THIS PLAN HAS BEEN AMENDED
SEE INSIDE COVER

CONDOMINIUM OFFERING PLAN

HARBOR HOUSE CONDOMINIUM

Located at

2803 Batchelder Street
Brooklyn, New York 11229

Total Purchase Price (9 Residential Units) $3,565,000.00

NAME AND ADDRESS OF SPONSOR:

Batchelder Street Condominiums by the Bay, LLC
1304 Park Street
Atlantic Beach, New York 11509
(718) 527-7373

NAME AND ADDRESS OF SELLING AGENT:

(none)

Date of Acceptance for Filing: May 26, 2000

This Offering Plan may not be used after May 25, 2001, unless extended by amendment.

SEE PAGE 1 FOR SPECIAL RISKS TO PURCHASERS.

THIS OFFERING PLAN IS THE ENTIRE OFFER TO SELL THESE CONDOMINIUM UNITS. NEW YORK LAW REQUIRES THE 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 CONDOMINIUM UNIT. 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. Upon the earlier of (i) the closing of title to Units whose aggregate Common Interest exceeds ninety percent (90%); or (ii) five (5) years from the First Unit Closing, the Sponsor, including any designee thereof, will relinquish control of the Board of Managers if it has such control and will not elect a majority of its nominees for positions on the Board of Managers, even though the total percentage of Common Interest may otherwise enable it to do so. Accordingly, it is possible that the Sponsor and/or its designees may control the Board of Managers for as long as five (5) years from the First Unit Closing. Please refer to the Section of the Offering Plan entitled "Control by the Sponsor" for further discussion.

2. As long as the Sponsor or any Sponsor-designee shall continue to own Units equaling at least twenty-five percent (25%) of the total Common Interest of the Condominium, but in no event for a period in excess of five (5) years from the First Unit Closing, the Board of Managers may not, without the Sponsor's or the Sponsor-designee's prior written consent (which may be given or withheld in its sole discretion): (a) make, permit, or consent to any addition, alteration, improvement or change in or to the Common Elements, the Limited Common Elements, or any Unit, (b) assess any Common Charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund, (c) enter into any service or maintenance contract, (d) borrow money on behalf of the Condominium, the Board of Managers or Unit Owners, (e) exercise a right of first refusal to purchase a Unit, (f) increase or decrease the number, or change the type of employees of the Condominium or the Board of Managers from those set forth in the Section of the Plan entitled "Notes to Schedule B," or (g) change or increase or decrease the services or operating expenses as set forth in the "Notes to Schedule B" except as required to reflect normal annual increases in operating expenses; provided however, that the Sponsor will not exercise veto power over (i) expenses described in Schedule B of the Plan, (ii) expenditures necessary to remedy any notice of violation, (iii) expenditures necessary to remedy any work order by an insurer or (iv) expenses required in order to comply with applicable laws or regulations. As long as the Sponsor or any Sponsor-designee shall continue to own a Unit the Board of Managers may not, without the Sponsor's or the Sponsor- designee's prior written consent, (i) amend the Declaration or the By-Laws so as to in any way adversely affect the Sponsor or its designees or (ii) interfere with: the offer and sale or leasing of Units at the Property; the operation of general or sales or leasing offices at the Property; or actions necessary for construction, renovation, repair or correction at the Property, as required by the Sponsor. Subject to the foregoing, the Sponsor or the Sponsor-designee shall have the right to withhold its consent to any of the foregoing actions.

So long as the Sponsor (or its designee) owns any Unit, the Sponsor shall be entitled to designate at least one (1) member of the Board of Managers. So long as the Sponsor (or its designee) owns Units representing at least twenty-five percent (25%) of the aggregate Common Interest, the Sponsor shall have the right to designate one (1) of the three (3) members of the Board of Managers or one (1) member less than a majority of the Board of Managers, as the case may be. Please refer to the Section of the Offering Plan entitled "Control by the Sponsor" for further discussion.

3. If a Purchaser defaults under his or her Purchase Agreement, the Sponsor shall notify Purchaser in writing of such default and advise Purchaser that he or she has thirty (30) days within which to cure such default. Time is of the essence for the Purchaser to cure any default under the Purchase Agreement within such thirty (30) day period. "Time is of the essence" means that if the default is not timely cured the Sponsor may (but is not obligated to) elect to cancel the Purchase Agreement. In such event the Down Payment, any accrued interest and any other amounts paid by the Purchaser for any special work, upgrades or extras shall be paid over to the Sponsor as and for liquidated damages and thereafter the Purchase Agreement shall become null and void, except for matters (if any) that are expressly stated therein to survive termination thereof. Alternatively, the Sponsor may bring an action against Purchaser for specific performance of Purchaser's obligations under the Purchase Agreement. Please refer to the Section of the Offering Plan entitled "Procedure to Purchase" for further discussion.

4. All funds received by the Sponsor for special work, upgrades or extras must initially be placed in the escrow account with the Escrow Agent. However, Purchasers should note that such funds may be released from the escrow account by the Escrow Agent as long as the Sponsor uses the funds for such special work, upgrades or extras. As a result, in the event a Purchaser is entitled to rescission, the Purchaser will not receive a refund of any funds released to be used for special work, upgrades or extras. Please refer to the Section of the Offering Plan entitled "Procedure to Purchase" for further discussion.

5. The Purchase Agreement may be made contingent upon the Purchaser obtaining mortgage financing if and only if the Purchaser applies for a mortgage through Discount Funding Associates, Inc., a mortgage broker designated by Sponsor, and otherwise complies with the provisions described in the Plan. Fees payable directly to Discount Funding Associates, Inc. will be approximately 2% to approximately 4% of the loan at closing by the Purchaser as a fee depending on the lender used and the creditworthiness of the borrower. All other fees payable shall be determined by the lender. Discount Funding Associates, Inc. currently uses a list of approximately 84 different lenders to which it refers applications. Neither the Sponsor, nor any other person participating in this offering makes any representations as to the terms, conditions, cost or availability of such financing. Purchasers should be aware that a loan commitment, if obtained, may be effective for a period of time which could expire before the Closing Date. Some lending institutions may not consider loan applications or issue commitments unless and until an executed Purchase Agreement is first submitted to such institution. Please refer to the Section of the Offering Plan entitled "Procedure to Purchase" for further discussion.

6. Pursuant to existing law and regulations the Sponsor may declare the Offering Plan effective by selling a minimum of fifteen percent (15%) of the Units in the Building. Even if the Plan is declared effective with a minimum of sales, it is possible that the Sponsor may be able to convert the Building with fewer than the minimum number of sales, if Purchasers counted towards effectiveness do not ultimately purchase a Unit.

Purchasers should note that certain banks and other lenders impose various restrictions on loans. Such restrictions include requiring that a certain percentage (such as 35% or 50%) of the Units in a building be sold before the lender will consider making a loan. Thus it may be possible for a

Purchaser to experience difficulty obtaining a loan in a building where the percentage of units purchased is lower than a lender's particular sales minimum.

Even once a building becomes a condominium, lenders may still impose minimum sales requirements before granting a loan. It then may be difficult for a Purchaser to resell an apartment if prospective buyers are unable to obtain a loan due to such minimum sales requirements.

7. Purchasers shall be required to pay the New York City and New York State transfer taxes due upon their purchase of a Unit. Although transfer taxes are customarily paid by the seller in single-family and other covered transactions, the responsibility for payment of such taxes may be modified by contract. The New York City Department of Finance and New York State Department of Taxation and Finance each take the position that, where the Purchaser pays such taxes, the amount thereof will be added to the taxable consideration. Please refer to the Section of the Offering Plan entitled "Unit Closing Costs and Adjustments" for further discussion.

8. There is no provision for a specific reserve fund for the Condominium for the purpose of paying the cost of future capital repairs, replacements or improvements to the Premises (except that each Purchaser of a Unit shall pay into the Working Capital Fund of the Condominium a sum equal to two (2) months of Common Charges for the Unit being purchased). Therefore, Unit Owners shall be obligated to pay their share of the cost of repairs, replacements and improvements to the Common Elements as the need for the same arises, unless there are sufficient Working Capital or other funds available. As the Building is being newly constructed, the Sponsor does not anticipate the need for such capital repairs, replacements or improvements within five (5) years subsequent to the First Unit Closing; however, no assurance or guaranty is given that such need shall not arise. Please refer to the Sections of the Offering Plan entitled "Reserve Fund" and "Working Capital Fund" for further discussion.

9. Unlike Purchasers, the Sponsor shall not be required to offer a right of first refusal or seek or obtain approval (as the case may be) from the Board of Managers for any transfer, lease or mortgage of, or alterations, repairs or improvement to its Units, provided that such alterations, repairs or improvements must comply with applicable laws. Please refer to the Section of the Offering Plan entitled "Rights and Obligations of the Unit Owners and the Board of Managers" for further discussion.

10. Down Payments or advances in excess of $100,000 made by Purchasers prior to the closing of each individual Unit purchase that are held in escrow by the Escrow Agent will not be federally insured in excess of $100,000, and while the Down Payment is held in the non-interest bearing checking portion of the master account, it may not be fully insured even if it does not exceed $100,000. Please refer to the Section of the Offering Plan entitled "Procedure to Purchase" for further discussion.

11. The risk of loss from fire or other casualty with respect to the Unit shall remain with the Sponsor until the closing of title for the Unit. Notwithstanding the above, in the event a Purchaser enters into possession of the Unit prior to the closing of title, such as under an Interim Use and Occupancy Agreement, then the Purchaser shall bear the risk of loss or other casualty with

respect to the Unit. Accordingly, any Purchaser, or anyone claiming by or through a Purchaser, who takes possession of the Unit prior to the closing of title should obtain insurance coverage for the Unit prior to taking possession, since, despite any loss, Purchaser will remain obligated to purchase the Unit under the terms of the Purchase Agreement, without any abatement in the purchase price. Please refer to the Section of the Offering Plan entitled "Procedure to Purchase" for further discussion.

12. Prior to the closing of title to a Unit, the Purchase Agreement prohibits a Purchaser from advertising or otherwise offering, promoting or publicizing the availability of the Unit for sale or lease.

13. The Sponsor has the financial resources to meet its obligations under this Plan or its obligations to pay Common Charges, assessments and real estate taxes with respect to Unsold Units after the Sponsor's acquisition of same. However, no bond or other form of collateral security has been or will be furnished by the Sponsor to secure performance of such obligations. The Sponsor's ability to perform such obligations shall depend upon its financial condition if, as and when called upon to perform the same. If unable to perform, the Sponsor may, at its option, abandon or withdraw this Offering Plan. In such case all Purchase Agreements will be deemed automatically canceled and Purchasers will be refunded their Down Payments with any interest earned thereon. Upon such refund being made, the Condominium and the Sponsor will be relieved and discharged of all liability under the Plan and the Purchase Agreements. Please refer to the Section of the Offering Plan entitled "Rights and Obligations of the Sponsor" for further discussion.

14. In addition to permitting the Board of Managers to acquire or otherwise deal with a Unit, the Power of Attorney permits Sponsor to amend the Declaration, By-Laws or the Rules and Regulations to reflect changes in Unsold Units made by Sponsor, or make changes required by an institutional lender, governmental agency or title insurance company. Please refer to the Section of the Offering Plan containing the "Power of Attorney".

15. Because the Condominium will have neither a managing agent nor a superintendent, the Unit Owners under the leadership of the Board of Managers will among themselves be responsible for all Condominium functions, including hiring outside contractors or performing work on Common Elements themselves, collecting Common Charges and Bookkeeping. Please refer to the Section of the Offering Plan "Rights and Obligations of the Unit Owners and the Board of Managers for a discussion.

16. Although the Sponsor believes that the amount of the construction financing is adequate and sufficient to enable the Sponsor to complete the Building, no guaranties are given that the Sponsor will do so, or that the Building will be completed as described in this Plan. However, to the extent that the Sponsor does complete the Building, it shall do so in accordance with the terms of this Plan. In the event Sponsor cannot complete construction and close title, all down payments will be returned. As set forth below in this Section of the Plan, the Sponsor or its agents shall have the right to enter upon the Property or any portion thereof in order to complete the Building. Please refer to the Section of the Offering Plan entitled "Rights and Obligations of the Sponsors" for further discussion.

17. Below grade recreation rooms may not be used as bedrooms and that to do so could result in violations being posted against the building. Please refer to the Section of the Offering Plan entitled "Description of Property and Specifications or Building Condition" for further discussion.

18. There is a danger from flooding in the cellar level and first floor since the building is in a flood plain and the storm sewers could clog and back up into the building. Individual Unit Owners may purchase insurance for this potential flooding condition. Please refer to the Section of the Offering Plan entitled "Description of Property and Specifications or Building Condition" for further discussion.

INTRODUCTION

The Sponsor, and current owner of the Property, Batchelder Street Condominums By the Bay LLC, a New York limited liability company, acquired the Property by deed dated May 10, 1999.

The purpose of the Plan is to set forth all the terms of the offer so that prospective Purchasers have an adequate basis upon which to determine whether to purchase units in the Condominium. The Plan may be amended from time to time when an amendment is filed with the New York State Department of Law. All filed amendments will be served on (i) Purchasers who have executed and delivered Purchase Agreements to the Sponsor and whose Purchase Agreements are then in full force and effect, (ii) Unit Owners, and (iii) any other Person who is required by law or regulation to receive such amendment (collectively, "Offerees"). Service shall be either by personal delivery, ordinary mail or registered or certified mail, with or without return receipt requested, addressed to the Offeree at the last known residence of such Offeree or, if the Offeree has provided written information of an alternative address for notices, addressed to the Offeree at such alternative address. Service by personal delivery is deemed complete upon delivery. Service by mailing shall be presumed complete on the fifth day after the date of mailing.

The Condominium will be organized pursuant to Article 9B of the Real Property Law of the State of New York, as amended, commonly known as the New York Condominium Act.

The Condominium shall consist of nine (9) Residential Units. All Units are being offered hereunder.

The Building will be three stories in height plus a partial mezzanine

The exterior walls of the Building are faced with clay brick exterior surfacing.

There will be no managing agent or superintendent, and the Building will be self-managed.

All the Units being offered are intended to be sold as residential Units in accordance with this Plan at the prices noted in Schedule A contained herein. The offering prices may be changed from time to time by the Sponsor as described in this Plan in the Section entitled "Changes in Prices and Units." Therefore, Purchasers may pay or may have paid different prices for the same or similar Units. THE OFFERING PRICES FOR THE UNITS HAVE BEEN ESTABLISHED SOLELY BY THE SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY. It is noted that although all Units are being offered pursuant to this Offering Plan, the Sponsor is hereby reserving the right to withhold certain Units from sale, provided an amendment is first filed setting forth the Units being withheld.

Features of Condominium Ownership

The ownership of a Condominium Unit is similar in many respects to the ownership of a private home. The Unit Owner owns the Unit in fee simple absolute and is entitled to the exclusive

possession thereof. The Unit Owner also owns, in common with the owners of all other Units, all remaining parts of the Property except for the Units themselves, including the land upon which the Units are built, the foundations and supports of the Building, the exterior walls and the roof (hereinafter called "Common Elements"). Each Unit Owner's proportionate share (hereinafter called "Common Interest") of the Common Elements has been determined upon the basis of such Unit's floor space, location, uniqueness, overall dimensions and similar factors of relative value to other space in the Condominium. These allocations are made pursuant to Section 339-i 1(iv) of the Real Property Law, which is part of Article 9-B of the Real Property Law of the State of New York (hereinafter called the "Condominium Act"). Any portion of the Land or Building, other than the Units themselves, which are for the use of one or more specified Units to the exclusion of all others, are known as "Limited Common Elements." The Plan provides that any balconies and greenhouses adjacent to and with access directly from a particular Unit shall be Limited Common Elements as will the designated parking spaces, which are designated as shown on the Diagram labeled A-6 in the Description of Property and Specifications or Building Condition in Part II of this Plan.

Subject to certain conditions contained in the By-Laws, Unit Owners are privileged to mortgage their Units generally on the terms and in such amounts as they choose. However, the Sponsor makes no representations as to the financibility of any Unit. With respect to any Unit, a first mortgage or second mortgage shall be either with an institutional lender, a family member, a business associate or employer or a selling Unit Owner. Purchasers pursuant to this Plan, however, if they seek mortgage financing, shall be required to follow procedures set forth in the Purchase Agreement in Part II of the Plan. A mortgage may be made with a reputable private lender other than the Sponsor or selling Unit Owner subsequent to the obtaining of the written permission of either the Sponsor, prior to the Sponsor's relinquishing control of the Board of Managers of the Condominium (sometimes herein referred to as the "Condominium Board" or the "Board of Managers"), or the Board of Managers. No Unit Owner shall be permitted to encumber any Unit with a third mortgage. No Unit is subject to the lien of any mortgages placed by other Unit Owners on their Units.

Unit Owners can sell or lease their Units to anyone, without restriction or limitation, subject only to a right of first refusal in each case by the Board of Managers at the same price and terms the Unit Owner has been offered. Such right of first refusal is hereinafter described in the Section of the Plan entitled "Rights and Obligations of the Unit Owners and the Board of Managers." Unit Owners can alter and decorate the interiors of their Units in any way they desire, subject to compliance with the By-Laws, the Rules and Regulations, laws and local codes, and they are responsible for the cost of their own interior decoration, maintenance and repair after Closing.

Each Unit will be taxed as a separate tax lot for real estate tax purposes, and a Unit Owner will not be responsible if any of the other Unit Owners fail to pay their real estate taxes. In the opinion of Friedman, Krauss & Zlotolow, counsel to the Sponsor, which opinion is set forth in full in Part I of the Plan ("Counsel's Tax Opinion Letter"), under present income tax laws, a Unit Owner who uses a Unit as his or her principal or secondary residence and who itemizes deductions, may deduct from his or her income, for Federal, New York State and New York City income tax purposes, real estate taxes and the interest paid on the mortgage, if any, on his or her Unit, subject to the exceptions and limitations discussed in the Counsel's Tax Opinion Letter. (See the Section of the Plan entitled "Income Tax Deductions to Unit Owners and Tax Status of the Condominium.")

The Board of Managers will assess against each Unit Owner, in proportion to his or her respective percentage of Common Interest as defined in the Section of the Plan entitled "Definitions," charges (hereinafter called "Common Charges") for the maintenance of the Common Elements and for the operating costs of the Property (hereinafter called "Common Expenses"), as provided in New York State Real Property Law Section 339-m. Each Unit Owner will pay for all electricity and gas consumed within his or her own Unit, the charges for which will be separately metered.

Each Unit Owner is obligated to comply with the Declaration, the By-Laws, the Rules and Regulations of the Condominium and any other requirements of the Board of Managers. Each Unit Owner shall also be responsible for maintaining his or her own Unit and for making repairs within his or her own Unit. The cost of maintenance and repair of the Common Elements shall be shared by all Unit Owners as provided above. Each Unit Owner shall have the same rights of access to, use of and benefit of the Common Elements which are not Limited Common Elements. Each Unit Owner shall also be responsible for obtaining, maintaining and bearing the cost of casualty and liability insurance in connection with his or her Unit, the fixtures, equipment and personal property located therein and (in the case of liability insurance) occurrences in or about the Unit. The Board of Managers shall have the duty of obtaining casualty and liability insurance on behalf of the Condominium with respect to the Building as a whole.

The Board of Managers shall be elected by the Unit Owners with the number of votes allocated to each Unit Owner determined by the Unit Owner's percentage of Common Interest. The Board of Managers shall have the authority to manage and administer the affairs of the Condominium, including, but not limited to, the determination of Common Charges and the adoption of Rules and Regulations covering the Condominium. Please see the Section of the Plan entitled "Rights and Obligations of the Unit Owners and the Board of Managers" for further discussion.

Units may be purchased by an individual or individuals, or by a duly formed partnership, or corporation, trust, estate, fiduciary, unincorporated association, syndicate, joint venture, organization, government or any department or agency thereof, or any other entity permitted to own real property in the State of New York. Notwithstanding the foregoing, the Sponsor is not obligated to offer or sell any Units and may, if it chooses, withhold one or more Units for future sale. The Sponsor hereby reserves the right at any time and from time to time for any reason whatsoever, without the consent of the Board of Managers, any Unit Owner or mortgagee, to refuse to approve and execute (a) a Purchase Agreement for any Unit and (b) a Purchase Agreement or Purchase Agreements, as the case may be, for more than one Unit to any one person or entity; provided, however, that, in either event, the Sponsor shall not discriminate against any person because of race, creed, color, sex, disability, marital status, age, ancestry, national origin or other ground proscribed by law. No binding obligation will arise for the sale of a Unit unless and until a Purchase Agreement executed by both Purchaser and the Sponsor has been exchanged and the Sponsor has collected the funds constituting Purchaser's required deposit thereunder. (See the Section of the Plan entitled "Procedure to Purchase" for more details.) The Sponsor will not accept an offer of purchase from an individual younger than eighteen (18) years of age or an incompetent under the law.

The Plan contains all of the material terms of the transaction. Copies of the Plan, all documents referred to in the Plan and all Exhibits submitted to the Department of Law in connection

with the filing of the Plan will be available for inspection without charge and for copying at a reasonable charge to prospective Purchasers and their attorneys at the office of the Sponsor at all times such office is open.

THE PURCHASE OF A CONDOMINIUM UNIT HAS MANY SIGNIFICANT LEGAL AND FINANCIAL CONSEQUENCES. THE ATTORNEY GENERAL STRONGLY URGES YOU TO READ THIS OFFERING PLAN CAREFULLY AND TO CONSULT WITH AN ATTORNEY BEFORE SIGNING A PURCHASE AGREEMENT.

DEFINITIONS

For convenience of presentation, general definitions of certain of the terms used in the Plan are set forth below, which definitions are subject in most cases to the more particular definitions of such terms set forth in the Declaration and the By-Laws:

"Appurtenant Interest" means with respect to any Unit, the undivided interest of the owner thereof, pursuant to the terms of Section 339-x of the Condominium Act, in and to: (i) the Common Elements; (ii) any other Units owned or leased at the time in question by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners; (iii) any proceeds of the sale or lease of Units of the nature described in subdivision (ii) above; and (iv) any other assets of the Condominium.

"Assessments" means the charges allocated and assessed by the Board of Managers to the Unit Owners, pro rata, in accordance with their respective Common Interest (except as otherwise provided in the Declaration or in the By-Laws).

"Board of Managers" or "Condominium Board" means the governing board of the Condominium composed of representatives elected by Unit Owners voting in accordance with their respective percentages of Common Interest.

"Building" means the structures and improvements known as Harbor House Condominium, 2803 Batchelder Street, Brooklyn, New York 11229, in which the Units of the Condominium are located.

"By-Laws" means the by-laws governing the operation of the Condominium as set forth in Part II of this Plan, as the same may be amended from time to time.

"City Register's Office" means the Kings County Office of the Register of the City of New York.

"Closing" or "Closing Date" means respectively the transaction by which or date on which legal title to a Unit is conveyed by the Sponsor to a Purchaser who shall have fully paid the required Purchase Price for his or her Unit and who shall have otherwise fully performed all obligations on his or her part to be performed under the Purchase Agreement.

"Common Charges" means each Unit's proportionate share of the Common Expenses in accordance with its Common Interest.

"Common Elements" means the entire Property, including all parts of the Building and improvements thereon other than the Units. Common Elements are comprised of General Common Elements and Limited Common Elements.

"Common Expenses" means (a) the expenses of operation of the Property, and (b) all sums designated Common Expenses by or pursuant to the provisions of the New York Condominium Act, the Declaration or the By-Laws.

"Common Interest" means the proportionate, undivided interest in fee simple absolute in the Common Elements appertaining to each Unit as expressed in the Declaration.

"Condominium" means a form of ownership of real property in which individual Units as component parts of a whole are owned in fee simple with the right of exclusive use by separate individuals or entities, which separate individuals and/or entities jointly own those parts of the whole designated as Common Elements. In the context of this Offering Plan, "Condominium" specifically refers to Harbor House Condominium.

"Condominium Act" means Article 9-B of the Real Property Law of the State of New York, as the same may be amended from time to time.

"Condominium Board" shall have the same meaning as "Board of Managers."

"Condominium Documents" means the Declaration and all Schedules thereto, the By-Laws, the Rules and Regulations, the Floor Plans, the form of Unit Deed and the form of Power of Attorney.

"Date of Presentation" means with respect to the Plan or any amendment thereto the date which is (a) the date copies thereof are personally delivered or (b) five (5) days after copies thereof are mailed to persons entitled to the same pursuant to Title 13, Part 20 of the regulations of the Department of Law.

"Declaration" means the instrument, as may be amended from time to time, by which the Property is submitted to the provisions of the New York State Condominium Act, consistent with the provisions of the New York Condominium Act and the By-Laws.

"Down Payment" means all amounts paid to the Sponsor, or its agent, by a Purchaser upon the signing of a Purchase Agreement (including any additional sums paid thereunder by a Purchaser, such as the cost of special work, upgrades, or extras on a Unit), together with interest earned thereon, if any.

"Escrow Agent" has the meaning ascribed to that term in the Section of the Plan entitled "Procedure to Purchase."

"Escrow Agreement" refers to the form of escrow agreement set forth in Part II of this Plan.

"First Unit Closing" means the first closing of title with a bona fide Purchaser of a Unit.

"Floor Plans" means the floor plans of the Units certified by a registered architect or licensed professional engineer, and filed in the City Register's Office simultaneously with the recording of the Declaration, together with any supplemental floor plans thereto.

"General Common Elements" include, without limitation, the following:

(1) The land on which the Building is physically erected and the land, if any, on all sides of the Building within the boundaries of the Property, including the backyard area at the rear of the Building, but not including the areas designated as parking spaces, which are Limited Common Elements.

(2) All foundations, columns, girders, beams, supports, bearing walls; those portions of the exterior walls and any insulation beyond the unexposed face of the dry wall at the exterior face of the Building, or, where applicable, those portions of the exterior walls beyond the interior face of the exterior wall; those portions of the walls and partitions dividing the Units from stairs located beyond the unexposed face of the dry walls enclosing the Unit, or, where applicable, the block, brick or concrete work of the interior walls of the Building separating Units from the stairs not within a Unit; concrete floor slabs; the support beams, joists and archways, including any furring attached to such joists from which the dry wall ceiling of the Unit below is attached; roof bulkheads; roofs, stairs and stairway areas located beyond the unexposed face of a dry wall enclosing a Unit, but not including the areas designated as balconies and greenhouses, which are Limited Common Elements.

(3) The common public hallways, halls and shafts on each floor, the common public vestibule at the first, second and third floors leading to the public stairs, the entire portion of the cellar consisting of meter rooms, public stair and halls.

(4) All installations outside the Units for services such as gas, power, light, telephone and water; intercom system;

(5) All sewer pipes and drainage pipes; and

(6) All other apparatus and installations existing in the Building for common use or necessary or convenient to the existence, maintenance or safety of the Building.

"Insurance Trustee" means a bank, a trust company or a savings and loan association, having an office in the City of New York, from time to time appointed to serve as such by the Condominium Board.

"Land" means all that certain tract, plot, piece and parcel of land situate, lying and being in the City of New York, New York, County, State of New York, as more particularly described in Schedule A to the Declaration.

"Law" means the laws and ordinances of any or all of the Federal, New York State, New York City, and Kings County governments, the rules, regulations, orders and directives of any or all departments, subdivisions, bureaus, agencies, or offices thereof or of any other governmental, public, or quasi-public authorities having jurisdiction over the Property and/or the Condominium, and/or the direction of any public officer pursuant to law.

"Lender" shall have the meaning ascribed to such term in the Section of this Plan entitled "Rights and Obligations of the Sponsor."

"Limited Common Elements" means parts of the whole which are owned as Common Elements, but the exclusive use of which is granted to a single Unit Owner or several Unit Owners and, unless otherwise specified, the maintenance and repair of which is the responsibility of the Board of Managers as a Common Expense. In this Plan, any balconies and greenhouses adjacent to and with access directly from a particular Unit and assigned parking spaces are Limited Common Elements, which shall be for the exclusive use of the owner of such Unit.

"Majority of Unit Owners" means either (i) more than fifty percent (50%) in Common Interest in the aggregate, or (ii) more than fifty percent (50%) in number of Units in the aggregate, or (iii) more than fifty percent (50%) in the aggregate in both Common Interest and in number of Units, as may be specified herein or in the Declaration or the By-Laws with respect to any matter or matters. Any specified percentage of Unit Owners means (i) such percentage in Common Interest in the aggregate, or (ii) such percentage in number of Units in the aggregate, or (iii) such percentage in Common Interest and such percentage in number of Units, as may be specified herein or in the Declaration or the By-Laws with respect to any matter or matters, provided, however, that different percentages in interest and in number of Units may be so specified.

"Offeree" has the meaning ascribed to that term in the Section of the Plan entitled "Introduction."

"Offering Plan" means the document filed with the New York State Department of Law which describes the condominium property and pursuant to which individual Units in the Condominium are offered for sale, as the same may be amended from time to time. The Offering Plan is sometimes herein referred to as the "Plan."

"Operation of the Property" means the administration and operation of the Property and the maintenance, repair and replacement of, and the making of any additions and improvements to the Common Elements.

"Person" means a natural person, corporation, partnership, association, trustee, limited liability company, limited liability partnership or other legal entity.

"Plan" shall have the same meaning as "Offering Plan."

"Power of Attorney" means the document, signed by Unit Owners, which appoints:

(i) the Board of Managers as attorney-in-fact to acquire, on behalf of all Unit Owners, any Unit the Unit Owner of which wishes to sell or abandon together with the Appurtenant Interests thereto and to deal with any such Units so acquired as it may determine.

(ii) the Sponsor, as attorney-in-fact, to amend the Declaration, the By-Laws, and the Rules and Regulations of the Condominium, or any of said documents under certain conditions set forth in the Power of Attorney.

"Property" means and includes the Land, the Building and all other improvements thereon owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, which have been or are intended to be submitted to the provisions of the New York State Condominium Act.

"Purchase Agreement" refers to that contract of purchase and sale of a Unit as set forth in Part II of this Plan.

"Purchaser" means any Person who has entered into an agreement with the Sponsor to purchase any Unit and is not in default thereunder.

"Recording officer" and "recording" or "recorded" shall have the meanings ascribed to those terms in section two hundred ninety of the New York Real Property Law.

"Residential Unit" shall have the same meaning as "Unit." All such Residential Units are collectively referred to as "Residential Units" or "Units."

"Residential Unit Owner" shall have the same meaning as "Unit Owner."

"Rules and Regulations" means the rules and regulations of the Condominium, which are annexed as an addendum to the By-Laws, as any of the same may be amended, modified, added to, or deleted from time to time pursuant to the terms of the By-laws, provided that they are not in conflict with the terms of the Condominium Act, the Declaration, or the By-Laws.

"Sponsor" means the promoter of the project and/or Offering Plan to convert a particular parcel of property to Cooperative or Condominium Ownership; Batchelder Street Condominiums By The Bay, LLC constitutes the Sponsor of this Offering Plan.

"Sponsor-designee" means any Person designated by the Sponsor to hold title to any Unit. The Sponsor's statement in writing that a Person is the Sponsor-designee shall be conclusive evidence of such status so as to entitle such Person to all the rights of the Sponsor-designee under this Offering

Plan. The Sponsor-designee shall have the right to designate a Person to succeed to its rights and any such designee shall also be deemed the "Sponsor-designee."

"Sponsor's Architect" means Jaime Lore Design, Robert James Palermo, AIA, SARA or his successor, as the architect engaged by the Sponsor to design the Building and supervise construction thereof.

"Unavoidable Delays" means delays due to strike, lockout, or other labor or industrial disturbance (whether or not on the part of employees or contractors of the Sponsor), civil disturbance, future order of any government, court or regulatory body claiming jurisdiction, war, act of the public enemy, riot, sabotage, blockade, embargo, shortage of or failure or inability to secure materials or labor by reason of priority or similar regulation or order of any government or regulatory body, or lightning, earthquake, fire, storm, hurricane, flood, washout, explosion, act of God or any cause whatsoever beyond the reasonable control of the Sponsor whether or not similar to any of the causes herein above stated.

"Unit" means any space in the Building designated as a Unit in the Declaration, consisting generally of a specific apartment in the Building, together with any appurtenant, proportionate, undivided interest in the Common Elements and, as the case may be, the Limited Common Elements. Such Units are a part of the Property intended for any type of legal use or uses, and adjoin an exit to a public street or highway or a Common Element or elements leading to a public street or highway, and may include such appurtenances as a storage room, balcony, or terrace. All such Units are collectively referred to as "Units" or "Residential Units."

"Unit Deed" means the deed transferring title to a specified Unit from the Sponsor to the Purchaser in fee simple absolute.

"Unit Designation" means the number, letter or combination thereof or other official designations conforming to the tax lot number, if any, designating the Unit in the Declaration and on the Floor Plans.

"Unit Owner" means any owner of a Unit in fee simple absolute, and all such owners are collectively referred to as the "Unit Owners."

"Unsold Unit" means any Unit owned by the Sponsor or its designee at the time in question, and all such Units are collectively referred to as "Unsold Units."

DESCRIPTION OF PROPERTY AND IMPROVEMENTS

The Land has an area of approximately 6800 square feet. The Land is rectangular in dimension. It is on the northerly side of Batchelder Street, 345½ feet from the northwesterly corner of Batchelder Street and Emmons Avenue. The address of the Property is 2803 Batchelder Street.

The Condominium shall consist of nine (9) residential Units.

The Building being constructed on the Land will be three stories in height plus mezzanine. The floors including the cellar contain the nine Units. Separate individual gas fired hot water baseboard radiator system will provide heat from boilers for each Unit. Each Unit shall also have a separate gas fired hot water heater. The Building is more fully described in the "Description of Property and Specifications or Building Condition" set forth in Part II of the Plan.

The land outside of the Units constitute a Common Element. Balconies, greenhouses and parking spaces constitute Limited Common Elements.

The Building will have concrete foundations. The exterior walls will consist of solid clay brick with a concrete load bearing block backup. The interior sides of the walls will have steel studs.

Under the present construction schedule, it is anticipated that, except for finishing work to the stairways and other areas of the Building that are not intended for the exclusive use of any one Unit Owner, the Building will be substantially completed by November, 2000, subject to Unavoidable Delays. The Sponsor does not, however, warrant or guarantee completion or occupancy dates for the Building or any part thereof.

The Sponsor has engaged the architectural firm of Jaime Lore Design, Robert James Palermo Registered Architects to design the Building and undertake architectural supervision of the construction of the Building. Construction of the Building is being financed by Richmond County Savings Bank.

The Building will be built by the Sponsor in accordance with all applicable zoning and building laws, regulations and codes and other government requirements, including those of the City and State of New York, and substantially as described in the property report of Robert James Palermo, Architect, which is included in Part II of this Plan.

The Sponsor reserves the right to amend or modify the architectural, structural, mechanical, electrical or other plans and specifications for the Building in any way, including, without limitation, changing materials, appliances, equipment, fixtures and other construction and design details set forth therein or in the "Description of Property and Specifications or Building Condition" set forth in Part II of the Plan and to substitute in their place similar materials, appliances, equipment and/or fixtures of substantially equal or better quality, provided that any necessary approval of any governmental authority having jurisdiction thereof is timely obtained. Any or all of the foregoing shall not give rise to a right of rescission on the part of any Purchaser and may be made without prior notice or amendment of the Plan.

The Sponsor shall obtain a temporary or permanent "Class A" residential Certificate of Occupancy which shall cover each Unit prior to the closing of title to such Unit. In the event that a permanent Certificate of Occupancy has not been obtained by such Closing, the Sponsor is subsequently obligated to obtain same. Please consult the Section of the Plan entitled "Rights and Obligations of the Sponsor" for further discussion.

LOCATION AND AREA INFORMATION

Location:

The Property is located on the north side of Batchelder Street between Shore Parkway and Emmons Avenue, in the Borough of Brooklyn, City and State of New York.

Surrounding Area:

The Property is located in a residential neighborhood with convenient residential amenities. The immediate area consists of multi-occupancy housing. There is a variety of retail shops, including supermarkets, fruit and vegetable stores, meat and fish stores and bakeries on surrounding streets. Complete shopping and services is available on Emmons Avenue.

Recreational:

There are various recreational facilities in the vicinity of the Property. Among the most popular is Sheepshead Bay, which has boating, a marina, sightseeing and fishing, among other activities.

Transportation:

The Property is located near the Belt Parkway, which is a main arterial route to Manhattan via Brooklyn Queens Expressway to the Williamsburg Bridge and Manhattan Bridge. The Prospect and Gowanus Expressways are accessible via the Brooklyn Queens Expressway.

Subways:

The nearest subway station is located at Sheepshead Bay Road and East 14th Street, which is a subway stop for the D line. Also near is the Q line. These lines serve Brooklyn and provide access to Manhattan.

Bus Lines:

There are at least four bus lines near the property. The B49 goes to Manhattan Beach via Sheepshead Bay Road and also runs on Ocean Avenue, Bedford Avenue & Rodgers Avenue. The B36 runs on Nostrand Avenue, Avenue Z and Surf Avenue. The B 4 runs on Neptune Avenue,

Sheepshead Bay Road, Emmons Avenue and Shore Road. The B44 runs on Nostrand Avenue to Emmons Avenue.

Schools:

Public schools are located in close proximity. Some of the public schools located in the general vicinity are:

PS 52 at 2675 East 29th Street
PS 108 located at 15 Synder Avenue
PS 119 at 3829 Avenue K
IS 14 at 2424 Batchelder Street
IS 78 at 1420 East 68th Street
IS 240 at 2500 Nostrand Avenue
Sheepshead Bay High School at 3000 Avenue X

A variety private schools are located in the area as well. They include:

Arista Prep School at 755 Eastern Parkway
Berkeley-Carroll School at 181 Lincoln Place and at 701 Carroll
Brooklyn Friends School at 375 Pearl Street
Polytechnic Preparatory Country Day School at 92nd and 7th Ave.
St. Teresa of Avila School at 560 Sterling Place
Sinai Academical Center at 2025 79th
Xaverian High School at 7100 Shore Road

The above listing is by no means inclusive. No representation is made that children of Unit Owners will be able to attend any particular school.

Colleges include:

Brooklyn College at 2900 Bedford Avenue
Institute of Design and Construction at 141 Willoughby Avenue
Kingsborough Community College at 2001 Oriental Boulevard
Pratt Institute at 200 Willoughby Avenue
St. Joseph's College at 265 Clinton Avenue

Medical:

Nearby hospitals are as follows:

Beth Israel Medical Center
Kings Highway Division
3201 Kings Highway between
East 32nd Street and New York Ave.
Brooklyn, NY 11234

Brookdale Hospital Medical Center
Linden Boulevard at Brookdale Plaza
Brooklyn, NY 11212

Coney Island Hospital
2601 Ocean Parkway
Brooklyn, New York 11235

New York Community Hospital
2525 Kings Highway
Brooklyn, New York 11229

Victory Memorial Hospital and Skilled Nursing Center
699-92nd Street
Brooklyn, New York 11228

Public Libraries:

The nearest public library branch is the Sheepshead Bay Branch at 2636 East 14th Street, near Avenue Z.

Police, Fire, Water, Sanitation, Snow Removal, and Maintenance Services:

The above services are provided by the City of New York, and all charges (except water) are incorporated in the City Tax. The Property is in the 71st Police Precinct. Precinct headquarters are located at Coney Island Avenue and Avenue W, Brooklyn, New York, about fifteen blocks from the Property. The nearest fire department station is Fire Department Engine Company #246 at Banner Avenue and East 11th Street, about one mile from the Property.

Postal:

The zip code for the Property is 11229, which is the Kingsway Station Post Office at 1610 East 19th Street.

Zoning:

The Property is located in the R-5 district. Residential use is permitted in this district.

Harbor House Condominium
2803 Batchelder Street
Brooklyn, New York
OFFERING PRICES AND RELATED INFORMATION
SCHEDULE A

All Projected Charges are for the Twelve Month Period
Commencing November 1, 2000 and Ending October 31, 2001
(Except for Real Estate Taxes, which are for the Twelve Month Period Commencing July 1, 2001 and Ending June 30, 2002)

Unit (1)	Bedrooms/ Bathrooms	Area in Square Feet	Offering Price (2)	Percentage of Common Interest (3)	Estimated Monthly Common Charges (4)	Estimated Annual/Monthly Real Estate Taxes w/o 421-a (5)	Estimated Annual/Monthly Real EstateTaxes w/ 421-a (5)	Estimated Total Monthly Carrying Charges w/o, w/ 421-a (6)
1A	2Br / 2Ba	1,500	$385,000	13.98	$290.45	$7,584.85 / $632.07	$140.77 / $11.73	$925.52 / $302.18
1B	2Br / 3Ba	1,686	$385,000	15.71	$326.39	$8,523.46 / $710.29	$158.20 / $13.18	$1,036.68 / $339.57
1C	2Br / 3Ba	1,500	$385,000	13.98	$290.45	$7,584.85 / $632.07	$140.77 / $11.73	$925.52 / $302.18
2A	2Br / 2Ba	810	$350,000	7.55	$156.86	$4,096.25 / $341.35	$76.03 / $6.34	$498.21 / $163.20
2B	2Br / 3Ba	830	$360,000	7.78	$161.64	$4,221.04 / $351.75	$78.34 / $6.53	$513.39 / $168.17
2C	2Br / 3Ba	810	$350,000	7.55	$156.86	$4,096.25 / $341.35	$76.03 / $6.34	$498.21 / $163.20
3A	2Br / 3Ba	1,170	$450,000	10.90	$226.46	$5,913.80 / $492.82	$109.76 / $9.15	$719.28 / $235.61
3B	1Br / 3Ba	1,250	$450,000	11.65	$242.04	$6,320.70 / $526.72	$146.63 / $12.22	$768.76 / $254.26
3C	2Br / 3Ba	1,170	$450,000	10.90	$226.46	$5,913.80 / $492.82	$109.76 / $9.15	$719.28 / $235.61
TOTAL		10737	$3,565,000	1.00				

NOTES TO SCHEDULE A
OFFERING PRICES AND OTHER FINANCIAL DETAILS FOR EACH UNIT

1. Any floor plan or sketch shown to a prospective Purchaser is only an approximation of the dimensions and layout of a Unit. Actual layout of a Unit may have been altered. Accordingly, each Unit should be inspected prior to purchase to determine its actual dimensions, layout and physical condition. Plans depicting layouts of the Units in this Schedule A appear in Part II of the Plan.

2. The Sponsor's right to make changes in offering prices is set forth in the Section of the Plan entitled "Changes in Prices or Units." Please note that purchase prices and other terms of sale of the Units are negotiable.

   In addition to the purchase price, Purchaser will be responsible at closing of title for certain other expenses as explained in the Section of the Plan entitled "Unit Closing Costs and Adjustments." While general guidelines to certain expenses of Purchaser are approximated in such Section, the Sponsor is unable to approximate the total amounts which will be incurred by Purchasers because these will vary according to such factors as the cost and size of a particular Unit, whether mortgage financing is obtained and Purchaser's attorney's fees. Purchasers are advised to consult with their attorney as to the exact closing costs they will incur in purchasing their Unit.

   In addition to the Purchase Price, Purchaser shall be required to contribute two months common charges to the condominium at Closing.

3. The percentage of Common Interest allocated to each Unit is based upon respective 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 a particular Unit. These allocations are made pursuant to Section 339-i 1(iv) of the Real Property Law, which is part of Article 9-B of the Condominium Act. The aggregate Common Interest of all Units equals 100%.

4. These estimates were based upon the "Projected Budget for the First Year of Condominium Operation" (the "First Year's Budget"), which was prepared for the year commencing November 1, 2000.

   In addition to these estimated charges, each Unit Owner will be responsible for paying: (i) the cost of electricity and gas for the Unit, which will be separately metered for each Unit; (ii)

mortgage payments under any loan or loans obtained to finance the acquisition of the Unit; (iii) the cost of interior repairs to, and the maintenance, painting and decoration of, the Unit (including, without limitation, the equipment and appliances contained therein); and (iv) the cost of any insurance covering (A) furniture, belongings, equipment and other personal property and (B) liability to others for personal injury or property damage as a result of occurrences in the Unit.

5. This projection, covering the period July 1, 2000 through June 30, 2001, constitutes tax year 2000/2001. This analysis was prepared by New York Advisory Services, Inc. having an office at 888 Seventh Avenue, New York, New York 10106.

The projection assumes that the Units will be assessed at the Class II multifamily residential rate, which is a rate of 11.046% for 1997/98 on an assessment for the Building of $500,000 without tax benefits and $9,280 with tax benefits. Based on historical increases in the assessed values of comparable sales, the analysts at New York Advisory Services, Inc. have increased total assessed values by 1.5% per year to conservatively estimate the subject assessed values two (2) years into the future (2000/2001). Once separate tax lots are created, a Unit Owner will not be responsible for the payment of, nor will his or her Unit be subject to, any lien arising from the non-payment of real estate taxes on other Units. These amounts should change in subsequent years as a result of changes in the assessed valuation of Units, the tax rate or in the method of assessing real property. A separate projection is made assuming the Property qualified for tax benefits under Real Property Tax Law Section 421-a. See the section of the Plan entitled "Real Estate Taxes" for a description of these potential benefits.

6. The figures set forth in this column equal the sum of the Estimated Monthly Common Charges and the Estimated Monthly Real Estate Taxes. If Purchaser obtains mortgage financing on the Unit, the debt service on such financing would be an additional monthly expense to be paid solely by Purchaser. The interest portion of monthly mortgage payments made by Purchasers who obtain mortgage financing for their Units, and designate same as primary or secondary qualifying residence, although not shown in this column, is also deductible for tax purposes by persons who itemize deductions, as more particularly described in, and subject to the qualifications set forth in, the Section of the Plan entitled "Income Tax Deductions to Unit Owners and Tax Status of the Condominium." The portion of the debt service deductible for income tax purposes may vary in subsequent years due to financing-related changes such as changes in the interest rate on a Purchaser's mortgage, if any, the interest rate on a refinanced mortgage, or the allocation of constant debt service payments between interest and principal. Please consult the Section of the Plan entitled "Income Tax Deductions to Unit Owners and Tax Status of the Condominium" and "Counsel's Tax Opinion Letter" for conditions of deductibility.

PROJECTED BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION
SCHEDULE B

Beginning November1, 2000

Projected Income

Common Charges (1)	$ 24,931	
TOTAL		$ 24,931

Projected Expenses

Labor (2)	$ 0
Heating (3)	0
Utilities (Electricity) (4)	1,893
Water Charges and Sewer Rents (5)	4,647
Cleaning Repairs, Maintenance and Supplies (6)	12,360
Service Contracts (7)	0
Insurance (8)	3,351
Management Fees (9)	0
Legal Fees and Audit Fees (10)	1,500
Taxes (11)	680
Contingency (12)	500
TOTAL	$ 24,931

Sponsor anticipates the First Condominium Unit Closing of title to occur on or about November 1, 2000, which corresponds to the projected start date of the Budget for First Year of Condominium Operation. If the First Condominium Unit Closing of title is delayed more than six (6) months from the projected start date of November 1, 2000, the Offering Plan will be amended to include a revised budget. If such amended projections exceed the projections set forth above by twenty-five percent (25%) or more, each Purchaser shall have the right to rescind his or her Purchase Agreement for a period of fifteen (15) days subsequent to the Date of Presentation of such amendment, and, if not otherwise in default, have his Down Payment promptly refunded. If such date is delayed more than twelve (12) months from the projected started date of November 1, 2000, Purchasers shall be offered in writing the right of rescission for a period of fifteen (15) days subsequent to such written notification. Sponsor has attempted to make accurate estimates. However, due to inflation, changes in the economy and unforeseen factors, it is likely that actual expenditures will differ from estimates set forth herein.

NOTES TO SCHEDULE B

1. Common Charges ($24,931)

Annual Common Charges to be collected during the first year of condominium operation are based upon the estimated total of Common Expenses.

2. Labor ($0)

Not applicable. As common areas are relatively minimal, they shall be cleaned and maintained by the individual residents.

3. Heating ($0)

Not Applicable. See Schedule B-1.

4. Utilities (Electricity) ($1,893)

The projection is based upon an estimate M.V. Electric, 1635 41st Street. Brooklyn, New York 11218. The estimated costs for the base building electrical system were calculated using Con Edison monthly electric rates (effective as of April 1, 1994). These rates are currently in effect. No inflation factor has been included.

The electrical energy consumption for each individual apartment for general lighting, power appliances and energy necessary to operate the water source heat pumps for heating and cooling is billed directly to Unit Owners on Unit meters and is not included in this analysis. See Schedule B-1.

All gas service is billed directly to Unit Owners. See Schedule B-1.

In view of the current energy situation, it is not possible to predict, with certainty, whether the budgeted amount will be in accord with the actual cost to be incurred during the first year of condominium operation. Increases in electric rates will result in raising the cost of electricity. The electric costs are largely affected by increases in the price of fuel paid by the utility company, among other factors. It is expected that the cost of oil used to generate electricity will increase in the future. As a result, it is likely that electric costs will increase, although it is not possible to forecast the amount of such possible increase. It is believed that

the projected figure should be sufficient to cover any reasonable increase in the cost of utilities from the foregoing during the first year of operation.

The following current fuel cost adjustment taxes and surcharges are applied to the electric energy costs:

Taxes and Surcharges	
New York City Gross Receipt Tax	7.0664%
New York City MTA Surcharge	0.8910%
New York State Surcharge (NYC)	0.3914%
Sales Tax	8.2500%
Fuel Cost Adjustment (estimated)	$0.01 per killowatt hour

5. Water Charges and Sewer Rents ($4,647)

This projection is based on an estimate by Dome Property Management dated August 13, 1999 and MV Electric, 1634 41st Street, Brooklyn, New York 11218 dated October 4, 1999. These estimates include water and sewer consumption for individual Units which will be billed by the City of New York in accordance with one water meter for the Building, which will be installed by Sponsor at no cost to Unit Owners. The Common Area water bill is estimated to be approximately $2,000 per annum for lawn watering of the Common Areas, cleaning of sanitary drains located in the Common Areas and pails for trash collection. (The annual cost of water is based on an average daily usage of 1265 gallons per day for annual cost of water for these uses. This results in an estimated water consumption of 461,700 gallons.)

Estimated Costs of Water & Sewer

1. Use of water per day per apartment: 220 Gallons
2. Annual water use: 722,700 Gallons or 96,617.6 Cu. Ft.
3. Annual water and sewer charges: $2,647.32
4. Cost estimates are based upon the combined water and sewer rate of $2.74 per 100 Cu. Ft.

(Water rate $1.06 per 100 Cu. Ft.: Sewer $1.68 per 100 Cu. Ft.) Rates effective 1/1/96, which are currently in effect.

6. Cleaning, Repairs, Maintenance and Supplies ($12,360)

These estimates are provided by Project One Services, Inc., 899 Manor Road, Staten Island, New York 10314 dated August 16, 1999, based on its experience with new condominium construction using June, 1999 cost levels:

Cleaning, minor maintenance and repairs to Common Elements	$10,560
Snow plowing for sidewalks and private roads and driveways	600
Lawn maintenance	1,200
TOTAL	$12,360

These estimates do not include maintenance, repairs and supplies within specific Units, which are the obligation of the Unit Owner. Each Unit Owner will be responsible for the cost of interior maintenance, repairs, decoration and painting of their respective Units, including, but not limited to, the appliances and incremental heating/air-conditioning units. No provision has been made to cover the cost of any major capital expenditure. Although no such expenditure is expected in the year beginning November 1, 2000 because the building has been newly constructed, each Unit Owner will be obligated to pay his pro rata share of such expenditures in the event that any such expenditures are required.

7. Service Contracts ($0)

Not applicable.

Sponsor has reserved the right, prior to the First Unit Closing, to enter into other service contracts which will be binding on the Board of Managers, provided that such contracts do not materially increase the estimated Common Charges for the first year of Condominium operation nor bind the Board of Managers for a period of more than two years from the date of the First Unit Closing, unless it is customary for such type of contract to be more than two years.

8. Insurance ($3,351)

The projection is based on a proposal from Long Island Coverage Corp., 140 Adams Avenue, Hauppauge, New York 11788 for the following coverages:

Coverages	Limits
Blanket all Risk on Building	$ 1,000,000
Deductible	$ 1,000
Comprehensive General Liability	$ 1,000,000
Non Owned and Hired Car	$ 1,000,000 combined single limit
Directors & Officers	$ 1,000,000 per occurrence,
	$ 1,000,000 aggregate
Fidelity Bond	$50,000 five position Board of Managers[1]

The total estimated annual premium for the above is $3,343 plus New York State Fire Fee of approximately $7.82.

The Sponsor represents that it shall initially provide on behalf of the Condominium, at the Condominium's expense, to be effective at the First Unit Closing, fire and casualty insurance in the amounts set forth above. In the opinion of the aforesaid insurance broker, the stated coverage is adequate to (a) replace the Building, in the event of a total loss, and (b) avoid the Condominium being a co-insurer in the event of a partial loss.

The policy will provide that each Unit Owner will be an additional insured party, and that there will be no cancellation without notice to the Board of Managers. In addition, the policy will contain a waiver of subrogation, a waiver of invalidity because of the acts of the insured and Unit Owners, and a waiver of pro-rata reduction if Unit Owners obtain additional coverage.

The Sponsor will deliver a building and liability insurance binder or policy to the Board of Managers prior to or at the First Unit Closing. The cost for such binder or policy will be paid by the Board of Managers and shared by all Unit Owners as a portion of the Common Charges.

In order to safeguard the investment of its Unit Owners in the event of a substantial or total destruction of the Condominium, the Board of Managers should periodically review the amount of casualty insurance for the Condominium to insure that the amount of coverage equals the Condominium's then replacement costs.

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[1]Although it is intended the Board of Managers have three members, extra coverage is estimated in the event the Board is expanded.

It should be noted that in the event the property is totally destroyed by fire or other casualty, the insurance coverage as stated herein, although sufficient to replace the structure, may not cover the full investment of the Unit Owner. However, the amount of insurance which will be in effect at the time of the Closing Date should be sufficient to prevent the imposition of any coinsurance factor in the event of partial loss.

It is not possible to predict whether future premiums will escalate. The projected premium is based upon an estimate and is not guaranteed to remain the same until the closing of title to the first Unit.

Coverage for the following items are not included in the budget and may be available at extra cost: rent insurance; water damage; excess liability; auto liability.

No coverage is provided for such risks as fire and casualty losses to the contents of each individual Unit, nor does the coverage take into account any future replacements or additions to either the Units or the fixtures and improvements contained therein. In addition, no liability coverage for an individual Unit Owner is included in the coverage provided above. Prospective Purchasers should consult their attorney or insurance agent to determine the advisability of obtaining insurance for their own risk of liability and fire and casualty losses.

9. Management Fees ($0)

Due to the size of the Condominium, it is anticipated that management will not be necessary.

10. Legal Fees and Audit Fees ($1,500)

Based upon the following estimates:

Legal Fees	$ 500
Audit Fees	$ 1,000
	$ 1,500

Alfred Tuzzo, CPA, 436 Manor Road, Staten Island, New York 10314, a certified public accountant has estimated in a letter of July 22, 1999 that the fees for preparing an audited financial statement and the income tax returns for the first year of condominium operation will be $1,000.

11. Taxes ($680.00)

Alfred Tuzzo, CPA, 436 Manor Road, Staten Island, New York 10314, a certified public accountant, has estimated taxes to be $680 per year if the condominium does not elect tax-exempt status under Internal Revenue Code Section 528, comprised of $0 Federal Income Tax, $325 New York State Franchise Tax, $55 MTA Surtax and $300 New York State Corporate Tax. If tax-exempt status is elected, it may save the $125 income tax.

12. Contingency ($500.00)

This amount, to be used at the discretion of the Board of Managers, is intended to benefit the Unit Owners by providing a fund for unanticipated expenses not included in the budget and for possible increases in one or more items of operating expense above the amounts projected. Such fund is not intended to cover the cost of major capital repairs or replacement items likely to be needed with the first five (5) years of Condominium operation.

The budget may be modified from time to time prior to the commencement of, or during, Condominium operation to add or increase one or more items of operating expense. If additional funds are required over and above these funds, it may be necessary to increase Common Charges or separately assess all Unit Owners.

THE FOREGOING SCHEDULE IS NOT INTENDED AND SHOULD NOT BE TAKEN AS A GUARANTEE OR WARRANTY THAT THE ANNUAL COMMON CHARGES OR EXPENSES FOR THE INITIAL YEAR OR ANY SUBSEQUENT YEAR OF OPERATION OF THE CONDOMINIUM WILL BE AS SET FORTH IN SAID SCHEDULE, OR THAT THE FIRST YEAR OF CONDOMINIUM OPERATION SHALL COMMENCE ON THE PROJECTED DATE.

SCHEDULE B-1
PROJECTED BUDGET FOR INDIVIDUAL UNIT ENERGY COSTS

Electricity, by M.V. Electric, 1635 41st Street, Brooklyn, New York

Projected Electrical Costs For Individual Apartments

Apartment 1A–1500 square feet including recreation room in cellar

1.	Air Conditioning	1582.5 KWHRS	
2.	Other Electrical Loads:		
	a) Lighting	1848.4 KWHRS	
	b) El. dryer/fans (6.0 KW)	1248 KWHRS	
	c) Total - summer	2918.8 KWHRS: $398.95	
	d) Total - winter	2672.6 KWHRS: $345.41	
3.	Total annual cost		$744.36

Apartment 1B–1686 square feet including recreation room in cellar

1.	Air Conditioning	1968.8 KWHRS	
2.	Other Electrical Loads:		
	a) Lighting	2299.5 KWHRS	
	b) Appliances	912.5 KWHRS	
	c) El. dryer/fans (6.0 KW)	1248 KWHRS	
	d) Total - summer	3455.5 KWHRS: $473.97	
	e) Total - winter	2973.3 KWHRS: $382.93	
3.	Total annual cost		$856.90

Apartment 1C–1500 square feet including recreation room in cellar

1.	Air Conditioning	1603.1 KWHRS	
2.	Other Electrical Loads:		
	a) Lighting	1872.5 KWHRS	
	b) Appliances	912.5 KWHRS	
	c) El. dryer/fans (6.0 KW)	1248 KWHRS	
	d) Total - summer	2947.4 KWHRS: $402.95	
	e) Total - winter	2688.7 KWHRS: $347.42	
3.	Total annual cost		$750.37

Apartment 2A–810 square feet

1.	Air Conditioning	1593.8 KWHRS
2.	Other Electrical Loads:	
	a) Lighting	1861.5 KWHRS
	b) Appliances	912.5 KWHRS
	c) El. dryer/fans (6.0 KW)	1248 KWHRS
	d) Total - summer	2934.5 KWHRS: $401.14
	e) Total - winter	2681.3 KWHRS: $346.49
3.	Total annual cost	$747.63

Apartment 2B–830 square feet

1.	Air Conditioning	1987.5 KWHRS
2.	Other Electrical Loads:	
	a) Lighting	2321.4 KWHRS
	b) Appliances	912.5 KWHRS
	c) El. dryer/fans (8.0 KW)	1248 KWHRS
	d) Total - summer	3481.5 KWHRS: $477.60
	e) Total - winter	2987.9 KWHRS: $384.75
3.	Total annual cost	$862.35

Apartment 2C-810 square feet

1.	Air Conditioning	1800 KWHRS
2.	Other Electrical Loads:	
	a) Lighting	2102.4 KWHRS
	b) Appliances	912.5 KWHRS
	c) El. dryer/fans (6.0 KW)	1248 KWHRS
	d) Total - summer	3221.0 KWHRS: $423.20
	e) Total - winter	2841.9 KWHRS: $366.53
3.	Total annual cost	$807.73

Apartment 3A, 1170 square feet including mezzanine

1.	Air Conditioning	2125 KWHRS
2.	Other Electrical Loads:	

	a) Lighting	1861.5 KWHRS
	b) Appliances	912.5 KWHRS
	c) El. dryer/fans (6.0 KW)	1248 KWHRS
	d) Total - summer	3465.7 KWHRS: $475.40
	e) Total - winter	2681.3 KWHRS: $346.49
3.	Total annual cost	$821.89

Apartment 3B–1250 square feet including mezzanine

1.	Air Conditioning	2650 KWHRS
2.	Other Electrical Loads:	
	a) Lighting	2321.4 KWHRS
	b) Appliances	912.5 KWHRS
	c) El. dryer/fans (6.0 KW)	1248 KWHRS
	d) Total - summer	4144.0 KWHRS: $570.21
	e) Total - winter	2987.9 KWHRS: $384.75
3.	Total annual cost	$954.96

Apartment 3C–1170 square feet including mezzanine

1.	Air Conditioning	2400 KWHRS
2.	Other Electrical Loads:	
	a) Lighting	2102.4 KWHRS
	b) Appliances	912.5 KWHRS
	c) El. dryer/fans (6.0 KW)	1248 KWHRS
	d) Total - summer	3821.0 KWHRS: $525.06
	e) Total - winter	2841.9 KWHRS: $366.53
3.	Total annual cost	$891.59

GENERAL

I. The costs of electrical energy are based upon the following assumptions:

1. Estimated air conditioning cost based on average electrical demands of 1.5 KW per ton of refrigeration. Each unit is assumed to operate 500 equivalent full load hours a year. All rooms are air conditioned with 1 ton of refrigeration covering 400 square feet of floor area, top floor - 300 square feet.

2. Electricity use other than air conditioning is estimated as follows:
   a) Lighting cost was based on New York City Electrical Code requirements of 3 watts per square foot, and assumes average unit shall utilize 50% of all lamps approximately 4 hours per day, 365 days per year.
   b) Appliances are assumed to be 5.0 KW per apartment with average use of 0.5 hours per day, 365 days per year. Appliances include: dishwasher, standard 15 cubic feet, refrigerator, TVs, radios and other small appliances.

Consolidated Edison Co. Monthly Electricity Rates (effective April 1, 1994)

Service Classification #1 - Residential:

	WINTER	SUMMER
FIRST 250 KWHR	13.074 Cents/KWHR	13.074 Cents/KWHR
OVER 250 KWHR	12.478 Cents/KWHR	13.978 Cents/KWHR

Service Classification #2 - General/Small Commercial

	WINTER	SUMMER
FIRST 900 KWHR	14.91 Cents/KWHR	16.41 Cents/KWHR
NEXT 1100 KWHR	13.74 Cents/KWHR	15.74 Cents/KWHR
OVER 2000 KWHR	5.85 Cents/KWHR	7.35 Cents/KWHR

II **Gas, by Joe Parziale Plumbing Co., 715 Greenwood Ave., Brooklyn, N.Y. 1128**

Estimated annual cost of natural gas, individual gas fired boiler, hot water heater and gas stove for each apartment.

For Apartments 1A, 1B and 1C:

Space heating:
Heating load 60,000 BTUs/hr.
Estimated Consumption 1350 therms
Annual Cost $911.26

Domestic Hot Water
140 Gallons per day
Estimated Consumption 426 therms
Annual Cost $314.60

Gas for Cooking

60,000 BTUs per hr–2 hrs. per day
Estimated Consumption 438 therms
Annual Cost $467.84

Total Estimated Cost for Apartments 1A, 1B and 1C $1,693.70

For Apartments 2A, 2B and 2C:

Space heating:
Heating load 30,000 BTUs/hr.
Estimated Consumption 675 therms
Annual Cost $455.63

Domestic Hot Water
140 Gallons per day
Estimated Consumption 426 therms
Annual Cost $314.60

Gas for Cooking
60,000 BTUs per hr–2 hrs per day
Estimated Consumption 438 therms
Annual Cost $467.84

Total Estimated Cost for Apartments 2A, 2B and 2C $1,238.07

For Apartments 3A, 3B and 3C:

Space heating:
Heating load 60,000 BTUs/hr.
Estimated Consumption 1350 therms
Annual Cost $911.26

Domestic Hot Water
140 Gallons per day
Estimated Consumption 426 therms
Annual Cost $314.60

Gas for Cooking
60,000 BTUs per hr–2 hrs per day
Estimated Consumption 438 therms
Annual Cost $467.84

Total Estimated Cost for Apartments 3A, 3B and 3C $1,693.70

III. Brooklyn :Union Gas Co. Natural Gas Rates (effective October 1, 1995)

Service Classification #1A (Bi-Monthly)

FIRST 6 THERMS	$19.82
NEXT 24 THERMS	$1.121 per THERM
NEXT 70 THERMS	$0.958 per THERM
NEXT 50 THERMS	$0.820 per THERM

Service Classification #3 (Monthly)

FIRST 3 THERMS	$10.78
NEXT 47 THERMS	$0.842 per THERM
NEXT 450 THERMS	$0.675 per THERM

IV. Sales tax and inflation factors are excluded

V. Heating energy consumption estimates support data

Average winter temperature in N.Y.C	42.8 ° F
Degree days in N.Y.C. (Central Park)	4.871
Natural gas boiler efficiency	80%
Outdoor design temperature	5° F
Indoor design temperature	72°F

1cf of natural gas — 100,000 BTU output

1cf — 1.031 Therm unit

Amount of fuel required in a year

$$\frac{\text{Heat loss x Degree days x 1.031 x 24}}{\text{Overall deficiency of fuel x } \blacktriangle T \text{ x Heating value of fuel}}$$

DOME
PROPERTY MANAGEMENT

1855 VICTORY BOULEVARD
STATEN ISLAND, NEW YORK 10314-3577

STEVEN MOTELSON
PRESIDENT

(718) 720-2500
FAX (718) 273-1664

September 21, 1999

New York State Department of Law
Real Estate Financing Bureau
120 Broadway, 23rd Floor
New York, New York 10271

Re: 2803 Batchelder Street
New York, New York 11235

Gentlemen:

I have reviewed the percentage of common interest allocated to each as shown on Schedule A, for inclusion in the above referenced Offering Plan for the subject property, which has been prepared by the Sponsor, Batchelder Street Condominium By The Bay, LLC. In accordance with Section 339-1 (1)(iv) of the Condominium Act, the percentage interest in the Common Elements allocated to each Unit has been determined upon the 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.

In my opinion, therefore, the Condominium Plan and the allocation of percentage interest in the Common Elements In the Land and Building at 2803 Batchelder Street, Brooklyn, New York 11235, attributable to each Unit conforms to Section 339-1 (1)(iv) of the New York Real Property Law.

Dome Property Management is a licensed real estate brokerage and management firm. I have had extensive experience in the preparation of Offering Plans as well as the sale of Condominium Units. I therefore believe I have sufficient qualifications, knowledge, and expertise to write this opinion.

I have no financial or other beneficial interest in Sponsor; I will not participate in the profits derived from this Condominium conversion; and I am not the Selling Agent for the Sponsor. You have advised me of your intention to incorporate this letter in the Plan, and I hereby consent to such inclusion.

Very truly yours,
Dome Property Management

By: Steven Motelson, President

Sworn to Before Me this
22nd day of October 1999

Notary Public

MARIE BETULIA
Notary Public - State of New York
NO. 01BE5308100
Qualified In Richmond County
My Commission Expires 11/31/2001

CHANGES IN PRICES AND UNITS

Subject to conditions hereinafter set forth, the Sponsor has the right to change the amount of any purchase prices from the amounts shown in Schedule A of the Plan. The purchase prices set forth in Schedule A must be changed by a duly filed amendment to the Plan when the change of price is an across the board increase or decrease affecting one or more lines of Units or Unit models, or is to be advertised, or is a price increase for an individual Purchaser. The Sponsor may enter into a Purchase Agreement with a Purchaser to sell one or more Units at prices lower than those set forth in Schedule A without filing an amendment. Purchase prices are negotiable. The Sponsor also reserves the right to negotiate with Purchasers the following aspects of the purchase of Units: decorating allowances, payment of fees otherwise paid by Purchasers, payment of all or part of Purchaser's financing costs, price reductions tied to rental of Units, reduced Down Payments (but at least $1,000), extra custom work and extensions of time periods within which to perform obligations under the Purchase Agreement. Furthermore, the Sponsor reserves the right, without further amendment to the Plan, from time to time to add and/or delete negotiable terms from the list set forth above for all or some Purchasers or any Purchaser. No Purchaser will benefit from any terms and conditions negotiated with any other Purchaser, and a Purchaser's failure to so benefit will not give rise to any rights of rescission or any other relief under a Purchase Agreement. No party will have the right to approve any changes in price or other terms, whether before or after the First Unit Closing.

If the Sponsor changes the purchase price of one or more Units, the Purchaser of such Unit may pay, or may have paid, more or less than other Purchasers of comparable Units having the same Common Interest. However, a price change will not alter the Common Interest of, or the amount of the Common Charges payable by, the owners of Units.

In order to meet the possible varying demands for number and type of Units, or to meet the particular needs of prospective Purchasers, or for any other reason, the Sponsor reserves the right to: (a) change the layout of, or number of rooms in, Unsold Units, (b) change the number of Unit types, (c) reverse the layout of an Unsold Unit from that shown on the floor plan, and (d) change the size and/or number of Unsold Units by subdividing one or more Unsold Units into two or more separate Units, by combining two or more separate Unsold Units into one or more Unsold Units, by altering the boundary walls of any Unsold Unit, or otherwise, including, without limitation, the use of any portion of the Common Elements adjacent to such Unsold Units to the extent that such portion is not required to be maintained as Common Elements pursuant to the terms of the Declaration and By-Laws. Subject to the terms of this paragraph, the next paragraph, and the penultimate paragraph of this Section, such right may be exercised by the Sponsor from time to time, both before and after the First Unit Closing, without the consent or approval of the Condominium Board, any Unit Owner, any Purchaser, any mortgagee or any other party. However, the Sponsor will first obtain the approval of all governmental authorities having jurisdiction thereof whose approval is required by law. No change will be made by the Sponsor in the size or number of Units or their respective percentages of Common Interest, and no material change will be made by the Sponsor in the size or quality of Common Elements, except by amendment to the Offering Plan and, when applicable, to the

Declaration. Unless the affected Purchaser provides a written consent, no material change will be made by the Sponsor in Unit size, layout or percentage of Common Interest if a Purchase Agreement has been executed and delivered to the Sponsor for that Unit and such Purchaser is not in default.

No material change will be made in the size, and no material adverse change will be made in the quality, of Common Elements unless Purchasers not in default receive a right to rescind for fifteen (15) days after the presentation of the exercise of such right.

The Sponsor also reserves the right to substitute for any of the materials specified in either the Description of Property and Specifications or Building Condition, or elsewhere in the Plan, materials of substantially similar or better quality. The Sponsor's intention is to use the materials, fixtures, appliances and other equipment described in this Plan and in the architectural plans on file, but, due to unavailability of materials and supplies or for any other reason, the Sponsor may substitute materials, fixtures, appliances and equipment of substantially similar or better quality for any of those set forth in the specifications or otherwise in this Plan.

If the Sponsor changes the size and/or number of Unsold Units, the Sponsor will increase or decrease the Common Interests appurtenant thereto accordingly. However, the aggregate amount of the Common Interests of all the Units will always remain at one hundred percent (100%). As a result of such reapportionment, the amount of the Common Charges and assessments payable by the owners of the Unsold Units affected thereby will be increased or decreased proportionately, but the amount of the Common Charges and the real estate taxes and assessments payable by the owners of Units unaffected thereby will not vary.

This Plan will be amended to reflect any change in the size of a Unit, number of Units, percentage of Common Interests of Unsold Units or a change in the size or quality of any Common Element. However, the layout and number of rooms in Unsold Units may be changed without prior notice. The Plan will be amended to reflect any such changes prior to executing a Purchase Agreement for any such Unsold Unit.

Once the Declaration is recorded, no change may be made in the number of Units or number of rooms within a Unit, nor may the size of any Unit be changed by subdivision or combination or alteration of boundary walls, or otherwise, nor may the Common Interest of any Unit be changed, unless the Declaration is amended and such amendment is duly recorded. The Plan will be amended in the event of any such changes. As more particularly provided in the Declaration, the Sponsor or its designee, as the owner of an Unsold Unit, will have the right itself to so amend the Declaration to effectuate such change, without the Condominium Board, the other Unit Owners or any mortgagee consenting to, or executing, such amendment. However, no change of a Unit's Common Interest will be made without obtaining the prior written consent of the owner of such Unit.

To the extent permitted by law, if the size or configuration of a Unit is changed in compliance with the Plan, Declaration and/or By-Laws and, in connection therewith, a wall, space or other area

forming a part of the Common Elements servicing and benefiting only such Unit is razed or incorporated in the Unit, then such Common Element shall be deemed for the exclusive use and benefit of the owner of such Unit and the Unit's Common Interest will remain unchanged.

INTERIM USE AND OCCUPANCY AGREEMENTS

The Sponsor and/or its designee reserves the right, freely and without restriction, to rent or lease vacant Units, to Purchasers and/or non-Purchasers at any time, both before and after the First Unit Closing. However, once a Purchase Agreement is signed for a vacant Unit, and for so long as such Purchase Agreement is in effect, such Unit may only be rented to the Purchaser thereof. Such agreement (an "Interim Use and Occupancy Agreement") will be for such use and occupancy fee, and upon such other terms as may be mutually agreed upon. In the event this Plan is abandoned, the Purchaser may, at any time at his or her sole option, cancel the Interim Use and Occupancy Agreement and remove from the Building upon thirty (30) days' prior written notice to the Sponsor at the address set forth on the cover page of this Plan. Should Purchaser rescind his or her Purchase Agreement pursuant to any permitted rescission, the Interim Use and Occupancy Agreement shall terminate thirty (30) days thereafter and Purchaser shall be obligated to vacate the apartment no later than that time.

An Interim Use and Occupancy Agreement will provide that an uncured default by the Purchaser under his or her Purchase Agreement will constitute a default under the Interim Use and Occupancy Agreement, entitling the landlord (i.e., the Sponsor), at its sole option, to terminate the Interim Use and Occupancy Agreement. The Purchase Agreement contains a similar cross-default provision entitling the Sponsor to cancel the Purchase Agreement in the event that the Purchaser fails to cure a default under the Interim Use and Occupancy Agreement within any applicable grace period. However, before the Sponsor may utilize a default under the Interim Use and Occupancy Agreement to declare a default under the Purchase Agreement, the Sponsor must (i) obtain an order of eviction or other judgment or order from a court or agency of competent jurisdiction against the interim occupant or (ii) the interim occupant must have vacated the Unit. The interim occupant must vacate the Unit within five (5) days after any default under the Purchase Agreement which remains uncured for five (5) days.

The Sponsor and/or its designee further reserves the right to use or occupy itself or to rent or lease to a tenant who is not a Purchaser (for such rent and term and on such other conditions as may be agreed to between such parties) any Unit not conveyed or with respect to which a Purchase Agreement is not then outstanding, and residents of the Condominium may be comprised of both Unit Owners and tenants. Accordingly, a Purchaser may be acquiring a Unit that has been previously occupied, but such Unit will be delivered at Closing free and clear of all leases, tenancies and rights of occupancy other than Interim Use and Occupancy Agreements with such Purchaser or other Interim Use and Occupancy Agreement, or rights of occupancy of such Unit which the Sponsor agreed to enter into at the request of the Purchaser of such Unit, unless the parties otherwise agree in writing.

The Sponsor and its designee reserve the right, without prior notice or amendment to the Plan, to use any Unsold Units as sales offices and model apartments. In the event the Sponsor or its designee thereafter elects to sell any such Unsold Units, the Sponsor or its designee may require the Purchaser thereof to purchase all or any of the furnishings, equipment or decorations therein and pay,

in addition to the purchase price for such Unit, such amounts as the Sponsor may determine. In no event shall the presence of any furniture, furnishings, equipment or decorations in any model apartment imply or represent that any Unit will contain such furniture, furnishings, equipment or decorations upon delivery of the Unit to the Purchaser of the Unit unless such Purchaser agrees to pay the Sponsor an amount as determined by the Sponsor in addition to the purchase price for such Unit.

The Sponsor's right and its designee's right to rent or lease any Unsold Unit will not be subject to any right of first refusal in favor of the Condominium Board to lease such Unit from the Sponsor or its designee on the same terms offered to the prospective tenant or occupant.

PROCEDURE TO PURCHASE

A Person desiring to purchase a Unit in the Condominium, or the authorized parties thereof if the Person is other than a natural person, shall be required to execute in duplicate a Purchase Agreement in the form contained in Part II of the Plan and return it to the Sponsor, together with a check in the amount of ten percent (10%) of the purchase price, drawn to the order of Canfield, Venusti, Madden & Rossi, as Escrow Agent. This Down Payment may be increased for special work, upgrades or extras ordered by the Purchaser and itemized in the Purchase Agreement. Canfield, Venusti, Madden & Rossi shall be the "Escrow Agent" pursuant to the Purchase Agreement and this Offering Plan. Purchasers pursuant to this Offering Plan who have not had an opportunity to review the Offering Plan and any filed amendments for at least three (3) days prior to their executing a Purchase Agreement shall be afforded seven (7) days after delivering an executed Purchase Agreement together with the required Down Payment to rescind the Purchase Agreement and have the full Down Payment refunded promptly. Such rescission must be in writing, addressed to the Sponsor, and be postmarked or hand delivered by midnight of the seventh (7th) day subsequent to Purchaser's executing and delivering such Purchase Agreement. Those Purchasers who execute a Purchase Agreement after having had an opportunity to review the Offering Plan and any filed amendments for not less than three (3) days prior to their executing a Purchase Agreement shall not be permitted the aforementioned time period to rescind for any reason.

The Purchase Agreement shall not be binding upon the Sponsor until a duplicate thereof, executed by the Sponsor, is delivered to Purchaser. In any such case, unless the Purchase Agreement, executed as aforesaid, is delivered to Purchaser within twenty (20) days after same is received by the Sponsor, it shall be deemed rejected and canceled and all monies paid by Purchaser shall be promptly refunded, without interest, and upon such refund being made, neither party shall have any further rights or obligations hereunder with respect to the other. The Sponsor shall have the right to reject the Purchase Agreement without cause or explanation to Purchaser, provided such rejection is not based upon race, creed, color, sex, disability, marital status, age, ancestry, national origin or other ground proscribed by law.

After this Plan is declared effective, the Sponsor shall fix dates for closing title to all Units for which Purchase Agreements have been fully executed by serving notice on each Purchaser of such a Unit stating the date of the first closing and setting such Purchaser's Closing Date. The Sponsor will give each Purchaser not less than thirty (30) days' prior written notice of the date, time and place (in the City of New York) for the transfer of title to his or her Unit. Purchasers may, but are not required, to waive this thirty (30) day notice. At title closing, such Purchaser shall pay the balance of the purchase price stated in the Purchase Agreement with such Purchaser's unendorsed, personal certified check or by official cashier's check or official bank check. However, such Purchaser may apply the proceeds of any financing obtained, by such Purchaser, to make such payment. Without limitation, a check drawn by a bank on another bank is not an "official cashier's check," a "cashier's check," or an "official bank check" for the purpose of the Purchase Agreement or this Plan.

Any conflict or inconsistency between the provisions of this Plan and the provisions of the Purchase Agreement shall be resolved in favor of the Plan. If Purchaser shall fail to pay any portion of the purchase price when due, fail to close title on the date, hour and place specified by the Sponsor or fail to perform any of Purchaser's other obligations, including, without limitation, the obligation to furnish any lender promptly with such information as such lender may require, and the obligation to accept a commitment on the terms set forth in the Purchase Agreement, such failure shall constitute a default by Purchaser, and the Sponsor may send notice to Purchaser of the Sponsor's intention to cancel the Purchase Agreement if such default is not timely cured. TIME IS OF THE ESSENCE FOR PURCHASER TO CURE ANY DEFAULT UNDER THE PURCHASE AGREEMENT WITHIN THE APPLICABLE PERIOD. "Time is of the essence" means that if such default is not cured within thirty (30) days after the Sponsor gives Purchaser notice of such default, the Sponsor may (but shall not be obligated to) either (a) elect to cancel the Purchase Agreement by notice of cancellation sent after the cure period has expired or (b) bring an action against Purchaser for specific performance. Upon any cancellation by the Sponsor pursuant to clause (a) above, the Down Payment monies held with respect to the particular Unit, but not more than ten percent (10%) of the purchase price (together with interest earned thereon, if any), shall be paid over to the Sponsor as and for liquidated damages and thereafter the Purchase Agreement shall become null and void, except for provisions in the Purchase Agreement that by their terms survive termination thereof. Notwithstanding the above, the Sponsor may receive the actual costs incurred for any special work, upgrades or extras ordered by Purchaser as a part of its liquidated damages even though the total amount of liquidated damages thereby exceeds ten percent (10%) of the purchase price plus interest.

In the event a default is disputed in writing by Purchaser to Canfield, Venusti, Madden & Rossi, as Escrow Agent, during the cure period and the default, in the Sponsor's opinion, is not timely cured, and the Sponsor thereafter cancels the Purchase Agreement, then Canfield, Venusti, Madden & Rossi, as Escrow Agent, shall have the right to continue to hold the Down Payment pending resolution of such dispute (judicial or otherwise) or pay the Down Payment into court.

All funds received by the Sponsor for special work, upgrades or extras must initially be placed in the escrow account. However, Purchasers should note as a special risk that such funds may be released from the escrow account by the Escrow Agent as long as the Sponsor certifies to the Escrow Agent that it will use the funds for such special work, upgrades or extras. As a result, in the event a Purchaser is entitled to rescission, the Purchaser will not receive a refund of any funds released to be used for special work, upgrades or extras.

At the closing of title and simultaneously with the delivery to Purchaser of the deed conveying the Unit, Purchaser shall execute and acknowledge the Power of Attorney to the Board of Managers in the form contained in Part II of the Plan. Purchaser shall deliver such executed Power of Attorney to the Sponsor or as directed by the Sponsor at the closing of title for recording and shall pay the recording fee. Failure to do so shall constitute a default by Purchaser pursuant to the Purchase Agreement.

The risk of loss from fire or other casualty with respect to the Unit shall remain with the Sponsor until the closing of title for the Unit. Notwithstanding the above, in the event a Purchaser, or one claiming by or through a Purchaser, enters into possession of the Unit prior to the closing of title, such as under an Interim Use and Occupancy Agreement, then the Purchaser shall bear the risk of loss or other casualty with respect to the Unit, except as may be stated otherwise in the Section of the Plan entitled "Rights and Obligations of the Sponsor." Accordingly, any Purchaser, or anyone claiming by or through a Purchaser, who takes possession of the Unit prior to the closing of title should obtain insurance coverage for the Unit prior to taking possession, since, despite any loss, such Purchaser will remain obligated to purchase the Unit under the terms of his or her Purchase Agreement without any abatement in the purchase price.

Prior to the closing of title to a Unit, the Purchase Agreement prohibits a Purchaser from listing the Unit for resale or rental with any broker or from advertising or otherwise offering, promoting or publicizing the availability of the Unit for sale or lease, without the Sponsor's prior written consent.

At least five (5) days before the Closing Date, a representative of the Sponsor shall notify Purchaser that the Unit is available for inspection by Purchaser. Upon receipt of such notice, Purchaser shall promptly arrange an appointment with a representative of the Sponsor to inspect the Unit before the Closing Date. The Purchaser or Purchaser's duly authorized agent shall attend such inspection and shall complete, date and sign the Inspection Statement (in the form set forth as Exhibit B to the Purchase Agreement in Part II of the Plan) and deliver same to the Sponsor at the conclusion of the inspection. Failure of Purchaser either to arrange such appointment or to inspect the Unit prior to Closing, or to sign and deliver the completed Inspection Statement, shall not excuse a Purchaser from Closing and shall constitute Purchaser's acceptance of the Unit in its "as is" condition at the Closing Date; provided, however, that nothing herein shall relieve the Sponsor of its obligations under this Plan as set forth in the Section of this Plan entitled "Rights and Obligations of the Sponsor."

Each Purchaser may elect to include in his or her Purchase Agreement a mortgage financing contingency clause in the form of the "Financing Contingency Rider to Purchase Agreement" set forth as Exhibit C to the Purchase Agreement contained in Part II of the Plan (the "Rider"). If Purchaser elects such financing contingency, Purchaser must apply for a mortgage financing through Discount Funding Associates, Inc. ("Discount ") located at 104 South Central Avenue, Valley Stream, New York, attention: Andrew K. Liebowitz (Tel. No.: (516) 561-8585). The Purchase Agreement may be made contingent upon the Purchaser obtaining mortgage financing if and only if the Purchaser applies for a mortgage through Discount, a wholesale mortgage broker designated by Sponsor, and otherwise complies with the provisions described in the Plan. Fees payable directly to Discount shall be a brokerage commission that may vary from approximately 2% to approximately 4% of the amount of the loan. All other fees payable shall be determined by the lender. Discount currently uses a list of approximately 84 different lenders to which it refers applications. These include 1st Republic Mortgage, Aames Home Loan, Accredited Home Lender, Alliance Funding, American Brokers Conduit, Apex Mortgage Corp., Approved Residential Mortgage, Associates Home Equity, Astoria Federal Savings, Bank One, Bank United, Bay Financial Savings Bank, BNC Mortgage, Brokers

Funding Service, Centex, Chase Manhattan, Consumer Home Mortgage, Conli Mortgage, Countrywide, Creve Coeur Mortgage A, Delta Funding Corp., Dime Savings, DMC, Emigrant Mortgage Co., Emmco, Empire Funding Corp., EquiCredit Corp., Equity Secured Investments, FEC Mortgage Corp., FHB Funding, First Guaranty Mortgage, First Horizon Equity Lender, First Indiana Bank, First Union Home Equity, Flagstar Bank, Flushing Savings Bank, Fremont Investment & Loan, Greater Atlantic Mortgage, Green Point Bank, HomeSide Lending, Inc., IndyMac, InterFirst Wholesale Mortgage, Ivy Mortgage, Key Bank, Keystone Financial Mortgage, Life Bank, Long Beach Mortgage Company, MILA, Mortgage Lending Network, Mortgage Lending of America, National Finance Corp., New America, New Century Mortgage, New South Financial Services, NovaStar Mortgage Corp., Oakmont Mortgage, Old Kent Mortgage, OMC Mortgage Corp., Option One Mortgage, Pacifica South, Parkway Mortgage, Paxton Capital Group, PCFS Financial Services, Pinnacle Direct Funding, Positive Mortgage, Republic Consumer, Residential Money Center, Saxon Mortgage, Inc.,Sebring Capital Corp., Smith-Haven Mortgage, Soluna First Mortgage Company, SourceOne, SouthStar Funding, The First National Bank, Title West Mortgage, TransLand Financial Services, Union Federal Wholesale, United PanAm Mortgage, West Works, Westmark Mortgage and WMC Mortgage Corp. Neither the Sponsor, nor any other person participating in this offering makes any representations as to the terms, conditions, cost or availability of such financing. Purchasers should be aware that a loan commitment, if obtained, may be effective for a period of time which could expire before the Closing Date. Some lending institutions may not consider loan applications or issue commitments unless and until an executed Purchase Agreement is first submitted to such institution.

The Rider provides that Purchaser may cancel the Purchase Agreement and recover the Down Payment by following the procedure set forth below if, after complying with Purchaser's "Financing Obligations" (as defined below) and Purchaser's other obligations under the Rider and the Purchase Agreement, Purchaser fails through no fault of Purchaser to obtain a "Loan Commitment Letter" (as defined below) within the forty-five (45) day period following the date (the "Contract Date") on which a fully executed copy of the Purchase Agreement is delivered to Purchaser or Purchaser's Attorney (the "Mortgage Contingency Period").

A "Loan Commitment Letter" means a written commitment for purchase money financing which is issued to Purchaser by a lending institution with or without recourse, and whether or not conditional upon any factor other than an appraisal satisfactory to the lending institution, which provides for substantially the following:

(a) principal amount not less than an amount to be agreed upon between Purchaser and the Sponsor, which amount shall not be more than seventy-five percent (75%) of the Purchase Price, or any lower amount applied for or accepted by Purchaser;

(b) interest rate then prevailing for similar loans (including, without limitation, fixed, variable or adjustable rate);

(c) a term of not less than 15 years (either fixed, by available renewals or otherwise);

(d) collateral security for repayment, including a mortgage on the Unit, together with its undivided interest in the Common Elements; and

(e) such other terms and conditions as are usual and customary for the issuer of such commitment.

An offer to make a loan that is conditioned on obtaining a satisfactory appraisal shall become a "Loan Commitment Letter" upon such condition being met.

Purchaser's right to cancel the Purchase Agreement and recover the Down Payment is conditioned upon Purchaser's diligent compliance with all of the following "Financing Obligations": (i) Purchaser shall submit an application for a loan on the loan terms set forth above (the "Loan Terms"), together with all required fees, to Discount in good faith within five (5) days after the Contract Date; (ii) Purchaser shall promptly submit to Discount, or as Discount may direct, all additional fees and all information and supporting documents necessary for processing such loan application; (iii) Purchaser's application shall contain truthful, accurate and complete information as required by the lending institution; and (iv) Purchaser shall comply with all requirements of the lending institution to obtain a Loan Commitment Letter. Purchaser shall submit to the Sponsor (a) a copy of the application within such five (5) day period referred to in clause (i) above and (b) a copy of any Loan Commitment Letter within five (5) days after receipt thereof by Purchaser. If Purchaser fails to submit to the Sponsor a copy of the application within such five (5) day period as set forth in clause (a) above, the Sponsor shall have the right, but not the obligation, to cancel the mortgage financing contingency provisions set forth in the Rider, Purchaser shall be deemed conclusively to have waived the financing contingency, and the Purchase Agreement shall be deemed binding on an all-cash basis.

Purchaser may also cancel the Purchase Agreement and recover the Down Payment in accordance with the procedure set forth below if Purchaser obtains a Loan Commitment Letter and (i) such Loan Commitment Letter expires prior to the scheduled closing of title to the Unit; (ii) Purchaser has taken all possible steps to maintain his or her Loan Commitment Letter, including but not limited to the submission of a timely written request for a renewal or extension of such commitment to the same lending institution and written application to at least one other lending institution, all at the then prevailing rate of interest, and is unable in good faith to obtain either a renewal or extension of the Loan Commitment Letter or a new Loan Commitment Letter for the principal amount set forth in the Rider or the principal amount stated in the expired Loan Commitment Letter, whichever is lower, at the same or the then prevailing interest rate; (iii) the closing of title was either not scheduled by the Sponsor within the term of the Loan Commitment Letter (unless the Sponsor did not schedule the closing within such period at Purchaser's request) or was adjourned to a date beyond such period at the Sponsor's request; (iv) the Sponsor does not secure a mortgage loan for Purchaser in the same amount, at the same or then prevailing interest rate

(with any closing costs in excess of those costs charged by the issuer of the original Loan Commitment Letter to be paid for by the Sponsor); (v) the Loan Commitment Letter did not expire as a result of (x) Purchaser's refusal, inability or unwillingness to close title or delay in closing title or (y) Purchaser's acts or omissions, including but not limited to Purchaser's failure to comply with or satisfy any of the conditions of the Loan Commitment Letter; and (vi) Purchaser is not otherwise in default at such time under the Purchase Agreement.

If Purchaser complies with Purchaser's Financing Obligations and its other obligations under the Purchase Agreement and is unable to obtain a Loan Commitment Letter or a renewal or extension of the Loan Commitment Letter or a new Loan Commitment Letter, Purchaser shall give notice to Seller within five (5) days after the expiration of the Mortgage Contingency Period or the expiration of Purchaser's Loan Commitment Letter (as the same may have been renewed or extended), as the case may be. In the case of cancellation due to a failure to obtain a Loan Commitment Letter, a copy of any loan refusal letter or non-complying Loan Commitment Letter (as the case may be) issued by the lending institution shall accompany the notice, if available, or if not then available, shall be provided promptly after receipt.

Within five (5) business days after the Sponsor's receipt of Purchaser's notice under the preceding paragraph, the Sponsor may elect to do one of the following:

(a) establish (in the case of a failure to obtain a Loan Commitment Letter) a new contingency period to end on the day stated in that notice, which date shall be not less than two (2) nor more than four (4) weeks after such notice; however, the Sponsor may not establish more than two (2) such additional contingency periods under this subparagraph (a); or

(b) attempt for up to sixty (60) days after the receipt of Purchaser's notice to secure a satisfactory mortgage commitment from a bank or other lending institution on behalf of Purchaser, in which event Purchaser shall pay all application costs, sign all application forms and otherwise fully cooperate with the Sponsor, and Purchaser shall accept such a commitment as satisfactory so long as the same shall comply with the provisions set forth in the definition of "Loan Commitment Letter;" or

(c) terminate the Purchase Agreement.

In the event the Sponsor elects to attempt to secure a new mortgage commitment pursuant to subparagraph (b) above and no such new mortgage commitment is furnished, either the Sponsor or Purchaser (provided Purchaser has not waived Purchaser's right to cancel as set forth above) may elect to terminate the Purchase Agreement by giving written notice to the other party within ten (10) days after the expiration of the sixty (60) day period referred to in such subparagraph (b) or within ten (10) days after notification by the Sponsor to Purchaser that such financing will not be furnished, whichever is sooner. Upon the giving of such notice in accordance with the provisions thereof, the Purchase Agreement shall be deemed canceled and thereafter neither party shall have any further

rights against, or obligations or liabilities to, the other by reason of the Purchase Agreement, except that the Down Payment (and interest, if any) shall be refunded to Purchaser and except for the representations and covenants (if any) that are expressly stated to survive termination of the Purchase Agreement. Notwithstanding any provision hereof or of the Purchase Agreement, the Sponsor shall have no obligation to secure a Loan Commitment Letter or a mortgage loan for Purchaser.

Unless Purchaser duly exercises his or her right to terminate the Purchase Agreement in accordance with the provisions of the Rider, Purchaser shall be deemed conclusively to have waived the financing contingency and the Purchase Agreement shall be deemed binding on an all-cash basis.

The Purchase Agreement and the Plan do not contain, and will not be modified to contain, any provision waiving the Purchaser's rights or abrogating the Sponsor's obligations under the Offering Plan or under Article 23-A of the General Business Law, other than the ability of Purchaser to waive his or her right to thirty (30) days' prior written notice to the closing of title to Purchaser's Unit.

The Sponsor is not affiliated with Discount. The Sponsor will not receive any commissions or fees from Discount. As a result, the Sponsor does not assume any responsibility for the acts or omissions of Discount, its agents or employees nor of any financial institution to whom Discount submits a mortgage application.

Escrow and Trust Fund Requirements

All Down Payments received by the Sponsor under a Purchase Agreement will be held in escrow in conformity with the provisions set forth below.

The 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. The Sponsor will comply with New York Lien Law Section 71-a(3) regarding the Down Payments.

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 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 Plan or in a Purchase Agreement. Purchasers shall not be obligated to pay any legal or other expense of the Sponsor in connection with the establishment, maintenance or defense of obligations arising from the handling or disposition of trust funds.

All Down Payments made by Purchasers prior to the closing of each individual transaction will be placed, within five (5) business days after the Purchase Agreement has been signed by all

necessary parties, in a segregated special escrow account of Canfield, Venusti, Madden & Rossi, the Escrow Agent (the "Escrow Agent"), whose address is 42-24 Douglaston Parkway, Douglaston, New York (Tel. No.: 428-1312). The attorneys who are signatories on this account authorized to withdraw funds are attorneys with Canfield, Venusti, Madden & Rossi, specifically Thomas J. Rossi, James W. Canfield, David J. Canfield, John P. Ruggiero and Theresa E. Crowley. Escrow Agent has established a master escrow account at The Bank of New York at its branch located at 55 Northern Boulevard, Great Neck, New York 11021 entitled Canfield, Venusti, Madden & Rossi Batchelder Bay Escrow Account (the "Master Escrow Account"). All Down Payments will be placed initially in a non-interest bearing checking portion of the Master Escrow Account. Each Purchaser is required to deliver a completed and signed Form W-9 (Request for Taxpayer Identification Number) or a Form W-8 (Certificate of Foreign Status), as applicable, to the Sponsor at the time Purchaser tenders the Down Payment and the Purchase Agreement. If a Down Payment is accompanied by a completed and signed Form W-9 or Form W-8, the Down Payment will thereafter be promptly transferred to an individual interest bearing sub-escrow savings account in the name of Purchaser. If a Purchaser does not deliver the Form W-9 or Form W-8, the Down Payment will remain in the non-interest bearing checking portion of the Master Escrow Account. At such time as the Down Payment is released, the Down Payment 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. The Bank of New York is covered by federal bank deposit insurance to a maximum of $100,000 per individual deposit. The following are special risks of this offer: (i) if a Purchaser makes a Down Payment in excess of $100,000 for the purchase of a Unit, such Down Payment will not be federally insured in excess of $100,000; and (ii) while the Down Payment is in the non-interest bearing checking portion of the Master Escrow Account, the Down Payment may not be fully federally insured even if the Down Payment does not exceed $100,000.

The Down Payment may be tendered by Purchaser to the Sponsor by either personal delivery, delivery by messenger or courier service or mailed by certified mail, return receipt requested, overnight courier or express mail service. The Down Payment shall be deemed tendered by Purchaser on the date it is actually received by the Sponsor.

Acceptance of the Down Payment by the Sponsor and the deposit thereof by Escrow Agent into escrow shall not be deemed a binding agreement by the Sponsor to sell to Purchaser unless and until Purchaser executes a Purchase Agreement and the Sponsor executes a duplicate thereof and delivers the Purchase Agreement to Purchaser in accordance with the terms of the Plan.

If a Purchaser tenders a Down Payment without an executed Purchase Agreement, the Sponsor shall have the right to reject the Down Payment and return it to Purchaser: (i) within five (5) business days after tender, if the Down Payment has not been deposited into escrow, and (ii) at any time, if the Down Payment has been deposited into escrow.

The checking account portion of the Master Escrow Account will not be interest-bearing. The sub-escrow savings account portion of the Master Escrow Account will be interest-bearing. Unless Purchaser defaults, all interest will be credited or paid (at the option of Sponsor) to Purchaser

at such time as: (i) there is a closing under the Purchase Agreement, or (ii) Purchaser is entitled to a return of the Down Payment. All interest will be credited or paid to the Sponsor only in the event Purchaser defaults. The interest rate to be earned will be the prevailing rate for these accounts which currently is about 2.55% per annum. Interest will begin to accrue within: (i) one (1) business day, if the Down Payment is cash or cash equivalent, or (ii) three (3) business days, if the Down Payment is other than cash or cash equivalent, of the transfer of the Down Payment from the checking account portion of the Master Escrow Account into the sub-escrow savings account portion of the Master Escrow Account.

All instruments shall be made payable directly to the order of "Canfield, Venusti, Madden & Rossi, as Escrow Agent." Endorsed instruments will not be accepted.

In the event a check delivered by a Purchaser fails of collection, then, except for provisions thereof (if any) that are expressly stated therein to survive termination thereof, the Purchase Agreement will be deemed void ab initio (as if the Purchase Agreement had never been executed) at the option of the Sponsor, who reserves the right to exercise this option in its discretion by written notice to Purchaser given within five (5) business days of the Sponsor's receiving notice from Escrow Agent of such failure of collection.

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 escrow and will provide the account number. 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 Down Payment. 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.

The Escrow Agent will hold the Down Payment in escrow until otherwise directed in:

(i) a writing signed by both the Sponsor and 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, or until released pursuant to the next paragraph immediately below.

If there is no written agreement between the parties to release the Down Payment, the Escrow Agent will not pay the Down Payment to the Sponsor until the Escrow Agent has given the Purchaser written notice of not fewer than ten (10) business days. Thereafter, the Down Payment may be paid

to the 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 and the Escrow Agent has received such notice.

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

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

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

Purchaser will not object and will be deemed to have agreed, without the need for a written agreement, to the release of the Down Payment to the Sponsor in the event the Sponsor and Purchaser close title under the Purchase Agreement.

Purchasers and Escrow Agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the Down Payment and any interest thereon. The Sponsor must avail itself of this procedure if there is a dispute which needs to be resolved. A form for this purpose is set forth as Exhibit A to the form of Purchase Agreement contained in Part II of the Plan. The party applying for a determination must send to all other parties by certified mail, return receipt requested, a copy of the application.

Pending the determination of the Attorney General to grant or deny the application, the Sponsor, Purchaser and Escrow Agent shall abide by any interim directive issued by the Attorney General.

Set forth in Part II of the Plan is a copy of the form of Escrow Agreement between the Sponsor and Escrow Agent which incorporates the terms of the Attorney General's regulations.

Escrow Agent shall be permitted to act as counsel to the Sponsor in any dispute as to the disbursement of the Down Payment or any other dispute between the Sponsor and a Purchaser whether or not Escrow Agent is in possession of the Down Payment and continues to act as Escrow Agent.

The Sponsor has agreed to indemnify Escrow Agent from all costs, claims, expenses and damages incurred in connection with or arising out of the Escrow Agreement or the performance or non-performance of Escrow Agent's duties under the Escrow Agreement, except with respect to actions or omissions taken or suffered by Escrow Agent in bad faith or in willful disregard of the Escrow Agreement or involving gross negligence of Escrow Agent.

The Sponsor has agreed to compensate Escrow Agent for services rendered in connection with Escrow Agent's duties under the Escrow Agreement. Escrow Agent's fees and disbursements will neither be paid by the Sponsor from the Down Payment nor deducted from the Down Payment by any financial institution under any circumstances.

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

All funds received by the Sponsor from Purchasers for special work, upgrades or extras in Units shall be held in escrow by the Escrow Agent until the Sponsor requests release of such funds to pay for such special work, upgrades, or extras by delivery to the Escrow Agent of a written request together with a certification of the Sponsor that such funds will be used for such special work, upgrades, or extras. As noted above, these funds may be released to the Sponsor prior to the closing of title to the Unit for the purpose of paying for such special work, upgrades or extras. Accordingly, in the event a Purchaser becomes entitled to rescission after the release of such funds, the Purchaser shall not receive a refund of any funds released to be used for special work, upgrades or extras.

ASSIGNMENT OF PURCHASE AGREEMENTS

No assignment of a Purchase Agreement shall be permitted without the Sponsor's prior written consent, which consent may be granted or denied by the Sponsor in its sole discretion. Any purported assignment of a Purchase Agreement in violation of the provisions of the preceding sentence shall be voidable at the option of the Sponsor.

EFFECTIVE DATE OF PLAN

All Purchase Agreements signed by the Sponsor shall be contingent upon the Sponsor's declaring the Offering Plan effective pursuant to the requirements and terms of the Plan. These requirements, stated below, must be satisfied within one (1) year of the date the Plan is accepted for filing unless the Plan is amended so as to extend this period. However, any amendment to the Plan is hereby deemed to extend this time period to the same extent that the Plan is extended by such amendment. The closing of title to any Unit may not occur until after the Plan has been declared effective and an amendment substantiating same has been accepted for filing by the Department of Law, and the Condominium Declaration and By-Laws have been duly recorded.

The Plan may be declared effective when Purchase Agreements have been both executed and accepted by the Sponsor for the sale at least fifteen percent (15%) of the Units offered under the Plan.

The Plan must be declared effective when Purchase Agreements have been both executed and accepted by the Sponsor for the sale of at least eighty percent (80%) of the Units offered under the Plan.

The Plan may be abandoned, at the Sponsor's sole option, at any time before the amendment substantiating effectiveness is filed and before eighty percent (80%) of the Condominium Units have been purchased. The Plan, if abandoned, shall be abandoned by amendment filed with the Department of Law in appropriate form. Such amendment shall explain the reason for the abandonment and must state how any funds received pursuant to the Plan will be distributed. Subject to the provisions of the next sentence, monies paid by Purchasers pursuant to Purchase Agreements (other than monies released to the Sponsor for the purpose of paying for special work, upgrades, or extras) shall be refunded to them in full, with interest, if any, within thirty (30) days of such abandonment. With respect to any Purchaser who is then in default under his Purchase Agreement beyond any applicable grace period or whose Purchase Agreement had been canceled previously due to such Purchaser's default, Sponsor will retain, as liquidated damages, such Purchaser's Down Payment, not to exceed ten percent (10%) of the purchase price (together with interest earned thereon, if any) plus any deposit or costs incurred by Sponsor for special work, upgrades, or extras in the Unit ordered by such Purchaser.

The Sponsor may not abandon the Plan after the amendment substantiating effectiveness is filed for any reason other than (i) one or more defects in title which cannot be cured, removed or complied with prior to the date set for the First Unit Closing without litigation or for an aggregate amount that is less than one-half of one percent of the total amount of the offering, or (ii) work orders of a mortgagee or violations that cannot be cured for an aggregate amount that is less than one-half of one percent of the total amount of the offering, or (iii) substantial damage or destruction of the Building (or any part thereof) by fire or other casualty which cannot be repaired prior to the date set for the First Unit Closing for an aggregate amount that is less than one-half of one percent of the total amount of the offering, or (iv) the taking of all or any material portion of the Property by

condemnation or eminent domain. The amounts referred to in clauses (i), (ii), (iii) and (iv) above shall be as estimated by an architect or engineer designated by the Sponsor or, in the case of clause (iii) above, as estimated by an insurance adjuster retained by the Sponsor, and shall not include the costs to cure any title defects or determinations of any authority or regulatory association that existed on the Date of Presentation of this Plan and were on that date either known to the Sponsor or a matter of public record. There will be no obligation on the part of the Sponsor to incur any expense or to engage in litigation to cure title defects.

The Plan will be declared effective by duly filed amendment to the Plan or by the mailing or personal delivery of written notice to all Purchasers. If the Plan is declared effective by notice, then, within three (3) business days after such notice is given, an amendment to the Plan will be submitted by the Sponsor stating that the Plan has been declared effective. If requested, the Sponsor will submit to the Department of Law copies of all Purchase Agreements, together with any amendments or modifications to such Purchase Agreements, within five (5) business days after the request is received.

The Plan will not be declared effective based on Purchase Agreements (a) signed by Purchasers who have been granted a right of rescission that has not yet expired or been waived; (b) if the Purchaser was not afforded at least three (3) days to review the Plan and all filed amendments thereto prior to executing a Purchase Agreement; or (c) with any Purchaser who is the Sponsor, the Selling Agent[2], or the Managing Agent or is a principal of the Sponsor, the Selling Agent or the Managing Agent or is related to the Sponsor or the Selling Agent or the Managing Agent or to any principal of the Sponsor or the Selling Agent or the Managing Agent by blood, marriage or adoption or as a business associate, an employee, a shareholder or a limited partner; except that such a Purchaser other than the Sponsor or a principal of the Sponsor may be included if the Sponsor has submitted proof satisfactory to the Department of Law establishing that the Purchaser is bona fide.

[2] Under this plan, there is no selling agent or managing aagent

TERMS OF SALE

The Units, when sold by the Sponsor, will be sold in fee simple absolute to Purchasers, each of whom may be an individual, a duly formed partnership, corporation, limited liability company, limited liability partnership, trust, estate, fiduciary, unincorporated association, syndicate, joint venture, organization, government, any department or agency thereof, or any other entity which is permitted to own property in the State of New York. The sale of the Units will be made at the respective offering prices set forth in either the column of Schedule A titled "Offering Price" or as such prices may be changed by the Sponsor as set forth on in the Section of the Plan entitled "Changes in Prices or Units," and will include the respective undivided interests in the Common Elements. At the closing of title to an individual Unit the Purchaser will pay to the Sponsor the balance of the purchase price for the Unit. Title to the Unit and its appurtenant interests in the Common Elements will be conveyed as directed by the Sponsor by Bargain and Sale Deed with Covenants against Grantor's Acts and containing the provisions set forth in subdivision 5, Section 13 of the Lien Law, free and clear of all liens and encumbrances other than those set forth below (the "Permitted Encumbrances"). The form of Unit Deed is set forth in Part II of the Plan.

1. Any state of facts which an accurate survey and inspection would show.

2. Zoning and building ordinances, resolutions, restrictions and regulations of municipal authorities having jurisdiction and any amendments thereto, now or hereafter adopted, providing same will not be violated by the existing structure and use.

3. The terms, burdens, conditions, covenants, restrictions, easements and provisions set forth in: the Declaration, the By-Laws and the Rules and Regulations made thereunder, the Power of Attorney from Purchaser to the Condominium Board, and the Floor Plans, all as may be amended from time to time.

4. Easements in favor of adjoining Units and in favor of the Common Elements for the continuance of all encroachments of such adjoining Units or Common Elements on the Unit, existing as a result of construction and rehabilitation of the Building, or construction of the individual Units, or which may have come or may come into existence as a result of settling or shifting of the Building, or as a result of repair or restoration of the Building or any portion thereof, or of any adjoining Unit or of the Common Elements made by or with the consent of the Board of Managers after damage or destruction by fire or other casualty or after a taking in condemnation or eminent domain proceedings, or by reason of any alteration or repair to the Common Elements, made by or with the consent of the Board of Managers, so that any such encroachments may remain so long as the Building shall stand. Each Unit shall be subject to the aforesaid easements in favor of all other Units. In addition, each Unit shall have, and shall be subject to, easements of subjacent support and necessity in favor of such Unit or in favor of other Units and the Common Elements.

5. Easements in favor of the other Units to use the pipes, wires, ducts, conduits, cables, public utilities and other Common Elements located in the Unit or elsewhere on the Property and serving such other Units.

6. Revocability of the right to maintain street vaults and other areas, if any, under sidewalks.

7. Consents by the Sponsor or any former owner of the Property for the erection of any structure or structures on, under or above any street or streets on which the Property may abut.

8. Any easement or right of use created in favor of any public utility company for electricity, steam, gas, telephone, water or other service, and the right to use, maintain and repair wires, cables, terminal boxes, lines, service connections, poles, mains, facilities and the like upon, under and across the Property.

9. Service, maintenance and union contracts and agreements, if any, in effect on the date of the First Unit Closing.

10. Encroachments of shrubbery, stoops, areas, cellar steps, doors, ledges, window sills, bay windows, trim, coping, cornices, vaults, chutes, fuel oil lines, gas lines, drainage pipes, standpipes, sewerage pipes, foundations, footings, walls, retaining walls, railings, fences, fire escapes, ramps, air conditioning units, canopy and similar projections, if any, on, over or under the Property, or the streets or sidewalks or property abutting the Property and rights of governmental authorities and adjoining property owners to require the removal of any such projections, and variations between record lines of the Property and fences, walls, retaining walls and the like, if any.

11. All covenants, declarations, restrictions, reservations, agreements and easements of record, if any, which are still in force and effect on the date of the First Unit Closing, provided that they are not violated by and do not prevent legal use of the Condominium Units at the Property nor prevent the existence of the present structure. The title report, dated December 24, 1999 and updated as obtained by the Sponsor reveals easements in Reel 47, page 369 and in Reel 4398, page 1542 which easements are over the northerly four feet of the Property for purposes of a driveway which the building will maintain for use by others, which is in addition to an easement in favor of the Property over the southerly four feet of the premises adjoining to the north.

12. Beams and beam rights, party walls and party wall agreements: The title report, dated December 24, 1999 obtained by the Sponsor does not reveal any such beams, beam rights, party walls and party wall agreements.

13. Any service contracts to be assumed by the Condominium at the First Unit Closing.

14. The lien of any unpaid Common Charges or real estate taxes, and the lien of any water charges or sewer rents generally (which shall be apportioned at Closing).

15. The lien of any unpaid assessment payable in installments (other than assessments levied by the Condominium Board), except that the Sponsor shall pay all such assessments due prior to the Closing Date and the Purchaser shall pay all assessments due from and after such date (however, the then current installment shall be adjusted at Closing Date).

16. Any other declaration or other instrument affecting the Property which the Sponsor deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution or requirement of the Department of Buildings, the City Planning Commission, the Board of Standards and Appeals, or any other public authority, applicable to the demolition, construction, alteration, repair or restoration of the Building.

17. Any Interim Use and Occupancy Agreement covering the Unit made from the Sponsor to the Purchaser.

18. The Certificate of Occupancy (temporary or permanent) to be secured by the Sponsor.

19. Violations noted or issued of record against the Unit after the First Unit Closing by any governmental authority. Any violation which the Sponsor is obligated to remove will not be an objection to Closing, provided the Sponsor agrees in writing with the Condominium Board to remove same of record.

20. Any other encumbrance, covenant, easement, agreement or restriction against the Property other than a mortgage or other lien for the payment of money, which does not prevent the use of the Unit for residential purposes.

21. Variations between record lines and fences, hedges, retaining walls and tax lots.

22. Standard printed exceptions contained in the form of title insurance policy then issued by Partners Abstract Corp. as agent for First American Title Insurance Company of New York, having an address at 1025 Old Country Road, Suite 213, Westbury, New York 11590 (or such other New York Board of Title Underwriters member title insurance company insuring the Purchaser's title to the Unit).

23. Any other lien or encumbrance that does not render title unmarketable.

A Purchaser is required to accept title to the Property provided that Partners Abstract Corp. as agent for First American Title Insurance Company of New York agrees to insure fee title in the

Purchaser subject only to the provisions set out above and the standard printed exceptions contained in the form of title insurance policy promulgated by the New York Board of Title Underwriters.

The Sponsor reserves the right to grant easements for additional utility, sewer and drainage lines and appurtenances in, over, under and through the Condominium to relocate any existing utility, sewer and drainage easements and to dedicate any or all of such facilities to any governmental body, public benefit corporation or utility company, if the Sponsor shall deem it necessary or desirable for the proper operation and maintenance of the Condominium or any portion thereof, or for the general health and welfare of any Unit Owner, provided that such additional utilities or the relocation of existing utilities will not prevent or materially interfere with the use of the Units for dwelling purposes. Any utility company or public benefit corporation furnishing services to the Building, and its employees and agents, shall have a right of access to any Unit or to the Limited Common Elements, in the furtherance of such easements, provided such right of access is exercised in such a manner as to not unreasonably interfere with the use of the Units.

Notwithstanding anything else to the contrary in this Plan or the Purchase Agreement, if Sponsor is unable to deliver title to the Unit to Purchaser in accordance with the provisions of this Plan and the Purchase Agreement, Sponsor shall not be obligated to bring any action, suit or other proceeding or otherwise incur any cost or expense of any nature whatsoever in excess of its obligations set forth in this Plan in order to cure such inability, and, in such case, if Sponsor notifies Purchaser of its refusal to cure such inability and if Purchaser is not in default hereunder, Purchaser's sole remedy shall be either (i) to take title to the Unit subject to such inability (without any abatement in, or credit against, the Purchase Price, or any claim or right of action against Sponsor for damages or otherwise) or (ii) to terminate the Purchase Agreement. If Purchaser so elects to terminate the Purchase Agreement, Sponsor shall, within thirty (30) days after receipt of notice of termination from Purchaser, return to Purchaser all sums deposited by Purchaser hereunder (except for funds released to Sponsor to be used for special work, upgrades or extras), together with interest earned thereon, if any, and, upon the making of such payment, the Purchase Agreement shall be terminated and neither party hereto shall have any further rights, obligations or liability to or against the other under this Plan or the Purchase Agreement except for provisions of the Purchase Agreement that by their terms survive the termination thereof. The foregoing remedy must be exercised by notice of Purchaser in writing to Sponsor within fifteen (15) days after the giving of Sponsor's notice of refusal to cure such inability, failing which it shall be conclusively deemed that Purchaser elected the remedy described in clause (i) above (i.e., to acquire title subject to such inability).

Any encumbrance to which title is not to be subject shall not be an objection to title if (i) the instrument required to remove it of record is delivered at or prior to the closing of title to the proper party or to Purchaser's title insurance company, together with the attendant recording or filing fee, if any, or (ii) Partners Abstract Corp. as agent for First American Title Insurance Company of New York, having an address at 1025 Old Country Road, Suite 213, Westbury, New York 11590 (or such other title insurance company as Purchaser may utilize), is or would be willing, in a fee policy issued by it to the Purchaser, to insure Purchaser that it will not be collected out of the Unit if it is a lien, or will not be enforced against the Unit if it is not a lien. The parties agree that the Sponsor may pay

and discharge any liens and encumbrances upon the Property, not provided for in this Plan or the Purchase Agreement, out of the monies to be paid by the Purchaser at the time of closing title.

Closing of title shall take place concurrently with or after the occurrence of the following events:

(1) The issuance of a temporary or permanent Certificate of Occupancy for the Building, or, alternatively, the issuance of a temporary or permanent Certificate of Occupancy for the Unit closed. The Sponsor intends to complete construction and obtain a permanent Certificate of Occupancy for the entire project within two (2) years subsequent to the First Unit Closing or at such sooner time as the temporary Certificate of Occupancy, as same may be renewed, replaced or extended, expires. If, at the time of closing of title to a Unit, the Sponsor has only obtained a temporary "Class A" residential Certificate of Occupancy covering such Unit, then the Sponsor shall place in escrow with its attorney an amount, as determined by an architect chosen by the Sponsor, which is sufficient in such architect's opinion to cover the cost for such Unit of obtaining a permanent "Class A" residential Certificate of Occupancy covering that Unit. Such escrow amount shall be released to the Sponsor or its designee upon the obtaining of a permanent "Class A" residential Certificate of Occupancy covering such Unit. Alternatively, the Sponsor shall have the option of either depositing with its attorney an unconditional, irrevocable letter of credit in the amount determined by the Sponsor's Architect or posting a surety bond in the amount so determined.

(2) The recordation in the City Register's Office of the Declaration, the By-Laws and the filing in said office of a set of as-built floor plans of the Building showing the layout, location and approximate dimensions of the Units and the Unit designations, certified by the Tax Assessor of the City of New York as conforming to the official tax lot number for each such Unit and including an Architect's statement required by Section 339-p of Article 9-B of the Real Property Law of the State of New York certifying that the plans fully and fairly depict the layout, location, Unit designations and approximate dimensions of the particular Unit or Units as built.

(3) The discharge of all duly recorded liens affecting the Unit to be closed and its undivided Common Interest and the recording of a partial release which releases such Unit and its undivided Common Interest from such lien, if any, as required by Section 339-r of the Real Property Law.

(4) The serving by personal delivery or ordinary mail or courier service to the Purchaser written notice of the Closing Date not less than thirty (30) days prior to closing of title, unless Purchaser elects to waive the thirty (30) day requirement.

(5) The Purchaser shall have been afforded an opportunity to inspect the Unit as more fully described in the Section of the Plan entitled "Procedure to Purchase."

(6) The amending of the Offering Plan by the Sponsor with an amendment substantiating that the Plan has been declared effective and confirming that the Units to be closed have been constructed in accordance with the applicable plans and specifications and that the Sponsor has satisfied, or will satisfy prior to closing of title, all of the requirements of this Section of the Plan entitled "Terms of Sale."

At the closing of title to a Unit, the Sponsor will execute and deliver to each Unit Owner an instrument assigning to the respective Unit Owner any manufacturer's warranties with respect to equipment and appliances, if any, installed within such Unit. At the First Unit Closing, the Sponsor will execute and deliver to the Board of Managers an instrument assigning to the Board of Managers any manufacturer's warranties with respect to equipment and appliances installed in Common Elements. A copy of any manufacturer's warranties, to the extent available, will be delivered to the Board of Managers and/or Unit Owner, as the case may be, at the First Unit Closing or promptly thereafter.

The acceptance of a deed by Purchaser shall be deemed an acknowledgment that the Sponsor has performed and discharged every agreement and obligation on the part of the Sponsor to be performed under the Plan except those (if any) that may be expressly stated in the Plan, in the Purchase Agreement, in 13 NYCRR, Part 20 (the regulations of the Attorney General of the State of New York governing the acceptance for filing of this Plan) and in General Business Law 352-e to survive delivery of the deed.

The Sponsor has no obligation to make repairs or improvements to any appliances, fixtures or personal property, unless specifically provided in this Plan. Each Unit and the fixtures and personal property therein are being sold and delivered "AS IS" as described in the Plan, on the day of closing for such Unit, unless the Sponsor and Purchaser agree otherwise. EACH PURCHASER SHOULD INSPECT THE UNIT SPACE PRIOR TO CLOSING OF TITLE TO THE UNIT.

At each closing, the Purchasers shall also execute and deliver a Power of Attorney, coupled with an interest, in the form set forth in Part II of the Plan. The Power of Attorney irrevocably designates the Board of Managers as such Unit Owner's attorney-in-fact for the sole purpose of managing, selling, mortgaging, leasing or otherwise dealing with (but not voting the votes appurtenant to) any Unit acquired by the Board of Managers in accordance with the provisions of the By-Laws set forth in Part II of the Plan and also permits the Sponsor to amend the Declaration, By-Laws and Rules and Regulations.

On the Closing Date for each Unit, fee title to the Unit in question shall be conveyed to the Purchaser, and he or she shall thereupon become obligated for the payment of Common Charges, whether or not he or she has taken possession of the Unit.

The risk of loss from fire or other casualty with respect to the Unit shall remain with the Sponsor until the closing of title for the Unit. The Sponsor, at its sole discretion, reserves the right to either repair or restore such Unit, whereupon Purchaser shall be obligated to close without an abatement in the purchase price, or not repair or restore such Unit and grant Purchaser the right to rescind the Purchase Agreement. Notwithstanding the above, in the event that Purchaser, or one claiming by or through Purchaser, enters into possession of the Unit prior to the closing of title, then Purchaser shall bear the risk of loss or other casualty with respect to the Unit, except as may be stated in the Section of the Plan entitled "Rights and Obligations of the Sponsor." Additionally, Purchaser shall be solely responsible for any damage to, or loss or other condition in, the Unit and the Sponsor shall not be obligated to repair any damage to the Unit or its appliances, fixtures and equipment. Accordingly, any Purchaser, or anyone claiming by or through a Purchaser, who takes possession of the Unit prior to the closing of title should obtain insurance coverage for the Unit prior to taking possession, since, despite any loss, such Purchaser will remain obligated to purchase the Unit under the terms of his or her Purchase Agreement, without any abatement in the purchase price. Each Purchaser should consult with an attorney and/or insurance agent as to such Purchaser's insurance needs.

All personal property located within the Unit on the date the Purchase Agreement is signed that is owned by the Sponsor is included in the conveyance of the Unit to Purchaser, unless otherwise specifically indicated in the Purchase Agreement. All personal property affixed to or located within the Common Elements that is owned by the Sponsor is included in the property transferred to the Condominium by the Declaration.

UNIT CLOSING COSTS AND ADJUSTMENTS

1. General

The estimated closing costs, expenses and adjustments to be borne by each Purchaser of a Unit will be as set forth below. Such costs are only estimates and are subject to change.

(a) Payment of the cost of fee title insurance, if Purchaser elects to obtain title insurance, either from Partners Abstract Corp. as agent for First American Title Insurance Company of New York (Tel. No.: 516-338-2655) or a title company selected by Purchaser, the premiums for which will vary depending on the purchase price of the Unit. Fee title insurance rates, as quoted by Partners Abstract Corp. as agent for First American Title Insurance Company of New York, as of the date of this Plan are as follows: a base rate of $371 for the first $35,000 coverage; $6.16 per additional thousand dollars of purchase price up to $50,000, plus $5.02 per thousand dollars of purchase price in excess of $50,000 up to $100,000, plus $4.03 per thousand dollars of purchase price in excess of $100,000 up to $500,000; plus $3.68 per thousand dollars of purchase price in excess of $500,000 up to $1,000,000; plus $3.38 per thousand dollars of purchase price in excess of $1,000,000 up to $5,000,000.

(b) Recording fee for recording the Unit Deed and Power of Attorney of approximately $119.

(c) If a purchase money mortgage is obtained from a lending institution, the Purchaser may expect to incur the following costs:

1. Legal fees of the lending institution's attorney.

2. Mortgage title insurance policy costs for a mortgage title insurance policy naming the lending institution as the insured. Mortgage title insurance rates as quoted by Partners Abstract Corp. as agent for First American Title Insurance Company of New York, as of the date of this Plan are as follows: a base rate of $318 for the first $35,000 in coverage; $5.13 per additional thousand dollars of coverage up to $50,000, plus $4.19 per thousand dollars of coverage in excess of $50,000 up to $100,000, plus $3.36 per thousand dollars of coverage in excess of $100,000 up to $500,000, plus $3.06 per thousand dollars of coverage in excess of $500,000 up to $1,000,000, plus $2.82 per thousand dollars of coverage in excess of $1,000,000 to $5,000,000. Please note that if a fee title insurance policy is purchased simultaneously with a mortgage title insurance policy and through the same

company, mortgage title insurance coverage rates shall be discounted to 30% of the rate.

3. A mortgage recording tax of one and three quarters percent (1¾%) of the first ten thousand dollars of the amount of the mortgage executed by the Purchaser and a mortgage recording tax of two percent (2%) of the amount of the balance of the mortgage actually executed by Purchaser for mortgages in an amount of less than $500,000. The mortgage recording tax for mortgages in an amount of $500,000 or more is 2.125% after the $25 deduction on the first ten thousand dollars of mortgage amount. Lenders are required to pay one quarter of one percent of the two percent tax, or 2.125% tax, as the case may be, thereby reducing Purchaser's cost to one and three quarters percent (1¾%) less $25 or 1.875% less $25, as the case may be.

4. Recording fee for recording of the mortgage, approximately $100.

5. Commitment fee or origination fee, appraisal fee, application fee, credit fee, if any, charged by the lending institution.

In addition to the above-specified costs and expenses, a mortgage on a Unit may provide that the Unit Owner deposit monthly with the lender one-twelfth (1/12) of the estimated annual real estate taxes and tax assessments which are assessed or to be assessed against the Unit, together with one-twelfth (1/12) of the annual fire and casualty insurance policy premiums for the Unit, or other amounts, and, at Closing, Purchaser may be required to deposit with the lender a multiple of the aggregate of such one (1) month's real estate taxes, tax assessments and insurance premiums, or other amounts, in order that sufficient funds will be available for the lender to pay the same when due.

(d) New York City Real Property Transfer Tax is currently equal to one percent (1%) of the Purchase Price with respect to Units which are sold for $500,000 or less and 1.425% of the purchase price where the consideration is greater than $500,000.

Although the costs of these transfer taxes and the transfer taxes referred to in subparagraph (e) below are customarily paid by the seller in covered transactions, the responsibility for paying these taxes may be modified by contract. Under the Offering Plan and the Purchase Agreement, Purchasers are required to pay these taxes at the Closing as a closing cost. For purposes of paying these taxes with respect to this project, consideration also includes the amount of New York City Real Property Transfer Tax ("RPT Tax") and New York State Transfer Taxes (deed stamps) ("NYS Tax") to be paid for the Unit. Therefore, the steps to compute the tax are:

(i) Multiply the purchase price by the RPT Tax rate to compute the City tentative tax.

(ii) Multiply the purchase price by the NYS Tax rate to compute the tentative NYS Tax.

(iii) Add the tentative taxes to the purchase price.

(iv) Multiply (iii) by the RPT Tax rate to determine the RPT Tax payable.

(v) Multiply (iii) by the NYS Tax rate to determine the NYS Tax payable.

Example:

Purchase price = $325,000

(1) $325,000 x 1% = $3,250

(2) $325,000 x .4% = $1,300

(3) $325,000 + $4,550 = $329,550

(4) $329,550 x 1% = $3,295.50

(5) $329,550 x .4% = $1,320 (rounded up)

(e) New York State Transfer Taxes (deed stamps), which are currently at the rate of $2 per each $500 of consideration or part hereof. For purposes of paying this tax with respect to this project, consideration also includes the amount of New York City Real Property Transfer Tax and deed stamps to be paid for the Unit (see the example in subparagraph (d) above). Pursuant to the terms of this Plan, this tax is an obligation of the Purchaser.

(f) The legal fees of the Sponsor's attorneys in the amount of $850 will be payable by Purchaser to Canfield, Venusti, Madden & Rossi provided that an additional fee of $250 per closing shall be due and payable for any Unit Closing that occurs outside the office of Canfield, Venusti, Madden & Rossi. Further fees of $200 shall be payable by Purchaser to the Sponsor's attorneys for the work involved for each assignment and/or cancellation of a Purchase Agreement or contract, and for each adjournment

granted at the request of Purchaser. Assignments are permitted only pursuant to the terms of the Offering Plan and the relevant Purchase Agreement. More than one assignment fee shall be payable if the Sponsor consents to more than one request for consent to an assignment.

(g) Under Section 1402-a of the New York Tax Law, a tax of one percent (1%) of consideration (or part thereof attributable to the real property being conveyed) is payable by the grantee (Purchaser) on each conveyance of residential real property, including condominium units, where the consideration for the entire conveyance is $1,000,000 or more. Residential real property includes a 1-3 family house, an individual condominium unit and a cooperative unit that is or may be used, in whole or in part, as a personal residence.

(h) At the time of the first closing of title to each Unit, the Purchaser of such Unit shall pay into the Working Capital Fund of the Condominium the sum equal to two (2) months of Common Charges for the Unit being purchased.

(i) Real estate taxes as of 11:59 P.M. of the day immediately preceding the date of the Closing through the end of the tax payment period within which the Closing Date occurs, which shall be either a quarter of a year or one half of a year, provided, however, that the Sponsor shall be reimbursed by Purchaser for the cost of any real estate taxes which the Sponsor would not otherwise have had to pay but for a delay in closing of title by Purchaser.

In addition to the above costs, each Purchaser of a Unit will be responsible for the fees and expenses of his or her own attorney, if any. As a result of the variable factors with respect to each Unit, such as purchase price, terms of a possible mortgage commitment, fees of Purchaser's attorney and fees of the attorney representing Purchaser's lending institution, the Sponsor suggests that Purchasers review their closing costs with an attorney.

The Purchaser will be required to pay to the Board of Managers Common Charges allocable to his or her Unit monthly in advance. Common Charges assessed during the month in which title closes shall be adjusted with the Sponsor as of 11:59 P.M. of the day immediately preceding the Closing Date, provided, however, that the Sponsor shall be reimbursed by Purchaser for the cost of any Common Charges which the Sponsor was obligated to pay to the Board of Managers as a result of any unauthorized delay in closing of title by Purchaser. The amount of such Common Charges to be assessed against each Unit will be fixed by the Board of Managers. Common Charges to be initially assessed are expected to conform to those shown in Schedule A contained herein.

If the Units have not been separately assessed for real estate tax purposes prior to the First Unit Closing, the Sponsor must place in escrow an amount equal to the unpaid real estate taxes which will be levied against the Property for the six-month period following the First Unit Closing or until

the Units are separately assessed, whichever period is shorter. For example, if the First Unit Closing occurs on November 1,2000, the Sponsor will have paid the real estate taxes on the Unit through June 30, 2000. If real estate taxes have already been paid for part of this six-month period, then this six-month period shall be reduced by the amount of time subsequent to the First Unit Closing for which real estate taxes have been paid. Sponsor will pay or cause to be paid the real estate taxes payable with respect to the sold Units from the escrow account when taxes are due and payable and is entitled to reimbursement of the amount escrowed from Purchasers at the Closing (regardless of whether or not such taxes shall have been actually paid, so long as such escrow account shall have been established) based upon the aggregate real estate taxes then affecting the entire Property multiplied by the particular Purchaser's percentage of Common Interest.

Subsequent to this six (6) month period, until a separate assessment for each Unit has occurred, each Unit Owner or its mortgagee shall, on January 1st and July 1st of each year, pay to the Board of Managers, for the purpose of paying such Unit Owner's share of the real estate taxes for the ensuing six (6) months, an amount determined by multiplying such Unit Owner's percentage of Common Interest by the aggregate real estate taxes assessed against the tax lot comprising the Property for the six (6) month time period. The Board of Managers shall keep all such funds in a separate account for the purpose of paying the real estate taxes for the Property when due. The Sponsor shall also pay into this special account with respect to any Units owned by it.

At Unit Closings individual Purchasers shall adjust real estate taxes and assessments (including water and sewer charges) with the Sponsor as of 11:59 P.M. of the day immediately preceding the date of the Unit Closing through the end of the tax payment period within which the Closing Date occurs, on the basis of the period for which assessed. However, the Sponsor shall be reimbursed by Purchaser for the cost of any real estate taxes which the Sponsor would not otherwise have had to pay but for an unauthorized delay in closing of title by Purchaser. If no separate Unit apportionment has yet occurred, such adjustment shall be on the basis of the percentage of Common Interest attributable to such Unit. If a subsequent adjustment need be made when the tax lots are apportioned to correct any discrepancy between the adjustment on the basis of percentage Common Interest and adjustment on the basis of actual apportionment, it shall be made at that time.

2. Mortgage Tax Credit

Section 339-ee(2) of the New York Real Property Law provides as follows:

> "In the event the proceeds of a construction mortgage were applied to construction of a unit of a condominium submitted to the provisions of this article, or in the event that a unit submitted to the provisions of this act was subject to a blanket mortgage whose proceeds were applied exclusively to payment of the construction mortgage or to capital expenditures or expenses for the development or operation of the condominium, or to purchase of land or buildings for the condominium provided that such purchase was no more than two (2) years prior to the recording of the declaration of condominium, and a mortgage tax was duly paid

on such construction or blanket mortgage in accordance with article eleven of the tax law, then, as each unit is first conveyed, there shall be allowed a credit against the mortgage recording taxes (except the special additional mortgage recording tax imposed by subdivision one-a of section two hundred fifty-three of the tax law) that would otherwise be payable on a purchase money mortgage, said credit to be in the amount resulting from the product of the purchaser's pro rata percentage of interest in the common elements and the mortgage tax already paid on the construction or blanket mortgage. No credit shall be allowed under this subdivision (a) on account of the special additional mortgage recording tax imposed by subdivision one-a of section two hundred fifty-three of the tax law or (b) where the first condominium unit is sold more than two years after the construction or blanket mortgage was recorded."

The Sponsor or its predecessors have paid a mortgage recording tax for the mortgage encumbering the Property. In the event that a mortgage tax credit becomes available, pursuant to the above Section 339-ee(2) of the New York Real Property Law, it is specifically understood that such credit shall inure to the benefit of the Sponsor. Accordingly, at Closing, each Purchaser electing mortgage financing shall pay an amount equal to the full amount (but not in excess thereof) of the mortgage recording tax chargeable on the entire amount being financed. The Sponsor at Closing will be paid by such Purchaser to the extent of any mortgage tax credit allowed.

The entire contents of this Paragraph 2 as well as those in Paragraph 1 above, as same may be revised or amended, shall be deemed to be incorporated by reference into the Purchase Agreement for each Unit as if set forth at length in such Purchase Agreement.

A numerical example for the costs set forth in this Section of the Plan for a typical apartment with a purchase price of $325,000 and a mortgage of $260,000 are set forth below. Tax, insurance and recording rates are subject to change.

1. Title insurance for fee and mortgage, including the simultaneous mortgage discount $1,964;

2. recording costs for Unit Deed and Power of Attorney approximately $119;

3. purchaser's mortgage recording tax (including any payment to the Sponsor pertaining to mortgage tax credit) $4,525;

4. recording cost of mortgage approximately $100;

5. New York City Real Property Transfer Tax $3,295.50;

6. New York State Transfer Taxes (deed stamps) $1,320; and

7. legal fee of the Sponsor's attorney (at the office of the Sponsor's attorney) $850.

Other fees which cannot be estimated because they pertain to events outside of the Sponsor's control, and/or statutory requirements, include the real estate tax escrow (and/or reimbursement of real estate taxes paid by the Sponsor), Purchaser's attorney's fee, lender's attorney's fee, possible commitment fee or loan origination fee, appraisal fee, application fee, credit check fee and monthly Common Charges prospectively from the Closing Date.

3. Closing Adjustments with Condominium Board

Immediately prior to the First Unit Closing, the Sponsor shall apportion the following items with the Condominium Board as of 11:59 P.M. of the day immediately preceding such Closing:

(a) any Common Charges which are the Sponsor's obligation for the period from the First Unit Closing to the end of the month in which same occurs;

(b) employees' wages and any vacation pay, pension and welfare benefits and all other payments or obligations relative to the employees of the Building, if any;

(c) fees for assignable permits and licenses, if any;

(d) cost of gas (plus sales tax), if any;

(e) charges for electricity, natural gas, oil and other utilities (plus sales tax), if any, pertaining to the Common Elements;

(f) payments under service and maintenance contracts;

(g) water charges and sewer rents on the basis of the fiscal or calendar year for which assessed (unless separately assessed to individual Units);

(h) cost of supplies on hand at the Sponsor's cost (plus sales tax); and

(i) premiums for any transferable insurance policies.

The Board of Managers shall reimburse the Sponsor in full for any electric, utility or other service deposits paid by the Sponsor. These items are not items of closing adjustment. The deposits shall be repaid to the Sponsor from contributions to the Working Capital Fund.

RIGHTS AND OBLIGATIONS OF THE SPONSOR

No bond or other security has been furnished to secure the performance of the Sponsor's obligations. Although at the time the Offering Plan is accepted for filing the Sponsor will be financially capable of performing the Sponsor's obligations, the subsequent ability of the Sponsor to perform its obligations will depend upon the Sponsor's financial condition at that time. Construction of the Building and improvements is being financed by a construction loan in the amount of $1,336,000 and a project loan in the amount of $168,000, both of which loans are provided by Richmond County Savings Bank (the "Lender"). Under the terms of the Sponsor's construction financing, the Sponsor receives advances each month from the Lender until the Sponsor's completion date of the construction work, so long as the Sponsor complies with the provisions of the construction loan regarding its responsibilities to insure the premises, to use the funds advanced by the Lender in the agreed manner, to enter into Purchase Agreements and schedule Closings thereunder, to submit the Property to a condominium form of ownership, and generally to proceed with the construction as agreed in the loan documents.

Although the Sponsor believes that the amount of the construction financing is adequate and sufficient to enable the Sponsor to complete the Building, no representations or guaranties are given that the Sponsor will do so, or that the Building will be completed as described in this Plan. However, to the extent that the Sponsor does complete the Building, it shall do so in accordance with the terms of this Plan. As set forth below in this Section of the Plan, the Sponsor or its agents shall have the right to enter upon the Property or any portion thereof in order to complete the Building.

The Sponsor makes the representations set forth below with respect to certain obligations under the Plan.

1. The Sponsor will pay or cause to be paid all contractors, subcontractors and materialmen and all others involved in the construction of the Building (including the Units and the Common Elements) for the authorized and proper work performed and fixtures, material and equipment supplied or installed in said construction.

2. The Sponsor will, at the Sponsor's own cost and with reasonable diligence, complete the construction of the Building (including the Units and the Common Elements) substantially in accordance with the plans and specifications described herein. If any work still remains to be done to complete such work, the Sponsor, at the Sponsor's own cost and expense, will perform or cause all such work to be performed and will supply or cause all material therefor to be supplied and will pay for such work and materials and discharge or bond all mechanics' liens which may be filed as a result of the construction of the Units and/or construction of the Units renovation of certain Common Elements.

The Sponsor reserves the right to substitute for any of the materials specified in the "Description of Property and Specifications or Building Condition" or elsewhere in the Plan, materials of substantially similar or better quality and design. The Sponsor's intention is to use the materials, fixtures, appliances and other equipment described in this Plan, and in the architectural plans on file, but, due to the possible unavailability of materials and supplies or for any other reason, the Sponsor may substitute materials, fixtures, and equipment of substantially similar or better quality and design for any of those set forth in this Plan.

The Sponsor also reserves the right, without altering the total amount of space contained in the Building, to change the size, interior layout and location of any Unit or the number of Units, provided such changes are made in accordance with the Section of the Plan entitled "Changes in Prices and Units."

Changes will be made in the size or number of Units, their respective percentage of Common Interest, or in the amount or quality of Common Elements, except as otherwise provided herein, only with the consent of all Unit Owners directly affected, and by amendment to the Plan and also by amendment to the Declaration if the Declaration was filed prior to such change. To be directly affected the change in the size of a Unit must be to such Unit Owner's Unit or the change must be to his or her percentage of Common Interest or in the amount or quality of Common Elements which he or she is entitled to use. However, the Sponsor shall not be obligated to obtain the consent of any Unit Owner for changes made prior to the execution of a Purchase Agreement for the affected Unit or Units, provided such changes are made by amendment to the Offering Plan and to the Declaration.

Unless an affected purchaser consents, no material change will be made in Unit size, layout or percentage of Common Interest if a Purchase Agreement has been executed and delivered to the Sponsor for that Unit and the purchaser is not in default. Unless all purchasers consent, no material change will be made in the size and no material adverse change will be made in the quality of the Common Elements. The Sponsor may not change the size or location of buildings or Units or other improvements to the Common Elements if such changes affect the percentage of Common Interests or adversely affect the value of any Unit to which title has closed or for which a Purchase Agreement has been executed and is in effect unless all affected Unit Owners and contract vendees consent in writing to such change.

Changes to the size, layout or percentage of Common Interest of a Unit for which a Purchase Agreement has been executed by Purchaser and the Sponsor and delivered to the Purchaser or changes in the amount or quality of Common Elements directly affecting or servicing a Unit for which a Purchase Agreement has been executed by Purchaser and the Sponsor and delivered to Purchaser shall be made only with the written consent of the Purchaser of such Unit, provided, however, that such Purchaser's consent shall only be required if the Purchaser is not then in default under his or her Purchase Agreement. Notwithstanding the foregoing, such changes may be made, provided all directly affected Unit Owners consent in writing to

such changes and all directly affected Purchasers who are still contract vendees and who are not then in default either consent in writing to such changes or are given the right to rescind and receive from the Sponsor a return of any Down Payment (with interest, if any) for fifteen (15) days from the date of mailing or personal delivery of written notice from the Sponsor.

All references in this Plan to "plans and specifications" shall mean the aforesaid plans and specifications for the Building prepared by the Sponsor's Architect as the same may have, from time to time, been amended or changed, or may, from time to time, hereafter be amended or changed in accordance with the provisions of this Plan.

For all purposes under this Plan, the issuance of (a) a final Certificate of Occupancy for the entire Building by the Department of Buildings of The City of New York, and (b) a statement by the Sponsor's Architect to the Sponsor that the Building has been completed substantially in accordance with the plans and specifications except for (i) such work in the public portions of the Building and within Units as is customarily or necessarily left incomplete until after occupancy (which work will be completed with reasonable expedition) and (ii) special work, upgrades or extras in any Units to be done by or for the account of Purchasers or tenants thereof, shall be deemed and considered presumptive evidence that the Building has been fully completed in accordance with the plans and specifications. Such presumption, however, shall be without prejudice to any rights which any Board may have with respect to the Sponsor's obligation to cause defects in construction or materials to be corrected, as hereinafter set forth. Such statement by the Sponsor's Architect shall neither constitute a representation by him to the Unit Owners or to any Board nor give rise to any claim by any Unit Owner or by any Board against him with respect to completion of construction or defects therein.

Under the present construction schedule, it is anticipated that the Building will be substantially completed by November, 2000, subject to Unavoidable Delays. The Sponsor, however, makes no warranty or representation that the Building will be substantially completed by November, 2000 or that all construction work will be completed by November, 2000, or that the Building and/or all construction work will not be completed prior to November, 2000.

3. The Sponsor, at the Sponsor's sole cost and expense, will obtain, prior to the closing of a particular Unit, the issuance of a temporary or permanent Certificate of Occupancy for the Unit closed. The Sponsor shall complete construction and obtain a permanent Certificate of Occupancy for the entire project within two (2) years subsequent to the First Unit Closing or at such sooner time as the temporary Certificate of Occupancy, as same may be renewed, replaced or extended, expires. If, at the time of closing of title to a Unit the Sponsor has only obtained a temporary "Class A" residential Certificate of Occupancy covering such Unit, then the Sponsor shall place in escrow with its attorney an amount, as determined by an architect chosen by the Sponsor, which is sufficient in such architect's opinion to cover the cost for such Unit of obtaining a permanent "Class A" residential Certificate of Occupancy covering that Unit. Such escrow amount shall be released to the Sponsor or its designee upon the

obtaining of a permanent "Class A" residential Certificate of Occupancy covering such Unit. Alternatively, the Sponsor shall have the option of either depositing with its attorney an unconditional, irrevocable letter of credit in the amount determined by the Sponsor's Architect or posting a surety bond in the amount so determined.

4. The Sponsor will pay all expenses incurred prior to the establishment of the Condominium in connection with its operation and will bear and pay all costs and expenses incurred in connection with the creation of the Condominium whenever such costs or expenses are incurred, or in connection with the sale of all of the Units held or owned by the Sponsor, except as noted in the Section of the Plan entitled "Unit Closing Costs and Adjustments," and will pay or have paid, except as otherwise provided in the Plan, all selling expenses of the Sponsor, including, but not limited to, advertising and printing costs, architect's fees, attorneys' fees, other than for closings of individual Units, organization costs, brokerage commissions, engineers' fees, appraisal and any surveying fees and costs.

5. The Sponsor will pay all Common Charges, real estate taxes, special assessments and other expenses allocable to any Units owned by the Sponsor, so long as the Sponsor shall continue to own the same. However, where Purchaser has caused an unauthorized delay in closing of title, the Sponsor shall be entitled to certain reimbursements of real estate taxes and Common Charges. The Sponsor represents that it has the financial resources to meet its obligations with respect to Unsold Units. The Sponsor's financial obligations to the Condominium will be funded from sales proceeds and/or its own funds.

6. Prior to the First Unit Closing, any liens affecting the Property shall be paid and satisfied or bonded or the Units being conveyed and their appurtenant Common Interest shall be released therefrom by partial release duly recorded.

7. The Sponsor will promptly correct any patent defects in the construction of the Building, or in the installation or operation of any mechanical equipment therein, due to substantially improper workmanship or material substantially at variance with the architectural plans and specifications, provided, with respect to Common Elements, that the Sponsor is notified by the Board of Managers within one (1) year from the First Unit Closing. If any defect in the Common Elements can only be detected after said period by occupancy of a particular Unit, the Sponsor will correct said defect in the construction of the Common Elements or in the installation or operation of any mechanical equipment therein due to improper workmanship or materials substantially at variance with the architectural plans and specifications, if notified by the Board of Managers within sixty (60) days from closing of title to or first leasing of that particular Unit. The Sponsor will also correct any latent defects in the construction of the Building or in the installation or operation of any mechanical equipment therein with regard to the Common Elements due to substantially improper workmanship or material substantially at variance with the architectural plans and specifications, provided it is notified by the Board of Managers with respect to Common Elements within one (1) year after the First Unit

Closing. The Sponsor, in its sole discretion, shall select the method of correcting any defect. On three (3) days' notice from the Sponsor, the Board of Managers shall allow the Sponsor or the Sponsor's contractors access to the Building on any weekday which is not celebrated as a federal or state holiday to inspect and/or correct such defect. The quality of construction shall be comparable to local standards customary in the particular trade and in accordance with the plans and specifications.

The 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 (i) the Sponsor is not notified within the time periods specified herein or (ii) the Board of Managers and/or the Unit Owner in question prevents the Sponsor or the Sponsor's contractors access to the Building or the Unit in question as provided herein, or (iii) the Sponsor shall have corrected the defect in accordance with the practice of the industry as determined by the Sponsor's general contractor or architect or engineer, in their sole discretion.

Sponsor shall provide to each purchaser a limited warranty in the form annexed to the Purchase Agreement in Part II of the Plan. The warranty is extended to such Unit Owner while the Unit Owner owns the Unit, but does not extend to subsequent owners of the Unit or other persons. The warranty involves one year basic coverage, two year major system coverage, and six year major structural defect coverage. This limited warranty shall constitute a Unit Owner's sole remedy with respect to defects in or to a Unit.

Sponsor makes no warranties as to kitchen appliances, except that it will assign to the Purchaser any manufacturer's warranties thereon and any manufacturer's warranties existing for other items in Purchaser's Unit to the extent same are assignable.

Except as expressly set forth herein, the Sponsor has no obligation to correct or repair any other defect or conditions in the Units, Common Elements or the Building and all other installations, apparatus, fixtures and appurtenances. The foregoing sets forth the entire obligation of the Sponsor to correct any defects and none other shall be implied. The Sponsor shall have no obligation to repair or replace any defect resulting from the failure by the appropriate Unit Owner or the Board of Managers to properly service or maintain a particular item or items. Additionally, the Sponsor shall have no obligation to repair or replace any defect resulting directly or indirectly from work done by any individual or entity retained by the Board of Managers or any Unit Owner.

Notwithstanding any other provision hereof, the Sponsor shall not be obligated to correct, and shall not be liable to any Purchaser as a result of, (i) any insubstantial variations from the plans and specifications or the description of the Building or a Unit set forth in the Section in Part II of the Plan entitled "Description of Property and Specifications or Building Condition" or (ii) variations from the plans and specifications or description of the Building

or a Unit, set forth in the Section in Part II of the Plan entitled "Description of Property and Specifications or Building Condition," which are neither in violation of applicable building codes, nor require approval of any governmental authority having jurisdiction, provided such variations are of substantially similar or better quality.

As set forth in the Section of the Plan entitled "Effective Date of Plan," in the event that, prior to the First Unit Closing, a casualty occurs that cannot be repaired for an aggregate cost, together with possible expenses for other items stated in such Section of the Plan, of less than an amount equaling one half of one percent of the Total Purchase Price set forth on the front cover of the Plan (as estimated by an architect or engineer designated by the Sponsor or an insurance adjuster retained by the Sponsor), and the Sponsor elects not to make repairs, then the Sponsor may, at its option, abandon or withdraw this Offering Plan. In such case all Purchase Agreements will be deemed automatically canceled and Purchasers in good standing will be refunded their Down Payments with any interest earned thereon. Upon such refund being made, the Condominium and the Sponsor will be relieved and discharged of all liability under the Plan and the Purchase Agreements.

In the event the Sponsor elects to repair and restore the damage to the Building from a casualty occurring before the First Unit Closing, or if the casualty occurs after the First Unit Closing, but before the closing of the damaged Unit, and the Sponsor elects to repair and restore the Unit, then the following shall be applicable:

The term "Affected Unit" means a Unit that has been directly damaged in the casualty (other than minor damage not rendering the Unit uninhabitable) or is without such essential services as gas, electricity and heat, or no longer has a reasonably adequate means of ingress and egress to the street.

The Purchase Agreements for all Units, other than "Affected Units" (as previously defined), shall remain in full force and effect and the Purchasers thereunder shall pay the full purchase price at the Closing. Such Purchasers shall not be entitled to adjourn the Closing nor be allowed any abatement in the purchase price, nor credit against same, nor retain (in escrow or otherwise) any portion of such purchase price pending restoration and repair of the damage to the Building and the Affected Units.

Except as provided in the next paragraph, a Purchaser of an Affected Unit shall not be required to pay the balance due under the Purchase Agreement unless and until (i) the damage to its Affected Unit has been substantially repaired as near as reasonably possible to its condition immediately prior to the casualty and (ii) its essential services (such as gas, electricity or heat) and a reasonable means of ingress and egress to the street have been restored.

Notwithstanding the foregoing, if the Purchaser is given possession of the Affected Unit under an Interim Use and Occupancy Agreement or otherwise prior to the casualty, such Purchaser shall assume the risk of loss to the Unit and the obligation to repair the damage, unless the cause of such loss originated outside its Unit and did not result from the acts of Purchaser or other occupants of the Unit or Purchaser's guests, invitees or workers. If the Purchaser is obligated to repair the damage in accordance with the foregoing, then the Purchaser's failure to repair the damage shall not excuse the Purchaser from paying the balance due under his or her Purchase Agreement and accepting title to the Unit.

The Sponsor and/or the Condominium will in no event be liable to Purchasers under this Plan, and the Sponsor will not be liable to the Condominium, in the event of any delay in repairing the damage.

8. Immediately following the First Unit Closing, the Sponsor will assign to the Condominium Board, and the Condominium Board will, on behalf of all Unit Owners, assume, all assignable service and maintenance contracts and agreements relating to the Property. The Condominium will indemnify the Sponsor against and hold the Sponsor harmless from all claims and liability thereunder that relate to matters and events occurring on or after the day upon which the First Unit Closing occurs, and indemnification to include but not be limited to fees and disbursements of counsel.

9. The Sponsor shall procure fire and casualty insurance coverage on behalf of the Condominium, at the Condominium's expense, to be effective at the First Unit Closing, in the amount set forth in Schedule B of the Plan, which Schedule sets forth the Projected Budget for First Year of Condominium Operation.

10. In the event of the dissolution or liquidation of the Sponsor or the transfer of ten (10) or more Units or twenty percent (20%) or more of the total number of Units in the Condominium, whichever is less, the principals of the Sponsor will provide financially responsible entities or individuals who will assume the status and the obligations of the Sponsor for those Units under the Offering Plan, applicable laws or regulations.

11. The Sponsor shall deliver to the Board of Managers a set of "as-built" architectural plans upon completion of the project.

12. The Sponsor shall have the right but not the obligation to defend any suits or proceedings arising out of its acts or omissions; the Sponsor shall have the obligation to indemnify the Board of Managers or the Unit Owners against any judgment obtained against either or both of them by reason of the wrongful acts or omissions of the Sponsor. The Board of Managers and the Unit Owners shall, as a condition to such indemnification, notify the Sponsor

promptly of any such suit and cooperate with the Sponsor in defending against any such suits which the Sponsor elects to defend.

Without limiting the foregoing, the Sponsor shall not be liable for or obligated to defend any suits, proceedings or claims (i) as to any Unit arising out of any occurrence taking place on or after the earlier of the closing of title to such Unit or the leasing thereof to, or at the direction of, any Purchaser, or (ii) as to the Common Elements, arising out of any occurrence taking place on or after the date of the recording of the Declaration, except suits, proceedings or claims arising out of acts or omissions of the Sponsor or representations made by the Sponsor in the Offering Plan.

13. The Sponsor shall keep copies of the Plan, Exhibits and documents referred to in the Plan on file at the Sponsor's offices for six (6) years from the date the Declaration is recorded.

14. In accordance with Section 339-p of the Real Property Law, a registered architect or licensed professional engineer shall certify within reasonable tolerances that the floor plans filed with the recording of the Declaration are a substantially accurate copy of portions of the plans of the Building as filed with and approved by the municipal or other governmental subdivision having jurisdiction over the issuance of permits for the construction of buildings.

15. During the time the principal of the Sponsor controls the Board, it is within its sole power to enforce the obligations of the Sponsor pursuant to the Plan and pertaining to the Common Elements. Therefore, the Sponsor agrees that during such period it will, in its capacity as the Board of Managers, enforce such obligations when required to do so by a resolution duly passed by a majority of the Unit Owners, excluding the Sponsor, at a special meeting of the Unit Owners called for such purpose.

16. The Sponsor (its successors, assigns or designees) may offer all or any Unsold Units for lease. Purchasers of any leased Units will be purchasing Units that have been previously occupied. The Sponsor will notify Purchasers of Units that have been previously occupied prior to the execution of a Purchase Agreement of such occupancy and will set forth the condition in which such Unit will be delivered (including outstanding warranties, if any). There shall be no obligation of the Sponsor or any other offeror of such Unit to decorate, refurbish or in any way repair such Unit.

Each of the obligations of the Sponsor contained in this section shall be enforceable by any Unit Owner as to its Unit or the Board of Managers on behalf of the Unit Owners as to Common Elements. The representations contained in Paragraphs 1 through 16 of this Section shall survive delivery of the deed. The Sponsor makes no other representation or warranties except as provided above. However, nothing herein shall be construed to limit any rights which Purchasers may

otherwise have pursuant to Article 23-A of the General Business Law, Part 20 of the Regulations promulgated by the Attorney General and the Offering Plan.

The Sponsor's Rights of Access

(a) General

As a condition of sales of Units pursuant to this Plan, the Sponsor reserves to itself, its successors, assigns, designees, invitees, contractors, agents, employees and tenants any and all easements and rights of access, in and to Units, Common Elements and Limited Common Elements consistent with the purposes of the Plan and the Sponsor's rights and obligations thereunder.

(b) Examples of Specific Easements and Rights of Access Reserved by the Sponsor

Without in any way limiting the generality of rights reserved in Paragraph (a) above, such rights reserved to the Sponsor and its designee(s) specifically include the following:

1. The right to maintain any vacant and Unsold Unit(s) as general and sales and leasing office(s) and/or model Unit(s) and to maintain personnel at the Property, to post signs, and to conduct other activities connected with promotion, sales or leasing, such as inspection by and display of vacant or leased Units, as well as all Common Elements and Limited Common Elements, to prospective Purchasers or lessees;

2. Right of access in and to Units, Common Elements and Limited Common Elements for purposes of construction, repair, refurbishment, correction, alterations, finishing, servicing (including but not limited to garbage collection) and similar work;

3. Right to show vacant or leased Units;

4. Utility and other easements for the benefit of Unit Owners, Common Elements and Limited Common Elements.

The Sponsor and the Sponsor-designees shall exercise all rights of access so as to limit, to the extent practicable, unnecessary interference with use of the Property by Unit Owners. The Sponsor and the Sponsor-designees each agrees to repair damage directly attributable to and caused by the Sponsor or the Sponsor-designees or their respective agents as a result of exercising such rights of access.

The Sponsor's Right to Perform Alterations

The Sponsor (and its successors, assigns and designees) shall have the right to alter any Unit, Common Element or Limited Common Element consistent with the terms of this Plan.

CONTROL BY THE SPONSOR

Title to all Units which have not been sold by the time of the First Unit Closing will remain with the Sponsor or its designee(s) until such Units shall thereafter be sold to bona fide Purchasers. Such sales do not require a right of first refusal to the Board of Managers. Until the first annual meeting of the Condominium, the Board of Managers shall consist of three (3) persons designated by the Sponsor. Accordingly, until such first annual meeting, the Sponsor will have absolute voting control of the Board of Managers and will thus have control of maintenance, facilities and services to be provided, as well as determining the Common Charges to be paid by Unit Owners. The Sponsor shall relinquish voting control of the Board of Managers upon the earlier of (i) the transfer of title to Units, the percentage of Common Interest of which, in the aggregate, equals at least ninety percent (90%) or (ii) five (5) years after the First Unit Closing. The Sponsor, during the time there are Unsold Units, will have the right to, and intends to, vote the percentage of Common Interests allocated to such Units, but subsequent to its relinquishing voting control of the Board of Managers, the Sponsor will not use such vote to elect a particular individual to the Board of Managers which would, by the election of such individual, give the Sponsor voting control of the Board of Managers.

As long as the Sponsor or any Sponsor-designee shall continue to own Units equaling at least twenty-five percent (25%) of the total Common Interest of the Condominium, but in no event for a period in excess of five (5) years from the First Unit Closing, the Board of Managers may not, without the Sponsor's or the Sponsor-designee's prior written consent (which may be given or withheld in its sole discretion): (a) make, permit, or consent to any addition, alteration, improvement or change in or to the Common Elements, the Limited Common Elements, or any Unit, (b) assess any Common Charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund, (c) enter into any service or maintenance contract, (d) borrow money on behalf of the Condominium, the Board of Managers or Unit Owners, (e) exercise a right of first refusal to purchase a Unit, (f) increase or decrease the number, or change the type of employees of the Condominium or the Board of Managers from those set forth in the Section of the Plan entitled "Notes to Schedule B," or (g) change or increase or decrease the services or operating expenses as set forth in the "Notes to Schedule B" except as required to reflect normal annual increases in operating expenses; provided however, that the Sponsor will not exercise veto power over (i) expenses described in Schedule B of the Plan, (ii) expenditures necessary to remedy any notice of violation, (iii) expenditures necessary to remedy any work order by an insurer or (iv) expenses required in order to comply with applicable laws or regulations. As long as the Sponsor or any Sponsor-designee shall continue to own a Unit the Board of Managers may not, without the Sponsor's or the Sponsor- designee's prior written consent, (i) amend the Declaration or the By-Laws so as to in any way adversely affect the Sponsor or its designees or (ii) interfere with: the offer and sale or leasing of Units at the Property; the operation of general or sales or leasing offices at the Property; or actions necessary for construction, renovation, repair or correction at the Property, as required by the Sponsor. Subject to the foregoing, the Sponsor or the Sponsor-designee shall have the right to withhold its consent to any of the foregoing actions.

So long as the Sponsor (or its designee) owns any Unit, the Sponsor shall be entitled to designate at least one (1) member of the Board of Managers. So long as the Sponsor (or its designee) owns Units representing at least twenty-five percent (25%) of the aggregate Common Interest, the Sponsor shall have the right to designate one (1) of the three (3) members of the Board of Managers or one (1) member less than a majority of the Board of Managers, as the case may be.

The rights, powers and obligations of the Board of Managers and circumstances under which a member of the Board of Managers may be removed or replaced are more fully discussed under the Section of the Plan entitled "Board of Managers."

BOARD OF MANAGERS

General

Under the By-Laws of the Condominium, the affairs of the Condominium will be managed by a Board of Managers consisting of not less than three (3) and not more than five (5) persons. The Unit Owners shall hold annual meetings and at each such meeting they shall elect members of the Board of Managers. Each Unit Owner, including the Sponsor or its designee, shall be entitled to cast one vote for each .0001% of interest in the Common Elements attributable to his, her or its Unit(s) on all matters put to a vote at all meetings of the Unit Owners except that, when voting for the election of members of the Board of Managers, each Unit Owner: (i) shall be entitled to one vote for each .0001% of Common Interest attributable to his, her or its Unit per member to be elected, and (ii) shall not have the right to cumulate his, her or its votes in favor of any one or more members to be elected. If Units are owned by more than one person or entity as joint tenants, tenants by the entirety or as tenants in common, the persons or entities owning said Unit or Units shall agree among themselves and cast the votes for their Unit or Units.

Members of the Board of Managers

The Board of Managers, for the period terminating upon the earlier of (i) the closing of title to Units whose percentage of Common Interest equals, in the aggregate, at least fifty percent (50%) or (ii) five (5) years after the First Unit Closing, shall be selected by the Sponsor. During this period the Board of Managers will initially consist of Sal Marra, Richard Scott and Randy Scott. Each of these individuals is a principal of the Sponsor or the family member of a principal of the Sponsor. All three shall resign as board members upon the termination of the period and will call for the first annual meeting of the Unit Owners to elect a new Board of Managers, consisting of three (3) members, within thirty (30) days after the expiration of the aforementioned period. Thereafter, elections to the Board of Managers will be held at the regular annual meeting of Unit Owners, and the Sponsor will retain certain rights to designate a member or members of the Board of Managers under the conditions set forth in, and as described in, the Section of the Plan entitled "Control by the Sponsor." At each election of the Board of Managers, each Unit Owner shall be entitled to one vote for each .0001% of Common Interest attributable to his or her Unit.

The annual meetings shall be held on or about the anniversary of the date of the first annual meeting. A special meeting of the Unit Owners shall be called by the President of the Condominium as directed by the Board of Managers or upon a petition signed by a majority of the Unit Owners having been presented to the Secretary.

Notice of the annual meeting of Unit Owners or of any special meetings of Unit Owners shall be given by the Secretary, as directed by the Board of Managers, to all Unit Owners not less than ten (10) days or more than thirty (30) days before such meeting. Minutes of all meetings of Unit Owners

and of all meetings of the Board of Managers shall be kept by the Board, together with records of all actions taken by the Board and the financial records of the Condominium. The Board of Managers shall retain an independent certified public accountant to prepare an annual report of the receipts and expenditures of the Condominium, which report shall be promptly sent to each Unit Owner.

Each of the members of the Board of Managers will serve until the next regular annual meeting of Unit Owners and until a successor is elected and qualified. Members of the Board of Managers, except for those members elected by the Sponsor, to be eligible for election, must be either a Unit Owner, the principal or officer of a Unit Owner, or the spouse of a Unit Owner. Except for a member of the Board of Managers designated by the Sponsor or the Sponsor-designee, members may be removed from office, with or without cause, by the affirmative vote of Unit Owners owning, in the aggregate, a percentage of Common Interest in excess of fifty percent (50%) of the Common Interest of the Condominium. A member of the Board of Managers designated by the Sponsor or the Sponsor-designee can only be removed for cause by affirmative vote of Unit Owners (including the Sponsor and/or any other holder of the Unsold Units) owning, in the aggregate, a percentage of Common Interest in excess of fifty percent (50%) of the Common Interest of the Condominium. In the event of such removal, the Sponsor or the Sponsor-designee, as the case may be, shall have the exclusive right to designate a replacement for such removed member of the Board of Managers. The Unit Owners may transact such other business at such meetings as may properly come before them. All members of the Board of Managers and all officers of the Condominium shall serve without compensation, and the Sponsor represents that, for as long as it or any of its designees are members of the Board of Managers, neither it nor any of its designees will vote for remuneration for either members of the Board of Managers or officers of the Condominium.

Powers and Duties of the Board of Managers

The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Condominium, including but not limited to: determination of the Common Charges, adoption of rules and regulations covering the details of the Property, opening of bank accounts, purchasing, leasing or otherwise acquiring Units, selling, leasing or mortgaging of Units owned by the Board of Managers, and generally managing or supervising the Condominium property as provided in the Declaration and By-Laws. The Common Expenses shall include such amounts as the Board of Managers deems proper for the operation and maintenance of the Property, including, without limitation, an amount for working capital of the Condominium, for a general operating reserve, and to make up any deficit in the Common Expenses for any prior year. The Board, in its discretion, may delegate such managerial powers as it sees fit to the officers of the Condominium. The Board of Managers is authorized to employ a Managing Agent for the Condominium on such terms as the Board of Managers may deem proper. Initially, there shall be no managing agent.

Liability of Members of the Board of Managers and Officers; Indemnification

In order to limit the liability of the Unit Owners, the members of the Board of Managers, the Managing Agent, if any is appointed, and any officers of the Condominium, any contract or other commitment shall be made by the Board of Managers or the Managing Agent, if any, or an officer of the Condominium, as the case may be, only as agent for the Unit Owners. The members of the Board of Managers, the Managing Agent, if any, or the officer of the Condominium, as the case may be, shall have no personal liability on any such contract or commitment (except as Unit Owners), and the liability of any Unit Owner on any such contract or commitment shall be limited to such proportionate share of the total liability thereunder as the Common Interest of such Unit Owner bears to the aggregate Common Interest of all Unit Owners. The Board of Managers and the officers of the Condominium shall have no liability to the Unit Owners for errors of judgment, or otherwise, except for willful misconduct, negligence or bad faith. The Unit Owners shall jointly and severally indemnify the members of the Board of Managers and the officers of the Condominium against any liability or claims except those arising out of the bad faith, negligence or willful misconduct of the members of the Board of Managers or the officers of the Condominium, but the liability of any Unit Owner on account of such indemnification shall be limited to such proportionate share thereof as the Common Interest of such Unit Owner bears to the aggregate Common Interest of all Unit Owners.

Officers

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. The President and the Vice President each must be both a member of the Board of Managers and either a Unit Owner, the principal or officer of a Unit Owner, or the spouse of a Unit Owner. Other officers need not be a Unit Owner, principal or officer of a Unit Owner or the spouse of a Unit Owner or a member of the Board of Managers. The Board of Managers may appoint an Assistant Treasurer and an Assistant Secretary, and such other officers as in its judgment may be necessary. All officers shall serve without compensation from the Condominium. The President shall be the chief executive officer of the Condominium and shall preside at all meetings of the Board of Managers and of Unit Owners. The Vice President shall take the place of the President in his or her absence. The Secretary shall be empowered to take and keep minutes of all meetings and to keep the books and records of the Condominium. The Treasurer shall be responsible for the funds of the Condominium and for accurately keeping the financial records and books of the Condominium. The Board of Managers, in its discretion, shall delegate such powers to the officers as it sees fit to execute agreements, contracts, deeds, leases and checks etc. on behalf of the Condominium.

Severance of Ownership Prohibited

Each conveyance of a Unit by a Unit Owner shall include as part of the property to be conveyed, his or her undivided interest in the Common Elements, together with his or her interest in

any Unit or Units acquired by the Board of Managers from Unit Owners electing to sell or lease such Unit or at a foreclosure or other judicial sale involving such Unit or Units, in accordance with the provisions of the By-Laws, all of which are interests appurtenant to each Unit.

Amendments to Condominium Declaration and By-Laws

The By-Laws of the Condominium may be modified or amended by the affirmative vote of Unit Owners owning not less than sixty-six and two-thirds percent (66 2/3%) of the Units and whose percentage of Common Interest, in the aggregate, equals or exceeds sixty-six and two-thirds percent (66 2/3%). However, for as long as the Sponsor or its designee owns title to one or more Units, neither the Rules and Regulations of the Condominium nor the By-Laws may be amended in a manner that would adversely affect the Sponsor or its designee in any way, as determined by the Sponsor in the Sponsor's sole discretion, unless the Sponsor or its designee gives its written consent to such an amendment. Additionally, (i) no such amendment shall adversely affect the lien of any mortgage without the written consent of the mortgagee; (ii) no such amendment may change the percentage of Common Interests allocated to any Unit or Units without the written consent of the owner of the relevant Unit; and (iii) no such amendment shall increase the percentage of Common Interests allocated to any Unit or Units without the written consent of the mortgagee(s) of such Unit, or Units, if any.

RIGHTS AND OBLIGATIONS OF THE UNIT OWNERS AND THE BOARD OF MANAGERS

Sale and Lease of Units

Each Unit Owner may sell or lease his or her Unit, provided, however, that the tenant or transferee of such Unit agrees to comply with the applicable provisions of the Declaration, the By-Laws and the Rules and Regulations, and, except as to Unsold Units owned by the Sponsor or a Sponsor-designee, subject to the right of first refusal described below. Prior to the sale or lease of any Unit other than an Unsold Unit owned by the Sponsor or a Sponsor-designee, each Unit Owner must give the Condominium Board written notice of his or her intention to sell such Unit, accompanied by the terms of the offer as set forth in Article VIII of the By-Laws. The Condominium Board, on behalf of all Unit Owners, will have the exclusive right to elect, within thirty (30) days after receipt of the notice of sale, to purchase the Unit, or to elect, within thirty (30) days after receipt of the notice of lease, to lease the Unit, on the same terms as those set forth in the offer, as more specifically set forth in Article VIII of the By-Laws. Notice of the decision to exercise or waive such right must be given in writing to the Unit Owner within five (5) days after the exercise of such decision and in any event within such thirty (30) day period by hand of messenger or by certified or registered mail. If the Condominium Board does not notify the Unit Owner of its election to purchase or lease the Unit within the aforementioned time periods, the Unit Owner will have sixty (60) days after the expiration of such thirty (30) day period to contract to sell the Unit or lease the Unit in accordance with the terms stated in the offer to the Condominium Board. After the expiration of the Unit Owner's sixty (60) day period, the Unit Owner will again be required to first offer the Unit to the Condominium Board as provided above.

In the event the Board does exercise its right of first refusal, the acquisition or lease of the Unit may be made from the working capital or Common Charges (or both) or, if such funds are insufficient, the Board of Managers may assess each Unit Owner, other than the offering Unit Owner, in proportion to each Unit Owner's percentage of Common Interest for any funds so borrowed for the Unit to be acquired. The Board of Managers may also assess each Unit Owner, as provided above, for the cost of paying the Common Charges or rent and the maintenance of such Unit. In the event any Units are acquired or leased by the Board of Managers the title or lease shall be held by the Board of Managers on behalf of all Unit Owners in proportion to their percentage of Common Interest and any sale or lease of such Unit shall be made by the Board of Managers on behalf of all Unit Owners in proportion to their percentage of Common Interests. Such Unit, while owned or leased by the Board of Managers, may be used for any purpose for which it could be used by an individual Unit Owner. In no event, however, may the Board of Managers at any meeting of Unit Owners vote the votes appurtenant thereto.

Each Unit Owner, at the closing of title to his or her Unit, shall be required to execute an instrument in the form of that contained in the Section in Part II of the Plan entitled "Power of

Attorney," designating the Board of Managers and their successors as his or her attorneys in fact, coupled with an interest, for the purpose of selling, conveying, mortgaging, leasing, subleasing (but not voting the votes of) or otherwise dealing with Units acquired by the Board of Managers or their designee, on behalf of all Unit Owners.

The foregoing restrictions upon the sale and lease of Units will not apply to the Sponsor or its designee with respect to any Unsold Units, or to Units acquired by a mortgagee in foreclosure or by deed in lieu of foreclosure, each of which will be free to sell or lease without first offering to sell or lease to the Condominium Board.

Each conveyance of a Unit by a Unit Owner shall include, as part of the property to be conveyed, the Unit Owner's: (i) Common Interest; (ii) undivided interest in any Unit or Units acquired by the Condominium Board from Unit Owners (or the proceeds received at a foreclosure or other judicial sale of a Unit); and (iii) undivided interest in any other assets of the Condominium. In addition, title to a Unit may not be conveyed unless all unpaid Common Charges and liens against such Unit, other than mortgages placed on such Unit in compliance with the By-Laws, are paid and satisfied at or prior to Closing. At the time of acquisition of a Unit and as a condition thereof, the new Unit Owner will be required to execute, acknowledge and deliver a Power of Attorney in favor of the Condominium Board, in the form set forth in Part II of this Plan.

The lease for any Unit (other than Unsold Units) will be in substantially the form of lease printed by Julius Blumberg, Inc., or the Real Estate Board of New York, Inc., with such modifications as shall be approved in writing by the Condominium Board.

A Unit Owner may, without restriction, make a gift of his or her Unit to anyone during his or her lifetime, devise such Unit by will or pass the same by intestacy.

The Condominium Board may not discriminate against any person for a reason proscribed by the laws of the State of New York.

Mortgage of Units

Each Unit Owner is free to mortgage his or her Unit, provided that any such mortgage shall be a first mortgage or second mortgage made to a bank, trust, trust company, insurance company, federal savings and loan association, pension fund or other institutional lender, a family member, business associate or employer, the seller of such Unit or, except in the case of initial acquisitions from the Sponsor, the Sponsor or a Sponsor-designee or an entity related to the Sponsor. A mortgage may be made to a reputable private lender, other than a lender as above described, provided the same is approved in writing by either the Sponsor, prior to the Sponsor's relinquishing control of the Board of Managers, or the Board of Managers, subsequent to the release of control by the

Sponsor. Such approval shall be in the sole and absolute discretion of the Sponsor or the Board of Managers as the case may be. Prior to or simultaneously with the closing of any mortgage transaction, the Unit Owner must satisfy all arrearages for any unpaid Common Charges and assessments owed by such Unit Owner and discharge any liens therefor. A Unit Owner who mortgages his or her Unit shall notify the Board of Managers of the name and address of his or her mortgagee and shall file a copy of the note and mortgage with the Board of Managers.

Determination of and Liens for Nonpayment of Common Charges

Each Unit Owner shall have an obligation to pay Common Charges and assessments when due. Common Charges for each Unit shall be determined by multiplying that Unit's percentage of Common Interest by the total annual net expenses incurred or anticipated to be incurred for those items listed in Schedule B herein, together with the expense of any repairs, capital improvements or other expenses deemed by the Board of Managers to be a part of the Common Expenses and to be paid as Common Charges, together with certain other items (if any) that the Board of Managers may deem proper, such as amounts for reserves, all in accordance with Article VI, Section 6.1 of the By-Laws of the Condominium. Common Charges will be established on an annual basis and be paid in equal monthly installments, due and payable on the first day of each month. The Board of Managers may, in accordance with Article VI, Section 6.1 of the By-Laws, impose such special assessments as it deems necessary to meet unanticipated or extraordinary expenses, including but not limited to expenses incurred for major capital improvements. The special assessment to be paid by each Unit Owner shall also be determined in accordance with the Unit Owner's percentage of Common Interest.

Under the provisions of Section 339-z of the New York Real Property Law, the Board of Managers, on behalf of the Unit Owners, will have a lien on each Unit for unpaid Common Charges assessed by the Board of Managers. Such lien will be subordinate only to liens for real estate taxes on the Unit and to any sums unpaid on a first mortgage of record thereon. Any lien for unpaid Common Charges against a Unit shall be effective from and after the filing of notice thereof with the City Register's Office and until all sums secured thereby with the interest thereon 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 may be earlier. 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 the foreclosure of a mortgage on real property or an action may be brought by the Board of Managers to recover the unpaid Common Charges without foreclosing the lien. While the Sponsor is in control of the Board of Managers, the Sponsor will cause the Board of Managers to file a lien as provided in Section 339-aa of the New York Real Property Law on Unsold Units owned by the Sponsor in which the Sponsor is more than thirty (30) days in arrears of Common Charges.

Upon the failure of a Unit Owner to pay Common Charges for the Unit within fifteen (15) days of the same becoming due and payable, the Board of Managers shall have the right to place a lien against the Unit Owner's Unit for the unpaid Common Charges as set forth above. Failure of the Board of Managers to place such a lien shall not constitute a waiver of the right to do so at a later

date or with respect to a subsequent failure to pay within the designated time. No Unit Owner may exempt himself or herself from liability for his or her Common Charges by waiving use of any of the Limited Common Elements or Common Elements or by abandonment of his or her Unit.

In the event of a foreclosure by the Board of Managers of its lien on any Unit for unpaid Common Charges, if the net proceeds of the foreclosure sale shall be insufficient for the payment of such unpaid charges, the Unit Owner will remain liable for the unpaid balance. Neither (a) a mortgagee acquiring title to a Unit at foreclosure sale nor (b) a purchaser at a foreclosure sale shall be liable, and the Unit shall not be subject to a lien, for the payment of the Common Charges assessed prior to the acquisition of title to such Unit by such mortgagee or purchaser. However, such mortgagee or purchaser at a foreclosure sale shall be liable for payment of all Common Charges after the acquisition of title to such Unit.

No Unit Owner shall be liable for the payment of any part of the Common Charges assessed against his or her Unit subsequent to a sale, transfer, or other conveyance made by him or her of his or her Unit, with appurtenant Common Elements, in accordance with the Declaration and By-Laws.

All Unit Owners shall be required to comply with the Declaration, By-Laws, Rules and Regulations of the Condominium and with any other requirements duly imposed by the Board of Managers pursuant to the authority granted to them. The Board of Managers shall have the power to impose appropriate sanctions where a Unit Owner is in default. Such sanctions include placing a lien against the Unit Owner's Unit, instituting foreclosure proceedings and filing suit against a Unit Owner.

New York State Real Property Law Section 339-kk became law on July 22, 1998. A copy of the new statute is included in Part II.[3] It is intended to provide financial protection for condominiums when a Unit Owner leasing a Unit to a rental tenant fails to meet the obligations to pay common charges, assessments or late fees. It applies to all Unit Owners including Sponsors.

Real Property Law Section 339-kk may be summarized as follows:

(a) If the payment of common charges, assessments or late fees for a Unit has not been made in full to the Condominium within sixty (60) days after the expiration of any grace period of the earliest due date, the Condominium may collect all rental payments from the Tenant of the Unit, after giving notice to the Tenant and the Unit Owner. After payments are again current, the Condominium shall give notice to the Tenant and Unit Owner within three (3) business days, at which time payments shall be made to the Unit Owner.

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[3]A separate section of the new statute adding Section 352-l to the general business law is intended to have a substantially similar impact on cooperatives, but is not relevant to this Plan.

(b) If a non-occupying Unit Owner disputes the Condominium's claim to rental payments, the Unit Owner shall be entitled to submit facts in support of his or her position at the next scheduled meeting of the Board of Managers. This meeting must be held within thirty (30) days of the date the Board receives notice that the Unit Owner seeks to dispute the claim.

(c) Payment by the Rental Tenant to the Condominium following the initial notice shall relieve the Tenant from the obligation to pay rent to the non-occupying Unit Owner and shall be an absolute defense to any non-payment proceeding commenced by such Unit Owner against the Tenant.

Repairs

All maintenance of and repairs to any Unit, ordinary or extraordinary, including the skylights of a Unit, and to the doors (except painting the exterior sides of a Unit entrance door), windows (except painting the exterior sides of windows), electrical (except Common Elements), plumbing (except Common Elements), heating fixtures, and air conditioning units within the Unit or belonging to the Unit Owner shall be at the Unit Owner's expense, except as otherwise specifically provided in the By-Laws.

All maintenance, repairs and replacements to the General Common Elements as defined in the Declaration, and the painting and decorating of the exterior sides of Unit entrance doors and windows shall be made by the Board of Managers and be charged to all the Unit Owners as a Common Expense, except to the extent the same are necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner. Maintenance, repair and replacements in or to the Limited Common Elements as defined in the Declaration will be performed by (a) the Board of Managers as a Common Expense, if such Limited Common Element involves structural or extraordinary maintenance, repairs or replacements (including, but not limited to, the repair of any leaks that are not caused by the acts or omissions of the Unit Owner having direct and exclusive access thereto), or (b) by the Unit Owner having direct and exclusive access thereto at his or her sole cost and expense, if involving nonstructural, ordinary maintenance, repairs or replacements such as a roofing surface and/or a roof deck above such surface or as a result of the Unit Owner's negligence, misuse or neglect.

Additions, Alterations and Improvements

The Sponsor or its designee may make non-structural alterations, addition or improvements in any Unit owned by it or with respect to any Limited Common Element for which it has exclusive use without prior consent of the Board of Managers. With respect to other Unit Owners, a non-structural alteration, addition or improvement to a Unit that does not affect the exterior of the Building or the value of other Units may be made by any Unit Owner without consent of the Board

of Managers. No Unit Owner, other than the Sponsor, or its designee, as a holder of Unsold Units, may make a structural alteration, addition or improvement in his or her Unit or with respect to any Limited Common Element for which he or she has exclusive use or which affects the exterior of the Building or the value of other Units without the prior written approval of the Board of Managers. The Sponsor or its designee needs no such approval for any of its Units. Any approval, if granted, shall provide that such alteration, addition or improvement shall be at the Unit Owner's sole cost and expense, that work shall be done in accordance with all governmental or quasi-governmental laws, rules, regulations, codes and ordinances, that all work shall be done by reputable contractors with adequate liability, property damage and workers' compensation insurances (certificates for which shall be delivered to the Board of Managers prior to the commencement of construction), that any additions, alterations or improvements shall be maintained in their entirety by said Unit Owner who shall also be responsible for any subsequent repairs, including structural repairs, to such addition, alteration or improvement in any event, and to the Unit and any Common Elements where such repairs become necessary due to additional stresses caused by the structural alteration, addition or improvement or due to improper design or construction of the structural alteration, addition or improvement. Such approval shall further provide that the Unit Owner shall reimburse the Board of Managers for any out-of-pocket expenses incurred by the Board of Managers in connection with the granting of such approval and in connection with any services provided to such alteration, addition or improvement. Such expenses may include, but shall not be limited to, any fees of an attorney and/or fees of an architect consulted in connection with the request by a Unit Owner for approval of a structural alteration, addition or improvement.

Finally, any approval, if granted, shall be subject to regulation by the Condominium Board, including but not limited to regulation, as to any one or more of the following aspects of construction:

1. time periods during which work is permitted;

2. the manner in which construction debris will be handled;

3. measures which must be taken to prevent compromising security of the Building during construction;

4. the interruption of services during construction; and

5. liability insurance for contractors during construction.

Until such time as the initial construction of the Building, including punch-list items, is complete, no Unit Owner or the Board of Managers performing work shall employ any labor forces which are incompatible with labor forces which are completing construction of the Building on behalf of the Sponsor.

Certain structures cannot be built as of right with respect to the City of New York Building Code and may require a variance from the City Board of Standards and Appeals. If the Board of Managers does not consent to the proposed alteration, an application for a variance is moot, since the Board of Managers would not permit the proposed alteration in any event.

If a Unit Owner does not need the consent of the Condominium for such alteration, but a variance is needed, such a variance may be denied if it is opposed by the Board of Managers. Structures that increase the size of the Building may require a variance.

Subject to the By-Laws and Rules and Regulations of the Condominium, which, among other requirements, assign responsibility for negligence, misuse or neglect, a Unit Owner who has an exclusive balcony or terrace may, without a Department of Buildings permit, install plantings and furniture on it.

Rights of Access

The Board of Managers and/or the Managing Agent, if any, shall have a right of access to any Unit for the purpose of inspection, performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements contained in such Unit or elsewhere in the Building, remedying any condition which would result in damage to any other Unit or to the Common Elements, or which would violate the provisions of any mortgage encumbering another Unit, or for the purpose of complying with any laws, orders, rules or regulations of any governmental body having jurisdiction thereof, or to cure any defaults by a Unit Owner or for any other purposes permitted by the By-Laws. The Sponsor shall have a right of access, upon reasonable notice during reasonable hours, to any Unit for the purpose of performing punch-list work, if any.

Compliance with Terms of Declaration, By-Laws and Rules and Regulations

Each Unit Owner must strictly comply with the provisions of the Declaration, the By-Laws and the Rules and Regulations of the Condominium, as they may be amended from time to time. Pursuant to Section 339(j) of the Condominium Act, failure to comply is grounds for an action for damages or injunctive relief, or both, but such forms of relief shall not be exclusive of other remedies provided by law. The By-Laws, together with the Rules and Regulations, will be recorded with the Declaration in the City Register's Office.

Without limiting the foregoing, the violation of the Rules and Regulations or any other rule or regulation adopted by the Board of Managers, or the breach of any By-Law, or the breach of any provision of the Declaration, shall give the Board of Managers the rights, in addition to any other right set forth in the By-Laws: (a) upon reasonable notice to the Unit Owner, 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 therein contrary to the intent and meaning of the provisions of the By-Laws, Declaration or Rules and Regulations, as the case may be (provided, however, that no prior notice shall be required in the event the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the Property of the Condominium 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/or (b) to enjoin, abate or remedy such breach or the continuance thereof (or both) by appropriate legal proceedings, either at law or in equity; and (c) in any event to charge the Unit Owner with the cost of legal and other fees and costs incurred in enjoining, abating or remedying such violation.

Insurance

The Board of Managers shall be required to obtain and maintain the following insurance: fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring the Building containing the Units, including all of the Units and all fixtures installed therein by the Sponsor and any property customary to the servicing and general occupancy (but not including furniture, furnishings, equipment or other personal property supplied or installed by Unit Owners), together with all service machinery contained therein, and covering the interests of the Condominium, the Board of Managers and all Unit Owners and their mortgagees, as their interest may appear, in an aggregate amount to be determined by the Board of Managers but in no event to be less than eighty percent (80%) of the full replacement cost of the Building, including the above noted items, but exclusive of footings and foundations, as approved by a fire insurance company or a qualified insurance broker. All such policies shall provide that adjustment of loss, if more than $100,000, shall be made by the Board of Managers with approval of the Insurance Trustee, if any. Additionally, the net proceeds of such adjustment, if $100,000 or less, shall be payable to the Board of Managers, and if more than $100,000, shall be payable to the Insurance Trustee, if any, to be applied for the purpose of repairing, restoring or rebuilding the Building, unless otherwise determined by the Unit Owners. At the First Unit Closing, the fire insurance coverage of the Building shall be $1,000,000. Said coverage shall be maintained while the Sponsor is in control of the Board of Managers.

The Board of Managers shall have the right to select an Insurance Trustee as such term is defined in Article XII, Section 12.5 of the By-Laws of the Condominium.

All policies of physical damage insurance shall contain waivers of subrogation, of any reduction of pro rata liability of the insurer as a result of any insurance carried by Unit Owners or any invalidity thereof arising from any acts of the insured or any Unit Owners, and shall provide that such policies may not be canceled or substantially modified without at least ten (10) days prior written notice to all of the insureds, including all mortgagees of Units. The standard New York mortgagee loss payable clause shall be attached to all policies.

The cost of all such insurance and the fees and expenses of the Insurance Trustee shall be paid by the Board of Managers and shall constitute a Common Expense.

The Board of Managers shall also obtain and maintain to the extent obtainable: (1) workers' compensation insurance for Condominium employees, if any; (2) public liability insurance covering each member of the Board of Managers and each Unit Owner in such limits as the Board of Managers may deem proper, and covering all claims for bodily injury or property damage arising out of any occurrence in the Common Elements or the Units, except that such policy will not cover liability of a Unit Owner arising from occurrences within his or her own Unit. The Board of Managers shall review such limits once each year. The public liability insurance will also cover cross-liability claims of one insured against another. Until the first meeting of the Board of Managers elected by the Unit Owners the public liability insurance will be in a limit of at least $1,000,000 covering all claims for bodily injury with respect to any one occurrence.

If, by reason of the occupancy or use of any particular Unit, the rate of fire or liability insurance for the Property shall be increased, such Unit Owner shall (if such occupancy or use continues for more than thirty (30) days after written notice from the Board of Managers specifying the occupancy or use) become liable for the additional insurance premiums incurred by the Condominium as if such additional premium constituted an assessment.

Unit Owners shall not be prohibited from carrying 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 any Unit Owner.

Repair or Reconstruction After Fire or Other Casualty

In the event of damage to or destruction of the Building containing the Units as a result of fire or other casualty, unless seventy-five percent (75%) or more of the Building containing the Units is destroyed or substantially damaged and Unit Owners whose percentage of Common Interest totals seventy-five (75%) in the aggregate of the total Common Interest do not duly and promptly resolve to proceed with repair or restoration, the Board of Managers shall arrange for the prompt repair and restoration of the Building containing the Units (including any damaged Units, and any kitchen and bathroom fixtures and floor coverings initially installed therein by the Sponsor, but not including any wall, ceiling or floor decorations or coverings or other furniture, furnishings, fixtures or equipment installed in the Units by the Unit Owners), and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies in appropriate progress payments for distribution to the contractors engaged in such repairs 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 the Common Charges.

If seventy-five percent (75%) or more of the Building containing the Units is destroyed or substantially damaged and Unit Owners whose percentage of Common Interest totals seventy-five percent (75%) in the aggregate of the total Common Interest do not duly and promptly resolve to proceed with repair or restoration, the Property 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, together with the net proceeds of insurance policies (or if there shall have been a repair or restoration pursuant to the preceding paragraph, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration, then the excess of such insurance proceeds) shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among all the Unit Owners in proportion to their respective Common Interest, after first payment out of the share of each Unit Owner the amount of any unpaid liens on his Unit, in the order of priority of such liens.

Use of Units

The Units may be used only for a private residence, except that a Unit Owner may use his or her Unit for any home occupation use permitted under applicable zoning law and ordinances, building code or other rules and regulations of governmental authorities having jurisdiction. Such Units may also be used as professional offices by a resident thereof, provided such professional use does not violate any zoning law or ordinance and provided further that the prior written consent of the Board of Managers to such professional use is obtained. No illuminated or other sign may be used in connection with the aforementioned use, excepting only a professional sign, nonilluminated, not larger than the size permitted by the Board of Managers.

Except as set forth above, no industry, business, trade, occupation or profession of any kind, commercial, religious, educational or otherwise, designed for profit, altruism, or otherwise, shall be conducted, maintained or permitted in any part of the Units or Common Elements, nor shall any "For Sale," "For Rent," or "For Lease" signs or other window displays or advertising be maintained or permitted in any Unit therein or adjoining Common Elements, nor shall any Unit be rented for transient, hotel or motel purposes. The right, however, is reserved by the Sponsor, its designee and the Board of Managers, or its agent, to place "For Sale," "For Rent," or "For Lease" or similar signs on any Unsold or unoccupied Units, and the right is hereby given to any mortgagee, who may become the owner of any Unit, to place such signs on any Unit owned by such mortgagee, but in no event will any such sign be larger than one foot (1) by two feet (2). Additionally, the right is reserved by the Sponsor and its designee to maintain and staff one or more vacant and Unsold Units in the Building as a sales office and/or model Unit. The Sponsor and its designee shall have the right to place "For Sale," "For Rent," or "For Lease" signs or similar signs on or in the vicinity of the Building or on the facade of the Building without regard to size. The Sponsor or its designee shall be responsible for installing and removing such signs.

There shall be no playing or lounging in the entrances, passages, public halls, vestibules, corridors, stairways, or fire towers of the Building, except in any recreational areas, if any, or other areas designated as such in the Declaration or by the Board of Managers.

Except as elsewhere provided, no exterior of any Unit or the windows or doors thereof or any other portions of the Common Elements shall be painted or decorated by any Unit Owner in any manner without prior written consent of the Board of Managers.

No furniture, equipment, or other personal articles shall be placed in entrances, hallways, stairways, or other General Common Elements.

No Unit Owner shall make or permit any noise that will disturb or annoy the occupants of any of the Units in the Building or do or permit anything to be done therein which will interfere with the rights, comfort, or convenience of other Unit Owners.

Each Unit Owner shall keep his or her Unit in a good state of preservation and cleanliness and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors or windows of a Unit, any dirt or other substances. In addition, where applicable, each Unit Owner shall keep his or her terrace(s) and terrace drain(s) free of debris.

Except as otherwise provided above, no exterior shades, awnings, window guards, ventilators, fans or air-conditioning devices shall be used on or about the Building or Common Elements except such as shall have been approved by the Board of Managers or as required by law.

Except as provided above, no sign, notice, lettering, or advertisement shall be inscribed or exposed on or at any window, door, or other part of a Unit or adjoining Common Element except such as shall have been approved in writing by the Board of Managers, nor shall anything be projected out of any window of the Building without similar approval.

All garbage and refuse from the Building shall be deposited with care in plastic bags or other suitable receptacles intended for such purpose only at such times and in such manner as the Board of Managers may direct. Unit Owners shall be responsible for complying with all applicable recycling laws pertaining thereto.

No clothes, sheets, blankets, laundry, or other articles of any kind shall be hung on or out of a Unit or its appurtenant Limited Common Elements.

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, paper, ashes, or any other article be thrown into the same. Any damage resulting from misuse of any water closet or other apparatus shall be paid for by the Unit Owner causing such damage.

No Unit Owner shall engage any employee of the Condominium for any private business of the Unit Owner without the prior written consent of the Board of Managers.

No bird or animal shall be kept or harbored in any Unit of the Building unless the same in each instance be expressly permitted in writing by the Board of Managers. Any such consent, if given, shall be revocable at any time by the Board of Managers. In no event shall dogs be permitted in any

of the public portions of the Building unless carried or on a leash. The individual Unit Owners who keep an animal in the Building shall each indemnify the Board of Managers and hold it harmless against any loss or liability of any kind or character whatsoever arising from or as a result of having any animal in the Building. No pigeons or other birds or animals shall be fed from the window sills, or other public portions of the Building, or on the sidewalk or street adjacent to the Building.

No radio or television aerial or dish shall be attached to or hung from the exterior of the Building without prior written approval of the Board of Managers. The Board of Managers, upon the request of any Unit Owner, shall allow the installation of any hook-up necessary to provide cable television service to the Unit.

The agents of the Board of Managers, and any contractor or workman authorized by them, may enter any Unit at any reasonable hour of the day for any purpose permitted under the terms of the Declaration, By-Laws, or Rules and Regulations of the Condominium.

The Board of Managers or the Managing Agent, if any, may retain a pass-key to each Unit. If any lock is altered or a new lock is installed, the Board of Managers or the Managing Agent, if any, shall be provided with a key thereto immediately upon such alteration or installation. If the Unit Owner is not personally present to open and permit an entry to his or her Unit at any time when an entry therein is necessary or permissible under the Rules and Regulations or under the By-Laws, and has not furnished a key to the Board of Managers or the Managing Agent, if any, then the Board of Managers or Managing Agent, if any, or their agents (but, except in an emergency, only when specifically authorized by an officer of the Condominium or an officer of the Managing Agent, if any,) may forcibly enter such Unit without liability for damages or trespass by reason thereof (if, during such entry, reasonable care is given to such Unit Owner's property).

If any key or keys are entrusted by a Unit Owner, by any family member thereof, or by his or her agent, servant, employee, invitee, licensee, guest, visitor, patient, or client to an employee of the Condominium or of the Managing Agent, if any, whether for such Unit Owner's Unit or an automobile, trunk, or other item of personal property, the acceptance of the key shall be at the sole risk of such Unit Owner, and neither the Board of Managers nor the Managing Agent, if any, shall (except as provided above) be liable for injury, loss, or damage of any nature whatsoever, directly or indirectly resulting therefrom or connected therewith.

No Unit Owner or any family member, agent, servant, employee, invitee, licensee, guest, visitor, patient or client of a Unit Owner shall be allowed in the heating, electrical or mechanical equipment areas without the express prior permission of the Board of Managers.

All damage to the Building or Common Elements caused by the moving or carrying of any article therein shall be paid by the Unit Owner responsible for the presence of such article.

No Unit Owner shall interfere in any manner with any portion of the heating or lighting apparatus that is a part of the Common Elements and not part of the Unit Owner's Unit.

Nothing shall be done or kept in any Unit or in the Common Elements that will increase the rate of insurance of the Building, or the contents thereof, without the prior written consent of the Condominium Board. No Unit Owner shall permit anything to be done or kept in his or her Unit or in the Common Elements, that will result in the cancellation of insurance on the Building, or the contents thereof, or that would be in violation of any law. No Unit Owner or any of his or her family members, agents, servants, employees, invitees, licensees, guests, visitors, patients, or clients shall, at any time, bring into or keep in his or her Unit or Limited Common Elements any inflammable, combustible or explosive fluid, material, chemical, or substance, except as shall be necessary and appropriate for the permitted uses of such Unit or Limited Common Elements.

The Unit Owners shall not be allowed to put their names on any entry to the Building or entrance to any Unit, except in the proper places approved by the Board of Managers for such purposes.

Any damage to the Building or equipment caused by Unit Owners, their guests, visitors, clients, patients, licensees, invitees, agents, servants, family members or employees shall be repaired at the expense of the said Unit Owner.

Complaints regarding the management of the Building and grounds or regarding the actions of other Unit Owners shall be made in writing to the Board of Managers.

No Unit shall be used or be occupied in such a manner as to obstruct or interfere with the enjoyment of occupants or owners for adjoining Units; nor shall any nuisance or immoral or illegal activity be committed or permitted to occur in or about any Unit or upon any part of the Common Elements.

Certain parts of the Common Elements are intended for use for the purpose of affording pedestrian movement within the Condominium and for providing access to the Units. No part of the Common Elements shall be obstructed so as to interfere with its use for the purposes hereinabove recited; nor shall any part of the Common Elements be used for general storage purposes, except maintenance storage or where specifically designated as such; nor shall anything be done thereon in any manner which shall increase the rate of hazard and liability insurance covering said area and improvements situated thereon.

No immoral, improper, 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 eliminated by and at the sole expense of the Unit Owner, or the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.

Unless expressly authorized by the Board of Managers in each case, the floors of each Unit must be covered with rugs or carpeting or equally effective noise reducing material, to the extent of at least eighty percent (80%) of the floor area of each room excepting only kitchens, pantries, bathrooms, maid's rooms, closets and foyers.

Smoke detectors must be installed in every Unit as required by the New York City Building Code. It is the obligation of the Unit Owner to maintain the alarms and to make certain the units are in working order at all times.

If required by law, each Unit Owner shall notify the Board of Managers or Managing Agent, if any, in writing when a child or children under the age of eleven (11) years lives or resides (even temporarily) in the Unit. Each Unit Owner shall install, at such Unit Owner's expense, the required window guards in all windows of the Unit. The Unit Owner shall maintain all window guards installed in the Unit and shall not remove same until permitted by applicable law and in any event, without prior written to the Board of Managers or Managing Agent, if any.

The cost of maintenance and repair of the sidewalks, and adjacent curbs, including keeping them free from snow, ice, dirt and rubbish, shall be the responsibility of the Condominium.

No group tour or exhibition of any part of a Unit or its contents shall be conducted nor shall any auction sale be held in any part of a Unit without the prior consent of the Board of Managers or the Managing Agent, if any, in each instance.

Plantings on any terrace or balcony shall be contained in boxes of wood, lined with metal or other materials impervious to dampness and standing on supports at least two inches (2") from the terrace or balcony surface, and, if adjoining a wall, at least three inches (3") from such wall. Suitable weep holes shall be provided in the boxes to draw off water. In special locations, such as a corner abutting a parapet wall, plantings may be contained in masonry or hollow tile walls which shall be at least three inches (3") from the parapet and flashing, with the floor of drainage tiles and suitable weep holes at the sides to draw off water. Such masonry planting beds shall not, however, rest directly upon the surface of such terrace or balcony, but shall stand on supports at least two inches (2") above such surface. It shall be the responsibility of the Unit Owner to maintain the containers in good condition, and the drainage tiles and weep holes in operating condition. Such Unit Owner shall pay the cost of any repairs rendered necessary, or damage caused, by such plantings.

Any consent or approval by the Board of Managers or the Managing Agent, if any, given under the Rules and Regulations of the Condominium may be amended, modified, added to, or repealed at any time by resolution of the Board of Managers. Further, any such consent or approval

may, in the discretion of the Board of Managers or the Managing Agent, if any, be conditional in nature.

The Rules and Regulations of the Condominium are set forth in Part II of this Plan as Schedule A to the By-Laws. The Rules and Regulations govern the use of the Units and Common Elements and may be amended from time to time by the Board of Managers. However, no amendment of the Rules and Regulations shall be applicable to any Unsold Unit, unless agreed to by the Sponsor or the Sponsor-designee.

Easements

Each Unit Owner shall have certain easement rights with respect to the Limited Common Elements and Units owned by other Unit Owners. As more fully described in the Declaration set forth in Part II of this Plan, each Unit Owner will have an easement in common with the owners of all other Units to use the pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements located in any of the other Units and serving his or her Unit. Each Unit shall be subject to an easement in favor of the owners of all other Units to use the pipes, ducts, cables, wires, conduits, public utility lines and other Common Elements serving such other Units and located in such Unit.

The Board of Managers shall have a right of access to each Unit and any Limited Common Elements appurtenant thereto to inspect the same, to remove violations therefrom and/or to maintain, repair, add to or replace the Common Elements contained therein or elsewhere in the Building.

Review of Real Estate Tax Assessments

It shall be the responsibility of the individual Unit Owners, at their sole cost and expense, to review the real estate tax assessments of their Units and, if they so desire, to take any steps necessary to review and/or challenge such assessments. Notwithstanding the foregoing, if proceedings are pending for the reduction of real estate taxes on the land and building for the tax year in which the First Unit Closing occurs, the Condominium will continue such proceedings with the attorney previously employed by the Sponsor. The Sponsor shall have the sole right to negotiate and settle all claims in connection with such proceedings. The cost of such proceedings, including legal fees, and (in the event taxes are reduced) any refund, shall be apportioned between the Sponsor and the respective Unit Owners according to the ownership of the Property during respective portions of the tax year. Any refund covering a period prior to the First Unit Closing and all expenses incurred in connection with obtaining such refund shall belong to and be incurred by the Sponsor alone.

Termination of Condominium

The Condominium may be terminated by casualty loss, condemnation or eminent domain, in accordance with the provisions of the By-Laws, or by withdrawing the Property from the provisions

of the New York Condominium Act if authorized by an affirmative vote of Unit Owners who own not less than eighty percent (80%) in number and in Common Interest of the Units. The Sponsor or its designees will not vote its or their interests appurtenant to any Unsold Units for such withdrawal unless at least eighty percent (80%) in number and in Common Interest of all other Unit Owners have elected for such withdrawal, in which event the Sponsor may choose to vote in favor of or against such withdrawal. In the event such withdrawal is authorized as aforesaid, 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 shall be divided 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 his or her share of such net proceeds all liens on his or her Unit, in the order of priority of such liens.

The Declaration and By-Laws

A copy of the Declaration and a copy of the By-Laws are set forth in Part II of the Plan. A prospective Purchaser should read the Plan (including the Declaration and By-Laws) in its entirety.

REAL ESTATE TAXES

Each Unit will be taxed as a separate tax lot for real estate tax purposes. No Unit Owner will be responsible for the payment of, nor will his or her Unit be subjected to, any lien arising from the non-payment of real estate taxes on other Units. The City of New York subdivides tax lots into separately assessed lots as of July lst of every year. Accordingly, depending upon when the Declaration and By-Laws are recorded, there can be a delay of up to a year and several months until a separate assessment can be obtained.

INCOME TAX DEDUCTIONS TO UNIT OWNERS AND TAX STATUS OF THE CONDOMINIUM

Deductibility of Mortgage Interest and Real Estate Taxes

A Unit Owner will own his or her Unit and its appurtenant Common Elements in fee simple absolute and each Unit will be a separate tax lot for purposes of New York City real estate taxes and assessments. Since each Unit Owner owns his or her Unit in fee simple absolute, he or she may mortgage his or her Unit and become individually liable for the payment of the principal and any finance charges or interest on such mortgage indebtedness.

As fully set forth in the tax opinion of Friedman, Krauss & Zlotolow, counsel to the Sponsor, in Part I of this Plan ("Counsel's Tax Opinion Letter"), it is the opinion of Friedman, Krauss & Zlotolow that, under present law, a Unit Owner who uses his Residential Unit as a personal residence will, for Federal income tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid or accrued under Sections 163 and 164.[4] These deductions are subject, however, to certain exceptions and limitations that are more particularly discussed in Counsel's Tax Opinion Letter. These deductions may also affect an individual Unit Owner's liability for the alternative minimum Federal income tax. Each individual Residential Unit Owner will, for New York State and New York City income tax purposes, be entitled to similar deductions for the mortgage interest and real estate taxes paid or accrued during the taxable year. Such deductions may also affect his or her New York City minimum tax liability.

Certain purchasers of Offered Residential Units, including senior citizens and veterans, may be exempt, in whole or in part, from real estate taxes. Each potential Purchaser should consult his or her own tax adviser as to the availability of such exemptions.

Purchasers should note that mortgage interest is deductible generally only with respect to (1) secured debt used to acquire or substantially improve a principal or second residence (up to a total indebtedness of $1,000,000), plus (2) other debt (not in excess of $100,000) secured by a principal or second residence. Interest on home mortgage debt in excess of those limitations would not be deductible.

Since the rules and limitations regarding the deductibility of home mortgage interest are complex, Purchasers are urged to consult their tax advisers regarding the application of such rules and limitations to them, as well as regarding the deductibility of interest with respect to their Residential Units for Federal alternative minimum tax purposes (which at present is subject to rules different than those described above for regular tax purposes). In addition, owners of Residential

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[4] All section references are to the Internal Revenue Code of 1986 unless otherwise indicated.

Units should consult their tax advisers regarding potential limitations on the deductibility of points and prepaid interest, if any, on their mortgage loans and on the overall limitation on the allowance of itemized deductions.

Taxation of the Condominium

Once the Building is converted to condominium ownership, the affairs of the Condominium will be governed by a Condominium Board. Common Charges will be borne by all Unit Owners and assessed and collected by the Condominium Board. Under present law, the exact tax status of the Condominium Board is uncertain and no opinion has been rendered with respect to it. The Federal income tax consequences to the Condominium Board with respect to the receipt of the Common Charges and of the expenditure of Condominium funds will depend on whether the Condominium Board:

(i) is treated as a conduit, or

(ii) qualifies and elects to be taxed under Section 528.

If the Condominium Board is treated as a conduit, it will not be subject to tax. Rather, Unit Owners would, in the aggregate, include in their gross income all income earned by the Condominium, and deduct (subject to applicable limitations) the expenses incurred in earning such income. Thus, for example, interest earned on funds held by the Condominium Board would be taxed to the Unit Owners.

If it satisfies the requirements of Section 528, the Condominium Board may elect to be exempt from Federal income tax on the Common Charges. Generally, those requirements are:

(i) the condominium management association must be organized and operated solely to provide for the acquisition, construction, management, maintenance, and care of association property;

(ii) sixty percent (60%) or more of the gross income of the condominium management association must consist of assessments from residential unit owners ("Exempt Function Income");

(iii) ninety percent (90%) of the expenditures of the condominium management association must be for the acquisition, construction, management, maintenance, and care of the condominium management association's property;

(iv) no part of the net earnings can inure to the benefit of private individuals other than by the acquisition, construction, management, or maintenance of the condominium management association's property or by rebates of excess assessments;

(v) the Condominium must elect to be treated as a homeowners association; and

(vi) substantially all of the units must be used as residences.

Under the Treasury regulations issued pursuant to Section 528, a condominium management association must qualify annually for the election under Section 528, and additionally, it must make a separate election for each taxable year. Accordingly, the ability of the Condominium Board to elect the benefits of Section 528 will depend on the particular facts and circumstances prevailing in the taxable year at issue. It appears that the aforementioned requirements will be met for a Section 528 election for at least the first year of operation.

A condominium management association meeting the requirements of Section 528 and electing to be exempt from Federal income tax on Exempt Function Income would be taxable at a rate of thirty percent (30%) on the amount by which its other income, such as income from the non-residential lease of common elements and interest earned on any reserve funds, exceeds the amount of allowable deductions that are directly connected with the production of such income. Such an association, however, would not be allowed certain deductions that are available to corporations that are not taxable under Section 528. If such an election is made, the Condominium will remain liable for Federal income tax on any taxable income it may have that is not Exempt Function Income, such as income from the non-residential lease of common elements and interest earned on any reserve funds (less expenses directly connected with the production of such income).

The foregoing summary is for informational purposes only and the Sponsor's counsel expresses no opinion with respect to the likelihood of which method of taxation will be applied to the Condominium.

No warranties are given that the Internal Revenue Service, the New York State Department of Taxation and Finance or the New York City Department of Finance will allow the aforementioned deductions for mortgage interest and real estate taxes. There is also no assurance that the tax laws or the regulations or rulings issued thereunder, or any judicial interpretation thereof, upon which Friedman, Krauss & Zlotolow, as counsel to the Sponsor, bases its opinion, will not change. In no event will the Sponsor, Friedman, Krauss & Zlotolow, or any other person connected with this offering be liable if at any time it is held that the Unit Owners, or any of them, are not entitled to such income tax deductions. In addition, none of the aforesaid give any warranties with respect to the tax consequences of this Plan or the tax consequences of ownership of any Units offered under this Plan, and no one has been authorized to give any warranties.

FRIEDMAN, KRAUSS & ZLOTOLOW IS COUNSEL TO THE SPONSOR AND NOT THE PROSPECTIVE PURCHAS ERS OR UNIT OWNERS. EACH PURCHASER SHOULD CONSULT HIS OR HER OWN TAX COUNSEL AS TO THE TAX CONSEQUENCES OF UNIT OWNERSHIP UNDER THE PLAN.

Partial Real Estate Tax Exemption (Section 421-a)

Sponsor will apply, on behalf of the Unit Owners, to the New York City Department of Housing Preservation & Development ("HPD") for a partial real estate tax exemption under Section 421-a of the New York Real Property Tax Law ("Section 421-a"). NEITHER SPONSOR, SPONSOR'S COUNSEL, NOR ANY OTHER PERSON MAKES ANY REPRESENTATION OR WARRANTY THAT A PARTIAL TAX EXEMPTION FROM REAL ESTATE TAXES UNDER SECTION 421-A WILL BE GRANTED OR, AS TO THE AMOUNT, IF ANY, OF THE MINIMUM TAX WHICH WILL BE ASSESSED AGAINST THE RESIDENTIAL UNITS OR THE AMOUNT OF REAL ESTATE TAXES PAYABLE AT ANY TIME BY ANY RESIDENTIAL UNIT OWNER. There is no guaranty or assurance that the criteria for Section 421-1 benefits will be satisfied and neither Sponsor nor Sponsor's Counsel offers any opinion with respect to the eligibility of the Units for Section 421-a benefits. If, for any reason, an application is not approved by HPD, the Units will be subject to full taxation and will receive no benefits under Section 421-a. See Schedule A included in Part I of the Plan for projected monthly real estate taxes for each Residential Unit with an without the benefits under Section 421-a and the letter following Counsel's Opinions from New York Advisory Services, Inc.

Prospective purchasers should note that increases in a property's assessed valuation resulting from changes in its market value (other than changes resulting from new construction or alteration of an existing improvement are phased in over five fiscal tax years in annual increments of twenty percent each. Any further increase in assessed valuation during such five-year period resulting from a still higher market value is similarly phased in over an additional five-year period from the date of such increase. The full increased assessed valuation targeted to be in effect after the end of the five-year period from the date of such increase. The full increased assessed valuation targeted to be in effect after the end of the five-year period is called the "actual" assessed valuation, and the amount of the incremental assessed valuation upon which taxes are actually computed for each fiscal tax year during such five-year period is called the "transitional" assessed valuation.

Prospective purchasers should note that the real estate taxes that will be payable by the Unit Owners for future years will vary in accordance with the amounts of the Unit's assessed valuation (transitional and actual) and of the real estate tax rate. In this regard, prospective purchasers should note that, assuming the partial exemption from real estate taxes pursuant to Section 421-a is maintained, the real estate taxes payable by the Uni Owners will in any event increase periodically over the fifteen years of condominium ownership as an integral part of the

Section 421-a program. The fifteen year exemption from taxation consists of eleven years of full exemption, followed by one year of exemption from 80 percent of such taxation, followed by one year of exemption from 60 percent of such taxation, followed by one year of exemption from 40 percent of such taxation, followed by one year of exemption from 20 percent of such taxation.

Benefit Years	% of Exemption
1-11	100%
12	80%
13	60%
14	40%
15	20%
16	0%

Sponsor will keep all records required by HPD and will make them available to HPD whenever requested to do so. HPD routinely conducts audits which can result in the reduction or revocation of benefits if proper documentation is not provided. Upon recording of the Condominium Declaration, Sponsor will make all tax benefit documents available to the Board of Managers for inspection and copying for the life of the benefits and Sponsor will file all applications and timely comply with all procedures required to properly process and maintain the tax benefits.

OPINION(S) OF COUNSEL

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April 17, 2000

Batchelder Street Condominiums By the Bay, L.L.C.
1304 Park Street
Atlantic Beach, New York 11509

Re: Harbor House Condominium
2803 Batchelder Street
Brooklyn, New York 11229
(the "Condominium")

Ladies and Gentlemen:

You have requested our opinion concerning (i) the deductibility, for Federal, New York State and New York City income tax purposes, of real estate taxes and mortgage interest paid by residents of New York who purchase the Offered Residential Units pursuant to the above-referenced Condominium Offering Plan (the "Plan"), and (ii) the qualification of the Condominium as a "homeowners association" under Section 528 of the Internal Revenue Code of 1986, as amended (the "Code"). This opinion does not address the tax consequences of the ownership of Offered Residential Units by corporations, other entities or foreign persons. Furthermore, this opinion does not address the tax consequences of ownership of any Units other than the Offered Residential Units or of the tax consequences, if any, of any rebates or other payments that may be made, or benefits provided, to owners of Offered Residential Units. Except where otherwise indicated, the terms used in this opinion have the same meaning as in the Plan.

In connection with rendering this opinion, we have reviewed the Plan and have examined the schedules, exhibits and documents accompanying the Plan, including the declaration establishing, and the By-Laws governing, the operations of the Condominium (the "Plan Documents"). We have also considered the relevant sections of the Code, the New York State Tax Law, the New York City Administrative Code, the regulations promulgated thereunder and such other materials as we deemed

relevant. In rendering this opinion, we have assumed that the Plan is the document pursuant to which owners of Offered Residential Units will acquire their offered Residential Units and that the relevant facts are as set forth therein.

I. Deduction for Real Estate Taxes and Mortgage Interest

Pursuant to the Plan, the purchaser of an Offered Residential Unit will receive legal title in fee simple to his or her Offered Residential Unit, coupled with ownership of an undivided interest in the Common Elements held in common with the other Unit Owners. Such purchaser, per the terms of the Plan, will have the right to place an individual mortgage on his or her separate Offered Residential Unit and will be liable to the local tax authority for the tax assessment with respect to his or her interest in the Property. Under these circumstances, the Internal Revenue Service (the "IRS") has ruled that the owner of a residential condominium unit may deduct the real estate taxes assessed and paid on his or her interest in the property and interest paid on his or her mortgage indebtedness. Rev. Rul. 64-31, 1964-1 (Part I) C.B. 300.

Accordingly, based on the foregoing, it is our opinion that an owner of an Offered Residential Unit who itemizes his or her deductions will be entitled under current law to deduct from his or her gross income for Federal income tax purposes, subject to an overall limitation on itemized deductions as set forth in Section 68 of the Code, real estate taxes assessed against his or her Offered Residential Unit and paid to the local tax authority. However, no deduction for real estate taxes is permitted for purposes of the Federal alternative minimum tax.

It is also our opinion that an owner of an Offered Residential Unit who itemizes his or her deductions will be entitled to deduct for Federal income tax purposes, subject to an overall limitation on itemized deductions as set forth in Section 68 of the Code, interest that is paid or accrued during the taxable year on acquisition indebtedness or home equity indebtedness which is secured by a qualified residence. "Acquisition indebtedness" (the aggregate amount of which may not exceed $1,000,000 ($500,000 in the case of a married individual filing a separate return)) is indebtedness which is incurred in acquiring, constructing or substantially improving a qualified residence and which is secured by such residence. "Home equity indebtedness" (the aggregate amount of which may not exceed $100,000 ($50,000 in the case of a married individual filing a separate return)) is any indebtedness (other than acquisition indebtedness) secured by a qualified residence to the extent the aggregate amount of such indebtedness does not exceed the fair market value of the qualified residence, reduced by the amount of acquisition indebtedness with respect to such residence. The term "qualified residence" means (i) the principal residence (within the meaning of section 121 of the Code) of the taxpayer and (ii) one other residence of the taxpayer which is selected by the taxpayer and which is used by the taxpayer as a residence (within the meaning of section 280A(d)(1) of the Code). Thus, a single taxpayer or a married couple filing a joint return may have two, and only two, qualified residences. If a married couple does not file a joint return for the taxable year, such couple is treated as 1 taxpayer and each individual is entitled to take into account only 1 residence unless

both individuals consent in writing to 1 individual taking into account the principal residence and 1 other residence.

It is also our opinion that each owner of an Offered Residential Unit will, for New York State and New York City income tax purposes, be entitled to the same deduction for real estate taxes and mortgage interest which is allowed for Federal (regular) income tax purposes. However, under New York State and New York City income tax law, itemized deductions, such as real estate tax and mortgage interest deductions, are subject to reduction by as much as 50% in the case of individuals having income exceeding certain prescribed levels. Additionally, the benefit of an Offered Residential Unit Owner's deductions may be reduced if he or she is subject to the Federal alternative minimum tax, or the New York State and City minimum taxes.

II. Common Charges

If the Condominium qualifies as a "homeowners association" within the meaning of Section 528 of the Code, it may elect not to be subject to Federal income tax on amounts received as membership dues, fees or assessments from Residential Unit Owners. However, even if the Condominium qualifies and the election is made, the Condominium will remain liable for Federal income tax on any taxable income it may have from other sources such as interest earned on any reserve funds (less expenses directly connected with the production of such income).

To qualify as a homeowners association, the Condominium must meet all of the following conditions:

(i) it must be organized and operated to provide for the acquisition, construction, management, maintenance and care of association property;

(ii) at least 60% of its gross income for each taxable year must consist solely of amounts received as membership dues, fees or assessments from Residential Unit Owners;

(iii) 90% or more of its expenditures for each taxable year must be made for the acquisition, construction, management, maintenance and care of association property;

(iv) no part of its net earnings can inure to the benefit of any private shareholder or individual (other than by acquiring, constructing, or providing management, maintenance, and care of association property, and other than by rebate of excess membership dues, fees, or assessments);

(v) the Condominium must elect to be treated as a homeowners association; and

(vi) at least 85% of the total square footage of all Units within the Condominium must be used by individuals for residential purposes.

Under Treasury Regulations issued pursuant to Section 528, the Condominium must qualify annually for the election under Section 528, and additionally, it must make a separate election for each taxable year. Accordingly, the ability of the Condominium Board to elect the benefits of Section 528 will depend on the particular facts and circumstances prevailing in the taxable year at issue.

It appears, based on your representations to us, that the requirements of Section 528 will be satisfied as the Offering Plan is currently structured.

Absent a valid election by the Condominium Board to have Section 528 apply, the status of the Condominium is uncertain under present law. Assuming the Condominium does not elect to be treated as an association taxable as a corporation, the Condominium should be treated as a partnership[5], or as a mere agent of the Unit Owners. In either case, the Unit Owners would, in the aggregate, include in their gross income all income earned by the Condominium (which income may include interest or similar income earned from interim investments of the amounts assessed and collected from the Unit Owners), and deduct (subject to applicable limitations) the expenses incurred in earning such income. For this purpose, Common Charges would not be considered income to the Condominium. See Rev. Rul. 70-604, 1970-2 C.B. 9; *cf.* Lake Petersburg Ass'n. v. Commissioner, 33 T.C.M. 259 (1974).

New York State and New York City will follow the classification accorded the Condominium for Federal income tax purposes. See Section 208.1 of the New York State Tax Law; 20 NYCRR §1-2.5(b); Section 11-602(1) of the New York City Administrative Code; 19 RCNY §11-02. See also TSB-A-97(7)I (classification of an LC for New York State tax purposes will follow the classification accorded the LC for Federal income tax purposes). The New York City Department of Finance may take the position that the Condominium is subject to the Unincorporated Business Tax. However, if the Condominium Board were validly to elect the benefits of Section 528, there would be no Unincorporated Business Tax imposed on the Condominium. See New York City Department of Finance, Office of Legal Affairs, Finance Letter Ruling 39 (April 23, 1986).

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[5] Internal Revenue Code Section 7704 provides that a publicly traded partnership will be treated as a corporation. A "publicly traded partnership" means any partnership if (1) interests in such partnership are traded on an established securities market, or (2) interests in such partnership are readily tradable on a secondary market (or the substantial equivalent thereof). We assume that the Condominium, if treated as a partnership, will not be considered a publicly traded partnership.

We express no views as to any Federal, New York State or New York City tax consequences other than those explicitly discussed in this opinion, or as to the tax status or tax consequences of the plan under the laws of any other U.S. or foreign jurisdiction. Moreover, this opinion, while based on existing rules of law applied to the facts and documents referred to above, is not binding on the IRS or any court. No assurances can be given that the tax laws upon which we base this opinion will not change. In no event will the Sponsor, Friedman, Krauss & Zlotolow, the Board, or any other person be liable if there are changes in the facts on which we have relied in issuing this opinion or if there are changes in the applicable statutes, regulations, decisional law or IRS rulings on which we have relied which cause the owners of Offered Residential Units not to be entitled to the income tax deductions described herein.

We hereby authorize the use of this opinion, or a reproduction thereof, in the Plan and references to our name in the Plan.

Very truly yours,

Friedman, Krauss & Zlotolow

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◊ MEMBER OF N.Y. & CT. BARS

SAMUEL R. FRIEDMAN (DEC.)

COUNSEL
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6390 INDIANTOWN ROAD
JUPITER, FLORIDA 33458
(407) 744-4600

COUNSEL'S OPINION REGARDING COMPLIANCE WITH REAL PROPERTY LAW SECTION 339(i)

April 17, 2000

Batchelder Street Condominums By the Bay, L.L.C.
1304 Park Street
Atlantic Beach, New York 11509

Re: Harbor House Condominium
2803 Batchelder Street
Brooklyn, New York 11229
(the "Condominium")

Ladies and Gentlemen:

You have requested our opinion regarding the allocation of Common Interests to the Units at the above-referenced Condominium as required by Title 13 NYCRR Section 20.3(y)(5). Except where otherwise indicated, the terms used in this opinion have the same meaning as in the Offering Plan for the referenced project (the "Plan").

In connection with rendering this opinion, we have reviewed the allocation of Common Interests as shown on Schedule A of the Plan and the Declaration establishing the Condominium. We have also considered the relevant sections of the New York State Condominium Act and such other materials as we deemed relevant. Our opinion is based upon the factual determinations made by Dome Property Management ("Dome"), as set forth in its opinion contained in the Plan as required by 13 NYCRR Section 20.3(i). We have made no independent investigation of the truth or accuracy of the factual determinations of Dome.

Based upon our review of the foregoing, we have determined that Common Interests were allocated pursuant to the method set forth in Real Property Law Section ("RPL") 339-i(1)(iv); i.e.,

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.

Accordingly, based on the foregoing, it is our opinion that Real Property Law Section 339-i has been complied with in assigning Common Interests to the Units. This opinion, while based upon existing rules of law applied to the facts and documents referred to above, is not a guarantee to purchasers. In no event will the Sponsor, Friedman, Krauss & Zlotolow, or the Condominium Board be liable if there are changes in the facts on which we have relied in issuing this opinion or if there are changes in RPL Section 339 or other applicable law.

The opinion expressed herein is based solely on New York law. We certify that we are not owned or controlled by and have no beneficial interest in Batchelder Street Condominiums By the Bay, L.L.C.

We hereby authorize the use of this opinion, or a reproduction thereof, in the Plan and references to our name in the Plan.

Very truly yours,

Friedman, Krauss & Zlotolow

NEW YORK ADVISORY SERVICES, INC.

888 Seventh Avenue
New York, N.Y. 10106-0299
Telephone: (212) 262-1300
Facsimile: (212) 262-1374

December 30, 1999

Batchelder Street Condominiums By the Bay, LLC
1304 Park Street
Atlantic Beach, NY 11509

Re: Harbor House Condominium
2803 Batchelder Street, Brooklyn
Block 8801 Lot 91
421-a Partial Tax Exemption

Gentlemen:

You have requested us to advise you with respect to the applicability of the City of New York's program for partial real estate tax exemption under Section 421-a of the Real Property Tax Law of the State of New York ("Section 421-a") and the regulations adopted by the Department of Housing Preservation and Development, as amended (the "Regulations").

The real estate tax benefits available to eligible properties under Section 421-a are as follows:

1. During the period of construction, which will not exceed three years, multiple dwellings, which have met all requirements of Section 421-a and the regulations and have received a Preliminary Certificate of Eligibility, shall be exempt from real property taxes, other than assessments for local improvements, upon any increase in assessed valuation attributable to construction over the prior assessed valuation (the assessed valuation in effect during the tax year preceding the commencement of construction), provided that taxes shall be paid in each tax year in which full or partial exemption is in effect.

2. After the first taxable status date immediately following the completion of construction, any increase in assessed valuation over the prior assessed valuation of eligible multiple dwellings which have received a Final Certificate of Eligibility shall be exempt from real property taxes, other than

assessments for local improvements, for either ten, fifteen, twenty or twenty-five consecutive tax years. In addition, full taxes must be paid on the prior assessed valuation.

In the instant application, after the completion of construction as described above, the fifteen year partial real estate tax exemption will be applied in the following manner to the increase in the assessed valuation over the prior assessed valuation:

1st through 11th year	100%
12th year	80%
13th years	60%
14th years	40%
15th years	20%
16th year	0%

3. Pursuant to Section 421-a and the regulations, in the event the premises contains Floor Area of Commercial, Community Facility and/or Accessory Use Space which exceeds twelve percent (12%) of the Aggregate Floor Area, there shall be a diminution of the tax exemption in an amount equal to the ratio of Floor Area of Commercial, Community Facility and/or Accessory Use Space in excess of twelve (12%) of the Aggregate Floor Area to the Aggregate Area.

We have prepared a schedule and attach same to this letter regarding the projected assessments of the various units at the subject premises with and without partial tax exemption.

Furthermore, please be advised that the assessed valuation of the various units are determined by the Real Property Assessment Department of the New York City Department of Finance. The various assessors employed by that agency determine what the assessment for each tax lot will be for each tax year based on various criteria including market value and cost of construction. The tax rate is determined by the New York City Council who publishes said rate every year, usually in June.

There are no known factors which will change the Tentative Assessment for the existing tax lot which is to be apportioned. We do not know at this time what the tax rate will be for tax year 1999/2000, but based on the last several years, the change in the applicable tax rate will be minimal.

With respect to the pending tax certiorari proceedings, resolution of said proceedings will not have a significant impact on the taxes for the various tax lots which will be formed as part of this condominium building.

In rendering this opinion, we have relied upon the following facts and assumptions which were confirmed to us by you:

1. Based upon information received from you, a new building will be constructed containing a total of 9 apartments, each of which will contain 4 zoning rooms. The plans have not yet been approved by the New York City Department of Buildings, nor have any building permits been issued.

2. Construction will not commence until subsequent to the issuance of new building permits by the Department of Buildings, based upon architectural, plumbing and structural plans approved by the Department of Buildings, on which excavation and the construction of initial footings and foundations commences in good faith, for the footprint of the new buildings, the entirety of which will be vacant, as certified by an architect or professional engineer licensed in the State of New York, and provided that such installation is similarly certified to have been completed without undo delay, after such commencement, by such architect or engineer.

3. The temporary and final Certificates of Occupancy, and the Preliminary and Final Certificates of Eligibility, will be filed with the appropriate New York City agencies during the appropriate time periods.

4. An application for Preliminary Certificate of Eligibility for 421-a benefits will be filed after the commencement of construction but prior to the issuance of either a Temporary Certificate of Occupancy for all residential areas or a Permanent Certificate of Occupancy upon prescribed forms and applications prepared by the New York City Department of Housing Preservation and Development.

5. An application for Final Certification of Eligibility for 421-a benefits will be filed prior to the occupancy of the building, but no earlier than the date of the application for a Preliminary Certificate of Eligibility. Additionally, the application must be completed within ninety (90) days following the issuance of the Permanent Certificate of Occupancy or the Temporary Certificate of Occupancy covering all the houses.

6. Construction will be completed no later than December 31, 2003.

7. The premises shall not be used in whole or in part for single-room occupancy.

8. The premises will not be receiving tax exemption or tax abatement concurrently under any other provisions of New York State or New York City law for rehabilitation, conversion or new construction.

9. The premises shall not be used in whole or in part as a hotel.

10. The premises, or any portion thereof, is not located on land utilized for ten or more years immediately prior to October 1, 1971, as a private park as defined in the regulations.

11. The premises does not result from the conversion of a private dwelling.

12. The premises does not result from the conversion or rehabilitation of any building or structure.

13. The premises is not situated on land which is mapped as a public park.

14. There will be no real estate taxes, water or sewer charges or payments in lieu of taxes due and owing as of the last day of the tax quarter preceding the submission date of the application to the Department of Finance, or at any time during the application process or the benefit period.

15. HPD must have determined that the property was "underutilized" within the meaning of Section 421-a for the three year period prior to the commencement of construction.

16. A prospectus for condominium formation which covers all of the houses shall be accepted for filing by the Attorney General of the State of New York. Additionally, if the condominium is not declared effective within fifteen (15) months of the granting of the final Certificate of Eligibility by HPD, or if the condominium plan is withdrawn, the owner will register the residential dwelling units with the New York State Division of Housing and Community Renewal, since the houses will be eligible for rent stabilization protection. In the event condominium ownership has not been completed, application will be made to HPD to establish initial monthly rentals for each dwelling unit.

17. All filing fees shall be paid during the appropriate time periods.

18. All records requested by the New York City Department of Housing Preservation and Development, pursuant to the regulations, will be provided.

Based upon the foregoing information furnished to us by you and your architect, and subject to your timely completion of work and filing of all documentation pursuant to Section 421-a of the Real Property Tax Law and applicable rules and regulations as is required to obtain the benefits thereof, and assuming presently applicable Section 421-a provisions apply, it is our opinion that:

1. The premises, after construction is completed, will be eligible for partial real estate tax exemption under Section 421-a.

2. All Section 421-a partial real estate tax benefits may be revoked or reduced if the application misstates or omits to state a material fact and/or for non-payment or underpayment of taxes and for certain other reasons.

We make no representation that Section 421-a benefits will be obtained if any items in the application are not true, or if the assumptions above listed are incorrect, or if the 421-a law, either statutory or decisional, or 421-a rules and regulations, or present interpretations are modified or changed.

Very truly yours,

New York Advisory Services, Inc.

by: _____
Arnold H. Chernoff, President

AHC:mjc
nyas 2176

New York Advisory Services Inc.

2803 Batchelder St., Brooklyn
Harbor House Condominium
12/30/99

					Est. Assessment & Real Estate Taxes Before Exemption		Est. Assessment & Real Estate Taxes After Exemption	
Unit	Rooms Bd/Bath	Sq. Feet	Offering Price	Comm. % Int.	Assessment	Annual	Assessment	Annual
1A	2/3	1,500	$ 385,000.00	13.9800	$ 69,900.00	$ 7,584.85	$ 1,297.34	$ 140.77
1B	2/3	1,686	$ 385,000.00	15.7100	$ 78,550.00	$ 8,523.46	$ 1,457.89	$ 158.20
1C	2/2	1,500	$ 385,000.00	13.9800	$ 69,900.00	$ 7,584.85	$ 1,297.34	$ 140.77
2A	2/2	810	$ 350,000.00	7.5500	$ 37,750.00	$ 4,096.25	$ 700.64	$ 76.03
2B	2/2	830	$ 360,000.00	7.7800	$ 38,900.00	$ 4,221.04	$ 721.98	$ 78.34
2C	2/2	810	$ 350,000.00	7.5500	$ 37,750.00	$ 4,096.25	$ 700.64	$ 76.03
3A	2/2	1,170	$ 450,000.00	10.9000	$ 54,500.00	$ 5,913.80	$ 1,011.52	$ 109.76
3B	1/3	1,250	$ 450,000.00	11.6500	$ 58,250.00	$ 6,320.70	$ 1,081.13	$ 146.63
3C	2/3	1,170	$ 450,000.00	10.9000	$ 54,500.00	$ 5,913.80	$ 1,011.52	$ 109.76
TOTAL		10,726	$ 3,565,000.00	100.00	$ 500,000.00	$ 54,255.00	**$ 9,280.00**	**$ 1,036.29**

RESERVE FUND

No provision has been made for any Reserve Fund. The Sponsor can make no guaranty or warranty that there will be no need for replacement of capital equipment within five (5) years subsequent to the First Unit Closing. However, as a result of the Sponsor constructing the Building and obtaining a new Certificate of Occupancy for the Building, it is not anticipated that major capital improvements will be needed within the five (5) years subsequent to the First Unit Closing.

WORKING CAPITAL FUND

At the time of the first closing of title to each Unit to a bona fide Purchaser, such Purchaser shall pay the sum equal to two (2) months of Common Charges for the Unit being purchased at the time of the Closing to the Board of Managers for its working capital (the "Working Capital Fund"). This fund would ordinarily be used for the payment of any net closing adjustments in favor of the Sponsor. However, the Sponsor shall waive any such net closing adjustments with the Condominium Board in its favor which would reduce the Working Capital Fund below zero. If the net closing adjustments are in favor of the Condominium Board, the amount thereof will be paid or credited to the Working Capital Fund at the First Unit Closing by the Sponsor. The amounts in the Working Capital Fund may be held or used at any time for working capital to make repairs or for such other appropriate purposes permitted under the Declaration and the By-Laws as will be determined by the Board of Managers in its sole discretion.

General.

No provision has been made for any Reserve Fund or for any Working Capital Fund other than as set forth in the preceding paragraph or in the Section of the Plan entitled "Reserve Fund." If additional funds are required, it may be necessary to increase Common Charges or make assessments on Unit Owners. Alternatively, the Board of Managers may determine to seek financing from a bank or other lending institution for such expenditures in accordance with the terms of the By-Laws and subject, in certain instances, to Unit Owner approval.

For such period as the Sponsor retains control of the Board of Managers, neither the Working Capital Fund nor the Reserve Fund shall be used to reduce Common Charges.

NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENTAL AGENCY HAS PASSED UPON THE ADEQUACY OF EITHER THE WORKING CAPITAL FUND OR THE RESERVE FUND.

MANAGEMENT AGREEMENT, CONTRACTS AND LEASES

There are no management agreements, contracts or leases with the Condominium.

IDENTITY OF PARTIES

The Sponsor

The Sponsor of the Offering Plan is Batchelder Street Condominiums by the Bay, LLC, a New York limited liability company organized on 2/23/99 and with an office at c/o Richard Scott, 1304 Park Street, Atlantic Beach, New York 11509.

The members of Batchelder Street Condominiums By the Bay, L.L.C. are Richard Scott and Salvatore Marra. Salvatore Marra has prior residential and commercial construction experience. He has been involved in constructing private houses, churches and schools for over 25 years. Richard Scott has been involved in renovation of apartment buildings and construction of homes since 1988.. Neither individual has previously been involved in a condominium offering or other offering of a cooperative interest in realty.

Architect

The architect who prepared the "Description of Property and Specifications or Building Condition," as set forth in Part II of the Plan, is Jaime Lore Design, Robert J. Palermo, AIA, SARA, having an office at 1816 Voorhies Avenue, Sheepshead Bay, Brooklyn, New York 11235. The Sponsor's Architect has no financial relationship, past or present, to the Property or to the Sponsor, except in its capacity as architect. The Sponsor's Architect has over 25 years experience in planning and designing all forms of housing.

Counsel to the Sponsor

The Sponsor has retained the law firm of Friedman, Krauss & Zlotolow, 888 Seventh Avenue, New York, New York (Tel. No.: 212-247-5990), to represent it in the preparation and consummation of this Offering Plan. This firm drafted the Declaration, the By-Laws, this Plan, the form of Purchase Agreement, the form of Unit Deed, the form of Power of Attorney, and all other documents necessary in connection with the formation of the Condominium, and is advising the Sponsor in connection with all legal matters incidental thereto. Douglas Heller of that firm prepared the plan. No separate counsel has been retained to represent the Condominium. No representation is made to prospective Purchasers that Friedman, Krauss & Zlotolow have verified the accuracy, completeness or fairness of the statements in this Offering Plan, and such Counsel assume no responsibility to prospective Purchasers or any other Persons except for the legal matters set forth in the Counsel's Tax Opinion Letter. It is suggested and expected that each Purchaser will consult and be represented by his or her own counsel in connection with this Offering. Sponsor has retained the firm of Canfield, Venusti, Madden & Rossi, 42-24 Douglaston Parkway, Douglaston, New York 11363 (Tel. No.: 718-428-1312) to represent it in the preparation of contracts and the closing of title of the sale of Units in the Condominium.

The law firms have no financial interest in the Property or the Sponsor, except that they are paid a fee for services.

Condominium Budget Expert

The Sponsor has retained the licensed real estate broker Dome Property Management, 1855 Victory Boulevard, Staten Island, New York 10314-3577 (phone (718) 720-2500) to prepare the Projected Budget for First Year of Condominium Operation.

Tax Abatement Expert

The Sponsor has retained New York Advisory Service Inc., 888 Seventh Avenue, New York, New York 10106 (Tel. No.: 212-262-1300) to make application for benefits under Real Property Law §421-a.

REPORTS TO UNIT OWNERS

It is the obligation of the Board of Managers of the Condominium to give to all Unit Owners annually the following:

(a) the financial statements of the Condominium prepared by a certified public accountant or public accountant by March 15th of each calendar year for the prior fiscal year; such statements shall be certified while the Sponsor is in control of the Board of Managers;

(b) a prior notice of the annual Unit Owner's meeting; and

(c) a copy of the proposed annual budget, if any, of the Condominium, within ten (10) days prior to the date set for adoption thereof by the Board of Managers. Sponsor will certify each budget until Sponsor no longer controls the Board of Managers.

DOCUMENTS ON FILE

Copies of this Plan and all exhibits or documents referred to herein shall be available for inspection by prospective Purchasers and by any Person who shall have purchased a Unit offered under this Plan or shall have participated in the offering of such Unit, at the office of the Sponsor at all times such office is open and shall remain available for such inspection for a period of six (6) years from the date of the First Unit Closing. The Sponsor shall, at the time of the First Unit Closing, deliver to the Board of Managers a copy of all documents filed with the appropriate recording office.

GENERAL

This Plan does not knowingly omit any material fact or knowingly contain any untrue statement of a material fact. This Plan does not contain a full summary of all the provisions of the various documents referred to herein. Statements made as to the provisions of such documents are qualified in all respects by the contents of such documents and, in the case of any such documents executed by or with the written consent of a Purchaser pursuant to this Plan, any rider or separate agreement changing or adding provisions to such document.

There are no lawsuits or other legal proceedings now pending or any judgments outstanding that could materially and adversely affect this offering, the Purchasers of Units, the Property, the Condominium or the operation thereof, or the Sponsor's capacity to perform all its obligations under the Plan, which are not covered by insurance.

No Person other than the respective Purchasers shall have any right or benefit herein or herefrom, including, without limitation, the right to insist upon or enforce against the Sponsor the performance of all or any of the Sponsor's obligations hereunder and no such third Person shall be deemed to have received any benefit as a result of any of the provisions of the Plan.

To the best of the Sponsor's knowledge the Property has not been the subject of any prior public offering. As of the acceptance date of this offering the Sponsor has not entered into any preliminary binding agreements and has not collected any money from prospective Purchasers for the sale of Units in the Building. The Sponsor has not previously tested the market pursuant to Cooperative Policy Statement No. 1.

In accordance with the provisions of the laws of the State and City of New York, neither the Sponsor nor any selling agent engaged by the Sponsor will discriminate against any person because of race, creed, color, sex, disability, marital status, age, ancestry, national origin or any other ground proscribed by law in the sale of Units offered by the Sponsor pursuant to this Plan, or in the leasing of any such Units or any other portion of the Building.

The Sponsor reserves the right to revise, from time to time, the terms and conditions upon which Units are to be sold and to otherwise revise this Plan, including revisions affecting the rights, obligations and liabilities of the Sponsor, Purchasers or prospective Purchasers, without obtaining the consent of Purchasers or others, except that this Plan shall not be amended or modified without the Lender's prior written consent. However, the Sponsor may neither unilaterally cancel an outstanding Purchase Agreement, except as therein provided, such as in the case of an uncured default, nor unilaterally change the purchase price or the payment terms contained in such a Purchase Agreement. All substantive or material revisions will be contained in a duly filed amendment to this Plan. If there is a substantial amendment to the Plan that materially adversely affects the rights, obligations or liabilities of then existing Purchasers or reduces the undertakings or obligations of the Sponsor, then, except as otherwise provided herein, such Purchasers will be given, for fifteen (15) days after the presentation of the amendment, a right to rescind their Purchase Agreements by written notice to the Sponsor and be refunded the Down Payment made thereunder, with any interest earned thereon,

except the Purchaser will not receive a refund of any funds released to be used for special work, upgrades or extras; provided, however, that the Sponsor shall retain such Down Payment, and interest, in the case of any Purchaser who is in default under the Purchase Agreement beyond any applicable grace period, but Sponsor shall not retain more than ten percent (10%) of the purchase price (together with interest earned thereon, if any) as and for liquidated damages; provided, however, the Sponsor may receive the actual costs incurred for any special work, upgrades or extras ordered by Purchaser as a part of its liquidated damages even though the total amount of liquidated damages thereby exceeds ten percent (10%) of the purchase price plus interest; and provided further that such rescission, as to a Purchaser who first became a tenant of the Building after the acceptance date of this Plan and pursuant to a Purchase Agreement, will be conditioned on the cancellation of any Interim Use and Occupancy Agreement and surrender of possession of his or her Unit within thirty (30) days thereafter.

All statements and representations made in this Plan with respect to items prepared by others such as the Section of the Plan entitled "The Sponsor's Statement of Specifications or Building Condition" and the Floor Plans of the Building, have been made in reliance upon the respective firms and their authority as experts.

Unless the context otherwise requires, words used in the singular in Part I of this Plan include the plural and vice versa, a reference to any one gender, masculine, feminine, or neuter, includes the other two, and a reference to both the masculine and/or feminine gender includes the neuter gender.

No person has been authorized to make any statement or representation or furnish any information not expressly contained herein. Any information, data, or representations not contained herein or in the documents and exhibits referred to herein must not be relied upon. The Plan may not be changed or modified orally.

The Sponsor is not reserving the right to transfer any air or developmental rights to other buildings. Neither the current owner nor a prior owner has conveyed, referred or reserved air or developmental rights for use in other buildings.

THE SPONSOR'S STATEMENT
OF SPECIFICATIONS OR BUILDING CONDITION

The Sponsor adopts the "Description of Property and Specifications or Building Condition" (the "Description") set forth in Part II of the Plan. The Sponsor is not an architect or engineer, but believes and represents that, to the best of its knowledge, the Description, prepared by Jaime Lore Design, Robert J. Palermo, AIA, SARA, registered architect in the State of New York, accurately states the description of property and specifications or building conditions as of the date it was prepared. The Sponsor does not know of any material defect or need for material repairs except as indicated in such Description.

The proposed number of the Units in the Offering Plan will be identical to the number of Units stated in the Certificate of Occupancy.

HARBOR HOUSE CONDOMINIUM

PURCHASE AGREEMENT

PURCHASER(S) _____

Address: _____

Telephone: (bus.) _____ (home) _____

Social Sec. No.: _____

UNIT NO. _____

Common Interest: _____%

Date: _____

Down Payment Herewith $_____

Balance Due at Closing $_____

Total Purchase Price $_____

Name(s) and manner in which title will be taken: _____

Statement of Sponsor

Batchelder Bay Condominiums By The Bay, L.L.C., with an office at c/o Richard Scott, 1304 Park Street, Atlantic Beach, New York 11509 ("Sponsor"), has promulgated a Plan of Condominium Ownership of 2803 Batchelder Street, Brooklyn, New York (the "Plan") pursuant to which the land with appurtenances, and the Units (the "Units"), located in Kings County, City of New York, will be declared to be a condominium under the provisions of Article 9-B of the Real Property Law of the State of New York on the terms and conditions more particularly set forth in the Plan.

Statement of Purchaser

Purchaser acknowledges as follows:

AFTER DELIVERING AN EXECUTED PURCHASE AGREEMENT, TOGETHER WITH THE REQUIRED DOWN PAYMENT, I WILL BE AFFORDED SEVEN (7) DAYS TO RESCIND THIS PURCHASE AGREEMENT AND HAVE THE FULL DOWN PAYMENT REFUNDED TO ME PROMPTLY, IF, BUT ONLY IF, I HAVE NOT HAD AN OPPORTUNITY TO REVIEW THE OFFERING PLAN AND ANY FILED AMENDMENTS FOR AT LEAST THREE (3) BUSINESS DAYS PRIOR TO SUCH DELIVERY. SUCH RESCISSION MUST BE BY WRITTEN NOTICE, ADDRESSED TO SPONSOR, AND BE POSTMARKED OR HAND DELIVERED BY MIDNIGHT OF THE 7TH DAY SUBSEQUENT TO MY DELIVERING THE EXECUTED PURCHASE AGREEMENT. IF I HAVE HAD AN OPPORTUNITY TO REVIEW THE OFFERING PLAN AND ANY FILED AMENDMENTS FOR NOT LESS THAN THREE (3) BUSINESS DAYS PRIOR TO MY MAKING THE AFORESAID DELIVERY, I SHALL NOT BE PERMITTED THE AFOREMENTIONED SEVEN (7) DAY TIME PERIOD TO RESCIND THIS PURCHASE AGREEMENT.

The seven (7) day rescission period is (delete whichever is, incorrect): applicable; not applicable.

Purchaser has been given an opportunity to examine the architectural plans for the above numbered Unit and for the building in which it is located (the "Building"), prepared by Jaime Lore Design, Robert J. Palermo, AIA, SARA (the "Architect").

Said Plan, which includes the Declaration to be made by the Sponsor and to be recorded in the Office of the Register of the City of New York, County of Kings, the Schedules, By-Laws and Rules and Regulations attached thereto, are incorporated herein by reference and made part of this Purchase Agreement with the same force and effect as if fully set forth herein.

Purchaser is desirous of purchasing the above-numbered Unit, as designated in the Declaration and on the floor plans filed or to be filed in the aforesaid Register's Office, together with an undivided interest in the Common Elements appurtenant thereto (the above-numbered Unit and the undivided interest being hereinafter collectively called the "Unit");

Purchase Agreement Between Sponsor and Purchaser

For good and valuable consideration, receipt of which is hereby acknowledged, Sponsor and Purchaser mutually agree as follows:

1. **Payment for Unit.** (a) Sponsor hereby agrees to sell or have conveyed and Purchaser hereby agrees to purchase the Unit for the Total Purchase Price stated above, and otherwise in accordance with the terms of this Purchase Agreement.

(b) The Total Purchase Price is due and payable in the amounts set forth above and as follows:

(i) The Down Payment stated above is due upon Purchaser's signing and submitting on the signing of this Purchase Agreement, receipt of which check, subject to collection, is hereby acknowledged by Sponsor. Such check shall be made payable to the order of "Canfield, Venusti, Madden & Rossi, as Escrow Agent."

(ii) The Balance Due at Closing shall be due and payable at the closing of title, as hereinafter provided in Paragraph 2, by good unendorsed bank check or certified check of Purchaser, drawn on a bank or trust company which is a member of the New York Clearinghouse Association, payable to the direct order of Sponsor or as otherwise directed by Sponsor.

(c) If any check is returned for insufficient funds or any other reason, Sponsor at its option, may declare this Purchase Agreement void *ab initio* and of no further force and effect (except as otherwise herein provided) or may declare a default by Purchaser under this Purchase Agreement which shall entitle Sponsor to exercise any of the remedies set forth in Paragraph 9 hereof.

2. **Closing of Title**. (a) The closing of title shall take place on a date to be specified by Sponsor on no less than thirty (30) days' prior written notice to Purchaser, at the offices of Canfield, Venusti, Madden & Rossi, 42-24 Douglaston Parkway, Douglaston, New York 11363 ((718) 428-1312) or at such other place as Sponsor may designate, at an hour and on a date (hereinafter called the "Closing Date") to be specified by Sponsor. Sponsor shall have the right, from time to time, and at any time, to adjourn the Closing Date on written notice to Purchaser. If adjourned, Sponsor shall fix a new date and time for the closing of title to the Unit and shall give Purchaser not less than five (5) days written notice of the newly scheduled Closing Date. Purchaser shall be entitled to one reasonable adjournment of up to fifteen (15) days, on five (5) days written notice by Purchaser to Sponsor. In addition to any other rights Sponsor may have by reason of Purchaser's failure to close title timely when requested, Sponsor shall be reimbursed by Purchaser for the cost of any real estate taxes and Common Charges which Sponsor would not otherwise have had to pay if there had been no delay in closing of title by Purchaser. In the event that Sponsor grants an adjournment or adjournments in excess of Purchaser's one permitted adjournment of up to fifteen (15) days, which Sponsor may do at its sole discretion, real estate taxes and common charges shall be adjusted as though the closing of title were held on Purchaser's first adjourned Closing Date or fifteen (15) days from the Closing Date scheduled by Sponsor, whichever is earlier.

(b) At the closing of title Sponsor shall deliver to Purchaser or direct the delivery to Purchaser of a bargain and sale deed, with covenant against grantor's acts, conveying the Unit to Purchaser, such deed to be in the form contained in Part II of the Plan, executed and acknowledged by Sponsor or as directed by Sponsor in form for recording. At the closing of title, Sponsor will execute and deliver to Purchaser an instrument assigning to Purchaser any manufacturer's warranties with respect to equipment and appliances, if any, installed within the Unit, to the extent that the warranties are assignable.

3. **Power of Attorney to Board of Managers.** At the closing of title and simultaneously with the delivery to Purchaser of the deed conveying the Unit, Purchaser shall execute and acknowledge the Power of Attorney to the Board of Managers in the form contained in Part II of the Plan. Purchaser agrees to deliver such Power of Attorney to Sponsor or as directed by Sponsor at the closing of title for recording and to pay the recording fee. Failure to do so shall be considered to be a default by Purchaser.

4. **Binding Effect of Declaration, By-Laws, Rules and Regulations, and Plan.** Purchaser hereby agrees to be bound by the Declaration, the By-Laws, the Rules and Regulations and the Plan, as they may be amended from time to time.

5. **Condition of Title.** (a) At the closing of title, Sponsor shall give and Purchaser shall accept such title as Partners Abstract Corp. as agent for First American Title Insurance Company of New York, having an address at 1025 Old Country Road, Suite 213, Westbury, New York 11590, shall be willing to approve and insure, subject to the terms of the Offering Plan and this Purchase Agreement.

(b) The Unit is sold and shall be conveyed subject to the further encumbrances, conditions and facts described as "Permitted Encumbrances" in the Section of the Plan entitled "Terms of Sale," and Exhibits submitted in connection therewith and the mortgage referred to in the Financing Contingency Rider (Exhibit C) hereto, if any (as well as other mortgages, if any, obtained by Purchaser).

(c) Any encumbrance to which title is not to be subject shall not be an objection to title if (i) the instrument required to remove it of record is delivered at or prior to the closing of title to the proper party or to Purchaser's title insurance company, together with the attendant recording or filing fee, if any, or (ii) Partners Abstract Corp. as agent for First American Title Insurance Company of New York (or such other title insurance company as Purchaser may utilize), is or would be willing, in a fee policy issued by it to the Purchaser, to insure Purchaser that it will not be collected out of the Unit if it is a lien, or will not be enforced against the Unit if it is not a lien. The parties agree that the Sponsor may pay and discharge any liens and encumbrances upon the Property, not provided for in the Plan or this Purchase Agreement, out of the monies to be paid by the Purchaser at the time of closing title.

(d) Notwithstanding anything else to the contrary in this Purchase Agreement or the Plan, if Sponsor is unable to deliver title to the Unit to Purchaser in accordance with the provisions

of this Purchase Agreement and the Plan, Sponsor shall not be obligated to bring any action, suit or other proceeding or otherwise incur any cost or expense of any nature whatsoever in excess of its obligations set forth in the Plan in order to cure such inability, and, in such case, if Sponsor notifies Purchaser of its refusal to cure such inability and if Purchaser is not in default hereunder, Purchaser's sole remedy shall be either (i) to take title to the Unit subject to such inability (without any abatement in, or credit against, the Purchase Price, or any claim or right of action against Sponsor for damages or otherwise) or (ii) to terminate this Purchase Agreement. If Purchaser so elects to terminate this Purchase Agreement, Sponsor shall, within thirty (30) days after receipt of notice of termination from Purchaser, return to Purchaser all sums deposited by Purchaser hereunder (except for funds released to Sponsor to be used for special work, upgrades or extras), together with interest earned thereon, if any, and, upon the making of such payment, this Purchase Agreement shall be terminated and neither party hereto shall have any further rights, obligations or liability to or against the other under this Purchase Agreement or the Plan except for provisions hereof that by their terms survive the termination hereof. The foregoing remedy must be exercised by notice of Purchaser in writing to Sponsor within fifteen (15) days after the giving of Sponsor's notice of refusal to cure such inability, failing which it shall be conclusively deemed that Purchaser elected the remedy described in clause (i) above (i.e., to acquire title subject to such inability).

6. Expenses of Closing and Closing Adjustments. (a) Purchaser will pay the closing costs and expenses referred to in the Section of the Plan (as same may be amended to date) entitled "Unit Closing Costs and Adjustments," including, but not limited to:

(i) the amount of any credit for mortgage recording tax as set forth in such Section;

(ii) payment for title insurance, if Purchaser elects or is required by his or her lender to obtain same;

(iii) recording fees for recording the Unit Deed and Power of Attorney;

(iv) New York City Real Property Transfer Tax;

(v) New York State Transfer Tax;

(vi) transfer tax on Units which are $1,000,000 or more in price (if applicable);

(vii) costs associated with obtaining a mortgage loan; and

(viii) Sponsor's attorney's fees for closing the Unit. The legal fees of Sponsor's attorneys in the amount of $850 will be payable by Purchaser to Canfield, Venusti, Madden & Rossi provided that an additional fee of $250 per closing shall be due and payable for any Unit closing which occurs other than in the office of Sponsor's

attorneys. A further fee of $200 shall be payable by Purchaser to Sponsor's attorneys for the work involved for each assignment and/or cancellation of a Purchase Agreement or contract, and for each adjournment granted at the request of Purchaser. Assignments are permitted only pursuant to the terms of the Offering Plan and the relevant Purchase Agreement. More than one assignment fee shall be payable if the Sponsor consents to more than one request for consent to an assignment.

(b) Purchaser will also pay to the Board of Managers on the Closing Date a sum equal to two (2) months of Common Charges for the Unit being purchased as Purchaser's contribution to the Working Capital Fund of the Condominium. In the event that Sponsor certifies that it has advanced all or a portion of such amount, the Purchaser shall pay the amount to Sponsor as an item of adjustment instead of to the Board of Managers.

(c) The following items, as they may affect the Unit, shall be apportioned and adjusted as between Sponsor and Purchaser as of 11:59 P.M. of the day immediately preceding the Closing Date based upon the fiscal period for which they are assessed: (i) real estate taxes and assessments (including water and sewer charges) on the basis of the period for which assessed, or if Closing shall occur before a new tax rate is fixed, the apportionment of taxes shall be made upon the basis of the old tax rate for the preceding period applied to the most recent assessed valuation, (ii) insurance premiums (if the Sponsor's insurance policy is assigned to the Purchaser), (iii) special assessments, and (iv) Common Charges. Any errors or omissions in computing apportionments at Closing shall be corrected upon determination. The amount of net closing adjustments, if in favor of the Purchaser may, at the option of Sponsor, be credited against the Balance of Purchase Price due at Closing or else paid to Purchaser at Closing; if in favor of Sponsor, each amount may be paid by ordinary check of the Purchaser, unless such amount exceeds $500, in which event, such amount shall be paid in cash or else by unendorsed certified or bank check drawn on or by a bank which is a member of the New York Clearinghouse Association. This provision shall survive the Closing.

(d) If the Units have not been separately assessed for real estate tax purposes prior to the First Unit Closing, Sponsor may reduce the escrow established for real estate taxes by Sponsor by requiring Purchaser to fund into escrow, at Unit Closing, the amount necessary, on the basis of percentage of Common Interest, to cover the period for which real estate taxes have not been paid for the Unit up to six (6) months from the First Unit Closing. Purchaser may pay such funds to its mortgagee or pay such monies into the escrow held by the Board of Managers. Sponsor shall pay the real estate taxes from this escrow account when they are next due and shall be entitled to reimbursement from any Purchaser who either did not pay any money into escrow or paid less than was required to cover the real estate taxes attributable to such Unit for the time Purchaser owned the Unit. Subsequent to this six (6) month period, until a separate assessment for each Unit has occurred, each Unit Owner or its mortgagee shall, on January 1st and July 1st of each year, pay to the Board of Managers, for the purpose of paying such Unit Owner's share of the real estate taxes of Common Interest by the aggregate real estate taxes assessed against the tax lot comprising the Property for the six (6) month time period. The Board of Managers shall keep all such funds in a separate account

for the purpose of paying the real estate taxes for the Property when due. Sponsor shall also pay into this special account with respect to any Units owned by it. If no separate Unit apportionment has yet occurred, any tax adjustments shall be on the basis of the percentage of Common Interest attributable to such Unit. If a subsequent adjustment need be made when the tax lots are apportioned, to correct any discrepancy between the adjustment on the basis of percentage of Common Interest and adjustment on the basis of actual apportionment, it shall be made at that time.

(e) The "Customs in Respect of Title Closings" recommended by The Real Estate Board of New York, Inc., as amended to date, shall apply to the adjustments and other matters therein mentioned except as otherwise provided herein.

(f) In furtherance of the provision of Paragraph 6(a)(i) above, in the event a mortgage recording tax credit becomes available pursuant to Section 339-ee(2) of the Condominium Act, it is specifically understood that such credit shall enure to the benefit of Sponsor. Accordingly, at closing, a Purchaser who elects mortgage financing will be responsible to pay the full amount (but not in excess thereof) of the mortgage recording tax chargeable on the entire amount being financed. Sponsor at closing will be reimbursed by Purchaser to the extent of any mortgage tax credit allowed.

7. Agreement Subject to Mortgages and Assignment to Lender. (a) Purchaser agrees that all terms and provisions of this Purchase Agreement are and shall be subject and subordinate to the lien of any mortgage heretofore or hereafter made, and any and all renewals, replacements, increases and modifications thereof, and any advances heretofore or hereafter made thereon and any payments or expenses already made or incurred or which may hereafter be made or incurred, pursuant to the terms thereof, or incidental thereto, or to protect the security thereof, to the full extent thereof without the execution of any further legal documents by Purchaser. This subordination shall apply whether such advances are voluntary or involuntary and whether made in accordance with the building loan schedule of payments or accelerated thereunder by virtue of lender's right to make advances before they become due in accordance with the schedule of payments. Notwithstanding anything to the contrary contained in this Paragraph 7, however, on the Closing Date the only mortgage to which the Unit will be subject will be the mortgage referred to in the Financing Contingency Rider hereto, if any, as well as any other mortgages obtained by Purchaser.

8. Default by Purchaser. (a) If Purchaser shall fail to pay any portion of the purchase price when due, fail to close title on the date, hour and place specified by Sponsor pursuant to Paragraph 2 hereof or fail to perform any of Purchaser's other obligations hereunder (including without limitation the obligation to furnish any lender promptly with such information as such lender may require, and the obligation to accept a commitment (if any) on the terms set forth in this Purchase Agreement), such failure shall constitute a default by Purchaser and Sponsor may send notice to Purchaser of such default. TIME IS OF THE ESSENCE FOR PURCHASER TO CURE ANY DEFAULT UNDER THE PURCHASE AGREEMENT WITHIN THE APPLICABLE PERIOD. "Time is of the essence" means that if such default is not cured within thirty (30) days following such written notice, Sponsor may (but shall not be obligated to) elect to either (i) cancel this Purchase Agreement by notice of cancellation to Purchaser sent after the cure period has expired or (ii) bring an action against Purchaser for specific performance. In the event that Sponsor shall elect to cancel

this Purchase Agreement pursuant to clause (i) above, Sponsor shall certify to its attorneys, Canfield, Venusti, Madden & Rossi, as Escrow Agent, that title has not closed because of Purchaser's default and that Sponsor has elected to cancel this Purchase Agreement by reason thereof, and Canfield, Venusti, Madden & Rossi shall thereupon, pursuant to and subject to the provisions of Paragraph 15 hereunder, cause to have paid over to Sponsor as liquidated damages the Down Payment (and the actual cost incurred by Sponsor for any special work, upgrades or extras in the Unit ordered by Purchaser) and interest earned thereon (if any), and upon such payment being made each of the parties hereto shall be relieved of any further liabilities or obligations hereunder, except for provisions hereof that by their terms survive the termination hereof. If this Purchase Agreement shall be canceled by Sponsor pursuant to the provisions of this Paragraph 8, Sponsor may sell the Unit to any third party and shall be under no obligation to account to Purchaser for any part of the proceeds of such sale. Canfield, Venusti, Madden & Rossi may rely upon the truth and accuracy of the facts contained in Sponsor's certification and the authority of the person or persons executing the same and shall have no liability as a result of such reliance.

(b) Notwithstanding the above, Canfield, Venusti, Madden & Rossi, the Escrow Agent, will hold funds in escrow until otherwise directed in

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

(iv) if there is no written agreement between the parties to release the escrowed funds, the Escrow Agent will not pay the funds to the 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 the 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.

(c) The Sponsor will not object to the release of the escrowed funds to

(i) 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.

(d) Purchaser and the Escrow Agent may apply to the Attorney General in the event of a dispute for a determination on 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 attached as Exhibit A to this Purchase Agreement. The Party applying for a determination must send all other parties a copy of the application.

(e) If Purchaser becomes an occupant of the Building pursuant to an Interim Use and Occupancy Agreement, his or her failure to pay rent or otherwise comply with his or her use and occupancy obligations shall constitute default under this Purchase Agreement. Upon the occurrence of such default, Sponsor shall have the right to cancel this Purchase Agreement upon sending Purchaser ten (10) days' prior written notice of its intention to do so. If Sponsor elects to cancel, Purchaser shall have thirty (30) days from the giving of the cancellation notice within which Purchaser must cure the specified default. If the default is not timely cured, the Interim Use and Occupancy Agreement will be deemed canceled by Sponsor upon the occurrence of either of the following: (i) Sponsor having obtained an order of eviction or other judgment or order from a court or agency of competent jurisdiction against the Purchaser or (ii) the Purchaser having vacated the Unit. Upon such cancellation, Sponsor shall have the right to retain, as and for liquidated damages, all payments made hereunder (but in no event to exceed ten percent (10%) of the Total Purchase Price, plus any interest earned thereon, excluding the actual cost incurred by Sponsor for any special work in the Unit ordered by Purchaser). Any additional deposits in excess of ten percent (10%) of the Total Purchase Price, plus any interest, subject to the exception with respect to the actual cost incurred by Sponsor for any special work, upgrades or extras in the Unit ordered by Purchaser, shall be refunded to Purchaser promptly thereafter. Upon cancellation of this Purchase Agreement and making such refund to Purchaser (if any), the Purchaser and Sponsor will be released and discharged of all further liability and obligation hereunder and under the Plan, except as otherwise expressly stated herein or therein. The Unit may thereafter be sold to another as though this Purchase Agreement had never been made and without accounting to Purchaser for the proceeds of such sale.

(f) Failure to comply with all obligations under this Purchase Agreement shall also constitute default under any Interim Use and Occupancy Agreement. Upon occurrence of any such default, Sponsor, in addition to any other rights available to it, shall have the right to terminate the Interim Use and Occupancy Agreement upon sending Purchaser five (5) days' prior written notice of its intention to do so. If Sponsor elects to terminate, Purchaser shall have five (5) days from giving of cancellation notice within which to cure the specified "failure to comply." If there is no timely cure, the Interim Use and Occupancy Agreement shall be terminated as of the expiration of said five (5) day period. This provision does not limit in any way other rights of Sponsor in the event of a failure to comply with the terms of this Purchase Agreement.

9. No Assignment by Purchaser; No Listing. (a) Purchaser shall have no right to assign this Purchase Agreement without Sponsor's prior written consent. Any purported assignment of this Purchase Agreement in violation hereof shall be voidable at the option of Sponsor.

(b) Prior to the closing of title, Purchaser shall not list the Unit for resale or rental with any broker or advertise or otherwise offer, promote or publicize the availability of the Unit for sale or lease, without Sponsor's prior written consent.

10. Notices. Any notice to be given hereunder shall be in writing and sent by registered or certified mail, with or without return receipt requested, personal delivery, or overnight courier service providing evidence of delivery, to Purchaser at the address given above and to Sponsor at c/o Richard Scott, 1304 Park Street, Atlantic Beach, New York 11509 (with copy to Canfield, Venusti, Madden & Rossi, Attention: Thomas J. Rossi, Esq.) or at such other address as either party may hereafter designate to the other in writing. The date of personal delivery (or refusal thereof) or of mailing or sending by overnight courier service, as the case may be, shall be deemed to be the date of the giving of notice, except that the date of actual receipt shall be deemed to be the date of the giving of any notice of change of address. Any notice either of the parties hereto receives from the other party's attorneys shall be deemed to be notice from such party itself.

11. No Representation. Except as herein or in the Plan specifically set forth, Purchaser acknowledges that he or she has not relied upon any architect's plans, sales plans, selling brochures, advertisements, representations, warranties or statements of any nature, whether made by Sponsor, Sponsor's Counsel or Selling Agent or otherwise, including, but not limited to, any relating to the description or physical condition of the Building or the Unit, the size or the dimensions of the Unit or the rooms therein contained or any other physical characteristics thereof, the building services, the estimated Common Charges and expenses allocable to the Unit or the right to any income tax deduction on account of any real estate taxes and/or mortgage interest paid by Purchaser. Purchaser agrees that Sponsor shall have no liability or responsibility to Purchaser if the layout or dimensions of the Unit or any part thereof or of the Common Elements as shown on the floor plans or on the architectural plans and specifications for the Building is or are not accurate or correct, provided such layout or dimensions conform substantially to the floor plans and the architectural plans and specifications for the Building and the site as modified or supplemented in accordance with the Plan and that Purchaser will not be relieved from its obligations hereunder by reason of any minor inaccuracy or error.

12. Recording of Deed and Power of Attorney; Further Documents. (a) Upon full payment of the Total Purchase Price at the closing of title, Purchaser will deliver the executed Unit Deed received from Sponsor and executed and acknowledged Power of Attorney to the representative of the title company, if any, or to Sponsor for recording in the Office of the Register of the City of New York, County of Kings. Such Unit Deed and Power of Attorney will be in the form set forth in Part II of the Plan.

(b) Purchaser shall complete, execute and deliver to Sponsor at Closing or prior thereto, on demand of Sponsor, the following documents: (i) the Power of Attorney described in the Offering Plan; (ii) New York City Real Property Transfer Tax Return; (iii) New York State Combined Real Estate Transfer Tax Return and Credit Line Mortgage Certificate (Form TP-584); (iv) Smoke Detector Affidavit; (v) Internal Revenue Service Form W-8 or W-9, as appropriate; and (vi) such other documents as Sponsor may reasonably require in order to cause the Condominium to

be lawfully formed and organized and the Unit duly conveyed. The Purchaser shall pay such amounts as are due on account of the New York State Real Estate Transfer Tax and the New York City Real Property Transfer Tax.

13. Binding Effect. This Purchase Agreement shall not be binding upon the Sponsor until a duplicate thereof, executed by the Sponsor, is delivered to Purchaser. Subject to the provisions hereof, this Purchase Agreement shall bind and inure to the benefit of the parties hereto, their heirs, personal representatives, successors and assigns.

14. Agreement Subject to Plan Becoming Effective; Sponsor's Right to Cancel. (a) This Purchase Agreement is contingent upon the Plan being declared effective. The Plan may be abandoned by Sponsor at any time prior to its being declared effective, provided Purchase Agreements for not more than eighty percent (80%) of the Units have been executed and accepted. If the Plan is abandoned or does not become effective, this Purchase Agreement shall be deemed canceled and the Plan terminated, and Purchaser is to receive back, not later than thirty (30) days thereafter, in full, all monies paid by him or her hereunder (except for funds released to Sponsor to be used for special work, upgrades or extras), and upon such repayment no party shall have any claim against any other party, person or entity, and all parties shall be released from all obligations hereunder and under the Plan, except for those, if any, that are expressly provided to survive the termination hereof or thereof.

(b) If, after the Plan is declared effective, title to the Unit shall not close within 18 months after the time set forth in the Plan for any reason other than Purchaser's default, then, at Purchaser's option, upon prior written notice sent by Purchaser to Sponsor within fifteen (15) days subsequent to the end of 18 months after the scheduled Closing Date, after permitted adjournments, this Purchase Agreement shall be deemed canceled. If this Purchase Agreement is canceled pursuant to the provisions of this paragraph, then not later than thirty (30) days thereafter, Purchaser shall receive a refund in full, of all monies paid by Purchaser hereunder, with the interest earned thereon, if any (except for funds released to Sponsor to be used for special work, upgrades or extras). Upon such repayment, neither party shall have any claim against the other and both shall be released from all obligations, except for those, if any, that are expressly provided to survive the termination hereof or thereof.

15. Down Payment; Payment of Purchase Price; Notice of Closing. (a) The Down Payment made pursuant to this Purchase Agreement is subject to the requirements of Section 71-a(3) of the State of New York Lien Law and Sections 352-e(2)(b) and 352-h of the General Business Law of the State of New York. Any Down Payment received from Purchaser will be held in accordance with the provisions of the subsection entitled "Escrow and Trust Fund Requirements" under the Section of the Plan entitled "Procedure to Purchase." By signing this Purchase Agreement, Purchaser agrees that Purchaser will not object and will be deemed to have agreed, without the need for a further written agreement, to the release of the Down Payment to Sponsor and at such time as Purchaser shall close title under this Purchase Agreement. Sponsor is required by law to submit a Form 1099 to the Internal Revenue Service reporting interest earned on Purchaser's Down Payment,

if any. Purchaser will be taxed accordingly on such interest, whether or not Purchaser ultimately receives the interest in accordance with the terms of this paragraph.

(b) Following the declaration of effectiveness of the Plan, Purchaser will be given at least thirty (30) days' prior written notice of the Closing Date for his Unit, which notice will also remind Purchaser of its obligation to pay the balance of the purchase price at that time and will state when Common Charges will be due and payable.

16. Equipment and Furnishings. Sponsor will provide Purchaser only with the fixtures, equipment, hardware, appliances and furnishings referred to in the Plan, which are included in the purchase price of the Unit. Furnishings, equipment, appliances and decorations in any model Unit or sales office not referred to in the Plan are excluded from this sale unless specifically included by a rider to this Purchase Agreement. The cost of any such items will be added to the purchase price of the Unit.

17. Acceptance of Condition of Units; Risk of Loss.

(a) Purchaser shall accept title (without abatement in or credit against the purchase price or provision for escrow) notwithstanding that construction of (i) minor details of the Unit or the Building in which it is located, or (ii) other Units, or (iii) any recreation facilities, or (iv) the landscaped areas, or (v) other portions of the Common Elements have not been completed.

(b) Prior to the closing of title to a Unit, no Purchaser shall be permitted to enter the Unit without the prior consent of Sponsor. Purchaser will be offered an opportunity to examine his or her Unit with a representative of Sponsor during normal business hours prior to the Closing Date. Following such inspection, Purchaser will sign and deliver to Sponsor, on or before the Closing Date, an Inspection Statement in the form of Exhibit B to this Purchase Agreement acknowledging the condition of the Unit. Nothing contained in the Inspection Statement shall be deemed or construed to extend or increase the obligations of Sponsor under this Purchase Agreement. Failure, neglect or refusal by Purchaser to make such inspection or else to sign such Inspection Statement shall constitute a waiver by Purchaser to assert any claim which Purchaser could have asserted had such inspection been made and the Inspection Statement delivered. Under no circumstances shall Purchaser perform or cause to be performed any work in such Unit prior to the closing of title thereto.

(c) As to any Unit which is substantially complete as of the date of this Purchase Agreement, Purchaser represents to Sponsor that he or she has examined the Unit and agrees that his or her execution of this Purchase Agreement shall constitute acceptance of the Unit, the Building and all fixtures, machinery, equipment, furnishings, appliances, installations and other personal property contained therein, as is, in their condition on the date of this Purchase Agreement, subject to reasonable use, wear, tear, and natural deterioration and effects of the elements between the date of this Purchase Agreement and the Closing Date.

(d) Except as set forth below, the risk of loss from fire or other casualty with respect to the Unit shall remain with the Sponsor until the closing of title for the Unit. The Sponsor, at its sole discretion, reserves the right to either repair or restore such Unit, whereupon Purchaser shall be obligated to close without an abatement in the purchase price, or not repair or restore and grant Purchaser the right to rescind this Purchase Agreement. Subsequent to the filing of an amendment substantiating effectiveness of the Plan, Sponsor may be required to repair or restore as set forth below. Notwithstanding the above, in the event that Purchaser, or one claiming by or through Purchaser, enters into possession of the Unit prior to the closing of title, then Purchaser shall bear the risk of loss or other casualty with respect to the Unit. Additionally, Purchaser shall be solely responsible for any damage to, or loss or other condition in, the Unit and Sponsor shall not be obligated to repair any damages to the Unit or his appliances, fixtures and equipment. However, Purchaser does not assume the risk of loss to the Unit if the cause of such loss originated outside his Unit and did not result from the acts of Purchaser or the other occupants of the Unit or Purchaser's guests, invitees or workers. If the Purchaser is obligated to repair the damage in accordance with the foregoing, then his or her failure to repair the damage shall not excuse him or her from paying the balance due under this Purchase Agreement and accepting title to the Unit.

(e) With respect to all risk of loss after an amendment substantiating effectiveness of the Plan has been filed but prior to closing, Sponsor is not obliged or liable to repair the damage or restore the Unit other than to repair damage or destruction from fire or other casualty to the Property to the extent of an aggregate of an amount equaling up to one half of one percent of the Total Purchase Price set forth on the front cover of the Plan (minus certain amounts which Sponsor is required to spend to cure or comply with any work order from an insurer or to cure or comply with a defect in title or hazardous or dangerous condition against the Property which did not exist on the date of acceptance of the Plan). If Sponsor or (in the event the Declaration is filed) the Unit Owners elect to repair or replace the loss or damage which Sponsor is not required to repair or replace, this Purchase Agreement shall continue in full force and effect, Purchaser will not have the right to reject title to the Unit or to receive a credit against, or abatement of, the purchase price, and Sponsor will be entitled to a reasonable period of time to complete (or to permit the Condominium Board to complete) such repairs or replacements. Purchaser will not be required to pay the balance of the purchase price unless and until (i) the Unit has been substantially repaired to as near as reasonably possible to its condition immediately prior to the casualty and (ii) its essential services (such as gas, electricity and heat) and a reasonable means of ingress and egress to the street have been restored. Any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss will belong entirely to Sponsor (subject to the rights, if any, of the Condominium Board or other Unit Owners) and if such proceeds are paid to Purchaser, Purchaser will promptly, upon receipt, turn them over to Sponsor. The provisions of the preceding sentence will survive the Closing.

(f) In the event Sponsor is not obligated to restore or repair as set forth above and notifies Purchaser that it does not elect to repair or restore the Unit or if the Unit Owners do not resolve to make such repairs or restoration pursuant to the Condominium By-Laws, this Purchase Agreement will be deemed canceled and of no further force or effect and Sponsor will instruct the Escrow Agent to return to Purchaser all sums deposited hereunder (with interest earned thereon, if

any), except for funds released to Sponsor to be used for special work, upgrades or extras, whereupon the parties will be released and discharged from all obligations and liability hereunder and under the Plan, except for provisions hereof which by their terms survive termination of this agreement, except that if Purchaser is then in default hereunder (beyond the applicable grace period, if any), Sponsor will retain the sums as liquidated damages, but not more than ten percent (10%) of the purchase price shall be paid over to the Sponsor as liquidated damages. Notwithstanding the above, the Sponsor may receive the actual costs incurred for any special work, upgrades or extras ordered by Purchaser as a part of its liquidated damages even though the total amount of liquidated damages thereby exceeds ten percent (10%) of the purchase price plus interest.

18. Possession of Unit Prior to Closing. It is expressly understood and agreed that the Purchaser shall in no event take possession of the Unit prior to the time of the delivery of the deed and full compliance by the Purchaser with the terms of this Purchase Agreement, and should the Purchaser violate this provision, the Purchaser consents that the Sponsor shall have the right to remove him or her from the Unit as a squatter and intruder by summary proceedings. Upon the Purchaser's unauthorized possession, the Purchaser shall be deemed in default hereunder at the option of the Sponsor, and if the Sponsor so elects, the Sponsor may cancel this Purchase Agreement and the amount deposited hereunder shall belong to the Sponsor as liquidated damages deemed earned hereunder, but not more than ten percent (10%) of the purchase price, together with amounts (if any) released to Sponsor to be used for special work, upgrades or extras, shall be paid over to the Sponsor as liquidated damages. Notwithstanding the above, the Sponsor may receive the actual costs incurred for any special work, upgrades or extras ordered by Purchaser as a part of its liquidated damages even though the total amount of liquidated damages thereby exceeds ten percent (10%) of the purchase price plus interest. It is further understood and agreed that the Sponsor will not be responsible for damage or loss to any property belonging to Purchaser whether same is delivered to the Property before, on or after the closing of title herein. Sponsor may, in its discretion, grant Purchaser possession of the Unit prior to Closing under an Interim Use and Occupancy Agreement, if the Unit is currently or hereafter becomes vacant.

19. Limitation of Sponsor's Liability. The Sponsor's liability under this Purchase Agreement for failure to complete and/or deliver or have delivered title for any reasons whatsoever shall be limited to the return of the money deposited hereunder (with interest earned thereon, if any), except for funds released to Sponsor to be used for special work, upgrades or extras, and upon the return of said money, this Purchase Agreement shall be null and void and the parties hereto released from any and all liability hereunder except for provisions hereof which by their terms survive the termination of this Purchase Agreement. In any event, the Sponsor shall not be required to bring any action, suit or other proceeding to render the title to the Unit marketable or to cure any objection to title.

20. Definitions. The term "Purchaser" shall be read as "Purchasers" if more than one person are purchasers, in which case their obligations shall be deemed joint and several. All terms used and not otherwise defined herein shall have the meanings ascribed to them in the Plan.

21. Certain References. A reference in this Purchase Agreement to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, and vice versa, unless the context otherwise requires. The terms "herein," "hereof" or "hereunder" or similar terms used in this Purchase Agreement refer to this entire Purchase Agreement and not to the particular provision in which the term is used, unless the context otherwise requires. Unless otherwise stated, all references herein to Paragraphs, subparagraphs or other provisions are references to Paragraphs, subparagraphs or other provisions of this Purchase Agreement. Wherever the word "including" is used in this agreement, it shall be deemed to read "including but not limited to."

22. Other Agreements. This Purchase Agreement supersedes any and all understandings and agreements between the parties and constitutes the entire agreement between them and no oral representations or statements shall be considered a part hereof.

23. Amendment of Purchase Agreement. This Purchase Agreement may not be amended, altered or discharged except by agreement in writing signed by the party sought to be charged therewith or by his, her or its duly authorized agent.

24. Brokerage. Purchaser represents and warrants to Sponsor that Purchaser did not negotiate or deal with any broker in connection with the purchase of the Unit other than the Selling Agent and _____. Purchaser hereby agrees to indemnify, defend and hold Sponsor harmless from and against any costs, losses, liabilities and expenses including but not limited to attorneys' fees and expenses, arising from or in connection with any claims by any other broker that alleges that it has dealt with Purchaser or any of Purchaser's representatives in connection with the purchase of the Unit. The provisions of this Section 24 shall survive the Closing or the termination of this Purchase Agreement.

25. Severability. If any provision of this Purchase Agreement or the Plan is invalid or unenforceable as against any person or under certain circumstances, the remainder of this Purchase Agreement or the Plan and the applicability of such provision to other persons or circumstances shall not be affected thereby. Each provision of this Purchase Agreement or the Plan, except as otherwise herein or therein provided, shall be valid and enforced to the fullest extent permitted by law.

26. Strict Compliance. Any failure by Sponsor to insist upon the strict performance by Purchaser of any of the provisions of this Purchase Agreement shall not be deemed a waiver of any of the provisions hereof, and Sponsor, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by Purchaser of any and all of the provisions of this Purchase Agreement to be performed by Purchaser.

27. Governing Law. The provisions of this Purchase Agreement shall be governed by and construed in accordance with the internal laws of the State of New York applicable to agreements made and to be performed wholly in the State of New York, without regard to principles of conflicts of law.

28. Rule of Construction. There shall be no presumption against the drafter of this Purchase Agreement.

29. Jury Waiver. Except as prohibited by law, Sponsor and Purchaser each hereby waive trial by jury in any action, suit or other proceeding, or counterclaim involving any matter whatsoever arising out of, or in any way connected with this Purchase Agreement or the relationship of the parties as Purchaser and Sponsor, or the right of Purchaser to any statutory relief or remedy.

30. Acceptance by Sponsor. Within twenty (20) days after delivery to Sponsor or its Agent by Purchaser of this Purchase Agreement, executed by Purchaser, Sponsor will either:

(a) accept this Purchase Agreement and cause to be returned to Purchaser a fully executed counterpart thereof or;

(b) reject this Purchase Agreement offer and refund the Down Payment tendered by Purchaser. The Sponsor shall have the right to reject the Purchase Agreement without cause or explanation to Purchaser, provided such rejection is not based upon race, creed, color, sex, disability, marital status, age, ancestry, national origin or other ground proscribed by law.

31. Performance by and Liability of Sponsor. Purchaser's acceptance of the deed for the Unit shall be deemed to be a full performance and discharge of each and every agreement and obligation on the part of the Sponsor to be performed pursuant to the provisions of this Purchase Agreement, the Plan, 13 NYCRR, Part 20 (the regulations of the Attorney General of the State of New York governing the acceptance for filing of the Plan) and General Business Law § 352-e, except those (if any) herein or therein expressly stated to survive delivery of such deed.

32. Conflict with Plan. Any conflict or inconsistency between the provisions of the Plan and the provisions of this Purchase Agreement shall be resolved in favor of the Plan. Any terms not otherwise defined in this Purchase Agreement shall have the meanings ascribed to them in the Plan as incorporated herein by reference and made a part of this Purchase Agreement with the same force and effect as if fully set forth herein.

33. Foreign Investment in Real Property Tax Act. Pursuant to the Foreign Investment in Real Property Tax Act (FIRPTA), upon disposition of a United States real property interest by a foreign person on or after January 1, 1985, the Purchaser of such real property interest must deduct and withhold a tax equal to ten percent (10%) of the purchase price unless the Sponsor furnishes a certificate that it is not a foreign entity or individual. Sponsor, a Delaware limited liability company, will furnish to Purchaser a non-foreign certification at closing, thereby complying with FIRPTA and relieving Purchaser from any withholding obligations.

34. Captions. The captions in this Purchase Agreement are for convenience and reference only and in no way define, limit or describe the scope of this Purchase Agreement, or the intent of any provision hereof.

Dated: _____, New York
_____, 200__

_____
, Purchaser

_____
, Purchaser

ACCEPTED:

BATCHELDER STREET CONDOMINIUMS BY THE BAY, LLC

By:

.

By: _____

Dated: _____

EXHIBIT A TO PURCHASE AGREEMENT

APPLICATION TO THE ATTORNEY GENERAL
FOR A DETERMINATION ON THE DISPOSITION OF DOWNPAYMENTS

[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 downpayment..
   [ ] forfeiture of downpayment.
   [ ] 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 timeshare.
[ ] other: _____

7. Name and Address of Sponsor: _____

_____

8. Name and Address of Escrow Agent: _____

_____

9. If downpayments are maintained in an escrow acount:

(a) Name of account _____
(b) Name and address of bank _____
(c) Account number (if known) _____
(d) Initial interest rate (if known) _____

10. If downpayments 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 downpayments 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 been declared effective. Approximate date: _____
[ ] has not been declared effective.

(c) If effective, the plan

[ ] has closed or the first unit has closed. Approximate date: _____

[ ] has not closed.

[ ] don't know.

(d) Downpayments 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 downpayment(s): _____

(d) Total amount of downpayment(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 B TO PURCHASE AGREEMENT

INSPECTION STATEMENT

_____, 200__

Batchelder Street Condominums by the Bay, LLC
1304 Park Street
Atlantic Beach, New York 11509

Re: Harbor House Condominium
Unit No. _____
Brooklyn, New York

Ladies and Gentlemen:

As a result of my/our final inspection on this date, please be advised that, except as otherwise noted on the attached sheet, I/we found the Unit in good condition:

I/we understand that to avoid the risk of pilferage, certain items such as medicine cabinet doors, shower heads, toilet seats, kitchen cabinets, vanity knobs, mechanical chimes, plumbing fittings, light fixtures, electrical receptacles, toilet room accessories, door hardware and _____, may be installed just prior to my/our date of moving. I/we agree and I/we will sign off on each item requiring adjustment or repairs, if any, as it is completed.

I/We agree that I/we will promptly initial each item set forth on the attached inspection sheet as it is completed to acknowledge completion. My/Our failure to respond to you within five (5) business days of your written request for such acknowledgment shall be deemed to mean that I/we have accepted and acknowledged the work as complete. I/We understand that work indicated on the inspection sheet shall be performed in accordance with the practice of the industry. In the event of a dispute, Sponsor's contractor, architect or engineer shall determine whether or not such work was performed according to such standard and his or her decision shall be binding on the parties hereto.

You agree to complete all items listed on this inspection statement within a reasonable period of time following closing to my/our Unit, subject to delays for work or materials beyond your control.

This Inspection Statement shall survive closing of title to my/our Unit.

_____
Purchaser's Signature[1]

_____
Purchaser's Signature[1]

Batchelder Street Condominiums by The Bay, Llc

By:_____
Sponsor's Representative

[1] If one purporting to be the Purchaser's agent signs to acknowledge completion, the Sponsor shall be entitled to rely on such signature as acknowledgment of completion and Purchaser shall be bound thereby.

EXCEPTION SHEET AND
CERTIFICATE OF COMPLETION,
ADJUSTMENT AND/OR REPAIRS

Re: Harbor House Condominium
2803 Batchelder Street
Brooklyn, New York 11229

Purchaser: _____

Unit No.: _____

Date: _____

Time: _____

A. _____

B. _____

C. _____

D. _____

E. _____

F. _____

G. _____

H. _____

I. _____

J. _____

K. _____

L. _____

_____ _____
Sponsor's Representative Purchaser's Representative

100% Sign off on All Items:

_____
Date

_____ _____
Sponsor's Representative Purchaser's Representative

ADJUSTMENTS AND/OR REPAIRS

Number	Item	Dates Completed
Signature		
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		

EXHIBIT C TO PURCHASE AGREEMENT

FINANCING CONTINGENCY RIDER TO
PURCHASE AGREEMENT

Sponsor: Batchelder Street Condominiums by the Bay, LLC

Purchaser(s): _____

Unit No.: _____

1. Notwithstanding anything to the contrary contained in this Purchase Agreement, but subject to the provisions of Paragraph 3 of this Rider, Purchaser may cancel this Purchase Agreement and recover the Down Payment by following the procedure in Paragraphs 6 and 7 below if, after complying with Purchaser's "Financing Obligations" set forth in Paragraph 4 below and Purchaser's other obligations under this Rider and this Purchase Agreement, Purchaser fails, through no fault of Purchaser, to obtain a "Loan Commitment Letter" (as defined below) within the forty-five (45) day period following the date (the "Contract Date") on which a fully executed copy of the Purchase Agreement is delivered to Purchaser or Purchaser's Attorney (the "Mortgage Contingency Period"). Any conflict between the provisions of this Rider and the provisions of the Purchase Agreement to which this Rider is attached shall be resolved in favor of this Rider.

2. The provisions of this Rider shall be effective if and only if Purchaser applies for purchase money financing through Discount Funding Associates ("Discount"), and then only with respect to such application. Discount is located at 104 South Central Avenue, Valley Stream, New York 11580 (Tel. No. 516-561-8585).

3. As used herein, "Loan Commitment Letter" means a written commitment for purchase money financing which is issued to Purchaser by a lending institution with or without recourse, and whether or not conditional upon any factor other than an appraisal satisfactory to the lending institution, which provides for substantially the following:

1. principal amount not less than $_____ or any lower amount applied for by Purchaser;

2. interest rate then prevailing for similar loans (including, without limitation, fixed, variable or adjustable rate);

3. a term of not less than fifteen (15) years (either fixed, by available renewals or otherwise);

4. collateral security for repayment, including a mortgage on the Unit, together with its undivided interest in the Common Elements; and

5. such other terms and conditions as are usual and customary for the issuer of such commitment.

An offer to make a loan that is conditioned on obtaining a satisfactory appraisal shall become a "Loan Commitment Letter" upon such condition being met.

4. Purchaser's right to cancel under Paragraph 1 above and recover the Down Payment is conditioned upon Purchaser's diligent compliance with all of the following "Financing Obligations": (i) Purchaser shall submit an application for a loan on the loan terms set forth in Paragraph 3 above (the "Loan Terms"), together with all required fees, to Discount in good faith within five (5) days after the Contract Date; (ii) Purchaser promptly submit to Discount, or as Discount may direct, all additional fees and all information and supporting documents necessary for processing such loan application; (iii) Purchaser's application shall contain truthful, accurate and complete information as required by the lending institution; and (iv) Purchaser shall comply with all requirements of the lending institution to obtain a Loan Commitment Letter. Purchaser shall submit to Sponsor (a) a copy of the application within such five (5) day period referred to in clause (i) above and (b) a copy of any Loan Commitment Letter within five (5) days after receipt thereof by Purchaser.

5. Purchaser may also cancel this Purchase Agreement and recover the Down Payment in accordance with the procedure set forth in Paragraphs 6 and 7 below if Purchaser obtains a Loan Commitment Letter and (i) such Loan Commitment Letter expires prior to the scheduled closing of title to the Unit; (ii) Purchaser has taken all possible steps to maintain his or her Loan Commitment Letter, including, but not limited to, the submission of a timely written request for a renewal or extension of such commitment to the same lending institution and written application to at least one (1) other lending institution, all at the then prevailing rate of interest, and is unable in good faith to obtain either a renewal or extension of the Loan Commitment Letter or a new Loan Commitment Letter for the principal amount set forth in Paragraph 3(a) of this Rider (or any lower amount applied for by the Purchaser) or the principal amount stated in the expired Loan Commitment Letter, whichever is lowest, at the same or the then prevailing interest rate; (iii) the closing of title was either not scheduled by Sponsor within the term of the Loan Commitment Letter (unless Sponsor did not schedule the closing within such period at Purchaser's request) or was adjourned to a date beyond such period at Sponsor's request; (iv) Sponsor does not secure a mortgage loan for Purchaser in the same amount, at the same or then prevailing interest rate (with any closing costs in excess of those costs charged by the issuer of the original Loan Commitment Letter to be paid for by Sponsor); (v) the Loan Commitment Letter did not expire as a result of (x) Purchaser's refusal, inability or unwillingness to close title or delay in closing title or (y) Purchaser's acts or omissions, including, but not limited to, Purchaser's failure to comply with or satisfy any of the conditions of the Loan Commitment Letter; and (vi) Purchaser is not otherwise in default at such time under the Purchase Agreement.

6. If Purchaser complies with Purchaser's Financing Obligations and its other obligations under this Purchase Agreement and is unable to obtain a Loan Commitment Letter pursuant to Paragraph 3 above or a renewal or extension of the Loan Commitment Letter or a new Loan Commitment Letter pursuant to Paragraph 5 above, Purchaser shall give notice to Sponsor within five (5) days after the expiration of the Mortgage Contingency Period or the expiration of Purchaser's Loan Commitment Letter (as the same may have been renewed or extended), as the case may be. In the case of cancellation pursuant to Paragraph 1, a copy of any loan refusal letter or non-complying Loan Commitment Letter (as the case may be) issued by the lending institution shall accompany the notice, if available, or if not then available, shall be provided promptly after receipt. In case of cancellation pursuant to Paragraph 5, a copy of all written communications between the lending institution and Purchaser concerning the renewal or extension of the Loan Commitment Letter shall accompany the notice (or a copy of any letter refusing to extend the Loan Commitment Letter or make a new loan commitment received by Purchaser after sending the notice shall be sent to Sponsor promptly after receipt). Purchaser's obligations under this Paragraph 6 shall survive the cancellation of this Purchase Agreement.

7. Within five (5) business days after Sponsor's receipt of Purchaser's notice under Paragraph 6, Sponsor may elect to do one of the following:

(a) establish (in the case of a failure to obtain a Loan Commitment Letter pursuant to Paragraph 1 above) a new contingency period to end on the day stated in that notice, which date shall be not less than two (2) nor more than four (4) weeks after such notice; however, Sponsor may not establish more than two (2) such additional contingency periods under this subparagraph (a); or

(b) attempt for up to sixty (60) days after the receipt of Purchaser's notice to secure a satisfactory mortgage commitment from a bank or other lending institution on behalf of Purchaser, in which event Purchaser shall pay all application costs, sign all application forms and otherwise fully cooperate with Sponsor, and Purchaser shall accept such a commitment as satisfactory as long as the same shall comply with the provisions set forth in the definition of "Loan Commitment Letter" under Paragraph 3 above; or

(c) terminate this Purchase Agreement.

In the event Sponsor elects to attempt to secure a new mortgage commitment pursuant to subparagraph (b) above and no such new mortgage commitment is furnished, either Sponsor or Purchaser (provided Purchaser has not waived Purchaser's right to cancel as set forth above) may elect to terminate this Purchase Agreement by giving written notice to the other party within ten (10) days after the expiration of the sixty (60) day period referred to in such subparagraph (b) or within ten (10) days after notification by Sponsor to Purchaser that such financing will not be furnished, whichever is sooner. Upon the giving of such notice in accordance with the provisions hereof, this Purchase Agreement shall be deemed canceled and thereafter neither party shall have any further rights against, or obligations or liabilities to, the other by reason of this Purchase Agreement, except that the Down Payment (and interest, if any) shall be refunded to Purchaser and except for the

representations and covenants (if any) herein that are expressly stated to survive termination of this Purchase Agreement. Notwithstanding any provision hereof, Sponsor shall have no obligation to secure a Loan Commitment Letter or a mortgage loan for Purchaser.

8. Unless Purchaser duly exercises his or her right to terminate this Purchase Agreement in accordance with the provisions of this Rider, Purchaser shall be deemed conclusively to have waived this financing contingency and this Purchase Agreement shall be deemed binding on an all-cash basis.

Dated:_____

BATCHELDER STREET CONDOMINIUMS BY THE BAY, LLC

By:_____

_____

PURCHASER

_____

PURCHASER

EXHIBIT D TO PURCHASE AGREEMENT

RIDER TO CONTRACT OF SALE

LIMITED WARRANTY

Warranty No. _____

NAME OF PURCHASER(S): _____

ADDRESS OF PURCHASER(S): _____

_____

ADDRESS OF HOME WARRANTED: _____

_____

NAME OF BUILDER: Batchelder Bay Condominiums by the Bay, LLC

ADDRESS OF BUILDER: 1304 Park Street, Atlantic Beach, New York 11509

WARRANTY DATE: _____

BUILDER'S LIMIT OF
TOTAL LIABILITY: _____

This limited Warranty excludes
all consequential and incidental damages
except as required by New York State Law

1. **To Whom Given**. This Limited Warranty is extended to the Purchaser named on page 1, while the purchaser owns the Home. It does not extend to subsequent owners of the Home or other persons. (Alternatively, Builders may provide a rider covering successors such : 1 and is automatically transferred to the Purchaser named on page 1 and is automatically transferred to the Purchaser's successors in title for the unexpired portion, if any, of the Warranty Periods shown on paragraph 5 of the Warranty.)

2. **By Whom Made**. This Limited Warranty is made exclusively by the Builder whose name and address appear on page 1.

3. **Final Inspection of the Home**. Before the Purchaser moves into the Home or accepts the deed, the Builder will set up an appointment for final inspection of the Home with the Purchaser. The purpose of this final inspection is to discover any defects or flaws of a visible or obvious nature--such as mars, chips, dents, cracks, or scratches--that may have occurred during the final stages of finishing the home, or any unfinished work caused by back-orders beyond the Builder's control. The Builder may also point out other defects known to have occurred during the construction process and that remain uncorrected at the time of the inspection.

All defects or flaws found on final inspection of the Home will be itemized on a Final Inspection Sheet, which will include a schedule for each items that will be corrected. The Final Inspection Sheet will be signed by the Purchaser and the Builder before occupancy of the Home or transfer of the deed.

When the Purchaser moves into the Home or accepts the deed, the Builder's responsibility is limited to:

(a) completion of items shown on the Final Inspection Sheet, as provided in the Final Inspection Sheet, and

(b) performance of warranty obligations under the provisions of this Limited Warranty, as listed below. The purpose of the Limited Warranty is to identify the Builder's responsibilities for construction defects of a latent or hidden kind that would not have been found or disclosed on final inspection of the Home.

4. **Limited Warranty**. This Limited Warranty excludes all other warranties on the construction and sale of the Home and its components, both express and implied. There are no warranties which extend beyond the fact hereof.

5. **Warranty Coverage and Periods**. The Warranty Period for all coverages begins on the Warranty Date shown on page 1. (This Warranty Date is the date that the purchaser, or member of the purchaser's family, takes title to the home or any person begins residential occupancy of the Home, whichever date is earlier.) It ends at the expiration of the coverages shown below:

FIRST YEAR BASIC COVERAGE: for one year from the Warranty Date, the Home will be free from latent defects that constitute:

(a) defective workmanship performed by the Builder, an agent for the Builder or subcontractor of the Builder;

(b) defective materials provided by the Builder, an agent of the Builder or subcontractor of the Builder; or

(c) defective design, provided by an architect, landscape architect, engineer, surveyor, or other design professional engaged solely by the Builder.

Workmanship, materials, and design will be considered to be defective if they fail to meet or exceed the relevant standards and specifications of the New York State Uniform Fire Prevention and Building Code (or, for homes in New York City, the Building Code of the City of New York).

TWO YEAR MAJOR SYSTEM COVERAGE: for two years from the Warranty Date, the Plumbing, Electrical, Heating, Cooling and Ventilation Systems of the Home which have been installed by the Builder are warranted to be free from latent defects that constitute defective installation by the Builder.

Installation will be considered to be defective if the Builder's workmanship upon the installation fails to meet or exceed the relevant standards and specifications of the New York State Uniform Fire Prevention and Building Code (or, for homes in New York City, the Building Code of the City of New York).

The Plumbing System means: gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; water, gas and sewer service piping, and their extensions to the tie-in of a public utility connection, or on-site well and sewage disposal system.

The Electrical System means: all wiring, electrical boxes, switches, outlets and connections up to the public utility connections.

The Heating, Cooling and Ventilation System means: all duct work, steam, water and refrigerant lines, registers, connectors, radiation elements and dampers.

All systems are exclusive of appliances, fixtures and items of equipment.

SIX YEAR MAJOR STRUCTURAL DEFECT COVERAGE: For six years from the Warranty Date, the Home will be free from latent defects that are Major Structural Defects, as defined below, and that constitute:

(a) defective workmanship performed by the Builder, an agent for the Builder or subcontractor of the Builder;

(b) defective materials provided by the Builder, an agent of the Builder or subcontractor of the Builder; or

(c) defective design, provided by an architect, landscape architect, engineer, surveyor, or other design professional engaged solely by the Builder.

Workmanship, materials, and design will be considered to be defective if they fail to meet or exceed the relevant standards and specifications of the New York State Uniform Fire Prevention and Building Code (or, for homes in New York City, the Building Code of the City of New York).

A Major Structural Defect is a defect resulting in actual physical damage to the following load-bearing portions of the home caused by failure of such load-bearing portions which affects their load-bearing functions to the extent that the Home becomes unsafe, unsanitary or otherwise unlivable: foundation systems and footings, beams, girders, lintels, columns, walls and partitions, floor systems, and roof framing systems.

Damage to the following non-load bearing portions of the Home do not constitute a Material Defect for the Material Defect coverage: roofing and sheathing; drywall and plaster; exterior siding; brick, stone and stucco veneer; floor covering material; wall tile and other wall coverings; non-load bearing walls and partitions; concrete floors in attached garages and basements that are built separately from foundation walls or other structural elements of the Home; electrical, plumbing, hearing, cooling and ventilation systems; appliances, fixtures and items of equipment; paint; doors and windows; trim cabinets; hardware; insulation.

6. **Exclusions from All Coverages**. The following are excluded from the Basic Coverage, Major System Coverage, and Major Structural Defect Coverage:

1. Loss or damage caused by workmanship performed by any person other than (i) the Builder, (ii) an agent of the Builder, or (iii) a subcontractor of the Builder.

2. Loss or damage caused by defective materials supplied by any person other the (i) the Builder, (ii) an agent of the Builder, or (iii) a subcontractor of the Builder.

3. Loss or damage caused by defective design provided by any person other that a design professional retained exclusively by the Builder.

4. Patent defects including defects shown on the Final Inspection Sheet and defects which an examination of the Home prior to acceptance of the deed or occupancy of the Home ought to have revealed.

5. Defects in outbuildings (except outbuildings which contain the plumbing, electrical, heating, cooling or ventilation systems serving the Home); site located recreational facilities; driveways; walkways; patios; boundary wall; retaining wall; bulkheads; fences; landscaping (including sodding, seeding, shrubs, trees and plantings); off-site improvement or any other improvements not a part of the Home itself.

6. After the first year Basic Coverage, concrete floors of basement that are built separately from foundation walls or other structural elements of the Home.

7. Damage to real property which is not part of the Home covered by this Limited Warranty and which is not included in the purchase price of the Home.

8. Any damage to the extent that it is caused or made worse by:

1. negligence, improper maintenance, or improper operation by anyone other than the Builder, its employees, agents, or subcontractors; or

2. failure by the Purchaser or anyone other than the Builder, its employees, agents or subcontractors, to comply with the warranty requirements of manufacturers or suppliers of appliances, fixtures or items of equipment; or

3. failure of the Purchaser to give notice to the Builder of any defects or damage within a reasonable time; or

4. changes in the grading of the ground by anyone other than the Builder, its employees, agents or subcontractors; or

5. changes, alterations or additions made to the Home by anyone after the Warranty Date shown on page 1; or

6. dampness or condensation due to failure of the Purchaser or occupant to maintain adequate ventilation.

9. Any condition which does not result in actual physical damage to the Home.

10. Loss or damage caused by or resulting from accidents, riot and civil commotion, fire, explosion, smoke, water escape, falling objects, aircraft, vehicles, Acts of God, lightening, windstorm, hail, flood, mudslide, earthquake, volcanic eruption, wind-driven water, and not reasonably foreseeable change in the underground water table.

11. Loss or damage caused by seepage of water unless such loss or damage is the direct result of a construction defect.

12. Any damage caused by soil movement for which compensation is provided by legislation or which is covered by other insurance.

13. Any damages which the Home Owner has not taken timely action to minimize.

14. Normal wear and tear and normal deterioration.

15. Insect damage.

16. Bodily injury or damage to personal property.

17. Failure of the Builder to complete construction of the Home.

18. Loss or damage when which arises while the Home is being used primarily for nonresidential purposes.

19. Loss or damage due to abnormal loading floors by the Home Owner which exceeds design loads as mandated by the Building Code.

20. Costs of shelter, transportation, food, moving, storage or other incidental expenses related to relocation during repair.

21. Consequential damages (except where required by state law).

22. Any claim not filed in a manner set forth below in paragraph 8, "Step-by-Step Claim Procedures."

23. Sheetrock nails popping or seams cracking or bulging.

24. Small separations in flooring and trim joints.

25. Tile grout in ceramic work.

26. Small cracks in concrete floors, sidewalks, parking pads, curbs, porches, walls and other concrete work.

27. Curb trees, yard trees, and sod.

28. Recaulking and repainting of exterior due to drying, settlement and weather conditions.

29. Doors, studs or beams warping as this is to be considered a natural occurrence.

7. **Warranty**. If a defect occurs in an item covered by this Limited Warranty, the Builder will repair, replace or pay the Purchaser the reasonable cost of repairing or replacing the defective item(s) within a reasonable time after the Builder's inspection or testing discloses the problem. The choice among repairs, replacement or payment is solely that of the Builder.

In no event will be Builder's total liability for deficiencies under this Limited Warranty exceed the Builder's Limit of Total Liability, shown on page 1.

Repair, replacement or payment of reasonable cost for any Major Structural Defect is further limited to (i) the repair of damage to the load-bearing portions of the Home themselves which is necessary to restore their load-bearing function; and (ii) the repair of those items of the Home damaged by the Major Structural Defect which made the Home unsafe, unsanitary or otherwise unlivable.

When the Builder finishes repairing or replacing the defect or pays the reasonable cost of doing so, a full release of all legal obligations with respect to the defect must be signed and delivered to the Builder.

8. **Step by Step Claims Procedures**. (a) Written notice of any warranty claim must be made on the attached "Notice to Warranty Claim Form" and must be received by the Builder, identified on page 1, no later than the first business day after warranty coverage on that item expires. If this Notice of Warranty Claim Form is not properly completed and received by the Builder by that deadline, the Builder will have no duty to respond to any complaint or demand, and any or all claims may be rejected. **NOTICE OF WARRANTY CLAIM IS NECESSARY TO PROTECT RIGHTS TO WARRANTY PERFORMANCE UNDER THIS LIMITED WARRANTY.**

(b) No steps taken by the Builder, Purchaser or any other person to inspect, test or correct defects will extend any time period under this Limited Warranty. The Builder's response to any complaint or request, other than a timely and properly completed Notice of Warranty Claim, will not impair, prejudice or otherwise affect any right of the Builder, including but not limited to the Builder's right to receive a timely and properly completed Notice of Warranty Claim.

(c) In response to a Notice of Warranty Claim, or any other complaint or request of the Purchaser, the builder and the Builder's agent will have the right to inspect and test the portion of the Home to which the claim, complaint or request relates. The Purchaser and occupants of the Home must provide reasonable access to the Builder and the Builder's agents during normal business hours to complete inspection, testing and repair or replacement.

(d) The Builder will complete inspection and testing within a reasonable time under the circumstances, not to exceed thirty (30) days after receipt of a timely and properly completed Notice of Warranty Claim Form. Upon completion of inspection and testing, the Builder will determine whether to accept or reject the claim. If the Builders rejects the claim, the Builder will give written notice of that decision to the claimant at the address shown on the Notice of Claim Form.

If the Builder accepts the claim, the Builder will take corrective action within a reasonable time under the circumstances and, upon completion, will give written notice of completion to the claimant at the address shown on the Notice of Claim Form. The Builder will use good faith efforts to process and handle claims in a timely manner, but all time periods for repair or replacement of defects necessarily are subject to whether conditions, Acts of God, availability of materials, and other events beyond the Builder's control.

9. **Legal Claims**. (a) No claim or cause of action under this Limited Warranty may be commenced or asserted in any suit, action, or other legal proceeding against the Builder in any Court or forum unless notice of the claim or cause of action has been received by the Builder in a timely and properly completed Notice of Warranty Claim Form as provided in paragraph 8 above.

(b) No suit, action and proceeding against the Builder under this Limited Warranty may be commenced in any Court or forum after the later of: (i) the date of expiration of the applicable warranty coverage under paragraph 5 of the Limited Warranty, or (ii) sixty calendar days after the Warrantor has given written notice of rejection of claim or completion of corrective action as provided in clause 8 (d) above.

10. **General Provisions**. (a) This Limited Warranty may not be changed or amended in any way.

(b) This Limited Warranty is to be binding upon the Builder and the Purchaser, their heirs, executives, administrators, successors and assigns.

(c) Should any provision of the Limited Warranty be deemed unenforceable by a court of competent jurisdiction, the determination will not affect the enforceability of the remaining provisions.

(d) Use of one gender in this Limited Warranty includes all other genders, and use of the plural includes the singular, as may be appropriate.

(e) This Limited Warranty is to be governed in accordance with the laws of New York State.

By: _____
Seller

_____
Purchaser

_____
Purchaser

NOTICE OF WARRANTY CLAIM FORM

Dear Home Owner:

To ask the Builder to correct a defect in your Home that you think is covered by the Builder's Limited Warranty, you must complete this form and deliver it to the Builder. This is necessary to protect your rights to warranty performance under the Limited Warranty. Even if you believe that the Builder is aware of the problem, fill out this form and deliver it to the Builder.

The information you will need to fill out the form will be on page 1 of the Limited Warranty. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Your Name: _____
Mailing Address: _____
_____
Phone: _____
Limited Warranty: _____
Warranty Date: _____

Describe the defect(s) which you think are covered by the Limited Warranty. Be sure to include when each defect first occurred or when you first noticed it. Use additional sheets, as necessary, to fully describe the problem.

_____ _____(signature)
(date)

_____ _____(signature)
(date)

ESCROW AGREEMENT

AGREEMENT made this 21st day of December, 1999, between Batchelder Street Condominiums by the Bay, LLC ("SPONSOR") as Sponsor of the Offering Plan and, Canfield, Venusti, Madden & Rossi LLP ("ESCROW AGENT") as escrow agent.

WHEREAS, SPONSOR is the Sponsor under the condominium offering plan for premises located at 2803 Batchelder Street, Brooklyn, New York which premises are known as Harbor House Condominium; and

WHEREAS,Canfield, Venusti, Madden & Rossi 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, 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:

1. ESTABLISHMENT OF THE ESCROW ACCOUNT.

1.1 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 The Bank of New York, 55 Northern Boulevard, Great Neck, New York 11201 entitled Canfield, Venusti, Madden & Rossi Harbor House Escrow Account (the "Master Escrow Account")

1.2 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 a Form W-8 (Certificate of Foreign Status), as applicable, from a Purchaser, the Deposit of such Purchaser will be promptly transferred to an individual interest bearing sub-escrow savings account in the name of Purchaser. If a Purchaser does not deliver the Form W-9 or Form W-8, the Deposit will remain in the non-interest bearing checking portion of the Master Escrow Account. 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.

1.3 Partners of ESCROW AGENT are the sole signatories on the Master Escrow Account.

1.4 Unless Purchaser defaults, all interest will be credited or paid (at the option of SPONSOR) to Purchaser at such time as: (i) there is a closing under the Purchase Agreement, or (ii) Purchaser is entitled to a return of the Deposit. All interest will be credited or paid to the SPONSOR only in the event Purchaser defaults.

1.5 The Master Escrow Account is not an IOLA established pursuant to Judiciary Law Section 497.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All funds received from prospective 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 in the Master Escrow Account. All instruments to be deposited into the Master Escrow Account shall be made payable to the order of "Canfield, Venusti, Madden & Rossi 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 prospective 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.

2.2 Within ten (10) business days after tender of the deposit submitted with the subscription or Purchase Agreement, ESCROW AGENT shall notify the Purchaser of the deposit of such funds in the bank indicated in the Offering Plan, 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 purchase 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 escrowed funds were timely deposited in accordance with these regulations and requisite notice was timely mailed to the subscriber or Purchaser.

3. RELEASE OF FUNDS.

3.1 ESCROW AGENT shall not release the escrowed funds of a defaulting Purchaser until after consummation of the Plan as defined in the Attorney General's regulations. Consummation of the Plan shall not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.

3.2 ESCROW AGENT shall continue to hold the funds in escrow until otherwise directed in a writing signed by both SPONSOR and Purchaser or a determination of the Attorney General

or 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.

3.3 SPONSOR shall 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 (b) all Purchasers after an amendment abandoning the Plan is accepted for filing by the Department of Law.

3.4 If there is no written agreement between the parties to release the escrowed funds, 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 funds 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 has so notified ESCROW AGENT in accordance with such provisions.

4. RECORD KEEPING.

4.1 ESCROW AGENT shall maintain all records concerning the Master Escrow Account for seven (7) years after release of the funds.

4.2 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.

4.3 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.

5. GENERAL OBLIGATIONS OF ESCROW AGENT.

5.1 ESCROW AGENT shall maintain the accounts called for in this Agreement under the direct supervision and control of ESCROW AGENT.

5.2 A fiduciary relationship shall exist between ESCROW AGENT and Purchasers, and ESCROW AGENT acknowledges its fiduciary obligations.

5.3 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.

5.4 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.

5.5 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.

5.6 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.

6. RESPONSIBILITIES OF SPONSOR.

6.1 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 may be required by ESCROW AGENT from time to time.

6.2 SPONSOR agrees that it shall not interfere with ESCROW AGENT'S performance of its fiduciary duties and compliance with the Attorney General's regulations.

6.3 SPONSOR shall obtain or cause the selling agent under the Offering Plan to obtain a completed and signed Form W-9 or W-8, as applicable, from each Purchaser and deliver such form to ESCROW AGENT together with the Deposit and Contract of Sale.

7. TERMINATION OF AGREEMENT.

7.1 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 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 which resignation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or

(c) All Units offered pursuant to the Plan have been sold and all sales transactions have been consummated.

7.2 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 it in escrow and any and all contracts or documents maintained by ESCROW AGENT to the new escrow agent.

8. SUCCESSORS AND ASSIGNS.

8.1 This Agreement shall be binding upon SPONSOR and ESCROW AGENT and their successors and assigns.

9. GOVERNING LAW.

9.1 The provisions of this Agreement shall be governed by and construed in accordance with the internal laws of the State of New York applicable to agreements made and to be performed wholly in the State of New York, without regard to principles of conflicts of law.

10. ESCROW AGENT'S COMPENSATION.

10.1 SPONSOR agrees to pay ESCROW AGENT for services rendered by its attorneys and paralegals and expenses, costs and disbursements 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.

11. SEVERABILITY.

11.1 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.

12. INDEMNIFICATION.

12.1 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.

13. ENTIRE AGREEMENT.

13.1 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.

Batchelder Street Condominiums
by the Bay, LLC

By: _____

Canfield, Venusti, Madden & Rossi, LLP

By: _____
A Member of the Firm

POWER OF ATTORNEY

The undersigned, _____, the Owner of Unit No. _____ in the Condominium known as THE HARBOR HOUSE CONDOMINIUM consisting of the property submitted to the provisions of Article 9-B of the Real Property Law of the State of New York pursuant to Declaration dated _____, 19____, and recorded in the Kings County office of the Register of the City of New York on _____, 19____ in Reel _____ at Page _____ and on the Floor Plans on file in said office as Map No._____ do hereby nominate, constitute and appoint the persons who may from time to time constitute the Board of Managers of THE HARBOR HOUSE CONDOMINIUM jointly, true and lawful attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, to acquire in their own name, as members of the Board of Managers, or in the name of their designee, corporate or otherwise, on behalf of all Owners of Units in said Property, in accordance with their Common Interests, any Unit whose Owner desires to abandon or sell the same, the undivided interest in the Common Elements appurtenant thereto, the interest of such Unit Owner in any other Units theretofore acquired by the Board of Managers, or its designee, on behalf of all Unit Owners, or in the proceeds of sale or lease thereof, if any, and the rights and privileges appurtenant thereto, the interest of such Unit Owner in all other assets of the Condominium as defined in the aforementioned Declaration or any Unit, which shall be the subject of a foreclosure or other judicial sale, or to lease any Unit whose Owner desires to rent the same, at such price or on such rental, as the case may be, pursuant to the offer as required by the right of first refusal, and on such terms as said attorneys-in-fact shall deem proper, and thereafter to convey, sell, lease or mortgage (but not to vote the votes appurtenant thereto), to otherwise deal with any such Units so acquired by them, or to sublease any Unit so leased by them on such terms as said attorneys-in-fact may determine, granting to such attorneys-in-fact the power to do all things in the said premises which the undersigned could do if the undersigned were personally present.

The acts of majority of such persons shall constitute the acts of said attorneys-in-fact.

The undersigned do hereby nominate, constitute and appoint Batchelder Street Condominiums by the Bay, LLC ("Sponsor") as attorney-in-fact for the undersigned, coupled with an interest, with power of substitution, to amend from time to time the Declaration, the By-Laws and the Rules and Regulations of the Condominium, or any of said documents, when such amendment (1) shall be required to reflect any changes in Unsold Units and/or the reapportionment of the Common Interests of the affected Unsold Units resulting therefrom made by Sponsor or its Designee in accordance with Article 16 of the Declaration or (2) shall be required by (a) an institutional lender procured by Sponsor to make a mortgage loan secured by a mortgage on any Unit, (b) any governmental agency having regulatory jurisdiction over the Condominium, or (c) any title insurance company selected by Sponsor to insure title to any Unit, provided, however, that any amendment made pursuant to the terms of this paragraph shall not (i) change the Common Interest of the undersigned's Unit, (ii) require a material, physical modification to the undersigned's Unit, or (iii) adversely affect the priority or validity of the lien of any purchase money mortgage or any mortgage held by an institutional lender covering the undersigned's Unit unless the undersigned (in the event described in subdivision (i) or (ii) of this paragraph) and the holder of such mortgage (in the event described in subdivision (iii) of this paragraph) shall consent thereto by joining in the execution of such amendment. The terms,

covenants and conditions contained in, and the powers granted pursuant to this paragraph shall remain in full force and effect until such time as the Sponsor or Sponsor-designee(s) shall cease to own any Units in the Condominium.

This Power of Attorney shall be irrevocable.

IN WITNESS WHEREOF, the undersigned, has executed this Power of Attorney this _____ day of _____, 19____.

_____

_____

State of New York, County of ss.:

On _____ before me, the undersigned, personally appeared _____ _____ personally known to me or proved to me on the basis of satisfactory evidence to me 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.

_____
(signature and office of individual taking acknowledgment)

_____
Notary Public

State of New York, County of ss.:

On _____ before me, the undersigned, personally appeared _____ _____ personally known to me or proved to me on the basis of satisfactory evidence to me 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.

_____
(signature and office of individual taking acknowledgment)

_____
Notary Public

FORM OF UNIT DEED

THIS INDENTURE made the _____ day of _____, 19____, between Batchelder Street Condominiums by the Bay, LLC, a New York limited liability company having an office at 1304 Park Street, Atlantic Beach, New York 11509, "Grantor" and _____ _____, "Grantee".

WITNESSETH;

That the Grantor, in consideration of Ten Dollars ($10.00) and other valuable consideration paid by the Grantee, does hereby grant and release unto the Grantee, and the heirs or successors and assigns of the Grantee, forever:

The Unit known as Unit No. _____ in the Building known as 2803 Batchelder Street, Brooklyn, New York, and also designated and described as Unit No. _____ in the Declaration comprising Harbor House Condominium (hereinafter called the "Property") made by the Grantor under the Condominium Act of the State of New York, as amended (Article 9-B of the Real Property Law of the State of New York), dated _____, 19____, and recorded in the Kings County Office of the Register of the City of New York, on the _____ day of _____, 19____, in Reel _____ at Page _____ (hereinafter called the "Declaration"), which Unit is also designated as Tax Lot No. _____ on the Floor Plan of the Building, certified by _____, on the _____day of _____, 19____ and filed simultaneously with said Declaration in the said Office of the Register of the City of New York, County of Kings as Map Nos. _____ (hereinafter called the "Unit"). The Property is described as follows:

2803 Batchelder Street

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Brooklyn, County of Kings, City, State of New York, bounded and described as follows:
BEGINNING at a point on the easterly side of Batchelder Street, 345 feet 6-3/4 inches northerly from the corner formed by the intersection of the easterly side of Batchelder Street with the northerly side of Emmons Avenue; Running thence easterly at right angles from Batchelder Street, 100 feet; thence northerly parallel with Batchelder Street, 68 feet; thence westerly at right angles to Batchelder Street 100 feet to the easterly side of Batchelder Street; thence southerly along the easterly side of Batchelder Street, 68 feet to the point or place of BEGINNING.

TOGETHER with any strips or gores adjoining the above described premises on any of the sides thereof;

TOGETHER with an undivided _____ percent interest in the common elements of the Property described in said Declaration (hereinafter called the "Common Elements");

TOGETHER with an easement for the continuance of all encroachments by the Unit on any adjoining Units or Common Elements now existing as a result of construction of the Building, or which may

come into existence hereafter as a result of settling of the Building, or as a result of repair or restoration of the Building, or the Unit, after damage by fire or other casualty, or after taking in condemnation or eminent domain proceedings, or by reason of an alteration or repair to the Common Elements made by or with the consent of the Board of Managers, so that any such encroachments may remain so long as the Building shall stand;

TOGETHER with an easement in common with the owners of other Units to use any pipes, wires, ducts, cables, conduits, public utility lines, and other Common Elements located in any of the other Units or elsewhere on the Property, and serving the Unit;

TOGETHER with the appurtenances and all the estate and rights of the Grantor in and to the Unit;

TOGETHER with and SUBJECT to all easements of necessity in favor of the Unit or in favor of other Units or the Common Elements;

SUBJECT to easements in favor of adjoining Units and in favor of the Common Elements for the continuance of all encroachments of such adjoining Units or Common Elements on the Unit, now existing as a result of construction of the Building, or which may come into existence hereafter as a result of settling of the Building, or as a result of repair or restoration of the Building or any adjoining Unit or of the Common Elements, after damage, condemnation or eminent domain proceedings, or by reason of an alteration or repair to the Common Elements made by or with the consent of the Board of Managers, so that any such encroachments may remain so long as the Building shall stand. Each Unit shall be subject to the aforesaid easements in favor of all other Units. In addition, each Unit shall have, and shall be subject to, easements of subjacent support and necessity in favor of such Unit or in favor of other Units and the Common Elements;

SUBJECT also to an easement in favor of the other Units to use the pipes, wires, ducts, conduits, cables, public utility lines and other Common Elements located in the Unit or elsewhere on the Property and serving such other Units;

TOGETHER with and SUBJECT TO EASEMENTS, rights of way, restrictions and encumbrances created by the Declaration for Harbor House Condominium recorded in the Kings County Office of the Register of the City of New York on the _____day of _____, 19____, in Reel _____ at Page _____;

SUBJECT to the provisions of the Declaration, By-Laws, and Floor Plans of the Condominium recorded simultaneously with and as part of the Declaration, as the same may be amended from time to time by instruments recorded in the Kings County Office of the Register of the City 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 Unit, as though such provisions were recited and stipulated at length herein;

EXCEPT as otherwise specifically permitted by the Board of Managers of the Condominium or provided in the Declaration or in the By-Laws, the Unit is intended for residential use only; the Grantor covenants that the Grantor has not done or suffered anything whereby the said premises have been encumbered in any way whatsoever, except as aforesaid;

TO HAVE AND TO HOLD the same unto the Grantee, and the heirs or successors and assigns the Grantee, forever.

If any provision of the Declaration or the By-Laws is invalid under, or would cause the Declaration or the By-Laws to be insufficient to submit the Property to, the provisions of the Condominium Act, or if any provision that is necessary to cause the Declaration and the By-Laws to be sufficient to submit the Property to the provisions of the Condominium Act is missing from the Declaration or the By-Laws, or if the Declaration and the By-Laws are insufficient to submit the Property to the provisions of the Condominium Act, the applicable provisions of Article 17 of the Declaration shall control.

The Grantor, in compliance with Section 13 of the Lien Law, covenants that the Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvements before using any part of the same for any other purpose.

The use for which the Unit is intended is as a residential dwelling, subject to applicable governmental regulations and such other restrictions as are set forth in the Declaration, the Condominium By-Laws and the Condominium Rules and Regulations.

The Grantee accepts and ratifies the provisions of the Declaration, the Condominium By-Laws, and the Condominium Rules and Regulations recorded simultaneously with and as part of the Declaration and agrees to comply with all the terms and provisions thereof as the same may be amended from time to time by instruments recorded in the Kings County Office of the City Register of New York.

The terms "Grantor" and "Grantee" shall be read as "Grantors" and Grantees" whenever the sense of this deed so requires.

IN WITNESS WHEREOF, the Grantor and Grantee have duly executed this deed as of the day and year first above written.

BATCHELDER STREET CONDOMINIUM BY THE BAY, LLC

BY: _____

Grantee: _____

Grantee: _____

State of New York, County of ss.:

On _____ before me, the undersigned, personally appeared _____ _____ personally known to me or proved to me on the basis of satisfactory evidence to me 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.

_____
(signature and office of individual taking acknowledgment)

_____
Notary Public

State of New York, County of ss.:

On _____ before me, the undersigned, personally appeared _____ _____ personally known to me or proved to me on the basis of satisfactory evidence to me 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.

_____
(signature and office of individual taking acknowledgment)

_____
Notary Public

State of New York, County of ss.:

On _____ before me, the undersigned, personally appeared _____ _____ personally known to me or proved to me on the basis of satisfactory evidence to me 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.

_____
(signature and office of individual taking acknowledgment)

_____
Notary Public

DESCRIPTION OF PROPERTY AND SPECIFICATIONS

OR BUILDING CONDITION

Jaime Lore Design
ROBERT JAMES PALERMO
REGISTERED ARCHITECTS
INTERIOR DESIGNERS
1816 VOORHIES AVENUE
SHEEPSHEAD BAY, BKLYN, N Y 11235
PHONE
(718)
332-4119

November 22, 1999
REVISED March 17/00

GENERAL DESCRIPTION

1) PREMISES:

2803 Batchelder Street
Lot 91T Block 8801
Brooklyn New York 11235
Zone R5 Use Group 2
Map 29A Occupancy Group J2
Permissible Use -Legal
9 family Multiple Dwellings
Class "A" Apartment's
Approved under NYC Application
300846084

NOTE: "SPECIAL RISK"
Below grade recreation
Rooms may not be
used as bedrooms
and that to do so
could result in
violations being
posted against the
building

It is our professional opinion to the best of our knowledge and belief that:
These properties and the proposed uses as a 9 family Class "A" multiple dwelling complies with current zoning usage resolutions in the City of New York. The building complies with NYC Local Law 58 (Handicapped Access Laws) as the first floor apts. are Handicapped Adaptable.

2) STATUS OF CONSTRUCTION

Buildings were approved with the NYC Buildings Department under NYC Applications 300846084. Construction has commenced June 1999. The buildings are classified as new code construction Class II B category. This construction class means that all exterior walls are constructed of at least 12" thick masonry construction with steel floor Cee joists tiers. Current status of the project is that all applications have been submitted and reviewed and approved by all related N.Y.C. agencies. Certificates of Occupancy have not yet been issued since the work has not been completed

Prior to the issuance of a permanent C of O the following items must be installed:

1) New sidewalks and curbs.

2) New Storms and sanitary sewer connections

3) New water service and meters.

4) New gas service, meters, boilers, and hot water heaters and baseboard radiators.

5) Interior partitioning.

6) Interior dry wall work.

7) Stair installation.

8) Kitchen installations

9) Bathroom installations.

10) Finish flooring installations including wood and ceramic tile.

11) Painting installations.

12) All structural work.

13) All foundations.

14) All concrete slabs on grade and patios.

15) All electrical work.

16) All plumbing work.

17) All sod landscaping and exterior fencing and gates.

C) SEE ATTACHED SHEETS.

BUILDING HEIGHTS:

1) Total height from ground level to highest part of roof is ± 41' - 0".

2) Sub-sub cellar - none

3) Sub-cellar - none

4) Cellar - full
(Note - By zoning definition of base flood plain this would be a sub-cellar)

5) First Floor - floor to ceiling height is 9'-0"
(Note - By zoning definition of base flood plain this would be a cellar)

6) Second floor - floor to ceiling height is 9'-0"

7) Third floor - floor to ceiling height is 9'-0"

8) Mezzanine floor (partial) floor to ceiling height is 7'-0" at highest point.

9) Total number of floors - 3 floors plus partial mezzanine. plus cellar

10) Penthouse - none

11) Equipment rooms - highest above roof - none

12) Parapet - Brick 3'-0" high at flat roof portions only.

H) **OCCUPANCY**

1) Number of units - 9 Class "A" apartments

2) 2803 Batchelder Street
Total number of residential rooms -

Apt. #1a = (4)	Apt.# 2a = (4)	Apt # 3a (4)
Apt. #1b = (5)	Apt.# 2b = (5)	Apt # 3b (5)
Apt. #1c = (4)	Apt # 2c = (4)	Apt # 3c (4)

Total # of residential rooms = 39 rooms for 2803 Batchelder Street.
Formula for calculation of rooms is that all occupiable rooms (ie. livingrooms, dining rooms, kitchen and bedrooms) were counted. Halls, bathrooms, laundry rooms, mechanical rooms, rec. rooms, and balconies were excluded from this count.

1) YEAR BUILT; NOT APPLICABLE
2) CLASS OF CONSTRUCTION IIB
3) CERTIFICATE OF OCCUPANCY, TYPE AND NUMBER: NOT APPLICABLE
4) ALTERATION PERMIT NUMBERS AND DESCRIPTION OF WORK: NOT APPLICABLE

(C) SITE:
LOT 91T BLOCK 8801

1) SITE; 68 x 100'-0" TAX LOT

2) NUMBER OF BUILDINGS AND USE; ONE BUILDING - CLASS "A"
9 FAMILY MULTIPLE DWELLING

3) STREETS; 2803 BATCHELDER STREET
60' WIDE PUBLIC STREET

I) PAVING (MATERIAL AND CONDITION) ASPHALT - GOOD CONDITION

II) CURBING (MATERIAL AND CONDITION) - CONCRETE - NEW (when built)

III) CATCH BASINS, DRAINAGE (NUMBER, LOCATION AND CONDITION) NONE

IV) STREET LIGHTING (MATERIAL, TYPE, NUMBER, LOCATION AND CONDITION). STANDARD N.Y.C. STREET LIGHTING ON TIMBER UTILITY POLES - ONE IN FRONT OF PROPERTY

4) DRIVES, SIDEWALKS AND RAMPS;

I) PAVING (MATERIAL AND CONDITION) -CONCRETE - NEW (TO BE BUILT)

II) CURBING (MATERIAL AND CONDITION) - CONCRETE - NEW (TO BE BUILT)

III) CATCH BASINS, DRAINAGE (NUMBER, LOCATION AND CONDITION) NONE

IV) STREET LIGHTING (MATERIAL, TYPE, NUMBER, LOCATION AND CONDITION). STANDARD N.Y.C. STREET LIGHTING ON TIMBER UTILITY POLES - ONE IN FRONT OF PROPERTY

D) UTILITIES;

SEWER AND WATER SERVICE - N.Y.C. DEPARTMENT OF ENVIRONMENTAL PROTECTION - WATER BOARD. THIS IS A PUBLIC UTILITY.

GAS SERVICE - BROOKLYN UNION GAS COMPANY, WHICH IS A PUBLIC UTILITY

ELECTRIC SERVICE _ Consolidated Edison of N.Y., which is also a public utility.

TELEPHONE SERVICE - Bell Atlantic, another public utility company All of the above utilities are metered individually for each apartment except for the combined water and sewerage bills which are metered collectively and will have to be apportioned to each apartment unit.

E) SUBSOIL CONDITIONS:

1) Load bearing capacity and porosity are insufficient to support the buildings footings and foundations. Therefore soil capacity at a minimum of 2 tons per square foot of bearing area is achieved through pile driving. Soil borings were performed by a licensed soil testing service and are part of the public record. There is evidence of underground water problems at this time but the framed cellar slab on pile caps and grade beams has been designed to overcome the hydrostatic pressure of the underground water, yet, there is always the possibility or threat of underground water problems.
2) There is no evidence of moisture problems since the buildings are not yet constructed.
3) There is **"A Special Risk"** in danger from flooding in the cellar level and first floor in this building since it is in a flood plain and also the situation where the NYC storm sewers and combined in the street should clog and backup into the building. Building has been designed with backflow preventor valves in the Sewer System.

F) LANDSCAPING AND ENCLOSURES:

1) Grass cover in portions of the rear yard to be fully sodded over a minimum of 6" of topsoil. Also grass cover between concrete driveway ribbons will be provided.

2) No plantings of any type will be provided and if provided they will be at the sole option of the sponsor.

3) There will be no trees in front of the properties other than the two existing trees as shown on the plot plan.

4) Fencing - Chain link fencing at rear yards and along side yard frontages.

5) Gates - chain link fence swing gates.

6) Garden walls - none

7) Retaining walls - none anticipated at this time.

8) Display pools and fountains - none

(I) STRUCTURAL SYSTEM:

FOUNDATIONS - Typical timber piles with concrete pile caps - grade beams and framed concrete spread footings will be installed on soil bearing stratum. All foundation walls were concrete walls of either 8" or 12" thicknesses as noted on architect's drawings.

1) Exterior of Buildings:

(i) All exterior walls will be constructed of 4" solid clay brick units with a 8" solid concrete load bearing block backup. The wythes of masonry will be bonded together by standard galvanized durowall horizontal reinforcing placed every 16" O.C vertically. The interior sides of the walls will be either constructed of 2"X 3" or 2" x3 5/8"steel studs @ 16" O.C. with full 3 1/2" fibrous insulation batts between studs for an R11 insulation factor. All interior wall surfaces receive a minimum 1/2" fire code "X" gypsum board sheathing. N.Y.C.'s Local Law 10 facade inspection doesn't apply to this application since the subject premises are under 6 stories in height.

(ii) All window masonry openings will be provided with either steel loose lintels as per the schedule of lintels or a combination of cast stone lintels and steel loose lintels for back-up block on the front facades.
All windows are standard vinyl on wood framed double glazed vacuum glass inserts casement windows by "Anderson" Windows Inc., meeting or exceeding current N.Y. State Energy Construction Code guidelines. All windows are complete with metal insect screens. All window sills are 8" solid brick rowlock with integral Anderson vinyl on wood window sill. All windows come complete with standard manufacturers hardware and crank handles. These windows will withstand normal N.Y.C. severe weather conditions and are guaranteed by the manufacturer's warranties.

2) Parapets and Copings: All parapets are standard 8" thick brick parapets running common bond with header courses every 6th course. All coping on the front wall portions are cast stone coping with galvanized steel dowels anchoring the coping sections to the brick parapet. The side walls of the mezzanine attic use metal lap-lock coping sections as per architect's drawings.

3) **Chimneys and Caps:** There are several chimney sections in this building. Each chimney will be 6" to 12" diameters approved type amerivent flues with approved type anti-down draft cap to be enclosed in a one hour fire rated incombustible partition enclosure as per NYC Board of Standards and Appeals approvals. The chimneys will serve the hot water boilers and hot water heaters which are all gas fired. There are no fireplaces in the subject premises. There are also several ventilation shafts for toilet and kitchen exhaust risers which are similarly constructed.

4) **Balconies and Terraces:**

(i) The deck finish of all balconies will be non-slip broom swept concrete. The deck finish of the first floor concrete pedestrian walks will be broom swept non-slip finish concrete. There are no terraces in this building

(ii) Balustrades of the balconies will be minimum 2" x 3" tubular steel or tubular aluminum.

(iii) Railings of the balconies will be either 1" or 2" square tubular steel sections at 6" O.C.

(iv) Copings - None

(v) Soffits - Soffits of the balconies are portlant cement on wire mesh attached to the sructural framing below the deck framing.

(vi) **Doors** - All doors to rear first floor greenhouses and all balconies are insulated double glass vinyl on wood sliding doors by "Atrium" or "Anderson" Window Inc. or equal.

5) **Exterior Entrances:**

(i) All exterior doors and frames shall be insulated steel or aluminum doors with insulated glass window lites in a steel frame with keyed lockset exterior dead bolt with electronic release and interior thumbscrew release hardware.

(ii) Vestibule doors and frames shall also be insulated steel or aluminum doors with insulated glass window lites in a steel frame with no-keyed locking mechanism.

(iii) Exterior stairs - there are only two sets of exterior steps in the front of the building leading to the front entrance. The steps wll be poured in place concrete slab on grade.

(iv) Railings on these steps will not be provided since it is only one step or two steps depending on site grading conditions.

(v) Mailboxes - United States Postal Service approved fully recessed (9) apartment steel type mailboxes located in the vestibule.

(vi) Lighting - exterior lites in the front of the building will be generic H.I.D. sodium light fixtures with an incandescent wall mounted scounce fixture in the recessed exterior vestibule niche.

6) **Service Entrances:**
There is no exterior service entrance. All service entries will be through the public entrance door to the first floor public hallway and then down the public stairs to the full cellar below where the meter rooms are located.

7) **Roof and Roof Structures:**

(i) **Type roofs for all areas:**

The predominant roof for this building is a gable roof in the front and flat roofed areas in the rear portions facing the ocean.

(a) **Materials** - The gable roofs are covered with Class "C" asphaltic shingles by John's Manville 235# or equal equivalent or Class "A" fiberglass shingles - Timberline Series by G.A.F. or equal.

(b) **Insulation** - 12" THICK R38 fibrous batt fiberglass insulation will be installed in all rafter plenums.

(c) **Surface Finish** - Standard asphaltic pebble surfacing (granular).

(d) **Expected useful life** - 10 - 12 years for asphaltic roofing types. (Typical warrany). 10 - 15 years for G.A.F. single ply "Rubberoid" roof coverings on the flat portions.

(e) **Bond or guarantees** - None available other than general contractor's warranty of (5) years on all construction work.

(f) **Flashing Materials** - Galvanized sheetmetal at brick parapet walls and aluminum lap-lock panels at gable roof to brick wall intersections.

(ii) **Drains** - There are (2) aluminum or cast iron leaders in front portion and (2) aluminum or cast iron leaders in the rear portion that the gable roof's hanging aluminum gutters connect to for this individual building.

(iii) **Skylights:**

FOR ALL THIRD FLOOR UNITS
Location is at the 3rd floor mezzanine gable roof and central flat portion of roof over mezzanine public stairs.

Type - Fixed skylights - insulated slow burning plastic withstanding a minimum of 30 lbs/s.f. wind load.

Materials - Slow burning plastic.

(iv) **Bulkheads:**
(a) Stairs - None
(b) Elevators - None
(c) Others - None

(v) **Metal Work at Roof Levels:**
(a) Exterior metal stairs - None
(b) Vertical ladders or goosenecks - Steel
(c) Railings - tubular aluminum matching balcony railings construction.
(d) Hatches to roof - Bilco steel access hatch - fireproof self closing.
(e) Other - None

(vi) **Rooftop Facilities** - None Provided.

8) **Fire-Escapes:** - None provided.
(i) Location - none provided.
(ii) Floors covered - not applicable.
(iii) Drop ladder - not applicable.
(iv) Type - not applicable.
(v) Materials - not applicable.

(9) **YARDS AND COURTS:**
FRONT YARD: (Accessory parking areas as designated on site plan)
(i) Concrete slab on grade paving material.
(ii) Drainage - to cast-iron area drains.
(iii) Railings - none.
(iv) Stairs - none -
(v) Fencing - none.
(vi) Walls - none.

REAR YARD: (Accessory parking areas as designated on site plan)
(i) Concrete slab on grade paving material.
(ii) Drainage to cast iron area drains.
(iii) Railings - NONE
(iv) Stairs - poured in place concrete steps.
(v) Fencing - 4'-0" high chain link cylone fencing.
(vi) Walls - none.

10) INTERIOR STAIRS:
PUBLIC EXIT STAIRS

(i) One public exit stair on each story from first floor to third floor level.
(ii) Enclosure - 2 hour rated partitions - metal stud and double 5/8" THICK firecode "X" gypsum board interior finishes each side or 8" thick concrete block painted interior finishes
(iii) Stair construction - steel pan with non-slip cement treads - conventional construction and non-slip steel nosing inserts.
(iv) Stringers - steel channel stringers.
(v) Treads - cement treads.
(vi) Risers - closed steel pan.
(vii) Guard rails - steel pipe - conventional 1½" steel pipe.

INTER-APARTMENT MEZZANINE CONVENIENCE STAIR:

(i) One convenience stair at mezzanine per each 3rd floor apt.
(ii) Enclosure - none - open stairwell.
(iii) Construction - conventional clear white pine wood box stair with closed white pine risers and either white pine or oak treads with non slip nosing.
(iv) Stringers - 2"x8" wood stringers - white pine.
(v) Treads - prefab oak treads.
(vi) Risers - closed white pine.
(vii) Guardrails - pre-fab wood railings - 3'-6" high.
(viii) Balustrades - solid oak or white pine.

11) INTERIOR DOORS AND FRAMES:

(i) UNIT ENTRANCES _ 1½ hour rated fireproof selfclosing Class "A" steel door and frame with NYC approved peephole and locksets.
INTERIOR DOORS _ SOLID CORE WOOD (birch) with wood frame un-rated doors optional 6 panel colonial style hollow core wood doors and frames.
(ii) CORRIDOR DOORS _ 3/4 hour rated steel fireproof selfclosing class "B" steel door and frame.
(iii) STAIR HALL DOORS - 1½ hour rated steel fireproof selfclosing Class "A" door and steel frame with no locking mechanism
(iv) ROOF DOORS - None
CELLAR DOORS - 3/4 hour rated fireproof selfclosing Class "B" steel door and frame or 1 1/2 hour Class "A" selfclosing steel doors and frames.

ELEVATORS:
(i) Number of passenger elevators - none.
Number of freight elevators - none.
(ii) Manufacturer of each and capacity - not applicable.
(iii) Type of operation - not applicable.
(iv) Automatic type of controls - not applicable.
(v) Floors served - not applicable.

(vi) Type hydraulic or gearless -not applicable.
(vii) Door Type - not applicable.
(viii)Machine room location - not applicable.
(ix) AC to motor - not applicable.
(x) AC to motor generator set - not applicable.
(xl) Other comments - not applicable.

13) **ELEVATOR CABS:** - NONE
(i) Kind - not applicable.
(ii) Floor Material - not applicable.
(iii)Walls - material - not applicable.
(iv) Ceilings - material - not applicable.
(v) Lighting - not applicable.

(J) **AUXILARY FACILITIES:**

(1) **LAUNDRY ROOMS** - There are separate laundry rooms provided in each apartment solely for that apartments use.
(
i) NONE
(ii) NONE
(iii) Clothes dryer - NONE.provided by sponsor.
(iv) Laundry Trays - none provided since there is no common laundry room. There will be a standpipe for washers with hot and cold water shutoffs for tenants washers.
(v) Room ventilation - NOT APPLICABLE
(vi) Clothes dryer ventilation - NOT APPLICABLE
Electric dryers not gas fired units require only lint collectors.

(2) **REFUSE DISPOSAL:**

(i) Incinerators - none.
(ii) Compactors - none.
(iii) Approvals by authorities having jurisdiction - none required.
(iv) Ultimate storage location - there is a space provision for (nine) 32 gallon trash containers in the rear yard.
(v) Pick-up Schedule - Public sanitation pick-up is provided twice weekly by the NYC Department of Sanitation.

K) **PLUMBING AND DRAINAGE**
(1) **WATER SUPPLY** - Public NYC Water mains in Batchelder Street are the supplier of the water service to the subject premises. NYC maintains an average water pressure on this block of approximately 55 PSI. There are no hydraulic pumps or water storage tanks required for this location. Water service into the buildings will be minimum 2" or 2 1/2" diameter or as provided by NYC Water Board.

(2) **FIRE PROTECTION SYSTEM:**
(i) Standpipes - none provided.
(ii) Hose racks - none provided.
(iii) Sprinkler heads - None provided
(iv) Siamese Connection - None provided

(3) **WATER STORAGE TANKS AND ENCLOSURES:**
(i) Member - none provided.
(ii) Materials - not applicable.
(iii) Access to tank - not applicable.
(iv) Capacity - not applicable.
(v) Capacity fire reservoirs - not applicable.

(4) **WATER PRESSURE:**
Public NYC Water mains in Batchelder Street supply the water service to the subject pressure. Hydraulic pressure is maintained by the NYC Water Board. NYC currently maintains approximately an average water pressure in the general area of approximately 55 PSI.

(5) **SANITARY SEWER SYSTEM:**
The subject premises has a 6" house trap and 6" combined house sewer connection which feeds by gravity to a 10" diameter public combined sewer in Batchelder Street. The NYC Public Sewer connects directly to a waste treatment plant either in Coney Island or The Knapp Street Sheepshead Bay Facility.
(i) Sewerage Piping - extra heavy cast iron.
(ii) Sewerage Pumps - no sewerage ejector pumps are anticipated.
(iii) Sewerage Disposal - directly to a NYC Public Waste Treatment Facility in Sheepshead Bay or Coney Island, Brooklyn, New York.

(6) **PERMITS REQUIRED:**
a) 2803 Batchelder Street
SCK300846084-01 - approvals secured - permits pending.
Approved good for 2 years.

(7) **STORM DRAINAGE SYSTEM:**
The subject premises leaders and downspouts and roof drains connect to a 6" diameter storm sewer house trap and house sewer which connects directly to the 15" diameter public storm sewer in Batchelder Street.
(i) Catch Basins - none provided.
(ii) Yard and Roof Drains - 2 cast iron area drains will be provided at low point of the accessory parking areas. (2) Roof drains in front of building lead to exterior aluminum or cast ironleaders which connect to 4" diameter storm standpipes which connect to the storm house sewer. Two more aditional aluminum or cast iron leaders in the rear of house also connect to storm sewer lines in the cellar, storm water is then fed to an underground storm water detention tank in front of the building.

(iii) Piping - extra heavy cast iron.
(iv) Ejector or Sump Pumps - none provided at this time or anticipated.

(1) HEATING: Separate individual conventional gas fired hot water baseboard radiator system.. Boilers installed to provide individual heating to each apartment. Each apartment is also provided with a separate 40 gallon gas fired hot water heater for domestic hot water needs. Each apartment should reasonably have the capacity of (3) showers taken per unit prior to loss of hot water. The proposed heating system should adequately maintain comfortable conditions under anticipated NYC weather conditions and is adequate for peak required need.

(2) NUMBER OF BOILERS AND DESCRIPTION:
EACH APARTMENT - is provided with its own individual gas fired hot water boiler. There will be a total of (9) Nine boilers in this building.

(3) MANUFACTURER OF BOILERS:
Model Capacities: Unit #1,2,3,4,5,6 - Weil McLean - Model CG15, minimum 140,000, BTUH INPUT or equal. Unit #7,8,9 - Burham - Model P203W minimum 165000 BTUH INPUT or equal.

(4) MANUFACTURER OF BURNERS:
Unit #1a - Weil McLean
Unit #b - Weil McLean
Unit #c - Weil McLean
Unit #2a - Weil McLean
Unit #b - Weil McLean
Unit #c - Weil McLean
Unit #3a - Burham
Unit #b - Burham
Unit #c - Burham

Sponsor may at his option substitute Burham Units of equal or greater capacity.

(5) TYPE OF CONTROLS:
Each apartment will be provided with its own individual single zone set back electronic time clock and thermostatic control devices.

(6) RADIATORS:
NOT APPLICABLE - Aluminum hot water baseboard convector units are provided.

(7) FUEL Gas supply to hot air boilers and hot water heaters.

(8) LOCATION OF OIL TANK: None provided.

(9) CAPACITY OF OIL TANK: Not applicable.

(10) GAS 3/4" diameter supply lines to each unit with 1/2" or 3/4" diameter branch lines and 1/2" INDIVIDUAL gas shut off values at all appliances.

(M) GAS SUPPLY:
(1) TYPE Public Utility supplied gas service by Brooklyn Union Gas Company will be provided to subject premises.
(2) METERS: Each apartment will have its own INDIVIDUAL gas meter located in the cellar monitoring gas consumption for heating domestic hot water, and cooking.
(3) PIPING: NYC approved black steel or equal.

(N) AIR CONDITIONING: There is no central air conditioning system provided for in the subject premises. Developer is providing metal thru-wall sleeves for individual room type electrical Air Conditioning package system A/C Units. (1) Type of System - none
(2) Central System - none provided
(3) Cooling Towers - none provided.
(4) INDIVIDUAL Units - one unit sleeve per each apartment's ocupiable rooms. Sponsor will not supply thruwall or window A/C Units.
First Floor - No central A/C, Second Floor - No central C/A, Third Floor and mezzanine - No central A/C

(O) VENTILATION:An independent kitchen exhaust system with exhaust fans is provided for each kitchen to exhaust air through ducts to a ventilation risers to roof. A similar mechanical riser and fan system is provided for all bathrooms. There are no fireplaces in the subject premises.

(P) ELECTRICAL SYSTEM
(1) Service entrance main service switchgear is in the cellar - 400 amp, 208 voltage, 2 or 3 phase, circuit breakers, cut off distribution switches panels. All in cellar. All to be determined by CON EDISON.
(2) Service to each individual units - 150 amp service minimum.
(3) Compartment Switch gear - All transformers and sectional meter boards at point of entry in cellar. There will be remote meter reading devices on exterior front wall for utility meter readers to monitor without entering building.
(4) Unit Service:
Ratings of main fuses - 400 AMP.
Circuit Breakers to units (20) 15 AMP circuit breakers with 150 AMP Main.
40 - 45 AMP - 2 pole - 220 - copper wire entrance wires for each unit.

ADEQUACY:
(i) Service - average of 15 circuits per apartment with the capacity to handle appliances, A/C units, dishwashers and electric clothes dryers.
(ii) Lighting and Fixtures - approximately 10 circuits will be provided for general and localized lighting.
(iii) Convenience outlets, appliance outlets - generally there will be an average of (4) outlets per room including (1) A/C outlet per occupiable room if central A/C is not provided.

(6) **INTER COMMUNICATION AND/OR DOOR SIGNAL** _ Conventional push button and door bell or chimes will be provided.

(Q) **TELEVISION RECEPTION FACILITIES:**
(1) Master Antennae - none provided.
(2) Cable T.V. - none provided.
(3) Antennae by Tenants - optional if required by tenants.
(4) Security Closed Circuit T.V. - none provided.

(R) **PUBLIC AREA LIGHTING**:
Exterior type-there are two exterior type H.I.D. wall mounted driveway light fixture. There will also be several H.I.D. exterior light fixtures provided in front of the building and at rear decks and all balconies. Throughout the stairwells and public hallways there will be distributed several interior type ceiling or wall mounted type incandescent fixtures meeting or exceeding NYC's requirements for illumination of public areas.

(S) **GARAGES AND PARKING AREAS:**
(1) Location of garages - building will be provided with exterior accessory parking located in the front and rear yards of each premises.
(2) **LOCATION OF PARKING AREAS:**
Exterior parking in front and rear yards - 9 parking spaces provided
(3) **SURFACES**: Concrete slab on grade.
(4) **PARKING:** Parking in the exterior areas will be self-parking un-attended type.
(5) **GARAGE VENTILATION:** Not Applicable
(6) **GARAGE FIRE PROTECTION:** Not Applicable
(7) **DRAINAGE:** cast iron area drains are provided in front and rear yards of all buildings connecting to the storm water underground detention tank.
(T) **RECREATION FACILITIES:**
(1) Swimming Pools - none provided.
(i) Enclosure - not applicable.
(ii) Pumping and Filter System - not applicable.
(2) Tennis Courts - none provided.
(i) Type - not applicable.

ii) Number and Size - not applicable.
(iii) Lighting - not applicable.
(iv) Fencing -Optional 4'-0" high chain link cyclone galvanized steel fencing.

(T)
(3) OTHER
(i) The open concrete paved front yard is also a common parking space for units as designated in offering plan.
(U) ADDITIONAL ITEMS:
(1) Applicable Permits: 2803 Batchelder Street
NYC BUILDING DEPARTMENT REQUIRED PERMITS:
(i) General construction work permit versus New Building Application 300846084 must be secured. Permit is valid for one year from date of issuance and is renewable. Inspection is conducted by the construction division of the NYC Department of Buildings.
(ii) General Plumbing Work Permit - This accessory permit versus the general Building Department work permits must be secured once general construction work permits are secured. Permit is valid for one year and is renewable. Inspection is conducted by the plumbing division of the N.Y.C. Department of Buildings.
(iii) General Electrical Work Permit - This accessory electrical permit versus the general Building Department work permits is secured once the general work permits are issued and secured. Permit is valid for one year. Inspection is conducted by the N.Y.C. Electrical Board inspectors which are a separate division of the N.Y.C. Housing and Preservation Dept, the parent agency of the N.Y.C. Department of Buildings.

There are no current open violations.

(iv) General Sewer Site Connection Permits - Storm and Santary Sewer Connection permits are issued by the NYC Department of Environment Protection Agency - Bureau of Sewers and are good for 30 Calendar days. The N.Y.C. D.E.P. application #'s SCK300846 084-01 are approved and good for 2 years from the date of approval.
(v) General Highway Street Permits - Public sidewalk and street construction permits are issued by the N.Y.C. Department of Transportation and are good for 90 days. The N.Y.C. D.O.T. application # 300846075 and BNP99-64 are approved and valid for (1) year from date of approvals.

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V) UNIT INFORMATION: 2803 Batchelder Street

(1) UNIT 1a (FIRST FLOOR):
One living room
One kitchen
One bathroom - 3 piece - water closet, lav, tub
One bathroom - 3 piece - water closet, lav, shower stall
(2) bedrooms
One interior hall
One Laundry room incellar
One recreaton room in cellar and 2 piece toilet
One greenhouse - Pre-Fab tubular aluminium enframenent-duranodic anodized bronze finish with 1" thick insulated safety glass or tempered plate glass with optional solar grey tinting

2) UNIT #1b FIRST FLOOR):
One living room
One kitchen
One bathroom - 3 piece - water closet, lav, tub
Two bathrooms - 3 piece - water closet, lav, shower stall
(2) bedroom
One dinette
One laundry room in cellar
One interior hall
One recreation room in cellar and 2 piece toilet
One greenhouse - Pre-Fab tubular aluminium enframement - duranodic anodized bronze finish with 1" thick insulated safety glass or tempered plate glass with optional solar grey tinting.

(3) UNIT #1c (FIRST FLOOR):
One living room
One Kitchen
One bathroom - 3 piece - water closet, lav, tub
Two bathroom - 3 piece, water closet, lav, shower stall
(2) bedrooms
One interior hall
One laundry room in cellar
One recreation room in cellar and 2 piece toilet
One greenhouse - Pre-Fab tubular aluminium enframement - duranodic anodized bronze finish with 1" thick insulated safety glass or tempered plate glass with optional solar grey tinting.

(V)

(I) Type and grade of finish material used in all units (since data is same for all units).

FLOORS: Kitchen, bathrooms - will receive a thinset ceramic tile floor with non-skid finishes. All floor junctures with walls will be provided with a minimum 4" high sanitary cove tile base.
All other rooms will receive a solid hardwood parquet or plank flooring, commercial grade, 3/4" thick with sound deadening thermofilter insulation integral to the floor assembly below the finish floor.

WALLS: Bathrooms and laundry rooms will receive full height thinset ceramic tile to the height of the ceiling. All other rooms will receive 5/8" " F.C.X." or 1/2" " F.C.X." gypsum moisture resistant board taped and spackled and sanded minimum (4) coats, then painted with (3) coats semi-gloss water soluble interior latex paint by Sherwin Williams or equal.

(V) **UNIT INFORMATION:** 2803 Batchelder Street

(1) **UNIT 2a (SECOND FLOOR):**
One living room
One kitchen
One bathroom - 3 piece - water closet, lav, tub
One bathroom - 2 piece - water closet, lav, .
(2) bedrooms and one laundry room
One mezzanine recreation/storage room

2) **UNIT #2b SECOND FLOOR):**
One living room
One kitchen
One bathroom - 3 piece - water closet, lav, tub
One bathroom - 2 piece - water closet, lav,.
(2) bedroom
One interior hall
One laundry room
One dinette

(3) **UNIT #2c (SECOND FLOOR):**
One living room
One Kitchen
One bathroom - 3 piece - water closet, lav, tub
One bathroom - 2 piece, water closet, lav,.
(2) bedrooms
One interior hall
One laundry room

(V)

(I) Type and grade of finish material used in all units (since data is same for all units).
FLOORS: Kitchen, bathrooms - will receive a thinset ceramic tile floor with non-skid finishes. All floor junctures with walls will be provided with a minimum 4" high sanitary cove tile base.
All other rooms will receive a solid hardwood parquet or plank flooring, commercial grade, 3/4" thick with sound deadening thermofilter insulation integral to the floor assembly below the finish floor.
WALLS: Bathrooms and laundry rooms will receive full height thinset ceramic tile to the height of the ceiling. All other rooms will receive 5/8" " F.C.X." or 1/2" " F.C.X." gypsum moisture resistant board taped and spackled and sanded minimum (4) coats, then painted with (3) coats semi-gloss water soluble interior latex paint by Sherwin Williams or equal.

(V) **UNIT INFORMATION:** 2803 Batchelder Street

(1) **UNIT 3a (THIRD FLOOR AND PARTIAL MEZZANINE):**
One living room
One kitchen
One bathroom - 3 piece - water closet, lav, tub
One bathroom - 2 piece - water closet, lav.
(2) bedrooms and one laundry room
One mezzanine recreation/storage room

2) **UNIT #3b THIRD FLOOR AND PARTIAL MEZZANINE):**
One living room
One kitchen
One dinette
One bathroom - 3 piece - water closet, lav, tub
One bathroom - 2 piece - water closet, lav,.
(1) bedroom and one laundry room.
One mezzanine recreation/storage room

(3) **UNIT #3c (THIRD FLOOR AND PARTIAL MEZZANINE):**
One living room
One Kitchen -
One bathroom - 3 piece - water closet, lav, tub
One bathroom - 2 piece, water closet, lav,.
(2) bedrooms and one laundry room
One mezzanine recreation/storage room
(V)

(I) Type and grade of finish material used in all units (since data is same for all units).
FLOORS: Kitchen, bathrooms - will receive a thinset ceramic tile floor with non-skid finishes. All floor junctures with walls will be provided with a minimum 4" high sanitary cove tile base.
All other rooms will receive a solid hardwood parquet or plank flooring, commercial grade, 3/4" thick with sound deadening thermofilter insulation integral to the floor assembly below the finish floor.
WALLS: Bathrooms and laundry rooms will receive full height thinset ceramic tile to the height of the ceiling. All other rooms will receive 5/8" " F.C.X." or 1/2" " F.C.X." gypsum moisture resistant board taped and spackled and sanded minimum (4) coats, then painted with (3) coats semi-gloss water soluble interior latex paint by Sherwin Williams or equal.

CEILINGS: All rooms will have 5/8" or 1/2" thick "F.C.X." gypsum board ceilings, taped, spackled and sanded a minimum of 3 coats then painted with a flat interior water soluble latex paint, a minimum of (2) coats.

(2) BATHROOM FIXTURES: Material and type.
Tub - enameled iron American Stanard Model "Manhattan" 6'-0" Unit
Water Closet - vitreous china low down tank with approved types integral vacuum breakers Kohler, Model #3386 (White)
Lavatory - vitreous china American Standard Pedestal #3220015.
Shower stalls - pre fab with fiberglass receptor base Ferrarri or Equal.
All fixtures will be Kohler, American Standard or equal.

(3) KITCHEN:
Range - gas fired, A.G.A. approved, 4 burner stove top General Electric JGSP33WEVWW or Equal.
Refrigerator - Frost-free, single door, Whirlpool Model #ET14JKXFW02 or Equal
Dishwasher - Electric, undercounter type, single door, Magic Chef Model DV2000V C253 or equal.
Sink - (2) Compartment, selfrimming stainless steel, Eljer 25" or Equal.
Cabinets - custom fabricated plastic laminate finish with full plastic laminate backsplashes and countertops.

(V)
(i) The laundry rooms clothes washing machines and clothes dryers will not be provided or included in the offering plan for the subject premises.

(W) FINISH SCHEDULE OF SPACES OTHER THAN UNITS:

ROOM	FLOOR	WALLS	CEILING	REMARKS
Meter Rooms and Boiler Rooms & Laundry Rooms	cellar conrete slab on grade	concrete block & poured concrete	Portland cement or exposed galvanized metal decking	All walls & ceilings will be painted with (3) coats washable hi-gloss interior water soluble latex paint
Public Stairwell	Cellar concrete slab on grade	concrete block & poured concrete 5/8" F.C.X. gypsum board		Ditto
Recreation Rooms	V.C.T. on concrete Slab on grade	5/8" FC Gyp Board	5/8" FC gyp board	DITTO
Vestibule	First Fl concrete slab on metal deck	Brick venneer	Portland cement plaster	Ditto
Public Hall and Public Stair	First Fl concrete slab on metal pan	5/8" F.C.X. gypsum board	5/8" F.C.X. gypsum board	Ditto
Public common stair	Second Floor - concrete slab on metal pan	5/8" F.C.X. gypsum board	5/8" F.C.X. gypsum board	Ditto
Public common stair	Third Fl concrete slab on metal pan	5/8" F.C.X. gypsum board	5/8" F.C.X. gypsum board	Ditto

(X)

GENERAL FIRE OR SMOKE SAFETY DEVICES INSTALLED IN UNITS:

All apartments have hard wired smoke detectors at each bedroom level wired on separate circuits to the electrical distribution panels.

(Y)
(1) Floor plans for each of the Nine units are drawn to scale and showing room dimensions are herewith attached:

2803 BATCHELDER STREET:
Sketch A-1 Cellar Floor Plan
Sketch A-2 First Floor Plan
Sketch A-3 Second Floor Plan
Sketch A-4 Third Floor Plan
Sketch A-5 Mezzanine Floor Plan
Sketch A6 Site Plan
(2) Plot Plan showing unit boundaries and designations is herewith attached:
Sketch A-7 Building Elevations

2803 BATCHELDER STREET:
Sketch A6 - Plot Plan and Site Plan

(3) Site Plan showing landscape features is incorporated into Plot Plan Sketch A6.

(4) Since site is in urban area an area map is not required

(5) NARRATIVE DESCRIPTION - Distinguishing APARTMENT unit areas from common areas is as follows:
All apartmentunits are self contained - three units per floor of this building.

DESCRIPTION OF UNITS:

Each residential unit will consists of the area measured horizontally from the unit side of the glass of the exterior walls to the centerline of the partitions separating one unit from another unit, corridors, stairs, elevators and other mechanical equipment spaces or any common elements (as hereinafter defined), or to the unit side of the opposite exterior walls. Each residential unit will consist of the area measured vertically from the top of the floor to the underside of the ceiling.

The common areas on each floor is limited to the common public stairwell and hall and shafts. There is also a small common vestibule at the first, second and third floors leading to the public stairs. The entire cellar portion of meter rooms and public stair and halls is also a common area. All open front, side and rear yard areas are also common areas excluding the designated parking area. All roof areas are also common elements unless designated otherwise by the offering plan.

NOTE:
By Building Department definition all rear wall fire-balconies are in case of an emergency accessible by adjoining apartment dwellers and might be considered common areas or limited common areas.

SCHEDULE A

2803 BATCHELDER STREET

UNIT NUMBER	UNIT DESCRIPTION & NUMBER OF BATHS	APPROXIMATE SQUARE FOOTAGE	% OF INTEREST
1a	First Floor (830 s.f.) 2 Bedroom - 3 Baths with cellar recreation room (REC)(670 s.f.)	1500 S.F.	13.98
1b	First Floor (934 s.f.) 2 Bedroom - 3 Bath with cellar recreation room (Rec) (752 2.f.)	1686 S.F.	15.71
1c	First Floor (830 s.f.) 2 Bedroom - 2 Bath with cellar recreation room (REC) (670 s.f.)	1500 S.F.	13.98
2a	Second Floor 2 Bedroom - 2 Bath rooms with front & rear Balcony (b)	810 SF	7.55
2b	Second Floor 2 Bedrooms - 2 Bath rooms with front & rear Balcony (b)	830 SF	7.78
2c	Second Floor 2 Bedrooms - 2 Bath rooms with front & rear Balcony (b)	810 SF	7.55
3a	Third Floor(810 s.f.) 2 Bedrooms 2 Bathrooms with accesory mezzanine (360 s.f.) recreaton/storage room	1170 S.F.	10.90

SCHEDULE A

2803 BATCHELDER STREET

UNIT NUMBER	UNIT DESCRIPTION & NUMBER OF BATHS	APPROXIMATE SQUARE FOOTAGE	% OF INTEREST
3b	Third Floor (866 s.f.) 1250 SF 2 Bedrooms 2 Bathrooms with accessory mezzanine (384 s.f.) recreation/storage room		11.65
3c	Third Floor (810 s.f.) 1170 SF 2 Bedrooms 2 Bathrooms with accessory mezzanine (360 s.f.) recreation/storage room		10.90

FOOTNOTES:
The notes accompanying this Schedule are an integral part of this Schedule and should be read in conjunction with it.
NOTE: 2 piece toilets are counted as a full bathroom under this Schedule "A"

T-Denotes Terrace RT-Denotes Roof Terrace P-Denotes Patio

V-Denotes Vacant Apartment G Denotes Accessory One Car Garage.

B - Denotes Balcony Rec - cellar recreation room

SCHEDULE D

2803 Batchelder Street

UNIT NO.	ORIENTATION	APPROXIMATE SQUARE FOOTAGE (S.F.) (GROSS)
Cellar		Common Meter Rooms, stairs Boiler rooms (Not covered in Units sq.footage)
UNIT #1a	WEST	1500 SF
UNIT #1b	WEST	1686 SF
UNIT #1c	WEST	1500 SF

NUMBER OF ROOMS	COMMON ELEMENTS
First Floor	public stair, Shafts, public halls
Unit #1a - 4	Vestibule, public hall, public stair
Unit #1b - 5	Public stair and halls
Unit #1c - 4	Vestibule, Public stair and halls

CEPI	SQUARE FEET TERRACE AND BALCONIES	TAX LOT NUMBER
1a 13.98	0 s.f. (b)	To be assigned at a later date
1b 15.71	0 s.f. (b)	
1c 13.98	0 s.f. (b)	

(1) Orientation refers to the location in portion of building facing in the direction set forth.
(2) Common elements refers to common elements to which unit has immediate access.
(3) CEPI refers to the Percentage interest in the common elements and the common expenses.
(4) Tax lot numbers will not be assigned by the New York City Real Property Assessment Department until the Declaration is submitted for recording.
(5) Bathrooms, Mech. Equipment rooms, laundry rooms are not counted in Unit's room counts.

SCHEDULE D

2803 Batchelder Street

UNIT NO.	ORIENTATION	APPROXIMATE SQUARE FOOTAGE (S.F.) (GROSS)
Cellar		Common Meter Rooms, stairs (Not covered in Units sq.footage)
UNIT #2a	WEST	810 SF
UNIT #2b	WEST	830 SF
UNIT #2c	WEST	810 S.F.

NUMBER OF ROOMS	COMMON ELEMENTS
Second Floor	public stair, shafts public halls
Unit #2a -4 rooms	Vestibule, public hall, public stair
Unit #2b - 5 rooms	Public stair and halls
Unit #2c - 4 rooms	Public stair and halls

CEPI	SQUARE FEET TERRACE AND BALCONIES	TAX LOT NUMBER
2a 7.55	95 s.f. (b)	To be assigned at a later date
2b 7.74	160 s.f.(b)	
2c 7.55	95 s.f. (b)	

(1) Orientation refers to the location in portion of building facing in the direction set forth.
(2) Common elements refers to common elements to which unit has immediate access.
(3) CEPI refers to the Percentage interest in the common elements and the common expenses.
(4) Tax lot numbers will not be assigned by the New York City Real Property Assessment Department until the Declaration is submitted for recording.
(5) Bathrooms, Mech. Equipment rooms, laundry rooms are not counted in Unit's room counts.

SCHEDULE D

2803 Batchelder Street

UNIT NO.	ORIENTATION	APPROXIMATE SQUARE FOOTAGE (S.F.) (GROSS)
Cellar		Common Meter Rooms, stairs (Not covered in Units sq.footage)
UNIT #3a	WEST	1170 S.F.
UNIT #3b	WEST	1250 S.F.
UNIT #3c	WEST	1170 S.F.

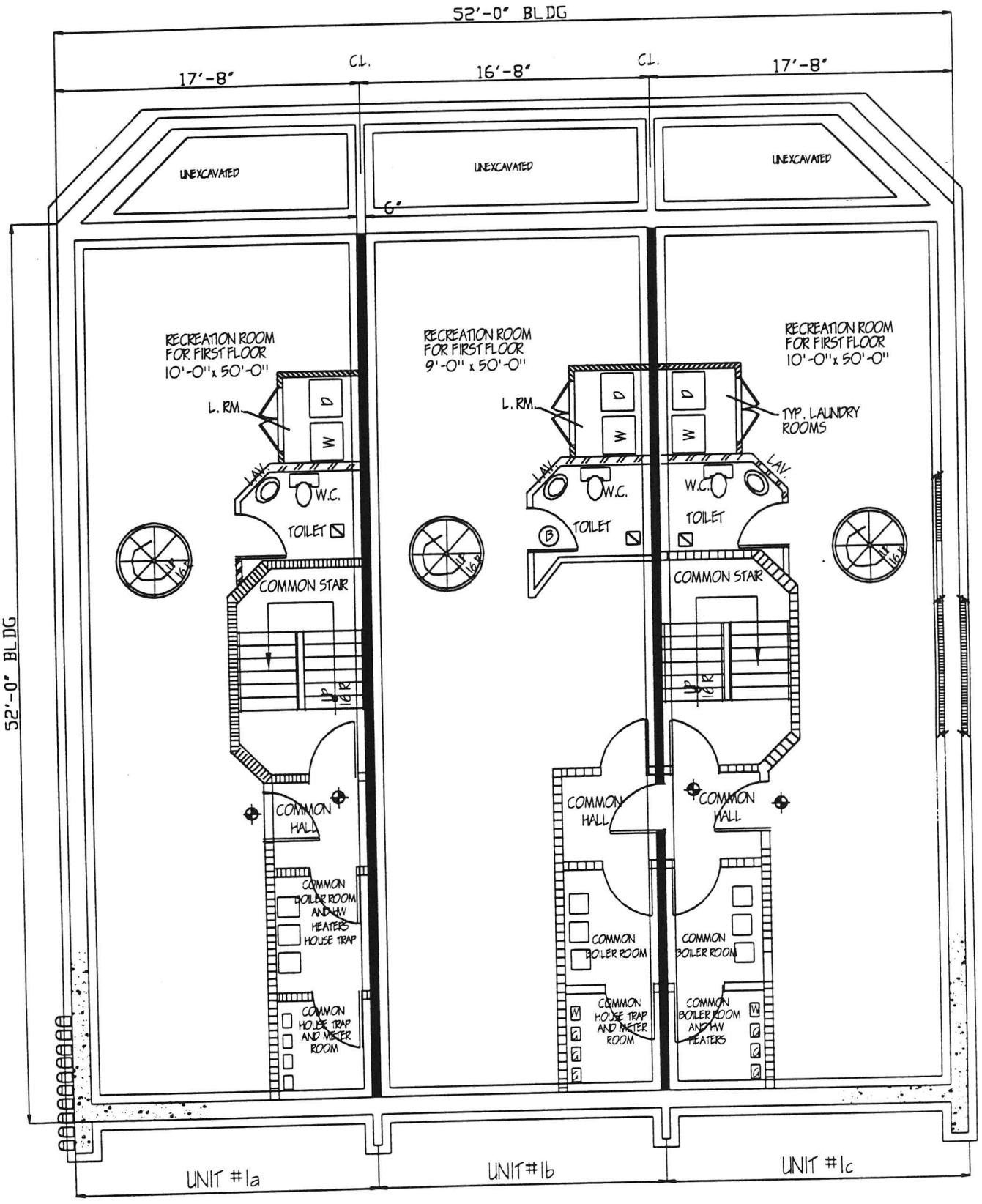
NUMBER OF ROOMS	COMMON ELEMENTS
Third Floor	public stair, shafts public halls
Unit #3a -4 rooms	Vestibule, public hall, public stair
Unit #3b- 5 rooms	Public stair and halls
Unit #3c- 4 rooms	Public stair and halls

CEPI		SQUARE FEET TERRACE AND BALCONIES	TAX LOT NUMBER
3a	10.90	95 s.f.(b)	To be assigned at a later date
3b	11.65	160 s.f.(b)	
3c	10.90	95 s.f. (b)	

(1) Orientation refers to the location in portion of building facing in the direction set forth.
(2) Common elements refers to common elements to which unit has immediate access.
(3) CEPI refers to the Percentage interest in the common elements and the common expenses.
(4) Tax lot numbers will not be assigned by the New York City Real Property Assessment Department until the Declaration is submitted for recording.
(5) Bathrooms, Mech. Equipment rooms, laundry rooms are not counted in Unit's room counts.

FLOOR PLANS OF UNITS

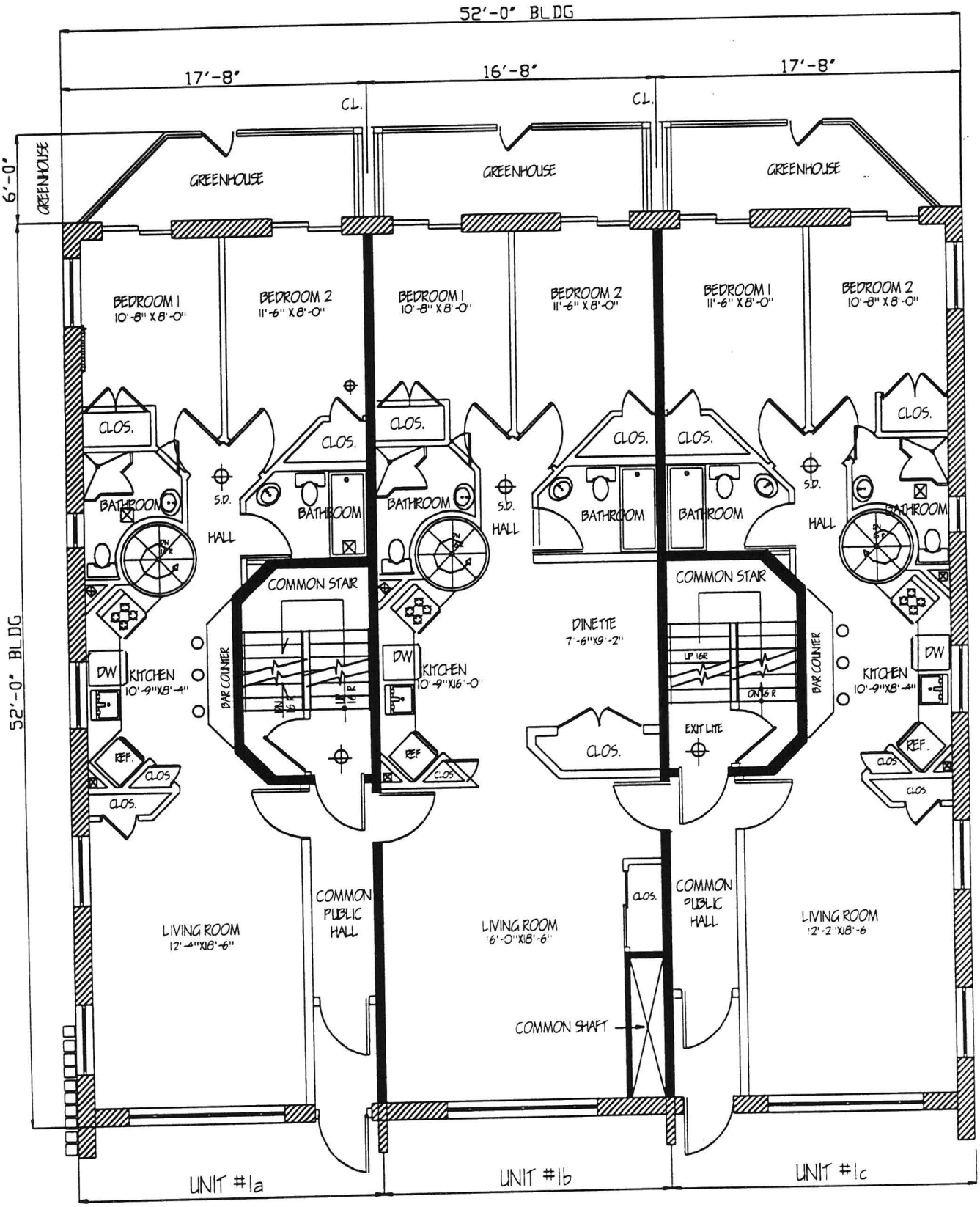
(Please note that all dimensions are approximate.)



CELLAR PLAN (SUB CELLAR IF IN RELATION TO FLOOD PLAIN)

SCALE: 1/8" = 1'-0"

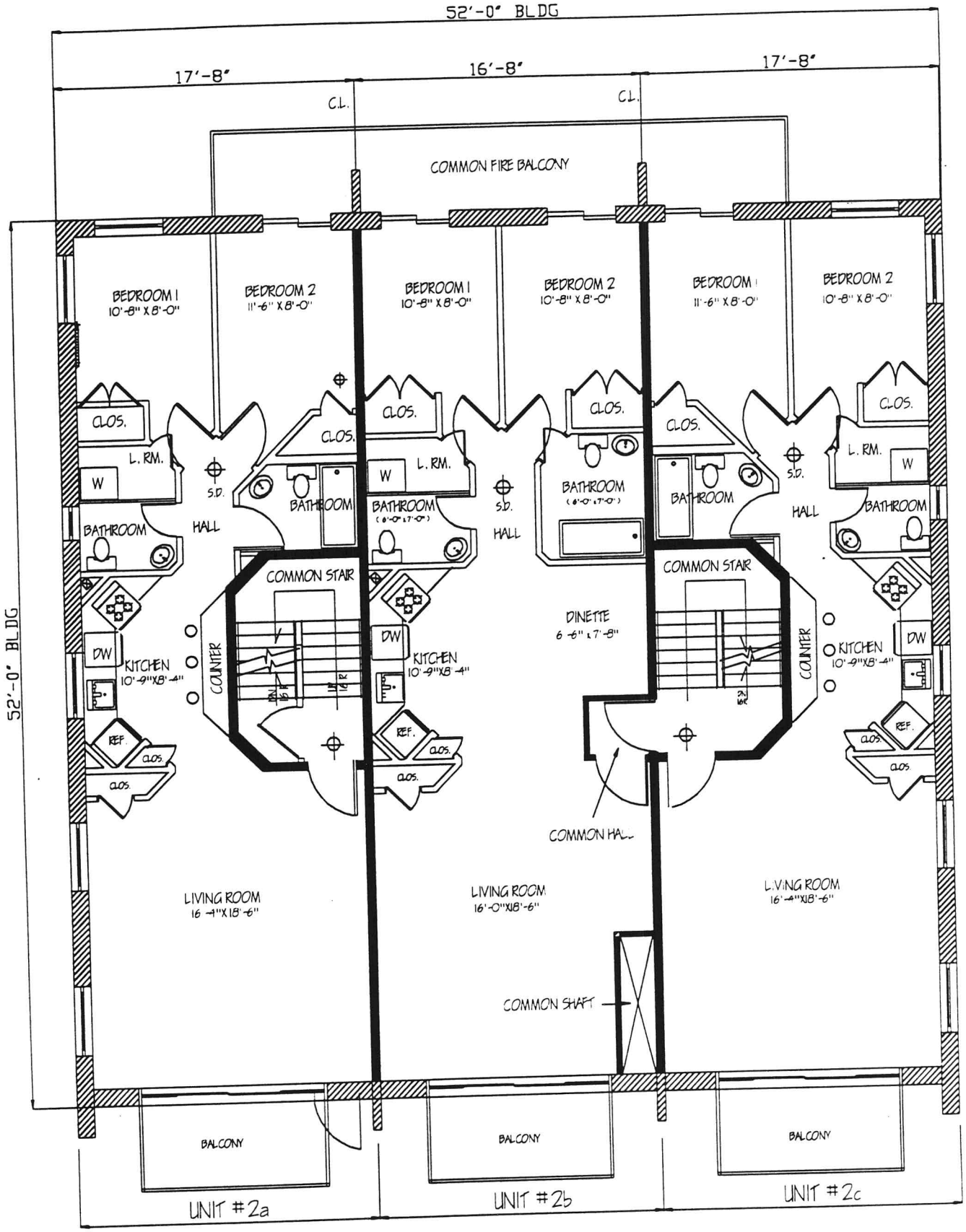
A-1



FIRST FLOOR PLAN (CELLAR IF IN RELATION TO FLOOD PLAIN)

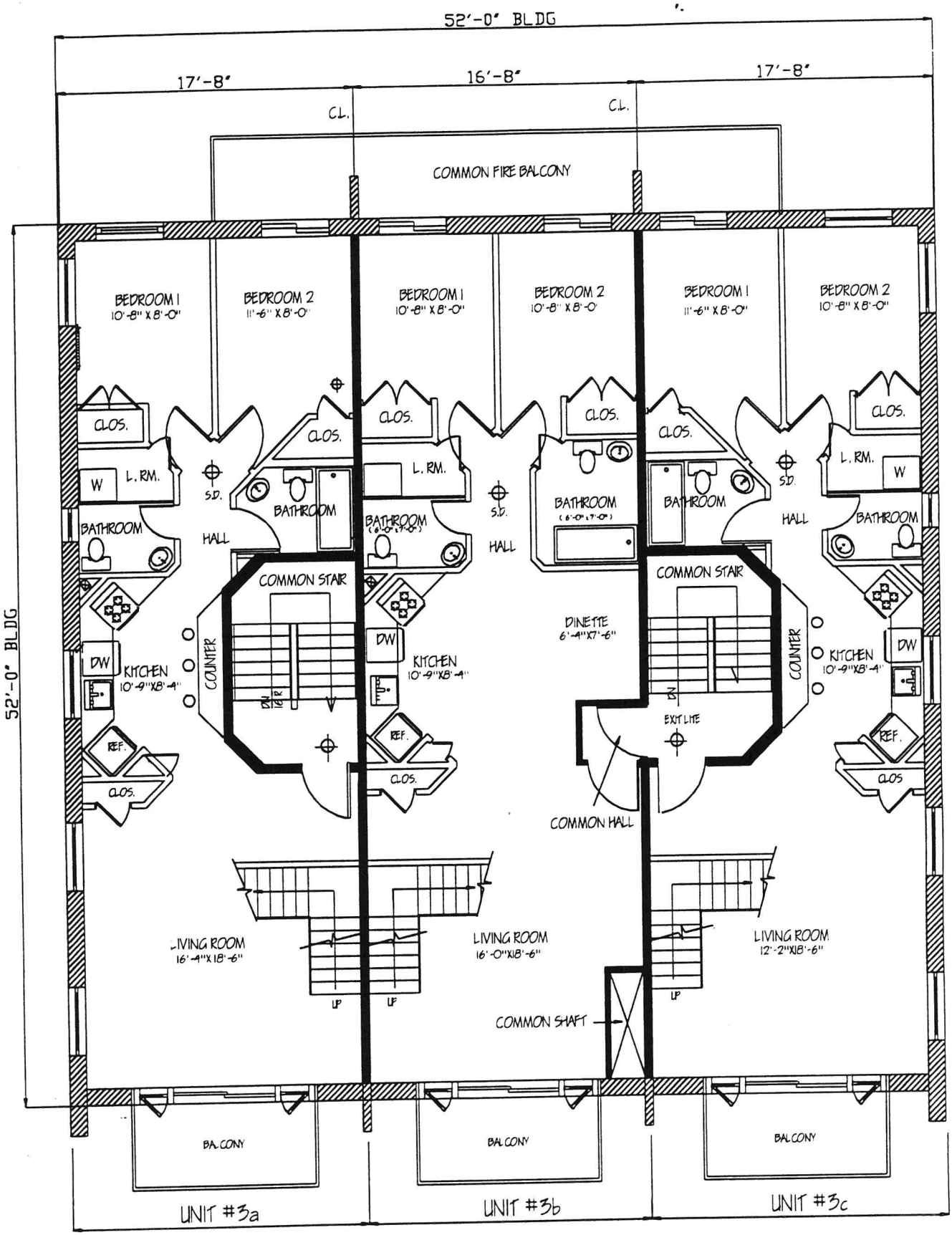
SCALE: 1/8" = 1'-0"

A-2



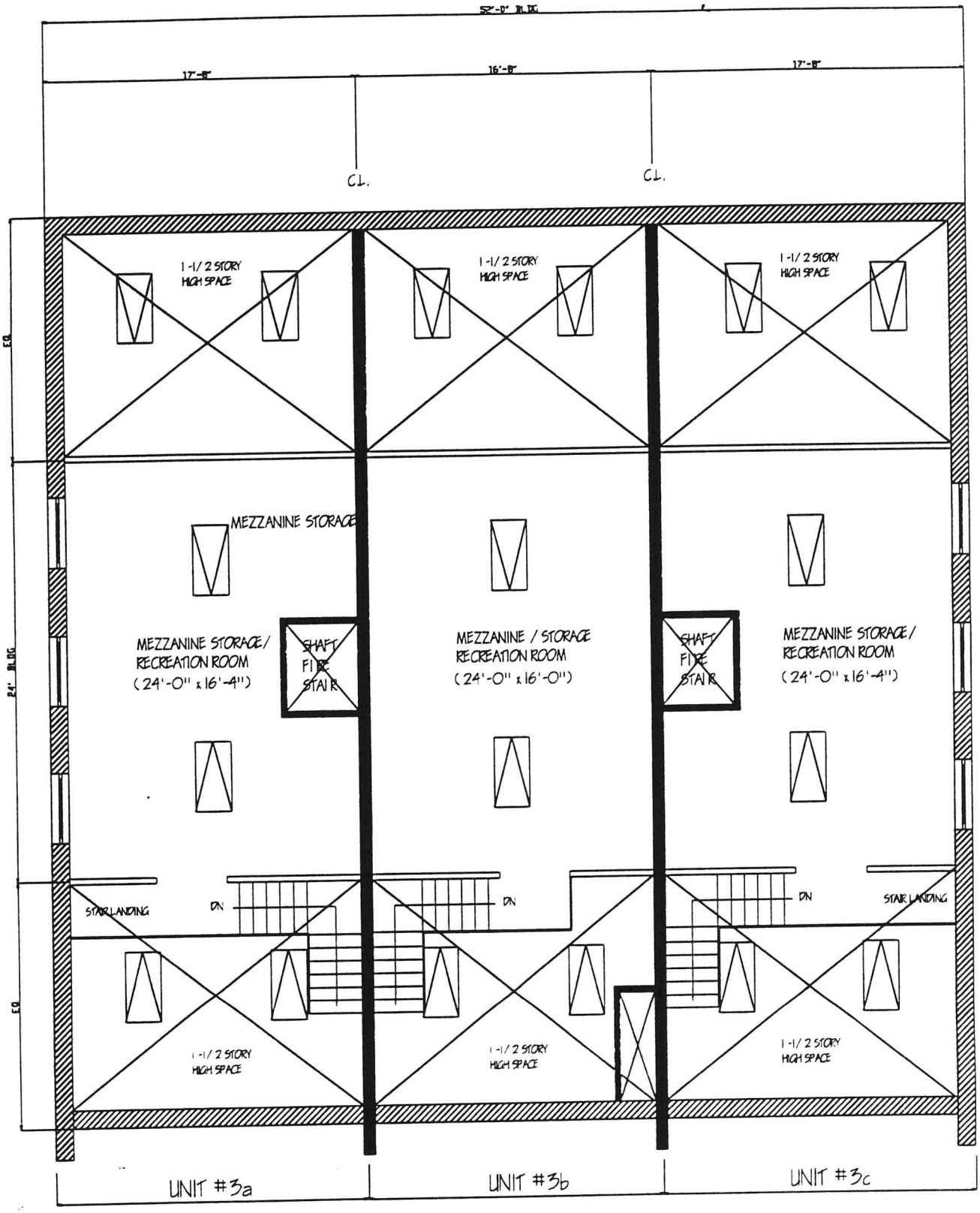
SECOND FLOOR PLAN
SCALE: 1/8" = 1'-0"

A-3



THIRD FLOOR PLAN
SCALE: 1/8" = 1'-0"

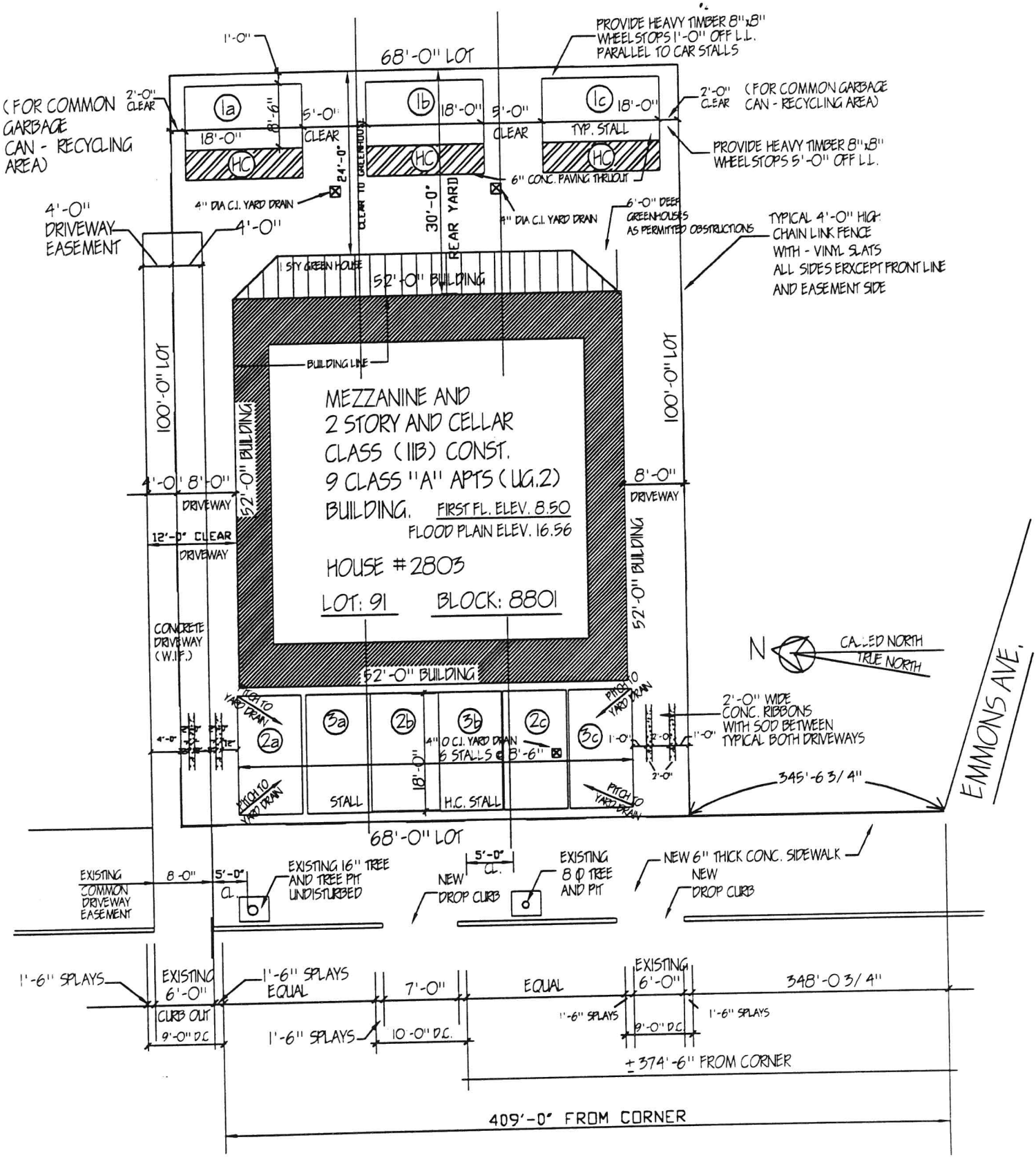
A-4



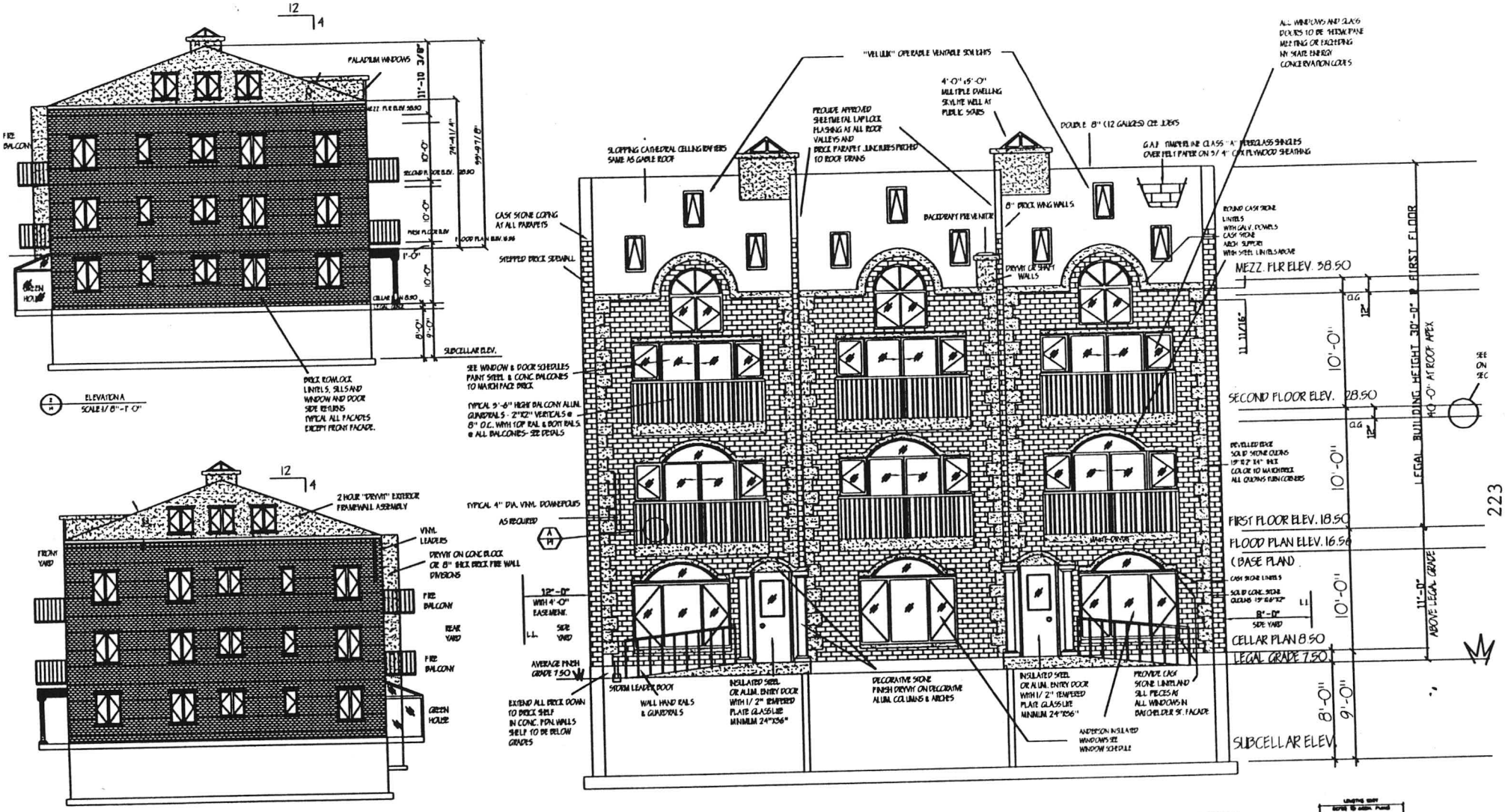
MEZZANINE FLOOR PLAN

SCALE 1/8"=1'-0"

A-5


68'-0" LOT
PROVIDE HEAVY TIMBER 8"x8" WHEEL STOPS 1'-0" OFF L.L. PARALLEL TO CAR STALLS
(FOR COMMON GARBAGE CAN - RECYCLING AREA)
2'-0" CLEAR
1a
1b
1c
18'-0"
5'-0" CLEAR
TYP. STALL
HC
8'-6"
24'-0" CLEAR TO GREENHOUSE
30'-0" REAR YARD
6" CONC. PAVING THRUOUT
4" DIA C.I. YARD DRAIN
6'-0" DEEP GREENHOUSES AS PERMITTED OBSTRUCTIONS
TYPICAL 4'-0" HIGH CHAIN LINK FENCE WITH - VINYL SLATS ALL SIDES ERXCEPT FRONT LINE AND EASEMENT SIDE
4'-0" DRIVEWAY EASEMENT
4'-0"
1 STY GREEN HOUSE
52'-0" BUILDING
BUILDING LINE
100'-0" LOT
MEZZANINE AND 2 STORY AND CELLAR CLASS (IIB) CONST. 9 CLASS "A" APTS (UG.2) BUILDING.
FIRST FL. ELEV. 8.50
FLOOD PLAIN ELEV. 16.56
HOUSE #2803
LOT: 91
BLOCK: 8801
8'-0" DRIVEWAY
12'-0" CLEAR DRIVEWAY
CONCRETE DRIVEWAY (W.I.F.)
PITCH TO YARD DRAIN
2a
3a
2b
3b
2c
3c
4" O C.I. YARD DRAIN
6 STALLS @ 8'-6"
STALL
H.C. STALL
18'-0"
2'-0" WIDE CONC. RIBBONS WITH SOD BETWEEN TYPICAL BOTH DRIVEWAYS
N
CALLED NORTH TRUE NORTH
EMMONS AVE.
345'-6 3/4"
EXISTING COMMON DRIVEWAY EASEMENT
8'-0"
5'-0" CL.
EXISTING 16" TREE AND TREE PIT UNDISTURBED
NEW DROP CURB
EXISTING 8 Ø TREE AND PIT
NEW 6" THICK CONC. SIDEWALK
1'-6" SPLAYS
EXISTING 6'-0" CURB CUT 9'-0" D.C.
1'-6" SPLAYS EQUAL
7'-0"
10'-0" D.C.
EQUAL
348'-0 3/4"
+374'-6" FROM CORNER
409'-0" FROM CORNER
BATCHELDER STREET (60'-0" WIDE)

A-6



AMERICANS WITH DISABILITY ACT NOTES:

1. ALL FIRST FLOOR APARTMENTS ARE TO BE ADAPTABLE AS PER NYC LOCAL LAWS PROVIDE LEVER HANDLES AT ALL DOORS AT FIRST FLOOR.
2. ALL FIRST FLOOR APTS HAVE 1:12 PITCH HANDICAPPED RAMPS LEADING TO ENTRY DOORS OR NYC APPROVED PORCH LIFT.
3. REFER TO HANDICAPPED DRAWINGS FOR NYC ADAPTABLE KITCHENS, BATHROOMS, AND DETAILS.
4. THREE HANDICAPPED PARKING STALLS ARE ALSO PROVIDED - SEE PAVING PLANS.

DECLARATION

Establishing a Plan for Condominium Ownership of Premises located 2803 Batchelder Street, County of Kings, City and State of New York Pursuant to Article 9-B of the Real Property Law of the State of New York.

NAME: **HARBOR HOUSE CONDOMINIUM**

SPONSOR: **Batchelder Street Condominiums by the Bay, LLC**
c/o Richard Scott, 1304 Park Street
Atlantic Beach, New York 11509

DATE OF DECLARATION:

The land affected by the within instrument lies in Block 8801, Lot 91T on the Tax Map of the Borough of Brooklyn, County of Kings, City and State of New York.

Record and Return:

Friedman, Krauss & Zlotolow
Attorneys for Sponsor
888 Seventh Avenue
New York, New York 10106

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SCHEDULE A 12

SCHEDULE B 13

SCHEDULE C 14

Declaration Establishing a Plan for Condominium Ownership of Premises to be known as Harbor House Condominium, located at 2803 Batchelder Street, Borough of Brooklyn, County of Kings, City and State of New York, Pursuant to Article 9-B of the Real Property Law of the State of New York.

Batchelder Street Condominiums by the Bay, LLC, a limited liability company organized under the laws of the State of New York, having an office at c/o Richard Scott, 1304 Park Street, Atlantic Beach, New York 11509, hereinafter referred to as the "Sponsor," does hereby declare:

1. **Submission of Property:** Sponsor hereby submits the land hereinafter described, together with the building and improvements thereon erected (the "Property"), to the provisions of Article 9-B of the Real Property Law of the State of New York.

2. **Area and Location of Land.** The land ("Land") has an area of approximately 6,800 square feet and consists of all that certain tract, plot, piece and parcel of land situate, lying and being in the County of Kings, City and State of New York, more particularly described on Schedule A annexed hereto and made a part hereof. The Land is owned by the Sponsor in fee simple absolute.

3. **Name of Condominium.** The Condominium shall be known as Harbor House Condominium.

4. **Description of Building.** The Building is three stories plus partial mezzanine plus cellar. The cellar level contains the lower levels of the first floor Units plus common stairs, common halls, common boiler rooms and common house trap and meter rooms. The first floor contains the first floor units with greenhouses and vestibules, common public halls and public stairs. The upper floors contain the remaining Units and common public stairs and balconies for the upper floor units.. Each Unit contains a laundry room without appliances. Each Unit has an individual conventional gas fired hot water baseboard radiator system with a boiler and a 40 gallon gas fired hot water heater.

   The exterior walls are of 4" solid clay brick units with an 8" solid concrete load bearing backup.

   There are two entrances to common public halls at the first floor level from Batchelder Street.

5. **The Units**. Schedule B annexed hereto and made a part hereof sets forth the following data with respect to each Unit necessary for the proper identification thereof: unit designation; tax lot number; approximate area; location/view facing; number of rooms; the portion of the Common Elements, including Limited Common Elements, if any, to which the Unit has

immediate access, and the percentage of common interest. The location of each Unit is more clearly designated on the Floor Plans (as hereinafter defined) and reference should be made thereto for the statement of the location of each Unit.

As shown on the Floor Plans of the Building (the "Floor Plans"), certified by Jaime Lore Design Robert James Palermo Registered Architects, and intended to be filed in the Kings County Office of the Register of the City of New York simultaneously with the recording of this Declaration, the approximate physical dimensions of each Unit consist of the area measured horizontally from the Unit side of the glass of the exterior walls to the center line of the partitions separating one Unit from another Unit, corridors, stairs, elevators and other mechanical equipment spaces or any common elements, or to the Unit side of the opposite exterior walls. Each Unit will consist of the area measured vertically from the top of the floor to the underside of the ceiling.

Any General Common Element located within a Unit will not be considered a part of such Unit.

6. **Common Elements.** The Common Elements of the Condominium consist of the entire Property, including all parts of the Building and improvements thereon other than the Units. Common Elements are comprised of General Common Elements and Limited Common Elements. They include, without limitation, the following:

A. General Common Elements.

(1) The land on which the Building is physically erected and the land, if any, on all sides of the Building within the boundaries of the Property, including the backyard area at the rear of the Building, but not including the areas designated as parking spaces, which are Limited Common Elements.

(2) All foundations, columns, girders, beams, supports, bearing walls; those portions of the exterior walls and any insulation beyond the unexposed face of the dry wall at the exterior face of the Building, or, where applicable, those portions of the exterior walls beyond the interior face of the exterior wall; those portions of the walls and partitions dividing the Units from stairs located beyond the unexposed face of the dry walls enclosing the Unit, or, where applicable, the block, brick or concrete work of the interior walls of the Building separating Units from the stairs not within a Unit; concrete floor slabs; the support beams, joists and archways, including any furring attached to such joists from which the dry wall ceiling of the Unit below is attached; roof bulkheads; roofs, stairs and stairway areas located beyond the unexposed face of a dry wall enclosing a Unit, but not including the areas designated as balconies or greenhouses, which are Limited Common Elements.

(3) The common public hallways, halls and shafts on each floor, the common public vestibule at the first, second and third floors leading to the public stairs,

the entire portion of the cellar consisting of meter rooms, public stair and halls.

(4) All installations outside the Units for services such as gas, power, light, telephone and water; intercom system;

(5) All sewer pipes and drainage pipes; and

(6) All other apparatus and installations existing in the Building for common use or necessary or convenient to the existence, maintenance or safety of the Building.

B. Limited Common Elements. The following portions of the Common Elements will be Limited Common Elements:

(1) Any balconies and greenhouses, adjacent to and with access directly from a particular Unit, which shall be for the exclusive use of such Unit Owner. The designated parking spaces are also for the exclusive use of the designated Unit Owners, as set forth on the site plan included in the Offering Plan.

7. **Use of Units**. Each of the Units may be used only for a private residence, except that a Unit Owner may use his Unit for any home occupation use permitted under applicable zoning law and ordinances, building code or other rules and regulations of governmental authorities having jurisdiction. Such Units may also be used as professional offices by a resident thereof, provided such professional use does not violate any zoning law and ordinances and provided further that the prior written consent of the Board of Managers to such professional use is obtained. Notwithstanding the foregoing, the Sponsor or its designee may, without the permission of the Board of Managers, retain ownership of one or more Units for use as models, sales and/or production offices in connection with the sale or rental of the Units.

8. **Determination of Percentages in Common Elements.** The percentage of Common Interest allocated to each Unit is based upon respective 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 a particular Unit. These allocations are made pursuant to Section 339-i 1(iv) of the Real Property Law, which is part of Article 9-B of the Condominium Act.

9. **Encroachments.** If any portion of the Common Elements now encroach upon any Unit, or if any Unit now encroaches upon any other Unit or upon

any portion of the Common Elements, or if any encroachment shall occur hereafter as a result of (a) settling or shifting of the Building, or (b) alteration or repair to the Common Elements made by or with the consent of the Board of Managers, or (c) as a result of repair or restoration of the Building or a Unit after damage by fire or other casualty, or (d) as a result of condemnation or eminent domain proceedings, a valid easement shall exist for such encroachment and for the maintenance of the same so long as the Building shall stand.

10. **Easements.**

A. Each Unit Owner shall have an easement in common with the owners of all other Units to use all pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements located in any of the other Units and serving his Unit. Each Unit shall be subject to an easement in favor of the owners of all other Units to use the pipes, ducts, cables, wires, conduits, public utility lines and other Common Elements serving such other Units and located in such Unit. The Board of Managers shall have a right of access to each Unit and any Limited Common Elements appurtenant thereto to inspect the same, to remove violations therefrom and/or to maintain, repair, add to or replace the Common Elements contained therein or elsewhere in the Building.

B. The Sponsor and its designees, their successors, assigns, invitees, licensees, contractors, employees and tenants shall have an easement in, on, over and across the Property for (i) construction, installation and development thereon of recreation facilities, Common Elements and Units and for the construction and installation, ingress to and egress from, and use of (including the right to connect with) all pipes, conduits, ducts, cables, wires, storm drainage facilities, water, sewer and other utility lines for the benefit of any recreation facilities, Common Elements and Units and (ii) construction and installation, ingress to and egress from and the right to use (in common with Unit Owners) all storm drainage facilities, water, sewer and other utility lines, pipes, conduits, flues, ducts, wires and cables, and (iii) ingress to and egress from all land areas of the Property and the use of said land areas (in common with Unit Owners) for any lawful purpose.

C. The Sponsor, its designees and their successors, assigns, invitees, licensees, contractors, employees and tenants (i) shall have an easement to erect, maintain, repair and replace from time to time one or more signs on the Building and elsewhere on the Property for the purposes of advertising the sale of Units and the leasing of space in any Unit as well as an easement in and access to Units and Common

Elements consistent with the purposes of a certain Offering Plan for the Property dated _____, 2000, as same may be amended, and Sponsor's rights and obligations thereunder, including, without limitation, the right to develop, renovate, maintain, repair, refurbish, offer, sell and lease Units and Common Elements, and (ii) reserve the right to establish, grant and create easements for any additional underground electric transformer, amplifier, gas, cable television, telephone, water, storm drainage, sewer or other utility lines and appurtenances in, under and through the Property, including, without limitation, an easement or easements for the benefit of any property adjacent to the Property, to relocate any existing utility easements in any portion of the Property and to dedicate any or all of such facilities to any governmental body, public benefit corporation or utility company if the Sponsor or its designee shall deem it necessary or desirable for the proper operation and maintenance of the Property or any portion thereof, or for the general health or welfare of any Unit Owner, or the residents of any property adjacent to the Property, or users of any recreation facilities, provided that such additional utilities or the relocation of existing utilities will not prevent or unreasonably interfere with the use of the Units for private residential use or home occupation purposes. Any utility company or public benefit corporation furnishing services to the Property, and the employees and agents of any such company or corporation, shall have the right of access to any Unit, to the Common Elements or the Limited Common Elements in furtherance of such easements, provided such right of access is exercised in such a manner as not unreasonably to interfere with the use of the Units.

D. Each Unit shall have an easement for the exclusive use of its Limited Common Elements.

E. The user of any easement granted by Paragraphs B and C of this Article 10 shall have the responsibility of repairing any damage resulting therefrom. No fee or charge may be imposed by the Board of Managers for any easement granted herein.

11. **Power of Attorney to Board of Managers**. Each Unit Owner shall grant to the persons who shall from time to time constitute the Board of Managers, an irrevocable power of attorney, coupled with an interest, to acquire title to or lease any Unit whose Owner desires to surrender, sell or lease the same, or which may be the subject of a foreclosure or other judicial sale, in the name of the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners, and to convey, sell, lease, mortgage (but not to vote the

votes appurtenant thereto) or otherwise deal with any such Units so acquired or to sublease any Unit so leased by the Board of Managers.

12. **Acquisition of Units by Board of Managers**. In the event any Unit Owner shall surrender his Unit, together with: (i) the undivided interest in the Common Elements, general and limited, appurtenant thereto, (ii) the interest of such Unit Owner in any other Units acquired by the Board of Managers or its designee on behalf of all Unit Owners or the proceeds of the sale or lease thereof, if any, and (iii) the interest of such Unit Owner in any other assets of the Condominium (hereinafter collectively called the "Appurtenant Interests"), pursuant to the provisions of Section 339-x of the Real Property Law of the State of New York, or in the event the Board of Managers shall purchase from any Unit Owner who has elected to sell the same, a Unit, together with the Appurtenant Interests, pursuant to Section 8.1 of Article VIII of the By-Laws, or in the event the Board of Managers shall purchase at a foreclosure or other judicial sale, a Unit, together with the Appurtenant Interests, title to any such Unit, together with the Appurtenant Interests, shall be held by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners, in proportion to their respective Common Interests. The lease covering any Unit leased by the Board of Managers, or its designee, corporate or otherwise, shall be held by the Board of Managers, or its designee, on behalf of all Unit Owners, in proportion to their respective Common Interests.

13. **Person to Receive Service**. For the period during which Sponsor is in control of the Board of Managers, Batchelder Street Condominiums by the Bay, LLC, with an office at Richard Scott, 1304 Park Street, Atlantic Beach, New York 11509 is hereby designated to receive notice of process in any action which may be brought against the Condominium. After Sponsor relinquishes control of the Board of Managers notice of process in any action which may be brought against the Condominium or the Board of Managers may be served on the President of the Condominium at the Office of the Condominium, 2803 Batchelder Street, Brooklyn, New York 11229. The Secretary of State of the State of New York is hereby also designated agent for service of process on the Board of Managers.

14. **Units Subject to Declaration, By-Laws and Rules and Regulations**. All present and future Unit Owners, tenants, subtenants and occupants of Units shall be subject to and shall comply with the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time. The acceptance of a deed or conveyance or the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time, are accepted and ratified by such Unit 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 or conveyance or lease thereof.

15. **Amendment to Declaration.** This Declaration may be amended, modified, added to or deleted from by the vote of at least sixty-six and two-thirds percent (66⅔%) in number and in Common Interest 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 in lieu of a meeting, any amendment may be approved, in writing by sixty-six and two-thirds percent (66⅔%) in number and in Common Interest of all Unit Owners, provided, however:

(a) No amendment, modification, addition or deletion which shall adversely affect the lien of any mortgage may be made without the written consent of the mortgagee;

(b) No amendment which shall change the percentage of Common Interests allocated to any Unit or Units may be made without the written consent of such Unit Owner(s); no amendment which shall increase the percentage of Common Interests allocated to any Unit or Units may be made without the written consent of the mortgagee(s) of such Unit, or Units, if any;

(c) No amendment, modification, addition or deletion of or to this Declaration will be effective in any respect against Sponsor, its designee, or any Unsold Unit until Sponsor or such designee shall consent thereto in writing.

The Sponsor hereby reserves to itself and its designee(s) the right to amend this Declaration at any time without the requirement of a vote and without the approval or consent of any Unit Owners or mortgagees for the sole purpose of filing the Floor Plans required by the New York Real Property Law Section 339-p for any portion or portions of the Building and appurtenances which are incomplete at the time the Declaration is recorded or which are changed pursuant to Article 16 below and the filing along with said amendment to the Declaration and the Floor Plans, the verified statement of a registered architect or licensed professional engineer certifying that the plans being filed simultaneously with such amendment, fully and fairly depict the layout, location, unit designations and approximate dimensions of the particular Unit or Units as built, as provided in said Section 339-p.

No such amendment shall be effective until recorded in the Kings County Office of the Register of the City of New York.

16. **Changes in Unsold Units.** For any Unit owned by the Sponsor or its designee(s), if not prohibited by the New York Condominium Act (as the same may be amended), the Sponsor or its designee(s), shall have the right, without the vote or consent of the Board of Managers, other Unit Owners or the holders of Unit mortgages, to (i) make alterations, additions, or improvements in, to and upon the Unit; (ii) change the layout or number of rooms in the Unit; (iii) change the size and/or number of such Units by subdividing a Unit, combining separate Units (including those resulting from any subdivision or otherwise) into one or more Units, altering the boundary walls between any Unit or otherwise; and (iv) reapportion among such Units affected by such change in size or number, subdivision, combination or alteration, their appurtenant interests in the Common Elements; provided, however, that the Sponsor or its designee(s) or the cellar Unit Owners shall comply with all rules, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Board of Managers and all other Unit Owners harmless from any liability arising therefrom. In accordance with law, the Common Elements appurtenant to each Unit as expressed in this Declaration shall have a permanent character and shall not be altered without the consent of all Unit Owners affected. Written consents will be obtained from Unit Owners and contract vendees, if any, who are adversely affected as a result of the above changes. The above changes, if made, will be disclosed in an amendment to the Offering Plan for the Property. The provisions of this Article 16 may not be added to, amended or deleted without the prior written consent of the Sponsor or its designees(s).

Unit Owners in the Condominium hold title to their respective Units subject to the benefits, rights, privileges, easements, burdens, covenants, and restrictions as described herein, in the By-Laws of the Condominium and any agreement of record recorded prior or subsequent to this Declaration.

17. **Invalidity**.

A. If any provision of this Declaration or of the By-Laws is invalid under, or would cause this Declaration or the By-Laws to be insufficient to submit the Property to the provisions of the Condominium Act, such provision shall be deemed deleted from this Declaration or the By-Laws, as the case may be, for the purpose of submitting the Property to the provisions of the Condominium Act, but shall nevertheless be valid and binding upon, and shall inure to the benefit of, the owners of the Property and their heirs, executors, administrators, legal representatives, successors and assigns, as covenants running with the Land and with every part thereof and interest therein under the other applicable Law to the extent permitted under such applicable Law with the same force and effect as if, immediately after the recording of

this Declaration or the By-Laws, all Unit Owners had signed and recorded an instrument agreeing to each such provision as a covenant running with the Land. If any provision that is necessary to cause this Declaration or the By-Laws to be sufficient to submit the Property to the provisions of the Condominium Act is missing from this Declaration or the By-Laws, then such provision shall be deemed included as a part of this Declaration or the By-Laws, as the case may be, for the purpose of submitting the Property to the provisions of the Condominium Act.

B. Subject to the terms of Paragraph A of this Article 17, if this Declaration or the By-Laws are insufficient to submit the Property to the provisions of the Condominium Act, the provisions of this Declaration or the By-Laws shall nevertheless be valid and binding upon, and shall inure to the benefit of, the owners of the Property and their heirs, executors, administrators, legal representatives, successors and assigns, as covenants running with the Land and with every part thereof and interest therein under other applicable Law to the extent permitted under such applicable Law with the same force and effect as if, immediately after the recording of this Declaration and the By-Laws, all Unit Owners had signed and recorded an instrument agreeing to each such provision as a covenant running with the Land.

18. **Termination of Condominium**. The Condominium may be terminated by casualty loss, condemnation or eminent domain, in accordance with the provisions of the By-Laws, or by withdrawing the Property from the provisions of the New York Condominium Act if authorized by an affirmative vote of Unit Owners who own not less than eighty percent (80%) in number and in Common Interest of the Units. Sponsor or its designees will not vote its interests appurtenant to any Unsold Units for such withdrawal unless at least eighty percent (80%) in number and in Common Interest of all other Unit Owners have elected for such withdrawal, in which event Sponsor may choose to vote in favor of or against such withdrawal. In the event said withdrawal is authorized as aforesaid, 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 shall be divided 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 his share of such net proceeds all liens on his Unit, in the order of priority of such liens.

19. **Common Expense.** Common Expenses of the Condominium mean and include all expenses of operation of the Property and all sums designated

Common Expenses by or pursuant to the provisions of Article 9-B of the Real Property Law of the State of New York, the Declaration or the By-Laws.

20. **Definition of "Sponsor-designee."** The term "Sponsor-designee" as used in this Declaration shall mean any person or entity designated by the Sponsor to acquire title to a Unit. A "Sponsor-designee" shall have the right to designate a person or entity to succeed to its rights and any such designee shall also be deemed a "Sponsor-designee."

21. **Waiver.** No provision contained in this Declaration 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 which may occur.

22. **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 this Declaration nor the intent of any provision thereof.

23. **Gender.** The use of the masculine gender in this Declaration shall be deemed to refer to the feminine and/or the neuter gender and the use of the singular shall be deemed to refer to the plural, and vice versa, whenever the context so requires.

IN WITNESS WHEREOF, the parties have caused this Declaration to be executed by its duly authorized representatives this _____ day of _____, 200__.

BATCHELDER STREET CONDOMINIUMS
BY THE BAY, LLC

By: _____

State of New York, County of ss.:

On _____ before me, the undersigned, personally appeared _____ _____ personally known to me or proved to me on the basis of satisfactory evidence to me 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.

_____
(signature and office of individual taking acknowledgment)

_____
Notary Public

SCHEDULE A
TO THE DECLARATION OF
HARBOR HOUSE CONDOMINIUM

2803 Batchelder Street

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Brooklyn, County of Kings, City, State of New York, bounded and described as follows:

BEGINNING at a point on the easterly side of Batchelder Street, 345 feet 6-3/4 inches northerly from the corner formed by the intersection of the easterly side of Batchelder Street with the northerly side of Emmons Avenue; Running thence easterly at right angles from Batchelder Street, 100 feet; thence northerly parallel with Batchelder Street, 68 feet; thence westerly at right angles to Batchelder Street 100 feet to the easterly side of Batchelder Street; thence southerly along the easterly side of Batchelder Street, 68 feet to the point or place of beginning.

* * * * *

SCHEDULE B
TO THE DECLARATION OF
Harbor House Condominium
2803 Batchelder Street
Brooklyn, New York 11229

Unit	Tax Lot Number	Approximate Area in Square Feet	Location/View Facing	Rooms	Common Elements to which Unit has Immediate Access	Percentage of Common Interest
1A		1,500	Cellar and 1st floors		Public Halls, Stairs	13.98
1B		1,686	Cellar and 1st floors		Public Halls, Stairs	15.71
1C		1,500	Cellar and 1st floors		Public Halls, Stairs	13.98
2A		810	2nd floor		Public Halls, Stairs	7.55
2B		830	2nd floor		Public Halls, Stairs	7.78
2C		810	2nd floor		Public Halls, Stairs	7.55
3A		1,170	3rd floor		Public Halls, Stairs	10.90
3B		1,250	3rd floor		Public Halls, Stairs	11.65
3C		1,170	3rd floor		Public Halls, Stairs	10.90

SCHEDULE C
TO THE DECLARATION
OF CONDOMINIUM OF THE PREMISES KNOWN AS
HARBOR HOUSE CONDOMINIUM
2803 Batchelder Street
Brooklyn, New York 11209
(Definitions)

"Appurtenant Interest" means with respect to any Unit, the undivided interest of the owner thereof, pursuant to the terms of Section 339-x of the Condominium Act, in and to: (i) the Common Elements; (ii) any other Units owned or leased at the time in question by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners; (iii) any proceeds of the sale or lease of Units of the nature described in subdivision (ii) above; and (iv) any other assets of the Condominium.

"Assessments" means the charges allocated and assessed by the Board of Managers to the Unit Owners, pro rata, in accordance with their respective Common Interest (except as otherwise provided in this Declaration or in the By-Laws).

"Board of Managers" or "Condominium Board" means the governing board of the Condominium composed of representatives elected by Unit Owners voting in accordance with their respective percentages of Common Interest.

"Building" means the structures and improvements known as Harbor House Condominium, 2803 Batchelder Street, Brooklyn, New York 11229, in which the Units of the Condominium are located.

"By-Laws" means the by-laws governing the operation of the Condominium as set forth in Part II of this Plan, as the same may be amended from time to time.

"City Register's Office" means the Kings County office of the Register of the City of New York.

"Closing" or "Closing Date" means respectively the transaction by which or date on which legal title to a Unit is conveyed by the Sponsor to a Purchaser who shall have fully paid the required Purchase Price for his or her Unit and who shall have otherwise fully performed all obligations on his or her part to be performed under the Purchase Agreement.

"Common Charges" means each Unit's proportionate share of the Common Expenses in accordance with its Common Interest.

"Common Elements" means the entire Property, including all parts of the Building and improvements thereon other than the Units. Common Elements are comprised of General Common Elements and Limited Common Elements.

"Common Expenses" means (a) the expenses of operation of the Property, and (b) all sums designated Common Expenses by or pursuant to the provisions of the New York Condominium Act, the Declaration or the By-Laws.

"Common Interest" means the proportionate, undivided interest in fee simple absolute in the Common Elements appertaining to each Unit as expressed in this Declaration.

"Condominium" means a form of ownership of real property in which individual Units as component parts of a whole are owned in fee simple with the right of exclusive use by separate individuals or entities, which separate individuals and/or entities jointly own those parts of the whole designated as Common Elements. In the context of this Offering Plan, "Condominium" specifically refers to Harbor House Condominium.

"Condominium Act" means Article 9-B of the Real Property Law of the State of New York, as the same may be amended from time to time.

"Condominium Board" shall have the same meaning as "Board of Managers."

"Condominium Documents" means this Declaration and all Schedules thereto, the By-Laws, the Rules and Regulations, the Floor Plans, the form of Unit Deed and the form of Power of Attorney.

"Date of Presentation" means with respect to the Plan or any amendment thereto the date which is (a) the date copies thereof are personally delivered or (b) five (5) days after copies thereof are mailed to persons entitled to the same pursuant to Title 13, Part 20 of the regulations of the Department of Law.

"Declaration" means this instrument, as may be amended from time to time, by which the Property is submitted to the provisions of the New York State Condominium Act, consistent with the provisions of the New York Condominium Act and the By-Laws.

"Down Payment" means all amounts paid to the Sponsor, or its agent, by a Purchaser upon the signing of a Purchase Agreement (including any additional sums paid thereunder by a Purchaser, such as the cost of special work, upgrades, or extras on a Unit), together with interest earned thereon, if any.

"Escrow Agent" has the meaning ascribed to that term in the Section of the Plan entitled "Procedure to Purchase."

"Escrow Agreement" refers to the form of escrow agreement set forth in Part II of this Plan.

"First Unit Closing" means the first closing of title with a bona fide Purchaser of a Unit.

"Floor Plans" means the floor plans of the Units certified by a registered architect or licensed professional engineer, and filed in the City Register's Office simultaneously with the recording of this Declaration, together with any supplemental floor plans thereto.

"General Common Elements" include, without limitation, the following:

(1) The land on which the Building is physically erected and the land, if any, on all sides of the Building within the boundaries of the Property, including the backyard area at the rear of the Building, but not including the areas designated as parking spaces, which are Limited Common Elements.

(2) All foundations, columns, girders, beams, supports, bearing walls; those portions of the exterior walls and any insulation beyond the unexposed face of the dry wall at the exterior face of the Building, or, where applicable, those portions of the exterior walls beyond the interior face of the exterior wall; those portions of the walls and partitions dividing the Units from stairs located beyond the unexposed face of the dry walls enclosing the Unit, or, where applicable, the block, brick or concrete work of the interior walls of the Building separating Units from the stairs not within a Unit; concrete floor slabs; the support beams, joists and archways, including any furring attached to such joists from which the dry wall ceiling of the Unit below is attached; roof bulkheads; roofs, stairs and stairway areas located beyond the unexposed face of a dry wall enclosing a Unit, but not including the areas designated as balconies or greenhouses, which are Limited Common Elements.

(3) The common public hallways, halls and shafts on each floor, the common public vestibule at the first, second and third floors leading to the public stairs, the entire portion of the cellar consisting of meter rooms, public stair and halls.

(4) All installations outside the Units for services such as gas, power, light, telephone and water; intercom system;

(5) All sewer pipes and drainage pipes; and

(6) All other apparatus and installations existing in the Building for common use or necessary or convenient to the existence, maintenance or safety of the Building.

"Insurance Trustee" means a bank, a trust company or a savings and loan association, having an office in the City of New York, from time to time appointed to serve as such by the Condominium Board.

"Land" means all that certain tract, plot, piece and parcel of land situate, lying and being in the City of New York, New York, County, State of New York, as more particularly described in Schedule A to this Declaration.

"Law" means the laws and ordinances of any or all of the Federal, New York State, New York City, and Kings County governments, the rules, regulations, orders and directives of any or all departments, subdivisions, bureaus, agencies, or offices thereof or of any other governmental, public, or quasi-public authorities having jurisdiction over the Property and/or the Condominium, and/or the direction of any public officer pursuant to law.

"Lender" shall have the meaning ascribed to such term in the Section of the Plan entitled "Rights and Obligations of the Sponsor."

"Limited Common Elements" means parts of the whole which are owned as Common Elements, but the exclusive use of which is granted to a single Unit Owner or several Unit Owners and, unless otherwise specified, the maintenance and repair of which is the responsibility of the Board of Managers as a Common Expense. In the Plan, any balconies, and greenhouses and designated parking spaces are Limited Common Elements.

"Majority of Unit Owners" means either (i) more than fifty percent (50%) in Common Interest in the aggregate, or (ii) more than fifty percent (50%) in number of Units in the aggregate, or (iii) more than fifty percent (50%) in the aggregate in both Common Interest and in number of Units, as may be specified herein or in this Declaration or the By-Laws with respect to any matter or matters. Any specified percentage of Unit Owners means (i) such percentage in Common Interest in the aggregate, or (ii) such percentage in number of Units in the aggregate, or (iii) such percentage in Common Interest and such percentage in number of Units, as may be specified herein or in this Declaration or the By-Laws with respect to any matter or matters, provided, however, that different percentages in interest and in number of Units may be so specified.

"Managing Agent" means a person employed by the Condominium Board pursuant to Article II, Section 2.3 of the By-Laws, who shall undertake to perform the duties and services that the Condominium Board shall direct and who shall have whatever powers the Condominium shall delegate, subject to the limitations contained in such Section of the By-Laws. Initially, there shall be no Managing Agent

"Offeree" has the meaning ascribed to that term in the Section of the Plan entitled "Introduction."

"Offering Plan" means the document filed with the New York State Department of Law which describes the condominium property and pursuant to which individual Units in the Condominium are

offered for sale, as the same may be amended from time to time. The Offering Plan is sometimes herein referred to as the "Plan."

"Operation of the Property" means the administration and operation of the Property and the maintenance, repair and replacement of, and the making of any additions and improvements to the Common Elements.

"Person" means a natural person, corporation, partnership, association, trustee, limited liability company, limited liability partnership or other legal entity.

"Plan" shall have the same meaning as "Offering Plan."

"Power of Attorney" means the document, signed by Unit Owners, which appoints:

(i) the Board of Managers as attorney-in-fact to acquire, on behalf of all Unit Owners, any Unit the Unit Owner of which wishes to sell or abandon together with the Appurtenant Interests thereto and to deal with any such Units so acquired as it may determine.

(ii) the Sponsor, as attorney-in-fact, to amend the Declaration, the By-Laws, and the Rules and Regulations of the Condominium, or any of said documents under certain conditions set forth in the Power of Attorney.

"Property" means and includes the Land, the Building and all other improvements thereon owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, which have been or are intended to be submitted to the provisions of the New York State Condominium Act.

"Purchase Agreement" refers to that contract of purchase and sale of a Unit as set forth in Part II of the Plan.

"Purchaser" means any Person who has entered into an agreement with the Sponsor to purchase any Unit and is not in default thereunder.

"Recording officer" and "recording" or "recorded" shall have the meanings stated in section two hundred ninety of the New York Real Property Law.

"Residential Unit" shall have the same meaning as "Unit." All such Residential Units are collectively referred to as "Residential Units" or "Units."

"Residential Unit Owner" shall have the same meaning as "Unit Owner."

"Rules and Regulations" means the rules and regulations of the Condominium, which are annexed as an addendum to the By-Laws, as any of the same may be amended, modified, added to, or deleted from time to time pursuant to the terms of the By-laws, provided that they are not in conflict with the terms of the Condominium Act, this Declaration, or the By-Laws.

"Selling Agent" means a party appointed by the Sponsor, if any, as the selling agent for the Sponsor with respect to the Units being offered for sale under this Plan. Sponsor does not intend that there will be a Selling Agent.

"Sponsor" means the promoter of the project and/or Offering Plan to convert a particular parcel of property to Cooperative or Condominium Ownership; Batchelder Street Condominiums by the Bay, LLC constitutes the Sponsor of the Offering Plan.

"Sponsor-designee" means any Person designated by the Sponsor to hold title to any Unit. The Sponsor's statement in writing that a Person is the Sponsor-designee shall be conclusive evidence of such status so as to entitle such Person to all the rights of the Sponsor-designee under the Offering Plan. The Sponsor-designee shall have the right to designate a Person to succeed to its rights and any such designee shall also be deemed the "Sponsor-designee."

"Sponsor's Architect" means Jaime Lore Design, Robert J. Palermo, AIA, SARA , or its successor, as the architect engaged by the Sponsor to design the Building and supervise construction thereof.

"Unavoidable Delays" means delays due to strike, lockout, or other labor or industrial disturbance (whether or not on the part of employees or contractors of the Sponsor), civil disturbance, future order of any government, court or regulatory body claiming jurisdiction, war, act of the public enemy, riot, sabotage, blockade, embargo, shortage of or failure or inability to secure materials or labor by reason of priority or similar regulation or order of any government or regulatory body, or lightning, earthquake, fire, storm, hurricane, flood, washout, explosion, act of God or any cause whatsoever beyond the reasonable control of the Sponsor whether or not similar to any of the causes hereinabove stated.

"Unit" means any space in the Building designated as a Unit in this Declaration, consisting generally of a specific apartment in the Building, together with any appurtenant, proportionate, undivided interest in the Common Elements and, as the case may be, the Limited Common Elements. Such Units are a part of the Property intended for any type of legal use or uses, and adjoin an exit to a public street or highway or a Common Element or elements leading to a public street or highway, and may include such appurtenances as a storage room, balcony, or terrace. All such Units are collectively referred to as "Units" or "Residential Units."

"Unit Deed" means the deed transferring title to a specified Unit from the Sponsor to the Purchaser in fee simple absolute.

"Unit Designation" means the number, letter or combination thereof or other official designations conforming to the tax lot number, if any, designating the Unit in this Declaration and on the Floor Plans.

"Unit Owner" means any owner of a Unit in fee simple absolute, and all such owners are collectively referred to as the "Unit Owners."

"Unsold Unit" means any Unit owned by the Sponsor or its designee at the time in question, and all such Units are collectively referred to as "Unsold Units."

BY-LAWS

OF

HARBOR HOUSE CONDOMINIUM
(Schedule D to the Declaration of the Condominium)

2803 Batchelder Street
Brooklyn, New York 11229

Borough of Brooklyn
County of Kings, City and State of New York

Friedman, Krauss & Zlotolow
888 Seventh Avenue
New York, New York 10106

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BY-LAWS
OF
HARBOR HOUSE CONDOMINIUM

ARTICLE I

PLAN OF UNIT OWNERSHIP

Section 1.1 Unit Ownership. The property, located in the Borough of Brooklyn, County of Kings, City and State of New York at 2803 Batchelder Street, Brooklyn, New York (hereinafter called the "Property") has been submitted pursuant to the provisions of Article 9-B of the Real Property Law of the State of New York (the "Condominium Act") by the recording of the Declaration in the Kings County Office of the Register of the City of New York, simultaneously herewith. The Condominium thereby created shall hereinafter be known as Harbor Houset Condominium.

Section 1. 2 Applicability of By-Laws. The provisions of these By-Laws are applicable to the Property of the Condominium and to the use and occupancy thereof. The term "Property" as used herein shall include the land, the Building and all other improvements thereon (including the Units, the Common Elements and Limited Common Elements), owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, all of which are intended to be submitted to the provisions of said Article 9-B of the Real Property Law of the State of New York. The Condominium Units are hereinafter sometimes referred to as "Unit" or "Units."

Section 1.3 Application. All present and future owners, mortgagees, lessees and occupants of Units and their employees, 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 attached hereto as Schedule A.

The acceptance of a deed or conveyance or the entering into of a lease for a Unit or the act of occupancy 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 Office. The office of the Condominium and of the Board of Managers shall be located at the Property.

ARTICLE II

BOARD OF MANAGERS

Section 2.1 Number and Term. The number of members which shall constitute the whole Board of Managers (sometimes herein referred to as the "Board") shall not be less than three (3) and not more than five (5). Until succeeded by the members elected at the first meeting of Unit Owners called for such purpose, members need not be Unit Owners; thereafter, all members, other than a representative of Sponsor, shall be Unit Owners, the principal or officer of a Unit Owner or the spouse of a Unit Owner. The number of members elected at the first such meeting shall be three (3). Thereafter, within the limits above specified, the number of members shall be determined by the Unit Owners at their annual meetings. There shall always be an odd number of members. The members shall hold office until their successors have been elected and hold their first meeting. But, in any event, the terms of the members of the Board of Managers shall expire annually.

Section 2.2 Powers and Duties. 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. Such powers and duties of the Board of Managers shall include, but shall not be limited to, the following:

(a) Contracting for the necessary services for operation, care, upkeep and maintenance of the Common Elements.

(b) Determination of the Common Expenses and Common Charges required for the affairs of the Condominium, including, without limitation, the operation and maintenance of the Property.

(c) Collection of the Common Charges and expenses of the Condominium from the Unit Owners.

(d) Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements.

(e) Adoption and amendment of Rules and Regulations covering the details of the operation and use of the Property subject to a right of the Unit Owners to overrule the Board (See Article VI, Section 6.16).

(f) Opening of bank accounts on behalf of the Condominium and designating the signatories required therefor.

(g) Purchasing or leasing or otherwise acquiring in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners, Units offered for sale or lease or surrendered by their owners to the Board of Managers.

(h) Purchasing of Units at foreclosure or other judicial sales in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners.

(i) Acquiring in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners, rights and interests in real and personal property for use in connection with the ownership and operation of the Property as a condominium, as described in the Declaration and these By-Laws.

(j) Selling, leasing, mortgaging (but not voting the votes appurtenant to), or otherwise dealing with Units acquired by, and subleasing Units leased by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners.

(k) Organizing corporations to act as designees of the Board of Managers in acquiring title to or leasing of Units on behalf of all Unit Owners.

(1) Obtaining and reviewing of insurance for the Property, including the Units, pursuant to the provisions of Article VI, Section 6.2 hereof.

(m) Making of repairs, alterations, additions and improvements to or alterations of the Property and repairs to and restoration of the Property in accordance with the other provisions of these By-Laws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(n) Negotiation and settlement of all claims and actions relating to the Condominium.

(o) Borrowing money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the Common Elements, provided, however, that (i) the consent of a majority of all Unit Owners shall be required for the borrowing of any sum in excess of $20,000, and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements without the written consent of the Unit Owner. If any sum borrowed by the Board of Managers on behalf of the Condominium pursuant to the authority contained in this paragraph (o) is not repaid by the Board, a Unit Owner who pays to the creditor such proportional share thereof as his interest in the Common Elements bears to the interest of all the Unit Owners in the Common Elements 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.

(p) Levying fines against Unit Owners for violations of the Rules and Regulations governing the operation and use of the Property and levying late payment charges against Unit Owners for late payment of their Common Charges.

(q) Notwithstanding anything to the contrary contained in these By-Laws, so long as the Sponsor or any Sponsor-designee shall continue to own Condominium Units equaling at least twenty-five (25%) percent of the total Common Interest of the Condominium but in no event for a period in excess of five (5) years from the closing of title to the first Unit ("First Unit Closing"), the Board of Managers may not, without the Sponsor's or Sponsor-designee's prior written consent (which may be given or withheld in its sole discretion): (a) make, permit, or consent to any addition, alteration, improvement or change in or to the Common Elements, the Limited Common Elements, or any Unit, (b) assess any Common Charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund, (c) enter into any service or maintenance contract, (d) borrow money on behalf of the Condominium, the Board of Managers or Unit Owners, (e) exercise a right of first refusal to purchase a Unit, (f) increase or decrease the number, or change the type of employees of the Condominium or the Board of Managers from those set forth in the Section of the Plan entitled "Notes to Schedule B," or (g) change or increase or decrease the services or operating expenses as set forth in the "Notes to Schedule B" except as required to reflect normal annual increases in operating expenses; provided, however, that the Sponsor will not exercise veto power over (i) expenses described in Schedule B of the Plan, (ii) expenditures necessary to remedy any notice of violation, (iii) expenditures necessary to remedy any work order by an insurer or (iv) expenses required in order to comply with applicable laws or regulations. As long as the Sponsor or any Sponsor-designee shall continue to own a Unit, the Board of Managers may not, without the Sponsor's or Sponsor designee's prior written consent, (i) amend the Declaration or these By-Laws so as to in any way adversely affect the Sponsor or its designees or (ii) interfere with: the offer and sale or leasing of Units at the Property; operation of general or sales and leasing offices at the Property; or actions necessary for construction, renovation, repair or correction at the Property, as required by Sponsor. Subject to the foregoing, the Sponsor or Sponsor-designee shall have the right to withhold its consent to any of the foregoing actions. The provisions of this paragraph may not be amended without the prior written consent of the Sponsor.

Section 2.3 Managing Agent and Manager. The Board of Managers may employ for the Condominium a managing agent and/or a manager at a compensation established by the Board of

Managers to perform such duties and services as the Board of Managers shall authorize. The Board of Managers may delegate to the manager or managing agent, all of the powers granted to the Board of Managers by these By-Laws other than the powers set forth in subdivisions (b), (e), (f), (g), (h), (i), (j), (k), (n), (o) and (p) of Section 2.2 of this Article II. All Unit Owners of Units occupied by a non-purchasing tenant, other than Sponsor or its designee, herein agree to irrevocably appoint the managing agent of the Condominium and its successors and assigns, or to appoint the Board of Managers, if no managing agent is employed by the Condominium, as his or her agent to provide to the non-purchasing tenant(s) all services and facilities required by law.

Section 2.4 First Board of Managers. The first Board of Managers shall consist of persons designated by the Sponsor, who shall hold office and exercise all powers of the Board of Managers until the first meeting of Unit Owners called for the purpose of electing members. Any or all of said members shall be subject to replacement in the event of resignation or death in the manner set forth in Section 2.6 of this Article II.

Section 2.5 Removal of Members of the Board of Managers. At any regular or special meeting of Unit Owners, any one or more of the members of the Board of Managers, other than a member designated by the Sponsor or a Sponsor-designee, may be removed with or without cause by an affirmative vote of Unit Owners whose aggregate Common Interest exceed fifty percent (50%) of the Common Interest of the Condominium, and a successor may then and there or thereafter be elected to fill the vacancy thus created. Any member of the Board of Managers whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at the meeting. A member of the Board of Managers designated by the Sponsor or a Sponsor-designee may only be removed for cause by the affirmative vote of Unit Owners (including Sponsor and/or any other holder of Unsold Units) owning in the aggregate a percentage of Common Interest in excess of fifty percent (50%) of the Common Interest of the Condominium. In the event of such removal, the Sponsor or Sponsor-designee, as the case may be, shall have the exclusive right to designate a replacement for such removed member of the Board of Managers. If a member of the Board of Managers ceases to be a Unit Owner, the principal or officer of a Unit Owner, or the spouse of a Unit Owner, unless such member is a Sponsor-designee, he shall be deemed to have resigned, effective as of the date such ownership interest ceased.

Section 2.6 Vacancies. Vacancies in the Board of Managers caused by any reason, other than the removal of a member thereof by a vote of the Unit Owners, shall be filled by a vote of the majority of the remaining members at a special meeting of the Board of Managers held for that purpose, promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board of Managers until a successor shall be elected at the next annual meeting of the Unit Owners to serve the remaining term. Notwithstanding the foregoing, vacancies of members designated by the Sponsor or Sponsor-designee shall be filled only by the Sponsor or Sponsor-designee.

Section 2.7 Organizational Meeting. The first meeting of the members of the Board of Managers following the annual meeting of the Unit Owners shall be held 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, elected at the meeting at which they shall have been elected, and no notice shall be necessary to the newly elected members of the Board of Managers in order to legally constitute such meeting, provided a majority of the whole Board of Managers shall be present thereat.

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 two (2) 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, by mail or telegraph, at least five (5) 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 three (3) business days' notice to each member of the Board of Managers, given by mail, telegraph or personal delivery to the Unit owned by such member of the Board of Managers, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Managers 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 if the number of members is three (3) and at least three (3) members of the Board of Managers if the number of members is five (5).

Section 2.10 Waiver of Notice. 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 of the time and place thereof. If all the members of the Board of Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 2.11 Quorum of Board of Managers. At all meetings of the Board of Managers, a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board of Managers present at a meeting at which a quorum is present shall constitute the decision of the Board of Managers. If, at any meeting of the Board of Managers, there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned 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. 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 of Managers or the committee.

Section 2.12 Fidelity Bonds. The Board of Managers may obtain fidelity bonds in the amount of $25,000 or more for all officers and employees of the Condominium handling or responsible for Condominium funds and for the Managing Agent, if any,. The premiums on such bonds, if obtained, 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.

Section 2.14 Liability of the Board of Managers. The members of the Board of Managers shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board of Managers against all contractual liability to others arising out of contracts made by the Board of Managers on behalf of the Condominium unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these By-Laws. It is intended that the members of the Board of Managers shall have no personal liability with respect to any contract made by them on behalf of the Condominium within the scope of their authority. It is understood and permissible for the original Board of Managers, who are members of the Sponsor, to contract with the Sponsor and affiliated corporations without fear of being charged with self-dealing. It is also intended that 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 such proportion of the total liability thereunder as his interest in the Common Elements bears to the interests of all the Unit Owners in the Common Elements. Every agreement made by the Board of Managers or by the Managing Agent, if any, or by the manager on behalf of the Condominium shall provide that the members of the Board of Managers, or the managing agent, or the manager, as the case may be, are acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements.

Section 2.15 Executive Committee. The Board of Managers may, by resolution duly adopted, appoint an Executive Committee to consist of three (3) or more members of the Board of Managers, at least one (1) of whom shall be a member designated by the Sponsor or Sponsor-designee so long as the Sponsor or Sponsor-designee has the right to designate a member of the Board. Such Executive Committee shall have and may exercise all the powers of the Board of Managers in the managing of the business and affairs of the Condominium during the intervals between the meetings of the Board of Managers insofar as may be permitted by law, except that the Executive Committee shall not have power (a) to determine the Common Charges and expenses required for the affairs of the Condominium, (b) to determine the Common Charges payable by the Unit Owners to meet the Common Charges and expenses of the Condominium, (c) to adopt or amend

the Rules and Regulations covering the details of the operation and use of the Property, or (d) to exercise any of the powers set forth in subdivisions (g), (h), (i) and (o) of Section 2.2 of this Article II.

Section 2.16 Other Committees. The Board of Managers may by resolution create such other committees as it shall deem appropriate and such committees shall have such powers and authority as the Board of Managers shall vest therein. The members of any such committee, at least one of whom shall be designated by the Sponsor or a Sponsor-designee, so long as the Sponsor or Sponsor-designee has the right to designate a member of the Board, shall be appointed by the President of the Condominium. The members of any such committee need not be a member of the Board of Managers, but must be eligible to be elected to the Board of Managers. Such committee shall not have power to do any act which the Executive Committee may not do under subdivisions (a)-(d) of Section 2.15 of this Article II.

ARTICLE III

UNIT OWNERS

Section 3.1 Annual Meetings.

(a) Within thirty (30) days after the earlier of (i) the closing of title to Units whose aggregate Common Interest exceeds fifty (50%) percent or (ii) five (5) years from the First Unit Closing, or such earlier time as Sponsor deems to be in the best interest of the parties, Sponsor shall call a special Unit Owners meeting for the purpose of electing a Board of Managers. At such meeting the Board of Managers shall resign and a new Board shall be elected by the Unit Owners. Thereafter, annual meetings shall be held on or about the anniversary of such date each succeeding year. At such meetings, there shall be elected by ballot of the Unit Owners a Board of Managers in accordance with the requirements of Article II of these By-Laws. The Unit Owners may also transact such other business of the Condominium as may properly come before them.

(b) Upon the earlier of (i) five (5) years subsequent to the date of the First Unit Closing or (ii) the date of the closing of title to a Unit or Units resulting in the aggregate Common Interest of the Condominium exceeding ninety percent (90%) having been sold to bona fide purchasers, Sponsor and/or Sponsor-designee(s) will relinquish control of the Board of Managers if they have such control and will not elect a majority of the Board of Managers of the Condominium even though the aggregate of Common Interest owned by them may enable them to otherwise do so. Subsequent to the date when the Sponsor relinquishes control of the Board of Managers and so long as the Sponsor or a Sponsor-designee shall continue to own Units representing at least twenty-five percent (25%) of the aggregate Common Interest, the Sponsor or Sponsor-designee shall have the right to elect one (1) of the three (3) members of the Board of Managers or one (1) member less than a

majority of the Board of Managers, as the case may be. Also, subsequent to the date when the Sponsor relinquishes control of the Board of Managers and as long as the Sponsor or a Sponsor-designee shall continue to own at least one (1) Unit, the Sponsor or Sponsor-designee shall have the right to elect at least one (1) of the members of the Board of Managers. The Unit Owners may transact such other business at such meetings as may properly come before them.

Section 3.2 Place of Meetings. Meetings of the 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 to call a special meeting of the Unit Owners as directed by the Board of Managers or upon a petition signed by a majority the Unit Owners as defined in Section 3.9 of this Article III having been presented to the Secretary. 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 ten (10) but not more than thirty (30) 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 building or at such other address as such Unit Owner shall have designated by notice in writing to the Secretary. The mailing of a notice of meeting 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 forty-eight (48) hours from the time the original meeting was called.

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) Election of inspectors of election (when so required);

(h) Election of members of the Board of Managers (when so required);

(i) Unfinished business;

(j) New business.

Section 3.7 Title to Units. Title to Units may be taken in the name of an individual or in the names of two (2) or more persons, as tenants in common or as joint tenants or as tenants by the entirety or in the name of a corporation, partnership, limited liability company, limited liability partnership, fiduciary, trust, estate, unincorporated association, syndicate, joint venture, organization, government or any department or agency thereof, or any other entity permitted to own real property in the State of New York. The term "Unit Owner" as used in these By-Laws shall include any person, group of persons, association or entity taking title as set forth in this Section. The above shall not constitute consent or condonation of any activity not permitted under existing certificates of occupancy, zoning requirements or other applicable law or regulation.

Section 3.8 Voting. The owner or owners of each Unit, or some person designated by such owner or owners to act as proxy on his or their behalf, who need not be an one, shall be entitled to cast the votes appurtenant to such Unit at all meetings of Unit Owners. The designation of any such proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary by the owner or owners so designating. Any or all of such Owners may be present at any meeting of the Unit Owners. The owners of each Unit (including the Sponsor or Sponsor-designee, if the Sponsor or its designee shall then own one or more Units) shall be entitled to cast one vote for each .0001% of interest in the Common Elements attributable to the Unit or Units owned by them on all matters put to a vote at all meetings of Unit Owners; except that, when voting for the election of members of the Board of Managers, each Unit Owner: (i) shall be entitled to one vote for each .0001% of Common Interest attributable to his Unit per Member to be elected, and (ii) shall not have the right to cumulate his votes in favor of any one or more members to be elected. If Units are owned by more than one person as joint tenants, tenants by the entirety or as tenants in common or by a partnership, corporation or other entity, the persons owning said Unit shall agree among themselves and cast the votes for their Unit. A fiduciary shall be the voting member with respect to any Unit held in a fiduciary capacity. Any Unit or Units owned by the Board of Managers or its designee shall not be entitled to vote.

Section 3.9 Majority of Unit Owners. As used in these By-Laws the term "majority of Unit Owners" shall mean those Unit Owners having greater than fifty percent (50%) of the total authorized votes of all Unit Owners present in person or by proxy and voting at any meeting of the

Unit Owners, determined in accordance with the provisions of Section 3.8 of this Article III.

Section 3.10 Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a majority of Unit Owners shall constitute a quorum at all meetings of the Unit Owners.

Section 3.11 Majority Vote. The vote of a majority of Unit Owners at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes except where, in the Declaration or these By-Laws or by law, a higher percentage vote is required.

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, consent in writing to the adoption of a resolution authorizing such action and the writing or writings are filed with the records of the Condominium.

ARTICLE IV

OFFICERS

Section 4.1 Designation. 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. The Board of Managers may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary. The President and Vice President, but no other officers, need be members of the Board of Managers.

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 and until their successors are elected.

Section 4. 3 Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Managers, any officer may be removed, either with or without cause, and his 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.

Section 4.4 President. The President shall be the chief executive officer of the Condominium. He shall preside at all meetings of the Unit Owners and of the Board of Managers. He shall have all of the general powers and duties which are 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 members of committees created by the Board of Managers from among the Unit Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Condominium.

Section 4.5 Vice President. The Vice President shall take the place of the President and perform his duties 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 is 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 by the Board of Managers or by the President.

Section 4.6 Secretary. The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Board of Managers; he shall have charge of such books and papers as the Board of Managers may direct; and he shall in general perform all the duties incident to the office of secretary of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 4.7 Treasurer. The Treasurer 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 and for the preparation of all required financial data. He shall be responsible for the deposit of all moneys and other valuable effects in the name of the Board of Managers, or the Managing Agent, if any, in such depositories as may from time to time be designated by the Board of Managers, and he shall, in general, perform all the duties incident to the office of treasurer of a stock corporation organized under the Business Corporation Law of the State of New York.

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 (2) officers of the Condominium or by such other person or persons as may be designated by the Board of Managers.

Section 4.9 Compensation of Officers. No officer shall receive any compensation from the Condominium for acting as such.

Section 4.10 Liability of Officers. The officers of the Condominium shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the officers of the Condominium against all contractual liability to others arising out of contracts made by the officers or any of them on behalf of the Condominium unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these By-Laws. It is intended that the officers of the Condominium shall have no personal liability with respect to any

contract made by them on behalf of the Condominium within the scope of their authority. It is understood and permissible for the original officers of the Condominium, who are members of the Sponsor, to contract with the Sponsor and affiliated corporations without fear of being charged with self-dealing. It is also intended that the liability of any Unit Owner arising out of any contract made by the officers of the Condominium or out of the aforesaid indemnity in favor of the officers of the Condominium shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interests of all the Unit Owners in the Common Elements. Every agreement made by the officers of the Condominium or by the Managing Agent, if any, or by the manager on behalf of the Condominium shall provide that the officers of the Condominium, or the Managing Agent, if any, or the manager, as the case may be, are acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements.

ARTICLE V

NOTICES

Section 5.1 Definition. Whenever, under the provisions of the Declaration or of these By-Laws, notice is required to be given to the Board of Managers, any manager, Unit Owner or mortgagee, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same in a post office or letter box, in a postpaid sealed wrapper, addressed to the Board of Managers, such manager or Unit Owner or mortgagee at such address as appears on the books of the Condominium. Members of the Board of Managers may be given notice in writing personally delivered to them.

Section 5.2 Service of Notice Waiver. Whenever any notice is required to be given under the provisions of the Declaration or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE VI

OPERATION OF THE PROPERTY

Section 6.1 Determination of Common Expenses and Fixing of Common Charges. The Board of Managers shall from time to time, at least annually, prepare a budget for the Condominium, determine the amount of the Common Charges payable by the Unit Owners to meet the Common Expenses of the Condominium and allocate and assess such Common Charges among

the Unit Owners according to their respective Common Interests. The Common Expenses shall include, among other things, the cost of all 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 Section 6.2 of this Article VI and the fees and disbursements of the Insurance Trustee, if any. The Common Expenses shall also include such amounts as the Board of Managers may deem proper for the operation and maintenance of the Property, including, without limitation, an amount for working capital of the Condominium for a general operating reserve, and for a reserve fund for replacements, to make up any deficit in the Common Expenses for any prior year. The Common Expenses may also include such amounts as may be required for the purchase or lease by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners, of any Unit whose owner has elected to sell or lease such Unit or of any Unit which is to be sold at a foreclosure or other judicial sale, together with such amounts as may be necessary to maintain such Unit(s). The Board of Managers shall also, where necessary, impose an assessment or additional Common Charge in order to meet any unanticipated Common Expense. The Board of Managers shall advise all Unit Owners, promptly, in writing, of the amount of Common Charges payable by each of them, respectively, as determined by the Board of Managers, as aforesaid, and shall furnish copies of each budget on which such charges are based, to all Unit Owners and to their mortgagees, if so required.

The Sponsor or Sponsor-designee shall be responsible for the Common Charges assessed against a Unit owned by it from the date of the First Unit Closing until such Unit is sold to a bona fide purchaser.

Section 6.2 Insurance. The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance: (1) fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring the Building containing the Units (including all of the Units and the fixtures initially installed therein by the Sponsor or by prior construction and any other property usual to the servicing and general occupancy, but not including furniture, furnishings, or other personal property supplied or installed by Unit Owners), together with all service machinery and equipment contained therein and covering the interests of the Condominium, the Board of Managers and all Unit Owners and their mortgagees as their interests may appear, in an amount to be determined by the Board of Managers but in no event to be less than eighty percent (80%) of the full replacement cost of the Building, including the above noted items but exclusive of footings and foundations, as approved by a fire insurance company or a qualified insurance broker; each of said policies shall contain a Condominium Property Endorsement and a New York standard mortgagee clause in favor of each mortgagee of a Unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee, if any, as herein provided; (2) workers' compensation insurance, if the Condominium has employees; (3) a fidelity bond or bonds in sufficient amounts, to fully protect the interest of the Condominium, may be carried on each member of the Board of Managers, officers of the Condominium, Managing Agent, if any, and managers, including any person or persons handling or responsible for funds of the

Condominium; (4) disability benefits insurance if the Condominium has employees; and (5) such other insurance as the Board of Managers may determine. All policies of physical damage insurance shall provide that adjustment of loss shall be made by the Board of Managers (with the approval of the Insurance Trustee, if any, if more than $100,000), and that the total proceeds thereof, if $100,000 or less, shall be payable to the Board of Managers and if more than $100,000 shall be payable to the Insurance Trustee, if any.

All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro-rata liability of the insurer as a result of any insurance carried by Unit Owners or of invalidity arising from any acts of the insured or any Unit Owners, and the individual Unit Owners as well as the Condominium shall be primary insureds to the extent as their interests shall also appear. Such policies may not be canceled or substantially modified without at least ten (10) days' prior written notice to all of the insureds, including all mortgagees of Units. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all mortgagees of Units at least ten (10) days prior to expiration of the then current policies if so requested in writing by them.

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Board of Managers may from time to time determine, covering each member of the Board of Managers, the Managing Agent, if any, the manager and each Unit Owner. Such public liability coverage shall also cover cross liability claims of one insured against another. Until the first meeting of the Board of Managers elected by the Unit Owners, the public liability insurance will be in a limit of at least $1,000,000 covering all claims for bodily injury with respect to any one occurrence.

Unit Owners shall not be prohibited from carrying other insurance for their own benefit, provided that all such policies shall 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 any Unit Owner. Such policies shall be so endorsed as to state that they will in no way conflict with any insurance carried by the Board of Managers.

If, by reason of the occupancy or use of a particular Unit, the rate of fire or liability insurance for the Property shall be increased, such Unit Owner shall (if such occupancy or use shall continue for more than thirty (30) days after written notice from the Board of Managers specifying the occupancy or use) become liable for the additional insurance premiums incurred by Condominium as if such additional premium constituted an assessment.

Section 6.3 Repair or Reconstruction After Fire or Other Casualty. In the event of damage to or destruction of the Building containing the Units as a result of fire or other casualty, unless seventy-five percent (75%) or more of the Building containing the Units is destroyed or

substantially damaged and Unit Owners whose percentage of Common Interest totals seventy-five (75%) in the aggregate of the total Common Interest do not duly and promptly resolve to proceed with repair or restoration, the Board of Managers shall arrange for the prompt repair and restoration of the Building containing the Units (including any damaged Units, and any kitchen and bathroom fixtures and floor coverings initially installed therein by the Sponsor, but not including any wall, ceiling or floor decorations or coverings or other furniture, furnishings, fixtures or equipment installed in the Units by the Unit Owners), and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies in appropriate progress payments for distribution to the contractors engaged in such repairs 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 the Common Charges.

If seventy-five percent (75%) or more of the Building containing the Units is destroyed or substantially damaged and Unit Owners whose percentage of Common Interest totals seventy-five percent (75%) in the aggregate of the total Common Interest do not duly and promptly resolve to proceed with repair or restoration, the Property 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, together with the net proceeds of insurance policies (or if there shall have been a repair or restoration pursuant to the first paragraph of this Section 6.3, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration, then the excess of such insurance proceeds) shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among all the Unit Owners in proportion to their respective Common Interest, after first payment out of the share of each Unit Owner the amount of any unpaid liens on his Unit, in the order of priority of such liens.

Whenever in this Section the words "promptly repair" are used, it shall mean repairs are to begin not more than sixty (60) days from the date the Insurance Trustee notifies the Board of Managers and the Unit Owner or Unit Owners that it shall hold proceeds of insurance funds sufficient to pay the estimated costs of such work, or not more than ninety (90) days after Insurance Trustee notifies said Board of Managers and Unit Owner or Owners that such funds are insufficient to pay said estimated costs and advising them of the amount of the required completion bond, if necessary. If there is no Insurance Trustee, then the aforementioned sixty (60) and ninety (90) day periods shall be from date of notification by an insurance adjuster retained by the Board of Managers. Wherever the words, "promptly resolve" are used, it shall also mean not more than sixty (60) days from the date of receipt of said insurance funds.

Section 6.4 Payment of Common Charges. All Unit Owners shall be obligated to pay the Common Charges assessed by the Board of Managers pursuant to the provisions of Section 6.1 of this Article VI at such time or times as the Board of Managers shall determine.

No Unit Owner shall be liable for the payment of any part of the Common Charges assessed against his Unit subsequent to a sale, transfer or other conveyance by him (made in accordance with

the provisions of Section 8.1 of Article VIII of these By-Laws) of such Unit, together with the Appurtenant Interests, as defined in Section 8.1 of Article VIII hereof. In addition, any Unit Owner may, subject to the terms and conditions specified in these By-Laws, provided that his Unit is free and clear of liens and encumbrances, other than permissible mortgages and the statutory lien for unpaid Common Charges, convey his Unit, together with the Appurtenant Interests to the Board of Managers, or its designee, corporate or otherwise, on behalf of all other Unit Owners, and in such event be exempt from Common Charges thereafter assessed. A purchaser of a Unit shall be liable for the payment of Common Charges assessed and unpaid against such Unit prior to the acquisition by him of such Unit, except that a mortgagee or other purchaser of a Unit at a foreclosure sale of such Unit shall not be liable for, and such Unit shall not be subject to, a lien for the payment of Common Charges assessed prior to the foreclosure sale.

Section 6.5 Collection of Common Charges and Assessments. The Board of Managers shall assess Common Charges against the Unit Owners from time to time, at least annually, and shall take prompt action to collect any Common Charges due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. The Board of Managers shall also take prompt action to collect any assessment due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date thereof. Common Charges shall be paid by the fifth day of the month in which they are due or they shall be deemed to be late.

Section 6.6 Default in Payment of Common Charges or Assessments. In the event of default by any Unit Owner in paying to the Board of Managers the Common Charges or any assessment as determined by the Board of Managers, such Unit Owner shall be obligated to pay interest at the rate of sixteen percent (16%) or, if less, the highest legal rate, on such Common Charges or assessments from the due date thereof, together with all expenses, including late fees charged by the Board of Managers and the attorneys' fees incurred by the Board of Managers in any proceeding brought to collect such unpaid Common Charges or assessments. The Board of Managers shall have the right and duty to attempt to recover such Common Charges or assessments, together with interest thereon, and the expenses of the proceeding, including, but not limited to, attorneys' fees and expenses, in an action to recover the same brought against such Unit Owner, or by foreclosure of the lien on such Unit granted by Section 339-z of the Real Property Law of the State of New York, in the manner provided in Section 339-aa thereof. A Unit Owner defaulting in payment of Common Charges or assessments shall not be permitted to vote at any regular or special meeting of Unit Owners.

Section 6.7 Foreclosure of Liens for Unpaid Common Charges. In any action brought by the Board of Managers to foreclose a lien on a Unit because of unpaid Common Charges, the Unit Owner shall be required to pay a reasonable rental for the use of his Unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. 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 (but not to vote the votes appurtenant to),

convey or otherwise deal with the same. A suit to recover a money judgment for unpaid Common Charges shall be maintainable without foreclosing or waiving the lien securing the same. In the event the net proceeds received on such foreclosure sale (after deduction of all legal fees, advertising costs, brokerage commissions and other costs and expenses incurred in connection therewith) are insufficient to satisfy the defaulting Unit Owner's obligations, such Unit Owner shall remain liable for the deficit.

Section 6.8 Statement of Common Charges and Assessments. The Board of Managers, Managing Agent, if any, or manager shall promptly provide any Unit Owner so requesting the same in writing, with a written statement of all unpaid Common Charges due from such Unit Owner.

Section 6.9 Abatement and Enjoinment of Violations by Unit Owners. The violation of any rule or regulation adopted by the Board of Managers, 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 any other right set forth in these By-Laws: (a) upon reasonable notice to the Unit Owner, 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 therein contrary to the intent and meaning of the provisions hereof (provided, however, that no prior notice shall be required in the event the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the Property of the Condominium or for the safety of residents of the Condominium or other persons or required to avoid the suspension of any necessary service to the Condominium); or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach; and (c) in any event charge the Unit Owner with the cost of reasonable legal and other fees and costs incurred in enjoining, abating or remedying such violation.

Section 6.10. Maintenance and Repairs.

(a) All maintenance of and repairs to any Unit, ordinary or extraordinary, including the skylights of a Unit, if any, and to the doors (except painting of the exterior side of Unit entrance doors), windows (except painting of the exterior sides of windows), electrical (except Common Elements), plumbing (except Common Elements), heating fixtures and air conditioning units within the Unit or belonging to the Unit Owner shall be at the Unit Owner's expense, excepting as otherwise specifically provided herein.

(b) All maintenance, repairs and replacements to the General Common Elements as defined in the Declaration, and the painting and decorating of the exterior side of Unit entrance doors and windows shall be made by the Board of Managers and be charged to all the Unit Owners as a Common Expense, except to the extent that the same are necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner. Maintenance, repair and replacements in or to the Limited Common Elements as defined in the

Declaration will be performed (a) by the Board of Managers as a Common Expense if such Limited Common Element involves structural or extraordinary maintenance, repairs or replacements (including, but not limited to, the repair of any leaks that are not caused by the acts or omissions of the Unit Owner having direct and exclusive access thereto), or (b) by the Unit Owner having direct and exclusive access thereto at his sole cost and expense, if it is involves nonstructural ordinary maintenance, repairs or replacements, such as a roofing surface and/or a roof deck above such surface, or as a result of the Unit Owner's negligence, misuse or neglect.

Section 6.11 Restrictions on 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 Property shall be restricted to and shall be in accordance with the following provisions:

(a) The Units shall be used only for a private residence, except that a Unit Owner may use his or her Unit for any home occupation use permitted under applicable zoning law and ordinances, building code or other rules and regulations of governmental authorities having jurisdiction. Any Unit may also be used as a professional office by a resident thereof, provided such professional use does not violate zoning regulations and provided further that the prior consent of the Board of Managers to such professional use is obtained. Notwithstanding the foregoing, the Sponsor or Sponsor-designee shall have the right, without charge, (i) to maintain general and sales offices in one or more Units or elsewhere on the Property, to use one or more Units as models and for other promotional purposes and to erect and maintain signs on the Property; (ii) to have its employees, contractors and sales agents present on the Property; and (iii) to do all things necessary or appropriate, including the use of the Common Elements, to sell or lease Units and to comply with its obligations.

(b) The Common Elements shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of Units.

(c) No nuisances shall be allowed on the Property nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Property by its residents.

(d) No immoral, improper, 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 eliminated, by and at the sole expense of the Unit Owners, or the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.

(e) No portion of a Unit or other Limited Common Elements appurtenant thereto (other than the entire Unit, including the Limited Common Elements appurtenant thereto) may be rented.

(f) Unit Owners shall only park in the designated parking spaces as set forth on Diagram A-6 in the Description of Property and Specifications or Building Condition set forth in the Plan.

Section 6.12 Additions, Alterations or Improvements by Board of Managers. Subject to the provisions of Section 2.2 of Article II of these By-Laws, whenever in the judgment of the Board of Managers the Common Elements shall require additions, alterations, improvements or repairs (but not maintenance) costing in excess of $10,000, and the making of such additions, alterations, improvements or repairs shall have been approved by a majority of the Unit Owners, the Board of Managers shall proceed with such additions, alterations, improvements or repairs and shall assess all Unit Owners for the cost thereof as a Common Charge. Any additions, alterations, improvements or repairs costing $10,000 or less may be made by the Board of Managers without approval of the Unit Owners and the cost thereof shall constitute part of the Common Expenses.

Section 6.13 Additions, Alterations or Improvements by Unit Owners. Except as provided below, no Unit Owner shall make any structural addition, alteration, improvement or repair in or to his Unit, or which affects the exterior of the Building or the value of other Units, without prior written consent thereto of the Board of Managers. The Board of Managers shall have the obligation to answer in writing any written request by a Unit Owner for approval in such Unit Owner's Unit of a proposed structural addition, alteration, improvement or repair or which affects the exterior of the Building or the value of other Units, within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Managers to the proposed addition, alteration, improvement, or repair. 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, improvement or repair in or to any Unit shall be 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.

In the event the Board of Managers grants its consent, either affirmatively or by its inaction, to any structural addition, alteration, improvement or repair, or addition, alteration, improvement or repair which affects the exterior of the Building or the value of other units to be made by a Unit Owner, the consent shall provide that any such work shall be at the Unit Owner's sole cost and expense, that work shall be done in accordance with all governmental or quasi-governmental laws, rules, regulations, codes and ordinances, that all work shall be done by reputable contractors with adequate liability, property damage and worker's compensation insurances (certificate for which shall be delivered to the Board of Managers prior to the commencement of construction), that any

additions, alterations, improvements or repairs, shall be maintained in their entirety by said Unit Owner who shall also be responsible for any repairs, including structural repairs, to such area in any event, and to the Unit and any Common Elements where such repairs become necessary, due to additional stresses caused by the structural alteration, addition, improvement or repair, or due to improper design or construction of the structural alteration, addition, improvement or repair, and such approval shall further provide that the Unit Owner shall reimburse the Board of Managers for any out-of-pocket expenses incurred by the Board of Managers in connection with the granting of such approval and in connection with any services provided to such alteration, addition, improvement or repair; such expenses may include, but shall not be limited to, any fees and expenses of an attorney and/or fees and expenses of an architect consulted in connection with any request by a Unit Owner for approval of such work. Any consent given by the Board of Managers, through inaction or otherwise pursuant to this paragraph, shall be subject to regulation by the Condominium as to any one or more of the following aspects of construction:

(a) time periods during which work is permitted;
(b) the manner in which construction debris will be handled;
(c) measures which must be taken to prevent compromising security of the building during construction;
(d) the interruption of services during construction; and
(e) liability insurance for contractors during construction.

The provisions of this Section 6.13 which require the consent of the Board of Managers in connection with a structural addition, alteration, improvement or repair or which affect the exterior of the Building or the value of other Units shall not apply to Units owned by the Sponsor or its designee and shall not apply with respect to any Limited Common Element for which the Sponsor or its designee has exclusive use. Sponsor or its designee shall not need such consent with respect to such Unit or Limited Common Element. All other provisions of this Section 6.13 shall apply to all Units. For example, with respect to any structural addition, alteration, improvement or repair to a Sponsor-owned Unit, such work shall be at the sole cost and expense of the Sponsor and/or its designee, as the case may be, and be done in accordance with all governmental or quasi-governmental laws, rules, regulations, codes and ordinances. All work must be done by reputable contractors with adequate liability, property damage and workers' compensation insurances (certificates for which shall be delivered to the Board of Managers prior to the commencement of construction). Any such additions, alterations, improvements or repairs shall be maintained in their entirety by said Sponsor or its designee, who shall also be responsible for any repairs, including structural repairs, to such area in any event, and to the Unit and any Common Elements where such repairs become necessary, due to additional stresses caused by any structural alteration, addition, improvement or repair, or due to improper design or construction of any structural alteration, addition, improvement or repair. Additionally, the Sponsor and/or its designee, as the case may be, shall reimburse the Board of Managers for any out-of-pocket expenses incurred by the Board of Managers in connection with any services provided to such alteration, addition, improvement or repair.

Non-structural alterations and improvements to Units that do not affect the exterior of the building or the value of other Units may be made without the prior approval of the Board of Managers.

In the event that any alterations, additions, improvements or repairs made by any Unit Owner materially delay, prevent, or adversely affect, or create a material risk of materially delaying, preventing, or adversely affecting, whether directly or indirectly, the issuance or reissuance of a temporary or permanent certificate of occupancy for other Units or for the Building, then on the written request of Sponsor or the Board of Managers, the Unit Owner shall restore the Unit, at such Unit Owner's sole cost and expense, to its original condition. If such Unit Owner fails to commence diligently and continuously restoring the Unit within fifteen (15) days of receipt of the written request, then the Sponsor or the Board of Managers shall be entitled to enter and restore the Unit at the expense of the Unit Owner and to exercise any other remedies provided in these By-Laws.

Until such time as the initial construction of the Building is complete, including the completion of "punch list" work, neither the Board nor any Unit Owner shall use or suffer to be used in any part of the Building any labor forces incompatible with the labor forces that are completing the construction of the Building on behalf of the Sponsor. In addition, the prosecution of the work necessary to complete initial construction of the Building, including the completion of "punch list" work by or on behalf of the Sponsor, shall take precedence over the prosecution of any other work at the Building.

Section 6.14 Use of Common Elements and Facilities. A Unit Owner shall not place or cause to be placed in the public halls, stairways or other common areas or common facilities, any furniture, packages or objects of any kind. The public halls and stairways shall be used for no purpose other than for normal transit through them. The Sponsor and any Sponsor-designee shall have the right to use the Common Elements, without charge, for the purposes set forth in Section 6.11 of this Article VI. The owner of any Unit, which Unit is the only Unit serviced or benefitted by any General Common Element adjacent or appurtenant to such Unit (for example, the portion at the end of any hallway that is directly adjacent to any such Unit located on opposite sides of such hallway) will, with the consent of the Board of Managers (which consent will not be unreasonably withheld or delayed), have the right to use such General Common Element exclusively, as if it were a part of such Unit (including the right, in the above example of a portion of a hallway, to enclose such portion), and no amendment to the Declaration or reallocation of Common Interests will be made by reason thereof. In such an event, however, such owner shall, at his or their sole cost and expense, both (i) operate, maintain and repair such General Common Element for so long as such owner exercises such exclusive right of use and (b) restore such General Common Element to its original condition, reasonable wear and tear excepted, after such owner or owners cease to exercise such exclusive right of use.

Section 6.15 Right of Access. A Unit Owner shall grant a right of access to his Unit, to

the manager and/or the Managing Agent, if any, and/or any other person authorized by the Board of Managers, the manager or the Managing Agent, if any, for the purpose of making inspections or for the purpose of correcting any condition originating in his 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 his Unit or elsewhere in the Building in which the Unit is located, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not. In the event of the exercise of the right of access provided in this Section 6.15, any costs for repairs shall be borne in accordance with the provisions of Section 6.10 of this Article VI.

A Unit Owner shall grant a right of access to his Unit, and the Board of Managers shall grant access to the Common Elements and Limited Common Elements to Sponsor and its contractors, subcontractors, agents and employees for the completion of punch list work, provided that access thereto shall be exercised upon reasonable notice during reasonable hours in such a manner as will not unreasonably interfere with use of the Units for their permitted purposes.

Section 6.16 Rules of Conduct. Rules and regulations concerning the use of the Units and the Common Elements may be promulgated and amended by the Board of Managers. A majority vote of Unit Owners at a meeting may overrule the Board. Copies of such rules and regulations shall be furnished by the Board of Managers to each Unit Owner prior to the time when the same shall become effective. Initial rules and regulations, which shall be effective until amended by the Board of Managers are annexed hereto and made a part hereof as Schedule A. Notwithstanding this provision, for as long as Sponsor or its designee remains the owner of one or more Units, the Rules and Regulations of the Condominium may not be amended or modified in any way so as to adversely affect Sponsor or its designee without the Sponsor's or the Sponsor-designee's prior written consent.

Section 6.17 Water Charges and Sewer Rents. Water shall be supplied to all of the Units and the Common Elements through one or more building meters or pursuant to a frontage charge and the Board of Managers shall pay, as a Common Expense, all charges for water consumed by the Units, together with all related sewer rents arising therefrom, promptly after the bills for the same shall have been rendered. In the event of a proposed sale of a Unit by the owner thereof, the Board of Managers, on request of the selling Unit Owner, shall execute and deliver to the purchaser of such Unit or to the purchaser's title insurance company, a letter agreeing to pay all charges for water and sewer rents affecting the Unit as of the date of closing of title to such Unit, promptly after such charges shall have been billed.

Section 6.18 Electricity and Gas. Electricity and gas shall be supplied by the public utility companies serving the area directly to each Unit through separate meters and each Unit Owner shall be required to pay the bills for electricity and gas consumed or used in his Unit. The electricity serving the Common Elements shall be metered by one or more meters, and the Board of Managers

shall pay the bills for such consumption as a Common Expense. All gas (if any) serving the Common Elements and the Units shall be metered by one or more meters and the Board of Managers shall pay the bills for such consumption as a Common Expense.

Section 6.19 Vault Charges. All license fees and all periodic taxes and charges for street vaults, if any, or other protrusions beyond the lot line shall be paid by the Board of Managers to the City of New York as a Common Expense.

Section 6.20 Review of Real Estate Tax Assessments. It shall be the responsibility of the individual Unit Owners, at their sole cost and expense, to review the real estate tax assessments of their Units and, if they so desire, to take any steps necessary to review and/or challenge such assessments. Notwithstanding the foregoing, if proceedings are pending for the reduction of real estate taxes on the land and building for the tax year in which the First Unit Closing occurs, the Condominium will continue such proceedings with the attorney previously employed by the Sponsor. Sponsor shall have the sole right to negotiate and settle all claims in connection with said proceedings. The cost of such proceedings, including legal fees, and (in the event taxes are reduced) any refund shall be apportioned between the Sponsor and the respective Unit Owners according to the ownership of the Property during respective portions of the tax year. Any refund covering a period prior to the First Unit Closing and all expenses incurred in connection with the obtaining of such refund, shall belong to and be incurred by the Sponsor alone.

ARTICLE VII

MORTGAGES

Section 7.1 Notice to Board of Managers. A Unit Owner who mortgages his Unit shall notify the Board of Managers of the name and address of his mortgagee and shall file a conformed copy of the note and mortgage with the Board of Managers. The Board of Managers shall maintain such information in a book entitled "Mortgages of Units."

Section 7.2 Notice of Unpaid Common Charges. The Board of Managers, when so requested in writing by a mortgagee of a Unit, shall promptly notify any mortgagee of a Unit of such Unit Owner's default, including non-payment of Common Charges, in the obligations of such Unit Owner under the Declaration, By-Laws, Rules and Regulations, as the same are amended from time to time, or in any order of the Board of Managers issued with respect thereto.

Section 7.3 Notice of Default. 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 holder of a mortgage covering such Unit whose name and address has heretofore been furnished to the Board of Managers.

Section 7.4 Examination of Books. Each Unit Owner and each mortgagee of a Unit shall be permitted to examine the books of account of the Condominium, at reasonable times, upon reasonable notice to the manager, Managing Agent, if any, or Board of Managers on business days.

ARTICLE VIII

SALES, LEASES AND MORTGAGES OF UNITS

Section 8.1 Sales and Leases. No Unit Owner other than the Sponsor or Sponsor-designee may sell or lease his Unit or any interest therein except by complying with the provisions below. Sponsor or Sponsor-designee need not comply with such provisions.

Any Unit Owner who receives a bona fide offer (hereinafter called an "Outside Offer") (a) for the sale of his Unit together with: (i) the undivided interest of the Common Elements and any Limited Common Elements appurtenant thereto; (ii) the interest of such Unit Owner in any Units theretofore acquired by the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners, or the proceeds of the sale or lease thereof, if any; and (iii) the interest of such Unit Owner in any other assets of the Condominium, as defined in the Declaration, (hereinafter collectively called the "Appurtenant Interests"), or (b) for a lease of his Unit, which Outside Offer he intends to accept, shall give notice by certified or registered mail, or by hand of messenger against receipt therefor, to the Board of Managers of such offer and of such intention, the name and address of the proposed purchaser or lessee, the terms of the proposed transaction and such other information as the Board of Managers may reasonably require, and shall offer to sell such Unit, together with the Appurtenant Interests, or to lease such Unit, to the Board of Managers, or its designee, corporate or otherwise, on behalf of the owners of all other Units, on the same terms and conditions as contained in such Outside Offer. The giving of such notice shall constitute a warranty and representation by the Unit Owner who has received such offer, to the Board of Managers on behalf of the other Unit Owners, that such Unit Owner believes the Outside Offer to be bona fide in all respects. Within thirty (30) days after receipt of such notice, the Board of Managers may elect, by notice given to such Unit Owner within said thirty (30) day period by certified or registered mail, or by hand of messenger against receipt therefor, to purchase such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be (or to cause the same to be purchased or leased by its designee, corporate or otherwise), on behalf of all other Unit Owners, on the same terms and conditions as contained in the Outside Offer and as stated in the notice from the offering Unit Owner.

In the event the Board of Managers shall elect to purchase such Unit, together with the Appurtenant Interests, or to lease such Unit, or to cause the same to be purchased or leased by its designee, corporate or otherwise, title shall close or a lease shall be executed at the office of the attorneys for the Condominium in accordance with the terms of such offer but in no event less than forty-five (45) days after the giving of notice by the Board of Managers of its election to accept such

offer. At the closing, the Unit Owner, if such Unit, together with the Appurtenant Interests, is to be sold, shall convey the same to the Board of Managers, or to its designee, corporate or otherwise, on behalf of all other Unit Owners, by deed in the form required by Section 339-o of the Real Property Law of the State of New York, with all transfer stamps affixed, and shall pay all other taxes arising out of such sale. In the event such Unit is to be leased, the offering Unit Owner shall execute and deliver to the Board of Managers, or to its designee, a lease between the offering Unit Owner, as landlord, and the Board of Managers, or its designee, as tenant, covering such Unit, for the rental and term contained in such Outside Offer.

In the event the Board of Managers or its designee fails to notify the offering Unit Owner of its decision to accept such offer within thirty (30) days after receipt of notice as aforesaid or notify the offering Unit Owner within said period of its decision not to accept such offer, the offering Unit Owner shall be free to contract to sell such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be, within sixty (60) days after the expiration of the thirty (30) day period in which the Board of Managers or its designee might have accepted such offer, to the Outside Offeror, on the terms and conditions set forth in the notice from the offering Unit Owner to the Board of Managers of such Outside Offer. Any such deed to any Outside Offeror shall provide that acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the By-Laws and the Rules and Regulations, as the same may be amended from time to time. Any such lease shall be consistent with these By-Laws and shall provide that it may not be modified, amended, extended or assigned without the prior consent in writing of the Board of Managers, and that the tenant shall not sublet the demised premises, or any part thereof, without the prior consent in writing of the Board of Managers, and that the Board of Managers shall have power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder in the event of default by the tenant in the performance of such lease. Except as hereinbefore set forth, the form of any such lease for Units shall be the then current form of apartment lease recommended by Julius Blumberg, Inc., or the Real Estate Board of New York, Inc., with such modifications as shall be approved in writing by the Board of Managers. In the event the offering Unit Owner shall not, within such sixty (60) day period, contract to sell such Unit together with the Appurtenant Interests, or to lease such Unit, as the case may be, to the Outside Offeror on the terms and conditions contained in the Outside Offer, or if the Unit Owner shall so contract to sell or lease his Unit within such sixty (60) day period, but such sale or lease shall not be consummated pursuant to the terms of such contract, then should such offering Unit Owner thereafter elect to sell such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be, to the same or another Outside Offeror on the same or other terms and conditions, the offering Unit Owner shall be required to again comply with all of the terms and provisions of this Section 8.1 of this Article VIII.

Any purported sale or lease of a Unit in violation of this Section shall be voidable at the election of the Board of Managers.

Section 8.2 Consent of Unit Owners to Purchase or Lease of Units by Board of Managers. The Board of Managers shall not exercise any option hereinabove set forth to purchase or lease any Unit without the prior approval of a majority in Common Interest of the Unit Owners.

Section 8.3 No Severance of Ownership. No Unit Owner shall execute any deed, mortgage, or other instrument conveying or mortgaging title to his 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 interest or interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the Appurtenant Interests of all Units.

Section 8.4 Release by Board of Managers of Right of First Refusal. The right of first refusal contained in Section 8.1 of this Article VIII may be released or waived with respect to an Outside Offer by the Board of Managers, provided that such release or waiver shall only be effective if in writing; in such event, the Unit, together with the Appurtenant Interests, may be sold, conveyed, or leased to the Outside Offeror, free and clear of the provisions of such Section, for a period of sixty (60) days following the date of such release or waiver.

Section 8.5 Certificate of Termination of Right of First Refusal. A certificate, executed and acknowledged by the Secretary of the Condominium, stating that the provisions of Section 8.1 of this Article VIII have been met by a Unit Owner, or have been duly waived by the Board of Managers and the rights of the Board of Managers thereunder have terminated, shall be conclusive upon the Board of Managers in favor of all persons who rely thereon in good faith. Such certificates shall be furnished to any Unit Owner who has in fact complied with the provisions of Section 8.1 of this Article VIII or in respect to whom the provisions of such section have been waived, upon request.

Section 8.6 Financing of Purchase of Units by Board of Managers. Acquisition or lease of Units by the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners, may be made from the working capital and Common Charges in the possession of the Board of Managers, or, if such funds are insufficient, the Board of Managers may levy an assessment against each Unit Owner, other than the offering Unit Owner, in proportion to his ownership in the Common Elements, as a Common Charge, which assessment shall be enforceable in the same manner as provided in Sections 6.6 and 6.7 of Article VI, or, the Board of Managers, in its discretion, may borrow money to finance the acquisition or lease of such Unit, provided, however, that no financing may be secured by an encumbrance or hypothecation of any property other than the Unit, together

with the Appurtenant Interests, so to be acquired by the Board of Managers. Notwithstanding the above, no assessment may be levied under this Section 8.6 against any mortgagee who has acquired title to a Unit, whether by foreclosure or deed in lieu thereof.

Section 8.7 Exceptions. The provisions of Section 8.1 of this Article VIII shall not apply with respect to any sale or conveyance or lease by a Unit Owner of his Unit, together with the Appurtenant Interests, to his spouse or to any of his children or to his parent or parents or to his brothers or sisters, or any one or more of them, or to any Unit owned by the Sponsor or Sponsor-designee, or to the acquisition or sale of any Unit, together with the Appurtenant Interests, by a mortgagee herein authorized who shall acquire title to such Unit by foreclosure or by deed in lieu of foreclosure; provided, however, that each succeeding Unit Owner shall be bound by, and each such Unit shall be subject to, the provisions of Section 8.1 of this Article VIII.

Section 8.8 Gifts and Devises, etc. Any Unit Owner shall be free to convey or transfer his Unit by gift or to devise his Unit by will, or to pass the same by intestacy, without restriction; provided, however, that each succeeding Unit Owner shall be bound by, and each such Unit shall be subject to, the provisions of Section 8.1 of this Article VIII.

Section 8.9 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, corporate or otherwise, 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 8.10 Payment of Common Charges and Assessments. No Unit Owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his Unit unless and until he shall have paid in full to the Board of Managers all unpaid Common Charges and assessments theretofore assessed by the Board of Managers against his Unit and until he shall have satisfied all unpaid liens against such Unit, except permitted mortgages.

Section 8.11 Mortgage of Units. No Unit Owner shall mortgage his Unit, except by a first and/or second mortgage made to a bank, trust, trust company, insurance company, federal savings and loan association, pension fund or other institutional lender, a family member, business associate or employer or a purchase money mortgage made to the seller of the Unit (other than the Sponsor), or, except in the case of an initial acquisition from the Sponsor, a mortgage made to the Sponsor or a Sponsor-designee. Any such mortgage shall be substantially in the form on file with the Board of Managers, except for such changes or additions as may be required in order to permit the particular institutional lender to make the mortgage loan, or to the extent permitted by the Board of Managers. A mortgage may be made to a reputable private lender, other than a lender as above described, provided the same is approved in writing by either the Sponsor, prior to the Sponsor's relinquishing control of the Board of Managers, or the Board of Managers, subsequent to the release of control

by the Sponsor. Such approval shall be in the sole and absolute discretion of Sponsor or the Board of Managers as the case may be. Prior to or simultaneously with the closing of any mortgage, the Unit Owner must satisfy all arrearages for unpaid Common Charges or assessments and discharge any liens therefor.

Section 8.12 Fees and Charges. The Board of Managers shall have the right to require the Unit Owner who is selling or is a prospective lessor to pay a fee to the Board of Managers and/or the Managing Agent, if any, to cover reasonable legal and other expenses of the Board of Managers and the Managing Agent, if any, in connection with the sale or lease of a Unit pursuant to the provisions of this Article VIII, except such charges and fees shall not apply to a sale or lease of any Unit by Sponsor, any Sponsor-designee or any partner of any entity affiliated directly or indirectly with Sponsor. Any other fees in connection with the sale or lease of a Unit may only be enacted by action of Unit Owners, except any such fee shall not apply to a sale or lease of any Unit by Sponsor, any Sponsor-designee or any partner of any entity affiliated directly or indirectly with Sponsor.

ARTICLE IX

CERTAIN REMEDIES

Section 9.1 Self Help. If any Unit Owner shall violate or breach any of the provisions of the Condominium Documents on his part to be observed or performed, including, without limitation, any breach of his obligation to paint, decorate, maintain, repair, or replace his Unit or its appurtenant Limited Common Elements pursuant to the terms of Article VI hereof, and shall fail to cure such violation or breach within five (5) days after receipt of written notice of the same from the Board of Managers, the Managing Agent, if any, or any manager (or, with respect to any violation or breach of the same not reasonably susceptible to cure within such period, to commence such cure within such five (5) day period and, thereafter, to prosecute such cure with due diligence to completion), the Board of Managers shall have the right to enter such Unit Owner's Unit and/or its appurtenant Limited Common Elements and summarily to abate, remove, or cure such violation or breach without thereby being deemed guilty or liable in any manner of trespass. In addition, in the event that the Board of Managers shall determine that the abatement, removal, or cure of any such violation or breach is immediately necessary for the preservation or safety of the Building or for the safety of the occupants of the Building or other individuals or is required to avoid the suspension of any necessary service in the Building, the Board of Managers may take such action immediately, without prior notice and without allowing the said Unit Owner any period of time within which to cure or to commence to cure such violation or breach.

Section 9.2 Abatement and Enjoinment.

(a) In the event that any Unit Owner shall violate or breach any of the provisions of the

Condominium Documents on his part to be observed or performed, the Board of Managers shall have the right to enjoin, abate, or remedy the continuance or repetition of any such violation or breach by appropriate proceedings brought either at law or in equity.

(b) The violation or breach of any of the terms of the Condominium Documents with respect to any of the rights, easements, privileges, or licenses granted to Sponsor or its designee shall give to Sponsor or such designee the right to enjoin, abate, or remedy the continuation or repetition of any such violation or breach by appropriate proceedings brought either at law or in equity.

Section 9.3 Remedies Cumulative. The remedies specifically granted to the Board of Managers or to the Sponsor or its designee in this Article IX or elsewhere in the Condominium Documents shall be cumulative, shall be in addition to all other remedies obtainable at law or in equity and may be exercised at one time or at different times, concurrently or in any order, in the sole discretion of the Board of Managers or Sponsor or such designee, as the case may be. Further, the exercise of any remedy shall not operate as a waiver, or preclude the exercise, of any other remedy.

Section 9.4 Costs and Expenses. All sums of money expended, and all costs and expenses incurred, by (i) the Board of Managers in connection with the abatement, enjoinment, removal, or cure of any violation, breach, or default committed by a Unit Owner pursuant to the terms of Section 9.1 or paragraph (a) of Section 9.2 hereof or (ii) Sponsor in connection with any abatement, enjoinment, or remedy of any violation or breach of the Condominium Documents pursuant to the terms of paragraph (b) of Section 9.2 hereof, shall be immediately payable by such Unit Owner to the Board of Managers in the event set forth in subparagraph (i) hereof or by the offering party (i.e., the Board of Managers or the Unit Owner) to Sponsor, in the event set forth in subparagraph (ii) hereof, which amount shall, in either event, bear interest (to be computed from the date expended) at the rate of two percent (2%) per month, but in no event in excess of the maximum legal rate chargeable to such Unit Owner. All sums payable by a Unit Owner to the Board of Managers pursuant to the terms of this Section 9.4 shall, for all purposes hereunder, constitute Common Charges payable by such Unit Owner.

ARTICLE X

CONDEMNATION

Section 10.1 Condemnation. In the event of a taking in condemnation or by eminent domain of part or all of the Common Elements, the award made for such taking shall be payable to the Board of Managers, if such award amounts to $25,000 or less, and to the Insurance Trustee, if any, if such award amounts to more than $25,000. If seventy-five percent (75%) or more in Common Interest of the Unit Owners duly and promptly approve the repair and restoration of such Common Elements, the Board of Managers or the Insurance Trustee, as the case may be, shall arrange for the repair and restoration of such Common Elements, and the Board of Managers or the Insurance

Trustee, as the case may be, shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event that seventy-five percent (75%) or more of the Unit Owners do not duly and promptly approve the repair and restoration of such Common Element, the Board of Managers shall disburse the net proceeds of such award in the same manner as they are required to distribute insurance proceeds where there is no repair or restoration of the damage, as provided in Section 6.3 of Article VI hereof. As used in this Section, the words "promptly approve" shall mean not more than sixty (60) days from the date of such taking.

ARTICLE XI

RECORDS

Section 11.1 Records and Audits. The Board of Managers or the Managing Agent, if any, shall keep detailed records of the actions of the Board of Managers and the Managing Agent, if any, 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, as well as a separate account for each Unit which, among other things, shall contain the amount of each assessment of Common Charges against such Unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. In addition, it is the obligation of the Board of Managers of the Condominium to give to all Unit Owners, annually, the following:

(a) The financial statements of the Condominium prepared by a certified public accountant or public accountant by March 15th of each calendar year for the prior fiscal year, such statements to be certified while Sponsor is in control of the Board of Managers;

(b) Prior notice of the annual Unit Owner's meeting;

(c) A copy of the proposed annual budget, if any, of the Condominium, within ten (10) days prior to the date set for adoption thereof by the Board of Managers.

ARTICLE XII

MISCELLANEOUS

Section 12.1 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 12.2 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 12.3 Gender. The use of the masculine gender in these By-Laws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 12.4 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.

Section 12.5 Insurance Trustee. The Insurance Trustee, if selected, shall be a bank, trust company or savings and loan association in the State of New York, designated by the Board of Managers (with the approval of each of the holders of ten (10) or more Unit first mortgages). In the event that the Insurance Trustee shall resign, the new Insurance Trustee shall also be a bank, trust company or savings and loan association in the State of New York, designated by the Board of Managers (with the approval of each of the holders of two (2) or more Unit first mortgages). The Board of Managers shall pay the fees and disbursements of any Insurance Trustee and such fees and disbursements shall constitute a Common Expense of the Condominium.

Section 12.6 Definition of "Mortgagee". As used in these By-Laws, the term "mortgagee" or "holder of a first mortgage" shall include the holder of any acquisition loan mortgage or construction loan mortgage which shall be a lien on a Unit.

ARTICLE XIII

AMENDMENTS TO THE BY-LAWS

Section 13.1 Amendment to By-Laws. These By-Laws may be modified or amended by the vote of sixty-six and two-thirds percent (66⅔%) in number and in Common Interest of all Unit Owners at a meeting of Unit Owners duly held for such purpose. However, for as long as Sponsor or its designee remains the Owner of one or more Units, these By-Laws, including the Rules and Regulations of the Condominium attached hereto, may not be amended or modified in any way so as to adversely affect Sponsor or its designee, in Sponsor's or Sponsor-designee's sole discretion, without Sponsor's or Sponsor-designee's prior written consent. Additionally, (i) no such amendment shall adversely affect the lien of any mortgage without the written consent of the mortgagee; (ii) no such amendment may change the percentage of Common Interests allocated to any Unit or Units without the written consent of such Unit Owner; and (iii) no such amendment shall increase the percentage of Common Interests allocated to any Unit or Units without the written consent of the mortgagee(s) of such Unit, or Units, if any.

ARTICLE XIV

CONFLICTS

Section 14.1 Conflicts. 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.

SCHEDULE A

RULES AND REGULATIONS OF HARBOR HOUSE CONDOMINIUM

1. The Units may be used only for private residential use, except that a Unit Owner may use his or her Unit for any home occupation use permitted under applicable zoning law and ordinances, building code or other rules and regulations of governmental authorities having jurisdiction. Such Units may also be used as professional offices by a resident thereof provided such professional use does not violate any zoning law and ordinances and provided further that the prior written consent of the Board of Managers to such professional use is obtained. No illuminated or other sign may be used in connection with the aforementioned use, excepting only a professional sign, non-illuminated, not larger than the size permitted by the Board of Managers.

2. Except as set forth above, no industry, business, trade, occupation or profession of any kind, commercial, religious, educational or otherwise, designed for profit, altruism, or otherwise, shall be conducted, maintained or permitted in any part of the Units or Common Elements, nor shall any "For Sale," "For Rent" or "For Lease" signs or other window displays or advertising be maintained or permitted in any Unit therein or adjoining Common Elements, nor shall any Unit be rented for transient, hotel or motel purposes. The right, however, is reserved by the Sponsor, its designee and the Board of Managers, or its agent, to place "For Sale," "For Rent" or "For Lease" signs or similar signs on any unsold or unoccupied Units, and the right is hereby given to any mortgagee, who may become the owner of any Unit, to place such signs on any Unit owned by such mortgagee, but in no event will any such sign be larger than one foot (1') foot by two feet (2'). Additionally, the right is reserved by Sponsor and its designee to maintain and staff one or more vacant and unsold Units in the Building as a sales office and/or model Unit. Sponsor and its designee shall have the right to place "For Sale," "For Rent" or "For Lease" signs or similar signs on or in the vicinity of the Building without regard to size. Sponsor or its designee shall be responsible for installing and removing such signs.

3. There shall be no playing or lounging in the entrances, passages, public halls, vestibules, corridors, stairways, or fire towers of the Building, except in any recreational areas, if any, or other areas designated as such in the Declaration or by the Board of Managers.

4. Except as elsewhere provided, no exterior of any Unit or the windows or doors

thereof or any other portions of the Common Elements shall be painted or decorated by any owner in any manner without the prior written consent of the Board of Managers.

5. No furniture, equipment, or other personal articles shall be placed in entrances, hallways, stairways, or other General Common Elements.

6. No Unit Owner shall make or permit any noise that will disturb or annoy the occupants of any of the Units in the Building or do or permit anything to be done therein which will interfere with the rights, comfort, or convenience of other Unit Owners.

7. Each Unit Owner shall keep his or her Unit in a good state of preservation and cleanliness and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors or windows of a Unit, any dirt or other substances. In addition, where applicable, each Unit Owner shall keep his or her terrace(s) and terrace drain(s) free of debris.

8. No exterior shades, awnings, window guards, ventilators, fans or air-conditioning devices shall be used on or about the Building or Common Elements except such as shall have been approved by the Board of Managers or as required by law.

9. Except as provided above, no sign, notice, lettering, or advertisement shall be inscribed or exposed on or at any window, door, or other part of the Building, except such as shall have been approved in writing by the Board of Managers, nor shall anything be projected out of any window of the Building without similar approval.

10. All garbage and refuse from the Building shall be deposited with care in plastic bags or other suitable receptacles intended for such purpose only at such times and in such manner as the Board of Managers may direct. Unit Owners shall be responsible for complying with all applicable recycling laws pertaining thereto.

11. No clothes, sheets, blankets, laundry, or other articles of any kind shall be hung on or out of a Unit or its appurtenant Limited Common Elements.

12. 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, paper, ashes, or any other article be thrown into the same. Any damage resulting from misuse of any water closet or other apparatus shall be paid for by the Unit Owner causing such damage.

13. No Unit Owner shall engage any employee of the Condominium for any private business of the Unit Owner without prior written consent of the Board of Managers.

14. No bird or animal shall be kept or harbored in the Building unless the same in each instance be expressly permitted in writing by the Board of Managers. Any such consent, if given, shall be revocable at any time by the Board of Managers. In no event shall dogs be permitted in any of the public portions of the Building unless carried or on a leash. The individual Unit Owners who keep an animal in the Building shall each indemnify the Board of Managers and hold it harmless against any loss or liability of any kind or character whatsoever arising from or as a result of the Unit Owner having any animal in the Building. No pigeons or other birds or animals shall be fed from the window sills, or other public portions of the Building, or on the sidewalk or street adjacent to the Building.

15. No radio or television aerial or dish shall be attached to or hung from the exterior of the Building without prior written approval of the Board of Managers. The Board of Managers, upon the request of any Unit Owner, shall allow the installation of any hook-up necessary to provide cable television service to the Unit.

16. The agents of the Board of Managers, and any contractor or workman authorized by them, may enter any Unit at any reasonable hour of the day for any purpose permitted under the terms of the Declaration, By-Laws, or Rules and Regulations of the Condominium.

17. The Board of Managers or the Managing Agent, if any, may retain a pass-key to each Unit. If any lock is altered or a new lock is installed, the Board of Managers or the Managing Agent, if any, shall be provided with a key thereto immediately upon such alteration or installation. If the Unit Owner is not personally present to open and permit an entry to his or her Unit at any time when an entry therein is necessary or permissible under these Rules and Regulations or under the By-Laws, and has not furnished a key to the Board of Managers or the Managing Agent, if any, then the Board of Managers or Managing Agent, if any, or their agents (but, except in an emergency, only when specifically authorized by an officer of the Condominium or an officer of the Managing Agent, if any,) may forcibly enter such Unit without liability for damages or trespass by reason thereof (if, during such entry, reasonable care is given to such Unit Owner's property).

18. If any key or keys are entrusted by a Unit Owner, by any family member thereof, or by his agent, servant, employee, invitee, licensee, guest, visitor, patient or client, to an employee of the Condominium or of the Managing Agent, if any, whether for such Unit Owner's Unit or an automobile, trunk, or other item of personal property, the

acceptance of the key shall be at the sole risk of such Unit Owner, and neither the Board of Managers nor the Managing Agent, if any, shall (except as provided above) be liable for injury, loss, or damage of any nature whatsoever, directly or indirectly resulting therefrom or connected therewith.

19. No Unit Owner or any family member, agent, servant, employee, invitee, licensee, guest, visitor, patient or client of a Unit Owner shall be allowed in the heating, electrical or mechanical equipment areas without the express permission of the Board of Managers.

20. All damage to the Building or Common Elements caused by the moving or carrying of any article therein shall be paid by the Unit Owner responsible for the presence of such article.

21. No Unit Owner shall interfere in any manner with any portion of the heating or lighting apparatus which are part of the Common Elements and not part of the Unit Owner's Unit.

22. Nothing shall be done or kept in any Unit or in the Common Elements that will increase the rate of insurance of the Building, or the contents thereof, without the prior written consent of the Condominium Board. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Elements, that will result in the cancellation of insurance on the Building, or the contents thereof, or that would be in violation of any Law. No Unit Owner or any of his family members, agents, servants, employees, invitees, licensees, guests, visitors, patients or clients shall, at any time, bring into or keep in his Unit or Limited Common Elements any inflammable, combustible, or explosive fluid, material, chemical, or substance, except as shall be necessary and appropriate for the permitted uses of such Unit or Limited Common Elements.

23. The Unit Owners shall not be allowed to put their names on any entry to the Building or entrance to any Unit, except in the proper places approved by the Board of Managers for such purposes.

24. Any damage to the Building or equipment caused by Unit Owners, their family members, agents, servants, employees, invitees, licensees, guests, visitors, patients or clients shall be repaired at the expense of the said Unit Owners.

25. Complaints regarding the management of the Building and grounds or regarding the actions of other Unit Owners shall be made in writing to the Board of Managers.

26. No Unit shall be used or be occupied in such manner as to obstruct or interfere with the enjoyment of occupants or owners of adjoining Units; nor shall any nuisance or immoral or illegal activity be committed or permitted to occur in or about any Unit or upon any part of the Common Elements.

27. Certain parts of the Common Elements are intended for use for the purpose of affording pedestrian movement within the Condominium and of providing access to the Units. No part of the Common Elements shall be obstructed so as to interfere with its use for the purposes hereinabove recited; nor shall any part of the Common Elements be used for general storage purposes, except maintenance storage or where specifically designated as such; nor shall anything be done thereon in any manner which shall increase the rate of hazard and liability insurance covering said area and improvements situated thereon.

28. No immoral, improper, 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 eliminated, by and at the sole expense of the Unit Owners, or the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.

29. Unless expressly authorized by the Board of Managers in each case, the floors of each Unit must be covered with rugs or carpeting or equally effective noise-reducing material, to the extent of at least eighty percent (80%) of the floor area of each room excepting only kitchens, pantries, bathrooms, maid's rooms, closets and foyers.

30. No portion of a Unit other than the entire Unit may be leased.

31. Smoke detectors must be installed in every Unit as required by New York City Building Code. It is the obligation of the Unit Owner to maintain the alarms and to make certain the units are in working order at all times.

32. If required by law, each Unit Owner shall notify the Board of Managers or the Managing Agent, if any, in writing when a child or children under the age of eleven (11) years lives or resides (even temporarily) in the Unit. Each Unit Owner shall install at such Unit Owner's expense, the required window guards in all windows of the Unit. The Unit Owner shall maintain all window guards installed in the Unit and shall not remove same until permitted by applicable law and in any event, without prior written notice to the Board of Managers or the Managing Agent, if any,.

33. The cost of maintenance and repair of the sidewalks and adjacent curbs, including keeping them free from snow, ice, dirt and rubbish, shall be the responsibility of the Condominium.

34. No group tour or exhibition of any part of a Unit or its contents shall be conducted nor shall any auction sale be held in any part of a Unit without the prior consent of the Board of Managers or the Managing Agent, if any, in each instance.

35. Plantings on any terrace or balcony shall be contained in boxes of wood, lined with metal or other materials impervious to dampness and standing on supports at least two inches (2") from the terrace or balcony surface, and, if adjoining a wall, at least three inches (3") from such wall. Suitable weep holes shall be provided in the boxes to draw off water. In special locations, such as a comer abutting a parapet wall, plantings may be contained in masonry or hollow tile walls which shall be at least three inches (3") from the parapet and flashing, with the floor of drainage tiles and suitable weep holes at the sides to draw off water. Such masonry planting beds shall not, however, rest directly upon the surface of such terrace or balcony, but shall stand on supports at least two inches (2") above such surface. It shall be the responsibility of the Unit Owner to maintain the containers in good condition, and the drainage tiles and weep holes in operating condition. Such Unit Owner shall pay the cost of any repairs rendered necessary, or damage caused, by such plantings.

36. Any consent or approval given by the Board of Managers or the Managing Agent, if any, under the Rules and Regulations of the Condominium may be amended, modified, added to, or repealed at any time by resolution of the Board of Managers. Further, any such consent or approval may, in the discretion of the Board of Managers or the Managing Agent, if any, be conditional in nature.

37. These Rules and Regulations govern the use of the Units and Common Elements and may be amended from time to time by the Board of Managers. However, no amendment of these Rules and Regulations shall be applicable to any Unsold Unit, unless agreed to by Sponsor or the Sponsor-designee, as the case may be.

GENERAL BUSINESS LAW

ARTICLE 36-B--WARRANTIES ON SALE OF NEW HOMES

Current through L.1999, chs. 5-404, 409, 410

§ 777. Definitions

As used in this article, the following terms shall have the following meanings:

1. "Builder" means any person, corporation, partnership or other entity contracting with an owner for the construction or sale of a new home.

2. "Building code" means the uniform fire prevention and building code promulgated under section three hundred seventy-seven of the executive law, local building code standards approved by the uniform fire prevention and building code council under section three hundred seventy-nine of the executive law, and the building code of the city of New York, as defined in title twenty- seven of the administrative code of the city of New York.

3. "Constructed in a skillful manner" means that workmanship and materials meet or exceed the specific standards of the applicable building code. When the applicable building code does not provide a relevant specific standard, such term means that workmanship and materials meet or exceed the standards of locally accepted building practices.

4. "Material defect" means actual physical damage to the following load- bearing portions of the home caused by failure of such load-bearing portions which affects their load-bearing functions to the extent that the home becomes unsafe, unsanitary or otherwise unliveable: foundation systems and footings, beams, girders, lintels, columns, walls and partitions, floor systems, and roof framing systems.

5. "New home" or "home" means any single family house or for-sale unit in a multi-unit residential structure of five stories or less in which title to the individual units is transferred to owners under a condominium or cooperative regime. Such terms do not include dwellings constructed solely for lease, mobile homes as defined in section seven hundred twenty-one of this chapter, or any house or unit in which the builder has resided or leased continuously for three years or more following the date of completion of construction, as evidenced by a certificate of occupancy.

6. "Owner" means the first person to whom the home is sold and, during the unexpired portion of the warranty period, each successor in title to the home and any mortgagee in possession. Owner does not include the builder of the home or any firm under common control of the builder.

7. "Plumbing, electrical, heating, cooling and ventilation systems" shall mean:

a. in the case of plumbing systems: gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; water, gas and sewer service piping, and their extensions to the tie- in of a public utility connection, or on-site well and sewage disposal system;

b. in the case of electrical systems: all wiring, electrical boxes, switches, outlets and connections up to the public utility connection; and

c. in the case of heating, cooling and ventilation systems: all duct work, steam, water and refrigerant lines, registers, convectors, radiation elements and dampers.

8. "Warranty date" means the date of the passing of title to the first owner for occupancy by such owner or such owner's family as a residence, or the date of first occupancy of the home as a residence, whichever first occurs.

GENERAL BUSINESS LAW

ARTICLE 36-B--WARRANTIES ON SALE OF NEW HOMES

§ 777-a. Housing merchant implied warranty

1. Notwithstanding the provisions of section two hundred fifty-one of the real property law, a housing merchant implied warranty is implied in the contract or agreement for the sale of a new home and shall survive the passing of title. A housing merchant implied warranty shall mean that:

a. one year from and after the warranty date the home will be free from defects due to a failure to have been constructed in a skillful manner;

b. two years from and after the warranty date the plumbing, electrical, heating, cooling and ventilation systems of the home will be free from defects due to a failure by the builder to have installed such systems in a skillful manner; and

c. six years from and after the warranty date the home will be free from material defects.

2. Unless the contract or agreement by its terms clearly evidences a different intention of the seller, a housing merchant implied warranty does not extend to:

a. any defect that does not constitute (i) defective workmanship by the builder or by an agent, employee or subcontractor of the builder, (ii) defective materials supplied by the builder or by an agent, employee or subcontractor of the builder, or (iii) defective design provided by a design professional retained exclusively by the builder; or

b. any patent defect which an examination ought in the circumstances to have revealed, when the buyer before taking title or accepting construction as complete has examined the home as fully as the buyer desired, or has refused to examine the home.

3. In the case of goods sold incidentally with or included in the sale of the new home, such as stoves, refrigerators, freezers, room air conditioners, dishwashers, clothes washers and dryers, a housing merchant implied warranty shall mean that such goods shall be free from defects due to failure by the builder or any agent, employee or subcontractor of the builder to have installed such systems in a skillful manner. Merchantability, fitness and all other implied warranties with respect to goods shall be governed by part three of article two of the uniform commercial code and other applicable statutes.

4. a. Written notice of a warranty claim for breach of a housing merchant implied warranty must be received by the builder prior to the commencement of any action under paragraph b of this subdivision and no later than thirty days after the expiration of the applicable warranty period, as described in subdivision one of this section. The owner and occupant of the home shall afford the builder reasonable opportunity to inspect, test and repair the portion of the home to which the warranty claim relates.

b. An action for damages or other relief caused by the breach of a housing merchant implied warranty may be commenced prior to the expiration of one year after the applicable warranty period, as described in subdivision one of this section, or within four years after the warranty date, whichever is later. In addition to the foregoing, if the builder makes repairs in response to a warranty claim under paragraph a of this subdivision, an action with respect to such claim may be commenced within one year after the last date on which such repairs are performed. The measure of damages shall be the reasonable cost of repair or replacement and property damage to the home proximately caused by the breach of warranty, not to exceed the replacement cost of the home exclusive of the value of the land, unless the

court finds that, under the circumstances, the diminution in value of the home caused by the defect is a more equitable measure of damages.

c. In addition to any other period for the commencement of an action permitted by law, an action for contribution or indemnification may be commenced at any time prior to the expiration of one year after the entry of judgment in an action for damages under paragraph b of this subdivision.

5. Except as otherwise provided in section seven hundred seventy-seven-b of this article, any provision of a contract or agreement for the sale of a new home which excludes or modifies a housing merchant implied warranty shall be void as contrary to public policy.

6. Except as otherwise provided in section seven hundred seventy-seven-b of this article, other implied warranties may arise from the terms of the contract or agreement or from course of dealing or usage of trade.

GENERAL BUSINESS LAW

ARTICLE 36-B--WARRANTIES ON SALE OF NEW HOMES

§ 777-b. Exclusion or modification of warranties

1. Except in the case of a housing merchant implied warranty, the builder or seller of a new home may exclude or modify all warranties by any clear and conspicuous terms contained in the written contract or agreement of sale which call the buyer's attention to the exclusion or modification of warranties and make the exclusion or modification plain.

2. Except in the case of a housing merchant implied warranty, the builder or seller of a new home may exclude or modify warranties with respect to particular defects by any clear and conspicuous terms contained in the written contract or agreement of sale which identify such defects, call the buyer's attention to the exclusion or modification of warranties and make the exclusion or modification plain.

3. A housing merchant implied warranty may be excluded or modified by the builder or seller of a new home only if the buyer is offered a limited warranty in accordance with the provisions of this subdivision.

a. A copy of the express terms of the limited warranty shall be provided in writing to the buyer for examination prior to the time of the buyer's execution of the contract or agreement to purchase the home.

b. A copy of the express terms of the limited warranty shall be included in, or annexed to and incorporated in, the contract or agreement.

c. The language of the contract or agreement for sale of the home must conspicuously mention the housing merchant implied warranty and provide that the limited warranty excludes or modifies the implied warranty. Language to exclude all implied warranties is sufficient if it states, for example, that "There are no warranties which extend beyond the face hereof."

d. The limited warranty shall meet or exceed the standards provided in subdivisions four and five of this section.

4. A limited warranty sufficient to exclude or modify a housing merchant implied warranty must be written in plain English and must clearly disclose:

a. that the warranty is a limited warranty which limits implied warranties on the sale of the home; the words "limited warranty" must be clearly and conspicuously captioned at the beginning of the warranty document;

b. the identification of the names and addresses of all warrantors;

c. the identification of the party or parties to whom the warranty is extended and whether it is extended to subsequent owners; the limited warranty must be extended to the first owner of the home and survive the passing of title but may exclude any or all subsequent owners;

d. a statement of the products or parts covered by the limited warranty;

e. the clear and conspicuous identification of any parts or portions of the home or premises that are excepted or excluded from warranty coverage, and the standards that will be used to determine whether a defect has occurred; provided, however, that:

i. any exception, exclusion or standard which does not meet or exceed a relevant specific standard of the applicable building code, or in the absence of such relevant specific standard a locally accepted building practice, shall be void as contrary to public policy and shall be deemed to establish the applicable building code standard or locally accepted building practice as the warranty standard; and

ii. any exception, exclusion or standard that fails to ensure that the home is habitable, by permitting conditions to exist which render the home unsafe, shall be void as contrary to public policy.

f. what the builder and any other warrantor will do when a defect covered by the warranty does arise, and the time within which the builder and any other warrantor will act;

g. the term of the warranty coverage and when the term begins, provided, however, that such term shall be equal to or exceed the warranty periods of a housing merchant implied warranty, as defined in subdivision one of section seven hundred seventy-seven-a of this article;

h. step-by-step claims procedures required to be undertaken by the owner, if any, including directions for notification of the builder and any other warrantor; an owner shall not be required to submit to binding arbitration or to pay any fee or charge for participation in nonbinding arbitration or any mediation process;

i. any limitations on or exclusions of consequential or incidental damages, and any limitations on the builder's and other warrantor's total liability, conspicuously expressed on the first page of the warranty. Notwithstanding the foregoing, a limited warranty shall not be construed to permit any limitation on or exclusion of property damage to the home proximately caused by a breach of the limited warranty, where the court finds that such limitation or exclusion would cause the limited warranty to fail of its essential purpose, except that such property damage may be limited by an express limitation on the builder's or other warrantor's total liability in accordance with the provisions of this paragraph.

5. a. This article shall not be construed to authorize or validate any covenant, promise, agreement or understanding which is void and unenforceable under section 5-322.1 of the general obligations law.

b. This article shall preempt any local law inconsistent with the provisions of this article. This article shall not preempt any builder subject to its provisions from complying with any local law with respect to the regulation of home builders except as expressly provided herein.

c. Nothing in this article shall be construed to repeal, invalidate, supersede or restrict any right, liability or remedy provided by any other statute of the state, except where such construction would, as a matter of law, be unreasonable.

REAL PROPERTY LAW SECTION 339-kk

NEW YORK BILL TEXT

STATE OF NEW YORK
4141– A
1997-1998 Regular Sessions
IN SENATE
April 3, 1997

Introduced by Sens. LEIBELL, GOODMAN, MONTGOMERY – (at request of the Attorney General) – read twice and ordered printed, and when printed to be committed to the Committee on Housing, Construction and Community Development – recommitted to the Committee on Housing, Construction and Community Development in accordance with Seante Rule 6, sec. 8 – reported favorably from said committee to third reading, amended and ordered reprinted, retaining its place in the order of third reading.

VERSON: Enacted
July 22, 1998
Leibell

AN ACT to amend the general business law and the real property law, in relation to cooperatives and condominiums where non-occupying owners default on payments due; and to repeal subdivision 2-d of section 352-e of the general business law, relating thereto

TEXT:

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN STATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Subdivision 2-d of section 352-e of the general business law is REPEALED.

Section 2. The general business law is amended by adding a new section 352-1 to read as follows:

«+ SECTION 352-1. COOPERATIVE CORPORATIONS. 1. FOR THE PURPOSES OF THIS SECTION, "NON-OCCUPYING OWNER" SHALL MEAN THE OWNER OF SHARES IN A COOPERATIVE CORPORATION WHO DOES NOT OCCUPY THE DWELLING UNITS TO WHICH HIS OR HER SHARES ARE ALLOCATED. +»

«+ 2. IF A NON-OCCUPYING OWNER RENTS ANY DWELLING UNIT TO A TENANT AND THEN FAILS TO MAKE PAYMENTS DUE FOR MAINTENANCE, 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 THREE OF THIS SECTION, ALL RENTAL PAYMENTS FROM THE TENANT SHALL BE DIRECTLY PAYABLE TO THE COOPERATIVE CORPORATION.+»

«+3. IF THE MAINTENANCE, 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 DIRECTORS SHALL PROVIDE WRITTEN NOTICE TO THE RENTAL TENANT AND THE NON-OCCUPYING OWNER PROVIDING THAT, COMMENCING IMMEDIATELY AND UNTIL SUCH TIME AS ALL PAYMENTS FOR MAINTENANCE, 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 COOPERATIVE CORPORATION AT THE ADDRESS LISTED ON THE NOTICE. WHERE A MAJORITY OF THE BOARD OF DIRECTORS HAS BEEN ELECTED BY AND FROM AMONG THE OWNERS WHO ARE IN OCCUPANCE, THE BOARD MAY ELECT NOT TO REQUIRE THAT RENTAL PAYMENTS BE MADE PAYABLE TO THE COOPERATIVE CORPORATION. AT SUCH TIME AS PAYMENTS FOR MAINTENANCE, ASSESSMENTS AND LATE FEES FROM THE NON-OCCUPYING OWNER OR TO A DESIGNATED AGENT. A NON-OCCUPYING OWNER WHO DISPUTES THE COOPERATIVE CORPORATION'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 DIRECTORS, WHICH MUST BE HELD WITHIN THIRTY DAYS OF THE DATE THAT SUCH BOARD RECEIVES NOTICE THAT SUCH OWNER SEEKS TO DISPUTE SUCH CLAIM.+»

«+4. NOTHING IN THIS SECTION SHALL LIMIT ANY RIGHTS OF SHAREHOLDERS OR OF THE BOARD OF DIRECTORS EXISTING UNDER ANY OTHER LAW OR AGREEMENT.+»

«+5. PAYMENT BY A RENTAL TENANT TO THE COOPERATIVE CORPORATION 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. +»

SECTION 3. The real property law is amended by adding a new section 339-kk to read as follows:

«+ SECTION 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 ONCE 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 SUCH 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. +»

SECTION 4. This act may be enforced by any party by means of a special proceeding brought pursuant to article 4 of the civil practice law and rules.

SECTION 5. This act shall take effect immediately, and is applicable to all cooperative corporations and condominiums in existence on or after such date.

1997 NY S.B. 4141 (SN)
END OF DOCUMENT

CERTIFICATIONS

BATCHELDER STREET CONDOMINIUMS BY THE BAY, L.L.C.
131-25 Merrick Boulevard
Brooklyn, New York 11434

As of December 22, 1999

New York State Department of Law
120 Broadway, 23rd Floor
New York, New York 10271

Attn: Real Estate Financing Bureau

Re: 2803 Batchelder Street
Brooklyn, New York
Certification by Sponsor

The undersigned certify as follows:

We are the sponsor and the principals of sponsor of the condominium 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 Department of Law in Part 20 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 this certification. We jointly and severally certify that the offering plan does, and that the documents submitted hereinafter 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, suppression, 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;

(vii) 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.

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.

BATCHELDER STREET CONDOMINIUMS BY THE BAY, L.L.C.

By: _____
Salvatore Marra, Managing Member

By: _____
Richard Scott, Managing Member

_____
Salvatore Marra

_____
Richard Scott

Sworn to before me this
12 day of Oct, 1999.

_____
Notary Public

THOMAS J. ROSSI
NOTARY PUBLIC, State of New York
No. 41-4968729
Qualified in Queens County
Commission Expires July 2, 2002

THOMAS J. ROSSI
NOTARY PUBLIC, State of New York
No. 41-4968729
Qualified in Queens County
Commission Expires July 2, 2002

_____
Notary Public

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NYS Department of Law.v2

Jaime Lore Design
ROBERT JAMES PALERMO
REGISTERED ARCHITECTS
INTERIOR DESIGNERS

1816 VOORHIES AVENUE
SHEEPSHEAD BAY, BKLYN., N.Y. 11235

PHONE
(718)
332-4119

CERTIFICATION OF SPONSOR'S ARCHITECT PURSUANT TO SECTION 20.4(c) OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A AS AMENDED

DATE: December 20, 1999

New York State Department of Law
120 Broadway, 23rd Floor
New York, New York 10271

Attn: Real Estate Financing Bureau

RE: Harbor House Condominium_- 2803 Batchelder Street
Brooklyn, New York

Gentlemen,

The Sponsor of the offering plan to sell condominium units at the property retained our firm to prepare a report describing the construction of the property.

Our firm, Jaime Lore Design, was retained by the Sponsor of the proposed offering plan of the captioned property to prepare the plans and specifications that were dated November 1, 1999, and prepared the Report dated November 1, 1999, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the Report.

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 20 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 as it will exist upon the completion of the construction, provided that it is in accordance with the plans and specifications prepared by our office.

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 construction, provided that construction is in accordance with the plans and specifications prepared by our office.

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;

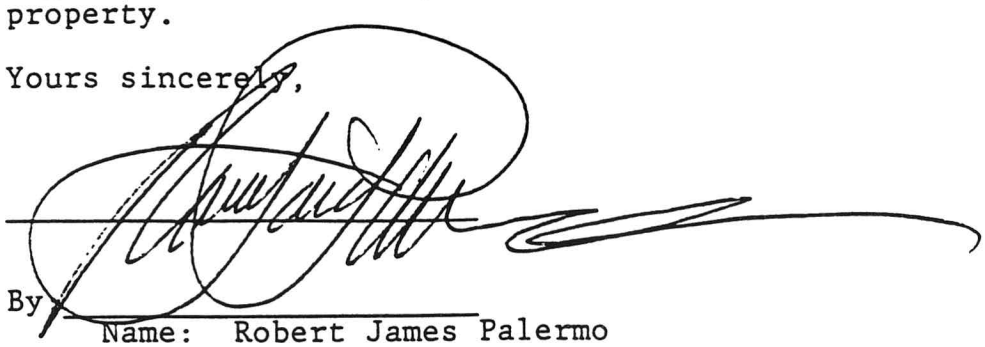
b. with reasonable effort, could have known the truth;

c. made no reasonable effort to ascertain the truth; or

d. did not have knowledge concerning the representation or statement made.

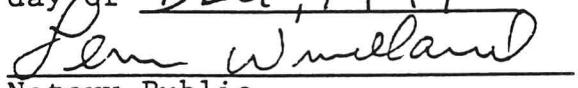
We further certify that we are not owned or controlled by and have no beneficial interest in the Sponsor and that our compensation for preparing this Report is not contingent on the property being built as a condominium or on the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

Yours sincerely,



By: _____
Name: Robert James Palermo
Title: Principal Architect

Sworn to before me this 23
day of DEC, 1999



Notary Public

LEON WINDLAND
NOTARY PUBLIC, State of New York
No. 24-4510029
Qualified in Kings County
Commission Expires April 30, 2001

DOME
PROPERTY MANAGEMENT

1855 VICTORY BOULEVARD
STATEN ISLAND, NEW YORK 10314-3577

STEVEN MOTELSON
PRESIDENT

(718) 720-2500
FAX (718) 273-1664

HARBOR HOUSE CONDOMINIUM

STATE OF NEW YORK)
COUNTY OF RICHMOND) **February 24, 2000**

The undersigned certifies as follows: The sponsor of the Condominium Offering Plan for the captioned property retained our firm to review Schedules B and B-1 and the accompanying notes containing projections of income and expenses for Condominium operation for the year commencing November, 2000.

Dome Property Management is a licensed Real Estate Broker in the States of New York and New Jersey and presently manages in excess of 35 developments in the New York metropolitan area. Our management portfolio includes Condominiums, Homeowners Associations, Cooperatives, Rentals and Commercial Properties.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 20 insofar as they are applicable to Schedules B and B-1.

We have reviewed the Schedules and investigated the facts set forth in the Schedules and the facts underlying them 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 and B-1 and appear reasonable and adequate under existing circumstances and the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of condo operation. We certify that the schedule:

(i) sets forth in detail the projected income and expense 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 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; and

(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, or © made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representation or statements 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 income and expenses 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.

DOME PROPERTY MANAGEMENT

Steven Motelson, President

State of New York)
County of Richmond)

Sworn to before me this 25th Day of February 2000

Notary Public

MARIE BETULIA
Notary Public - State of New York
NO. 01BE5308100
Qualified In Richmond County
My Commission Expires 1/31/01

AppealTech, LLC
205 Lexington Avenue, 10th Floor
New York, New York 10016
(212) 213-3222
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