting contractors, negotiating and executing contracts, and performing construction and submitting requisitions to the Depositary), then the other Owner or the Board of Managers shall have, in addition to all other remedies it may have hereunder or at law or in equity, upon the expiration of at least ten (10) days' prior notice of such default, the right, but not the obligation, if the Defaulting Owner has not commenced the good faith cure of such default within said ten (10) day period, (x) to make any decisions required in connection with the performance of such obligation on behalf of the Defaulting Owner, (y) to actually perform the obligation on behalf of the Defaulting Owner, and (z) in accordance with the applicable provisions of Section 15.5, to use the Defaulting Owner's Net Award in connection with the performance of any such obligation. If any Owner defaults in the performance of its obligations under this Section 11.5, as aforesaid, the other Owner and the Board of Managers are each hereby irrevocably appointed attorney-in-fact of the Defaulting Owner (such power of attorney being coupled with an interest) to take any and all steps necessary on behalf of Defaulting Owner to perform the Defaulting Owner's obligations as provided herein. Any and all expenses incurred by the Board of Managers pursuant to the foregoing shall be deemed a special assessment against the Defaulting Owner, and failure of the Defaulting Owner to pay such special assessment shall be treated in the same manner as failure to pay Common Charges.

(iii) If the Board of Managers defaults in the full, faithful and punctual performance of its obligations under this Section 11.5 (including, without limitation, adjusting any loss, preparing plans and specifications, selecting contractors, negotiating or executing contracts, and performing construction or submitting requisitions to the Depositary), the Unit Owners shall have, in addition to any other rights and remedies, the right, acting together jointly, to perform all obligations of the Board of Managers, and the Unit Owners shall be deemed to have a joint and several power of attorney from the Board of Managers to act on its behalf to perform the Board of Managers' obligations set forth herein.

(g) If pursuant to this Section 11.5, there is any excess of the Net Award or Net Awards over an Owner's share or the Board of Managers' share of the costs of Condemnation Restoration, the excess Net Award, if any, shall be paid to such Owner or the Board of Managers, as applicable.

(h)For purposes of this Section 11.5, architects' and engineers' fees, attorneys' fees, consultants' fees, the fees of the Certifying Professional, title insurance premiums and other similar costs and expenses relating to repair or restoration shall be included in the costs and expenses of any such repair or restoration and be paid by the Depositary out of the Net Award(s). Such costs shall be borne by the Owners in accordance with the Architect Condemnation Ratio.

Section 11.6. Partition Action in Lieu of Continuation of Condominium After Condominium Taking. If any condemnation or eminent domain proceeding results in the taking of Substantially All of the Property, and Unit Owners representing at least 80% in Common Interest voting at a duly called meeting of the Unit Owners promptly resolve not to continue the Condominium, then the Property or so much thereof as shall remain, shall be subject to an action for partition at the suit of any Unit Owner or lienor as if owned in common in which event the net proceeds of sale arising out of the partition action, together with the net proceeds of the award from the condemnation or eminent domain proceeding shall be considered one fund and shall be divided by the Board of Managers among all the Unit Owners in proportion to their respective Common Interests, provided, however, that no payment shall be made to a Unit Owner until there has first been paid off out of such Owner's share all liens on such Owner's Unit, in the order of priority of such liens.

ARTICLE 12

ARBITRATION

Section 12.1. Applicability. Arbitration (hereinafter "Arbitration") shall be available in those cases where the Declaration or these By-laws require that the applicable party not unreasonably withhold or delay its consent, approval, determination, authorization or acceptance, or that the applicable party act in a reasonable manner, or that the applicable party exercise or refrain, in its reasonable discretion, from exercising any right granted to it in these By-laws or the Declaration, or where as a matter of law, the party may not unreasonably withhold or delay its consent. Arbitration shall also be applicable in all other instances pursuant to these By-laws or the Declaration where a dispute is an Arbitrable Dispute or may or must be resolved through Arbitration.

Section 12.2. Appointment of Arbitrators.

(a) In any circumstance for which Arbitration is required or permitted under the Declaration or these By-laws, the party desiring Arbitration shall, within 15 business days of the event giving rise to the right to Arbitration, give written notice to such effect to the other party. Such notice also shall state the name and address of the arbitrator said party has appointed on its behalf, and shall state the issue to be arbitrated. Within five (5) business days after such notice is given, the other party by written notice to the original party, shall provide the name and address of a second person which said party shall have appointed on its behalf. If within five (5) business days following notice of the appointment of the second of said arbitrators, said two arbitrators shall be unable to resolve the issue, the two arbitrators shall, no later than five (5) business days after the end of their initial 5-day determination period, appoint by instrument in writing, a third person, as an impartial arbitrator, who shall proceed with the two arbitrators first appointed to determine the matter.

(b) If after notice of the appointment of the first arbitrator is given, the second arbitrator shall not have been appointed as aforesaid, then the party originating the Arbitration

may apply for the appointment of an arbitrator in the manner hereinafter provided for the appointment of a third arbitrator in the case where the two arbitrators chosen hereunder are unable to agree upon such appointment.

(c) If the two (2) initially appointed arbitrators shall be unable to agree within five (5) business days following the appointment of the latter of said arbitrators upon the matter in dispute and, in the event of the foregoing circumstances, if they shall fail to agree on an arbitrator to serve as the third arbitrator as aforesaid, then either party may apply to the American Arbitration Association ("AAA") or any successor organization (or if such organizations shall fail, refuse or be unable to act, to a court of competent jurisdiction in the State of New York) for the designation of such arbitrator.

(d) If any arbitrator appointed by either of the parties, by the AAA (or any successor organization), or court, or by the other two (2) arbitrators, shall die, become disqualified or incapacitated, or shall (for reasons beyond his or her control) fail to act, before such matter shall have been determined, a substitute arbitrator shall promptly be appointed by the person or persons who appointed the arbitrator who shall have died, become disqualified or incapacitated or who shall have failed to act, and if a substitute arbitrator is not so named within three (3) business days after such death, disqualification, incapacity or failure to act, such substitute arbitrator shall be appointed by application to the AAA, as described above.

Section 12.3. Qualification of Arbitrators. Each arbitrator shall be a person who shall have had at least ten (10) years' continuous experience in the County of New York in a calling connected with the matter of the dispute (e.g., in the management or operation of first-class mixed use [i.e., residential and commercial] buildings in Manhattan, or in construction and/or architectural or engineering endeavors, etc.), shall be associated with a firm engaged in such business and shall not be a sole practitioner, and when required by law or regulation pertaining to practice of the profession or trade, shall be licensed to practice in New York. Any third arbitrator appointed in accordance with this Article 12 shall be impartial and shall not then be employed or controlled by, controlling or under common control with any member of the Board of Managers, any Unit Owner, any Managing Agent, or any affiliates of the foregoing.

Section 12.4. Procedures.

(a) Arbitration shall be conducted, to the extent consistent with the Declaration and these By-laws, in accordance with the then prevailing Arbitration Rules for expedited procedures of the AAA, other than rules relating to the appointment of arbitrators, and such other procedures as are agreed to by the parties. All parties shall have the right to appear and be represented by counsel before the appointed arbitrators and to submit such data and memoranda in support of their respective positions in the matter in dispute as they may deem necessary or appropriate in the circumstances.

(b) Following presentation and submission of all such data, memoranda and similar material by all parties to the Arbitration in support of their positions, the arbitrators shall

be obligated to render a determination within the time period set forth in this Article 12 for the rendering of decisions. The arbitrators' determination shall in all instances be in writing and shall not be rendered verbally.

(c) In the event a third arbitrator is appointed as described above, the arbitrators shall be instructed to render a decision within five (5) business days of the third arbitrator's appointment. In all Arbitrations, the written decision of any two arbitrators in accordance with the foregoing, shall be final and binding upon the parties to the Arbitration and judgment may be entered thereon in any court of competent jurisdiction. In rendering their decision, the arbitrators shall have no power to modify any of the provisions of the Declaration or these By-laws, and the jurisdiction of the arbitrators is limited accordingly, it being specifically understood that in no event shall the arbitrators have the authority to award damages.

Section 12.5. Costs and Expenses. In any Arbitration the losing party shall pay the fees and disbursements of the arbitrators and all other costs associated with the Arbitration, including the legal fees and disbursements, and out-of-pocket expenses of the other parties involved in the Arbitration, unless the Declaration or these By-laws provides otherwise with respect to specific items of dispute.

Section 12.6. Agreement by Parties. The parties to any dispute required or expressly permitted to be submitted to Arbitration under these By-laws or the Declaration, may, by mutual written agreement between them, vary any of the provisions of this Article 12 with respect to the Arbitration of such dispute, or may agree to resolve their dispute in any other manner.

ARTICLE 13

RECORDS AND AUDITS

Section 13.1. General. The Board of Managers shall be required to keep detailed records of the actions of the Board of Managers and the Managing Agent, minutes of the meetings of the Board of Managers, minutes of the meetings of the Unit Owners, and financial records and books of account of the Condominium, including a chronological listing of receipts and expenditures arising from the operation of the Property, as well as a separate account for each Unit which, among other things, shall contain the amount of each assessment of Common Charges and other assessments against such Unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. Such records and vouchers authorizing payments shall be available for examination by Unit Owners at convenient weekday hours. An annual report of the receipts and expenditures of the Condominium audited by an independent public accountant, shall be rendered by the Board of Managers to all Unit Owners, within one hundred twenty (120) days after the end of each fiscal year. The cost of such report shall be paid by the Board of Managers as a Common Expense.

Section 13.2. Examination of Books. Each Unit Owner and each Recognized Mortgagee of a Unit shall be permitted to examine the books of account of the Condominium at

reasonable times and upon reasonable notice, on business days, but not more often than once a month.

ARTICLE 14

DEPOSITARY

Section 14.1. Appointment of Depositary. The Depositary shall be appointed in the manner hereinafter provided to receive insurance proceeds and, to the extent provided in Article 11 with respect to a Taking, Awards, to hold such monies for the benefit of the Owners and the Board of Managers and any Recognized Mortgagees, as their interests may appear, and to disburse such monies and to act otherwise in accordance with the terms and provisions of the Condominium Documents. Pursuant to the Depositary Agreement annexed hereto as Schedule D, Wachovia Bank, National Association ("Wachovia") is designated as the initial Depositary on the date hereof and shall be the Depositary from and after the date hereof, and for so long as it is a Recognized Mortgagee of a Unit. When Wachovia no longer holds a mortgage on any Unit in the Building and is no longer servicing any loans secured by a mortgage on a Unit at the Building, then the New York City Housing Development Corporation ("HDC") will be deemed designated as the Depositary. HDC shall serve as Depositary until HDC is replaced pursuant to Section 14.5(b). The foregoing designations shall be subject to (i) Wachovia's and HDC's right to elect, on not less than sixty (60) days' prior notice to the Owners and any other Recognized Mortgagee, to resign pursuant to Section 14.5(a) or (ii) Wachovia's or HDC's removal pursuant to the Depositary Agreement due to failure to materially comply with its obligations as Depositary. Following any such resignation or removal of Wachovia or HDC, the Depositary shall be appointed by the Board of Managers, subject to the reasonable consent of the Recognized Mortgagees. Any dispute regarding the appointment of the Depositary shall be deemed an Arbitrable Dispute. The Depositary shall be entitled to receive from each of the Owners said Owner's equitable share of the Depositary's reasonable fees and expenses for acting as Depositary as provided in the Depositary Agreement, and may retain said fees and expenses, free of trust, from monies held by it. Any Depositary appointed to act hereunder shall execute a Depositary Agreement with the Owners and the Board of Managers accepting said appointment. Said Depositary Agreement shall be substantially in the form attached to the Declaration as Schedule D or such other form as is reasonably approved by the Owners, the Board of Managers and any Recognized Mortgagee.

Section 14.2. Liability of Depositary. The Depositary shall not be liable or accountable for any action taken or disbursement made in good faith by the Depositary, except that arising from its own gross negligence or willful misconduct. The Depositary's reliance upon advice of independent competent counsel shall be conclusive evidence of good faith, but shall not be the only manner in which good faith may be shown. The Depositary shall have no affirmative obligation to prosecute a determination of the amount of, or to effect the collection of, any insurance proceeds or Award or Awards unless the Depositary shall have been given an express written authorization from both Owners and the Board of Managers, provided that if only one Owner or the Board of Managers is entitled to said insurance proceeds, then said Owner

or the Board of Managers may authorize the Depositary to so proceed. In addition, the Depositary may rely conclusively on any certificate furnished by a Certifying Professional to the Depositary which appears on its face to have been properly furnished in accordance with the provisions of Article 11 or Article 15 hereof and shall not be liable or accountable for any disbursement of funds made by it in reliance upon such certificate or authorization.

Section 14.3. Interest on Deposited Funds. Unless otherwise specified in the Depositary Agreement, the Depositary shall purchase with any monies held by it pursuant hereto, to the extent feasible, negotiable United States Treasury bills or other United States Treasury obligations maturing within one (1) year from the date of purchase thereof, or such shorter period as, in the good faith judgment of the Depositary, would be necessary in order to have sufficient funds available for the disbursement of funds which may be required. The Depositary shall hold all funds paid or delivered to it pursuant hereto, including any securities or other investments, in trust to be applied, after deducting the Depositary's costs and expenses as provided in these By-laws. Funds constituting Restoration Funds shall be applied to the payment of the cost of the Restoration Work before using any portion of such funds for any other purpose, and then in accordance with the terms and provisions of this Agreement. Any interest paid or received by the Depositary on monies or securities held in trust, and any gain on the redemption or sale of any securities, shall be added to the monies or securities so held in trust by the Depositary. The monies received by the Depositary pursuant to any of the provisions of the Condominium Documents shall not be commingled with the Depositary's own funds, unless otherwise agreed to by the Owners and the Board of Managers, and shall be held by the Depositary in trust for the uses and purposes herein provided.

Section 14.4. Indemnification of Depositary. In consideration of the services rendered by the Depositary, the Owners and the Board of Managers jointly and severally agree to indemnify and hold harmless the Depositary from any and all damage, liability or expense of any kind whatsoever (including, but not limited to, reasonable attorneys' fees and expenses) incurred in the course of Depositary's duties hereunder or in the defense of any claim, or claims made against Depositary by reason of its appointment hereunder, except where due to the gross negligence, bad faith failure to act or willful misconduct of the Depositary.

Section 14.5. Appointment of Successor Depositary.

(a) The Depositary may resign by serving not less than sixty (60) days' prior notice to the Owners, the Board of Managers and the Recognized Mortgagees. Within such sixty (60) day period, the Board of Managers, with the reasonable consent of the Recognized Mortgagees, shall appoint a substitute who qualifies as a Depositary pursuant to Section 14.5(b), and the resigning Depositary shall transfer all funds, together with copies of all records held by it as Depositary to such substitute, at which time its duties as Depositary shall cease. If the Owners and the Board of Managers are unable to agree upon a substitute within said sixty (60) days, such dispute shall be an Arbitrable Dispute. If a Depositary is not appointed within the sixty (60) day period, the resigning Depositary shall continue to hold, receive and invest any funds payable to the Depositary hereunder but shall have no other duties or obligations as Depositary other than to

invest the funds as herein provided and to transfer all funds and records to the new Depositary when selected. The Depositary may, after not less than twenty (20) days prior written notice to the Owners and the Board of Managers (given no sooner than forty (40) days after the resignation notice referred to above), deposit such funds with either a court of competent jurisdiction or with a bank or trust company in New York, New York who qualifies as a Depositary.

(b) Pursuant to Section 14.1, Wachovia shall serve as the initial Depositary and thereafter HDC shall serve as the Depositary. At such time as neither Wachovia nor HDC is the Depositary, the Board of Managers, with the reasonable consent of all Recognized Mortgagees, may select a successor Depositary. Thereafter, the Board of Managers may replace the Depositary for any reason subject to the reasonable approval of the Recognized Mortgagees. Further, as to any successor Depositary, if any Depositary fails to perform its obligations hereunder diligently and competently, or if any Depositary ceases to meet the financial requirements set forth herein for a Depositary, then the Board of Managers may elect to remove and replace the Depositary upon notice to the Unit Owners and the Recognized Mortgagees. The notice shall set forth with specificity the respect or respects in which such Depositary shall have failed to perform diligently or competently or no longer meets the financial requirements for a Depositary set forth herein, and shall be accompanied by any available evidence supporting such claim. Any such removal of the Depositary shall be subject to the reasonable approval of the Unit Owners and the Recognized Mortgagees (other than any Recognized Mortgagee serving as the Depositary). If a party does not approve or disapprove the removal within ten (10) days after the aforesaid notice is given, such party's approval shall be deemed given. Any dispute shall constitute an Arbitrable Dispute. The Depositary sought to be replaced may give evidence or otherwise participate in the Arbitration proceeding, but said proceeding shall not serve any purpose other than the purpose of determining whether the Board of Managers is entitled to have the Depositary replaced.

ARTICLE 15

DISBURSEMENTS OF RESTORATION FUNDS BY DEPOSITARY

Section 15.1. Disbursement Requests. Each request pursuant to the provisions of these By-laws for disbursement of insurance proceeds, or any Net Awards deposited with the Depositary, including any interest or income earned thereon (the "Restoration Funds") for application to the cost of construction, repair, restoration or demolition including the non-construction costs related thereto (the "Restoration Work") shall be accompanied by the certificates required under this Article 15 and otherwise comply with the provisions of this Article.

Section 15.2. Restoration Funds.

(a) Reimbursement of Depositary's Expenses. Before disbursing any Restoration Funds pursuant to the provisions of this Article 15, the Depositary shall reimburse itself

therefrom to the extent of the necessary and proper expenses (including, without limitation, reasonable attorneys' fees and disbursements) paid or incurred by the Depositary in the collection of such Restoration Funds. In the case of restoration under Section 11.5, such expenses shall be paid by the Unit Owners and/or the Board of Managers as applicable, based on the Architect Condemnation Ratio.

(b) Disbursement of Restoration Funds.

(i) ***Application for Disbursement***. Subject to the provisions of Sections 15.2(b) (ii) and (iii) and Section 15.2(c) and (d) below, the Depositary shall disburse the Restoration Funds in connection with the Restoration Work, in installments as the Restoration Work progresses, to the Owner or the Board of Managers, as applicable, submitting the Restoration Funds Request (as hereinafter defined), in strict accordance with the provisions of this Section. If the Restoration Work is made pursuant to Section 7.1, the Owner submitting the Restoration Funds Request shall also provide a copy of such request to its Recognized Mortgagee(s) and to the Board of Managers. If the Restoration Work is made pursuant to Section 7.3 or Section 11.5, then each Restoration Funds Request shall be sent to each Owner and all Recognized Mortgagees. Each party entitled to receive a Restoration Funds Request shall also receive the accompanying documents set forth in Section 15.3. Advances by the Depositary shall be made not more than once a month, after the Depositary's receipt of a written request therefor from an Owner or the Board of Managers, as applicable, addressed to the Depositary (each such request being herein called a "Restoration Funds Request"), provided that:

(A) such Restoration Fund Request shall be accompanied by a certificate of the Owner(s) or the Board of Managers, as applicable, (1) requesting payment of specified amounts of the Restoration Funds equal to the amounts then due and owing to contractors or other parties for performance of all or a portion of the Restoration Work, under specific contracts or agreements in respect of the Restoration Work, or to an Owner or the Board of Managers as reimbursement for a cost of the Restoration Work paid by the Owner or the Board of Managers, (2) describing in reasonable detail the services or materials already provided under such contracts or agreements, (3) stating that such payment does not exceed the amount then due and owing (or reimbursable) in respect of such services and materials under such contracts or agreements, (4) stating that all such services have been performed, and that all such materials have been incorporated into the Building (except for such materials specifically delineated as not yet being so incorporated into the Building), and (5) stating that the cost of such services and materials has not previously been made the basis of any Restoration Funds Request (such certificate being herein called the "Owner's Certificate");

(B) the Depositary receives any certificates and lien waivers required pursuant to Section 15.3;

(C) the requirement to provide any deposit under Section 15.4, if any, has been satisfied; and

(D) with respect to insurance proceeds, the Estimate shall have been determined hereunder pursuant to the provisions of Section 7.5 and the insurance claims in respect of the repair or restoration in question shall have been adjusted, and all amounts required to be deposited to the Depositary by the Owners or the Board of Managers pursuant to Section 7.5 hereof shall have been so deposited. With respect to a Condominium Taking to which Section 11.5 applies, the Depositary shall be holding the Net Awards, and all other amounts required to be deposited under Section 11.5(d) shall have been deposited.

(ii) ***Materials Not Incorporated***. The Depositary shall not make any installment payment for materials (which term shall include all fixtures and equipment), purchased but not yet incorporated in the Building, unless (a) the Recognized Mortgagee of the Owner making such request consents, which consent shall not be unreasonably withheld, (b) there shall have been delivered to the Depositary certificates of insurance for such materials, fixtures and equipment naming the Depositary as "loss payee" and insuring against casualty, loss and theft for one hundred (100%) percent of the cost thereof, (c) the Certifying Professional shall state that in the opinion of the Certifying Professional (1) such materials are securely stored, properly inventoried and clearly marked to indicate that they are the property of the Owner or the Board of Managers as applicable, are in compliance with the Plans, are finally assembled, fully fabricated building materials and that the bills of sale therefor are acceptable, and (2) the Owner or the Board of Managers as applicable owns such materials free and clear of all liens (excluding the lien of any Recognized Mortgagee) and encumbrances of any nature whatsoever, and (d) the aggregate amount of such disbursements for, such stored materials shall not exceed $500,000 in 2003 Equivalent Dollars.

(iii) ***Minimum Required Retainage***. There shall be retained from each advance of the Restoration Funds made on account of labor and materials an amount equal to the retainage under the applicable contract, but not less than five percent (5%) of the amount that would otherwise have been payable if there were no retainage under the applicable contract. The retainage with respect to any trade contract for construction or materials (excluding any general contractor's fee, construction manager's fee or any general conditions set forth in such contracts) shall not be payable prior to the date that is thirty (30) days after the date upon which such contract shall be fully completed (that is, the date that 100% of all services and/or materials to be performed and/or provided thereunder shall have been fully performed and/or provided, including all "punch list" items). For purposes of applying this Section 15.2(b)(iii), all contracts with the same contractor (and/or with a series of affiliated contractors) shall be treated as a single contract. A true and complete copy of each contract in respect of the Restoration Work shall be delivered upon request to the Depositary and the Certifying Professional, as well as the Recognized Mortgagees.

(c) Restoration to a Single Unit. If the Depositary receives a certificate from an Owner stating that, pursuant to Section 7.1(b), the Owner is entitled to receive the entire net proceeds of the insurance paid to the Depositary, the Depositary shall send a notice to the Board of Managers, the other Owner and those Recognized Mortgagees whose names and addresses have been given to the Depositary, enclosing a copy of the certificate received from the Owner

and stating that unless an objection is received from a notified party within five (5) business days after receipt of the notice from the Depositary, the Depositary will be authorized to pay the amount requested to the requesting Owner, except that if Depositary has received a notice pursuant to Section 17.5 of these By-laws, then to such Recognized Mortgagee of the requesting Owner. The amount to be paid by the Depositary under this Section 15.2(c) shall not exceed $200,000 (or such lesser amount as provided in the Depositary Agreement), in 2003 Equivalent Dollars.

(d) Disbursement of Surplus Net Award. The Depositary shall disburse such portions of Net Awards held pursuant to Section 11.5 constituting a Surplus Net Award to the extent provided in Section 11.5(e) at such time as and otherwise pursuant to such Section 11.5(e).

(e) Disbursement of Remaining Restoration Funds.

(i) Any Restoration Funds from insurance proceeds remaining after the completion of the Restoration Work, as certified by the Certifying Professional, shall be paid to the Owner(s) or the Board of Managers, as applicable, in accordance with Section 7.6, provided, however, that if the Depositary has received a notice from a Recognized Mortgagee of a Unit pursuant to Section 17.5, then the portion of the Restoration Funds otherwise payable to the Owner of the Unit securing the Mortgage held by the Recognized Mortgagee, shall be paid to the Recognized Mortgagee.

(ii) Any Restoration Funds from an Award remaining after completion of the Restoration Work, as certified by the Certifying Professional, shall be paid in accordance with Section 11.5(h) or the Board of Managers, as applicable, provided, however, that if the Depositary has received a notice from a Recognized Mortgagee pursuant to Section 17.5, then the portion of the Restoration Funds otherwise payable to the Owner of the Unit securing the Mortgage held by the Recognized Mortgagee, shall be paid to the Recognized Mortgagee.

Section 15.3. Conditions Precedent to Disbursement of Restoration Funds. The following are conditions precedent to each payment of Restoration Funds requested to be made pursuant to a Restoration Funds Request:

(a) Certificate of Certifying Professional. The Restoration Funds Request shall be accompanied by a certificate, dated not more than ten (10) days prior to such request, by the Certifying Professional stating, based upon a site observation of the Building made not more than twenty (20) days prior to the Restoration Funds Request, that:

(i) The amount then requested to be paid either has been paid by the Owner(s) or the Board of Managers, or is justly due to contractors, subcontractors, materialmen, engineers, architects or other persons (whose names and addresses shall be stated), who have rendered or furnished services or materials for the Restoration Work pursuant to signed contracts approved in accordance with Section 7.1, 7.2, 7.3 or 11.5, as applicable, based on the Certifying

Professional's estimated value of the work in place, giving a brief description of such services and materials and the principal subdivisions or categories thereof and the several amounts so paid or due to each of such parties with respect thereto, any retainage, and stating, in reasonable detail, the progress of the Restoration Work in connection with the restoration up to the date of the certificate.

(ii) No part of such expenditure has been or is being made the basis, in any previous or then pending request, for the payment of Restoration Funds, or has been paid out of any of the Restoration Funds.

(iii) The amount then requested does not exceed the cost of the services and materials described in the certificate, less the applicable retainage.

(iv) All the Restoration Work theretofore performed has been performed substantially in accordance with the plans and specifications for such Restoration Work required pursuant to Article 7 or 11, as the case may be.

(v) The materials for which payment is being requested are at least equal in quality to the items being restored or replaced and are in accordance with the plans and specifications for such Restoration Work.

(vi) Except in the case of the final request for payment by the Owner(s) or the Board of Managers, the balance of the Restoration Funds held by the Depositary (including any funds or other security provided by the Owner(s) or the Board of Managers in accordance with Section 15.4 hereof) shall be sufficient, upon completion of the Restoration Work, to pay for such work in full, and estimating, in reasonable detail, the total and remaining costs to complete such Restoration Work.

(vii) In the case of the final request for payment by the Owner(s) or the Board of Managers, the Restoration Work shall have been fully completed (including "punch list items") in accordance with the provisions of this Agreement).

(viii) If the Restoration Funds Request includes costs for materials not yet incorporated into the Building, the opinions required in Section 15.2(b)(ii)(2) above.

(ix) That all permits and approvals required for the Restoration Work to date have been issued.

(x) That any lien waivers required pursuant to Section 15.3(c) have been obtained.

(xi) That the Builder's Risk insurance required pursuant to Section 6.1 (a) is in place to the extent necessary.

(xii) In connection with a request for the payment of any retainage; a certification that the: work required to be performed has been fully completed (including any punch list items) for a period of not less than thirty (30) days.

(b) Certificate of Title Insurance. The Restoration Funds Request shall be accompanied by a report, search or certificate, dated not more than five (5) days prior to such request, of a title insurance company reasonably satisfactory to the Board of Managers showing that there are no vendor's, mechanic's, laborer's or materialman's liens filed against any Unit, except such as will be discharged upon payment of the amount then requested to be disbursed.

(c) Lien Waivers. The Restoration Funds Request shall be accompanied by waivers of all mechanic's and other similar liens with respect to all of the Restoration Work for which a Restoration Funds Request has previously been made and funded.

Section 15.4. Restoration Fund Deficiency. If, in connection with any Restoration Work, a determination that a deficiency exists has been made pursuant to Section 7.5 or Article 11, or at any time during the prosecution of the Restoration Work, the Certifying Professional reasonably estimates that the cost to complete the Restoration Work exceeds the Restoration Funds then being held by the Depositary, plus any funds or security previously deposited pursuant to the provisions of this Section 15.4, then (a) the Owner or Owners or the Board of Managers responsible for such deficiency as provided in Article 7 or Article 11, as applicable, shall deposit with the Depositary an amount equal to such deficiency and (b) no monies shall be disbursed by the Depositary for Restoration Work until the provisions of this sentence or the next sentence have been satisfied. In lieu of depositing its share of such deficiency, an Owner or the Board of Managers may deliver to the Depositary an irrevocable and unconditional letter of credit in favor of the Depositary in the face amount of the share of the deficiency owed by such Owner or the Board of Managers or such other security as may be reasonably acceptable to the other Owner and/or the Board of Managers, as applicable, provided the same is in a form reasonably satisfactory to the Recognized Mortgagee(s) and has an expiration date of no earlier than sixty (60) days beyond the estimated completion date for the Restoration Work. Any amounts or other security deposited hereunder shall be applied by the Depositary (i) to the cost of the Restoration Work after application of any insurance proceeds or condemnation Awards, as the case may be, and any interest or income earned thereon, to the cost of any Building Restoration Work or (ii) to the extent that the deficiency deposit was required or is being maintained for the cost of any Restoration Work attributable to any act or omission of, or change requested or required by, the depositing Owner or the Board of Managers, as applicable, to such cost.

Section 15.5. Disbursement Based on Partial Owner Certificate. If a Restoration Fund Request is submitted to the Depositary by only one of the Owners or by the Board of Managers, together with such Owner's or the Board of Manager's certificate stating that the other Owner and/or the Board of Managers, as applicable, is obligated to execute the Owner's Certificate but has failed to do so, and requesting that, pursuant to Section 7.7 or 11.5(f), the Owner's Certificate be accepted without the full execution of the Owner's Certificate, the

Depositary shall promptly send a copy of the Owner's Restoration Fund Request and the accompanying certificate to the other Owner and/or the Board of Managers, as applicable, and to those Recognized Mortgagees who have given their names and addresses to the Depositary, in writing, accompanied by a statement from the Depositary that, unless objection is received from any of the notified parties, the Depositary will permit that the Owner's Certificate in question be signed by only the submitting Owner or the Board of Managers, as applicable. If no objection is received by the Depositary within ten (10) business days thereafter, the Depositary shall be authorized to accept the Owner's Certificate signed only by the one Owner or the Board of Managers, as applicable, and to the extent that the other provisions of this Article 15 have been complied with, the Depositary shall pay the requested portion of the Restoration Fund as requested.

ARTICLE 16

ARCHITECT

Section 16.1. Appointment of Architect. The Board of Managers has appointed [ ]to serve under and pursuant to the terms and provisions of the Condominium Documents ([ ]or any replacement architect appointed pursuant to the provisions hereof, is herein referred to as the "Architect"). The Board of Managers may replace the Architect for any reason, provided that any such replacement Architect shall be a registered firm consisting of both architects and engineers (or a registered firm of architects and a registered firm of engineers agreeing to act jointly hereunder) having not less than five (5) principals or partners and employing not less than twenty (20) persons, which is not an Affiliate, and is experienced in the design and operation in the City of New York of structures similar to the Building and has provided such services within not less than three (3) of the immediately preceding ten (10) years. Either Owner also may cause the Architect to be replaced for any reason but not more than once during any consecutive twelve (12) month period. If both Owners do not jointly desire to replace the Architect, then the Owner desiring replacement of the Architect shall serve notice upon the other Owner, the Board of Managers and the Recognized Mortgagees requesting the removal of the then-serving Architect. Any Architect acting hereunder shall have the right to resign at any time upon not less than ninety (90) days' prior written notice to the Unit Owners, the Board of Managers and the Recognized Mortgagees.

Section 16.2. Notice of Submission of Dispute to Architect. In any instance when the Architect serving pursuant to Section 16.1 hereof is authorized by the Condominium Documents to advise the Owners or the Board of Managers concerning any dispute or matter, the Board of Managers, if involved in the dispute, or any Owner involved in such dispute or matter may submit the same to the Architect. The party submitting such dispute or matter shall simultaneously give notice of the submission of such dispute or matter to the other Owner or the Board of Managers involved in such dispute and to the Recognized Mortgagees. The Architect shall, except in an Emergency Situation, afford each party involved in any dispute or matter, the Recognized Mortgagees and any attorney or other representative designated by such party or the

Recognized Mortgagees, an opportunity to furnish information or data or to present such party's views. The Architect shall not be liable for any advice given by it hereunder, or for any other action taken by it hereunder, in good faith and in the absence of negligence. No advice given by the Architect under the Condominium Documents shall be binding on the Owners or the Board of Managers, and an Owner or the Board of Managers may accept or reject such advice. Any advice, certificate or other information given by the Architect pursuant to the terms of the Condominium Documents shall be based on the Architect's professional opinion.

Section 16.3. Replacement of Architect. If any new Architect is appointed hereunder, and if the Architect being replaced is then engaged in the resolution of any dispute or matter theretofore submitted hereunder, or if the Architect being replaced is then engaged in the preparation of any plans and specifications or in the supervision of any work required hereunder or pursuant hereto, then, if the Owners and the Board of Managers so choose, subject to the consent of the Recognized Mortgagees, the Architect being replaced shall continue to act as Architect with respect, and only with respect, to such pending dispute or matter or the completion of such preparation of plans and specifications or supervision of any such work.

Section 16.4. Architect's Fees. The Architect shall be paid a reasonable fee for any services rendered hereunder and shall be reimbursed for reasonable and necessary expenses incurred in connection therewith, and each Owner, and the Board of Managers, as applicable, involved in the work shall pay its equitable share of such fees (unless otherwise specified herein). In this regard, in any instance when the Architect shall, in accordance with any of the provisions of this Agreement, render services in connection with the preparation of plans and specifications or the supervision of repair, restoration or demolition of the Building or any part thereof, the fees and expenses of the Architect shall be considered as costs and expenses of such repair, restoration or demolition, as the case may be, and shall be paid in the same manner as other costs and expenses of repair, restoration and demolition under the provisions of the Condominium Documents pursuant to which the Architect is performing such services. Nothing contained herein shall preclude any Owner or the Board of Managers from separately retaining the Architect for services not contemplated by this Article 16 provided such services are separately paid for by such Owner or the Board of Managers, as applicable. If any Owner shall fail to pay its allocable share of any fees or expenses of the Architect within ten (10) days after receipt of any invoice therefor from the Architect, then any other Owner or the Board of Managers may pay the same and the Owner failing to pay shall, within ten (10) days after written demand for reimbursement, reimburse the other Owner or the Board of Managers for any such payment.

ARTICLE 17

GENERAL

Section 17.1. Notices.

(a) All notices required or desired to be given hereunder shall be sent by registered or certified mail. All notices to the Board of Managers shall be sent to the Board at the office of the Managing Agent or to such other address as the Board may hereafter designate from time to time, in writing. Notices to a Unit Owner shall be sent by registered or certified mail to the Building or to such other address as may have been designated by said Unit Owner from time to time, in writing, to the Board of Managers. All notices to Mortgagees of Units shall be sent by registered or certified mail to their respective addresses, as designated by them from time to time, in writing, to the Board of Managers. All notices shall be deemed to have been given five (5) days after mailing, except notices of change of address which shall be deemed to have been given when received.

(b) Whenever any notice is required to be given by law, the Declaration or these By-laws, a waiver thereof, in writing, signed by the person(s) entitled to such notice, whether before or after the times stated therein, shall be deemed the equivalent thereof.

Section 17.2. Real Estate Taxes.

(a) During any interim period following recording of the Declaration when individual tax lots legally will be established of record for each Unit but during which time separate real estate tax assessments and real estate tax bills for each tax lot have not yet been issued (the "Interim Period"), real estate taxes shall be allocated to each Unit based on real estate taxes assessed against the entire Property. During this Interim Period each Unit's proportionate share of real estate taxes will be based on the Common Interest allocated to the Unit. If at the time the Units are separately assessed, it is determined that the assessing authority used a method of allocation of the Property assessment among the Units substantially different than the foregoing, the allocations made during the Interim Period will be adjusted to incorporate the method of assessment used by the assessing authority and any necessary reimbursements shall be made.

(b) Sponsor shall pay all real estate taxes assessed and payable for the Property or the Units, as applicable, while Declarant owns all Units.

(c) (i) After conveyance of a Unit by Declarant, if the Units are still at that time not separately assessed, the Board of Managers will collect from each Unit Owner, and will place in escrow, an amount equal to the Unit Owner's estimated proportionate share of real estate taxes projected to be due for the entire Property on the next upcoming tax payment due date, based on the foregoing allocation method. Escrows for real estate taxes will be billed and collected monthly with Common Charges, based upon the then current tax rate (or a higher rate to hedge against a possible increase in rate at the beginning of a new tax year, if the new rate has not yet been set). The Board of Managers will pay all taxes allocable to Units, at the time such taxes are due, from the tax escrow account.

(ii) If the actual taxes due for any period for which the Board of Managers collected escrows are higher than the amount collected and held in escrow, the Board of

Managers shall pay the difference and shall bill Unit Owners for their proportionate share of any necessary reimbursement, as a special assessment. If any Unit Owner fails to pay said Owner's pro rata share of real estate taxes when due, by Common Charge billing, special assessment billing, or both, the Board of Managers will have a lien on such Owner's Unit for non-payment thereof, as if such charges were Common Charges. If the actual taxes due are lower than the amount collected and held in escrow by the Board of Managers, the Board shall pay the tax bill and return to Unit Owner, Owner's proportionate share of any excess. At such time as the Unit is separately assessed, the Unit Owner will pay taxes directly to the taxing authority. If the Units are separately assessed with tax payments to commence during a period for which the Board of Managers holds escrow funds, the Board will return the funds to each Owner and the Owner will pay said Unit Owner's own tax bill.

(d) The Board of Managers shall have the right accorded boards of managers in Section 339-y of the Condominium Act to act as an agent for each Unit Owner who gives the Board written authorization to seek administrative and judicial review of the real estate tax assessment for such Owner's Unit. The Board accordingly may retain legal counsel on behalf of the Unit Owners for which it is acting as agent, and charge all such Unit Owners a pro rata share of expenses, disbursements and legal fees, for which charges the Board shall have a lien as if for Common Charges, pursuant to Section 339-z of the Condominium Act. The foregoing shall not be deemed to prohibit a Unit Owner from initiating, pursuing, compromising or settling administrative or judicial review of the real estate tax assessment for its own Unit. Each Unit Owner may initiate, pursue, compromise or settle such administrative or judicial review with respect to its own Unit, independently from and without the consent of, any other Unit Owner or the Board of Managers.

Section 17.3. Consents. Any time either Owner or the Board of Managers, as applicable, gives any consent or approval requested to be given hereunder, the other Owner or the Board of Managers, as applicable, shall have the right to rely on such consent or approval and to presume that the party giving such consent or approval is authorized to give it and has obtained any and all approvals it may be required to obtain in connection with such consent or approval. Notwithstanding anything contained herein to the contrary, any time the consent of or other action by a Recognized Mortgagee is required pursuant to the Condominium Documents (other than a consent to an amendment to the Condominium Documents which shall require the consent of all Recognized Mortgagees), if there is more than one Recognized Mortgagee with respect to any Unit, then as to such Unit, such consent or action shall only be required from the Recognized Mortgagee holding a first mortgage lien of record secured by the Unit, or any other Recognized Mortgagee designated from time to time (and until de-designated) by such first Recognized Mortgagee to give consent in place of the holder of the first Recognized Mortgagee. However, a Unit Owner may at any time agree that there may be more than one designated Recognized Mortgagee with respect to said Owner's Unit which shall have the right to grant consents or take other action pursuant hereto. Any designation made pursuant to this Section 17.3 shall be effective within ten (10) days after notice thereof is given to the Board of Managers and/or the Unit Owner(s) and the Depositary. Notwithstanding the foregoing, all Recognized Mortgagees shall be entitled to receive all notices hereunder to be given to a Recognized

Mortgagee (unless the Recognized Mortgagee stipulates that it does not require such notice). In all cases where the consent of a Recognized Mortgagee is required, such consent may not be unreasonably withheld or delayed.

Section 17.4. Regulatory Agreement. Nothing contained in the Condominium Documents is intended to, or shall in any way be construed to, limit, impair, modify, or to permit or effect, or result in a termination of, the terms and conditions of that certain Regulatory Agreement dated June 15, 2005 affecting the Residential Unit between Declarant and the New York City Housing Development Corporation and to be recorded against the Property, including but not limited to the obligations thereunder of Declarant, Sponsor or any subsequent Owner of the Residential Unit.

Section 17.5. Rights of Recognized Mortgagees.

(a) If a Recognized Mortgagee shall have served on the other Owner(s), the Board of Managers, and the Depositary, in the manner required by Section 17.5 of these By-laws and by the Depositary Agreement, a notice specifying the name and address of such Recognized Mortgagee, such Recognized Mortgagee shall be given a copy of each and every notice, bill and statement and other information, correspondence and material provided for or required to be given by one party, including the Depositary, to the other at the same time as and whenever such notice shall thereafter be given by one party to the others, at the address last furnished by such Recognized Mortgagee. Any Recognized Mortgagee as of the date of the recording of the Declaration shall be deemed to have properly delivered to the Owners and the Board of Managers a notice specifying its name and address. After receipt of such notice from a Recognized Mortgagee, no notice, bill, etc. thereafter given by either Unit Owner or the Board of Managers shall be deemed to have been given unless and until a copy thereof shall have been so given to the Recognized Mortgagee. If a Recognized Mortgage so provides or otherwise requires, and notice thereof is given by the Recognized Mortgagee as provided above:

(i) Any insurance proceeds or Combined Award otherwise payable to an Owner (and not the Depositary) shall, upon notice from a Recognized Mortgagee of such Owner, be delivered instead to such Owner's Recognized Mortgagee.

(ii) If an Owner shall fail to appoint an arbitrator or otherwise fail to take any action as may be required or permitted under the Condominium Documents with respect to arbitration, such appointment or action as otherwise would have been permitted by that Owner may be taken by its Recognized Mortgagee and such appointment and action shall be recognized in all respects by the other Owner and the Board of Managers.

(b) If more than one Recognized Mortgagee having a lien on a Unit exercises any of the rights afforded by Section 17.5(a)(i) or (ii) of these By-laws, only that Recognized Mortgagee, to the exclusion of all other Recognized Mortgagees, whose Recognized Mortgage is most senior in lien with respect to the Unit shall be recognized by the other Owner and the Board of Managers as having exercised such right, for so long as such Recognized Mortgagee shall be

diligently exercising its rights under these By-laws with respect thereto. Thereafter only the Recognized Mortgagee whose Recognized Mortgage is next most senior in lien with respect to the Unit shall be recognized by such other Owner and the Board of Managers, unless such Recognized Mortgagee has designated a Recognized Mortgagee whose Recognized Mortgage is junior in lien to exercise such right. Notwithstanding the foregoing, if the Owners have agreed to designate more than one Recognized Mortgagee with respect to a Unit, then such Recognized Mortgagees exercising the rights afforded by this Section 17.5 shall be recognized, as the Recognized Mortgagees designated to exercise such rights.

(f)Each Owner shall give its Recognized Mortgagee prompt notice of any arbitration or legal proceedings between such Owner and the other Owner or the Board of Managers involving obligations under the Condominium Documents. Each Recognized Mortgagee shall have the right but not the obligation to intervene in any such proceedings and be made a party to such proceedings. In the event that any Recognized Mortgagee does not elect to intervene or become a party to any such proceedings, each Owner shall give its Recognized Mortgagee notice of, and a copy of any award or decision made in any proceedings, which shall be binding on such Recognized Mortgagee.

Section 17.6. Invalidity. The invalidity of any part of these By-laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-laws.

Section 17.7. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-laws, or the intent of any provision thereof.

Section 17.8. Plurals. The use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 17.9. Waiver. No restriction, condition, obligation, or provision contained in these By-laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

ARTICLE 18

AMENDMENTS TO BY-LAWS

Section 18.1. General. The rights, restrictions, conditions and obligations with respect to amending the By-laws shall be the same as the rights, restrictions, conditions and obligations with respect to amending the Declaration, as contained in Section 8.1 of the Declaration.

Section 18.2. Use of Units. Notwithstanding anything to the contrary herein contained, no provision of these By-laws or the Declaration to which they are appended relating

to the use of the Units may be amended without the consent of every Unit Owner affected by such amendment.

ARTICLE 19

CONFLICTS

Section 19.1. Generally. These By-laws are set forth to comply with the requirements of Article 9-B of the Real Property Law of the State of New York. In case any of these By-laws conflict with the provisions of said statute or of the Declaration, the provisions of said statute or of the Declaration, as the case may be, shall control.

RULES AND REGULATIONS
THE SUTTON CONDOMINIUM

1. Each Unit Owner, at said Unit Owner's expense, shall keep said Owner's Unit in good order, shall cause the Unit, the street level entrance door or doors and all street level glass surfaces and storefronts, and any service entrance area, to be maintained in a first class manner. Unit Owners shall cause these items and areas to be cleaned at regular intervals (but not less frequently than weekly), shall not at any time sweep any refuse, rubbish or dirt into the gutters or streets, and shall cause any portion of the Unit used for storage, preparation, service or consummation of food or beverages to be exterminated against infestation by vermin, roaches or rodents regularly, and in addition, whenever there shall be evidence of any infestation.

2. The sidewalks, entrances, driveways, passages, courts, elevators, vestibules, stairways, corridors or halls shall not be obstructed or encumbered by any Unit Owner (or its tenants, contractors, agents, or employees) or used for any purpose other than for ingress to and egress from the Unit and for deliveries in a prompt and efficient manner using elevators and passageways designated for such delivery.

3. The washing, maintenance, repair and replacement of windows and window systems in a Unit, including, without limitation, panes, frames, doors, signage, louvers, glazing, metal panels, etc., shall be the sole responsibility of the Owner of that Unit.

4. All repairs, painting and maintenance, whether made by a Unit Owner or the Board of Managers to any generally visible portion of the Property, shall be carried on in such a manner so as to conform to the materials, style and color of the Unit or Common Element being repaired, painted or otherwise maintained, unless the Board of Managers authorizes a variance from such materials, style and color prior to commencement of the nonconforming repair, painting or maintenance.

5. All alterations, maintenance and repairs of the Units shall be scheduled such that (I) no party or its agents or employees unreasonably interferes with the work being done by any other party, its agents or employees at the Property, and (ii) the labor employed by Unit Owners shall be compatible and harmonious with the labor employed by the Board of Managers, it being understood that, if in the reasonable judgment of the Board of Managers, the labor is incompatible, the Unit Owner shall forthwith, upon the request of the Board of Managers, as applicable, withdraw the incompatible laborers.

6. The Residential Unit may be used for residential use or for any legal home occupation use or for any other lawful purpose. The Residential Unit Owner must use, occupy and maintain or cause to be used, occupied and maintained, said Owner's Unit, during the period of said Owner's ownership, in a manner that will not detract from the character or appearance of the Condominium and will not adversely affect the Commercial Unit.

The Commercial Unit (or any portion thereof) or any Commercial Units resulting from the subdivision thereof, may be used for any lawful purpose, provided such use is permitted under the certificate of occupancy for the Building, zoning classification and project approvals for the Property, and other applicable laws, regulations and ordinances and, provided further, that the Commercial Unit (or any portion thereof) may not be used for any "Adult Use." Adult Use means any use or purpose which is immoral or disreputable, including without limitation "adult entertainment establishments," "adult video store," "adult bookstore" or other establishment having a predominant portion of its stock in trade in books, magazines, periodicals, videos, firms and/or novelties which are distinguished or characterized by their emphasis on matter depicting, describing or relating to specified sexual activities or specified anatomical areas, or for the sale of any roach clip, water pipe, bong, coke spoon, cigarette papers, hypodermic syringe or other paraphernalia commonly used in the use or ingestion of illicit drugs.

7. Each Unit Owner, at its sole expense, shall comply with all laws, orders and regulations of federal, state and municipal authorities and with any direction of any public officer or officers, pursuant to law, and all rules, orders, regulations or requirements of the New York Board of Fire Underwriters, or any other similar body which shall impose any violation, order or duty upon the Condominium, its Board of Managers or the Unit Owner, and shall indemnify and hold harmless the other Unit Owner with respect to said Owner's Unit as a result of (I) any authorized or unauthorized use or occupation thereof by said Unit Owner or its tenant(s) or licensee(s), or (ii) the conduct by the Unit Owner or its tenant(s) or licensee(s) of business in the Unit. A Unit Owner shall not do or permit to be done any act or thing in or upon the Unit or Common Elements of the Condominium which will invalidate or be in conflict with any insurance policies covering the Condominium and fixtures and property therein, and shall not do, or permit anything to be done in or upon the Unit, or bring or keep anything therein, except as now or hereafter permitted by the New York City Fire Department, New York Board of Fire Underwriters, New York Fire Insurance Rating Organization or other authority having jurisdiction.

8. A Unit Owner shall not place or cause to be placed in the common areas or common facilities, other than the areas designated as storage areas, any furniture, packages or objects of any kind.

9. The Common Elements and facilities shall be used only for the furnishing of the services and facilities for which they are reasonably suited and capable. No Unit Owner shall make any addition, alteration, improvement or change in or to any Common Element without the prior written consent of the Board of Managers.

10. The Commercial Unit Owner and/or the tenants or other occupants of a Commercial Unit, shall contract for private carting service for removal of their trash and rubbish, and shall not be permitted to dispose of trash and rubbish with the trash of the Residential Unit. Dumpsters and rubbish bins utilized by a Commercial Unit Owner and/or the tenants or other occupants of a Commercial Unit are required to be maintained within the confines of the Commercial Unit and placed on the sidewalks or streets adjacent to the Building only at the time scheduled by the carting company for trash collection, and then only if the carting company requires same to be placed on the sidewalk or street. All trash generated by a Commercial Unit Owner and/or the tenants or other occupants of a Commercial Unit, shall be carted only during regular business hours. Dumpsters and rubbish bins may not in any event, be maintained on a permanent basis on the sidewalks that are part of the Property or on any streets abutting the Property.

11. A Unit Owner shall not suffer or permit said Unit Owner's tenants, contractors, agents, employees or any persons making deliveries to or from the Unit or removing refuse therefrom, to leave any food, refuse and rubbish containers or other matter standing upon the streets or sidewalks adjacent to the Property.

12. No nuisances shall be allowed on the Property nor shall any use or practice be allowed which interferes with the peaceful possession or proper use of the Property by its residents or occupants. No Owner, tenant or other occupant of a Unit shall do, suffer or permit to be done in any Unit, activities of a pornographic, illegal or unlawful nature. No Owner, tenant or occupant of a Unit shall do, suffer, or permit to be done, anything in any Unit which would impair the soundness or safety of the Building, or which will result in the cancellation of insurance applicable to the Building, or which would be noxious, offensive or hazardous or an interference with the peaceful possession and proper use of any other Unit, or which would require an alteration to any of the Common Elements in order to comply with any applicable law or regulation, or which would otherwise be in violation of law.

13. No offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with by and at the sole expense of the Unit Owners, the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.

14. A Unit Owner shall not at any time use or occupy or suffer or permit anyone to use or occupy said Owner's Unit or do anything in said Owner's Unit or the Building, or suffer or permit anything to be done in said Owner's Unit or the Building, in violation of any temporary or permanent certificate of occupancy issued for the Unit and/or the Building, and in the event that any department of the City or State of New York shall at any time contend and/or declare by notice, violation, order or in any other manner whatsoever, that the Owner's Unit is used for a purpose which is a violation of such certificate of occupancy, the Unit Owner shall, upon ten (10) days' written notice from the Board of Managers, immediately discontinue such use of the Unit.

15. The Units shall be used in a manner appropriate to the design of the building systems and for which adequate elevator, stair, ventilation, plumbing and similar and related facilities exist. A Unit Owner's use of electricity and other systems in the Unit shall not at any time exceed the capacity of any electrical conductors and other equipment in or otherwise serving the Property.

16. Unit Owners shall maintain their Units and any Limited Common Elements appurtenant thereto in a manner which will not interfere with the use of the Building by others.

17. Water closets and wash closets and plumbing fixtures shall not be used for any purposes other than those for which they were constructed, nor shall any sweepings, rubbish, rags or any other article be thrown into the water closets. The cost of repairing any damage resulting from misuse of any water closets or other apparatus shall be paid for by the offending Unit Owner.

18. No radio or television aerial shall be attached to or hung from the exterior of the Building without the prior written approval of the Board of Managers.

19. No vehicle belonging to a Unit Owner or any of its tenants, agents, contractors, employees or to a member of the family or guest of a Unit Owner or of its tenants shall be parked in such manner as to impede or prevent ready access to any entrance of the Building by another vehicle.

20. The Unit Owners shall keep the windows of the windows and storefronts comprising their respective Units clean.

21. Complaints regarding the service of the Building shall be made in writing to the managing agent of the Condominium.

22. Any consent or approval given under these House Rules by the Apartment Corporation shall be revocable at any time.

23. No sheet or other makeshift window treatment or covering shall be hung covering windows or otherwise visible from the exterior of the Building.

24. These House Rules may be added to, amended or repealed at any time by resolution of the Board of Directors of the Condominium.

SCHEDULE D

DEPOSITARY AGREEMENT

DEPOSITARY AGREEMENT (this "Agreement") made and entered. into as of the ____ day of _____, _____ by and among the Board of Managers of The Sutton Condominium, an unincorporated association, having an address at 102 Bradhurst Avenue, New York, New York 10039 (the "Board of Managers"), _____ a _____ organized under the laws of the State of New York having an address at _____, New York, New York (the "Commercial Unit Owner"), _____ a _____ organized under the laws of the State of New York having an address at _____, New York, New York (the "Garage Unit Owner"), Sutton Apartments Corporation, a corporation organized under the laws of the State of New York, having an address at 102 Bradhurst Avenue, New York, New York (the "Residential Unit Owner"), and _____, a organized under the laws of _____, having an address at _____, New York, New York ("Depositary").

RECITALS:

A. All capitalized terms used in this Agreement and not otherwise defined in this Agreement, shall have the meanings given to such terms in the Declaration (defined below).

B. A Declaration of Condominium dated _____, [_____] was recorded against the land described on Schedule A attached to this Agreement (the "Property"), on _____, [_____] in the Office of the City Register, New York County; in Reel _____, Page _____ (said Declaration, together with all exhibits and schedules attached to the Declaration, as same may be amended from time to time, collectively, the "Declaration").

C. The Property is located in the City, County and State of New York and is known as 102 Bradhurst Avenue.

D. The Property was established as a condominium pursuant to the Condominium Act (i.e., Article 9-B of the New York State Real Property Law), containing two condominium units: one unit known as the "Commercial Unit" and the other unit known as the "Residential Unit," as more fully described in the Declaration.

E. None of the Garage Unit, Commercial Unit or the Residential Unit is structurally independent of the other and each depends upon the other, to some extent, for structural support, ingress and egress, enclosure, certain utility services and certain other facilities and components necessary for the operation and use of the Garage Unit, Commercial Unit and the Residential Unit, which together and along with certain common elements comprise the Property (collectively the "Condominium").

F. The Commercial Unit Owner is the record legal title holder of the Commercial Unit.

G. The Garage Unit Owner is the record legal title holder of the Garage Unit.

H. The Residential Unit Owner is the record legal title holder of the Residential Unit.

I. The By-laws of the Condominium, which are attached to and part of the Declaration (the "By-laws"), provide for the appointment of a "Depositary," as defined in the Declaration, under certain circumstances, to receive proceeds from certain insurance policies maintained by the Board of Managers of the Condominium and/or the Unit Owners, as well as to receive, under certain circumstances, certain condemnation awards, and to disburse said funds for restoration of the Property as provided in the By-laws. The By-laws designate Wachovia as the initial Depositary and contemplates the execution of a "Depositary Agreement," under certain specified circumstances, to confirm the appointment of the Depositary and such other matters as the parties determine.

J. Wachovia is willing to accept the appointment and to serve as "Depositary" under and pursuant to the By-laws and this Agreement.

K. This Agreement constitutes the "Depositary Agreement" required by the By-laws.

NOW, THEREFORE, In consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Appointment of Depositary. The Unit Owners and the Board of Managers hereby designate and appoint _____ as the "Depositary" under and pursuant to the By-laws. All provisions in the By-laws applicable to the Depositary and its functions are hereby incorporated by reference herein and made a part hereof as if fully set forth herein.

2. Acceptance by Depositary; Terms and Conditions. The Depositary accepts its obligations as "Depositary" under the By-laws, upon the terms and conditions therein and herein, including, without limitation, the following:

(A)The Depositary shall receive, hold, invest and disburse insurance and condemnation proceeds delivered to it in trust strictly in accordance with the provisions of the By-laws and this Agreement. Proceeds shall be invested as provided in the By-laws, unless otherwise advised by the Board of Managers, the Unit Owners and any Recognized Mortgagee who has provided its name and address to the Depositary and who is entitled under the By-laws to consent to certain actions (each such Recognized Mortgagee a "Consenting Mortgagee"). The Recognized Mortgagees and the Consenting Mortgagees on the date hereof (and their addresses) are identified on the signature page hereof. Interest on funds held by the Depositary shall be reported as provided in the By-laws. The tax ID number of the Residential Unit Owner _____.

The tax ID number of the Commercial Unit is _____. The tax ID number of the Garage Unit is _____. The tax ID number of the Board of Managers is _____.

(B) The Depositary shall receive no fee for its services as Depositary under the By-Laws and hereunder. However, the Depositary shall be reimbursed for the reasonable out-of-pocket expenses (including reasonable counsel fees) incurred by the Depositary in connection with the services rendered by it which the Depositary may deduct from the proceeds as provided in Section 15.2 of the By-laws. If there are no proceeds from which to deduct such reimbursement, the Depositary shall be otherwise paid by the Unit Owners or the Board of Managers, as applicable, promptly after Depositary's request therefor. Except for the right to deduct any out-of-pocket expenditure from the funds held by Depositary, the Depositary shall otherwise have no right of setoff with respect to any other liabilities of the Unit Owners or the Board of Managers, to Depositary.

(C) During any period in which the Depositary is holding proceeds, it will provide to the Board of Managers and to each Unit Owner as well as to any Recognized Mortgagee who has provided its name and address to the Depositary, a monthly report showing the total amount of proceeds received, earnings thereon, and amount disbursed during the previous month and in the aggregate.

(D) The Depositary may consult with one or more counsel satisfactory to it in its reasonable judgment and the written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or omitted to be taken or suffered by it hereunder in accordance with the opinion of such counsel.

(E) Absent gross negligence, willful misconduct or bad faith, the Depositary shall be protected and shall incur no liability for or in respect of any action taken or omitted to be taken or suffered by it in reliance upon any notice, direction, consent, certificate, affidavit, statement or other paper or document reasonably believed by the Depositary to be genuine and sufficient, and to have been signed by the proper parties.

(F) The Depositary shall be obligated to perform such duties and only such duties as are specifically set forth in the By-laws and this Agreement and no implied duties or obligations shall be read into the By-laws or this Agreement against the Depositary. The Depositary shall deal with the Unit Owners and the Board of Managers fairly and impartially according to the Bylaws, provided, however, it shall be a depository only. Depositary shall have no duty to enforce any obligation of any other person to make any payment or delivery or to enforce any obligation of any person to perform any other act. The Depositary shall be under no liability to the Unit Owners, the Board of Managers or to anyone else by reason of any failure on the part of either Unit Owner or the Board of Managers, to perform its obligations under the By-laws.

(G) To the extent that any Unit Owner or the Board of Managers requests the Depositary to take any action that is contrary to the procedures, requirements or directives contained in the By-laws, the Depositary shall not act in accordance therewith unless it receives

written consent thereto from the other Unit Owner, the Board of Managers and any Recognized Mortgagee.

(H) Depositary shall not be required to defend any legal proceedings which may be instituted against Depositary in respect of the By-laws or this Agreement unless requested to do so by one or more Unit Owners or the Board of Managers, and unless indemnified to the reasonable satisfaction of the Depositary against the cost and expense of such defense. Depositary shall not be required to institute legal proceedings of any kind. If Depositary shall become involved in any litigation or court action, (other than due to its own negligence, failure to act or willful misconduct), it shall be reimbursed for all costs and expenses, including reasonable legal fees, out of the proceeds, if available, or otherwise by the Unit Owners or the Board of Managers, as applicable. Further, in the event of any disagreement or dispute among the parties hereto, or adverse demands or claims made by any of them upon Depositary, or if Depositary otherwise becomes involved in litigation or any court action or proceeding with respect to the By-laws or this Agreement or the proceeds (other than due to its own negligence, failure to act or willful misconduct), then on ten (10) business days notice to all Unit Owners, the Board of Managers and any Recognized Mortgagee, Depositary may bring an appropriate action or proceeding for leave to deposit the proceeds in court pending the final determination of any of the foregoing matters. Additionally, Depositary shall be obligated to so deposit the proceeds in court pending the final determination of any of the foregoing matters upon the issuance, and delivery to Depositary, of a court order requiring such action.

3. Term: Resignation.

(A) A long as Wachovia Bank, National Association ("Wachovia") is Depositary hereunder, unless it is removed by the Unit Owners or the Board of Managers as provided in Paragraph B below or resigns in accordance with the provisions of Section 14.5(a) of the By-laws, Wachovia shall be entitled to be the Depositary under the By-laws and this Agreement until the time set forth in Section 14.1 of the By-laws. At such time as Wachovia is no longer a Recognized Mortgagee, then the Board of Managers can remove Wachovia as Depositary in accordance with Section 14.5(b) of the By-laws.

(B) (i) If at any time the Depositary (a) shall wrongfully dishonor a draw under its letter of credit issued in connection with the financing of the Residential Unit or a requisition made in connection with the financing of the Commercial Unit, in either case for a period of thirty (30) days or more, and any Unit Owner or Recognized Mortgagee shall so notify the other Unit Owners and Recognized Mortgagees as well as the Depositary, or (b) shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or shall file a voluntary petition in bankruptcy or make an assignment for the benefit of its creditors, or consent to the appointment of a receiver of all or any substantial part of its property, or shall admit in writing its inability to pay its debts generally, or if an order of any court shall be entered approving any petition filed by or against either the Depositary under the United States Federal bankruptcy laws or any other similar Federal, State or other applicable law, or if a receiver of it or of all or any substantial part of its property shall be appointed, or if any public officer shall take charge or

control of it or of its property or affairs, for the purpose of rehabilitation, conservation or liquidation, the Depositary shall be deemed automatically removed under this Agreement and the By-laws, effective upon appointment by the Board of Managers and the Unit Owners of a successor Depositary as provided in the By-laws.

(ii) (a) Other than pursuant to Paragraph 3(A) above, so long as Wachovia is a Recognized Mortgagee, the Board of Managers and the Unit Owners (with the reasonable consent of the Recognized Mortgagees (other than Wachovia)) shall only have the right to remove Wachovia as Depositary and appoint a successor if Wachovia is negligent or has materially breached its obligations under the By-laws ("Removal Conditions"). The right of removal shall be exercisable only after one or more of the Unit Owners or the Board of Managers gives Wachovia written notice describing the Removal Condition, and, if any one or more of the Removal Conditions is a material breach (not involving fraud), Wachovia shall have failed to cure the breach within thirty (30) days. Notwithstanding the foregoing, if the breach cannot be cured within thirty (30) days, then if Wachovia shall have commenced curing and be diligently proceeding to cure, t shall not be a Removal Condition, provided such breach is cured no later than ninety (90) days after the date Wachovia shall have commenced curing.

(b) If one or both Unit Owners or the Board of Managers believes that a Removal Condition exists, then prior to sending the default notice to Depositary, such Unit Owner(s) or the Board of Managers shall first send the notice to the other Unit Owner or the Board of Managers, as applicable, and to all Recognized Mortgagees, describing the alleged Removal Conditions, and shall obtain the consent of the other Unit Owner or the Board of Managers (as applicable) and Consenting Mortgagees (other than Chase) prior to sending the default notice to Wachovia. If a consenting party does not approve or disapprove the removal within ten (10) days after the aforesaid notice is given, such party's approval shall be deemed given. Any dispute shall constitute an Arbitrable Dispute. Wachovia may give evidence or otherwise participate in the Arbitration proceeding, but said proceeding shall not serve any purpose other than the purpose of determining whether a Unit Owner or the Board of Managers is entitled to have the Depositary replaced.

(C) Any successor Depository shall be selected in accordance with Section 14.5 of the By-laws, effective upon selection of the new Depositary as provided in the By-laws.

(D) Upon its resignation or removal, the Depositary shall be entitled to the payment by the Unit Owners or the Board of Managers, as applicable, for the reimbursement of all reasonable out-of-pocket expenses incurred in connection with the services properly rendered by such Depositary and not previously reimbursed.

4. Miscellaneous.

(A) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(B) Amendment. This Agreement may not be changed orally or modified, amended or supplemented without an express written agreement executed by the Unit Owners, the Board of Managers and all Recognized Mortgagees.

(C) Amendments to By-laws. The Unit Owners shall not enact any amendment to the By-laws which adversely affects the rights or materially increases the obligations of the Depositary thereunder without the consent of the Depositary and no such amendment shall bind the Depositary unless it so consents. The Unit Owners shall provide Depositary with copies of any amendments to the By-laws which affect any of the insurance, condemnation or Depositary provisions.

(D) Notices. Each notice, demand, request, consent approval, disapproval, designation or other communication (all of the foregoing are herein referred to as a "notice") that a party is required, permitted or desired to give or make or communicate hereunder shall be in writing and shall be given or made or communicated by personal delivery, or by Federal Express or other reputable overnight national courier service to the respective addresses set forth above. With respect to the Recognized Mortgagees, notices shall be given at the addresses shown on the signature page of this Agreement.

(E) Counterparts. This Agreement may be executed in separate counterparts and by each party separately on a separate counterpart, with each such counterpart, when so executed and delivered, to be an original. Such counterparts shall together constitute but one and the same instrument.

(F) Successors and Assigns; No Third Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of each party's respective heirs, personal representatives, successors and assigns. This Agreement is intended to be for the sole benefit of the parties hereto, their respective successors and assigns, and none of the provisions of this Agreement are intended to be, nor shall they be construed to be, for the benefit of any third person. No other person shall acquire or have any rights under or by virtue of this Agreement.

THE BOARD OF MANAGERS OF THE SUTTON CONDOMINIUM

By: _____
Name:
Title

_____, Commercial Unit Owner

By: _____
Name:
Title:

_____, Garage Unit Owner

By: _____
Name:
Title:

Sutton Apartments Corporation, Residential Unit Owner

By: _____
Name:
Title:

Consenting & Recognized Mortgagees: _____, Depositary

[Name of Institution]
By: _____
Name:
Title:

[Name of Institution]

By: _____
Name:
Title:

[Name of Institution]

By: _____
Name:
Title:

EXHIBIT E

ARCHITECT'S REPORT

Magnusson Architecture and Planning PC
853 Broadway Suite 800 New York NY 10003
212 253 7820 t 212 253 1276 f
www.maparchitects.com

MAP

Date: March 14, 2006

Project: Bradhurst Parc "Sutton"- #4001
RE: Attorney General Offering Plan Documentation:

SECTION 21.7 DESCRIPTION OF PROPERTY (AND SPECIFICATIONS) FOR 11-STORY MID-RISE APARTMENTS

Each offering plan is required to include a comprehensive description of the building(s) and the property included in the project. The following describes and sets forth outline specifications for all the applicable items in the order specified by the Attorney General's document.

(A) Location & Use of Property:

The property is located in Manhattan, on the block bounded by Bradhurst Avenue, West 147th Street, and Eighth Avenue.

1. Address: 102 Bradhurst Avenue, New York, NY
2. Block & Lot: Block 2045, Lot: 42
3. Zoning District: R8 with C1-4 commercial overlay and R7-2. The Building will comply with this zoning under the Quality Housing Program.
4. All uses are permitted as of right:
   Residential (use group 2)
   Commercial (use group 6A)
   Accessory parking

(B) Status of Construction:

1. Current status: foundations complete.
2. Anticipated Date of Substantial Completion: February 2007
3. Building Construction Classification: Group I Class 1-C Non-combustible fire resistant construction
4. Building Occupancy Classification: J-2 Residential
5. Certificate of Occupancy: A Certificate of Occupancy will be obtained upon completion of the work as filed under New Building Application # 103856640 as approved April 8, 2005. Sponsor to obtain permanent or temporary Certificate of Occupancy prior to closing.

(C) Site:

1. Size – Lot area: 24,730 sq. ft.
2. Existing Buildings: All pre-existing structures have been demolished as of the date of this report.

3. Adjoining Streets:

   a. Existing roadbed and pavement on West 147th Street, and Bradhurst and Eighth Avenues is in fair to good condition.

   b. Existing curbs adjoining the site are in fair to good condition. All existing curbs will be replaced to NYC Department of Transportation as part of project sidewalk improvements.

   c. Street lighting will be as is existing and as maintained by the NYC Department of Highway Traffic and Lighting.

4. Drives, Walks and Sidewalks:

   a. Existing sidewalks vary in condition from good to poor. All existing sidewalks will be replaced with new concrete sidewalks and curb cuts meeting NYC Department of Transportation standard specifications as part of the improvements.

   b. Sidewalk curbing will be replaced as noted above.

   c. A concrete vehicular ramp will provide access to the Cellar Level accessory parking garage from 147th Street.

(D) Utilities:

1. Electric: by Consolidated Edison (a public utility)
   Separate meters will be provided for: the Common House Loads including Interior Common space, exterior lighting, individual apartments (co-op), Retail spaces & Garage.
2. Water: by NYC Dept. of Environmental Protection. One meter for all retail and residential users.
3. Gas: A new Con Edison gas service will enter the cellar and split to two meters. One meter will be dedicated for apartment gas cooking ranges and the other will serve gas boilers, domestic water heaters and HVAC roof top units.
4. Telephones- billed individually
5. Sewers- by NYC/DEP

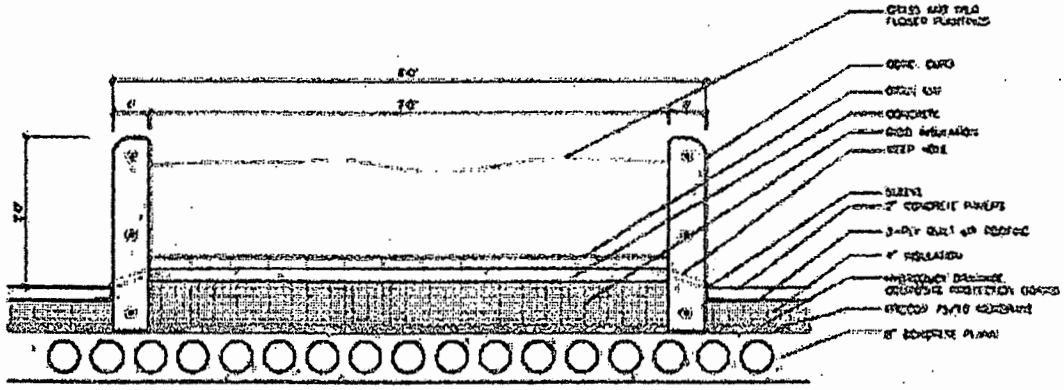
(E) Subsoil Conditions:

1. Capacity: The material that is likely to be encountered at the foundation level will be miscellaneous fill underlain by peat. The soil is not recommended to support building with spread footings. Therefore a deep foundation system with 13-5/8" diameter closed end concrete filled piles will be used to support the building.

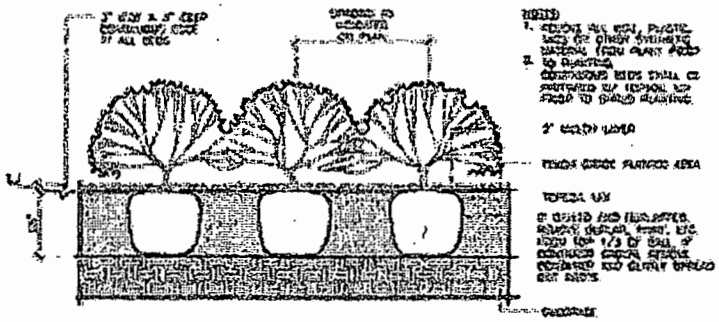
2. Moisture or Seepage: The geotechnical report results indicate a ground water depth of approximately 11.0 to 13.2 feet below ground surface.
3. Site is not in flood plain: as per NYC map, site is not in a flood plain.

(F) Landscaping and Enclosures:

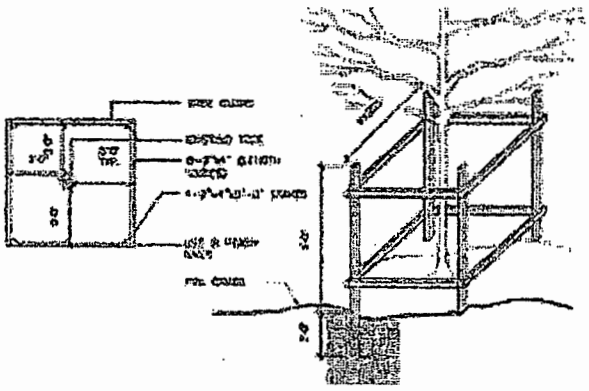
1. Grass cover: All planted areas (per plan)
2. Plantings: At common outdoor recreation space, planters shrubs and ground cover
3. Trees: At front sidewalk and common outdoor recreation space
4. Fencing:
   a. 6'-0" high chain link fence with slats at rear yard along property line
   b. 6'-0" vinyl fence will separate each apartment patio from the adjoining common area of the building courtyard.
5. Patio:
   a. 6'-0" high chain-link fence w/ slats mtd. to slab at perimeter of property.
   b. 4'-0" x 4'-0" fiberglass planters with shrubs.
   c. Grass and wildflower plantings in 1'-6" high planter with 12" soil bed.
   d. Wood benches
   e. 12" x 12" Concrete pavers on pedestals on top of built-up bituminous roofing and 4" tapered insulation.
   f. 6'-0" high decorative vinyl fence mtd. to slab.
   g. Exterior wall mounted compact fluorescent luminare.
6. Terraces:
   a. 4'-0" high decorative vinyl fence mtd. to roof slab-dividing terraces.
   b. 12" x 12" Concrete pavers on pedestals on top of built-up bituminous roofing and 4" tapered insulation.
   c. 42" high brick parapet at terraces.
   d. Exterior wall mounted compact fluorescent luminare.
7. Landscape Details:



1 PLANTER SECTION DETAIL
NTS



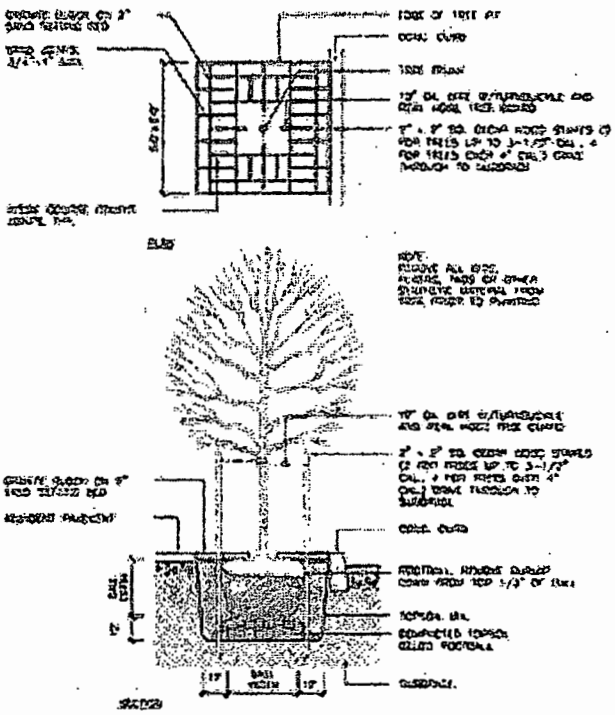
2 SHRUBS PLANTING
NTS



TREE PROTECTION NOTES:

1. ALL TREE COVERED AREAS OF DISTURBED AND APPROVED BY THE CONSULTING LANDSCAPE ARCH TO CONSTRUCTION.
2. CONTRACTOR SHALL MAINTAIN TREE GUARDS IN GOOD CONDITION UNTIL COMPLETION OF PROJECT.
3. NO ITEMS, OF ANY KIND, MAY BE STORED WITHIN THE DRIPLINE OF TREES. NO VEHICLES OR EQUIPMENT SHALL BE PERMITTED WITHIN.
4. CONTRACTOR SHALL COMPLY WITH ALL APPLICABLE CODES AND ORDINANCES GOVERNING THE WORK.
5. THE CONTRACTOR WILL REPLACE ANY DAMAGED TREES, AT HIS COST, TO THE SATISFACTION OF THE CITY OF LAKE FOREST PARKS AND RECREATION DEPARTMENT AND THE CONSULTING LANDSCAPE ARCHITECT.

3 TREE PROTECTION
NTS



4 STREET TREE PLANTING
NTS

(G) **Building Height:**

1. Total height from ground level to highest part of roof: 105'-4"
2. Cellar (floor to underside of the floor slab above): 10'-0"
3. Number of floors: 11 floors (plus cellar)
4. Penthouse (elevator machine room) (height above roof): 14'-10"
5. Stair bulkhead (height above roof): 9'-4"
6. Parapet (height above roof): 4'-0"

(H) **Occupancy:**

1. 135 Residential apartments
2. Total number of residential rooms: Total number, as defined by the General Provisions of the New York City Zoning Resolution, Sections 12-10, "Rooms", paragraph "a", will be as listed in section "V".

(I) **Structural System:**

The Superstructure of the Building is precast concrete plank on steel frames and CMU masonry bearing wall. CMU masonry shear walls provide wind and seismic stabilization for the structure.

1. Exterior of Buildings:
   a. Foundations are cast in place concrete walls on pile caps with 150 ton 13.5/8" piles.
   b. Exterior walls – 4" Brick & 6" Stud or Block back up
      i. 15 M.P.H. Wind — R 0.17
         Steel stud construction — R 19
         Exterior finish- brick
         Sheathing
         6" steel studs @ 16" O.C.
         6" insulation
         Interior finish (GWB)
      ii. Air film — R 0.68
      iii. Total resistance — R 19.85
   c. Windows: sliding and double hung Crystal Windows- Models AAMA HC-60 and AAMA HC-45.
   d. Parapets and copings: see below

2. Parapets and copings: 4'-0" high CMU/ brick parapets with cast stone coping

3. Chimneys and caps: One boiler flue from the cellar boiler room enclosed with rated shaft wall construction exhaust at the roof. Metal cap at roof.

4. Terraces serving individual residential apartments will be provided on roofs formed at building setbacks.

5. Exterior entrances
   a. Exterior doors and frames: Aluminum store front system for residential and retail entrances. Hollow metal doors at the stair doors.
   b. Vestibule doors and frames: Aluminum storefront system
   c. Railings: Painted steel pipe railings
   d. Mailboxes: Aluminum mailboxes per USPS guidelines
   e. Lighting: Exterior lighting at entrances and rear courtyard

6. Roof and roof structures:
   a. Type roofs for all areas:
      i. Material: Precast concrete plank roof with rigid insulation.
      ii. modified bitumen membrane and modified flashing
      iii. Insulation: Tapered rigid R30 insulation
      iv. Surface finish: Cap membrane w/ mineral surfacing
      v. Bond or guarantee: see Manufacturer
      vi. Flashing materials: stainless steel and modified bitumen flashing
   b. Drains:
      i. Cast iron roof drains
      ii. Aluminum gutters and leaders
   c. Skylights: None
   d. Bulkheads:
      i. Stair Bulkheads: 4" Exterior brick, air cavity, 8" masonry block
      ii. Elevator bulkheads: 4" Exterior brick, air cavity, 8" masonry block
   e. Metal work at roof levels:
      i. Exterior metal stairs: none
      ii. Vertical ladders: at bulkhead
      iii. Railings: none
      iv. Hatches to roof: none

7. Yard and courts: Rear courtyard accessible only from ground floor corridor
   a. Paving: Concrete unit pavers in rear courtyard
   b. Drainage: Cast iron catch basins and Trench drains
   c. Fencing: 6'-0" chain link fence with slats at rear yard along property line
   d. Walls: Concrete curb wall along rear property line

8. Interior stairs:
   a. Three egress stairs all leading to ground floor exterior.
   b. 2 hour rated CMU stair enclosure; interior painted.
   c. Precast concrete stair construction with painted steel guardrails and balustrade.
   d. Wood stairs and handrails in all duplex units.

9. Interior doors and frames:
   a. Unit entrance doors and frames: Hollow metal doors and frames
   b. Interior doors and frames: Solid core doors and hollow metal frames
   c. Stair doors and frames: Hollow metal doors and frames
   d. Roof doors, cellar doors and frames: Hollow metal doors and frames

10. Elevators
    a. Number of passenger and service elevators: two passenger elevators, no service elevators.
    b. Manufacturer: Otis or equal
    c. Operation: overhead general traction type
    d. Automatic (type of control) 2 car group, collective operation
    e. Floors served: both serve all eleven residential floors and cellar (garage)
    f. Doors: Automatic sliding
    g. Location of machine room: roof top
    h. DC to motor

11. Elevator cabs
    a. Manufacturer: Otis or equal
    b. Floor: Vinyl Composite Tile
    c. Walls: Plastic Laminate
    d. Ceiling: suspended island type
    e. Lighting: indirect & direct fixtures

(J) Auxiliary Facilities:

1. Laundry Rooms: None
2. Refuse disposal: Refuse chute and compactor Model# MC-4000

(K) Plumbing and Drainage:

1. Water Supply:
   Domestic water will be supplied by the New York City public water system. A pressure-boosting pump will be provided at the water service entry room in the cellar to ensure adequate water pressure at the upper levels. The pump will be a triple domestic booster pump. No water storage tanks will be provided.

   Domestic Water
   a. A new six-inch metered domestic water service will enter the cellar. A hydrant flow test was performed on June 30, 2004 by the Department of environmental protection. The test results are as follows: 40 pounds static, 38 pounds residual with 500 gpm flowing. The service will feed a triplex 7-½ HP booster pump. Hot and cold water distribution for domestic uses will be provided via insulated copper and brass piping.
   b. Domestic hot water for each dwelling unit will be provided by a duplex central gas fired hot water heater and storage tank system located in the cellar. The heaters will be rated for 1010 MBH each with a 677 gallon storage tank. Water heaters W1 and W2 are both LAARS 677 gallon storage tanks # PW-100.

c. Dedicated hot water and hot water return risers will be provided. Distribution of the risers will be via a pipe chase from the cellar to the 11th floor.

d. Water Heater A.O. Smith STR-1 Vertical mounted, which will be adequate for legal occupancy of the Building.

2. Fire protection system:
A new six inch (6") fire service will enter the Water Meter Room located in the Cellar Area. A new six inch (6") NYC approved DCVDA (double check detector valve assembly) will be installed. Automatic Fire Pump with Jockey Pump will be installed to maintain the required system pressure.

A Fire Protection System will be a combined type system supplying water to the fire hose valves, fire hose racks and sprinkler heads. Every floor will be provided with sprinkler valve assembly (shut-off valve with tamper switch and water flow detector).

Standpipes: The building will be provided with two fire standpipe risers; one four inch supplying fire hose valves and one six inch, a combined fire standpipe and sprinkler riser supplying fire hose valves and sprinkler system throughout the floors. Both risers are located inside the stairs. FSP risers shall be black steel pipe, schedule 40 with welded or grooved fittings.

a. Hose racks, hoses and nozzles: On every floor a fire hose valve will be provided and connected to the FSP risers. On the First Floor and cellar a fire hose racks will be provided. On the First floor only a hose cabinet with 375' of 1 – ½" hose will be provided. A concealed, upright, pendant and sidewall sprinkler heads will be used.

b. Sprinkler heads: A wet-type sprinkler system will be provided throughout the floors, in exception to the main electrical room and bathrooms and small clothes closets within the units.

c. Siamese connection: Two (2) Fire Department connections will be installed as a secondary water supply to the building entire fire protection system. Fire Department connections will be flush - type. One Siamese connection is located on Bradhurst Avenue adjacent to the main entrance; the second connection is located on 8th Avenue adjacent to the retail entrance.

3. Water storage tanks and enclosures: There are no storage tanks

4. Water pressure and how maintained.
Both domestic and fire water services are provided with pump system and are as follows:
a. A domestic water service will be installed with a duplex pressure booster pumps, each 100 GPM

b. An automatic Fire Pump- 500 GPM with Jockey pump will be installed to supply adequate pressure for fire protection system.

5. Sanitary Sewage System

a. Cast iron bell and spigot and no-hub sanitary risers to each floor provide sanitary drainage and vent. Sanitary waste from each fixture located above the sub-cellar is gravity fed to a combined sanitary and storm sewer in the cellar.
b. The fixtures and floor drains from the cellar discharge by gravity.

6. Permits Required: A site connection proposal has been approved by the NYC Department of Environmental Protection.

Plumbing contractor will require to get the permits from the Buildings Department proceed with work, i.e.: sanitary / storm connection to the existing municipal sewer and domestic and fire service connection to the existing water main in the street.

7. Storm Drainage

a. There is an existing 4'-0" x 2'-4" combined public sewer in West 147th Street and a 3'-6" x 2'-0" combined public sewer in Bradhurst Avenue. There are two catch basins on each corner. Storm and sanitary will combine inside the building property line and connect to the combined sewer in West 147th Street with a 12-inch line.
b. Approximately 12 roof drains will collect storm water from various levels of the roof. There will be approximately 18 terrace drains on the ground floor level. All storm water will drain by gravity to the combined sewer located in the cellar.
c. Storm drainage piping will be bell and spigot and no-hub cast iron

(L) **Heating:**

1. Space Heating:
The capacity of heating system is 5600 MBH (Input) and 4578 MBH (Output based on 15°F Ambient and 70°F interior temperature).

a. There are two (2) modular boiler banks with 7 modules each bank. Based on Slant / Fin, model no. GGHT-2800. Each module shall be fabricated from cast iron vertical sections with an air separator cast into the front section.
b. Burner: Each module shall be equipped with 20 gauge # 409 SS port ribbon burners with special reverse slot design to prevent flame flashback upon ignition.
c. Controls shall be furnished by manufacturer.

i. Control Manifold: A control manifold for each bank of boilers equipped with combination pressure / temperature / altitude gauge.

In manifold, a provision to install a manual reset high temperature limit and system water temperature sensor.

ii. System Safety Controls: Manufacturer shall supply a low water cut-off and manual reset hi-limit aqua stat.

iii. Module Controls: Each module shall be equipped with spark ignition system, combination redundant gas valve with manual shut-off, pressure regulator, pilot adjustment and 100% automatic shut-off. A relief valve, tridacator and a drain valve shall be installed.

iv. Operation Control (Tekmar Level IV): The operating system shall have a microprocessor control system designed to sequence heating modules based on outdoor air temperature and include automatic lead lag and night setback.

d. Complete hot water supply and return piping from the boilers to all fin tube radiation, unit heaters, cabinet heaters in the building, with pumps and all valving and accessories.

2. Commercial tenant spaces: Space heating for commercial tenant spaces will be limited to prevent water piping from freezing.
3. Heating controls: A programmable thermostat will be provided at <u>all</u> apartment units.
4. Fuel: Gas
5. Location of oil tank: No oil tanks provided
6. Capacity of oil tank: Not applicable
7. Gas: See below

(M) <u>Gas Supply:</u>

1. A new Con Edison gas service will enter the cellar and split to two meters. One meter will be dedicated for apartment gas cooking ranges and the other will serve gas boilers, domestic water heaters and HVAC roof top units.
2. Black steel risers will provides gas to each unit for cooking in each apartment.

(N) <u>Air Conditioning:</u>

1. Air conditioning units shall be provided in the lobby, community room and fitness room to maintain a maximum of 78°F when the outdoor temperature is 89°F.

a. Air conditioning system consists of air handling units in the ceiling of the above mentioned rooms and the outdoor condensing units on grade.

b. The split air conditioning systems are based on Mitsubishi model no. PC24GK for air handlers and PU24EK for air cooled condensing units.

c. All individual units shall be equipped with through the wall sleeve and outlet for future AC units.

2. Air Conditioning Units:

Each apartment has through the wall air conditioning sleeves in the living room and bedrooms.
Air conditioning unit is to be a Friedrich WS model or equal. The unit is to be single phase 116 volt. Capacity is not to exceed 14,000 BTU. All units are to be purchased new by share holders; existing units from other locations are not acceptable.

(O) Ventilation:

1. Exhaust fans are provided to serve bathrooms, kitchen, unit laundry rooms, garage, electrical room, pump rooms, telephone room, etc.
2. Residential portions:
   a. Living/dining rooms and bedrooms will be provided with sliding and/or casement type windows or doors providing natural ventilation as required by code.
   b. Corridors will be ventilated by outdoor air ducted from rooftop make-up air unit MUA-1 & 2.
   c. All other spaces will be ventilated naturally by way of operable windows or mechanically ventilated as by Code.
3. Commercial portions:
   a. Mechanical and/or natural ventilation as may be required by Code will be provided by individual commercial tenants.

(P) Electrical System:

1. Electrical Service
   a. The building incoming service shall be 120/208 volts, 3 phase, 4 wire 4000 Ampere.
   b. The service will be rated at 4000 Ampere with six (6) service switches (1) at 600 Ampere, (2) at 200 Ampere, (2) at 1200 Ampere, at (1) at 2000 Ampere. The 2000 Ampere, switch will provide service to 4 tenant meter center via (4) 600 Ampere switches each fused at 500 Ampere.
   c. One and two bedroom residential units will each have a 60 and 70 Ampere 120/208 volt, 1 phase, 3 wire service and all 3 bedroom apartments will have an 80 ampere, 120/208 volt, 1 phase, 3 wire service. All units will be individually metered.
   d. Each unit will be provided with a dedicated Con Ed meter and a single meter will be provided for all house loads. All house, tenant metering and distribution switchboard will be located in the main electric room in the cellar.
   e. All residential units shall have at least four (4) appliance circuits, two (2) lighting circuits, and an individual air conditioning circuit for each

unit. GFI, type receptacles will be provided in all bathrooms and in the kitchen. Branch circuiting will be provided in accordance with article 210 of the 2002 N.E.C. / N.Y.C. supplement.

f. Each unit will be provided with lighting fixtures in Hallways, kitchen and bathrooms, bedrooms will be provided with switches receptacles.

g. An average of four (4) outlets will be provided in kitchen, bedroom and living areas. A dedicated outlet will be provided for each air conducting unit. Receptacles will be provided in accordance with article 210 of the 2002 N.E.C. / N.Y.C. supplement.

2. Low Voltage System

a. Each unit will be provided with an intercom station to provide 2 way communications between each unit and the lobby.

b. Each unit shall be provided with television outlets with connections to either cable TV / or master roof antenna system.

c. Security cameras will be provided in elevator, all entrances and fitness center.

d. Each unit with will be provided with telephone outlets in bedrooms and living areas wired to local terminal strip cabinet.

3. Lighting

a. Lighting circuits in the common areas will be incandescent and fluorescent fixtures and connected to the house meter.

b. Lighting in the garage shall consist of either pendant or surface mounted (HID) High Intensity Discharge Lighting fixtures and connected to the house meter.

c. Perimeter and site lighting will be HID (High Intensity Discharge) controlled via time clocks and connected to the house meter.

4. Intercommunication and door signal systems:

a. A video intercom system communicating between the residential lobby and all individual residential apartments will be provided.

b. A closed circuit security television system monitoring public entrance doors within residential portions of the building, and reporting to the residential lobby, will be provided.

(Q) Television Reception Facilities:

1. Master antenna, cable TV, security closed circuit TV:

Master antenna to be provided and wired to each apartment riser. Provisions for Cable hook-up to be provided. The building is to be pre wired with risers or each apartment is to have cable TV in all living rooms

and bedrooms. The cable run in a closet and in the apartment and express down to the cellar.

(R) Public Area Lighting:

1. Public sidewalks and street lighting will remain as currently provided.
2. The residential courtyard will be lit by surface mounted (HID) high intensity discharge lighting and connected house meter.
3. Entrance and Vestibule Lobby: have been provided with a combination of wall mounted and recessed fixtures.
4. Corridors will be lit with sconce type fixtures mounted on corridor wall surfaces.
5. Stair wells will be lit by Fluorescent fixtures at each landing.
6. Cellar and mechanical areas will be lit with pendant or surface mounted fluorescent lighting.

(S) Garages and Parking Areas:

1. Location: All on-site parking will be contained within a parking garage, accessory to the residential portion of the building at the cellar level of the building.
2. The garage will be accessed via a vehicular ramp located on 147th Street.
3. Parking Spaces: 43 spaces. Parking spaces will be rented or leased to the public but will be made available for lease to the buildings residential owners as provided for under the New York City Zoning Resolution.
4. Surfaces: The parking garage will be a fully enclosed facility of structural steel, concrete and concrete block construction. The garage floor will consist of a concrete slab-on-grade. The garage will be lit with metal halide fixtures.
5. Garage ventilation: The garage will be mechanically ventilated in conformance with Requirements of the Building Code. Carbon monoxide detectors will control ventilation.
6. Garage fire protection: Structural steel will be fireproofed with a medium or high density spray fireproofing in conformance with the Building Code. The garage will be fully fire sprinklered as noted above "Fire Protection System"
7. Drainage: The floor of the garage will be provided with floor drains connected to the Building storm water drainage system.
8. Garage Door- Motorized overhead steel roller shutter with remote control operation.

(T) Recreation Facilities:

1. Rooftop Recreation: (None)
2. Indoor: Community room and Fitness room on ground floor
   To have one stationary bike and one treadmill and one elliptical.
3. Outdoor: Recreation areas

(U) Additional Items, Violations:

No violations have been filed against this work. Approved plans and a New Building Permit have been obtained for this work. All additional permits and Controlled inspections will be obtained as required by the approved Building Permit application prior to obtaining a Certificate of Occupancy. An inspection of the premises will be made by and a Fire Safety Plan filed with the New York City Fire Department prior to occupancy.

(V) Unit Information:

Unit #	Unit Type	# Rms	# BRs	# of Baths	Duplex (y/n)	Study (y/n)	Outdoor (y/n)
101	3A	5	3	2	Y		
102	3A	5	3	2	Y		
103	2A	4	2	1.5	Y		
104	3A	5	3	2	Y		
105	3A	5	3	2	Y		
106	1D	4	2	2	Y	Y	
107	2D	4	2	1	N		Y 440 sf
108	1A	3	1	1	N		Y 200 sf
109	1B	3	1	1	N		Y 312 sf
110	2B	4	2	2	N		Y 502 sf
111	3A	5	3	2	Y		
112	3A	5	3	2	Y		
113	3A	5	3	2	Y		
201	3E	5	3	2	N		
202	1C	3	1	1	N		
203	2D	4	2	1	N		
204	1A	3	1	1	N		
205	1B	3	1	1	N		
206	2B	4	2	2	N		Y 396 sf
207	2F	4	2	2	N		Y 384 sf
supt 208	2D	4	2	2	N		
209	2E	4	2	1	N		
210	1A	3	1	1	N		
301	3B	5	3	2	N		
302	2B	4	2	2	N		
303	2A	4	2	1.5	Y		
304	2D	4	2	2	N		
305	2D	4	2	2	N		
306	2	4	2	2	N		
307	2D	4	2	1	N		
308	1A	3	1	1	N		
309	1B	3	1	1	N		
310	2B	4	2	2	N		
311	2F	4	2	2	N		

Unit #	Unit Type	# Rms	# BRs	# of Baths	Duplex (y/n)	Study (y/n)	Outdoor (y/n)
312	2D	4	2	2	N		
313	2E	4	2	1	N		
314	2B	4	2	2	N		
315	2B	4	2	2	N		
316	2B	4	2	2	N		
401	3B	5	3	2	N		
402	2B	4	2	2	N		
403	2D	4	2	2	N		
404	2D	4	2	2	N		
405	2I	4	2	2	N		
406	2D	4	2	1	N		
407	1A	3	1	1	N		
408	1B	3	1	1	N		
409	2B	4	2	2	N		
410	2F	4	2	2	N		
411	2D	4	2	2	N		
412	2E	4	2	1	N		
413	2B	4	2	2	N		
414	2B	4	2	2	N		
415	2B	4	2	2	N		
501	3B	5	3	2	N		
502	2B	4	2	2	N		
503	2A	4	2	1.5	Y		
504	2D	4	2	2	N		
505	2D	4	2	2	N		
506	2I	4	2	2	N		
507	2D	4	2	1	N		
508	1A	3	1	1	N		
509	1B	3	1	1	N		
510	2B	4	2	2	N		
511	2F	4	2	2	N		
512	2D	4	2	2	N		
513	2E	4	2	1	N		
514	2B	4	2	2	N		
515	2B	4	2	2	N		
516	2B	4	2	2	N		
601	3B	5	3	2	N		
602	2B	4	2	2	N		
603	2D	4	2	2	N		Y – 94 sf
604	2D	4	2	2	N		Y – 91 sf
605	2I	4	2	2	N		
606	2D	4	2	1	N		
607	1A	3	1	1	N		
608	1B	3	1	1	N		
609	2B	4	2	2	N		
610	2F	4	2	2	N		
611	2D	4	2	2	N		

Unit #	Unit Type	# Rms	# BRs	# of Baths	Duplex (y/n)	Study (y/n)	Outdoor (y/n)
612	2E	4	2	1	N		
613	2B	4	2	2	N		
614	2B	4	2	2	N		
615	2B	4	2	2	N		
701	3B	5	3	2	N		
702	2B	4	2	2	N		
703	2A	4	2	1.5	Y		
704	2D	4	2	2	N		
705	2D	4	2	2	N		
706	2I	4	2	1.5	N		
707	2D	4	2	1	N		
708	1A	3	1	1	N		
709	1B	3	1	1	N		
710	2J	4	2	1	N		Y – 340 sf
711	3C	5	3	2	N		Y – 534 sf
712	2B	4	2	2	N		Y – 62 sf
801	3B	5	3	2	N		
802	2B	4	2	2	N		
803	2D	4	2	2	N		
804	2D	4	2	2	N		
805	2I	4	2	2	N		
806	2D	4	2	1	N		
807	1A	3	1	1	N		
808	1B	3	1	1	N		
809	2J	4	2	1	N		
810	3C	5	3	2	N		
811	2B	4	2	2	N		
901	3B	5	3	2	N		
902	2B	4	2	2	N		
903	0A	2	0	1	N		Y – 200 sf
904	3D	5	3	2	N		Y – 1093sf
905	2D	4	2	2	N		
906	1A	3	1	1	N		
907	2K	4	2	2	N		
908	2H	4	2	2	N		Y – 300 sf
909	2G	4	2	2	N	Y	Y – 340 sf
1001	3A	5	3	2	N		
1002	2B	4	2	2	N		
1003	0A	2	0	1	N		
1004	3D	6	3	2	N		
1005	2D	4	2	2	N		
1006	1A	3	1	1	N		
1007	2K	4	2	2	N		
1008	2H	4	2	2	N		
1009	2G	4	2	2	N	Y	
1101	3B	5	3	2	N		
1102	2B	4	2	2	N		

Unit #	Unit Type	# Rms	# BRs	# of Baths	Duplex (y/n)	Study (y/n)	Outdoor (y/n)
1103	0A	2	0	1	N		
1104	3D	5	3	2	N		
1105	2D	4	2	2	N	N	
1106	1A	3	1	1	N		
1107	2K	4	2	2	N		
1108	2H	4	2	2	N		
1109	2G	4	2	2	N	Y	
Grand Total		536	265	228.5			-

Finish Schedule of Spaces Other Than Unit

1. Type and grade of finish materials (all residential materials)

Room	Floor	Ceiling	Walls	Base
Living/Dining Rooms	Wood Parquet	Textured Paint	Painted Drywall	Painted Wood
Bedrooms	Wood Parquet	Textured Paint	Painted Drywall	Painted Wood
Kitchens	Vinyl Tile	Painted Drywall	Painted Drywall	Vinyl
Bathrooms	Porcelain Tile	Painted Drywall	Ceramic Tile/Painted Dry-wall	Ceramic Tile
Closets	Wood Parquet	Textured Paint	Painted Drywall	Painted Wood
Walk-in-Closets	Wood Parquet	Textured Paint	Painted Drywall	Painted Wood
Halls & Foyers	Wood Parquet	Painted Drywall	Painted Drywall	Painted Wood

2. Bathroom Fixtures:

Water Closet: Vitreous China, floor mounted, American Standard "York-ville" Model # 2333.100.

Lavatory: Rynone- one piece solid surface sink and countertop on vanity.

Faucet Set: Sk: Elkay LR2522

Bathtub: Crane "Laredo" Model 2208X

Shower Controls: Symmons Temptrol II tub and shower system BP-56-LR

Medicine Cabinet: Jensen

3. Kitchen Fixtures:

Gas Range:	Model# JGBS22BEH-GE 30" free standing gas range or ap-

	proved equal.
Refrigerator:	Model # GTS22KBPWW-GE 21.7 cu. Ft. Top- Freezer Refrigerator by GE or approved equal.
Over the Range Microwave Oven:	Model #JVM1631WB-GE 1.6 cu. ft. Space maker XL 1600 over the range microwave oven by GE or approved equal.
Dishwasher:	Model # GSD2600GWW/CC/BB-GE Nautilus Built- In Dishwasher by GE or approved equal.
Cabinets	Upper and lower cabinetry- Plastic laminate
Countertops	Plastic Laminate

W. Finish Schedule of Spaces Other Than Within Residential Apartments:

Room	Floor	Walls	Ceiling
Lobby	Porcelain Tile	Mosaic / Painted Drywall	Painted Drywall
Residential Corridors	Carpet & Tile	Painted Drywall	Textured Paint
Stair Wells	Painted Concrete	Painted Concrete Block	Painted Concrete
Refuse Rooms	Painted Concrete	Painted Gyp Bd.	Textured Paint
Fitness/Community Room	Carpet	Painted Drywall	Acoustical Tile
Compactor Room	Painted Concrete	Painted Concrete/Concrete Block	Exposed Structure/No Finish
Mechanical Rooms	Sealed Concrete	Concrete Block/ No Finish	Exposed Structure/No Finish
Storage Rooms	Sealed Concrete	Concrete Block/ No Finish	Exposed Structure/No Finish
Miscellaneous Service Corridors	Sealed Concrete / Vinyl tile	Painted Concrete Block / Drywall	Exposed Structure/No Finish
Commercial Lease Space	By Tenant	By Tenant	By Tenant

X. General Information

1. All residential apartments will be fitted with independent ceiling mounted "hard wired" smoke / carbon monoxide detectors per Code.

2. Smoke detectors located in the switch gear room, gas meter room, water meter room, tel/com room, elevator machine room, rooftop make-up air handling unit, and at each of residential corridor smoke doors. Smoke detectors will be monitored by the building fire alarm system. Heat detectors located in the boiler room will be monitored by the building fire alarm system.

3. Residential corridor smoke doors will be released by smoke detectors monitored by the building fire alarm system.

4. Project complies with Local Law 58. Requirements are per the NYC Building code subchapter 4: sub article 2- facilities for people having physical disability (927-292), reference standard RS4-6 and ANSI A114.1- 1986, as modified by the NYC building Code.

Y. Additional Information Required

1. Residential Apartment Floor Plans: See attached herein.
2. Site plan: See attached herein.
3. Area Map: Not applicable

Z. Asbestos

The Work is all new construction, and asbestos products will be specified in the Work. All structures on site have been previously demolished. No asbestos containing materials have been identified during excavation.

Magnus Magnusson AIA
Magnusson Architecture and Planning PC

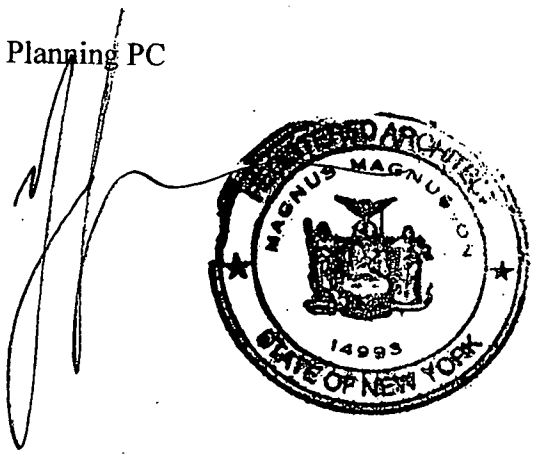
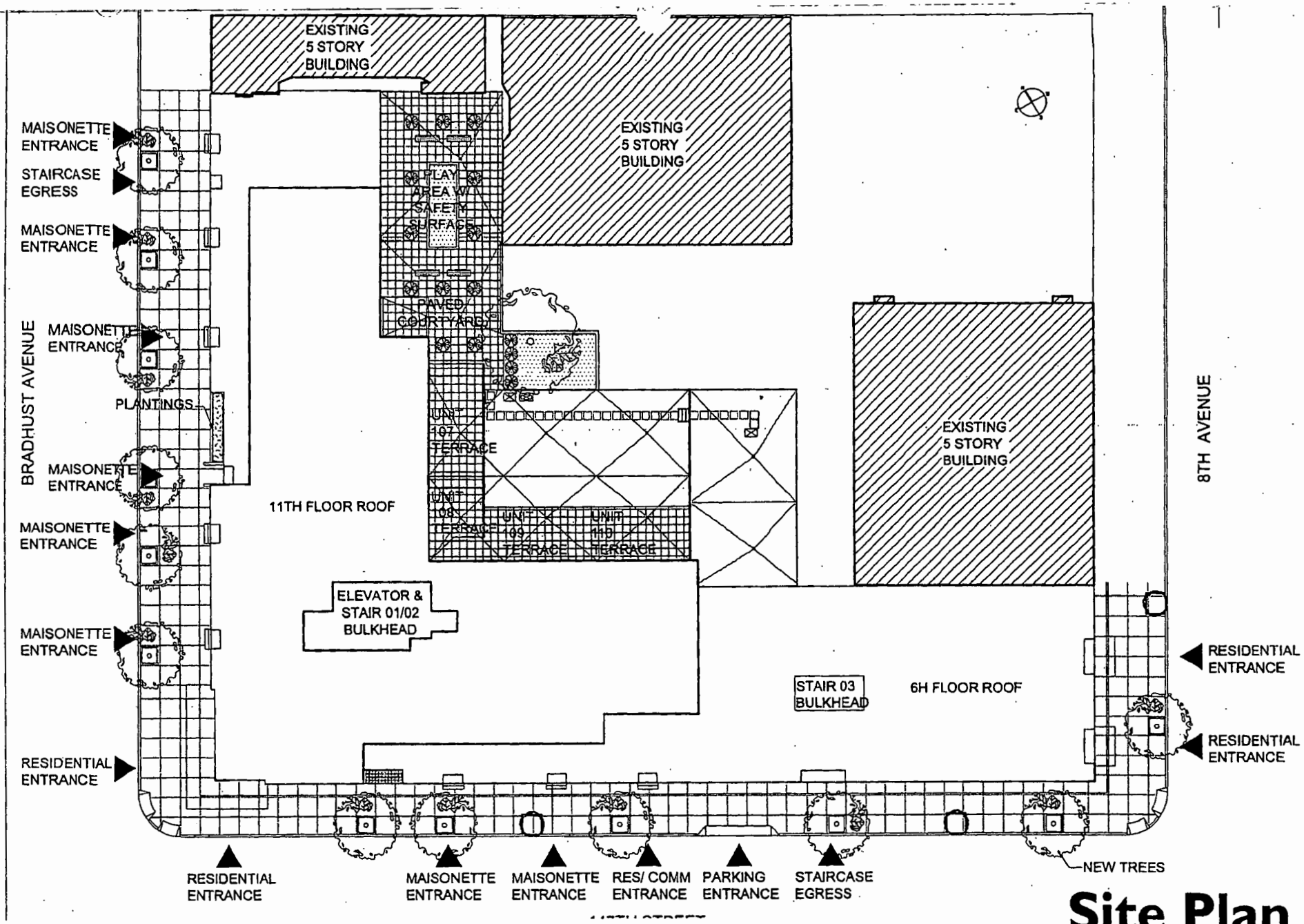


EXHIBIT F

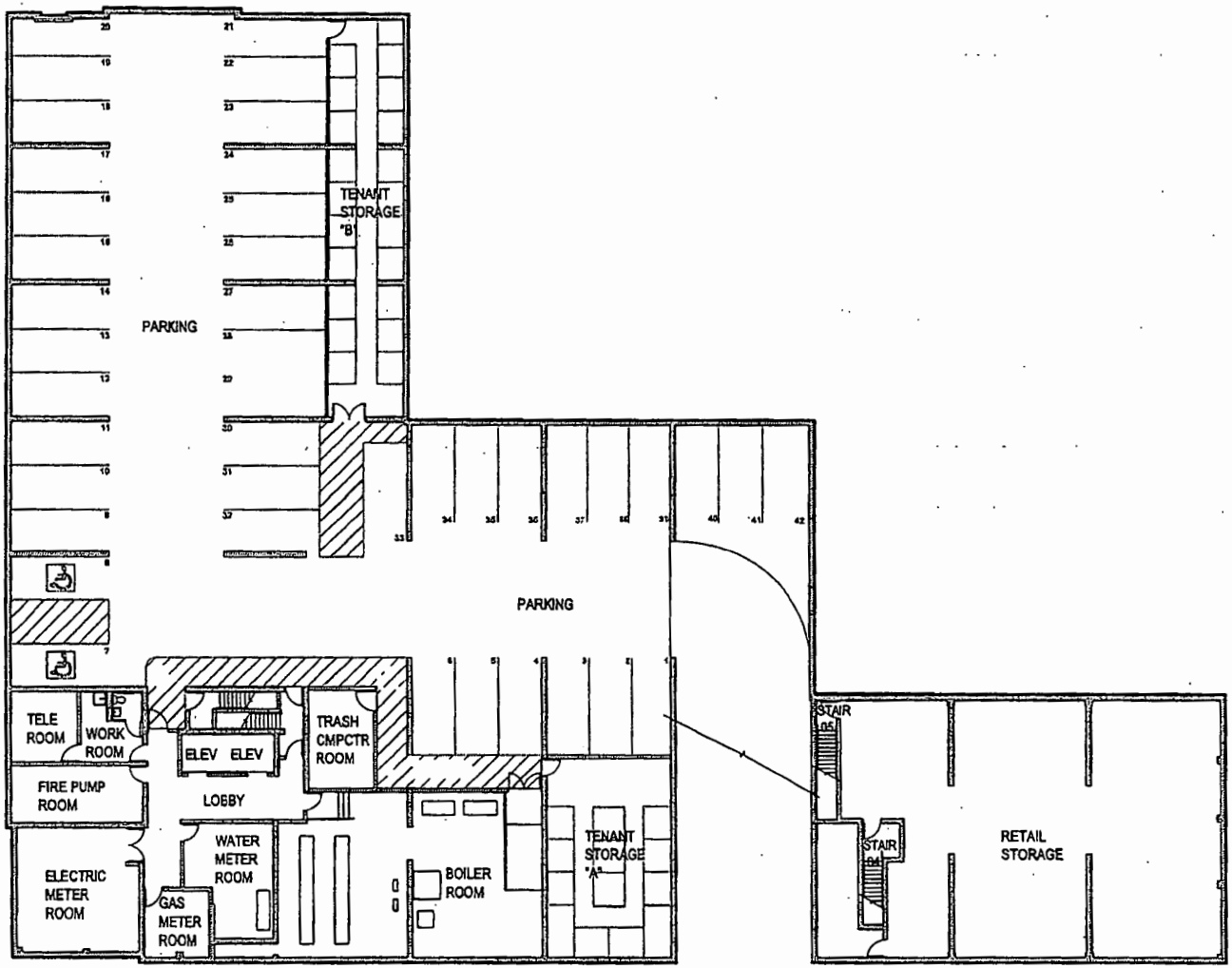
SITE PLAN AND FLOOR PLANS



Site Plan

The Sutton Condominium
102 Bradhurst Avenue
New York, N.Y.

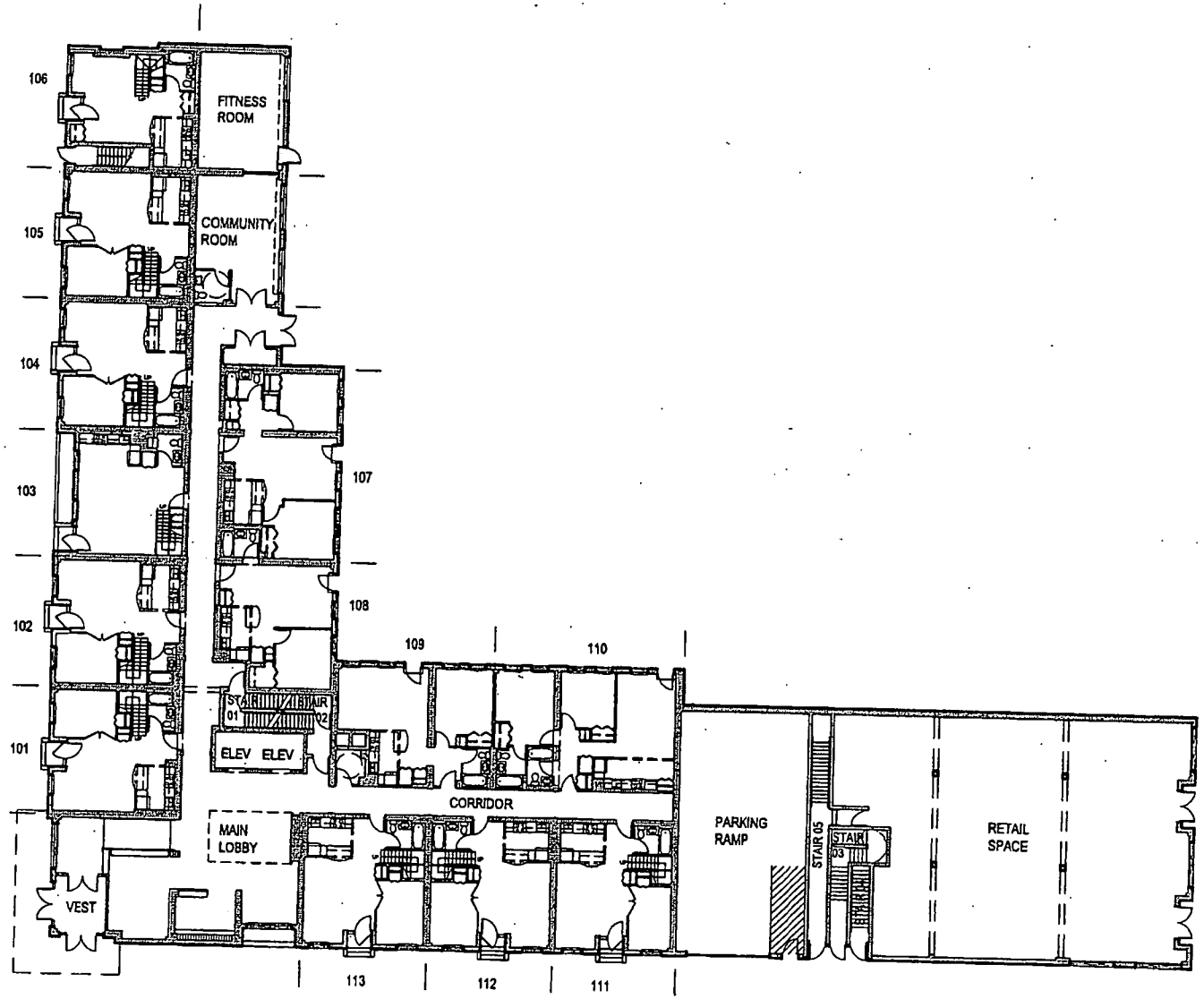
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Cellar Plan

The Sutton Condominium
102 Bradhurst Avenue

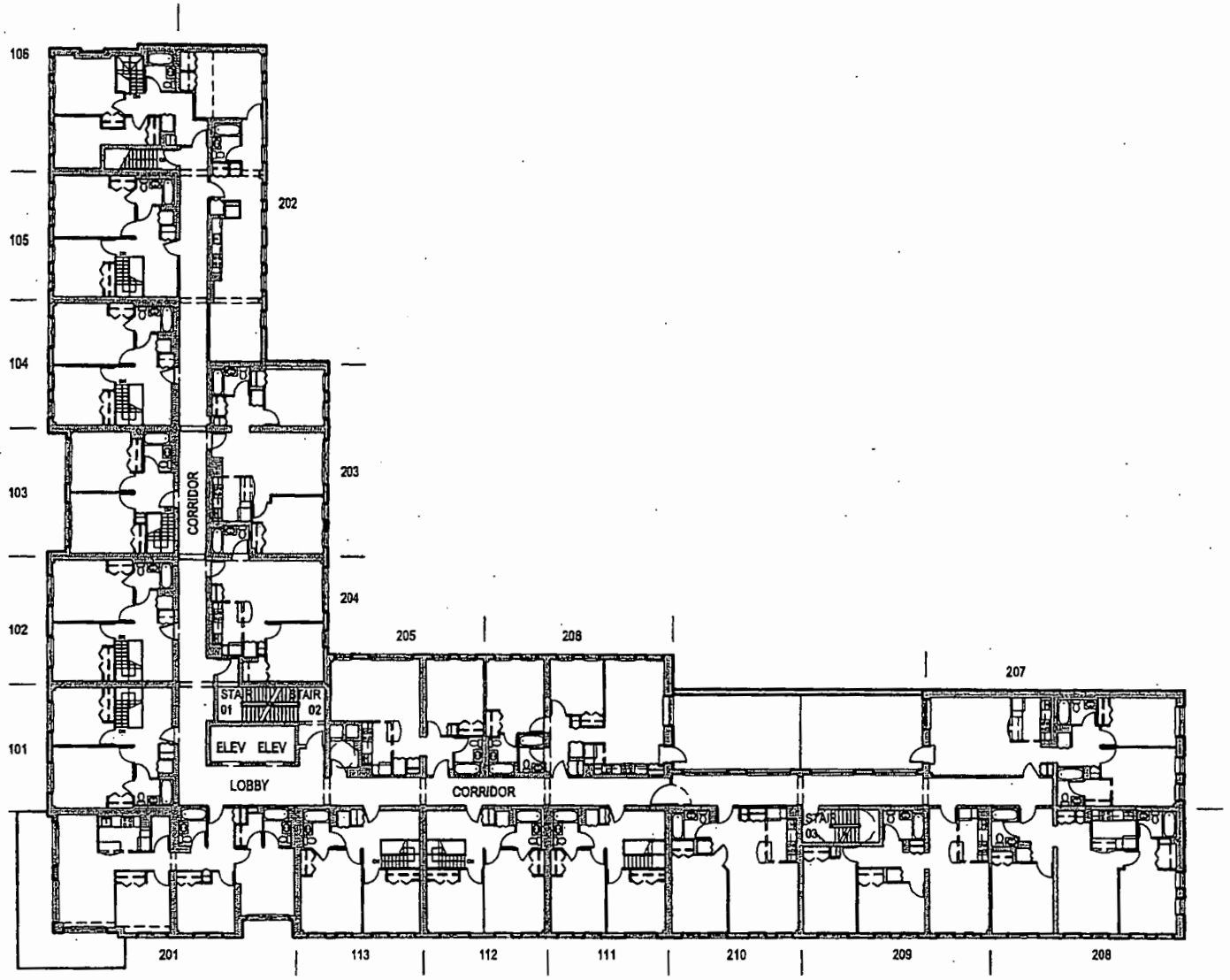
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Ground Floor Plan

The Sutton Condominium
102 Bradhurst Avenue
New York, N.Y.

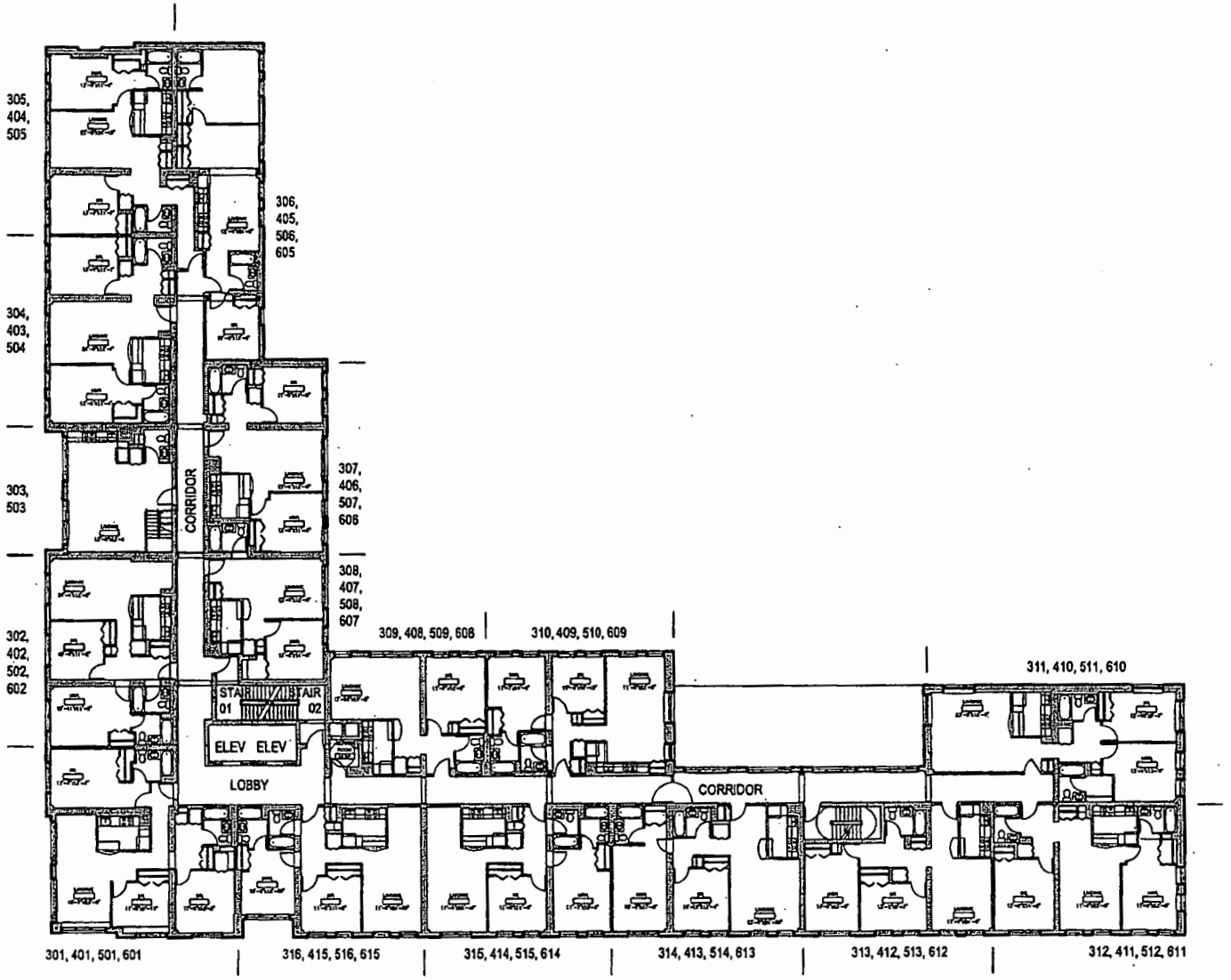
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Second Floor Plan

The Sutton Condominium
102 Bradhurst Avenue

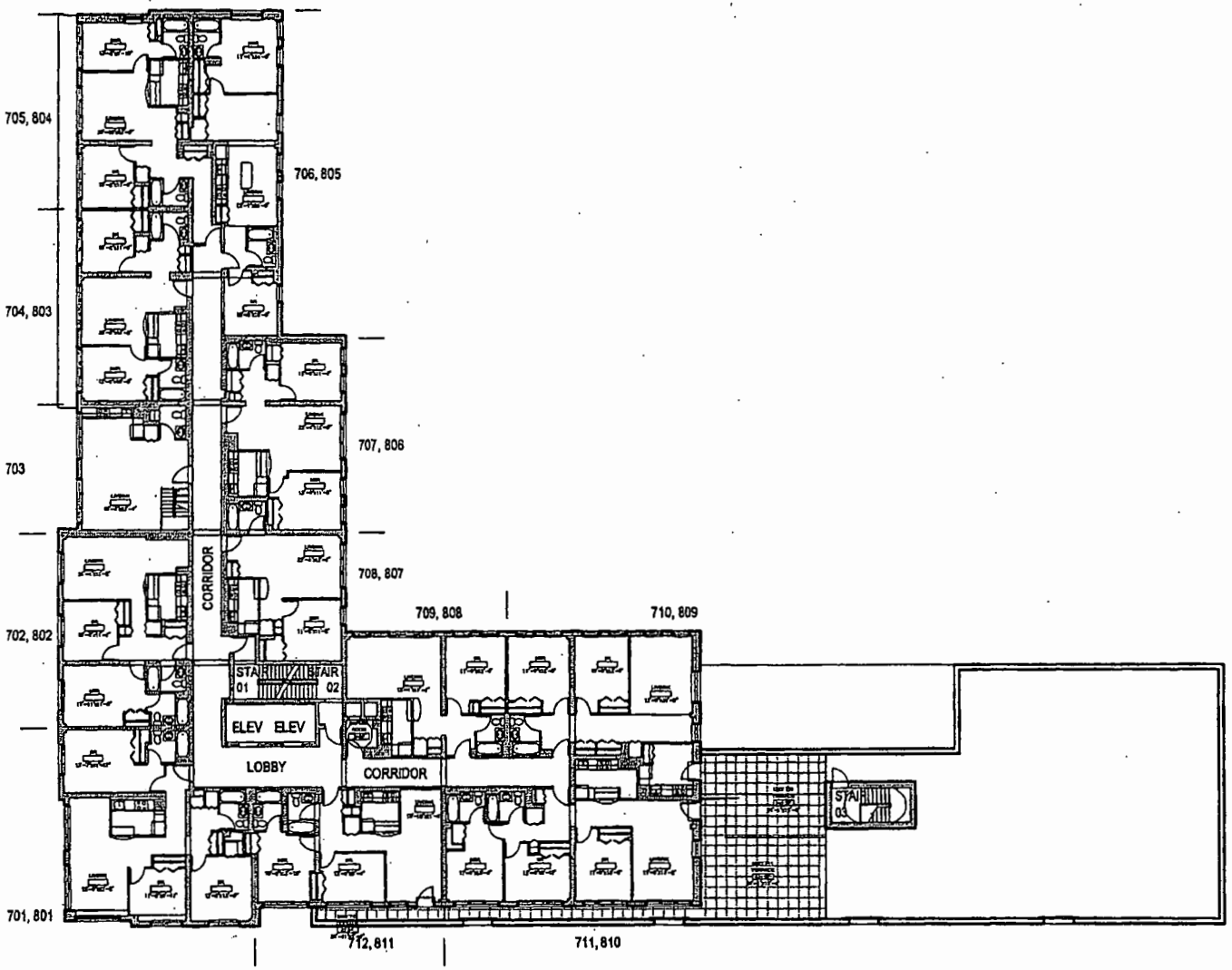
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3rd - 6th Floor Plans

The Sutton Condominium
102 Bradhurst Avenue
New York, N.Y.

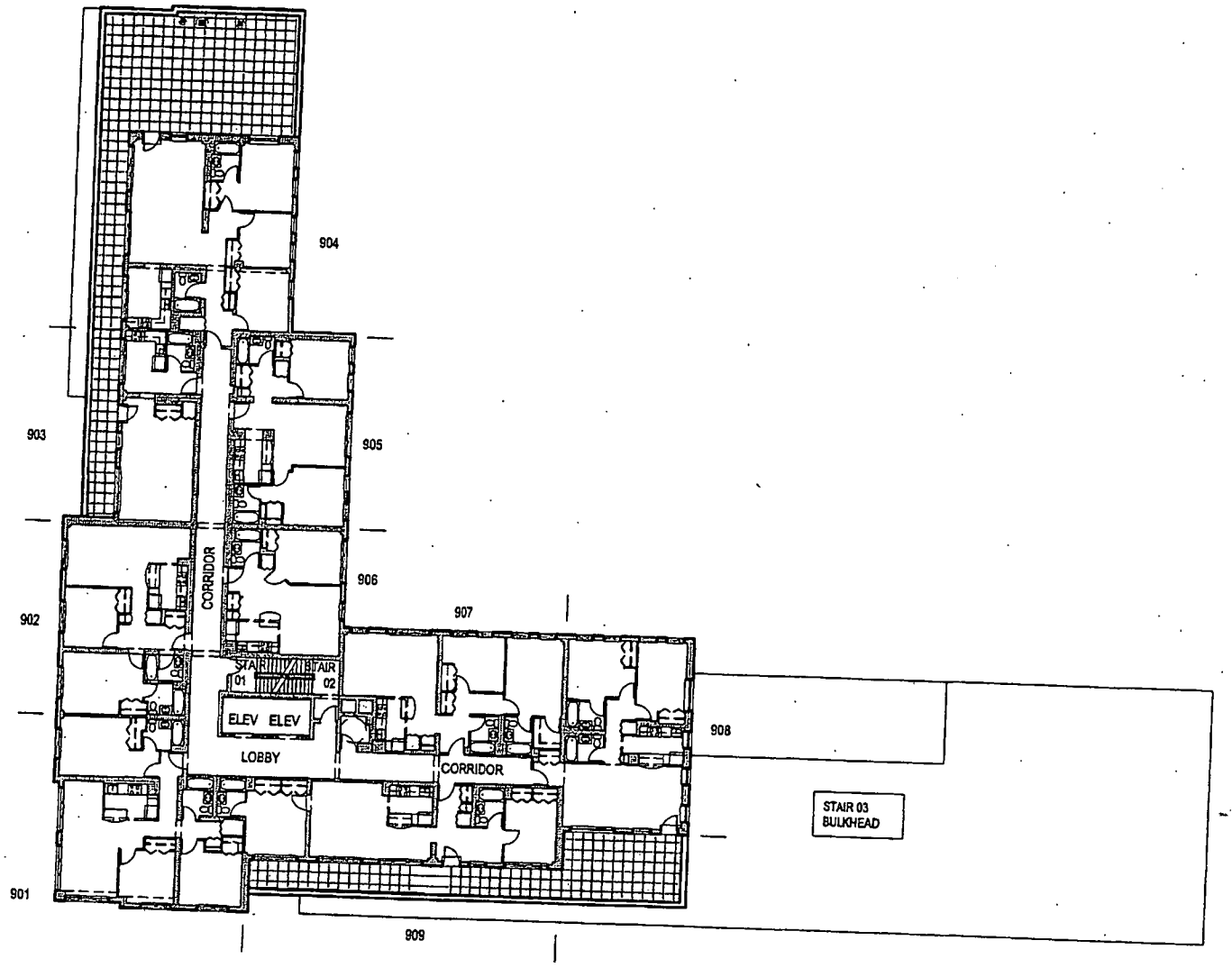
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7th & 8th Floor Plan

The Sutton Condominium

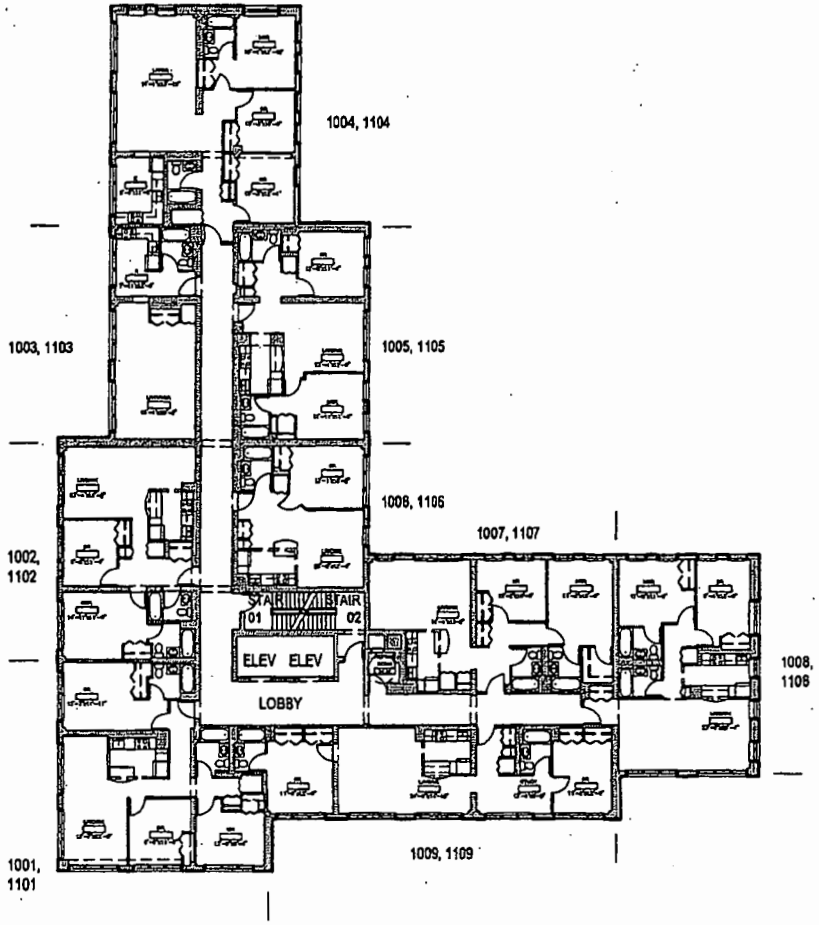
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9th Floor Plan

Scale: 1/32" = 1'-0"

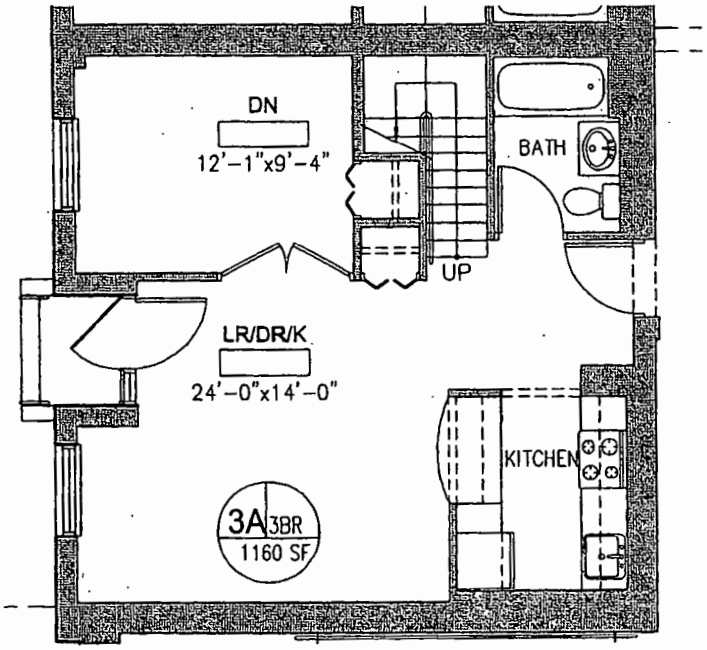
The Sutton Condominium
102 Bradhurst Avenue
New York, N.Y.



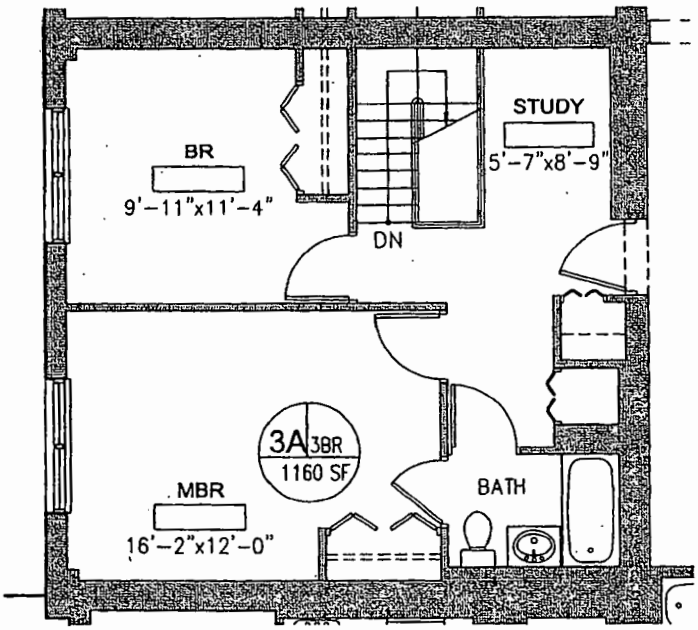
10th & 11th Floor Plans

The Sutton Condominium
102 Bradhurst Avenue

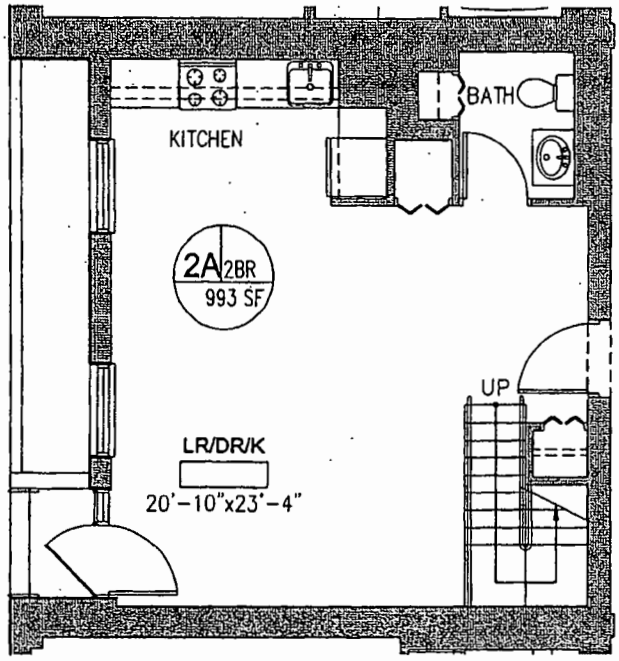
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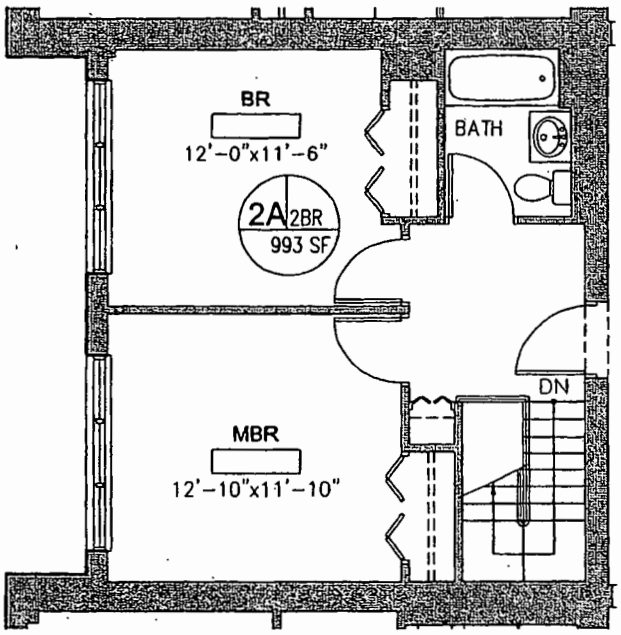
1 UNIT 101, 112 DUPLEX 2ND FLOOR PLAN
SCALE: 1/8"=1'-0"



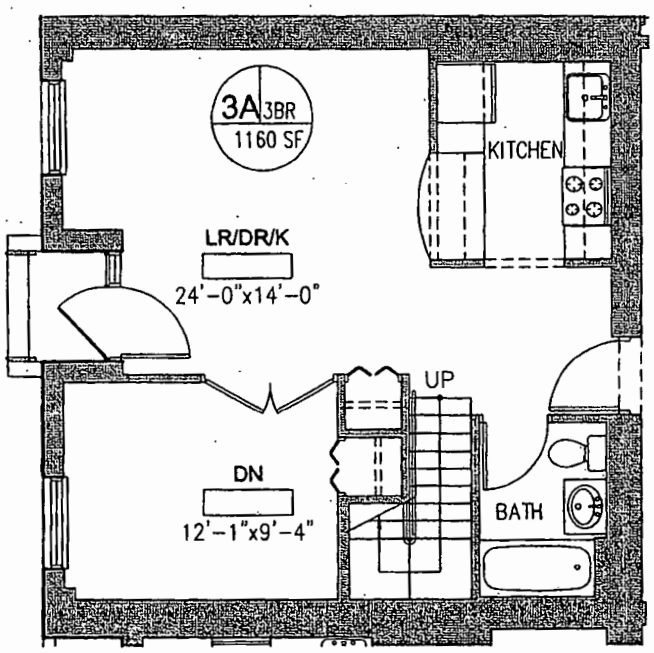
2 UNIT 101, 112 DUPLEX 2ND FLOOR PLAN
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1 UNIT 103 DUPLEX 1ST FLOOR PLAN
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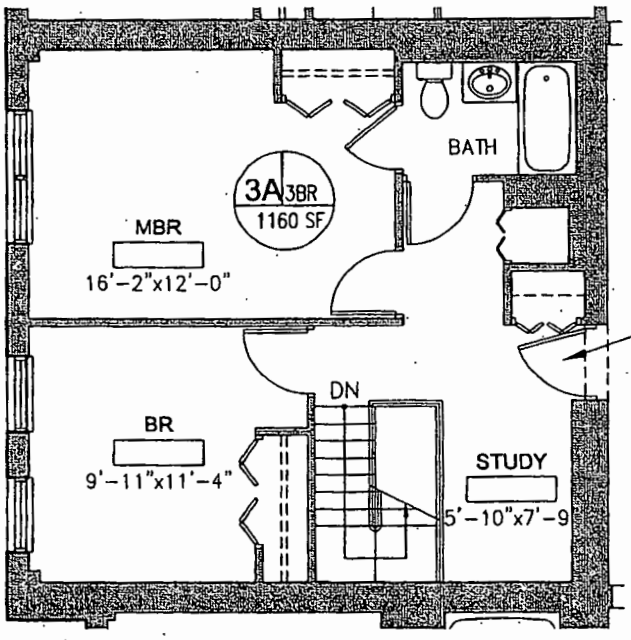


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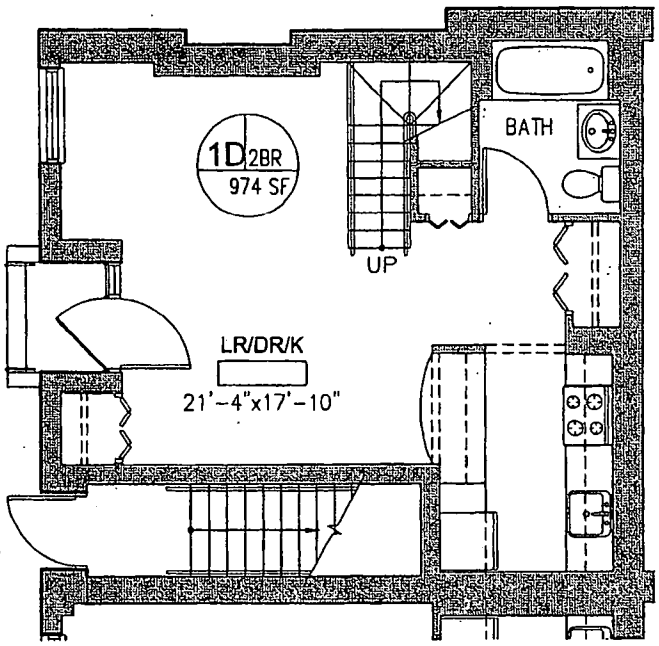
1 UNIT 102, 104, 105 DUPLEX 1ST FLOOR PLAN

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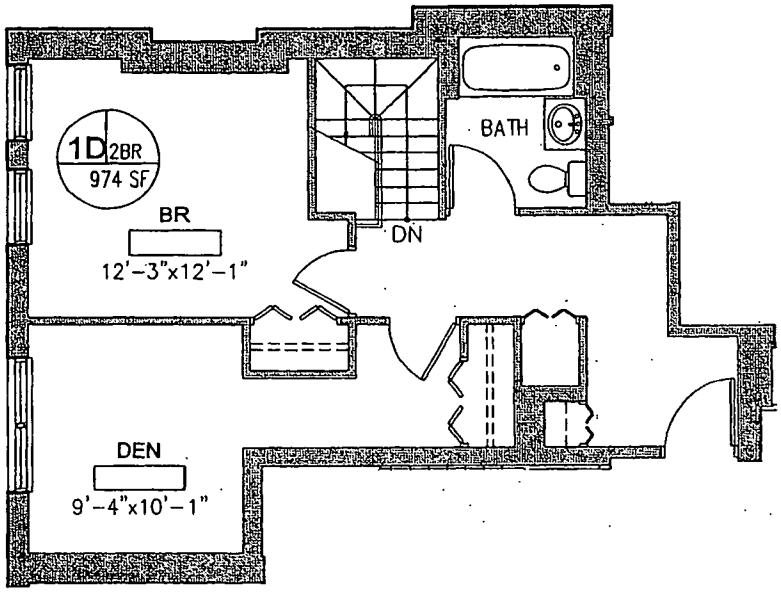


2 UNIT 102, 104, 105 DUPLEX 2ND FLOOR PLAN

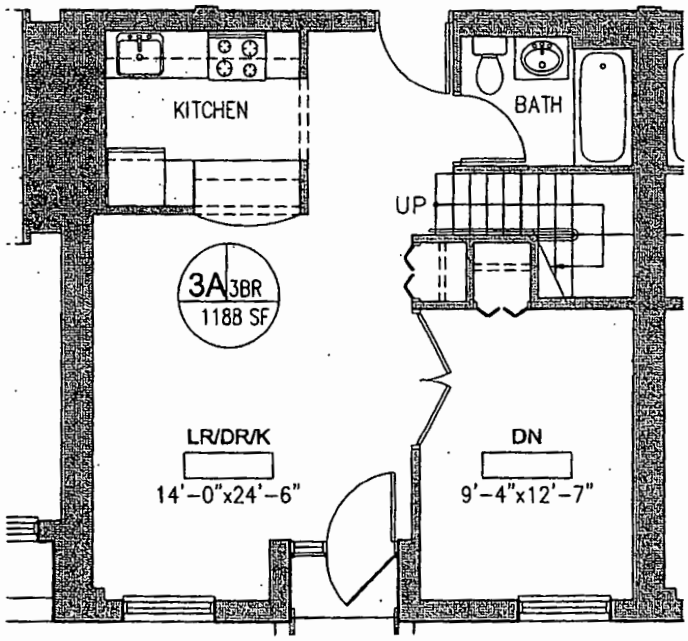
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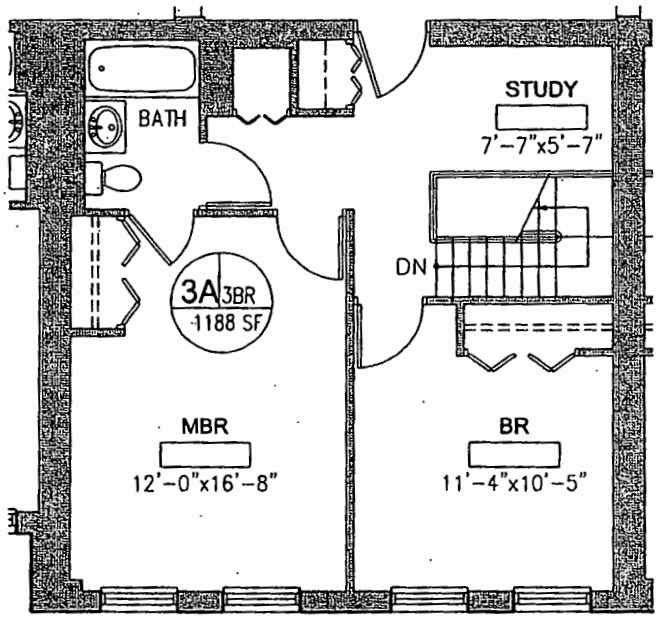
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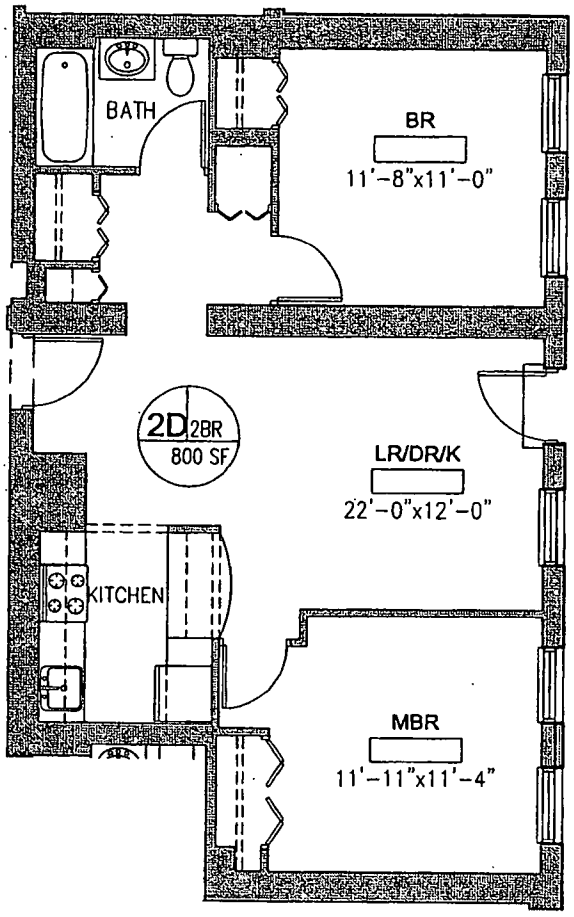
2 UNIT 106 DUPLEX 2ND FLOOR PLAN
SCALE: 1/8"=1'-0"



1 UNIT 111, 113 DUPLEX 1ST FLOOR PLAN
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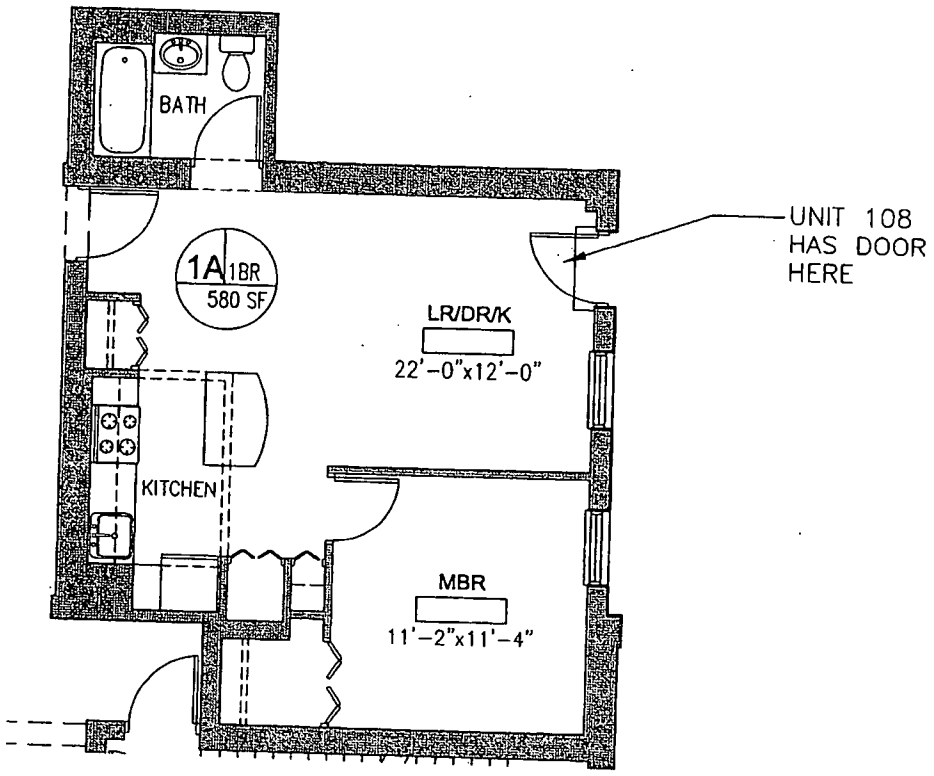


2 UNIT 111, 113 DUPLEX 1ST FLOOR PLAN
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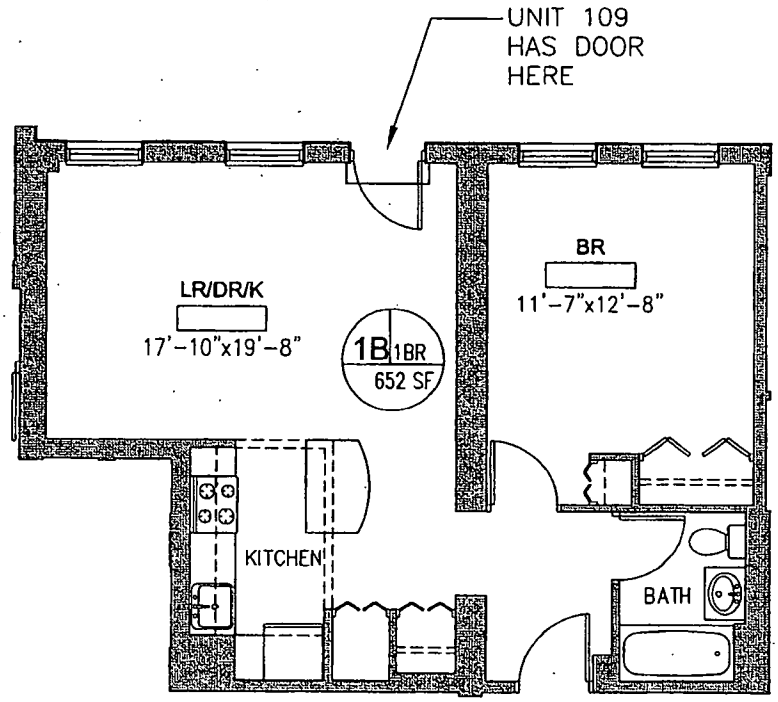


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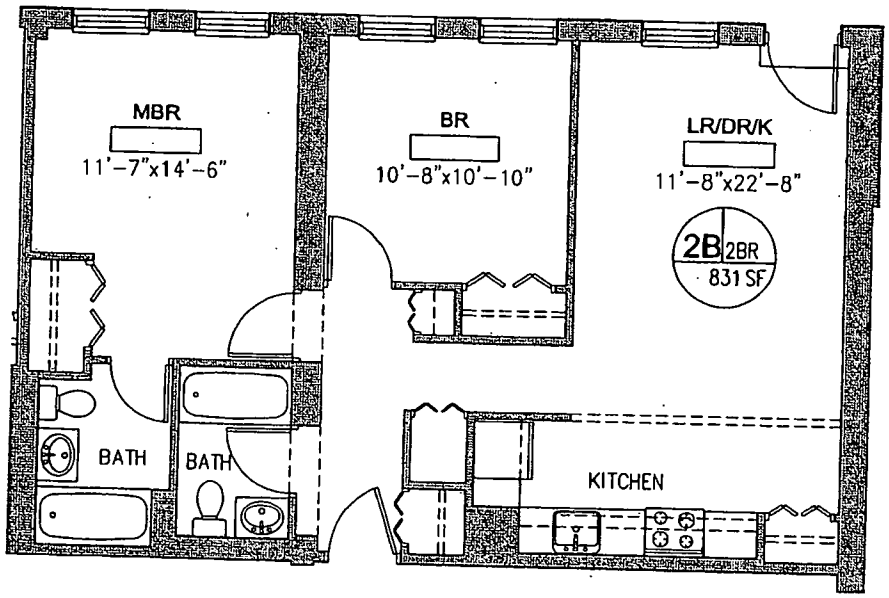
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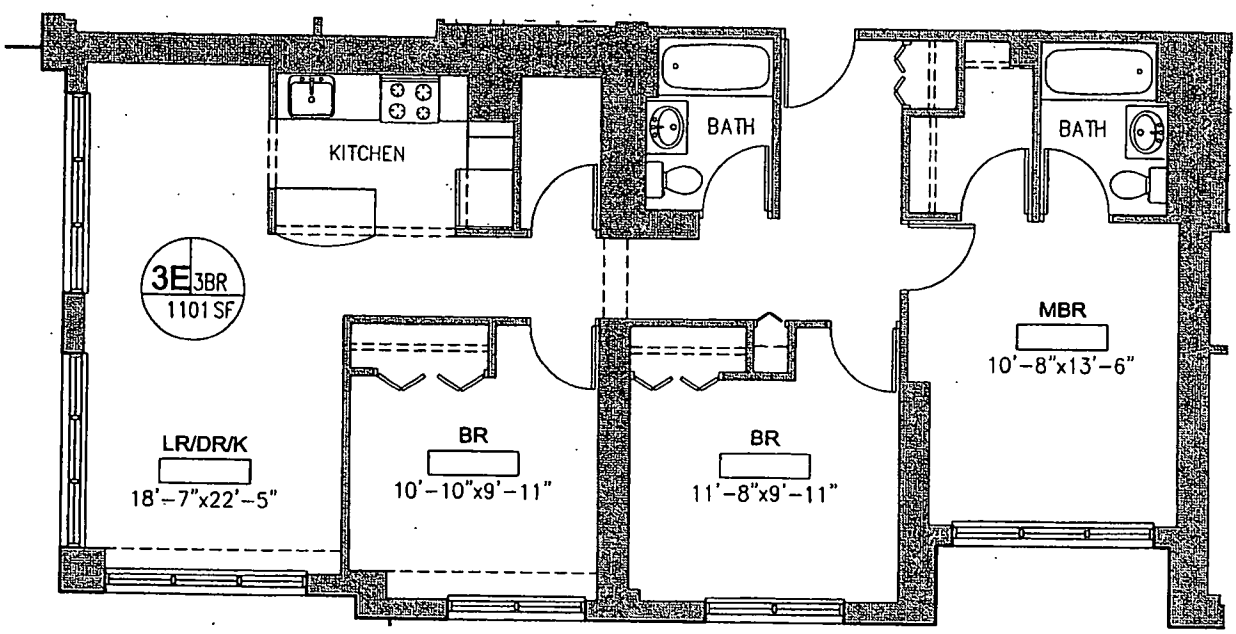
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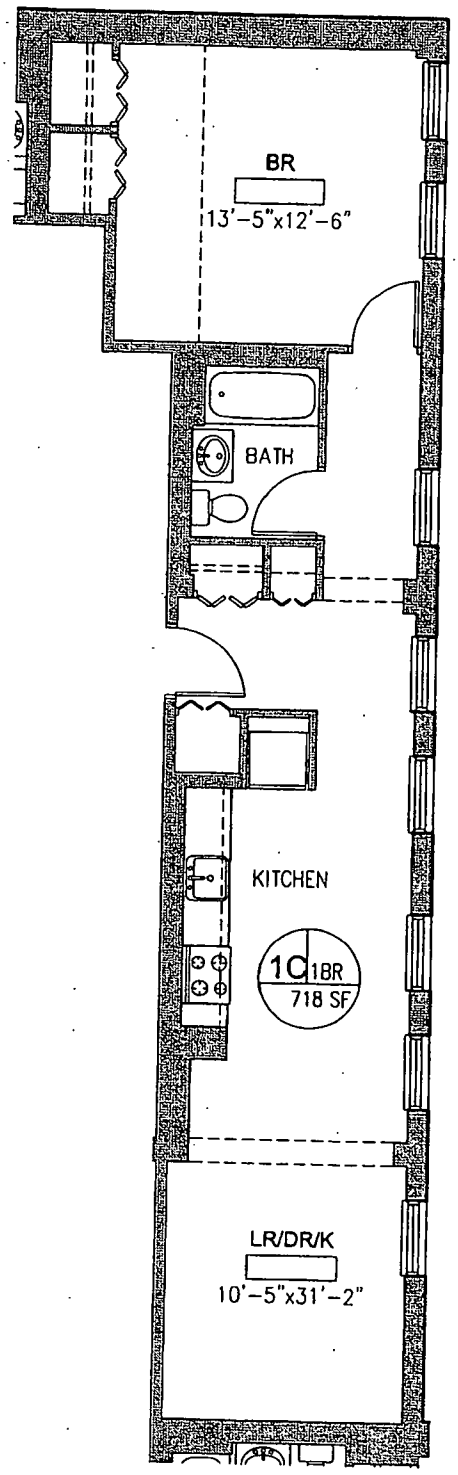
1 UNIT 110

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The Sutton Condominium
102 Bradhurst Avenue
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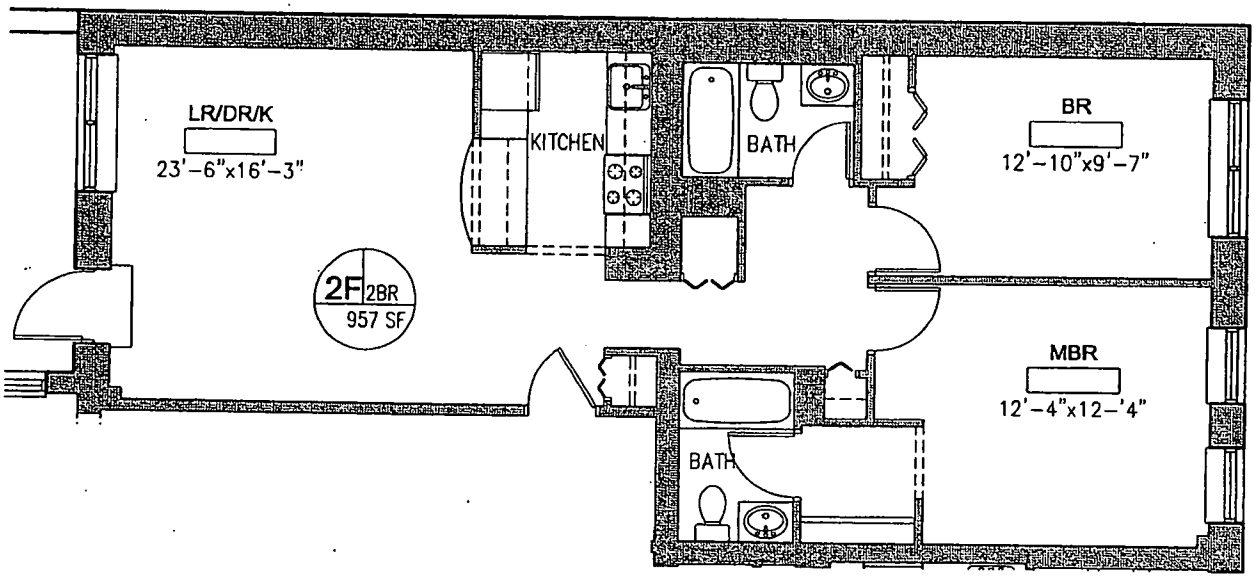


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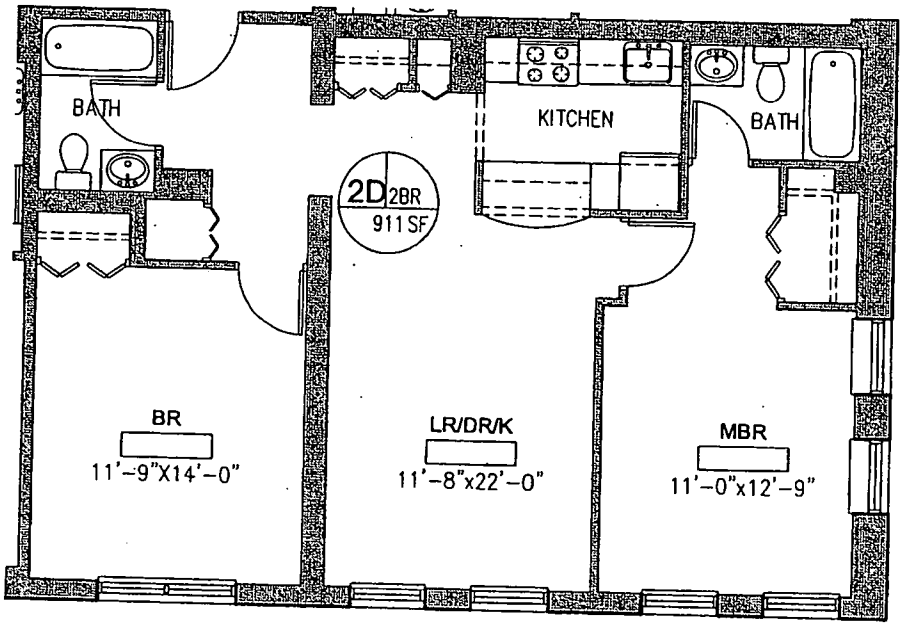
1 UNIT 202
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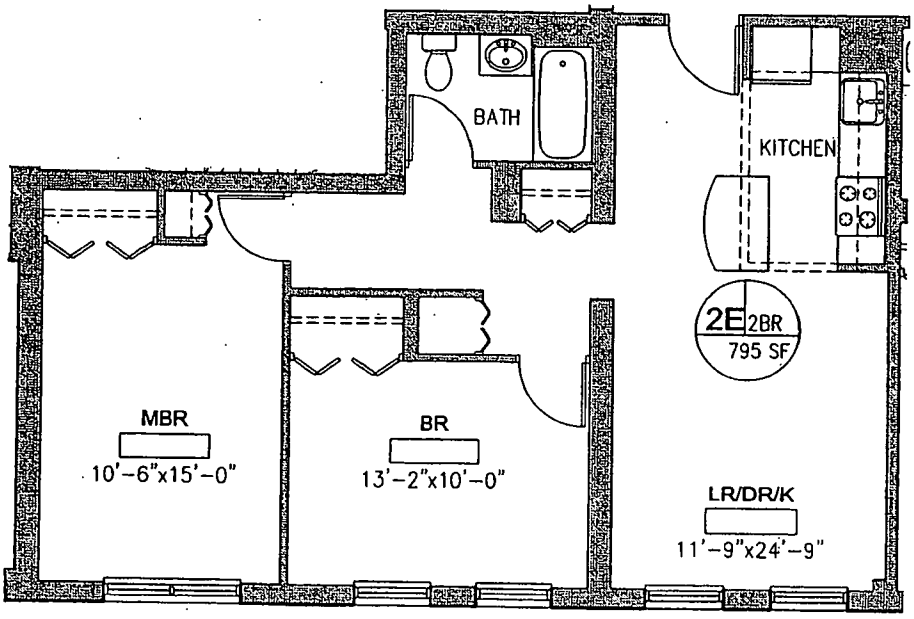
1 UNIT 207
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The Sutton Condominium
102 Bradhurst Avenue
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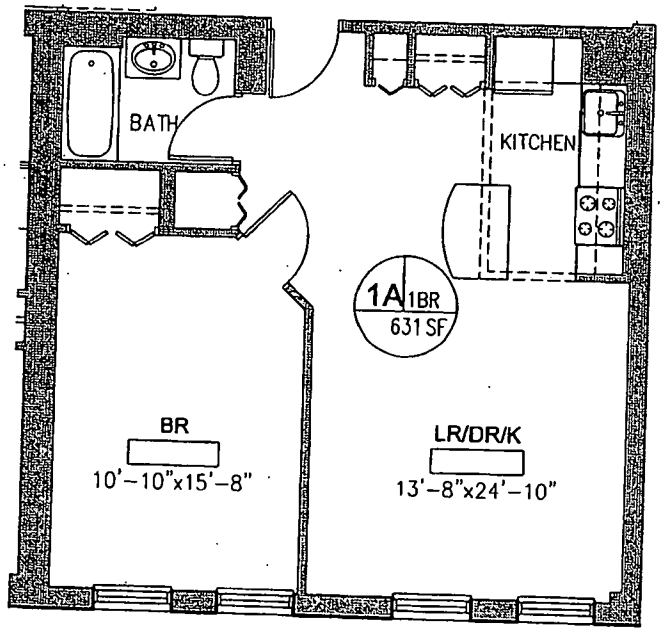


1 UNIT 208, 312, 411, 512, 611
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The Sutton Condominium
102 Bradhurst Avenue
New York, N.Y.

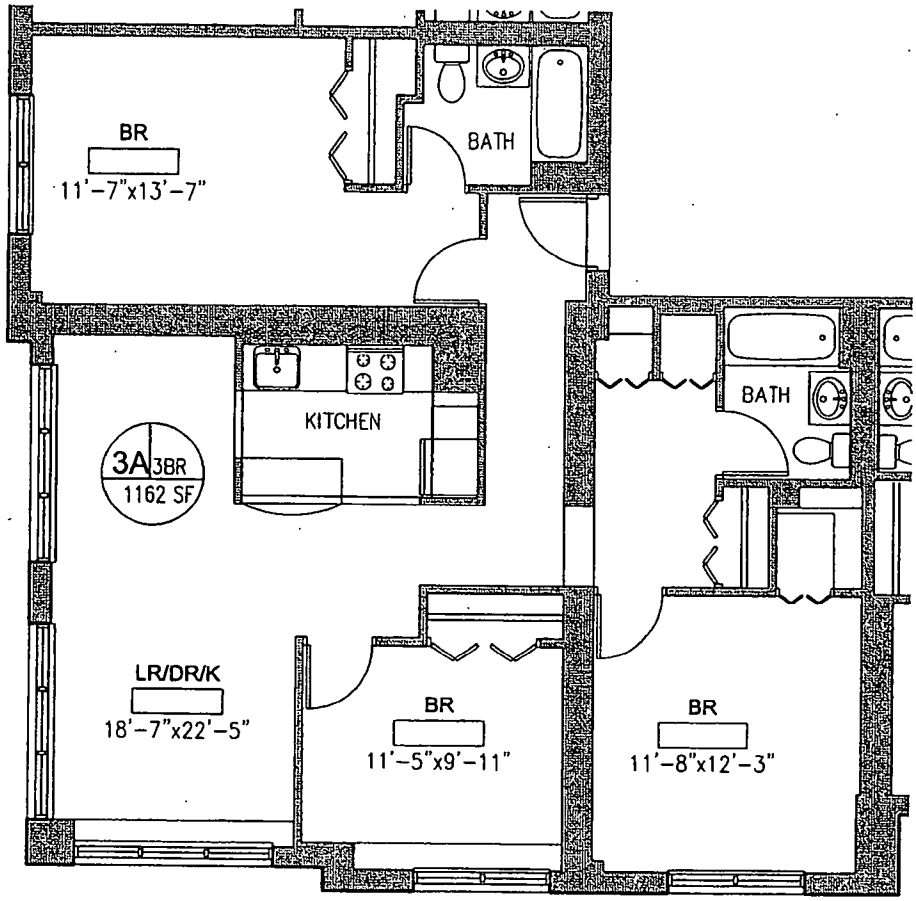


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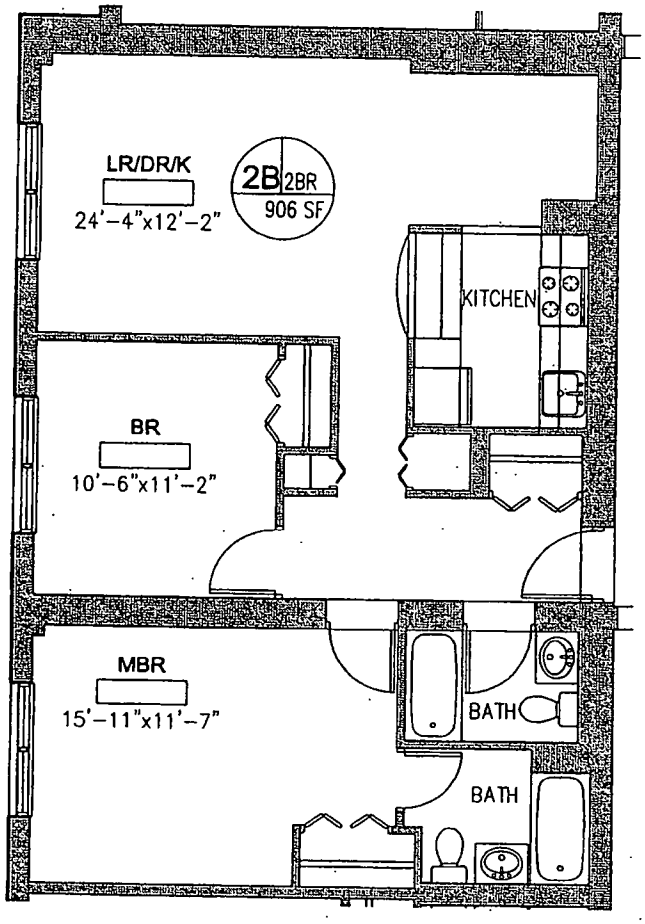


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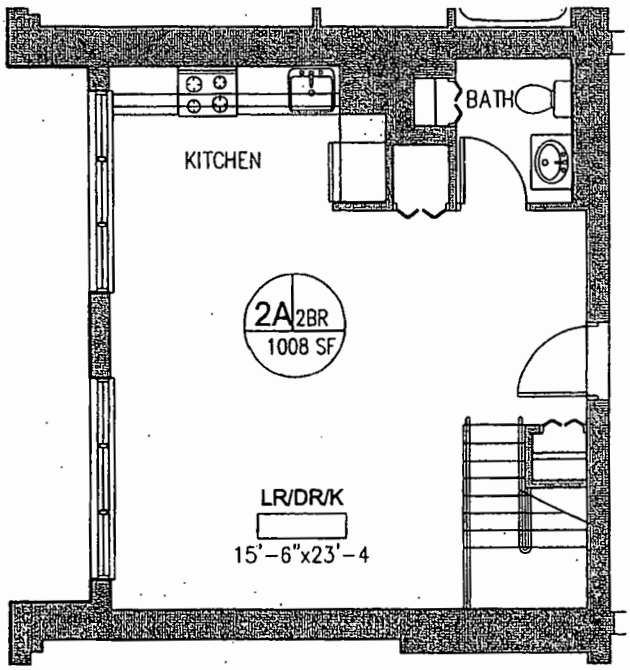
The Sutton Condominium
102 Bradhurst Avenue
New York, N.Y.



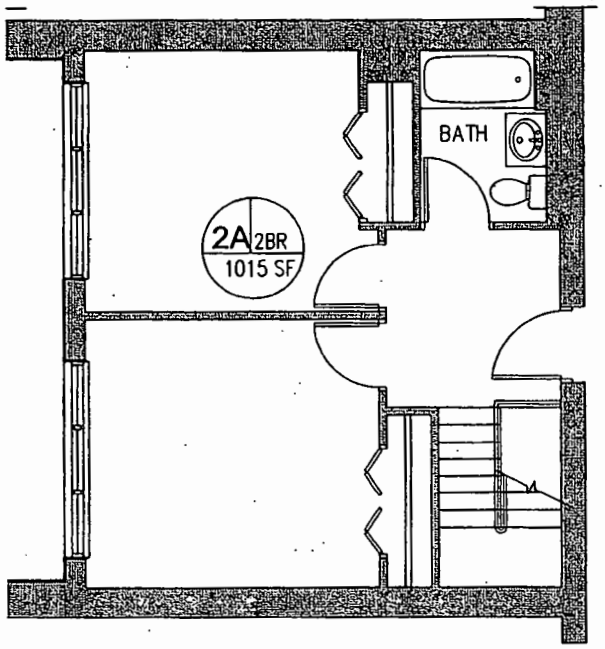
1 UNIT 301, 401, 501, 601, 701, 801
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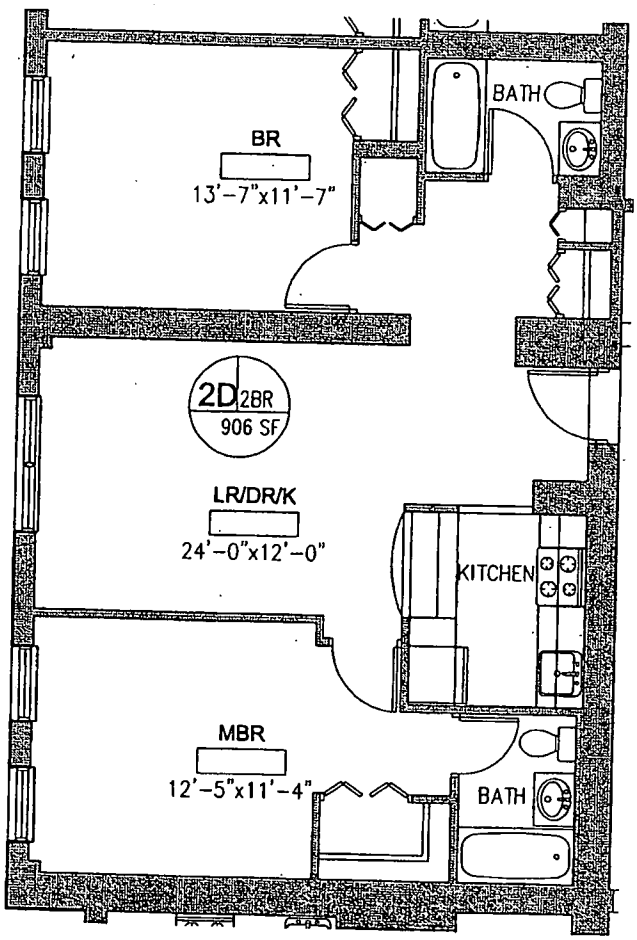
1 UNIT 302, 402, 502, 602, 702, 802, 902
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1 UNIT 303, 503 DUPLEX 3RD & 5TH FLOOR PLAN
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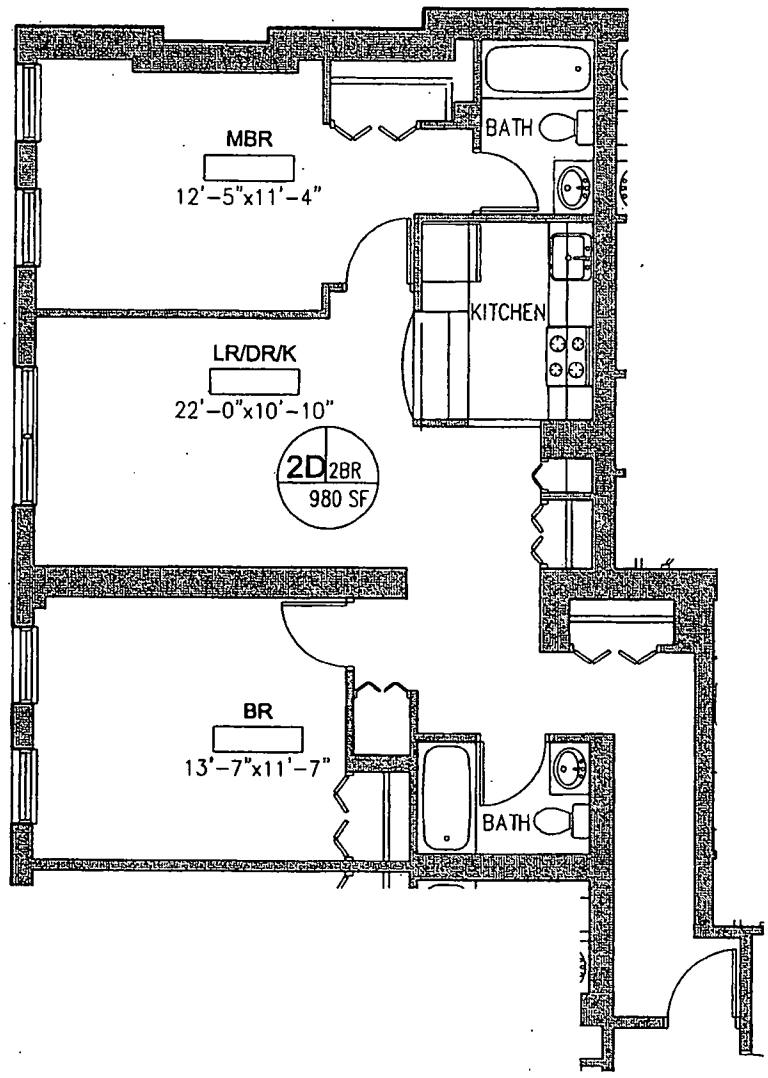


2 UNIT 403, 603 DUPLEX 4TH & 6TH FLOOR PLAN
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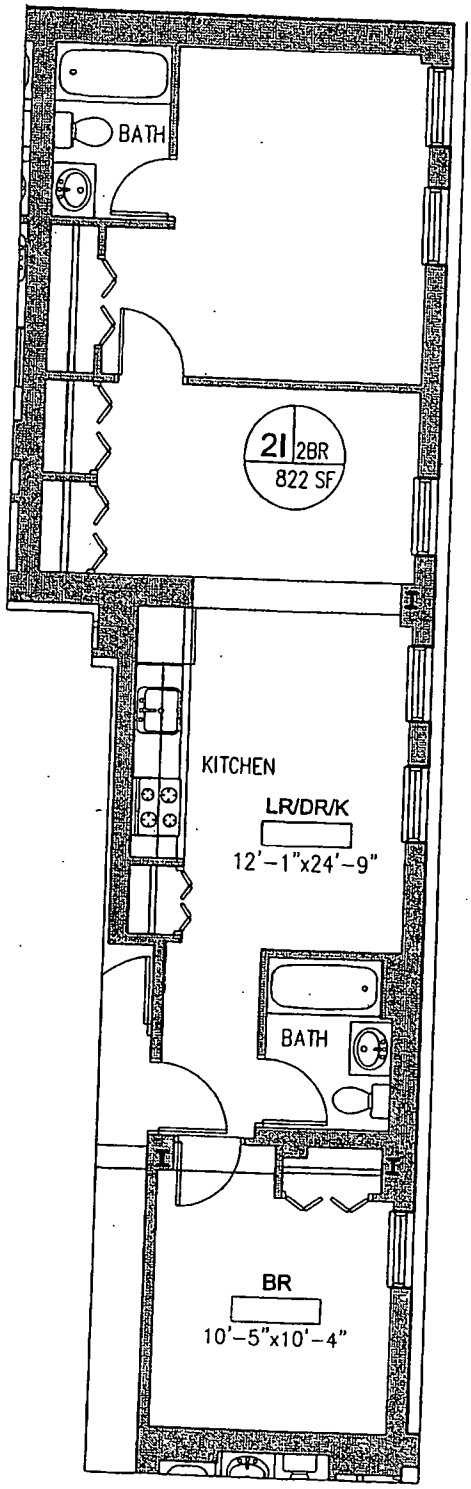


1 UNIT 304, 403, 504
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The Sutton Condominium
102 Bradhurst Avenue
New York, N.Y.

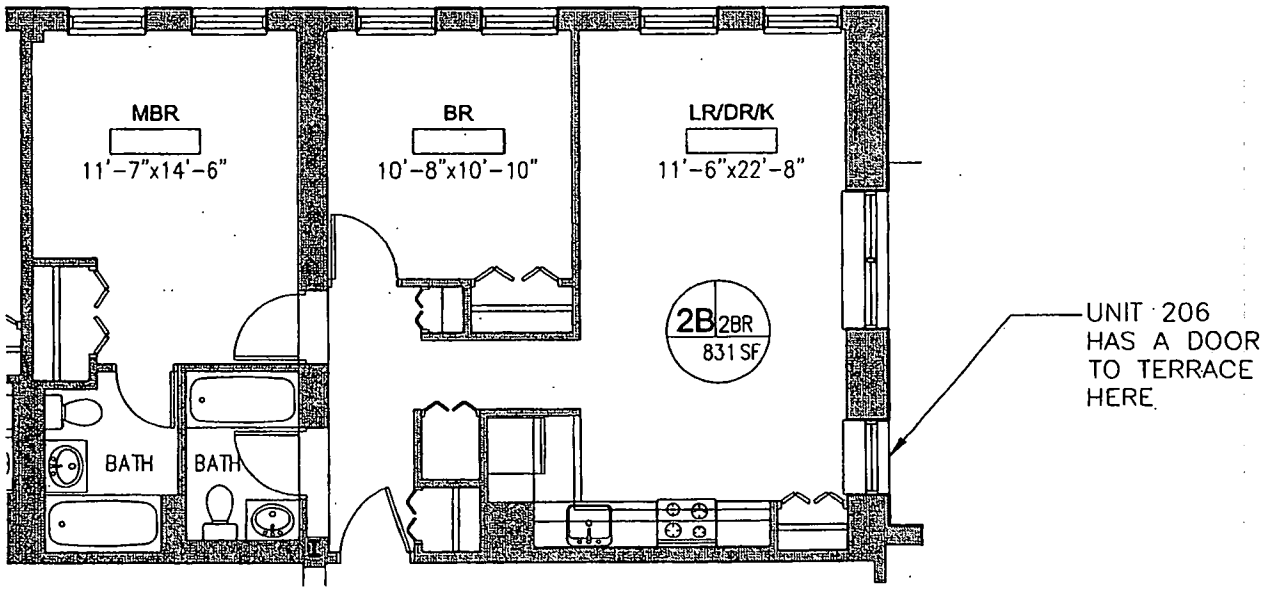


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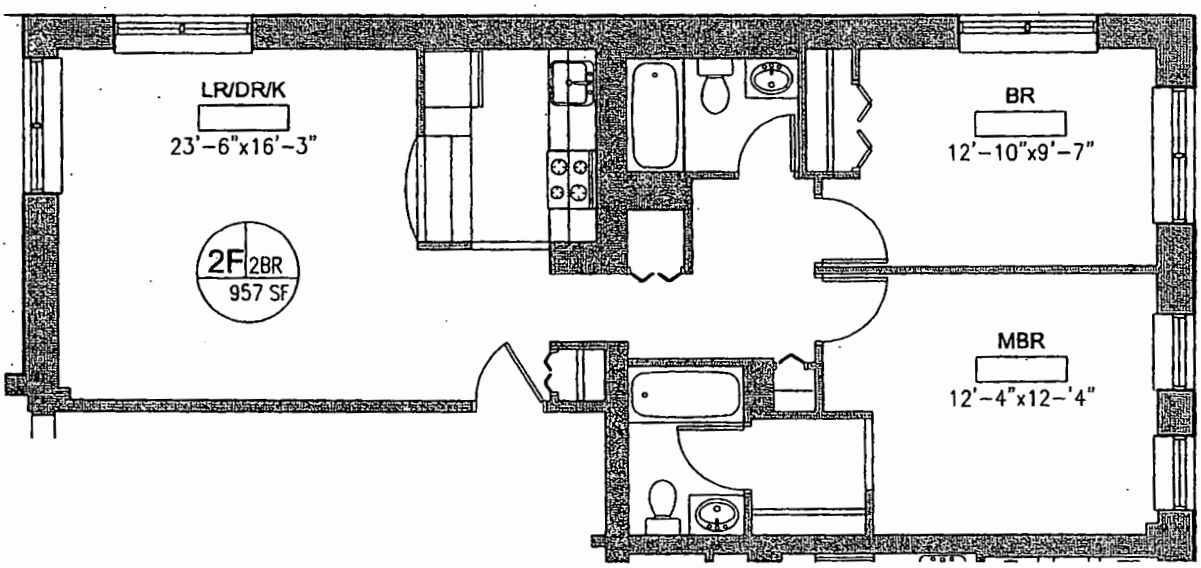
1 UNIT 306, 405, 506, 605, 706, 805
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The Sutton Condominium
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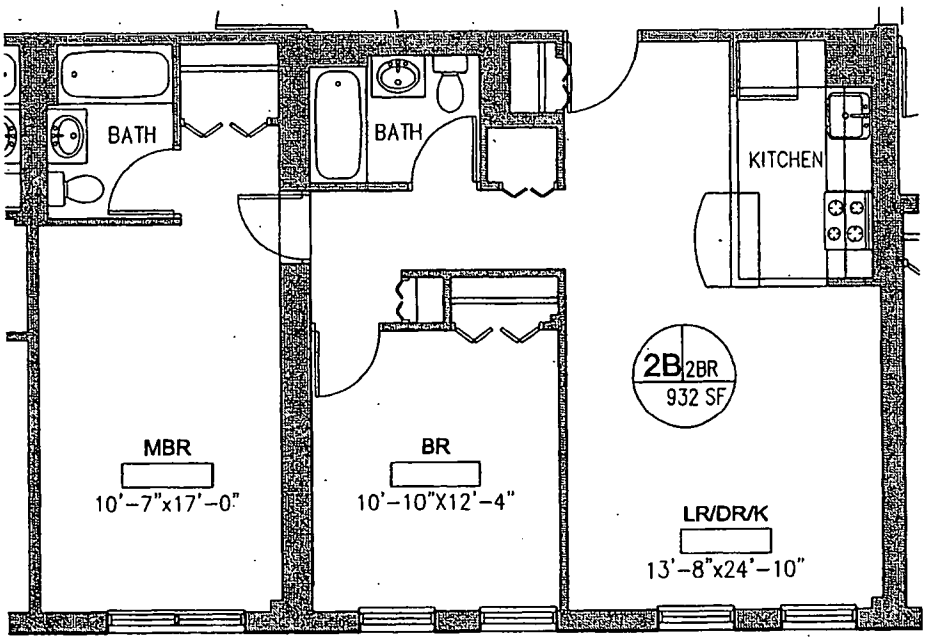
1 UNIT 206, 310, 409, 510, 609

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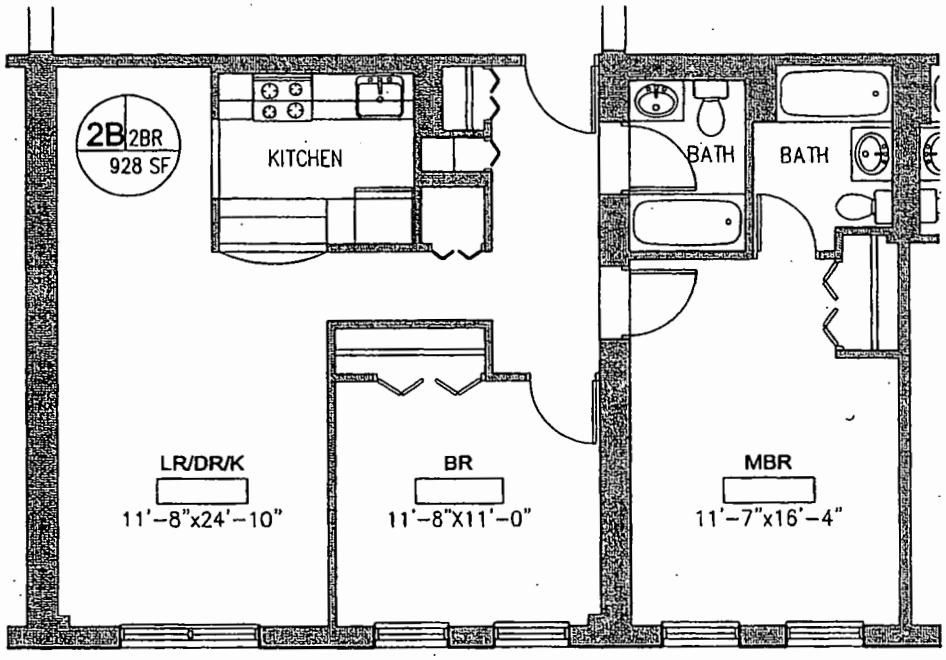


1 UNIT 311, 410, 511, 610
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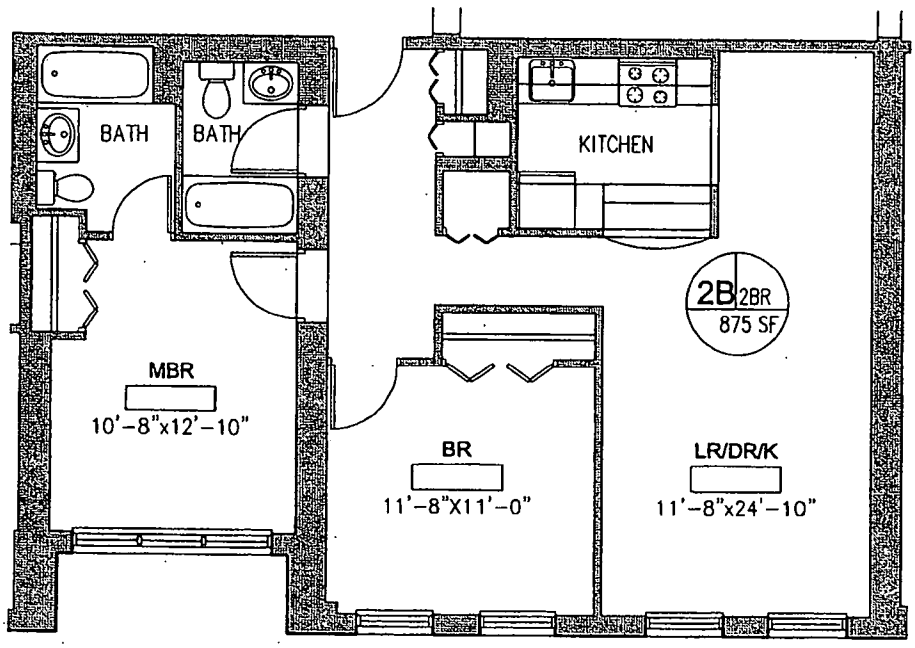
The Sutton Condominium
102 Bradhurst Avenue
New York, N.Y.



1 UNIT 314, 413, 514, 613
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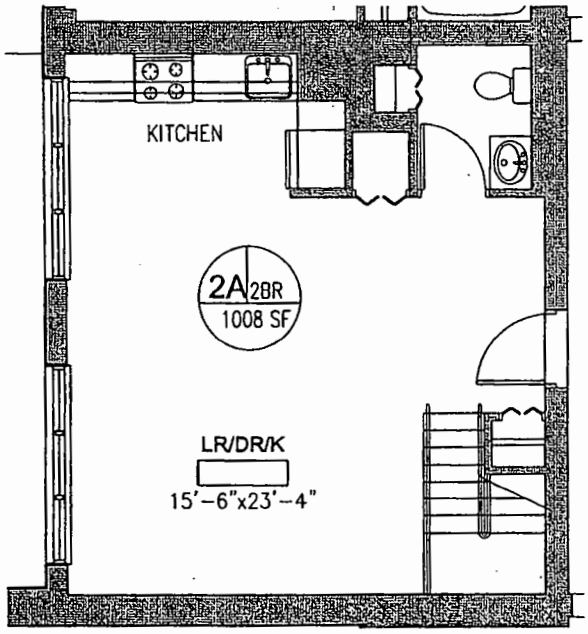


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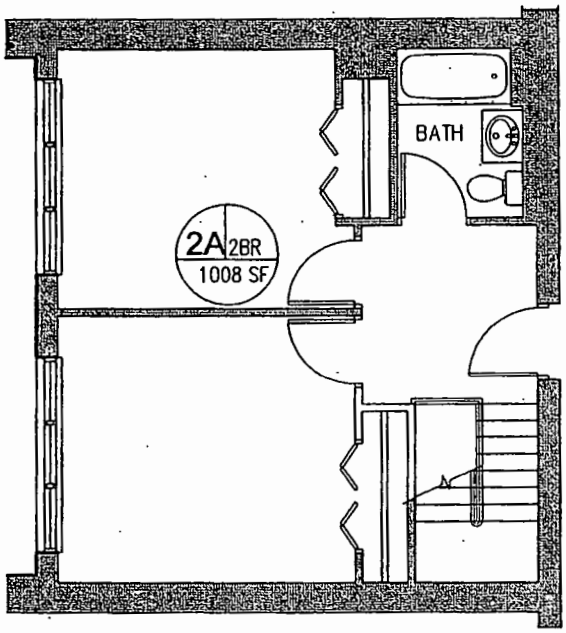


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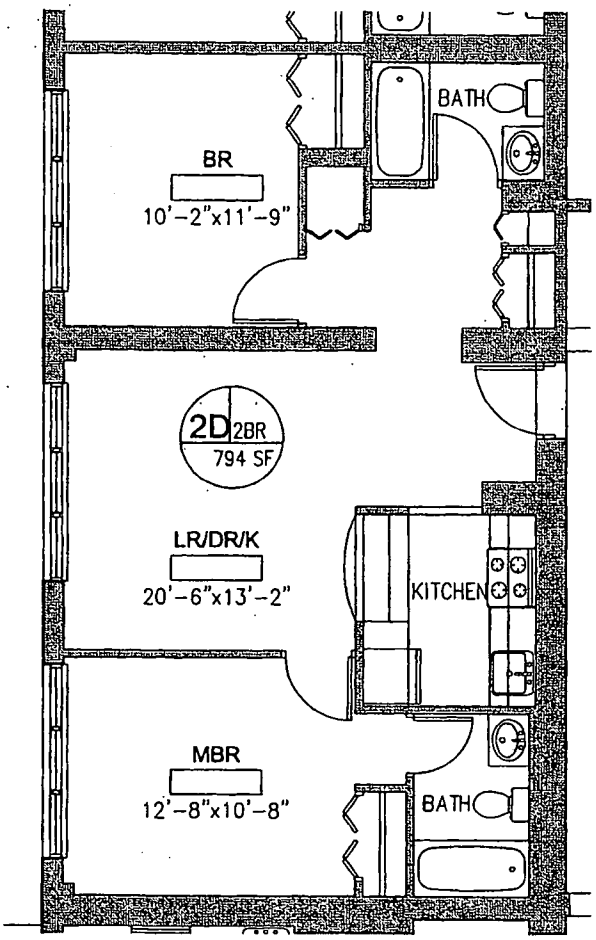
SCALE: 1/8"=1'-0"



1 UNIT 703 DUPLEX 7TH FLOOR PLAN
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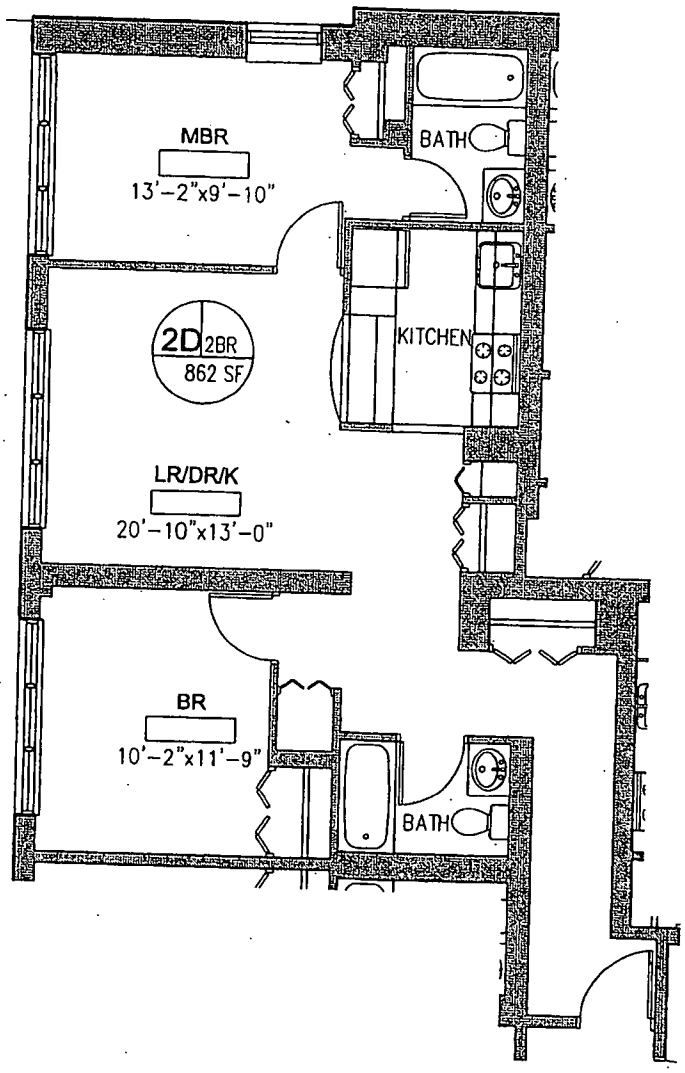


2 UNIT 703 DUPLEX 8TH FLOOR PLAN
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1 UNIT 704, 803

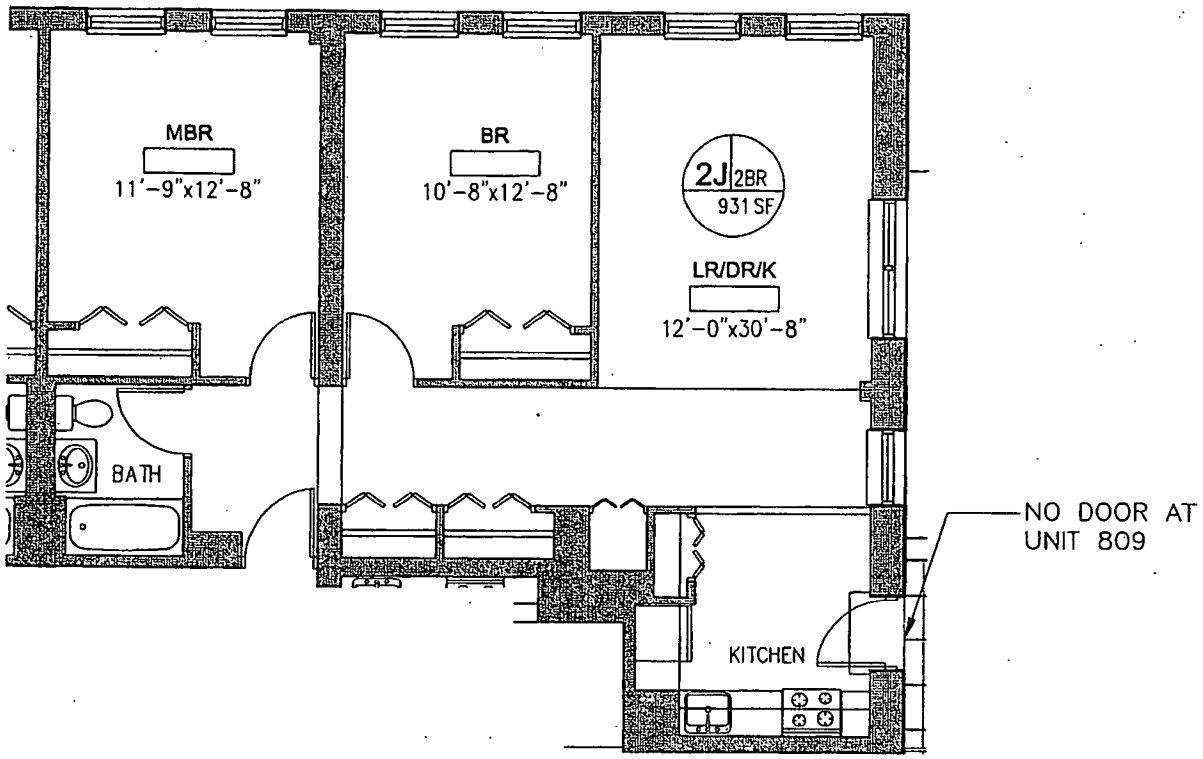
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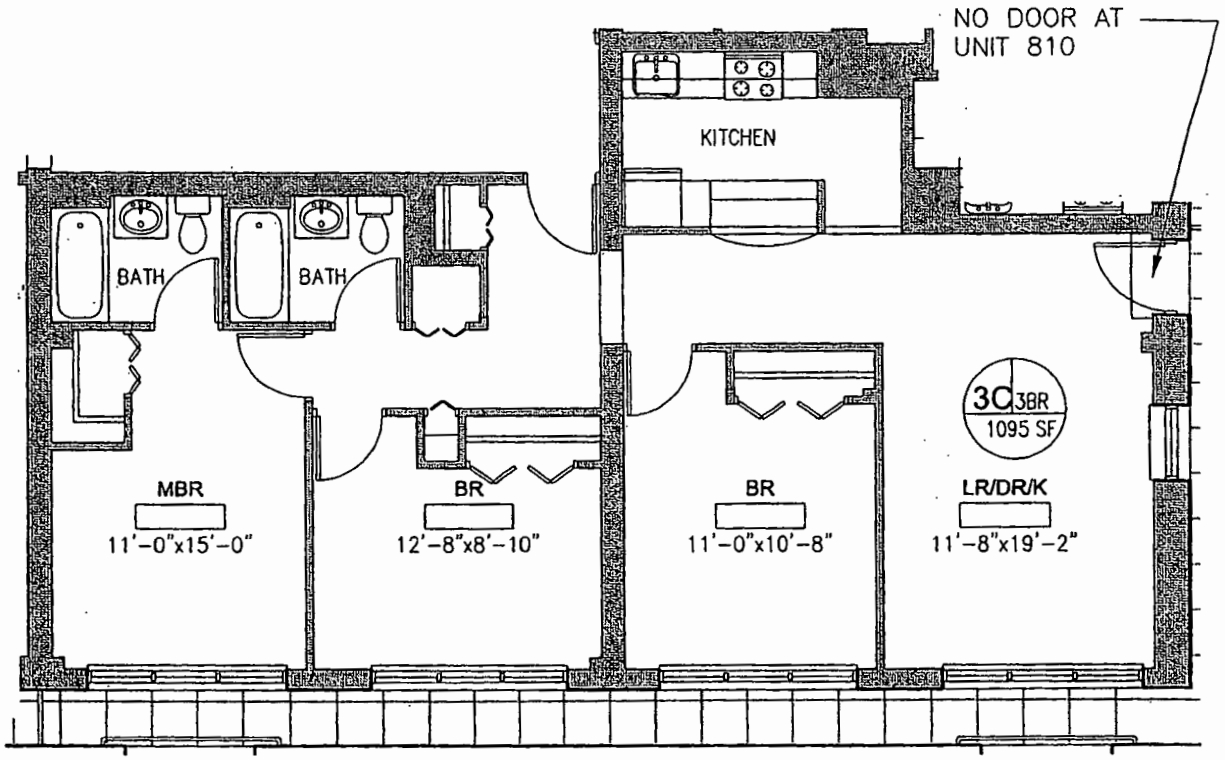
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The Sutton Condominium
102 Bradhurst Avenue
New York, N.Y.

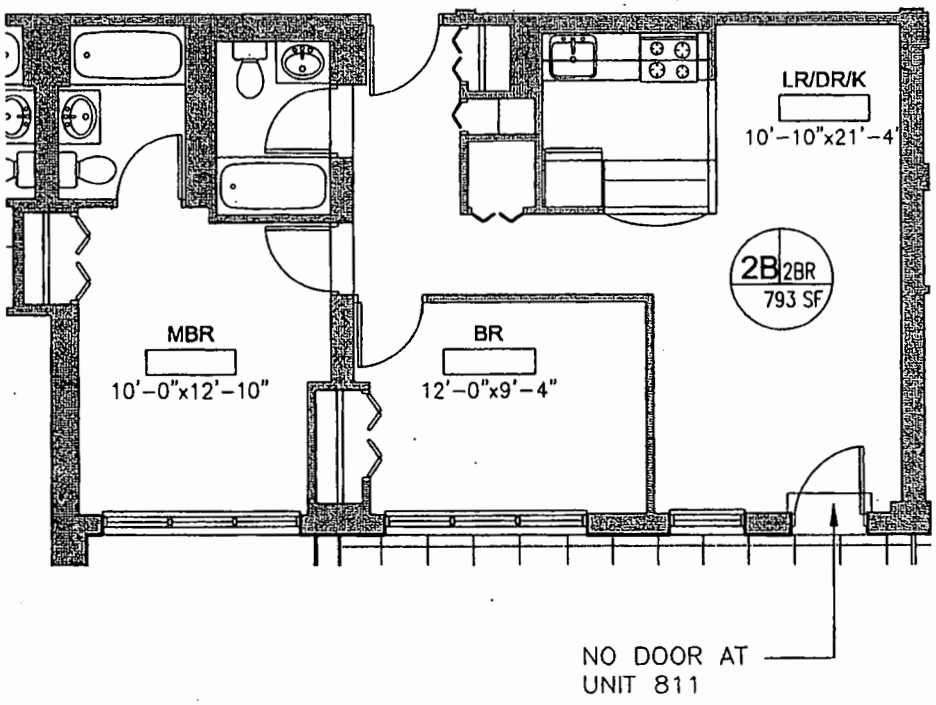


1 UNIT 710, 809
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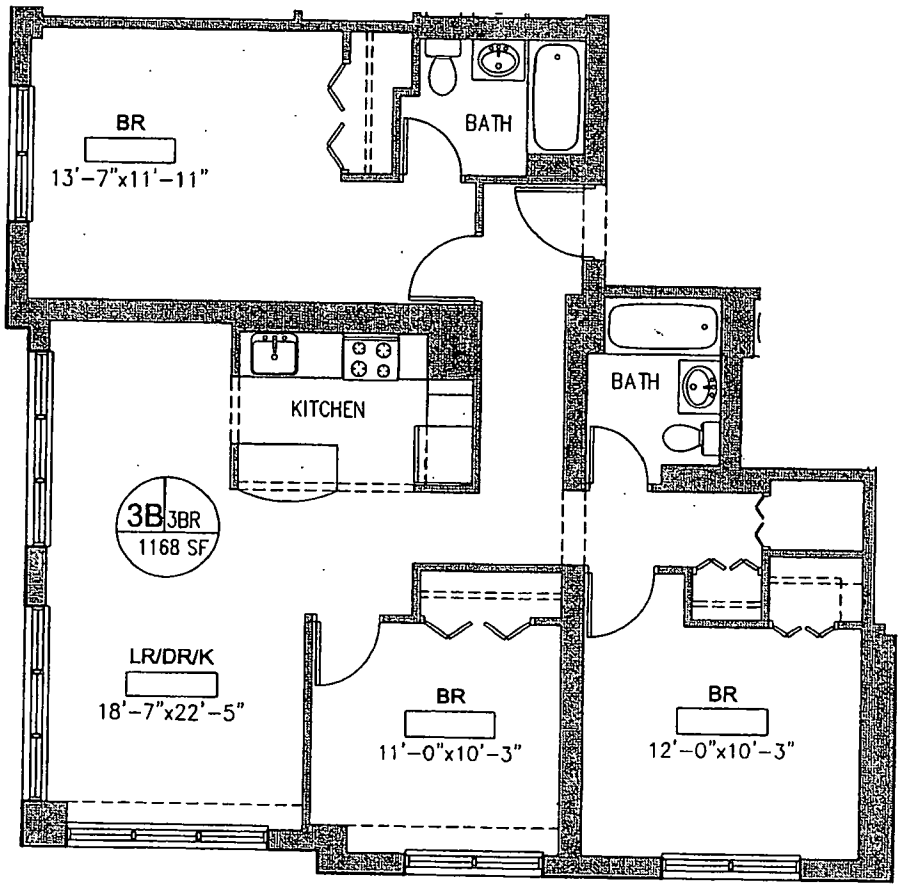
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1 UNIT 712, 811

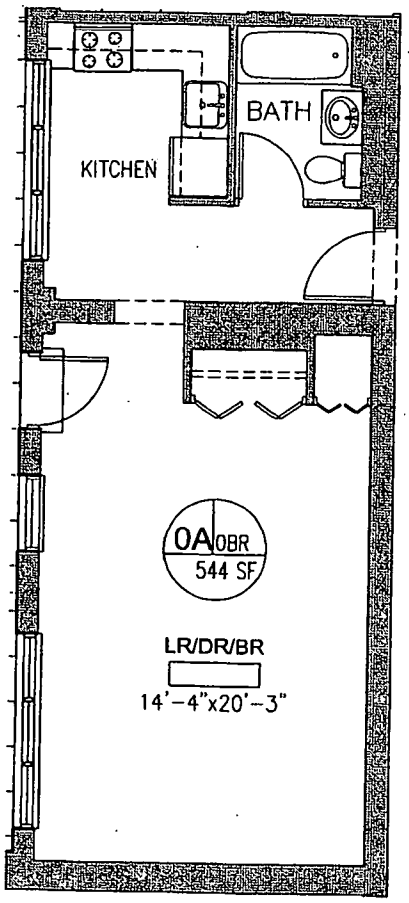
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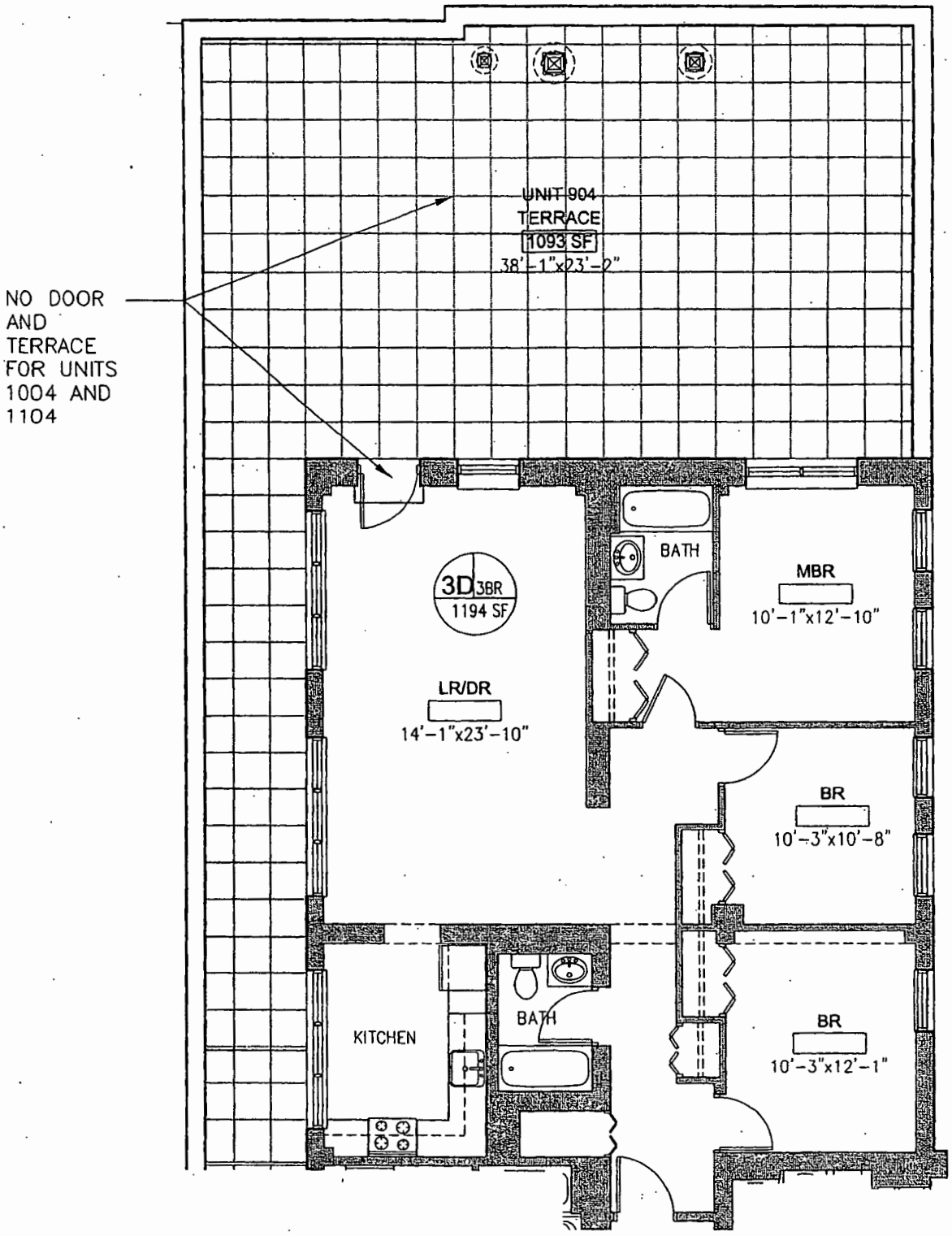
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The Sutton Condominium
102 Bradhurst Avenue
New York, N.Y.



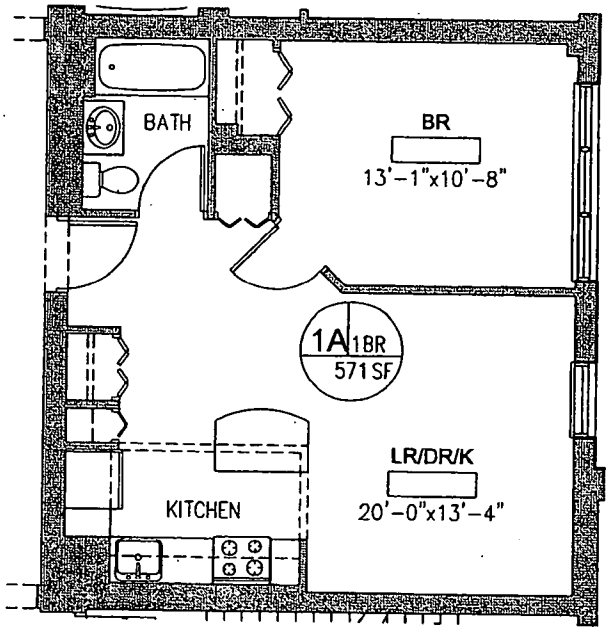
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The Sutton Condominium
102 Bradhurst Avenue
New York, N.Y.

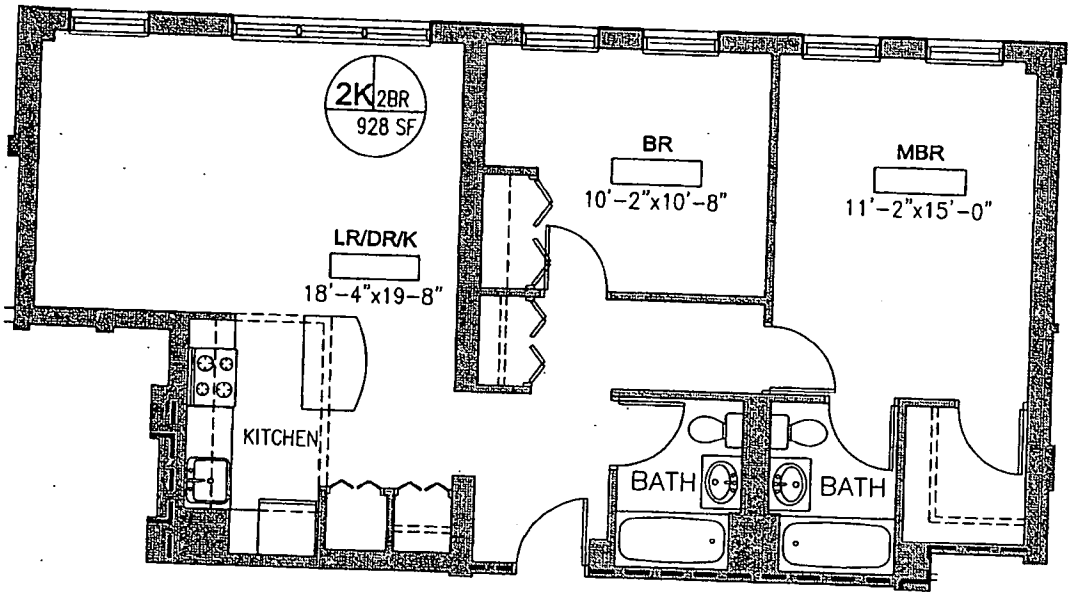


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The Sutton Condominium
102 Bradhurst Avenue
New York, N.Y.

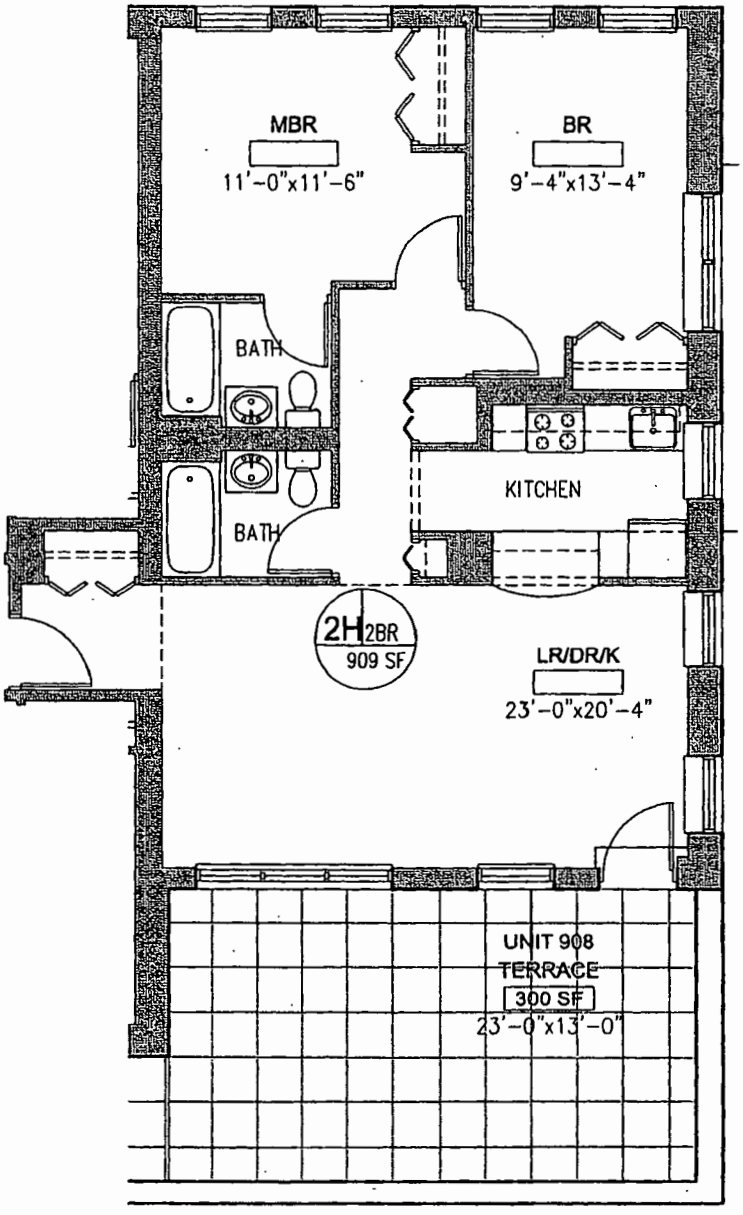


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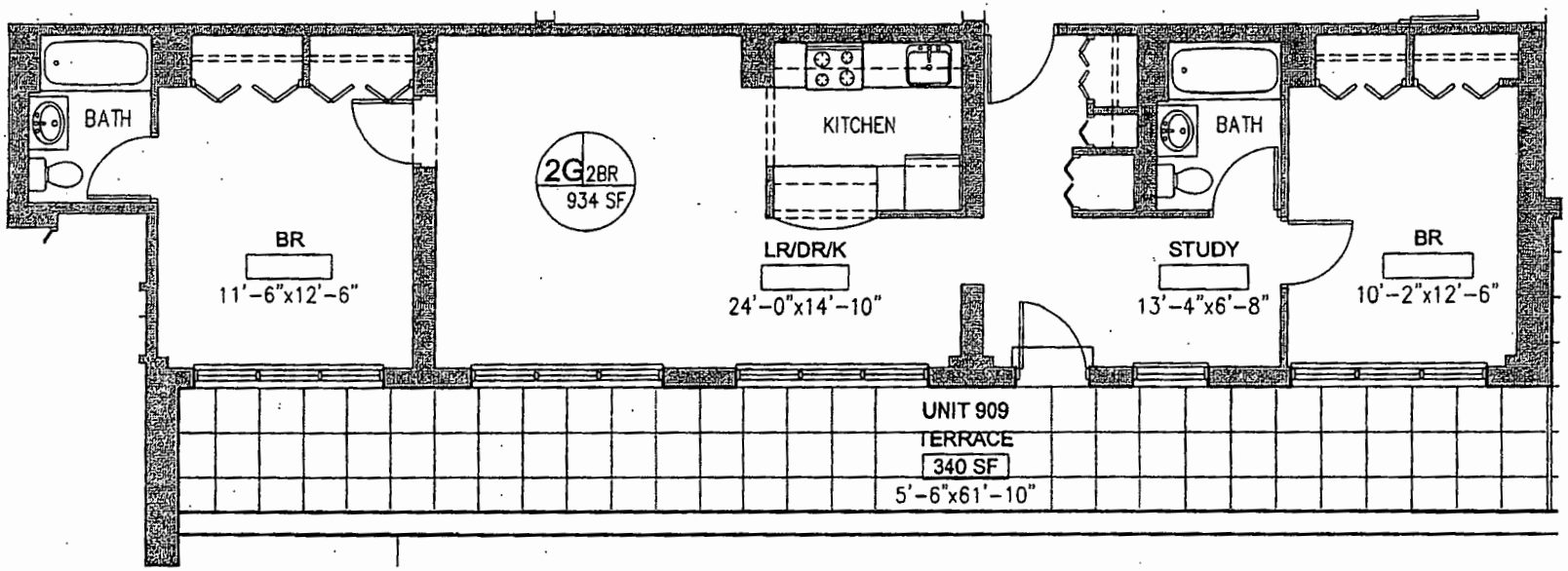
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The Sutton Condominium
102 Bradhurst Avenue
New York, N.Y.



1 UNIT 908
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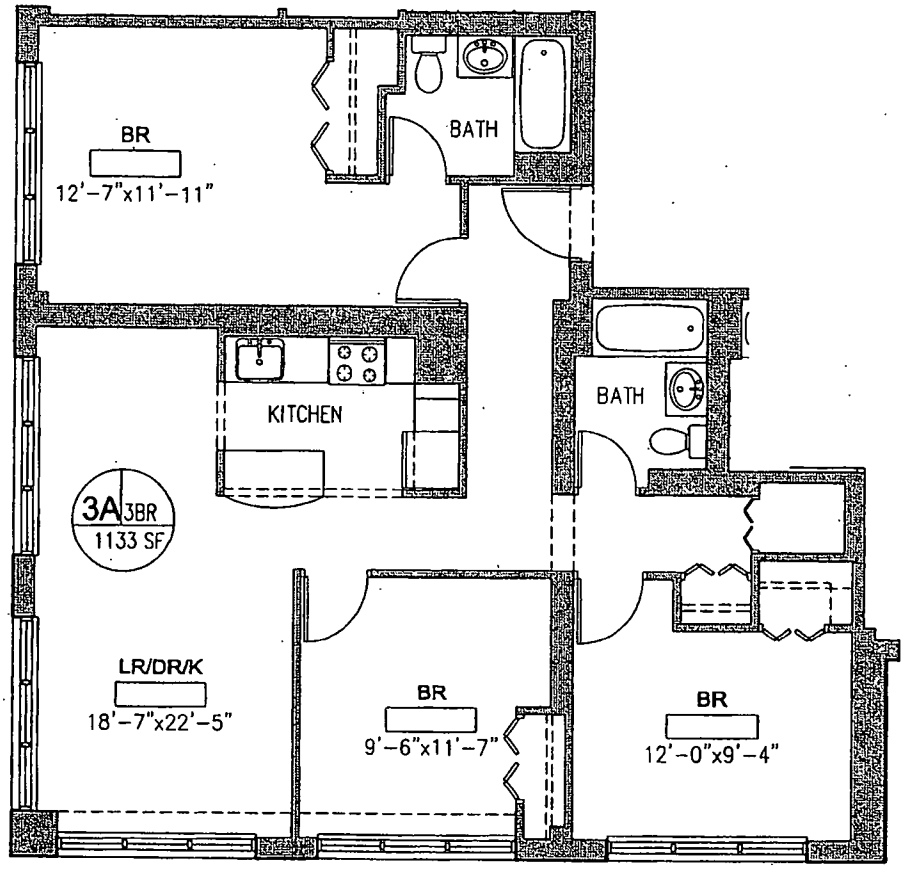
The Sutton Condominium
102 Bradhurst Avenue
New York, N.Y.



1 UNIT 909

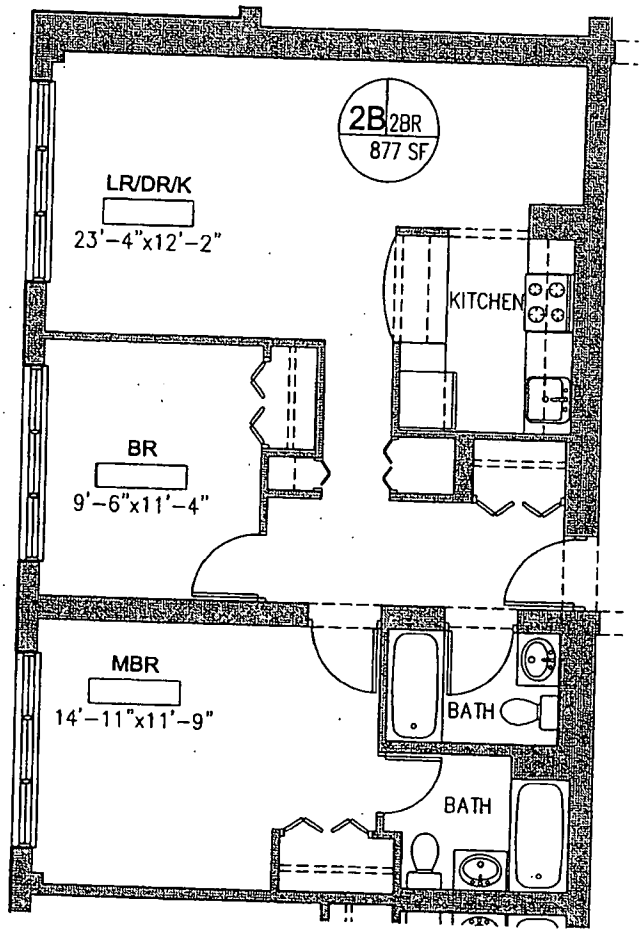
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The Sutton Condominium
102 Bradhurst Avenue
New York, N.Y.



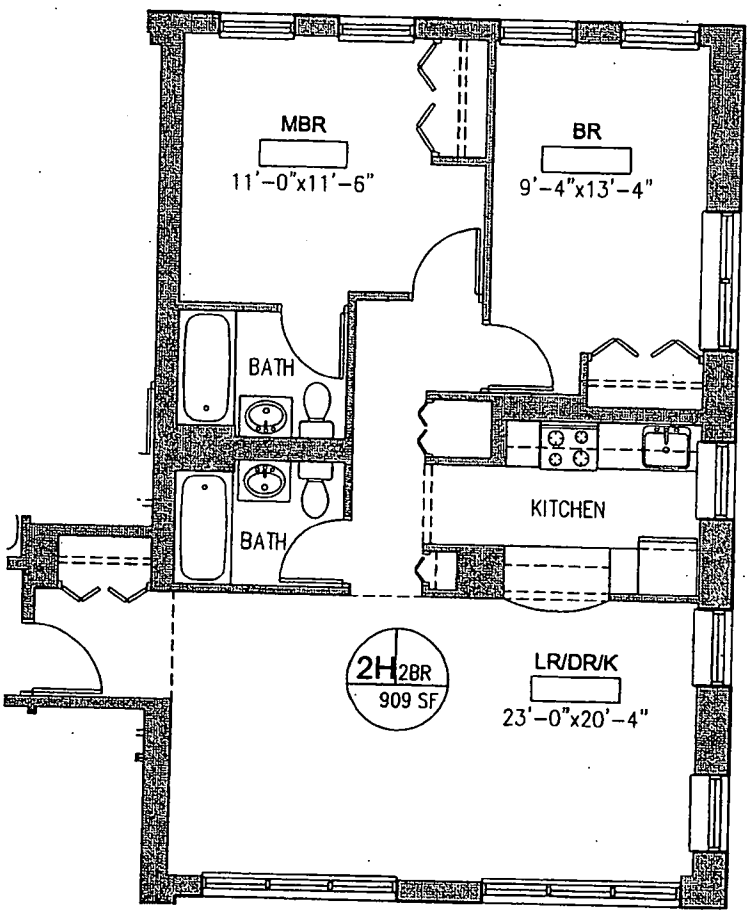
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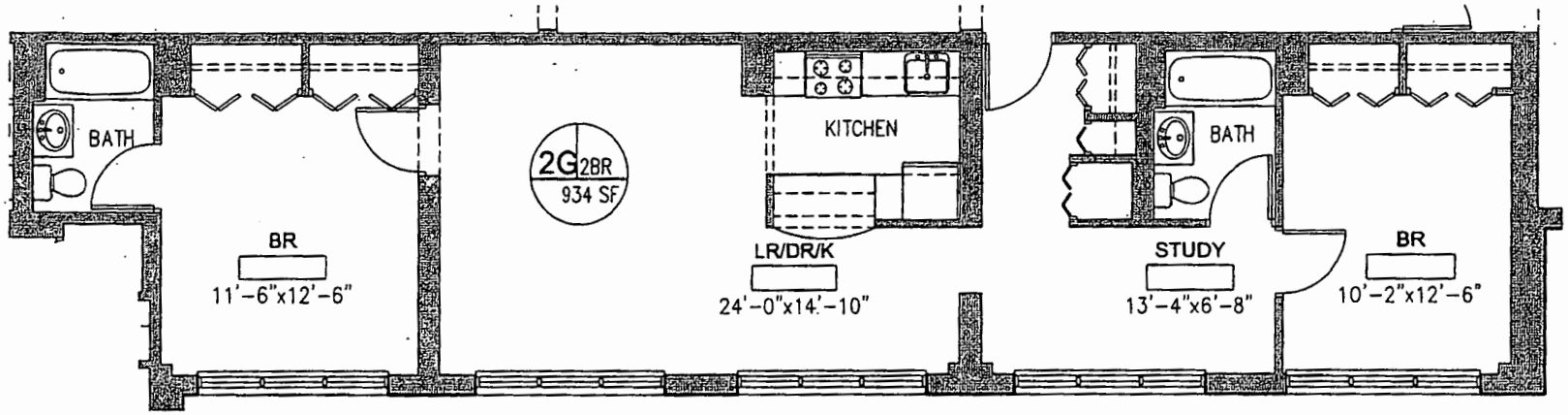
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The Sutton Condominium
102 Bradhurst Avenue
New York, N.Y.



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SCALE: 1/8"=1'-0"

The Sutton Condominium
102 Bradhurst Avenue
New York, N.Y.



1 UNIT 1009, 1109

SCALE: 1/8"=1'-0"

The Sutton Condominium
102 Bradhurst Avenue
New York, N.Y.

EXHIBIT G

HPD DECLARATORY RULING REGARDING 421-a

The City of New York

DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT
SHAUN DONOVAN, Commissioner

Office of Development
DIVISION OF TAX PROGRAMS
100 GOLD STREET, NEW YORK, N.Y. 10038

AILEEN C. GRIBBIN, Associate Commissioner
MIRIAM COLON, Assistant Commissioner

June 2. 2005

Robert Merker
Merker Advisory Services
85 Old Shore Road, Suite 201
Port Washington, NY 1050
Phone: (516) 944-5320; Fax: (516) 883-1910

Re: The Sutton
104-110, 114 Bradhurst Avenue, 307 West 147th Street, and
2771-2773 Frederick Douglass Boulevard
Block 2045, Lots 42, 43, 44, 45, 46, 47, 48, 49, 50, 61 and 62
Borough of the Manhattan
Declaratory Ruling No. 1541 (§421-a)

Dear Mr. Merker:

I am writing in response to your request dated August 4, 2004, as supplemented by later submissions, for a declaratory ruling pursuant to §6-05(g) of Chapter 6 of Title 28 of the Rules of the City of New York (the "Rules") regarding the eligibility of a construction project (the "Project") at the above referenced site (the "Site") for tax benefits pursuant to §421-a of the Real Property Tax Law ("§421-a"), §11-245 and §11-245.1 of the Administrative Code ("§11-245"), and the Rules.

As described, the Project consists of a new Multiple Dwelling on land sold by the City for redevelopment in accordance with the Bradhurst Urban Renewal Plan. The Project will be constructed with Substantial Governmental Assistance in the form of a loan from the New York State Affordable Housing Corporation and a subordinate loan from the New York City Housing Development Corporation thorugh its New Housing Opportunities Program. The Project will be constructed on land sold by the City through the New York City Department of Housing Preservation and Development's ("HPD's") Cornerstone Program. The Project will contain one-hundred thirty-five (135) dwelling units that will be owned by a cooperative corporation as one of three condominium tax lots comprising the Project. A second condominium tax lot will contain commercial space, and a third condominium tax lot will contain parking space. You

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indicate that a single §421-a application will be filed for the Project, which will include all three condominium tax lots.

I. Eligibility Requirements

To be eligible for §421-a tax benefits, the Project must comply with each of the eligibility requirements set forth in §421-a and the Rules. The application of these requirements to the Project is discussed in detail below. Capitalized terms not defined herein have the respective meanings given in the Rules.

A. Location Requirements

1. Geographic Exclusion Area Limitation

Sections 6-02(b)(2) and 6-02(c)(10) of the Rules provide that a project in the Geographic Exclusion Area is eligible for §421-a tax benefits only if carried out with Substantial Governmental Assistance or if Affordable Units are created in accordance with the requirements of §6-08 of the Rules.

The Project is not located in the Geographic Exclusion Area and, therefore, is not subject to these limitations.

2. Public and Private Park Limitation

Paragraphs (5) and (6) of §6-02(c) of the Rules bar §421-a benefits for projects situated on land mapped as a public park (with certain exceptions) or utilized for ten (10) or more consecutive years immediately prior to October 1, 1971 as a private park (as defined in §6-02(c)(6) of the Rules). You state and we assume that the Site does not fall within either category.

B. Site Requirements

Section 6-02(f) of the Rules states that for a project to be eligible for §421-a benefits, the land on which it is located must have been "vacant, predominantly vacant, under-utilized, or improved with a non-conforming use on the operative date." "Operative Date" means, in the case of the Project, thirty-six (36) months prior to the Commencement of Construction.

Under §6-02(f)(3) of the Rules, vacant land is land which contains no enclosed, permanent improvement. Fences, sheds, garage attendant's booths, piers, bulkheads, lighting fixtures, and similar items or any improvement having an Actual Assessed Valuation of less than $2,000 do not constitute enclosed, permanent improvements.

6/2/05

Under §6-02(f)(3)(A)(b) of the Rules, land is under-utilized if, on the Operative Date, it was improved with a residential building or buildings whose Aggregate Floor Area ("AFA") was no greater than seventy percent (70%) of the AFA of the new building or buildings.

You indicate that the Commencement of Construction is expected to occur in June or July, 2005 in either the 2004/2005 or the 2005/2006 fiscal year.[1] Accordingly, the Operative Date will have occurred in June or July, 2002 in the 2001/2002 or the 2002/2003 fiscal year.

Lots 42, 45, 46, 47, 48, 49, 61 and 62

Printouts of Department of Finance records show that the Actual Assessed Valuation of improvements was zero for lots 42, 45, 46, 47, 48, 49, 61 and 62 in both the 2001/2002 and 2002/2003 fiscal years. Department of Finance records also show that for lot 50, the Actual Assessed Valuation of improvements was $1,521 in the 2001/2002 fiscal year and $1,643 in the 2002/2003 fiscal year, both of which were less than $2,000. Accordingly, this portion of the Site qualifies as vacant for the purposes of the Rules.

Lots 43 and 44

Printouts of Department of Finance records show that lots 43 and 44 were each improved with a residential building classified by the Department of Finance as tax class 2 in both the 2001/2002 and 2002/2003 fiscal years. Records reviewed by HPD indicate that on both of the potential Operative Dates each of these lots was improved with a residential building as follows:

Lot Number	Area of Lot (square feet)	Ratio of Area of Lot to Total Area of Site (25,238 square feet)	Portion of AFA of Proposed Project (179,843 square feet) Attributed to Lot (square feet)	AFA of the Existing Buildings (square feet)	Ratio of AFA of Existing Buildings to Portion of Total Project AFA Attributed to Lot
43	1,875	7.4%	13,308.4	7,250	54.5%
44	1,875	7.4%	13,308.4	7,250	54.5%

Accordingly, this portion of the Site qualifies as under-utilized for the purposes of the Rules, because on both of the potential Operative Dates lots 43 and 44 were each improved with a residential building or buildings which had an AFA of no more than seventy percent (70%) of the AFA of the new building attributable to the lot.

[1] Fiscal year refers to the 365 day New York City year for budget and tax purposes from July 1 through June 30. For example, both September 27, 2004 and February 25, 2005 fall in fiscal year 2004/2005.

6/2/05

The Site

Based on the above, lots 42, 45, 46, 47, 48, 49, 50, 61 and 62 qualify as vacant, and lots 43 and 44 qualify as underutilized. Accordingly, the Site qualifies as eligible for the purposes of the Rules.

C. Project Requirements

1. New Multiple Dwelling

Section 6-02(b) of the Rules provides that a project is eligible for §421-a benefits only if it is a "new multiple dwelling." Section 6-02(c)(2) states that Multiple Dwellings resulting from the conversion or rehabilitation of a building or structure are ineligible for benefits, and §6-01 of the Rules (in the definition of "Commencement of Construction") provides that:

> construction shall not commence prior to issuance by the Department of Buildings of either (i) a building or alteration permit for the construction of an entirely new multiple dwelling, the footprint of which consisted entirely of vacant and unimproved land upon such date, or (ii) an alteration permit for the construction of a new multiple dwelling above, and on an entirely separate tax lot from, one or more existing structures which are to be retained, provided that only the floor area attributable to the new multiple dwelling, and any eligible commercial, community facility or accessory use space within such new structure shall be eligible for benefits under the Act.

You state and we assume that the Project will be carried out pursuant to a new building permit issued by the Department of Buildings and that upon completion it will be a new Multiple Dwelling constructed on land which was entirely vacant and unimproved as of the Commencement of Construction. Accordingly, the Project will meet the requirements set forth above.

2. Not Used as a Hotel or for Single Room Occupancy

Paragraphs (3) and (4) of §6-02(c) of the Rules deem any building or portion thereof which is used as a Hotel or for Single Room Occupancy ineligible for §421-a benefits. You state and we assume that no such use of the Project will occur.

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D. Construction Requirements

1. Number of Rooms

Section 6-02(e)(2) of the Rules requires that in a project containing more than one hundred (100) dwelling units, not less than ten percent (10%) of the dwelling units shall contain at least 4½ rooms and, in addition, not less than fifteen percent (15%) of the dwelling units shall contain at least 3½ rooms. The number of rooms shall be computed in accordance with the definition of "Room Count" in §6-01(c) of the Rules.

You state and we assume that the Project will consist of one hundred and thirty-five (135) dwelling units, that twenty-two (22) dwelling units representing at least sixteen percent (16%) of the dwelling units in the Project will contain 3½ rooms, eighty-eight (88) dwelling units representing at least sixty-five percent (65%) of the dwelling units in the Project will contain 4½ rooms and, in addition, twenty-two (22) dwelling units representing at least sixteen percent (16%) of the dwelling units in the Project will contain 5½ rooms. We assume that the Room Count will be calculated in accordance with and that the Project will satisfy the requirements described in §6-02(e)(2) of the Rules.

2. Class A Unit Replacement

Section 6-02(e)(3) of the Rules requires that a project with more than twenty (20) dwelling units contain at least five (5) dwelling units for each Class A dwelling unit in existence one month prior to the Commencement of Construction.

You indicate that the new Multiple Dwelling will contain one hundred thirty-five (135) Class A dwelling units. Therefore, the Project will be subject tot this requirement and we assume that it will comply.

E. Limitation on Other Real Estate Tax Benefits

Section 421-a(2)(c)(i) provides that a Multiple Dwelling shall be eligible for tax benefits pursuant to that section only if "exemption from taxes is not availed of concurrently under any other law." Section 6-02(c)(1) of the Rules provides a limited exception for condominium units which are not taxed by reason of the exempt status of the owner.

You state and we assume that the Project will comply with this requirement and that the Project will not receive real estate tax benefits under any other State or local law.

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F. Timing Requirements

1. Project Commencement

Sections 6-02(b)(1) and 6-02(b)(3) of the Rules require that Commencement of Construction occur before December 31, 2007. You state and we assume that the Project will comply with this requirement.

2. Application Timing

Sections 6-05(b) and 6-05(d) of the Rules impose specific timing requirements for filing applications for preliminary and final certificates of eligibility. You state and we assume that the Project will comply with these requirements.

G. Condominium/Cooperative Requirement

Section 6-05(d)(1)(iii) of the Rules requires that if a project is to be owned as a cooperative or a condominium, the owner must provide a statement that if the prospective cooperative or condominium plan has not been declared effective for filing at a time fifteen months after the issuance of a final certificate of eligibility, such owner will register these rental units with the New York State Division of Housing and Community Renewal within fifteen days after such fifteen month period, or if the building is not occupied, an affidavit stating that the owner shall register all units as they become occupied. You state that the Project will be owned by a cooperative corporation and we assume that it will comply with this requirement.

H. Community Board Notice Requirement

Section 6-03 of the Rules requires that a §421-a application for a project containing more than twenty (20) dwelling units be submitted to the community board in the area in which the project is located. You state and we assume that the Project will comply with this notice requirement.

I. Rent Limitations

Section 6-04 of the Rules imposes a cap on the initial monthly rent which may be charged in a project receiving §421-a benefits. You indicate that the residential units will be owned by a cooperative corporation. Therefore, this rental cap requirement will not pertain to the Project provided that the condominium plan is declared effective for filing within fifteen months after the issuance of a final certificate of eligibility.

II. Duration of Tax Benefits

Section 6-02(d) of the Rules establishes the duration of the §421-a partial tax exemption.

6/21/05

Section 6-02(d)(5) of the Rules states that a twenty-five (25) year post-construction exemption (as more particularly described therein) is available in all boroughs (except in Manhattan south of 110th Street) if a project is (i) located in (A) a Neighborhood Preservation Program Area (as determined by the Department as of June 1, 1985), (B) a Neighborhood Preservation Area (as determined by the New York City Planning Commission as of June 1, 1985), (C) an area eligible for mortgage insurance provided by the Rehabilitation Mortgage Insurance Corporation (REMIC) as of May 1, 1992, or (D) an area receiving funding for a neighborhood preservation project pursuant to the Neighborhood Reinvestment Corporation Act (42 U.S.C. §180 et seq.) as of June 1, 1985 or (ii) (A) is constructed with Substantial Governmental Assistance, or (B) is a building where the Department has imposed a requirement or has certified that 20 percent (20%) of the units are affordable to persons of Low and Moderate Income.

You state and we assume that the Project will be completed with Substantial Governmental Assistance as discussed above. Assuming that such Substantial Governmental Assistance is obtained, the Project will be eligible for a twenty five (25) year post-construction partial tax exemption pursuant to §6-02(d)(5) of the Rules.

III. Reduction of Benefit for Excess Commercial, Community Facilities, and Accessory Use Space

Section 6-06(b) of the Rules provides that the tax exemption granted by §421-a will be reduced if the Project's Floor Area of Commercial, Community Facilities, and Accessory Use Space exceeds twelve percent (12%) of Aggregate Floor Area.

The Project's Floor Area of Commercial, Community Facilities, and Accessory Use Space and a resulting decrease in benefits, if any, will be determined in accordance with the Rules based on the building plans for the Project as built

IV. Conclusion

Based on the information provided by you and the assumptions stated herein, we conclude that the Project will be eligible for a construction period partial tax exemption and a twenty-five (25) year post-construction partial tax exemption, as provided by §421-a.

V. Scope of this Letter

Except as specifically stated herein, this letter is based solely upon the information provided by you and the assumptions stated herein, and we have not verified any of your statements or claims or investigated the accuracy of our assumptions. The Project must satisfy all statutory and regulatory requirements of §421-a in effect at the time of issuance of the certificate of eligibility in order to be eligible for benefits, and we cannot render a final

6/2/05

determination regarding eligibility until all documentation required for a certificate of eligibility has been provided to us, reviewed and approved.

This letter relates only to the Project and the specific facts and circumstances thereof. It may not be used or relied upon in connection with any other application or project.

Each page of this letter is imprinted with the Tax Incentives raised seal, which is initialed and dated in blue ink.

In order to expedite processing, please include a copy of this letter when you apply for §421-a benefits.

Very truly yours,

Lisa S.J. Yee
Director, Tax Incentive Programs

cc: Nancy Batterman, Deputy General Counsel
Ronald Sinacori, 421 Program Director
Margot Algase Sklar, Associate Deputy Director

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EXHIBIT H

EXPERT PROJECTION REGARDING TAXES

REDUCING COSTS FOR NYC PROPERTY OWNERS SINCE 1987
Merker Advisory Services
REAL ESTATE TAX AND WATER CONSULTANTS

MERKER ADVISORY SERVICES
85 Old Shore Road, Suite 201, Port Washington, NY 11050 • Tel: 516-944-5320 • Fax: 516-883-1910

May 31, 2005

Duvernay + Brooks LLC ("Sponsor")
% Gale D. Kaufman
Managing Director/Development
210 Eleventh Avenue, Suite 404
New York, NY 10001

Re: Manhattan, Block: 2045 / Lots: 42, 43, 44, 45, 46, 47, 48, 49, 50, 61, 62

Dear Ms. Kaufman:

You have requested us to project the real estate tax liability of the above referenced premises after the proposed construction of the building is completed.

It has been the practice of the Real Property Assessment Department to increase the assessed valuation of properties based on the new improvements. Until the Department actually assesses the property after completion of construction, it is not possible to estimate or determine the post-construction assessed valuation of this property with any degree of certainty. The estimates presented below are based upon current policies and practices of the Department, and upon analysis of comparable neighboring properties as presently assessed per square foot of total building area.

These estimates assume that the assessed valuation will be increased solely due to the construction being completed by the Sponsor. All prospective purchasers are advised that although the estimate provided below of the assessed valuation upon completion of the construction is a good-faith estimate, such assessed valuation, when actually made, may be less or greater than as estimated.

You have further advised us that you intend to make application of the appropriate agencies of The City of New York for real estate tax exemption benefits pursuant to Section 421-a of the Realty Property Tax Law and Section 11-245 of the Administrative Code of The City of New York (hereinafter, "421"). The benefits, which are available to eligible projects, which meet the qualifications of the statute, include a tax exemption as detailed below.

MERKER ADVISORY SERVICES
85 Old Shore Road, Suite 201, Port Washington, NY 11050 • Tel: 516-944-5320 • Fax: 516-883-19

TAX EXEMPTION

Eligible properties, which receive a 421 exemption, are exempted from any increase in assessed value over the assessed value of the property for the tax years prior to the commencement of construction. This means that the assessed value of the property, after application of the exemption, will be "frozen" at the level of the assessed value prior to construction for the duration of the exemption. 421 benefits are granted to residential developments, and all or part of the commercial space developed in conjunction with such a project.

You have advised us that:

(1) You intend to construct 179,932 square feet of gross floor area, of which 7,192 square feet will be commercial space, 14,101 square feet will be parking space, and 158,639 square feet will be residential space; the building will be divided into a condominium with three tax lots. One tax lot will include the commercial space, one tax lot will include parking space, and the third tax lot will be owned by a cooperative corporation and will include the residential space.

(2) You intend to create 135 Class "A" dwelling units (as defined by the Multiple Dwelling Law); of which there will be 3 studio apartments, 22 one-bedroom apartments, 88 two-bedroom apartments, and 22 three-bedroom apartments;

(3) Upon completion of construction each apartment shall contain at least one private bathroom and private kitchen for the exclusive use of the occupants therein;

(4) The project meets the eligibility criteria of the 421 program including:
   a. The project will not be receiving benefits under any other real estate tax program;
   b. The property has not been mapped or used as a park since 1961;
   c. The property is located in a zoning area which does not allow floor area ratios over fifteen as of right;
   d. Dwelling Units will be sold to owner/occupants, and not

rented, so the project will not be subject to rent regulation requirements;

e. No dwelling units will be used for transient occupancy;
f. The construction will be "as of right";
g. The previously existing structures on the site are in compliance with the 421 requirements based on square footage and zoning requirements.
h. Construction will begin in June 2005, and will be completed between January and June 2007.

(5) You will provide all required documentation for the 421-exemption application including an audited financial statement upon completion of construction.

ASSESSED VALUATION

The site, prior to construction of the project, consists of 11 separate tax lots. After completion of the project and implementation of the contemplated condominium, the property will be divided into one tax lot for the residential portion of the building, a second tax lot which will include the parking area, and a third tax lot with will contain the commercial portion of the building. 2004/05 Assessed Valuation for the property is as follows:

Block/Lot		Land	Total
2045/42	Actual	1,824	1,824
	Transitional	1,824	1,824
2045/43	Actual	14,175	55,800
	Transitional	18,135	47,520
2045/44	Actual	14,175	55,800
	Transitional	18,135	47,520
2045/45	Actual	29,124	52,200
	Transitional	29,124	29,124
2045/46	Actual	2,208	2,208
	Transitional	2,208	2,208
2045/47	Actual	2,400	2,400
	Transitional	2,400	2,400
2045/48	Actual	21,195	21,195
	Transitional	18,252	18,252

2045/49	Actual	21,960	21,960
	Transitional	18,891	18,891
2045/50	Actual	24,750	17,722
	Transitional	17,722	17,722
2045/61	Actual	1,824	1,824
	Transitional	1,824	1,824
2045/62	Actual	1,824	1,824
	Transitional	1,824	1,824
Total	Actual	135,459	234,757
Total	Transitional	130,339	189,109

There are three recognized appraisal methods, which are employed by the Real Property Assessment Department to determine the full market value of income producing real property. These methods are the original cost method, capitalization of income approach, and the sale price comparison method. The original cost method is based on the theory that its cost of construction plus the acquisition cost of the underlying land reflect the value of a given property. This method of valuation is considered a highly significant indicator of value with respect to new buildings. Relevant data used in the cost method include material and labor ("hard") costs, and financing, engineering, architectural, testing and professional fees, construction period taxes ("soft") costs.

The capitalization of income method is based upon the proposition that the annual net income generated by a property, when divided by the rate of return an investor at a given time would accept for his money is a competing investment, yields a close estimate of the market value of the property.

The sales price comparison method is founded upon the belief that value can be ascertained by surveying market prices. Market value has been defined as that price which a property would bring in a competitive and open market, wherein both buyer and seller are acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus. However, the addition of sale prices of individual units may not be the basis for arriving at the assessed valuation of a residential condominium or cooperative housing corporation (see New York State Real Property Tax Law Sec. 581, and Real Property Law Sec. 339-y).

Since tax year 1982/83, Real Property Tax Law section 1805 (3) has mandated that increases in assessed valuation must be phased in over a five

year period, resulting in a "transitional assessment". However, the statute requires the Department of Finance to include all physical (new construction, renovation, rehabilitation, or addition of square footage to existing structures) changes directly into the taxable assessed valuation without the five-year phase-in. The "actual assessment" is the target value, which will be reached at the end of the five-year period, assuming the assessment is not increased in the interim. Taxes are payable based upon the lower of the two values.

In arriving at the assessed valuation for each unit in the Condominium, the building is first assessed as an entirety. This overall assessment is then apportioned among the respective units, each of which will be assigned a tax lot designation once the Condominium Declaration has been recorded and the floor plans are filed with the office of the City Register. The apportionment will be based in part upon the proportion the projected selling price presented in the Offering Plan for each unit bears to the gross sellout price for all units available for purchase in the project (hereinafter, "Proportionate Valuation"), and in part upon extrinsic indicia of value, including location, square footage, amenities, income producing potential and existing leases on particular units. In this case, three tax lots will be created. One of the tax lots will contain commercial space, a second will contain parking space, and the third tax lot will be owned by a coop corporation. The tax due for the tax lot owned by the coop corporation will be the responsibility of that corporation, and individual unit shareholders will pay a proportional percentage of that tax as part of their maintenance charges based on their allocation of shares.

Because the project will be under construction in January, 2006 which is when assessments are determined for the 2006/2007 tax year, it is not possible to determine to what extent, if any, the improvements constructed will affect the 2006/2007 taxable value of the property. For purposes of this letter, we will assume that the newly constructed building will be complete by January of 2007, and fully assessed for the 2007/2008 tax year.

Based on our analysis of the property, we project an assessed value, after completion of construction as follows:

Residential Units:	**$11,921,721**
Commercial Unit:	**$ 916,565**
Parking:	**$ 226,548**

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Prospective purchasers are advised that this valuation estimate assumes that the taxing authority is assessing a post-construction, completed, occupied building and is not intended to reflect any interim valuation. **Prospective purchasers are also advised, that this figure is an estimated projection and that it is impossible to determine the exact figure until the Department of Finance provides such information.**

REAL ESTATE TAXES

The property is currently classified as Class 2 and Class 1 residential, and upon completion will be class 2. Assuming an occupancy date of July 2007 this projection will evaluate taxes for the 2007/08-tax year which would be the first new tax year after completion of the project.

For purposes of this projection, it will be assumed that tax rates will increase by 5% per year. The current rate, and projected rates are as follows:

TAX RATES

	Current Year - 2004/2005	Estimate for 2005/06 based on 5% increase	Estimate for 2006/07 based on 5% increase	Estimate for 2007/08 based on 5% increase
Class 2	13.143%	13.800%	14.490%	15.215%
Class 4	11.580%	12.159%	12.767%	13.405%

Using these rates, and the assessed values discussed above, taxes payable during tax years 2007/08 would be as follows **if no 421 benefits were received**:

2007/08	Billable Value	Tax Rate	Annual Tax
Parking	$ 226,548.00	13.41%	$ 30,368.76
Commercial	$ 916,565.00	13.41%	$ 122,865.54
Residential	$ 11,921,720.85	15.22%	$ 1,813,889.83

Assuming the Property qualifies for 421 benefits, and as described above, the benefits commence in the 2007/2008-tax year, the taxes for the 2007/2008-tax year would be adjusted as follows:

The 421 benefits would grant the property an exemption from increases in assessed value due to the construction of the project. This means that the property's assessed value after the exemption is subtracted would be equal to the assessed value of the land and improvements prior to construction of the project. The residential tax lot would receive full exemption benefits, and the commercial tax lot would receive benefits as described below:

Benefits for the Residential Tax Lot: The residential portion of the building represents 88% of the square footage of the entire building, and the parking area and commercial space together represent 12% of the square footage. Since the residential space has a higher value than the parking space, we will assume that the residential portion will be allocated 90% of the pre-construction assessed value. Taking this into account, the taxes payable for the residential lot would be as follows **if 421 benefits were granted:**

Tax Year	Billable Value after exemption	Tax Rate	Annual Tax
2007/2008			
Residential Portion	$ 211,281	15.215%	$ 32,146

Benefits for the Parking & Commercial Tax Lot: The parking area is being combined with the commercial area for this portion of the analysis. However, parking space should receive a full exemption because according to the definitions of section 11-245, "accessory use space shall not include any accessory parking space located not more than twenty-three feet above the curb level." 421 benefits are provided to a commercial portion of an eligible project to the extent that the commercial space represents less than 12% of the project. The portion of the commercial space that represents over 12% of the project does not receive an exemption. The commercial portion of the building represents 4% of the entire building and therefore would receive a full exemption. As noted above, assuming the commercial/parking area is allocated 10% of the pre-construction value, the taxes payable for the commercial/parking lot would be as follows **if 421 benefits were granted:**

Tax Year	Billable Value after exemption	Tax Rate	Annual Tax
2007/2008			
Commercial	$ 9,390.28	13.405%	$ 1,258.77
Parking	$ 14,085.42	13.405%	$ 1,888.15

DURATION OF BENEFITS

421 Benefits are granted for a period of from 10 to 25 years, with a phase out of benefits during the last 5 years. Based on the location of this property, and the fact that it is not being constructed with "substantial government assistance" or for low income housing, the project will be entitled to the 421 exemption for a period of 25 years as follows:

Year	Percentage of Exemption Benefit
Year 1	100%
Year 2	100%
Year 3	100%
Year 4	100%
Year 5	100%
Year 6	100%
Year 7	100%
Year 8	100%
Year 9	100%
Year 10	100%
Year 11	100%
Year 12	100%
Year 13	100%
Year 14	100%
Year 15	100%
Year 16	100%
Year 17	100%
Year 18	100%

Year 19	100%
Year 20	100%
Year 21	100%
Year 22	80%
Year 23	60%
Year 24	40%
Year 25	20%

This letter was prepared at the Sponsor's request. The figures set forth herein are approximations derived from material submitted by the Sponsor and are subject to variation. No government agency has passed upon these figures or the estimates of tax abatement and exemption contained herein. We have not passed upon the accuracy of any figures or estimates contained in the plan, and offer no warranties of the amount of any 421 real estate tax benefits for any period.

The above opinion is based upon our interpretation of Section 11-245 of the Administrative Code of the City of New York and is not intended to be a guarantee that tax exemption will be granted. The opinion is further subject to the owner's compliance with the rules and regulations concerning the 421-tax exemption program.

No representation is made that the provisions of law will apply at the time the alterations to the building are completed, and if they do apply, that the Department of Housing Preservation and Development of The City of New York will hold that the property is entitled to the benefits conferred by Section11-245 of the Administrative Code of The City of New York.

No warranty is, or can be made that the New York City Department of Housing Preservation and Development or the New York City Real Property Assessment Department, or any other agency with jurisdiction, will approve sponsor's application for 421 Tax benefits. The writer of this letter shall not be liable if the property fails to obtain in whole or part 421 benefits. Should tax exemption be denied, in whole, or in part, then the unit owners will be responsible for all taxes due and owing from the closing date.

The opinions expressed above are based on our interpretation of the Administrative Code and the applicable rules and regulations of HPD, as all of same exist on the date hereof. While we believe our opinions are well

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founded, they are not intended, and should not be construed as representations or warranties that you will satisfy the existing requirements of section 11-245 or the regulations. You should be aware of the possibility that the Administrative Code upon which this opinion is predicated may in the future be revised in a manner adverse to your interests, or that there may be an adverse interpretation of this statue by one or more agencies of The City of New York.

We hereby consent to the inclusion of this letter in the Offering Plan.

Very truly yours,

Robert Merker

EXHIBIT I

HDC REGULATORY AGREEMENT

REGULATORY AGREEMENT

among

THE SUTTON

BRADHURST 100 DEVELOPMENT LLC

NYC PARTNERSHIP HOUSING DEVELOPMENT FUND COMPANY, INC.

and

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Dated: June 15, 2005

BLOCK: 2045

LOTS: 42-50 54-56, 61 and 62

COUNTY: New York

RECORD AND RETURN TO:
New York City Housing
Development Corporation
110 William Street, 10th Floor
New York, New York 10038
Attention: General Counsel

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

REGULATORY AGREEMENT

THIS REGULATORY AGREEMENT ("Agreement") is made and entered into as of the 15h day of June, 2005 by and among **BRADHURST 100 DEVELOPMENT LLC** a New York limited liability company formed under the Limited Liability Law of the State of New York whose address is 210 Eleventh Avenue, Suite 404 New York, NY 10001 ("Sponsor"), the **NYC PARTNERSHIP HOUSING DEVELOPMENT FUND COMPANY, INC.**, whose address is One Battery Park Plaza, New York, New York 10004 ("Partnership") and the **NEW YORK CITY HOUSING DEVELOPMENT CORPORATION**, a corporate governmental agency constituting a public benefit corporation of the State of New York ("HDC"), whose address is 110 William Street, New York, New York 10038.

WITNESSETH:

WHEREAS, it is anticipated that Sponsor will cause to be developed on the land described on Exhibit A hereto (the "Land"), a mixed-use residential and commercial building (the "Building;" the Land and Building together, the "Property"), and

WHEREAS, during construction, title to the Land will be held by the Partnership; and

WHEREAS, it is anticipated that, subsequent to the date hereof but prior to the completion of construction of the Building, a declaration of condominium shall be recorded against the Property by the Partnership as the owner of the Property (the "Declaration") which Declaration shall establish the Property as a condominium (the "Condominium"); and

WHEREAS, it is further anticipated that prior to completion of construction the Sponsor will form The Sutton Owners Corporation ("Cooperative Corporation"), a cooperative corporation to be formed pursuant to the business cooperation law of New York.

WHEREAS, it is anticipated that one unit of the Condominium upon completion of construction shall contain 135 apartments and areas for the exclusive use of the residential occupants of the Building and appurtenant parking spaces together with the common elements (the "Residential Unit" or the "Project" or the "Cooperative Corporation"), and the other unit or units are anticipated upon completion of construction to contain ground floor space for non-residential retail and/or commercial use and a below grade garage; and

WHEREAS, the Building will be financed in part by the proceeds of a construction loan ("Construction Loan") to be provided by Wachovia Bank, National Association ("Construction Lender"), which Construction Loan is evidenced by one or more notes ("Construction Note") and secured by one or more mortgages ("Construction Mortgage") dated the date hereof; and

WHEREAS, pursuant to the provisions of a Financing Commitment and Agreement dated June 7, 2005 ("HDC Commitment") a portion of the Building will be financed with the proceeds of a construction loan financed by HDC ("HDC Subordinate Loan"), which HDC Subordinate Loan is evidenced by one or more notes ("HDC Subordinate Note") and secured by one or more mortgages subordinate to the Construction Mortgage ("HDC Subordinate Mortgage") dated the date hereof; and

WHEREAS, it is anticipated that Sponsor will offer for sale the shares of the Cooperative Corporation attributable to cooperative apartments in the Project pursuant to an offering plan to be filed with the New York State Department of Law as may be amended from time to time (the "Offering Plan"); and

WHEREAS, it is further anticipated that once sufficient sales under the Offering Plan have been made, Sponsor will declare the Offering Plan effective and thereafter, upon completion of construction, the Cooperative Corporation will take title to the Project; and

WHEREAS, upon acquisition of title to the Project by the Cooperative Corporation, HDC shall, upon the occurrence of certain conditions including the release of the lien of the Construction Loan from the Construction Lender, supplement, increase, modify and extend the HDC Subordinate Loan to form a first position permanent mortgage loan against the Residential Unit ("HDC First Loan") which HDC First Loan shall be evidenced by a First Note Consolidation, Extension and Modification Agreement (the "First Note") and secured by a First Mortgage Consolidation, Extension, Modification and Security Agreement (the "First Mortgage") both made by the Cooperative Corporation; and

WHEREAS, the Project is expected to receive a tax exemption pursuant to Section 421-a of the New York Real Property Tax Law ("421-a tax benefits"); and

WHEREAS, all of the issued shares of the Cooperative Corporation will initially be owned by the Partnership ("Initial Shareholder"); and

WHEREAS, at Coop Closing (as defined herein) the Initial Shareholder will transfer, or cause to be transferred, shares appurtenant to each cooperative unit that has been sold to a purchaser under the Offering Plan and such purchaser thereupon will become a tenant-shareholder of the Cooperative Corporation (each a "Tenant-Shareholder").

NOW, THEREFORE, in consideration of the premises and for the purpose of inducing HDC to provide the moneys required for the funding of the HDC First Loan and the HDC Subordinate Loan and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto mutually agree as follows:

Section 1 - <u>General Provisions</u>

1.1 The Cooperative Corporation, the Sponsor and the Partnership shall comply at all

times with Article XII of the Private Housing Finance Law of the State of New York ("PHFL"), and any rules and regulations adopted by HDC to regulate those cooperative housing projects financed and assisted by HDC pursuant to and in accordance with the PHFL.

Section 2 - Compliance with Other Agencies

2.1 The Cooperative Corporation, the Sponsor and the Partnership shall do all things necessary to obtain and keep the 421-a tax benefits for the Project in good standing and shall comply with the requirements of agencies administering any programs which provide benefits to the Project and the Building, including, without limitation, the New York City Department of Housing Preservation and Development ("HPD").

2.2 The Cooperative Corporation, the Sponsor and the Partnership, as applicable shall comply with all terms and conditions of this Agreement, all documents relating to the financing of the Project (including, without limitation, the HDC First Loan, First Note and First Mortgage), any land conveyance documents, purchase money or enforcement notes and mortgages and/or regulatory agreement with or to HPD and all terms and conditions of the Declaration, Condominium By-Laws, and any rules and regulations, directives or instructions of the Board of Managers of the Condominium or its designees ("Condominium Documents").

Section 3 - Certificate of Incorporation; By-Laws; Proprietary Lease; Stock Certificates

3.1 The following documents of the Cooperative Corporation shall be subject to prior written approval of HDC and may not be amended without the prior written consent of HDC for so long as the HDC Subordinate Mortgage and/or the First Mortgage are outstanding:

(a) Certificate of Incorporation;
(b) By-Laws;
(c) Form of Stock Certificate; and
(d) Form of Proprietary Lease.

Each of the above documents shall contain a provision stating that no amendment is permitted without the prior written consent of HDC.

3.2 This Agreement shall be appended to the By-Laws of the Cooperative Corporation and made a part thereof.

3.3 The restrictions contained in this Agreement, which apply to Tenant-Shareholders during their ownership of shares of stock of the Cooperative Corporation allocable to their units in the Project ("Shares"), shall be incorporated into the form of proprietary lease to be used by the Cooperative Corporation. The Cooperative Corporation shall use a proprietary lease expressly subordinate to the First Mortgage.

Section 4 - Residence Requirement

4.1 The Cooperative Corporation shall require each of the Tenant-Shareholders to occupy their units as their principal residences within sixty (60) days from the date of Coop Closing (as hereinafter defined). The transfer of Shares to a Tenant-Shareholder and the effective date of a proprietary lease for the applicable unit by such Tenant-Shareholder shall constitute a "Coop Closing" under this Agreement.

4.2 The Cooperative Corporation may permit Tenant-Shareholders to sublease their unit; provided, however, (i) the purchasing Tenant-Shareholder and any subsequent Tenant-Shareholder must first occupy and reside in the unit as his/her principal residence for not less than six (6) months, and (ii) such unit may only be leased for a period not to exceed two (2) years out of every consecutive four (4) year period.

4.3 The Cooperative Corporation shall prohibit Tenant-Shareholders from using their units as an investment property or as a vacation home.

4.4 The Cooperative Corporation shall require that Tenant-Shareholders (except for the Initial Shareholders and as provided in Section 6.5 hereof) only be natural persons.

Section 5 - Cooperative Housing Requirement

5.1 During the term of this Agreement, the Cooperative Corporation shall operate the Project as a cooperative housing corporation.

Section 6 - Sale of Shares Procedures

6.1 Not more than fourteen (14) days prior to the execution of any sales contract for the purchase of Shares by a prospective Tenant-Shareholder ("Purchaser"), the Cooperative Corporation and/or the Sponsor shall require (a) each Purchaser to complete and execute (i) a Purchaser's Affidavit, substantially in the form attached hereto as Exhibit B, and (ii) a Purchaser Income Eligibility Worksheet, substantially in the form attached hereto as Exhibit C and (b) each selling Tenant-Shareholder or, in the case of a direct sale by the Cooperative Corporation and/or the Sponsor and/or the Initial Shareholder to complete and execute a Seller's Affidavit, substantially in the form attached hereto as Exhibit D.

6.2 (a) Prior to approving any sale of Shares, the Cooperative Corporation and/or the Sponsor shall (a) review (i) the applicable Purchaser's Affidavit, (ii) the applicable Purchaser Income Eligibility Worksheet in order to determine that the Purchaser's income has been calculated in a manner consistent with the standards for determination of income under Section 7 of the United States Housing Act of 1937, as amended ("Income Determination procedures"), (b) review or complete, as the case may be, the applicable Seller's Affidavit, (c) reject any Purchaser whose annual household income exceeds the applicable income limit as more fully described in Section 7 of this Agreement, and (d) reject any Purchaser whose annual household income is insufficient or whose annual household debt is excessive according to HDC standards described in Section 7 of this Agreement.

(b) Any Purchaser who, within the five (5) year period prior to their application for ownership in the Project has purchased any residential unit in a project financed or assisted by HPD or HDC ("Restricted Project"), is not eligible for ownership in the Project and may not execute a sales contract for the purchase of Shares. A list of Restricted Projects will be provided by HDC and/or HPD along with HDC's marketing guidelines referred to in Section 9.1 hereof.

6.3 No Shares which are subject to the restrictions set forth in Section 7 hereof may be transferred without the prior written consent of HDC and a statement to this effect shall appear in bold type as a legend on the Cooperative Corporation's form of stock certificate. The Cooperative Corporation shall require each Purchaser, except the initial Purchaser, to re-affirm and re-execute the Purchaser's Affidavit, and the Cooperative Corporation and/or the Sponsor shall furnish the same to HDC no later than five (5) business days from the expected or actual date of Coop Closing, if such Coop Closing date is greater than six (6) months from the date Purchaser executed the Purchaser's Affidavit. If the re-affirmation and re-execution reveals that any information set forth in the Purchaser's Affidavit or Purchaser Income Eligibility Worksheet has changed since the date of initial execution of such documents by the Purchaser, the Purchaser shall indicate such changed information in the space provided on the Purchaser's Affidavit. If the Purchaser revises either of these documents, then the Cooperative Corporation and/or the Sponsor shall not permit a transfer of the applicable Shares until HDC has approved such revisions.

6.4 On the first day of the fourth month following the occupancy of ten percent (10%) of the units in the Project for which a Coop Closing has occurred and every three months thereafter, the Cooperative Corporation shall provide HDC with a listing of all Coop Closings which have occurred during the previous three (3) months.

6.5 A devise or bequest by Tenant-Shareholders of the Shares allocable to their units through testamentary disposition, intestacy, or otherwise by operation of law shall not constitute a sale of Shares under this Agreement. However, the individuals or entities (in the case of an estate) acquiring Shares in such a manner shall be deemed Tenant-Shareholders under this Agreement and shall be fully subject to the terms and conditions contained in this Agreement including upon the resale of the Shares those requirements for (i) the sale of Shares set forth in Section 6 and (ii) the income limitations set forth in Section 7 of this Agreement. Cooperative Corporation shall report any transfer of Shares made pursuant to this Section 6.5 to HDC in accordance with the requirements of Section 6.4 of this Agreement. Notwithstanding the foregoing, an entity (but not a natural person(s)) that acquires Shares as aforesaid shall be exempt from the provisions of Section 4 of this Agreement for a period not to exceed one (1) year.

Section 7 - Income Limitations

7.1 (a) Except as provided otherwise in Section 9.2 hereof, at the time of a Coop Closing by a Purchaser ("Coop Closing") with respect to the initial sale of Shares by the Shareholder for 20% of the units to Purchasers, the annual household income of each such Purchaser shall not exceed 130% ("130% Limitation") of the area median income as adjusted for family size pursuant to the schedule attached hereto as Exhibit E, for the New York Metropolitan statistical area as determined from time to time by the Secretary of HUD under Section 8 of the United States Housing Act of 1937, as amended, or if such program is terminated, under such program as was in effect immediately before such termination ("Median Income"). For all subsequent sale of Shares appurtenant to such units subject to 130% Limitation, the units shall remain subject to the 130% Limitation but the area Median Income shall not be adjusted for family size and Exhibit E shall not apply. For the initial sale of Shares and all subsequent sale of Shares by the Shareholder for 55% of the units the annual household incomes of the Purchasers shall not exceed 165% ("165% Limitation") of Median Income. For the initial sale of Shares and all subsequent sale of Shares for the remaining 25% of the units, the annual household incomes of the purchasers shall not exceed 250% ("250% Limitation") of Median Income. Annual household income includes the annual gross income of the Purchaser and any other person who is expected to reside in the unit. Upon request, HDC shall furnish the Cooperative Corporation with the current Median Income amounts.

(b) Intentionally Omitted.

7.2 Annual household income is to be determined pursuant to the Income Determination procedures. Annual household income includes gross pay, overtime pay, part-time pay, bonuses, commissions, tips, dividends, interest, royalties, trust income, net rental income, Veterans Administration compensation, pensions, social security benefits, unemployment compensation, alimony, child support, public assistance, sick pay, business activity income, investment income and other income. Annual household income includes the annual gross income of the Purchaser and any other person who is expected to reside in the unit.

Section 8 - SONYMA Provisions

8.1 Reserved

Section 9 - Marketing

9.1 The Cooperative Corporation and/or the Sponsor shall comply with all HDC procedures as set forth in HDC's marketing guidelines pertaining to the marketing of the apartments in the Project as HDC may require from time to time. The initial sales prices of all Shares, as well as the initial Carrying Charges allocable to each unit in the Project, shall be approved by HDC and shall not exceed the amounts set forth in the HDC Commitment.

Section 9A - Resale Profits

9A.1 Upon resale of any Shares, Resale Profits (as defined herein) shall be paid to HDC to be applied by HDC to the repayment of the HDC Subordinate Loan or First Loan until all the indebtedness evidenced by the HDC Subordinate Note or First Note is paid in full. The Cooperative Corporation agrees to collect such Resale Profits and transmit them to HDC not later than two business days from the Coop Closing. Resale Profits shall be applied in the following manner:

"Resale Profits" shall mean 100% of the Net Appreciation (defined below), for the first three years from the date of the HDC First Loan and 50% of the Net Appreciation for years four through fifteen, if any, received by a Tenant-Shareholder upon the sale of the corporate shares of the Cooperative Corporation (the "Coop Shares") owned by that Tenant-Shareholder.

Such Resale Profits shall be collected from a Tenant-Shareholder at the closing of the sale of Tenant-Shareholder's Coop Shares, and remitted to HDC within two (2) business days after the closing. Three (3) business days prior to such closing Cooperative Corporation shall submit to HDC a worksheet indicating how Net Appreciation and Resale Profits are to be calculated. The worksheet, and any changes to the worksheet at closing, must be approved by HDC prior to completion of closing. Cooperative Corporation shall forward to HDC and HDC shall apply any such Resale Profits so received in reduction of the outstanding Principal Amount of the Subordinate Note or First Note. The obligation of the Tenant-Shareholder to pay, and of Cooperative Corporation to collect, Resale Profits shall not apply to the initial sale of Coop Shares.

"Acquisition Cost" shall mean the total amount of cash and non-cash consideration paid by a Tenant-Shareholder to a seller to acquire Coop Shares, plus Permitted Expenses (defined below) incurred by Tenant-Shareholder in acquiring the Coop Shares, plus the cost of Tenant-Shareholder's properly documented capital improvements in the unit to which such Coop Shares are attributable up to a maximum of Two Thousand Five Hundred Dollars ($2,500), plus in the case of a Tenant-Shareholder who acquired Coop Shares from Sponsor, the sum of One Thousand Dollars ($1,000).

"Net Appreciation" as used in this Agreement shall mean the amount by which Net Sales Proceeds received by a Tenant-Shareholder upon the sale of Tenant-Shareholder's Coop Shares exceeds Tenant-Shareholder's Acquisition Cost for the Coop Shares.

"Net Sales Proceeds" shall mean the total amount of cash and non-cash consideration received by a Tenant-Shareholder from a Purchaser in exchange for the sale and conveyance of Tenant-Shareholder's Coop Shares, less the Permitted Expenses (defined below) incurred by Tenant-Shareholder in connection with such sale.

"Permitted Expenses" means the following costs in connection with the sale or purchase of Coop Shares: reasonable attorneys fees and disbursements, reasonable brokerage fees, title insurance fees, reasonable processing fees of Coop Corp. and fees of Coop Corp.'s agents and attorneys related to such sale or purchase, recording fees, State and local transfer taxes, stamp taxes, and usual and reasonable fees and expenses in connection with financing or satisfaction of

cooperative share loans, including without limitation, credit report fees, legal fees, appraisal fees and loan origination fees.

In no event shall the proportionate share of underlying mortgages on the Property attributable to a particular block of Coop Shares, be deemed part of consideration received or paid by Tenant-Shareholder for Coop Shares for the purpose of computing Net Appreciation as described above.

Section 10 - Management

10.1 Managing agent, any sub-agents, any management agreement or management plan and any change in management or renewals of the management agreement or management plan shall be approved in writing by HDC. The management agreement or management plan shall contain a provision that it is subject to termination by the Mortgagor with or without cause and without penalty. In the event HDC determines, in its sole discretion, that either (i) the Managing Agent is not in compliance with this Agreement, or (ii) that the Managing Agent is no longer acceptable; then, HDC may provide a written demand to cure and a time period within which to cure such violation to the Mortgagor. If such noncompliance is not cured to the satisfaction of HDC within the time period to cure such noncompliance then HDC may, in its sole discretion, notify the Mortgagor to terminate the management agreement or management plan. Upon receipt of such notice, the Mortgagor (i) shall immediately terminate the management agreement or management plan and such management services shall be fully discontinued within a period of not more than thirty (30) days from the Mortgagor's receipt of HDC's request, and (ii) shall make timely arrangements to be approved in writing by HDC for continuing proper management of the Project.

10.2 Prior to the Permanent Conversion (as defined in the HDC Commitment), HDC shall reevaluate the Managing Agent and Management Plan. Notwithstanding any prior approval of the Managing Agent and Management Plan, HDC shall in its sole discretion, determine whether the Managing Agent shall continue to operate the Project. Any failure of a Managing Agent to perform according to the terms of the Regulatory Agreement of the Project or any other HDC Project shall result in the immediate termination of the Managing Agent.

Section 11 - Restrictions on Ownership and Leasing

11.1 The Cooperative Corporation covenants that it shall not sell, lease, sublease, convey or transfer the Residential Unit or any portion thereof without the prior written consent of HDC. This covenant shall not be construed to prohibit the Cooperative Corporation from entering into proprietary leases for units in the Project with Tenant-Shareholders consistent with the provisions of this Agreement.

11.2 The Cooperative Corporation covenants that it shall not incur any debt other than that reasonably necessary for the operation and maintenance of the Project, other than any mortgages held by HDC and/or HPD.

Section 12 - Increase of Carrying Charges

12.1 If HDC determines, in its sole discretion, that the Cooperative Corporation's projected annual revenues are not sufficient to pay for the projected annual maintenance and operating expenses for the Project or to provide for sufficient reserves for capital replacements or operational shortfalls, including payments due with respect to the HDC First Loan, then the Cooperative Corporation shall, if requested by HDC, either increase the carrying charges paid by the Tenant-Shareholders or charge a special assessment to the Tenant-Shareholders. If the Cooperative Corporation furnishes HDC in a timely fashion with a certification of a recognized expert in the field of building management as to the adequacy of the Cooperative Corporation's budget, HDC shall review such certification prior to making any request to increase carrying charges or to impose a special assessment, provided, however, HDC shall not be bound by such certification in making its final determination.

Section 13 - Reporting Requirements

13.1 In addition to the documents described elsewhere herein, the Cooperative Corporation and/or the Sponsor shall furnish any reports, records, documents or information reasonably requested by HDC, in form and substance satisfactory to HDC, regarding, without limitation, the construction, marketing, occupancy, maintenance and operation of the Project including a status report on unsold shares, an annual schedule of carrying charges for all units in the Project and annual financial reports and budgets of the Cooperative Corporation. Audited financial statements shall be prepared and maintained in accordance with generally accepted accounting principles; provided, however, to the extent and in a manner approved by HDC in its sole discretion, such financial statements may be modified in accordance with government auditing standards as set forth by the Comptroller General of the United States, and such financial statements must be received by HDC within one hundred twenty (120) days of the Project's fiscal year end.

13.2 The Cooperative Corporation and/or the Sponsor shall maintain and keep current all books, documents, contracts, invoices, plans and records concerning the Project. Upon prior notice, HDC may, during business hours, (a) audit and examine these books, documents, contracts, invoices, plans and records and remove the same for duplication and (b) inspect the Building, units, grounds, equipment and offices of the Project.

Section 14 - Enforcement

14.1 Upon violation of any of the provisions of this Agreement by the Cooperative Corporation, the Sponsor and/or the Partnership, as applicable, HDC may give written notice thereof to the Cooperative Corporation, the Sponsor and/or the Partnership, as applicable. If after giving written notice, such violation is not corrected or if the Cooperative Corporation , the Sponsor and/or the Partnership, as applicable has not commenced to correct such violation to the satisfaction of HDC within thirty (30) days after the date of such notice or, if HDC determines that such violation cannot be cured by the Cooperative Corporation, the Sponsor and/or the Partnership, as

applicable within such thirty (30) days or within such further time as may be necessary to cure such violation, as determined by HDC, provided that the Cooperative Corporation, the Sponsor and/or the Partnership, as applicable shall proceed promptly and diligently to do so, then HDC, without further notice, may declare a default under this Agreement effective on the date of such written notice of violation, provided, however, if such violation is not capable of cure, HDC may declare a default under this Agreement simultaneously with the giving of written notice of such violation. Upon such default, HDC may resort to one, all or any combination of the following courses of action:

(a) direct the Cooperative Corporation to evict any Tenant-Shareholders who are in violation of their proprietary leases as a result of non-compliance with those terms of this Agreement which have been incorporated into their proprietary leases;

(b) declare the entire unpaid principal balance of the First Note and/or the HDC Subordinate Note together with all interest accrued and unpaid thereon, if any, and all other sums due under such notes and the First Mortgage and/or the HDC Subordinate Mortgage immediately due and payable;

(c) foreclose the First Mortgage and/or the HDC Subordinate Mortgage, subject to the terms thereof; and/or

(d) apply, with notice to the Cooperative Corporation, the Sponsor and/or the Partnership, as applicable, to any court of competent jurisdiction for:

(i) specific performance of this Agreement;

(ii) an injunction against any violation of this Agreement;

(iii) any other or further relief which may be appropriate or desirable.

(e) take any other form of actions as may be permitted by law.

14.2 In addition to the remedies set forth in Section 14.1 hereof, in the event of a default by the Cooperative Corporation under this Agreement, the First Mortgage or the HDC Subordinate Mortgage, HDC reserves the right to remove any or all of the existing directors of the Cooperative Corporation and any or all of the Cooperative Corporation's representatives on the Condominium's Board of Managers, and appoint such person or persons as HDC, in its sole discretion deems advisable including officers or employees of HDC, as new directors or representatives to serve in the places of those removed. Directors or representatives so appointed need not be shareholders or meet other qualifications which may be prescribed by the Certificate of Incorporation or By-laws of the Cooperative Corporation or the Condominium Documents. Directors or representatives so appointed shall not be personally liable for debts, obligations or liabilities of the Cooperative Corporation or the Board of Managers, as applicable, and shall be defended, indemnified and held

harmless by the Cooperative Corporation or the Board of Managers, as applicable. Directors or representatives so appointed shall serve only for a period coexistent with the duration of such default or until HDC is assured in a manner satisfactory to it against violations of a similar nature. Officers or employees of HDC who are so appointed as directors or representatives shall serve in such capacity without compensation. No such removal may take place without written notice and an opportunity for the affected directors or representatives to appear and be heard before HDC with respect to any alleged violation and the respective parties may be represented by counsel.

14.3 After having given notice to the Cooperative Corporation, the Sponsor and/or the Partnership as applicable and opportunity to cure, and if a default shall have occurred, HDC may, in its sole discretion, remedy such default, and charge any costs and expenses incurred to remedy the default, including, but not limited to, attorney's fees, to the Cooperative Corporation and/or the Sponsor, as applicable.

14.4 Any costs and expenses incurred to remedy a default declared hereunder, including, but not limited to, cost and expenses and attorney's fees, shall be paid by the Cooperative Corporation and/or by the Sponsor, as applicable within ten (10) business days after demand. Any amounts not paid shall bear interest at the "Delinquent Interest" rate described in the HDC Subordinate Mortgage while such instrument is outstanding and thereafter at the rate described in the First Mortgage.

14.5 All rights and remedies of HDC shall be cumulative and may be exercised singularly or concurrently, at the option of HDC, and the exercise or enforcement of any one such right or remedy shall neither be condition to nor bar the exercise or enforcement of any other right to remedy. The enumeration of the rights and remedies herein shall not preclude the enforcement or exercise by HDC of any other rights and remedies available to HDC.

14.6 The delay or failure of HDC to act (beyond notice periods set forth herein) shall not constitute a waiver and shall not preclude the enforcement of any of its rights or remedies. Any waiver by HDC of any default hereunder shall not be deemed a waiver of a preceding, current or subsequent default, whether of a same, similar or different nature.

Section 15 - Equal Opportunity

15.1 The Cooperative Corporation and/or the Sponsor shall use its best efforts to ensure that businesses owned by minority groups, which traditionally have been disadvantaged, and women are afforded equal opportunity to participate in any development and construction contracts entered into in connection with the Project.

Section 16 - Modification

16.1 This Agreement may not be altered, modified or amended except by a written document signed by the Cooperative Corporation, the Sponsor, the Partnership and HDC.

Section 17 - Term of Agreement

17.1 This Agreement shall terminate on the date the First Loan is paid in full.

17.2 Upon termination or expiration of all the provisions of this Agreement, HDC shall provide Cooperative Corporation, upon request, with a termination of this Agreement in recordable form.

17.3 In the event of a foreclosure by the Construction Lender of the Construction Mortgage and upon repayment to HDC of all amounts due under the HDC Subordinate Loan, HDC shall provide the Construction Lender with a termination of this Agreement in recordable form.

Section 18 - Parties

18.1 This Agreement shall bind the Cooperative Corporation, the Sponsor, the Partnership and HDC and their respective successors and assigns.

Section 19 - Severability

19.1 The invalidity of any clause or provision of this Agreement shall not affect the validity of the remaining portions of the Agreement.

Section 20 - Covenants Run with the Land

20.1 This Agreement shall be recorded against the Residential Unit in the County in which the Residential Unit is located. The Cooperative Corporation, the Sponsor, the Partnership and HDC agree that, during the term hereof, all provisions herein shall run with the Residential Unit and be enforceable by HDC and its successors and assigns, and against the Cooperative Corporation, the Sponsor, the Partnership and their successors and assigns. HDC, the Cooperative Corporation, the Sponsor and the Partnership hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Cooperative Corporation's, the Sponsor's and the Partnership's legal and/or other interest in the Project is rendered less valuable thereby. HDC, the Cooperative Corporation, the Sponsor and the Partnership hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by persons for whom the ordinary operations of private enterprise cannot provide an adequate supply of safe, sanitary and affordable dwelling accommodations, the intended beneficiaries of such covenants.

Section 21 - Notices

21.1 Any notice, demand, service of process, direction, request or other instrument

authorized or required hereunder to be given to or filed with the parties named below shall be deemed to have been sufficiently given or filed for all purposes hereof if and when sent by registered or certified mail return receipt requested, facsimile transmission or hand delivery to the following respective addresses, if to the Cooperative Corporation or to the Sponsor to the address set forth above; if to the Partnership to the address set forth above; Attention: General Counsel; and if to HDC, 110 William Street, 10th Floor, New York, New York 10038; Attention: General Counsel, or to such other address as may be subsequently designated by any party by written notice to the other parties.

Section 22 - Non-Recourse Liability

22.1 HDC agrees that in the enforcement of any monetary obligations of the Cooperative Corporation, the Sponsor or the Partnership under this Agreement it will look solely to the property subject to the First Mortgage or the Subordinate Mortgage, to the maintenance, rents, income and profits thereof and to any reserve or escrow held for the benefit of the Cooperative Corporation, the Sponsor or the Project. Nothing contained in this Agreement shall be deemed to impose any personal liability on any officers, directors, members, shareholders or employees of the Cooperative Corporation, the Sponsor or the Partnership except that HDC may seek to impose personal liability to the extent of (i) fraud or gross negligence, (ii) misappropriation of funds or other property, or (iii) damage intentionally inflicted to the Project.

Section 23 - Forum

23.1 The Cooperative Corporation, the Sponsor, the Partnership and HDC unconditionally and irrevocably agree that this Agreement shall be governed by and construed in accordance with the applicable laws of the State of New York and the parties hereto unconditionally and irrevocably accept the nonexclusive jurisdiction of the courts of the State of New York, waive any objection to the bringing of action in such jurisdiction, and consent to venue in any state or Federal court located in New York City, County of New York.

Section 24 - Regarding the Sponsor

24.1 The Sponsor will prepare the Offering Plan and submit the Offering Plan to the New York State Department of Law for filing and upon receipt of the requisite number of purchase agreements set forth in the Offering Plan shall declare the Offering Plan effective. The Sponsor will market the cooperative apartments pursuant to the Offering Plan and this Agreement. The provisions of this Section 24.1 and Sections 1, 2, 6, 7, 9, 13, 14, 15, 16, 17, 18, 20, 21 and 23 of this Agreement shall be binding upon and enforceable against the Sponsor until the turnover by the Sponsor of control to the Board of Directors of the Cooperative Corporation to the apartment owners shall have occurred at which time Sponsor shall be released from any future obligations under this Agreement. HDC shall, upon the request of Sponsor, execute a release, in recordable form, of the Sponsor from this Agreement. The Sponsor is a party to this Agreement solely to confirm its consent to be bound as specified in this Section 24.

Section 25 - Regarding the Partnership

25.1 The Partnership shall hold title to the Project during construction. The provisions of this Section 25.1 and Sections 1, 2, 14, 16, 18, 20, 21, 22 and 23 of this Agreement shall be binding upon and enforceable against the Partnership until such time as title to the Residential Unit is transferred to the Cooperative Corporation at which time the Partnership shall be released from this Agreement. HDC shall, upon the request of Partnership, execute a release, in recordable form, of the Partnership from this Agreement. The Partnership is a party to this Agreement solely to confirm its consent to be bound as specified in this Section 25.

Section 26 - Sign

26.1 During Construction, the Sponsor shall maintain a sign that HDC has provided financing for the Project. HDC will provide a sign that shall be erected within five days of delivery.

[NO FURTHER TEXT - SIGNATURES SET FORTH ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto by their duly authorized agents have executed this Agreement on the date first here above written.

BRADHURST 100 DEVELOPMENT LLC, a New York limited liability company

By: **PENNROSE PROPERTIES, LLC**
Managing Member

By: _____
Joni Brooks
Title: Authorized Signatory

NYC PARTNERSHIP HOUSING DEVELOPMENT FUND COMPANY, INC.,
as to the provisions of Section 25 only

By: _____
Diane Nowlin
Vice President

Sheila M. Diancin
Secretary

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

By: _____
Rachel Grossman
Senior Vice President

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 15th day of June, 2005, before me, the undersigned, a notary public in and for said state, personally appeared Jodi Brooks personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.

Notary Public
Commission expires:

CARLOS JORDAN
Notary Public, State of New York
No. 01JO4890568
Qualified in Queens County
Commission Expires April 27, 2007

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

SHEILA M. DIANCIN

On the 15th day of June, 2005, before me, the undersigned, a notary public in and for said state, personally appeared ~~DIANE NOWLIN~~ personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

Notary Public
Commission expires:

JOHN C. FIELDS
Notary Public, State of New York
No. 02FI6044202
Qualified in New York County
Commission Expires September 13, 2006

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the15th day of June, 2005, before me, the undersigned, a notary public in and for said state, personally appeared **RACHEL GROSSMAN** personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

Yvonne V. Glenn
Notary Public
Commission expires:

YVONNE V. GLENN
Notary Public - State of New York
No. 01GL6104025
Qualified in New York County
Commission Expires January 12, 2008

EXHIBIT A

Legal Description

ALL that certain lot, piece or parcel of land with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, County, City and State of New York, more particularly designed on the Tax Map of the City of New York, for Borough of Manhattan, as Block 2045 and Lot 42, Lot 43, Lot 44, Lot 45, Lot 46, Lot 47, Lot 48, Lot 49, Lot 50, Lot 61 and Lot 62, as said Tax Map was filed on the 10th day of February, 1976 and as shown on a survey prepared by Erlandsen-Crowell & Shaw, CE dated March 5, 2004 and up-dated April 8, 2005 and described as follows:

BEGINNING at a point at the intersection of the northeast line of W. 147th Street and the southeast line of Bradhurst Avenue, said point being the northwest corner of Lot 42, Block 2045 as described above; thence northeasterly along the southeast line of Bradhurst Avenue, being the northeast line of Lots 42, 43, 44, 45, 62 and 61 aforesaid, a total of 174 feet 10 inches to a point, said point being the northeast corner of said Lot 62; thence southeasterly along the northeast line of said Lot 62 a distance of 75 feet to a point, said point being the southeast corner of said Lot 62; thence southwesterly along the southeast line of said Lot 61 and Lot 62 aforesaid and along the line of Lot 45 aforesaid a distance of 60 feet to a point; thence turning southeasterly continuing along the line of said Lot 45 a distance of 25 feet to the southeast corner of said Lot 45; thence turning southwesterly along the southeast line of said Lot 45 a distance of 14 feet 11 inches to a point, said point being in the northeast corner of Lot 47 aforesaid; thence turning southeasterly along the northeast line of Lot 47 and continuing along the northeast line of Lot 48 a total distance of 50 feet to a point, said point being the northeast corner of said Lot 48; thence turning southwesterly along the southeast line of said Lot 48 a distance of 49 feet 11 inches to a point, said point being in the northeast corner of Lot 50 aforesaid; thence turning southeasterly along the northeast line of said Lot 50 a distance of 75 feet to a point, said point being the southeast corner of said Lot 50 and being in the northwest line of Frederick Douglass Boulevard at a point 50 feet northeasterly as measured along the northwest line of Frederick Douglas Boulevard where it intersects the northeast line of W.147th Street; thence turning southwesterly along the northwest line of Frederick Douglass Boulevard, being the southeast line of Lots 50 and 49 aforesaid, a distance of 50 feet to the northeast line of W.147th Street, being the southwest corner of Lot 49 aforesaid; thence turning northwesterly along the northeast line of W.147th Street aforesaid, also being the southwest line of Lots 49, 48, 47, 46 and 42 aforesaid, a total distance of 225 feet to where the northeast line of W.147th Street meets the southeast line of Bradhurst Avenue aforesaid, being the POINT OF BEGINNING.

EXHIBIT B

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
PURCHASER'S AFFIDAVIT

I/We, _____[insert names of all purchasers to be listed on proprietary lease] as purchaser(s) ("Purchaser") of _____[insert number of shares] shares ("Shares") of _____ Corporation ("Cooperative Corporation") which Shares are allocable to a proprietary lease ("Proprietary Lease") for Apt. _____ ("Residence") located at _____, New York ("Project"), understanding and acknowledging that a portion of the construction and all of the permanent financing of the Project is provided by the New York City Housing Development Corporation ("HDC") which has entered into a regulatory agreement concerning the Project with the Cooperative Corporation ("Regulatory Agreement") governing the occupancy of my Residence, do hereby represent and warrant to HDC and the Cooperative Corporation as follows:

1. The information in this Affidavit, (my/our) cooperative apartment application and (my/our) Purchaser Income Eligibility Worksheet is true, accurate, complete and correct.

2. (I/We) intend to occupy the Residence as (my/our) principal place of residence within 60 days after (I/we) acquire (my/our) Shares and execute (my/our) Propriety Lease and will not use the Residence as an investment property or vacation home.

3. Other than as described in this Affidavit, (I/we) have no present intent, understanding or agreement (i.e. other than a mere expectation or possibility) to lease, sell, assign or transfer any interest in the Residence to another party and have not entered into any agreement, understanding or other arrangement to lease, sell, assign or transfer the Residence.

4. Acquisition Costs. **[FOR INITIAL SALES ONLY]**

   A. The Acquisition Cost of the Shares allocable to the Residence is $_____ which consists of the amount paid in cash or in kind by the Purchaser(s) to or for the benefit of the Seller(s) or a related party to the Seller(s) for the Shares and does not include the items listed in the next sentence. Acquisition Cost does not include: reasonable attorney's fees and disbursements, reasonable brokerage fees, title insurance fees, reasonable processing fees of the cooperative corporation and its agents and attorneys related to such acquisition, recording fees, State and local transfer taxes, stamp taxes and the usual and reasonable fees and expenses in connection with the financing without limitation, credit report, fees, legal fees, appraisal fees and origination fees. Such amounts described in the foregoing sentence must not exceed the usual and reasonable fees and expenses for these services.

B. (I/We) hereby certify that a true and correct copy of the purchase contract representing the terms of the entire transaction for the purchase of the Shares allocable to the Residence from the seller, and all other contracts, agreements and understandings between (me/us) or anyone acting on (my/our) behalf, directly or indirectly, and the seller or anyone acting on behalf of the seller, directly or indirectly, or any other person, relating to the purchase of the Shares allocable to the Residence and any related real or personal property or fixtures has been provided to the Cooperative Corporation.

C. Neither (I/We) nor anyone on (my/our) behalf has made any payment other than the amount indicated in item 4A above to the seller or to any person on behalf of the seller, nor have (I/we) canceled any debt of the seller or any related person to the seller.

5. Within the last five years, (I,We) have not purchased any Shares or any other residential unit in any HPD or HDC financed home ownership project listed as a Restricted Project on the attached Schedule of Currently Restricted Projects.

6. (I/We) understand that if (I/We) have made any material misstatements in the foregoing representations or have omitted to state any of the information requested such misstatement or omission will be considered an event of default under the Regulatory Agreement and the proprietary lease for the Residence and will be grounds for (a) termination of (my/our) proprietary lease, (b) eviction from (my/our) Residence and (c) forfeiture of the Shares allocable to (my/our) Residence.

NOTE TO SPONSOR AND/OR COOPERATIVE CORPORATION: This document must be executed not more than fourteen (14) days prior to execution of the sales contract by the Purchaser.

Date: _____, 20__
L.S._____
Purchaser

Date: _____, 20__
L.S._____
Purchaser

ACKNOWLEDGMENT BY INDIVIDUAL

STATE OF NEW YORK)
) ss.:
COUNTY OF _____)

On this _____ day of _____, 20___, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and he acknowledged to me the he executed the same.

_____
Notary Public

ACKNOWLEDGMENT BY INDIVIDUAL

STATE OF NEW YORK)
) ss.:
COUNTY OF _____)

On this _____ day of _____, 20___, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and he acknowledged to me the he executed the same.

_____
Notary Public

ACKNOWLEDGMENT BY INDIVIDUAL

STATE OF NEW YORK)
) ss.:
COUNTY OF _____)

On this _____ day of _____, 20___, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

_____
Notary Public

REAFFIRMATION

NOTE TO SPONSOR AND/OR COOPERATIVE CORPORATION: Purchaser(s) must execute this reaffirmation if title closing is expected to occur or actually occurs, more than six (6) months subsequent to the date the Purchaser(s) executed their Purchaser Income Eligibility Worksheet. The reaffirmation must be submitted to HDC at least five (5) business days prior to the expected date of title closing (or earlier if there has been a change in family composition, assets or liabilities).

(I/We) as Purchaser(s) of the Residence have reviewed all of the foregoing representations and warranties made by (me/us) including information set forth on my/our Purchaser Income Eligibility Worksheet as of this _____day of _____, 20__.

(I/We) do hereby reaffirm all of the foregoing representations and warranties previously made except as otherwise provided in the space below (e.g. list changes in family composition or income):

_____

_____

_____

_____

_____

_____

_____

L.S._____
Purchaser

L.S._____
Purchaser

L.S._____
Purchaser

ACKNOWLEDGMENT BY INDIVIDUAL

STATE OF NEW YORK)
) ss.:
COUNTY OF _____)

On this _____ day of _____, 20____, before me personally came _____, to me known and known to be the same person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

_____
Notary Public

ACKNOWLEDGMENT BY INDIVIDUAL

STATE OF NEW YORK)
) ss.:
COUNTY OF _____)

On this _____ day of _____, 20____, before me personally came _____, to me known and known to be the same person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

_____
Notary Public

ACKNOWLEDGMENT BY INDIVIDUAL

STATE OF NEW YORK)
) ss.:
COUNTY OF _____)

On this _____ day of _____, 20____, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

_____
Notary Public

EXHIBIT C

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
PURCHASER INCOME ELIGIBILITY WORKSHEET

Cooperative Corporation: [_____]

Residence: _____
(Address) *(Apartment No.)*

The financial information requested on this worksheet must be provided by all purchasers and any other persons who (a) are expected to reside in the Residence located in the Cooperative development financed by a mortgage provided by the New York City Housing Development Corporation ("HDC") and (b) receive income ("Other Household Members"). The information requested below must be provided in order to determine eligibility under certain income limits. These limits have been established principally in response to HDC's programmatic requirements.

THIS DOCUMENT MUST BE COMPLETED PRIOR TO THE EXECUTION OF A SALES CONTRACT BY THE SPONSOR AND/OR COOPERATIVE CORPORATION.

Part 1 - General Information ***(Names and Social Security Numbers)***

A. Purchasers	1. _____	Soc Sec No:	_____
	2. _____	Soc Sec No:	_____
	3. _____	Soc Sec No:	_____
B. Other Household Members	1. _____	Soc Sec No:	_____
	2. _____	Soc Sec No:	_____
	3. _____	Soc Sec No:	_____
	4. _____	Soc Sec No:	_____

Part 2 - Determine the Current Gross Income for all Purchasers and Other Household Members

SOURCES OF CURRENT ANNUAL INCOME

1.	Gross Pay (including any Part-time Pay)	$_____
2.	Overtime	$_____
3.	Bonuses, Commissions, and Tips	$_____
4.	Dividends, Interest, Royalties & Trust	$_____
5.	Business Activities	$_____
6.	Net Rental Income	$_____
7.	Pension/Social Security Benefits	$_____
8.	Veterans Administration	$_____
9.	Unemployment Compensation	$_____
10.	Sick Pay	$_____
11.	Public Assistance	$_____
12.	Any other	$_____
13.	Alimony, Child Support or separate Maintenance Income	$_____

14. Other $_____

15. **TOTAL ANNUAL GROSS INCOME** $_____

NOTE TO PURCHASERS: If Total Annualized Gross Income are above the applicable limits at the time of computation, then you will not be eligible to purchase the shares allocable to the Residence.

NOTE TO SPONSOR AND/OR COOPERATIVE CORPORATION: Execution of this Worksheet by Purchasers and Other Household Members must occur not more than fourteen (14) days prior to execution of the sales contract by the Purchasers. The Sponsor and/or Cooperative Corporation may not countersign the sales contract until HDC approves the income eligibility of the Purchasers. HDC's approval is valid for six (6) months from the date Purchasers execute this Worksheet. HDC's approval is void after such six (6) month period and title closing for the Residence may not occur after such date except with HDC's prior written approval and only after Purchasers execute the Reaffirmation on the Purchaser's Affidavit and list all information changes, if any.

PURCHASERS' AFFIDAVIT: I/We, being duly sworn, (1) certify that the information in this Purchaser Income Eligibility Worksheet is true and complete to the best of my/our knowledge and belief; (2) understand and agree that all of the above information is being relied upon by the Sponsor and/or the Cooperative Corporation in order to determine my/our eligibility as a purchaser of the Residence and that any false, misleading or incomplete information in this Purchaser Income Eligibility Worksheet will be considered an event of default under the HDC mortgage, the proprietary lease for the Residence and the By-laws of the Cooperative Corporation and will be grounds for (a) termination of my/our proprietary lease (b) eviction from my/our Residence and (c) forfeiture of the shares allocable to my/our Residence; and (3) consent to disclosure of all of the above information and any verification materials to HDC.

L.S. _____
Purchaser

L.S. _____
Purchaser

L.S. _____
Purchaser

STATE OF NEW YORK)
) ss.:
COUNTY OF _____)

On this _____day of _____, 20__, before me personally came _____ _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and (s)he acknowledged to me that (s)he executed the same.

_____
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF_____)

On this _____day of _____, 20__, before me personally came _____ _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and (s)he acknowledged to me that (s)he executed the same.

_____
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF _____)

On this _____day of _____, 20__, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and (s)he acknowledged to me that (s)he executed the same.

_____
Notary Public

EXHIBIT D

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
COOPERATIVE APARTMENT
SELLER'S AFFIDAVIT

[FOR INITIAL SALES ONLY]

In order to comply with the requirements of the New York City Housing Development Corporation, as mortgagee of the Project (as hereinafter defined), in connection with the acquisition of shares of Corporation ("Cooperative Corporation") by _____**[insert name of Purchaser(s)]** (the "Purchaser" whether one or more) from the undersigned, which shares are allocable to a proprietary lease for Apt. ____(including fixtures) ("Residence") at _____ ("Project"), the undersigned does hereby depose and say:

1. The Acquisition Cost of the Shares allocable to the Residence is $_____ which consists of the amount paid in cash or in kind by the Purchaser(s) to or for the benefit of the Seller(s) or a related party to the Seller(s) for the Shares and does not include the items listed in the next sentence). Acquisition Cost does not include: reasonable attorney's fees and disbursements, reasonable brokerage fees, title insurance fees, reasonable processing fees of the cooperative corporation and its agents and attorneys related to such acquisition, recording fees, State and local transfer taxes, stamp taxes and the usual and reasonable fees and expenses in connection with the financing without limitation, credit report, fees, legal fees, appraisal fees and origination fees. Such amounts described in the foregoing sentence must not exceed the usual and reasonable fees and expenses for these services.

2. This information is true, correct and complete to the best of (my/our) knowledge and belief. A true and correct copy of the sales contract representing the terms of the entire transaction for the acquisition of the shares for the Residence has been provided to the Cooperative Corporation.

3. In connection with the sale of shares for the Residence, neither (I/we) nor anyone acting on (my/our) behalf (directly or indirectly) has entered into any contract, arrangement or understanding to make any payment to any persons other than as included in the Acquisition Cost stated above.

This document must be executed not more than fourteen (14) days prior to the execution of the sales contract by the Purchaser.

L.S._____
Seller

L.S._____
Seller

ACKNOWLEDGMENT BY INDIVIDUAL

STATE OF NEW YORK) ss.:
COUNTY OF _____)

On this _____ day of _____, 20____, before me personally came _____, to me known and known to be the same person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

_____
Notary Public

ACKNOWLEDGMENT BY PARTNERSHIP

STATE OF NEW YORK) ss.:
COUNTY OF _____)

On the _____ day of _____ in the year 20___, before me personally came _____, to me known to be a partner in _____ _____, a partnership, and known to me to be the individual described in and who executed the foregoing instrument in the partnership name, and said _____ duly acknowledged the foregoing instrument for and on behalf of said partnership.

_____
Notary Public

ACKNOWLEDGMENT BY INDIVIDUAL

STATE OF NEW YORK) ss.:
COUNTY OF _____)

On this _____ day of _____, 20____, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

_____
Notary Public

ACKNOWLEDGMENT BY CORPORATION

STATE OF NEW YORK) ss.:
COUNTY OF _____)

On the _____ day of _____, 20__, before me, the undersigned, a notary public in and for said state, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

EXHIBIT E

Unit Number	Unit Type
201	3 BR
203	2 BR
204	1 BR
205	1 BR
209	2 BR
210	1 BR
301	3 BR
304	2 BR
306	2 BR
307	2 BR
308	1 BR
309	1 BR
310	2 BR
313	2 BR
314	2 BR
405	2 BR
406	2 BR
407	1 BR
409	2 BR
412	2 BR
506	2 BR
507	2 BR
510	2 BR
513	2 BR
605	2 BR
609	2 BR
612	2 BR

- 1 BR units will have a maximum income restriction of $66,719 (based on 130% of the 2 person AMI)
- 2 BR units will have a maximum income restriction of $83,398 (based on 130% of the 4 person AMI)
- 3 BR units will have a maimum income restriction of $96,741 (based on 130% of the 6 person AMI; this amount is still below the HDFC restriction of 165 % of 4 person AMI)

SCHEDULE OF CURRENTLY RESTRICTED PROJECTS

~~[To Come]~~

June '05 HPD Restricted List of Projects	
Cornerstone	
Project Name	**Address**
Madison Court	1783 Madison Avenue
Madison Park	1831 Madison Avenue
Madison Plaza	1825 Madison Avenue
Harriet Tubman Gardens	2229-2243 Frederick Douglass Boulevard
West 117th Street Townhouses	266, 268, 270 West 117th Street
The Hamilton	330 West 145th Street
Rosa Parks Gardens	169 St. Nicholas Avenue
Manhattan Townhouses at W119th	309 West 119th Street
East 119th Street (Palm & Rio Cooperative)	310, 312-319, 321-326 East 119th Street
Cathedral Gardens	55 West 109th Street
Lenox Gardens	131 Lenox Ave
Brownstone Lane I,II,III	307-319 West 118th St. 304-316 West 119th St. 303-313 West 119th St., 306-310 West 120th St.
The Kalahari	42 West 116th Street
Strivers West	2597-2601 Frederick Douglas Boulevard
East 120th St. Townhouses	33-334 East 120th Street
Bushwick Gardens	68 Garden Street
Atlantic Terrace	Atlantic Ave. btw S. Oxford St. & S. Portland Ave.
ANCHOR	
Project Name	**Address**
Bradhurst Court	300-316 West 145th Street
Strivers	300West 135th
Renaissance	130 Malcolm X Boulevard
1400 Fifth Avenue	1400 Fifth Avenue
Vacant Buildings	
Project Name	**Address**
The Washington	229-255 West 148th Street

EXHIBIT J

HPD REGULATORY AGREEMENT

REGULATORY AGREEMENT

This **REGULATORY AGREEMENT** ("Agreement") is entered into as of June 15, 2005 between **BRADHURST 100 DEVELOPMENT LLC**, a limited liability corporation duly organized under the laws of the State of New York, having its principal office at c/o Duvernay + Brooks LLC, 210 Eleventh Avenue, Suite 404, New York, New York 10001 ("Sponsor") and **THE CITY OF NEW YORK** (the "City"), a municipal corporation acting by and through its Department of Housing Preservation and Development ("HPD"), having its office at 100 Gold Street, New York, New York 10038.

WHEREAS, the City has conveyed certain real property (the "Premises") to the Sponsor pursuant to that certain Land Disposition Agreement between the Sponsor and the City bearing even date herewith ("LDA") and the related deed dated of even date with the LDA (the "Deed");

WHEREAS, the Premises will be developed as a condominium containing one garage unit, one commercial unit and a residential unit (the "Residential Unit") which will be owned by the Cooperative Corporation (hereinafter defined) ;

WHEREAS, upon completion of construction of the Project, it is intended that the Sponsor will convey title to the Residential Unit to a cooperative corporation (the "Cooperative Corporation"), which will thereafter assume this Agreement own and operate the Project;

WHEREAS, as a condition for the City conveying the Premises to Sponsor, the City requires the Sponsor to agree to the restrictions set forth in this Agreement.

NOW THEREFORE, the parties do hereby agree as follows:

1. **Term Of Restrictions.** The term of the restrictions set forth in this Regulatory Agreement shall commence on the date hereof and shall terminate on the twenty-fifth (25th) anniversary of the date Sponsor conveys title to the Residential Unit to the Cooperative Corporation ("Restriction Period").

2. **Primary Residence.** During the term of the Restriction Period, every cooperative unit shall be occupied by the owner of the shares allocable to the unit ("Shareholder") as the Shareholder's primary residence. The Cooperative Corporation shall prohibit Shareholders from occupying or using a unit in the Residential Unit or any part of it to be occupied or used for any purpose other than as a primary residence for the Shareholder.

3. **Restriction on Sales**

   (a) Sponsor shall sell at least two-thirds (2/3) of the units in the Residential Unit to households whose Annual Household Income does not exceed 165% of Median.

   (b) Sponsor shall prohibit shareholders from selling any unit which is subject to the restriction set forth in paragraph (a) above to any household whose Annual Household Income exceeds 165% of Median.

   For the purpose of this section:

   "Annual Household Income" shall be defined as the anticipated total income from all

sources to be received by the household head and spouse and by each additional member of the household, including all net income derived from assets, for the twelve (12) month period following the date of initial determination of income. The definitions and descriptions of income set forth in the United States Department of Housing and Urban Development or its successors ("HUD") regulations contained in 24 CFR 5.609 or any successor regulations shall apply for the purposes of this Agreement and shall be incorporated herein; and

"Median" shall be defined as the median income for the primary metropolitan statistical area as determined by HUD from time to time for a family of four, as adjusted for family size.

4. **Enforcement**

A. If a violation of the foregoing covenant occurs or is attempted, and such occurrence or attempt is uncorrected for a period of thirty (30) days after written notice from HPD, or if the condition giving rise to the violation is such that correction or cure is impossible or impracticable to complete within such time period, and Sponsor does not commence to cure or correct the violation within such time period and does not thereafter diligently pursue the cure or correction of such violation, then the City and its successors and assigns, without regard to whether the City and its successors and assigns is an owner of any land or interest therein to which these covenants relate, shall have the right to institute and prosecute any proceeding at law or in equity to abate, prevent or enjoin any such violation or attempted violation or to compel specific performance by Sponsor, its successors and assigns, of its obligations hereunder. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the provisions hereof to obtain relief against or recover for the continuation or repetition of such breach or violation or any similar breach or violation hereof at any later time.

B. Notwithstanding the foregoing, in the event of a violation or default of a provision of this agreement and such default or violation is uncorrected for a period of sixty (60) days after written notice by HPD to the Cooperative Corporation, HPD reserves the right to remove any or all of the existing directors of the Cooperative Corporation, and appoint such person or persons as HPD, in its sole discretion deems advisable including officers or employees of HPD, as new directors to serve in the places of those removed. Directors so appointed need not be shareholders or meet other qualifications which may be prescribed by the Certificate of Incorporation or By-laws of the Corporation. In the absence of fraud or bad faith, directors so appointed shall not be personally liable for debts, obligations or liabilities of the Cooperative Corporation. Directors so appointed shall serve only for a period coexistent with the duration of such default or until HPD is assured in a manner satisfactory to it against violations or a similar nature. Officers or employees of HPD who are so appointed as directors shall serve in such capacity without compensation. No such removal may take place without written notice and an opportunity for the affected directors to appear and be heard before HPD with respect to any alleged violation and the respected parties may be represented by counsel.

5. **Subordination.** All of the terms and conditions of this Regulatory Agreement shall be subject and subordinate to the liens of (a) the building loan mortgage, assignment of leases and rents and security agreement of even date herewith from Mortgagor to Wachovia Bank, National Association in the principal amount of $22,398,519.00; (b) the project loan mortgage, assignment of leases and rents and security agreement of even date herewith from Mortgagor to Wachovia Bank, National Association in the principal amount of $3,234,608.00; (c) the subordinate building loan mortgage and security agreement of even date herewith from Mortgagor to New York City Housing Development Corporation in the principal amount of $6,075,000.00; and (d) an AHC building loan mortgage, assignment of leases and rents and security agreement of even date herewith to Wachovia in the principal amount of $675,000.00; and to all extensions, renewals, refinancings, consolidations, recastings and modifications thereof that do not have the effect of increasing the principal indebtedness and/or debt service on such.

6. **Recording**. Sponsor, at its sole cost and expense, shall cause this Regulatory Agreement to be recorded against the Premises.

7. **Investigations.** Sponsor agrees to be bound by the provisions of the Investigations Clause, attached hereto as Exhibit B.

8. **Covenants Running With The Land**. This Regulatory Agreement shall be recorded against the Premises in the Office of the City Register for the county in which the Premises is located. The restrictions set forth in this Regulatory Agreement shall run with the land and bind the Sponsor, Sponsor's successors, assigns, heirs, grantees, and lessees. All references to "Sponsor" in this Regulatory Agreement shall include Sponsor's successors, assigns, heirs, grantees, or lessees, including, but not limited to the Cooperative Corporation.

9. **HDC Regulatory Agreement**. In the event of any conflict between the terms of this Regulatory Agreement and that certain Regulatory Agreement between Sponsor and the New York City Housing Development Corporation, the more restrictive terms shall govern.

10. **Notices.**

All communications regarding this Agreement shall be in writing and shall be personally delivered, or sent by certified mail, return receipt requested, addressed as follows:

A. When sent to Sponsor, at the address first set forth above.

B. When sent to the Cooperative Corporation, at the address of the managing agent of the Cooperative Corporation. The Cooperative Corporation shall promptly notify HPD as the identity and address of the managing agent.

C. When sent to the City it shall be addressed to the following:

Department of Housing Preservation and Development
100 Gold Street, 5th Floor
New York, New York 10038
Attention: General Counsel

with a copy to,

Department of Housing Preservation and Development
100 Gold Street, 9th Floor
New York, New York 10038
Attention: Deputy Commissioner, Office of Development

Any notice given hereunder shall be deemed to have been given when personally delivered if given by personal delivery or on the third day after such notice has been deposited in the United States mail, postage prepaid, addressed as aforesaid. Any notices of a change in address shall only be deemed given when received by the other party.

Each party shall notify the other in the case of a change in address, which changed address shall thereafter be the address to which notices are sent.

11. **Assumption.** Upon conveyance of the Residential Unit from Sponsor to the Cooperative Corporation, Sponsor shall cause the Cooperative Corporation to expressly assume this agreement.

12. **Expiration.** Upon the expiration of the Restriction Period, this agreement shall become null and void and of no further force and effect with respect to the Premises and HPD shall, at its sole cost and expense, execute and deliver to the Sponsor any document in recordable form requested by the Sponsor to reflect the expiration of this agreement.

13. **Devotion of Disposition Area to Project.** The Disposition Area shall be devoted solely to the Project.

IN WITNESS WHEREOF, this Regulatory Agreement has been duly executed by the City of New York and Sponsor.

THE CITY OF NEW YORK,
acting by and through its
DEPARTMENT OF HOUSING
PRESERVATION AND DEVELOPMENT

By: _____
Susan Ponce de Leon,
Assistant Commissioner

BRADHURST 100 DEVELOPMENT LLC

By: PENNROSE PROPERTIES, LLC,
Managing Member

By: _____
Joni Brooks, Authorized Signatory

APPROVED AS TO FORM
BY STANDARD TYPE OF CLASS
FOR USE UNTIL MAY 31, 2006

By: /s/ Steven Stein Cushman
Acting Corporation Counsel

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

On this 15th day of June, in the year 2005, before me, the undersigned, a Notary Public in and for said State, personally appeared SUSAN PONCE de LEON, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

NOTARY PUBLIC

DAVID BERGLAS
Notary Public State of New York
No. 02BE6031384
Qualified in Queens County
Commission Expires Sep. 27, 2005

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

On the 15th day of June in the year 2005 before me, the undersigned, a Notary Public in and for said State, personally appeared JONI BROOKS, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity, and that by her signature on the instrument, the individual, or the person on behalf of which the individual acted, executed the instrument.

NOTARY PUBLIC

CARLOS JORDAN
Notary Public, State of New York
No. 01JO4890568
Qualified in Queens County
Commission Expires April 27, 2007

EXHIBIT A

Property Description

All those certain plots, pieces and parcels of land, with the buildings and improvements thereon erected, situate, lying and being in the County, City and State of New York, designated on the Tax Map of the City of New York as of November 12, 2004 as:

Block	Lot	Address
2045	42	102 Bradhurst Avenue
2045	43	104 Bradhurst Avenue
2045	44	106 Bradhurst Avenue
2045	45	108 Bradhurst Avenue
2045	46	307 West 147th Street
2045	47	305 West 147th Street
2045	48	303 West 147th Street
2045	49	2771 Frederick Douglass Boulevard
2045	50	2773 Frederick Douglass Boulevard
2045	61	114 Bradhurst Avenue
2045	62	112 Bradhurst Avenue

County: New York

EXHIBIT B

Investigation Clause Rider

(a) The parties to this Agreement agree to cooperate fully and faithfully with any investigation, audit or inquiry conducted by a State of New York (State) or City of New York (City) governmental agency or authority that is empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath, or conducted by the Inspector General of a governmental agency that is a party in interest to the transaction, submitted bid, submitted proposal, contracts, lease, permit, or license that is the subject of the investigation, audit or inquiry.

(b) If any person who has been advised that his or her statement, and any information from such statement, will not be used against him or her in any subsequent criminal proceeding refuses to testify before a grand jury or other governmental agency or authority empowered directly or by designation to compel the attendance of witness and to examine witnesses under oath concerning the award of or performance under any transaction, agreement, lease, permit, contract, or license entered into with the City, the State or any political subdivision or public authority thereof, or the Port Authority of New York and New Jersey, or any local development corporation within the City, or any public benefit corporation organized under the laws of the State of New York, or;

(c) If any person refuses to testify for a reason other than the assertion of his or her privilege against self-incrimination in an investigation, audit or inquiry conducted by a City or State governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to take testimony under oath, or by the Inspector General of the governmental agency that is a party in interest in, and is seeking testimony concerning the award of, or performance under, any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision thereof or any local development corporation within the City, then;

(d) The commissioner or agency head whose agency is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license shall convene a hearing upon not less than five (5) days written notice to the parties involved to determine if any penalties should attach for the failure of a person to testify.

(e) If any non-governmental party to the hearing requests an adjournment, the commissioner or agency head who convened the hearing may, upon granting the adjournment, suspend any contract, lease, permit, or license pending the final determination pursuant to paragraph (g) below without the City incurring any penalty or damages for delay or otherwise.

(f) The penalties which may attach after a final determination by the commissioner or agency head may include but shall not exceed:

(1) The disqualification for a period not to exceed five (5) years from the date of an adverse determination for any person, or any entity of which such person was a

member at the time the testimony was sought, from submitting bids for, or transacting business with, or entering into or obtaining any contract, lease, permit or license with or from the City; and/or

(2) The cancellation or termination of any and all such existing City contracts, leases, permits, or licenses that the refusal to testify concerns and that have not been assigned as permitted under this agreement, nor the proceeds of which pledged, to an unaffiliated and unrelated institutional lender for fair value prior to the issuance of the notice scheduling the hearing, without the City incurring any penalty or damages on account of such cancellation or termination; monies lawfully due for goods delivered, work done, rentals, or fees accrued prior to the cancellation or termination shall be paid by the City.

(g) The commissioner or agency head shall consider and address in reaching his or her determination and in assessing an appropriate penalty the factors in paragraphs (1) and (2) below. He or she may also consider, if relevant and appropriate, the criteria established in paragraphs (3) and (4) below in addition to any other information which may be relevant and appropriate:

(1) The party's good faith endeavors or lack thereof to cooperate fully and faithfully with any governmental investigation or audit, including but not limited to the discipline, discharge, or disassociation of any person failing to testify, the production of accurate and complete books and records, and the forthcoming testimony of all other members, agents, assignees or fiduciaries whose testimony is sought.

(2) The relationship of the person who refused to testify to any entity that is a party to the hearing, including, but not limited to, whether the person whose testimony is sought has an ownership interest in the entity and/or the degree of authority and responsibility the person has within the entity.

(3) The nexus of the testimony sought to the subject entity and its contracts, leases, permits or licenses with the City.

(4) The effect a penalty may have on an unaffiliated and unrelated party or entity that has a significant interest in an entity subject to penalties under (f) above, provided that the party or entity has given actual notice to the commissioner or agency head upon the acquisition of the interest, or at the hearing called for in (d) above gives notice and proves that such interest was previously acquired. Under either circumstance the party or entity must present evidence at the hearing demonstrating the potential adverse impact a penalty will have on such person or entity.

(h) (1) The term "license" or "permit" as used herein shall be defined as a license, permit, franchise or concession not granted as a matter of right.

(2) The term "person" as used herein shall be defined as any natural person doing business alone or associated with another person or entity as a partner, director, officer, principal or employee.

(3) The term "entity" as used herein shall be defined as any firm, partnership, corporation, association, or person that receives monies, benefits, licenses, leases, or permits from or through the City or otherwise transacts business with the City.

(4) The term "member" as used herein shall be defined as any person in association with another person or entity as a partner, officer, principal or employee.

(i) In addition to and notwithstanding any other provisions of this Agreement the Commissioner or agency head may in his or her sole discretion terminate this Agreement upon not less than three (3) days written notice in the event the contractor fails to promptly report in writing to the Commissioner of Investigation of the City of New York any solicitation of money, goods, requests for future employment or other benefit or thing of value, by or on behalf of any employee of the City or other person, firm, corporation or entity for any purpose which may be related to the procurement or obtaining of this Agreement by the Contractor, or affecting the performance of this Agreement.

REGULATORY AGREEMENT

Between

THE CITY OF NEW YORK

and

BRADHURST 100 DEVELOPMENT LLC

Dated as of June 15, 2005

Block	Lot	Address
2045	42	102 Bradhurst Avenue
2045	43	104 Bradhurst Avenue
2045	44	106 Bradhurst Avenue
2045	45	108 Bradhurst Avenue
2045	46	307 West 147th Street
2045	47	305 West 147th Street
2045	48	303 West 147th Street
2045	49	2771 Frederick Douglass Boulevard
2045	50	2773 Frederick Douglass Boulevard
2045	61	114 Bradhurst Avenue
2045	62	112 Bradhurst Avenue

County: New York

RECORD AND RETURN TO:

David Berglas, Esq.
Department of Housing Preservation
and Development
Office of Legal Affairs
100 Gold Street, Room 5-S4
New York, New York 10038

EXHIBIT K

ESCROW AGREEMENT

AGREEMENT made this ____ day of _____ 20__, between Bradhurst 100 Development LLC ("SPONSOR") as sponsor of the Offering Plan (defined below) and Schneider Goldstein Bloomfield LLP ("ESCROW AGENT") as escrow agent.

WHEREAS, SPONSOR is the sponsor of an offering plan for premises known as the Residential Unit in the Sutton Condominium, 102 Bradhurst Avenue, New York, NY (the "Offering Plan"); and

WHEREAS, Schneider Goldstein Bloomfield LLP is authorized to act as an escrow agent hereunder in accordance with General Business Law ("GBL") Section 352-e(2-b) and the Attorney General's regulations promulgated thereunder; and

WHEREAS, SPONSOR desires that ESCROW AGENT act as escrow agent for deposits and payments by purchasers or subscribers, pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby agree as follows:

A. ESTABLISHMENT OF THE ESCROW ACCOUNT.

1. ESCROW AGENT has established a master escrow account for the purpose of holding deposits, down payments, advances or payments ("Deposits") made by purchasers or subscribers ("Purchasers") pursuant to the Offering Plan at JPMorgan Chase Bank, 1 Chase Manhattan Plaza, New York, NY 10081, in account number [redacted] entitled "Schneider Goldstein Bloomfield LLP" (the "Master Escrow Account").

2. All Deposits will be placed initially in a non-interest bearing checking portion of the Master Escrow Account. At such time as ESCROW AGENT receives a completed and signed Form W-9 (Request for Taxpayer Identification Number) or Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding), as applicable, from a Purchaser, the Deposit of such Purchaser will be promptly transferred from the non-interest bearing checking portion of the Master Escrow Account into an individual interest bearing sub-escrow savings account in the name of such Purchaser. At such time as the Deposit is released, the Deposit will be transferred from the individual sub-escrow savings account to the non-interest bearing checking portion of the Master Escrow Account so that checks may be drawn thereon.

3. Partners or attorneys employed by ESCROW AGENT are the sole signatories on the Master Escrow Account.

4. The Master Escrow Account is not an IOLA account established pursuant to Judiciary Law Section 497.

5. All interest will be credited to Purchaser at such time as: (i) there is a closing under the Contract of Sale (defined below), or (ii) Purchaser is entitled to a return of the Deposit. All interest will be credited to SPONSOR only in the event Purchaser defaults.

B. DEPOSITS INTO THE ESCROW ACCOUNT.

1. All funds received from Purchasers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be deposited into the Master Escrow Account. All instruments to be deposited into the Master Escrow Account shall be made payable directly to the order of "Schneider Goldstein Bloomfield LLP, as Escrow Agent." Endorsed instruments will not be accepted. Any instrument payable other than as required hereby, and which cannot be deposited into the Master Escrow Account, shall be returned to the Purchaser promptly, but in no event more than five (5) business days following receipt of such instrument by ESCROW AGENT. In the event of such return of funds, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

2. Within ten (10) business days after tender of the Deposit submitted with the purchase agreement or subscription agreement ("Contract of Sale"), ESCROW AGENT shall notify the Purchaser of the deposit of such funds in the Master Escrow Account, provide the account number, and disclose the initial interest rate. If the Purchaser does not receive notification of such deposit within fifteen (15) business days after tender of the Deposit, the Purchaser may cancel the Contract of Sale and rescind within ninety (90) days after tender of the Deposit, or may apply to the Attorney General for relief. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit was timely deposited in accordance with the Attorney General's regulations and requisite notice was timely mailed to the Purchaser.

C. RELEASE OF FUNDS.

1. Consummation of the Offering Plan does not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.

2. ESCROW AGENT shall continue to hold the Deposit in escrow until otherwise directed in (a) a writing signed by both Sponsor and Purchaser or (b) a determination of the Attorney General or (c) a judgment or order of a court of competent jurisdiction or until released pursuant to the regulations of the Attorney General pertaining to release of escrowed funds.

3. SPONSOR shall not object and will be deemed to have agreed, without the need for a written agreement, to the release of the Deposit to: (a) a Purchaser who timely rescinds in accordance with an offer of rescission contained in the Offering Plan or an amendment to the

Offering Plan, or (b) all Purchasers after an amendment abandoning the Offering Plan is accepted for filing by the Department of Law.

4. In the event SPONSOR and a Purchaser close title under the Contract of Sale, ESCROW AGENT shall be entitled to release the Deposit to SPONSOR without the need for a written agreement from Purchaser.

5. Except as otherwise set forth above, if there is no written agreement between the parties to release the Deposit, ESCROW AGENT shall not pay the funds to SPONSOR until ESCROW AGENT has given the Purchaser written notice of not fewer than ten (10) business days. Thereafter, the Deposit may be paid to SPONSOR unless the Purchaser has made application to the Department of Law pursuant to the dispute resolution provisions contained in the Attorney General's regulations and ESCROW AGENT has received notice from the Purchaser in accordance with such provisions.

D. RECORDKEEPING.

1. ESCROW AGENT shall maintain all records concerning the Master Escrow Account for seven years after release of the funds.

2. Upon the dissolution of ESCROW AGENT, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm or by the successor firm and shall notify the Department of Law of such transfer.

3. ESCROW AGENT shall make available to the Attorney General, upon request, all books and records of ESCROW AGENT relating to the funds deposited and disbursed hereunder.

E. GENERAL OBLIGATIONS OF ESCROW AGENT.

1. ESCROW AGENT shall maintain the Master Escrow Account under its direct supervision and control.

2. A fiduciary relationship shall exist between ESCROW AGENT and Purchasers, and ESCROW AGENT acknowledges its fiduciary obligations.

3. ESCROW AGENT shall not be liable to SPONSOR for any error in judgment, mistake of fact or law or for any act or omission on ESCROW AGENT'S part, including, without limitation, any act or omission which permits a Purchaser to rescind a Contract of Sale, unless taken or suffered in bad faith or in willful disregard of this Agreement or involving gross negligence on the part of ESCROW AGENT.

4. ESCROW AGENT shall be permitted to act as counsel for SPONSOR in any dispute as to the disbursement of the Deposit or any other dispute between SPONSOR and a Purchaser

whether or not ESCROW AGENT is in possession of the Deposit and continues to act as ESCROW AGENT.

5. ESCROW AGENT may rely upon any paper or document which may be submitted to it in connection with its duties under this Agreement and which is believed by ESCROW AGENT to be genuine and to have been signed or presented by the proper party or parties and shall have no liability or responsibility with respect to the form, execution or validity thereof.

6. ESCROW AGENT may consult with legal counsel selected by it and the opinion of such counsel shall be full and complete authorization and protection to ESCROW AGENT in respect of any action taken or omitted in good faith by ESCROW AGENT hereunder in accordance with the opinion of such counsel.

F. RESPONSIBILITIES OF SPONSOR.

1. SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall deliver all Deposits received by them prior to closing of an individual transaction to a designated attorney who is a member of or employed by ESCROW AGENT within two (2) business days of tender of the Deposit by a Purchaser, using such transmittal forms as required by ESCROW AGENT from time to time.

2. SPONSOR agrees that it shall not interfere with ESCROW AGENT'S performance of its fiduciary duties and compliance with the Attorney General's regulations.

3. SPONSOR shall obtain or cause the selling agent under the Offering Plan to obtain a completed and signed Form W-9 or Form W-8BEN, as applicable, from each Purchaser and deliver such form to ESCROW AGENT together with the Deposit and Contract of Sale.

G. TERMINATION OF AGREEMENT.

1. This Agreement shall remain in effect unless and until it is canceled by either:

(a) Written notice given by SPONSOR to ESCROW AGENT of cancellation of designation of ESCROW AGENT to act in said capacity, which cancellation shall take effect only upon the filing of an amendment to the Offering Plan with the Department of Law providing for a successor escrow agent; or

(b) The resignation of ESCROW AGENT upon giving notice to SPONSOR of its desire to so resign. Such resignation shall take effect on the date set forth in the notice from ESCROW AGENT, except such resignation shall take effect only upon the filing of an amendment to the Offering Plan with the Department of Law providing for a successor escrow agent with respect to Deposits held in the Master Escrow Account on the date of such resignation; or

(c) all shares or units offered by SPONSOR pursuant to the Offering Plan have been sold and no Deposits of Purchasers from SPONSOR remain in the Master Escrow Account.

2. Upon termination of the duties of ESCROW AGENT as described in paragraph 7.1 (a) or (b) above, ESCROW AGENT shall deliver any and all funds held by ESCROW AGENT in escrow and any and all contracts or documents maintained by ESCROW AGENT relating to such funds to the new escrow agent.

H. SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon SPONSOR and ESCROW AGENT and their respective successors and assigns.

I. GOVERNING LAW.

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

J. ESCROW AGENT'S COMPENSATION.

SPONSOR agrees to pay ESCROW AGENT for services rendered by its attorneys and paralegals and expenses incurred by ESCROW AGENT in connection with this Agreement, including, without limitation, disputes arising with respect to the Deposit. SPONSOR shall not be charged with any administrative costs for maintenance of the Master Escrow Account. ESCROW AGENT'S fees and disbursements shall neither be paid by SPONSOR from the Deposit nor deducted from the Deposit by any financial institution under any circumstance.

K. SEVERABILITY.

If any provision of this Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

L. INDEMNIFICATION

SPONSOR agrees to defend, indemnify and hold ESCROW AGENT harmless from and against all costs, claims, expenses and damages incurred in connection with or arising out of this Agreement or the performance or non-performance of ESCROW AGENT'S duties under this Agreement, except with respect to actions or omissions taken or suffered by ESCROW AGENT in bad faith or in willful disregard of this Agreement or involving gross negligence of Escrow Agent. This indemnity includes, without limitation, disbursements and attorneys' fees either paid to retain attorneys or representing the hourly billing rates with respect to legal services rendered by ESCROW AGENT to itself.

M. ENTIRE AGREEMENT.

This Agreement, read together with GBL Section 352-e(2-b) and the Attorney General's regulations, constitutes the entire agreement between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first written above.

ESCROW AGENT:

SCHNEIDER GOLDSTEIN BLOOMFIELD LLP

By: _____
Name:
Title:

SPONSOR:

BRADHURST 100 DEVELOPMENT LLC

By: _____
Name:
Title:

EXHIBIT L

ATTORNEY'S INCOME TAX OPINION

SCHNEIDER GOLDSTEIN BLOOMFIELD LLP
COUNSELLORS AT LAW
90 BROAD STREET, 6TH FLOOR
NEW YORK, NY 10004
(212) 265-2266

JAY BLOOMFIELD
HARVEY N. GOLDSTEIN
DONALD F. SCHNEIDER
RANDI SPIER

FAX: (212) 265-2442
EMAIL@LEXNEWYORK.COM

August 23, 2005

Bradhurst 100 Development LLC
210 Eleventh Avenue
New York, NY 10001

Re: Offering Plan for Cooperative
Ownership of the Residential Unit of
The Sutton Condominium
102 Bradhurst Avenue
New York, New York

Gentlemen:

You have requested our opinion as to whether The Sutton Apartments Corporation (hereinafter the **"Apartment Corporation"),** a corporation organized under Section 402 of the Business Corporation Law of the State of New York, pursuant to an Offering Plan to Convert to Cooperative Ownership the Residential Unit of the Sutton Condominium (hereinafter the **"Plan"),** promulgated by you (hereinafter the **"Sponsor")** will qualify as a cooperative housing corporation as defined in Section 216 of the Internal Revenue Code of 1986, as amended (the **"Code"),** and whether the stockholders of the Apartment Corporation will be entitled to deduct for Federal, New York State and New York City income tax purposes their proportionate share of the real estate taxes and mortgage interest paid or incurred by the Apartment Corporation on the Residential Unit (hereinafter the **"Property"),** after the Apartment Corporation acquires legal title to the Property on the Cooperative Conversion Date. You also have asked us to discuss some of the ancillary tax consequences.

We prepared the Certificate of Incorporation (including any amendments thereto) and By-laws of the Apartment Corporation. We also prepared the Plan and reviewed all the underlying schedules and documents set forth therein.

Unless the context requires otherwise, capitalized terms used in this opinion have the same meaning as in the Plan.

CONCLUSION

Based solely on the Plan and documents mentioned above as well as the validity and correctness of the assumptions later set forth, if Sponsor duly transfers shares of the Apartment Corporation that it does not retain to persons that are qualifying tenant-stockholders within the meaning of Section 216 of the Code, and if the respective owners (including Sponsor) of each and every block of shares allocated to an apartment under the Plan shall have executed a Proprietary Lease (or succeeded to the lessee's interest thereunder by assignment and assumption, as applicable) covering the respective apartment to which the shares are allocated (individually, an **"Apartment"** and collectively the **"Apartments"**), in accordance with the terms of the Plan, it is our opinion that in any taxable year in which at least eighty (80%) percent of the gross income of the Apartment Corporation is derived from qualified tenant-stockholders:

1. The Apartment Corporation will qualify for such year as a cooperative housing corporation as presently defined in Section 216 of the Code; and

2. Each tenant-stockholder who itemizes deductions will be entitled, under present tax laws and regulations, to deduct for Federal, New York State and New York City income tax purposes that portion of the maintenance charges paid by that tenant-stockholder to the Apartment Corporation that represents that tenant-stockholder's proportionate share of (a) real estate taxes allowable as a deduction to the Apartment Corporation which are paid or incurred by the Apartment Corporation (within the taxable year of such tenant-stockholder) on the Property and (b) interest allowable as a deduction to the Apartment Corporation which is paid or incurred by the Apartment Corporation (within the taxable year of such tenant-stockholder), with respect to mortgage indebtedness on the Property incurred by the Apartment Corporation in connection with acquisition, construction, alteration, rehabilitation or maintenance) of the Property. The amount of such interest deduction, however, may be subject to certain limitations set forth in Section 163(h) of the Code, as described below. The amounts deductible under clauses (a) and (b) above are limited to the extent that such tenant-stockholder has paid during such taxable year to the Apartment Corporation amounts representing such proportionate share of taxes and interest incurred by the Apartment Corporation.

We note that under certain circumstances such deductions for real estate taxes and interest may not be deductible (in whole or in part) in the computation of the alternative minimum tax imposed under Section 55 of the Code.

DISCUSSION

Pursuant to Section 216 of the Code, a tenant-stockholder (as defined in the Code) of a qualified cooperative housing corporation is allowed to deduct that portion of the amounts paid

by that tenant-stockholder to the cooperative housing corporation within that tenant-stockholder's taxable year, that represents that tenant-stockholder's proportionate share of (a) real estate taxes allowable as a deduction to the corporation paid or incurred by the corporation on the building and the land on which such building is situated, and (b) interest allowable as a deduction to the corporation paid or incurred by the corporation on its indebtedness contracted in the acquisition, construction, alteration, rehabilitation or maintenance of the building or in the acquisition of the land on which the building is situated.

To qualify as a cooperative housing corporation within the meaning of Section 216 of the Code, the following four (4) fundamental requirements must be met:

First Requirement: The corporation may have only one class of stock outstanding.

Since the Apartment Corporation's Certificate of Incorporation provides that the Apartment Corporation is authorized to issue only a single class of stock, this requirement should be satisfied provided that no other inconsistent action is taken by the Apartment Corporation or its stockholders.

It should be noted, however, that certain provisions of the Proprietary Lease do not apply to sales under the Offering Plan, which sales, as a practical matter will be made only by Sponsor and holders of Unsold Shares, if any. As a result, the Internal Revenue Service (the **"Service")** might take the position that the Apartment Corporation does not satisfy the one class of stock requirement and therefore does not constitute a cooperative housing corporation under Section 216.

Although there is no authority directly on this point, it is our opinion that (i) the provisions of the Proprietary Lease that are inapplicable to sales under this Plan do not differentiate based on the type of Shares or identity of the owners thereof, but instead differentiate based on the nature of the transfer and (ii) in any event, the distinctions created by such Proprietary Lease provisions arise from the Proprietary Lease, and/or government regulations or mortgage insurance requirements rather than from the Apartment Corporation's corporate documents (i.e. the Certificate of Incorporation and By-laws), and, therefore, for purposes of Section 216, the Apartment Corporation should not be treated as having more than one class of stock as the result of such provisions. Nevertheless, the foregoing represents merely an opinion of counsel and there can be no assurance that the Service will not successfully assert that the Apartment Corporation should be treated as having a second class of stock.

Second Requirement: Each stockholder must be entitled, solely by reason of that stockholder's ownership of the corporation's shares, to occupy for dwelling purposes an apartment in the building owned or leased by the corporation.

Under the Plan, as well as under the Certificate of Incorporation of the Apartment Corporation, each stockholder will be entitled solely by virtue of that stockholder's ownership of Shares in the Apartment Corporation, to a Proprietary Lease covering the Apartment to which that stockholder's block of shares is allocated. The Proprietary Lease will have an original term of at least fifty (50) years and grants the lessee the right to occupy the Apartment for dwelling purpose. Consequently, this requirement of the Code appears to be satisfied, assuming such Proprietary Lease is in fact issued to each and every stockholder concurrently with the issuance of the certificate for that stockholder's shares.

Third Requirement: No stockholder is entitled (either conditionally or unconditionally) to receive any distribution not out of earnings and profits of the corporation except on a complete or partial liquidation of the corporation.

The Certificate of Incorporation of the Apartment Corporation provides that no holder of any Shares of the Apartment Corporation shall be entitled, either conditionally or unconditionally, to receive any distribution not out of earnings and profits of the Apartment Corporation and the By-laws of the Corporation contain a similar provision. Accordingly, this statutory requirement is met.

Fourth Requirement: Eighty (80%) percent or more of the corporation's gross income for the taxable year in which real estate taxes and mortgage interest are paid or incurred by the corporation must be derived from tenant-stockholders.

The term "tenant-stockholder" is defined in the statute to can a person ". . . whose stock is fully paid-up in an amount not less than an amount . . . bearing a reasonable relationship to the portion of the value of the corporation's equity in the . . . apartment building and the land on which situated which is attributable to the . . . apartment which such person is entitled to occupy."

This last statutory requirement contains three distinct, but interdependent, tests to be met as will be explained below.

A. The first test is commonly called the "eighty (80%) percent gross income" test.

In the Plan, pursuant to the Apartment Corporation's Projected Operating Budget for the First Year of Cooperative Operation (the **"Projected First Year"),** the Apartment Corporation is projected to receive at least eighty (80%) percent of its gross income from the maintenance charges to be paid by the tenant-stockholders under their respective Proprietary Leases. Under the terms of the Plan, the Apartment Corporation is projected to receive rental income from the laundry lease which will not qualify as income received from a tenant-stockholder and interest income from reserve funds on deposit. Based on the foregoing information, during the First Year of cooperative ownership the projected non-qualifying income constitutes less than 20% of the gross income of the Apartment Corporation. Assuming the budget projections prove to be accurate, and further assuming the other two interdependent tests (and the other requirements described in this opinion) are satisfied, then, except for the issue discussed in the following paragraph, it is our opinion that the eighty (80%) percent gross income test would be satisfied during the Projected First Year.

However, it is possible that the Service could assert that the eighty (80%) percent gross income test will not in fact be satisfied for the first year of cooperative operation, because the Apartment Corporation will likely receive income prior to the Cooperative Conversion Date at a time that it does not own legal title to the Residential Unit. For example, it is anticipated that prior to the Cooperative Conversion Date, Sponsor will rent Apartments on an interim basis to Purchasers who have executed Purchase Agreements (see the section of the Plan entitled **"Procedure to Purchase and Close"**) and will in turn pay "maintenance" to the Apartment Corporation (most likely based on the expenses of operating the Residential Unit, and not based on "maintenance" as set forth in the Plan. The Service could assert that such "maintenance" paid by Sponsor prior to transfer of legal title to the Residential Unit to the Apartment Corporation is not qualifying income for purposes of the eighty (80%) percent gross income test. Nevertheless, although the matter is not free from doubt, in our opinion the Apartment Corporation should be treated as the beneficial owner of the Property during such period, so that the lack of legal title should not prevent the income from being qualifying income for purposes of the eighty (80%) percent gross income test.

If the Apartment Corporation does not qualify as a cooperative housing corporation for any year for the foregoing reason or for any other reason, then (i) tenant-stockholders will not be permitted to deduct for such year (a) their share of the Apartment Corporation's interest expense and real estate taxes and (b) interest on any loan owed by a tenant-stockholder secured by the Shares and Proprietary Lease attributable to an Apartment, and (ii) tenant-stockholders who use their Apartment as their primary residence will not be eligible for the exclusion from income under Section 121 of the Code of up to $250,000 ($500,000 for joint returns) upon the sale of the Apartment during such year and probably will not be able to count the period for which the Apartment Corporation did not qualify as a cooperative housing corporation for

purposes of meeting certain requirements necessary to use such exemption during a subsequent year.

B. The second interdependent test pertains to the identity of the tenant-stockholder.

Under Section 216(1)(2) of the Code, a tenant-stockholder is defined to include any "person" satisfying certain stock ownership requirements in a cooperative housing corporation. Section 7701(a)(1) of the Code defines "person" as an individual, a trust, estate, partnership, association, company or corporation. Thus, an individual, a trust, estate, partnership,, association, company or corporation may be a tenant-stockholder. In addition, although not specifically listed, a limited liability company, the member or members of which consist of the enumerated "persons," may be a tenant-stockholder.

C. The third interdependent test is customarily referred to as the "reasonable relationship" test.

The Internal Revenue Service has interpreted this provision to require that each block of shares be fully paid up in an amount at least equal to an amount as bears ". . . a reasonable relationship to the portion of the fair market value, as of the date of the original issuance of the stock, of the corporation's equity in the building and the land on which it is situated which is attributable to the apartment . . . which such individual is entitled to occupy." Treasury Regulation § 1.216-1(e).

This is in essence a twofold test: (i) the shares must be "fully paid up," and (ii) the amount paid must be at least equal to a price that bears a reasonable relationship to the fair market value of the corporation's equity in the property. The proper time for applying such twofold test is the first time shares are issued (or sold) under the plan of cooperative ownership (generally when the Apartment Corporation first qualifies under Section 216 of the Code). See Rev. Rul. 73-444, 1913-2 C.B. 76; G.C.M. 38999 (June 16, 1983).

Regarding the first part of the test, (i) as regards Sponsor, the cash they contributed to the Apartment Corporation in exchange for their respective issued Shares exceeded the par value, if any, of the Shares, and (ii) the cash purchase price (the **"Purchase Price"**) of each block of Shares set forth in the Plan exceeds the par value, if any, of the Shares. Assuming the full Purchase Price under each Purchaser's Purchase Agreement is paid (including the par value of the Shares) and assuming further that those Shares of the Apartment Corporation not sold or fully paid for on the Cooperative Conversion Date by third-party purchasers are retained by Sponsor as Unsold Shares, then in our opinion, the "fully paid up" test should be met.

With respect to the second part of the test, you have represented (and have agreed to reconfirm such representations upon consummation of the Plan) that the construction costs not funded by third party borrowing are being contributed by Sponsor. Michael Reed has rendered its opinion that (i) the distribution of Shares shown in Schedule A is reasonable and equitable, (ii) the contribution by Sponsor to the capital of the Apartment Corporation in exchange for Shares therein and the value of the Shares owned by Sponsor are each not less than an amount that bears a reasonable relationship to the portion of the fair market value of the Apartment Corporation's equity in the Property attributable to the Apartments to which such Shares are being allocated, and (iii) the Purchase Price set forth in the Plan (and value) of each block of Shares are each not less than an amount that bears a reasonable relationship to the portion of the fair market value of the Apartment Corporation's equity in the Property Attributable to the Apartment to which the block of Shares is allocated. You have agreed to obtain a new opinion letter from Michael Reed, or similar expert, when the Plan is consummated, which letter will state that these three conditions continued to be satisfied until and including such time.

You have also agreed that if the Apartment Corporation does not satisfy the eighty (80%) percent gross income test for the first year of cooperative operation, you will obtain a new opinion letter as of the first day of the following taxable year (and as of the first day of each successive taxable year until at least one year has passed during which the eighty (80%) percent gross income test has been satisfied), which letter will state (i) that the above conditions continue to be satisfied as of that date and (ii) that the value of the shares owned by each shareholder as of that date is not less than amount that bears a reasonable relationship to the fair market value of the portion of the Apartment Corporations equity in the Property attributable to the Apartments to which such shares are allocated.

In addition, you have agreed not to change the Purchase Price of any block of shares until after the later of the consummation of the Plan or the passage of the first year in which the eighty (80%) percent gross income tax has been satisfied, unless Michael Reed opines that the new purchase price continues to satisfy such reasonable relationship test.

Based on the representations of Sponsor, and assuming (i) that Sponsor reaffirms such representations upon consummation of the Plan, (ii) that Michael Reed reaffirms his opinion upon consummation of the Plan, (iii) that the opinions of Michael Reed are valid and correct in all respects, but without passing upon the accuracy of such opinions and (iv) that the terms of the Plan are strictly observed, then in our opinion, the reasonable relationship test appears" to be met.

Section 163(h) of the Code contains certain limitations on the deductibility of interest paid or accrued by taxpayers other than corporations. Under Section 163(h) of the Code, a

deduction is allowed, subject to the limitations contained in the following sentence, for interest which is paid or accrued during the taxable year by an individual on (i) any indebtedness incurred in acquiring, constructing, or substantially improving his or her principal residence or specifically selected secondary residence (each a **"qualified residence") ("Acquisition Indebtedness")** and (ii) interest on any indebtedness (other than Acquisition Indebtedness) secured by a "qualified residence" **("Equity Indebtedness")** to the extent the aggregate amount of such Equity Indebtedness does not exceed the fair market value of such "qualified residence" less any Acquisition Indebtedness with respect to such "qualified residence." However, the aggregate amount treated as Acquisition Indebtedness for any period (on both a principal residence and a specifically selected secondary residence) shall not exceed $1,000,000 ($500,000 in the case of a married individual filing a separate return) and the aggregate amount treated as Equity Indebtedness for any period (on both a principal residence and a specifically selected secondary residence) shall not exceed $100,000 ($50,000 in the case of a separate return by a married individual). In addition, there are special rules concerning certain indebtedness incurred before October 14, 1987 and refinancings thereof.

The above limitations are likely to apply to a tenant-stockholder's allocable share of the interest paid or accrued by a cooperative housing corporation with respect to indebtedness incurred to acquire, construct or maintain the houses or apartment buildings it owns, and in Internal Revenue Service Publication 936 (1999), the Service has informally so interpreted such limitations to apply.

We note that the current provisions of the New York State Tax Law and the New York City Administrative Code do not contain any separate, independent requirements in order to be qualified to take the above-described tax deductions. Rather, these statutes permit tenant-stockholders to automatically deduct for State and City income tax purposes their proportionate share of the real estate taxes and mortgage interest paid or incurred by the Apartment Corporation to the same extent such deductions are allowed under Section 216 of the Code.

Based on the foregoing, and provided that the Shares of the Apartment Corporation are retained by Sponsor or are duly transferred to persons considered to be qualified tenant-stockholders within the meaning of Section 216 of the Code, that Proprietary Leases for each Apartment at the Property offered for sale under this Plan are executed by the Apartment Corporation and the owner of Shares allocated to such Apartment, and that the "reasonable relationship" opinion letters and Sponsor representation letters referred to in this opinion are obtained, then:

1. It is our opinion that in any taxable year in which 80% or more of the Apartment Corporation's gross income is derived from qualified tenant-stockholders, the Apartment Corporation will qualify as a cooperative housing corporation for such year within the meaning of Section 216 of the Code and each tenant-stockholder who itemizes deductions will be entitled to deduct for Federal, New York State and New York City income tax purposes (other than for Federal alternative minimum tax purposes) that tenant-stockholder's proportionate share of:

(a) real estate taxes allowable as a deduction to the Apartment Corporation which are paid or incurred by the Apartment Corporation (within the taxable year of such tenant-stockholder) on the Property, and

(b) interest allowable as a deduction to the Apartment Corporation which is paid or incurred by the Apartment Corporation (within the taxable year of such tenant-stockholder) on mortgages which encumber the Property and which were incurred to acquire, construct, alter, rehabilitate or maintain the Property (the amount of such interest deduction, however, may be subject to certain limitations set forth in Section 163(h) of the Code, as described above).

The amounts deductible under clauses (a) and (b) above are limited to the extent that such tenant-stockholder has paid during that tenant-stockholder's taxable year to the Apartment Corporation amounts representing such proportionate share of taxes and interest incurred by the Apartment Corporation.

2. If, by reason of the receipt of income not derived from tenant-stockholders, less than 80% of the Apartment Corporation's gross income for any taxable year is derived from tenant-stockholders, the Apartment Corporation will not qualify as a cooperative housing corporation under Section 216 for such year and (i) tenant-stockholders will not be permitted to deduct for such year (a) their share of the Apartment Corporation's interest expense and real estate taxes and (b) interest on any loan owed by a tenant-stockholder secured by an Apartment; (ii) tenant-stockholders who use their Apartment as their primary residence will not be eligible for the exclusion from income under Section 121 of the Code of up to $250,000 ($500,000 for joint returns) upon the sale of the Apartment during such year and probably will not be able to count the period for which the Apartment Corporation did not qualify as a cooperative housing corporation for purposes of meeting certain requirements necessary to use such exemption during a subsequent year.

The terms of the HPD Note and the HPD PM Note each provide that the indebtedness will expire or be deemed satisfied without further payment at maturity. The two exceptions to such forgiveness are: (i) the indebtedness is not forgiven to the extent the Apartment Corporation

does not abide by the terms of the HPD Regulatory Agreement or the applicable mortgage or note, and (ii) owners of Apartments (other than Sponsor) who sell their Apartments at a profit are required to pay not more than 50% of HPD Apartment Resale Profits to the Apartment Corporation which amount the Apartment Corporation is required to pay to HPD and HPD is to apply first in reduction of the HPD Note and once that note is satisfied, in reduction of the HPD PM Note. Neither the HPD Note nor the HPD PM Note bears interest.

Although the matter is not free from doubt, in our opinion the HPD Note and the HPD PM Note (or the value of the land transferred in exchange for the HPD PM Note) should properly be viewed for income tax purposes as grants to the Partnership on behalf of the Apartment Corporation in the nature of a non-shareholder contribution to capital exempt from taxation to the Apartment Corporation under Section 118(a) of the Code. In addition, the amount of the mortgages securing the notes would be excluded from the basis of the Apartment Corporation in the Property.

In reaching our opinion, we have assumed that (i) The City of New York and its administrative agencies advanced the funds pursuant to the HPD Note and transferred land in exchange for the HPD PM Note (such funds and land collectively referred to as the **"Funds"**) for a public purpose and to benefit the community at large, (ii) the Funds become a permanent part of the working capital of the Apartment Corporation, (iii) the Funds are not compensation and are not payment for services provided by the Apartment Corporation, (iv) the Funds were bargained for and were sought out by or on behalf of the Apartment Corporation, and the precise terms of the funding were negotiated, (v) the Funds will result in a benefit to the Apartment Corporation in an amount commensurate with their value and (vi) the Funds and the items on which they are expended will be employed in or will contribute to the production of additional income to the Apartment Corporation and their value is assured in that respect. See United States v. Chicago, Burlington & Quincy R.R., 412 U.S. 401 (1973); Rev. Rul. 93-16, 1993-1 C.B. 26; GCM 37354 (December 21, 1977).

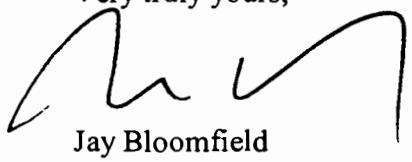
If the Service were to disagree with our view as to the proper treatment of the HPD Note and the HPD PM Note or the factual assumptions underlying our analysis, the Service could assert that the entire amount of each is immediate income upon its advance, which would leave the Apartment Corporation with a substantial income tax liability. Alternatively, the Service could argue that the HPD Note and the HPD PM Note should be treated for income tax purposes as debts as to which the lender forgives a portion thereof each year or upon expiration, possibly giving rise to cancellation of indebtedness income, which could both be taxable to the Apartment Corporation and not qualify as "good" income for the eighty (80%) percent gross income test.

We express no views as to any tax consequences other than those explicitly discussed in this opinion. Specifically, this opinion does not address the tax consequences which result from ownership of an Apartment in connection with a tenant-stockholder's trade or business or for the production of income (including the possible application of the at-risk rules and the passive loss rules), limitations on itemized deductions, any potential application of the original issue discount rates, transfer tax issues, the reasonableness of any fees, Federal income tax or New York State or New York City franchise or corporation tax liabilities of the Apartment Corporation or the computation of any such liabilities, the date that ownership is deemed to transfer for income tax purposes, any potential disallowance of interest deductions under current law or administration proposals if the Apartment Corporation's should hold investments generating tax exempt interest income, and the treatment of the reserve funds, other than those explicitly discussed herein. We strongly advise that each person contemplating the purchase of an Apartment consult his or her own tax advisor as to all tax matters (including the tax matters discussed in this opinion).

The opinions expressed above are based on our interpretation of existing tax laws, applicable regulations and rules of the Treasury Department and court decisions construing such rules and regulations. Although we believe our opinions are well founded, they involve areas as to which the law is not entirely clear and they are not intended, and should not be construed, as warranties. No assurance can be given that the tax laws upon which we based the opinions expressed above will not change, or that the taxing authorities and the courts will agree with such opinions. In no event will Sponsor, Sponsor's counsel, the Apartment Corporation, counsel to the Apartment Corporation, or any other person be liable if the Apartment Corporation ceases to meet the requirements of Section 216 of the Code or the comparable New York State or New York City income tax laws, if there are changes in the facts on which we relied in issuing this opinion, or if there are changes in the applicable statutes, regulations, decisional law or rulings on which we relied. Finally, we have not passed upon the accuracy of any figures or estimates contained in the Plan and do not warrant the amount deductible from income tax for any period, assuming such tax deductions are allowed, or the amount that tenant-stockholders may save in Federal, New York State or New York City income taxes, if any, as a result of such deductions.

You have advised us of your intention to reproduce this letter in the Plan and we hereby consent to such use.

Very truly yours,



Jay Bloomfield

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EXHIBIT M

OPINION OF ADEQUACY OF BUDGET

World Class Management, Inc.
1862 East Tremont Avenue ◆ Bronx, New York 10460 ◆ (718) 239-7145 ◆ Fax: (718) 239-7217

CERTIFICATION OF ADEQUACY OF BUDGET

Re: The Sutton Apartments Corp.
The Sutton Condominium
102 Bradhurst Avenue
New York, NY

The sponsor of the cooperative offering plan for the captioned property retained our firm to review or prepare Schedules B and C, containing projections of income and expenses for the first year of cooperative and condominium operation. Our experience in this field includes 30 years of property management experience involving 20 properties and a total of approximately 6,500 units.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 21 insofar as they are applicable to Schedules B and C.

We have reviewed the Schedules and investigated the facts set forth in the Schedule(s) and the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in Schedules B and C appear reasonable and adequate based on present prices adjusted to reflect continued inflation and present levels of consumption for comparable units similarly situated, and the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of cooperative and condominium operation.

We certify that the Schedules:

(i) sets forth in detail the terms of the transaction as it relates to the schedules and are complete, current and accurate;

(ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of condominium operation;

(iii) does not omit any material fact;

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment, or suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) does not contain any representation or statement which is false, where we:

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the representation or statement made.

We further certify that we are not owned or controlled by and have no beneficial interest in the Sponsor, and that our compensation for preparing this certification is not contingent on the conversion of the property to a cooperative or on the profitability or price of the offering. We understand that a copy of this certification is intended to be incorporated in the offering plan so that prospective purchasers may rely on it. This certification is not intended as a guarantee or warranty of the income and expenses for the first year of cooperative or condominium operation. This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made.

We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

Dated: October 13, 2005

World Class Management, Inc.

Name: Stuart J. West
Title: President

Sworn to before me this
13 day of October, 2005.

Notary Public

Grayson Walker
Notary Public, State of New York
No. 4682628
Qualified in Westchester County
Commission Expires April 30, 2007

EXHIBIT N

OPINION OF ADEQUACY OF COMMON CHARGES PAYABLE BY COMMERCIAL UNIT

World Class Management, Inc.
1862 East Tremont Avenue ◆ Bronx, New York 10460 ◆ (718) 239-7145 ◆ Fax: (718) 239-7217

CERTIFICATION OF ADEQUACY OF COMMON CHARGES PAID BY COMMERCIAL UNIT

Re: The Sutton Condominium
102 Bradhurst Avenue
New York, NY

The sponsor of the condominium offering plan for the captioned property retained our firm to review or prepare Schedule B which includes projections of common charges payable by the owners of the commercial unit(s). Our experience in this field includes: [see attachments]

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 21 insofar as they are applicable to the commercial unit(s) listed in Schedule B.

We have reviewed the Schedule as it impacts upon the commercial unit(s) and investigated the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in Schedule B for common charges payable by the owners of commercial unit(s) appear reasonable and adequate under existing circumstances to meet the anticipated operating expenses fairly attributable to such commercial unit(s) for the projected first year of condominium operation, and that the allocation of common charges attributable to the commercial unit(s) also reflects special or exclusive use of availability or exclusive control of particular common areas.

We certify that the estimates in Schedule B for the common charges payable by the owners of the commercial unit(s):

(i) sets forth in detail the projected common charges for the commercial unit(s) for the first year of condominium operation;

(ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the common charges payable by the owners of the commercial unit(s);

(iii) does not omit any material fact;

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment, or suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) do not contain any representation or statement which is false, where We :

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the representation or statement made.

We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the common charges fairly attributable to the commercial unit(s) for the first year of condominium operation.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

Dated: 8/4/05

Stuart J. Miller President

Name:
Title:

Sworn to before me this
9 day of AUGUST, 2005

Notary Public

Grayson Walker
Notary Public, State of New York
No. 4682628
Qualified in Westchester County
Commission Expires April 30, 20[illegible]

EXHIBIT O

OPINION OF REASONABLE RELATIONSHIP

The Real Estate Offices of Michael E. Reed
51-B East 117th Street
New York, New York 10035

(212) 987-4070 (Office) (212) 987-5460 (Fax)

OPINION OF REASONABLE RELATIONSHIP

August 1, 2005

Real Estate Financing Bureau
Department of Law, State of New York
120 Broadway - 23rd Floor
New York, NY 10271

Re: The Residential Apartment Units in The Residential Unit to be owned by Sutton Apartment Corp. in the building located at 102 Bradhurst Avenue, New York, NY

Ladies and Gentlemen:

The undersigned was engaged by Bradhurst 100 Development LLC ("Sponsor") in connection with the offering plan for the captioned property promulgated by Sponsor (the "Offering Plan"), and has reviewed Scheduled A entitled "Purchase Prices and Related Information" prepared by Sponsor and included in the Offering Plan ("Schedule "A").

As of the date of this letter, it is my opinion that (i) the distribution of shares of The Sutton Apartments Corp. (the "Apartment Corporation") shown in Schedule A is reasonable and equitable, (ii) the cash purchase price for each block of shares allocated to each Apartment (as defined in the Offering Plan) as shown on Schedule A, and value of each such block of shares, are not less than an amount that bears a reasonable relationship to the portion of the fair market value of the Apartment Corporation's equity in the Property (as such term is defined in the Offering Plan) attributable to each such Apartment and (iii) the contribution by Sponsor to the capital of the Apartment Corporation and the value of the shares that Sponsor owns are each not less than an amount that bears a reasonable relationship to the portion of the fair market value of the Apartment Corporation's equity in the Property attributable to the Apartments to which such shares are allocated.

I am also of the opinion that such reasonable relationship will continue until the Offering Plan is consummated, at which time, if such be the case, I will give you a further written opinion that such reasonable relationship has continued until such time and that the cash purchase price paid for each block of shares meets that standard.

The Real Estate Offices of Michael E. Reed
51-B East 117th Street
New York, New York 10035

(212) 987-4070 (Office) (212) 987-5460 (Fax)

I am a licensed Real Estate Broker of the State of New York, and have been actively engaged in the sale of residential property since 1986. I have been active in the sale of cooperative and condominium apartments for the past ten years. I have been engaged to act as the Selling Agent for the Sponsor of the Condominium Offering Plan for the above Condominium, and to assist in the preparation of the plan. I have no beneficial interest in the Sponsor and no interest in the profits of this plan other than my fee for the services described above.

Very truly yours,

Michael E. Reed
Real Estate Broker

EXHIBIT P

FORM OF APPLICATION TO THE ATTORNEY GENERAL FOR DETERMINATION OF THE DISPOSITION OF DOWN PAYMENT

(Send this application to the reviewing attorney assigned to the subject plan.)
Re:

Address of Building or
Name of Project
File Number:

Application is made to the Attorney General to consider and determine the disposition of down payments held pursuant to GBL Sections 352 e(2 b) and 352 h. The following information is submitted in support of this application:

1. Name of Applicant
2. Address of Applicant
3. Name, Address, and Telephone Number of Applicant's Attorney (if any)
4. This is an application for
   return of down payment.
   forfeiture of down payment.
   other:
5. The project is [ ] a conversion of occupied premises.
   [ ] newly constructed or rehabilitated.
   [ ] vacant (as is).
6. The project is structured as
   [ ] a cooperative.
   [ ] a condominium.
   [ ] a homeowners association.
   [ ] a time share.
   [ ] other:
7. Name and Address of Sponsor:
8. Name and Address of Escrow Agent:
9. If down payments are maintained in an escrow account:

(a) Name of account
(b) Name and address of bank
(c) Account number (if known)
(d) Initial interest rate (if known)

10. If down payments have been secured by bonds:

(a) Name and address of

bond issuer or surety:

(b) Copy of bond included in this application.
(DO NOT SEND ORIGINAL BOND.) If not included, explain:

11. If down payments have been secured by a letter of credit:

(a) Name and address of bank which issued the letter of credit:

(b) Date of expiration of the letter of credit, if known:

12. Plan information:

(a) Date of filing of plan:

(b) Plan

[ ] has not been declared effective.

[ ] has been declared effective. Approximate date:

(c) If effective, the plan

[ ] has closed or the first unit has closed. Approximate date:

[ ] has not closed.

[ ] don't know.

(d) Down Payments are secured by

[ ] escrow account.

[ ] bonds.

[ ] letter of credit.

13. Contract information:

(a) Copy of contract and of all riders or modification letters are attached. (DO NOT SEND ORIGINALS.)

(b) Date on which subscription or
purchase agreement was signed:

(c) Date(s) of down payment(s):

(d) Total amount of down payment(s):

(e) Names and addresses of subscribers or purchasers affected by this application:

14. State the basis for your claim. Please be as specific as possible. You may add additional sheets. Attach copies of any relevant documents.

15. I am contemporaneously sending a copy of this application to the following persons:

Note: You are required to mail a copy of this Application to all other affected parties.

In filing this application, I understand that the Attorney General is not my private attorney, but represents the public in enforcing laws designed to protect the public from unlawful business practices. I also understand that if I have any questions concerning my legal rights or responsibilities I may contact a private attorney. The above application is true and accurate to the best of my knowledge. False statements made herein are punishable as a Class A Misdemeanor under Section 175.30 and/or Section 210.45 of the Penal Law.

Signature: Date:
Name (Printed):
Telephone: (Home): (Business)
Mailing Address:

EXHIBIT Q

BROKER'S OPINION REGARDING ALLOCATION OF COMMON INTERESTS

The Real Estate Offices of Michael E. Reed
51-B East 117th Street
New York, New York 10035

(212) 987-4070 (Office) (212) 987-5460 (Fax)

COMPLIANCE WITH REAL PROPERTY LAW SECTION 339-i

August 1, 2005

Real Estate Financing Bureau
Department of Law, State of New York
120 Broadway - 23rd Floor
New York, NY 10271

Re: The Sutton Condominium
102 Bradhurst Avenue
New York, New York

Ladies and Gentlemen:

This letter is with respect to the Offering Plan for the premises at the above address and the allocation of the percentage of common interest to the respective units therein.

I am a licensed Real Estate Broker of the State of New York, and have been actively engaged in the sale of residential property since 1986. I have been active in the sale of cooperative and condominium apartments for the past ten years. I have been engaged to act as the Selling Agent for the Sponsor of the Condominium Offering Plan for the above Condominium, and to assist in the preparation of the plan.

It is my opinion that the allocation of the percentage of common interest allocated to the respective units as set forth in Schedule A of the Condominium Plan are in compliance with regulations issued pursuant to Real Property Law Article 9-B, Section 339-i.

In allocating common interest to each unit, the Sponsor has used method (iv) contained in Section 339-i (1) of the New York Condominium Act that is based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the condominium, the uniqueness of the unit, the availability of common elements for exclusive or shared use, and the overall dimensions of the particular unit.

I agree that this letter may be included in the Condominium Plan.

Very truly yours,

Michael E. Reed,
Real Estate Broker

Sworn to before me this
5 Day of AUG, 2005.

Notary Public

JAY BLOOMFIELD
Notary Public, State of New York
No. 31-4BL8148
Qualified in New York County
Commission Expires Sept. 30, 20 05

EXHIBIT R

PURCHASER ELIGIBILITY DOCUMENTS

Please fill out this form completely

ASSETS STATEMENT

Assets	Present Value	Amount to be used towards purchase of Partnership Home	Value after purchase of home
1) Checking Account	$_____	$_____	$_____
2) Savings Account	$_____	$_____	$_____
3) Stocks, Bonds	$_____	$_____	$_____
4) Real Estate	$_____	$_____	$_____
5) Retirement/ Pension Funds, IRA	$_____	$_____	$_____
6) Business Income	$_____	$_____	$_____
7) Other (_____)	$_____	$_____	$_____
TOTALS	$_____	$_____	$_____

I (we) certify that the above information is a complete list of my (our) assets.

I (we) certify that our total current assets are less than 35% of the unsubsidized house price, or $_____

_____ _____
Applicant **Date**

_____ _____
Co-Applicant **Date**

EXHIBIT B

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
PURCHASER'S AFFIDAVIT

I/We, _____[insert names of all purchasers to be listed on proprietary lease] as purchaser(s) ("Purchaser") of _____[insert number of shares] shares ("Shares") of _____ Corporation ("Cooperative Corporation") which Shares are allocable to a proprietary lease ("Proprietary Lease") for Apt. _____ ("Residence") located at _____, New York ("Project"), understanding and acknowledging that a portion of the construction and all of the permanent financing of the Project is provided by the New York City Housing Development Corporation ("HDC") which has entered into a regulatory agreement concerning the Project with the Cooperative Corporation ("Regulatory Agreement") governing the occupancy of my Residence, do hereby represent and warrant to HDC and the Cooperative Corporation as follows:

1. The information in this Affidavit, (my/our) cooperative apartment application and (my/our) Purchaser Income Eligibility Worksheet is true, accurate, complete and correct.

2. (I/We) intend to occupy the Residence as (my/our) principal place of residence within 60 days after (I/we) acquire (my/our) Shares and execute (my/our) Propriety Lease and will not use the Residence as an investment property or vacation home.

3. Other than as described in this Affidavit, (I/we) have no present intent, understanding or agreement (i.e. other than a mere expectation or possibility) to lease, sell, assign or transfer any interest in the Residence to another party and have not entered into any agreement, understanding or other arrangement to lease, sell, assign or transfer the Residence.

4. Acquisition Costs. **[FOR INITIAL SALES ONLY]**

   A. The Acquisition Cost of the Shares allocable to the Residence is $_____ which consists of the amount paid in cash or in kind by the Purchaser(s) to or for the benefit of the Seller(s) or a related party to the Seller(s) for the Shares and does not include the items listed in the next sentence. Acquisition Cost does not include: reasonable attorney's fees and disbursements, reasonable brokerage fees, title insurance fees, reasonable processing fees of the cooperative corporation and its agents and attorneys related to such acquisition, recording fees, State and local transfer taxes, stamp taxes and the usual and reasonable fees and expenses in connection with the financing without limitation, credit report, fees, legal fees, appraisal fees and origination fees. Such amounts described in the foregoing sentence must not exceed the usual and reasonable fees and expenses for these services.

B. (I/We) hereby certify that a true and correct copy of the purchase contract representing the terms of the entire transaction for the purchase of the Shares allocable to the Residence from the seller, and all other contracts, agreements and understandings between (me/us) or anyone acting on (my/our) behalf, directly or indirectly, and the seller or anyone acting on behalf of the seller, directly or indirectly, or any other person, relating to the purchase of the Shares allocable to the Residence and any related real or personal property or fixtures has been provided to the Cooperative Corporation.

C. Neither (I/We) nor anyone on (my/our) behalf has made any payment other than the amount indicated in item 4A above to the seller or to any person on behalf of the seller, nor have (I/we) canceled any debt of the seller or any related person to the seller.

5. Within the last five years, (I,We) have not purchased any Shares or any other residential unit in any HPD or HDC financed home ownership project listed as a Restricted Project on the attached Schedule of Currently Restricted Projects.

6. (I/We) understand that if (I/We) have made any material misstatements in the foregoing representations or have omitted to state any of the information requested such misstatement or omission will be considered an event of default under the Regulatory Agreement and the proprietary lease for the Residence and will be grounds for (a) termination of (my/our) proprietary lease, (b) eviction from (my/our) Residence and (c) forfeiture of the Shares allocable to (my/our) Residence.

NOTE TO SPONSOR AND/OR COOPERATIVE CORPORATION: This document must be executed not more than fourteen (14) days prior to execution of the sales contract by the Purchaser.

Date: _____, 20__
L.S._____
Purchaser

Date: _____, 20__
L.S._____
Purchaser

ACKNOWLEDGMENT BY INDIVIDUAL

STATE OF NEW YORK)
) ss.:
COUNTY OF _____)

On this _____ day of _____, 20___, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and he acknowledged to me the he executed the same.

_____
Notary Public

ACKNOWLEDGMENT BY INDIVIDUAL

STATE OF NEW YORK)
) ss.:
COUNTY OF _____)

On this _____ day of _____, 20___, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and he acknowledged to me the he executed the same.

_____
Notary Public

ACKNOWLEDGMENT BY INDIVIDUAL

STATE OF NEW YORK)
) ss.:
COUNTY OF _____)

On this _____ day of _____, 20___, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

_____
Notary Public

REAFFIRMATION

NOTE TO SPONSOR AND/OR COOPERATIVE CORPORATION: Purchaser(s) must execute this reaffirmation if title closing is expected to occur or actually occurs, more than six (6) months subsequent to the date the Purchaser(s) executed their Purchaser Income Eligibility Worksheet. The reaffirmation must be submitted to HDC at least five (5) business days prior to the expected date of title closing (or earlier if there has been a change in family composition, assets or liabilities).

(I/We) as Purchaser(s) of the Residence have reviewed all of the foregoing representations and warranties made by (me/us) including information set forth on my/our Purchaser Income Eligibility Worksheet as of this _____day of _____, 20__.

(I/We) do hereby reaffirm all of the foregoing representations and warranties previously made except as otherwise provided in the space below (e.g. list changes in family composition or income):

_____

_____

_____

_____

_____

_____

_____

L.S._____
Purchaser

L.S._____
Purchaser

L.S._____
Purchaser

ACKNOWLEDGMENT BY INDIVIDUAL

STATE OF NEW YORK)
) ss.:
COUNTY OF _____)

On this _____ day of _____, 20____, before me personally came _____, to me known and known to be the same person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

_____
Notary Public

ACKNOWLEDGMENT BY INDIVIDUAL

STATE OF NEW YORK)
) ss.:
COUNTY OF _____)

On this _____ day of _____, 20____, before me personally came _____, to me known and known to be the same person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

_____
Notary Public

ACKNOWLEDGMENT BY INDIVIDUAL

STATE OF NEW YORK)
) ss.:
COUNTY OF _____)

On this _____ day of _____, 20____, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

_____
Notary Public

EXHIBIT C

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
PURCHASER INCOME ELIGIBILITY WORKSHEET

Cooperative Corporation: [_____]

Residence: _____
(Address) *(Apartment No.)*

The financial information requested on this worksheet must be provided by all purchasers and any other persons who (a) are expected to reside in the Residence located in the Cooperative development financed by a mortgage provided by the New York City Housing Development Corporation ("HDC") and (b) receive income ("Other Household Members"). The information requested below must be provided in order to determine eligibility under certain income limits. These limits have been established principally in response to HDC's programmatic requirements.

THIS DOCUMENT MUST BE COMPLETED PRIOR TO THE EXECUTION OF A SALES CONTRACT BY THE SPONSOR AND/OR COOPERATIVE CORPORATION.

Part 1 - General Information ***(Names and Social Security Numbers)***

A. Purchasers	1. _____	Soc Sec No:	_____
	2. _____	Soc Sec No:	_____
	3. _____	Soc Sec No:	_____
B. Other Household Members	1. _____	Soc Sec No:	_____
	2. _____	Soc Sec No:	_____
	3. _____	Soc Sec No:	_____
	4. _____	Soc Sec No:	_____

Part 2 - Determine the Current Gross Income for all Purchasers and Other Household Members

SOURCES OF CURRENT ANNUAL INCOME

1.	Gross Pay (including any Part-time Pay)	$_____
2.	Overtime	$_____
3.	Bonuses, Commissions, and Tips	$_____
4.	Dividends, Interest, Royalties & Trust	$_____
5.	Business Activities	$_____
6.	Net Rental Income	$_____
7.	Pension/Social Security Benefits	$_____
8.	Veterans Administration	$_____
9.	Unemployment Compensation	$_____
10.	Sick Pay	$_____
11.	Public Assistance	$_____
12.	Any other	$_____
13.	Alimony, Child Support or separate Maintenance Income	$_____

14. Other $_____

15. **TOTAL ANNUAL GROSS INCOME** $_____

NOTE TO PURCHASERS: If Total Annualized Gross Income are above the applicable limits at the time of computation, then you will not be eligible to purchase the shares allocable to the Residence.

NOTE TO SPONSOR AND/OR COOPERATIVE CORPORATION: Execution of this Worksheet by Purchasers and Other Household Members must occur not more than fourteen (14) days prior to execution of the sales contract by the Purchasers. The Sponsor and/or Cooperative Corporation may not countersign the sales contract until HDC approves the income eligibility of the Purchasers. HDC's approval is valid for six (6) months from the date Purchasers execute this Worksheet. HDC's approval is void after such six (6) month period and title closing for the Residence may not occur after such date except with HDC's prior written approval and only after Purchasers execute the Reaffirmation on the Purchaser's Affidavit and list all information changes, if any.

PURCHASERS' AFFIDAVIT: I/We, being duly sworn, (1) certify that the information in this Purchaser Income Eligibility Worksheet is true and complete to the best of my/our knowledge and belief; (2) understand and agree that all of the above information is being relied upon by the Sponsor and/or the Cooperative Corporation in order to determine my/our eligibility as a purchaser of the Residence and that any false, misleading or incomplete information in this Purchaser Income Eligibility Worksheet will be considered an event of default under the HDC mortgage, the proprietary lease for the Residence and the By-laws of the Cooperative Corporation and will be grounds for (a) termination of my/our proprietary lease (b) eviction from my/our Residence and (c) forfeiture of the shares allocable to my/our Residence; and (3) consent to disclosure of all of the above information and any verification materials to HDC.

L.S. _____
Purchaser

L.S. _____
Purchaser

L.S. _____
Purchaser

STATE OF NEW YORK)
) **ss.:**
COUNTY OF _____)

On this _____day of _____, 20__, before me personally came _____ _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and (s)he acknowledged to me that (s)he executed the same.

_____
Notary Public

STATE OF NEW YORK)
) **ss.:**
COUNTY OF_____)

On this _____day of _____, 20__, before me personally came _____ _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and (s)he acknowledged to me that (s)he executed the same.

_____
Notary Public

STATE OF NEW YORK)
) **ss.:**
COUNTY OF _____)

On this _____day of _____, 20__, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and (s)he acknowledged to me that (s)he executed the same.

_____
Notary Public

EXHIBIT D

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
COOPERATIVE APARTMENT
SELLER'S AFFIDAVIT

[FOR INITIAL SALES ONLY]

In order to comply with the requirements of the New York City Housing Development Corporation, as mortgagee of the Project (as hereinafter defined), in connection with the acquisition of shares of Corporation ("Cooperative Corporation") by _____**[insert name of Purchaser(s)]** (the "Purchaser" whether one or more) from the undersigned, which shares are allocable to a proprietary lease for Apt. ____(including fixtures) ("Residence") at _____ ("Project"), the undersigned does hereby depose and say:

1. The Acquisition Cost of the Shares allocable to the Residence is $_____ which consists of the amount paid in cash or in kind by the Purchaser(s) to or for the benefit of the Seller(s) or a related party to the Seller(s) for the Shares and does not include the items listed in the next sentence). Acquisition Cost does not include: reasonable attorney's fees and disbursements, reasonable brokerage fees, title insurance fees, reasonable processing fees of the cooperative corporation and its agents and attorneys related to such acquisition, recording fees, State and local transfer taxes, stamp taxes and the usual and reasonable fees and expenses in connection with the financing without limitation, credit report, fees, legal fees, appraisal fees and origination fees. Such amounts described in the foregoing sentence must not exceed the usual and reasonable fees and expenses for these services.

2. This information is true, correct and complete to the best of (my/our) knowledge and belief. A true and correct copy of the sales contract representing the terms of the entire transaction for the acquisition of the shares for the Residence has been provided to the Cooperative Corporation.

3. In connection with the sale of shares for the Residence, neither (I/we) nor anyone acting on (my/our) behalf (directly or indirectly) has entered into any contract, arrangement or understanding to make any payment to any persons other than as included in the Acquisition Cost stated above.

This document must be executed not more than fourteen (14) days prior to the execution of the sales contract by the Purchaser.

L.S._____
Seller

L.S._____
Seller

ACKNOWLEDGMENT BY INDIVIDUAL

STATE OF NEW YORK) ss.:
COUNTY OF _____)

On this _____ day of _____, 20____, before me personally came _____, to me known and known to be the same person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

_____
Notary Public

ACKNOWLEDGMENT BY PARTNERSHIP

STATE OF NEW YORK) ss.:
COUNTY OF _____)

On the _____ day of _____ in the year 20___, before me personally came _____, to me known to be a partner in _____ _____, a partnership, and known to me to be the individual described in and who executed the foregoing instrument in the partnership name, and said _____ duly acknowledged the foregoing instrument for and on behalf of said partnership.

_____
Notary Public

ACKNOWLEDGMENT BY INDIVIDUAL

STATE OF NEW YORK) ss.:
COUNTY OF _____)

On this _____ day of _____, 20____, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

_____
Notary Public

ACKNOWLEDGMENT BY CORPORATION

STATE OF NEW YORK) ss.:
COUNTY OF _____)

On the _____ day of _____, 20__, before me, the undersigned, a notary public in and for said state, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

EXHIBIT E

Unit Number	Unit Type
201	3 BR
203	2 BR
204	1 BR
205	1 BR
209	2 BR
210	1 BR
301	3 BR
304	2 BR
306	2 BR
307	2 BR
308	1 BR
309	1 BR
310	2 BR
313	2 BR
314	2 BR
405	2 BR
406	2 BR
407	1 BR
409	2 BR
412	2 BR
506	2 BR
507	2 BR
510	2 BR
513	2 BR
605	2 BR
609	2 BR
612	2 BR

- 1 BR units will have a maximum income restriction of $66,719 (based on 130% of the 2 person AMI)
- 2 BR units will have a maximum income restriction of $83,398 (based on 130% of the 4 person AMI)
- 3 BR units will have a maimum income restriction of $96,741 (based on 130% of the 6 person AMI; this amount is still below the HDFC restriction of 165 % of 4 person AMI)

SCHEDULE OF CURRENTLY RESTRICTED PROJECTS

~~[To Come]~~

June '05 HPD Restricted List of Projects	
Cornerstone	
Project Name	**Address**
Madison Court	1783 Madison Avenue
Madison Park	1831 Madison Avenue
Madison Plaza	1825 Madison Avenue
Harriet Tubman Gardens	2229-2243 Frederick Douglass Boulevard
West 117th Street Townhouses	266, 268, 270 West 117th Street
The Hamilton	330 West 145th Street
Rosa Parks Gardens	169 St. Nicholas Avenue
Manhattan Townhouses at W119th	309 West 119th Street
East 119th Street (Palm & Rio Cooperative)	310, 312-319, 321-326 East 119th Street
Cathedral Gardens	55 West 109th Street
Lenox Gardens	131 Lenox Ave
Brownstone Lane I,II,III	307-319 West 118th St. 304-316 West 119th St. 303-313 West 119th St., 306-310 West 120th St.
The Kalahari	42 West 116th Street
Strivers West	2597-2601 Frederick Douglas Boulevard
East 120th St. Townhouses	33-334 East 120th Street
Bushwick Gardens	68 Garden Street
Atlantic Terrace	Atlantic Ave. btw S. Oxford St. & S. Portland Ave.
ANCHOR	
Project Name	**Address**
Bradhurst Court	300-316 West 145th Street
Strivers	300West 135th
Renaissance	130 Malcolm X Boulevard
1400 Fifth Avenue	1400 Fifth Avenue
Vacant Buildings	
Project Name	**Address**
The Washington	229-255 West 148th Street

EXHIBIT S

LIMITED WARRANTY

Schedule B
Limited Warranty

11.9 The Subcontractor warrants to the Contractor and Owner that all Work performed and all materials and products furnished under this Subcontract: (a) shall conform to the Contract Documents as to kind, quality, function, design and characteristics; and (b) shall be of good quality, free from defects and faults, latent and patent. Further, all Work shall be done in a first class, workmanlike manner, and all materials and products shall be new, unless otherwise specifically required or permitted by the Contract Documents. All Work, materials and products not conforming to these standards, including substitutions not properly approved and authorized, shall be considered defective. If Contractor or Owner gives the Subcontractor written notice of a defect in Subcontractor's Work, materials or products during the Warranty Period, defined below, Subcontractor shall at its own cost and expense promptly repair, replace, or otherwise correct the defect or, at the election of the Contractor or Owner, Subcontractor shall pay to Contractor or Owner the reasonable cost of repair, replacement or correction of the defect. Further, Subcontractor shall pay Contractor or Owner on demand for all damages, direct or consequential, resulting from such defects. This warranty shall be in addition to and not in limitation of any other warranty or remedy required by law or by the Contract Documents or otherwise given by Subcontractor or material supplier and/or manufacturer. The Warranty Period shall begin on the later of (a) the date on which the New York City Department of Buildings issues a permanent certificate of occupancy for the portion of the Project (i.e. the house) that is the subject of this Warranty claim, and (b) final completion of the Work, and shall end upon the lapse of the applicable Warranty Coverage Period, described in paragraph 11.9.1.

11.9.1 Coverage A of this Warranty applies to those parts of the Project that have been constructed by the Subcontractor and to those products that have been installed in the Project by the Subcontractor, not covered by Coverage B, Coverage C, or Coverage D. Coverage B of this Warranty applies to those products or parts of the Plumbing System, Electrical System, and Heating/Cooling/Ventilation System of the Project that have been installed by the Subcontractor. Coverage C of this Warranty applies to those parts of the Project that have been constructed by the Subcontractor that are load bearing: foundation systems and footings, beams, girders, lintels, columns, walls and partitions, floor systems, and roof framing systems. Coverage D applies to those parts of the roof, or products installed in the roof of the Project by the Subcontractor, which are not otherwise covered by Coverage C. Warranty Coverage Periods for Warranty Coverages A, B, C, and D are as follows: Coverage A: One year; Coverage B: Two years; Coverage C: Six years; and Coverage D: Ten years.

11.9.2 Subcontractor shall provide all manufacturer's warranties and guarantees of all equipment, materials and services required by this Subcontract in the name of Owner and Contractor, and shall deliver same to Contractor upon substantial completion of the Work, or earlier if so requested by Contractor.

(a)

EXHIBIT T

CERTIFICATIONS

Certification of Sponsor

Bradhurst 100 Development LLC
210 Eleventh Avenue
New York, NY 10001

October 6, 2005

New York State Department of Law
120 Broadway
New York, New York 10271
Att: Real Estate Financing Bureau

Re: Sutton Apartments Corp.
102 Bradhurst Avenue
New York, NY

Dear Sir or Madam:

The undersigned certify as follows:

We are the Sponsor and principals of the Sponsor of the cooperative offering plan for the captioned property.

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Attorney General in Part 21, and such other laws and regulations as may be applicable.

We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for making this certification. We jointly and severally certify that the offering plan does, and that all documents submitted hereafter by us which amend or supplement the offering plan will:

(i) set forth the detailed terms of the transaction and be complete, current and accurate;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;

(iii) not omit any material fact;

(iv) not contain any untrue statement of a material fact;

(v) not contain any fraud, deception, concealment, suppressions, false pretense or fictitious or pretended purchase or sale;

(vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and

(vii) not contain any representation or statement which is false, where I/we: (a) knew the truth; (b) with reasonable effort could have known the

truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representations or statements made.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

Bradhurst 100 Development LLC

By: Pennrose Properties, LLC, Manager

By: _____
Mark H. Dambly, President

Duvernay Sutton LLC, Principal of Sponsor
By: Duvernay + Brooks LLC

By: _____
Joni Brooks, Member

Pennrose Properties, LLC, Principal of Sponsor

By: _____
Mark H. Dambly, President

Duvernay + Brooks LLC, Principal of Sponsor

By: _____
Joni Brooks, Member

_____
Mark H. Dambly, Principal of Sponsor

_____
Richard K. Barnhart, Principal of Sponsor

_____
Joni Brooks, Principal of Sponsor

Sworn to and subscribed before me
this day of October, 2005

_____
Notary Public

Notarial Seal
Lisa A. Schultz, Notary Public
City of Philadelphia, Philadelphia County
My Commission Expires [illegible]

Magnusson Architecture and Planning P C
853 Broadway Suite 800 New York NY 10003
212 253 7820 t 212 253 1276 f
www.maparchitects.com



January 18, 2006

Bureau of Real Estate Financing
New York State Department of Law
120 Broadway
New York, NY 10271

Re: Residential Unit of The Sutton Condominium, 102 Bradhurst Avenue, New York, New York

CERTIFICATION OF ARCHITECT

The sponsor of the Offering Plan (the "Offering Plan") to establish the captioned property (the "Property") as a cooperative retained our firm to prepare a report (the "Report") disclosing construction of the project when completed. We also were retained to prepare a DOB construction set of plans dated March 18, 2005 and approved on April 8, 2005, and DOB approved and specifications dated December 13, 2004, and prepare the Report dated January 18, 2006, a copy of which is intended to be incorporated into the offering plan so that prospective Purchasers may rely on it.

We are registered architects in the State in which the property is located.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 21 insofar as they are applicable to this Report.

We have read the entire Report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this certification. This certification is made for the benefit of all persons to whom this offer is made.

We certify that the Report:

(i) sets forth in narrative form the description and/or physical condition of the entire property (the aspects of the property discussed in the addendum) as it will exist upon completion of renovation and/or construction, provided that renovation and/or construction is in accordance with the plans and specifications that we have examined;

(ii) in our professional opinion affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the description and/or physical condition of the property as it will exist upon completion of renovation and/or construction, provided that renovation and/or construction is in accordance with the plans and specifications that we have examined;

(iii) does not omit any material fact;

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment, or suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vi) does not contain any representation or statement which is false, where we:

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the representation or statement made.

We further certify that we are not owned or controlled by and have no beneficial interest in the sponsor and that our compensation for preparing this Report is not contingent on the conversion of the property to a condominium or on the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

Dated: January 18, 2006

Magnus Magnusson
Principal

Sworn to before me this 18th day
of January, 2006

Lisa Rondon
Notary Public

LISA RONDON
Notary Public, State of New York
No. 01RO6067817
Qualified in Richmond County
Commission Expires Dec. 17, 2009

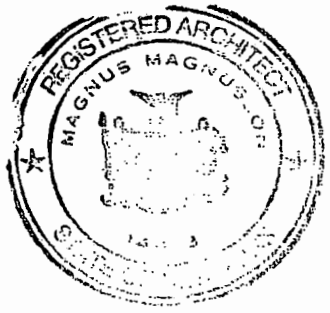


EXHIBIT U

RPL §339-kk

§ 339-kk.

Rents. (A) For the purposes of this section, "non-occupying owner" shall mean a unit owner in a condominium association who does not occupy the dwelling unit.
(B) If a non-occupying owner rents any dwelling unit to a rental tenant and then fails to make payments due for common charges, assessments or late fees for such unit within sixty days of the expiration of any grace period after they are due, upon notice in accordance with subdivision (c) of this section, all rental payments from the tenant shall be directly payable to the condominium association.
(C) If the common charges, assessments or late fees due for any unit have not been paid in full, within sixty days after the expiration of any grace period of the earliest due date, the board of managers shall provide written notice to the tenant and the non-occupying owner providing that, commencing immediately and until such time as all payments for common charges, assessments or late fees are made current, all rental payments due subsequent to the issuance of such notice are to be made payable to the condominium association at the address listed on the notice. Where a majority of the board of managers has been elected by and from among the unit owners who are in occupancy, the board may elect not to require that rental payments be made payable to the condominium association. At such time as payments for common charges, assessments and late fees from the non-occupying owner are one again current, notice of such fact shall be given within three business days to the rental tenant and non-occupying owner. Thereafter all rental payments shall be made payable to the non-occupying owner or a designated agent. A non-occupying owner who disputes the association's claim to rental payments pursuant to this section shall be entitled to present facts supporting such owner's position at the next scheduled meeting of the board of managers, which must be held within thirty days of the date that the board receives notice that such owner seeks to dispute such claim.
(D) Nothing in this section shall limit any rights of unit owners or of the board of managers existing under any other law or agreement.
(E) Payment by a rental tenant to the condominium association made in connection with this section shall relieve that rental tenant from the obligation to pay such rent to the non-occupying owner and shall be an absolute defense in any non-payment proceeding commenced by such non-occupying owner against such tenant for such rent.