THIS PLAN HAS BEEN AMENDED. SEE INSIDE COVER.

CONDOMINIUM OFFERING PLAN FOR

THE PARK IMPERIAL

230 WEST 56TH STREET
NEW YORK, NEW YORK 10019

TOTAL PURCHASE PRICE FOR 111 RESIDENTIAL UNITS: $ 186,040,000
The Condominium will have 111 Residential Units, all of which are being offered for sale hereby.

SPONSOR

56TH STREET ASSOCIATES, L.L.C.
625 MADISON AVENUE, 9TH FLOOR
NEW YORK, NEW YORK 10022
(212) 421-5333

SELLING AGENT

THE SUNSHINE GROUP, LTD.
SALES AND DESIGN CENTER
CARNEGIE HALL TOWER
152 WEST 57TH STREET
NEW YORK, NEW YORK 10022
(212) 957-5656

The term of the initial offering of this Plan commenced on October 25, 2000 and expires on October 24, 2001 unless the said date is extended in a duly filed amendment.

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

SEE PAGE vi FOR SPECIAL RISKS TO PURCHASERS.

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PART I

SPECIAL RISKS TO BE CONSIDERED BY PURCHASERS

1. At the time an Agreement is executed, a Purchaser is required to make an payment in an amount equal to at least ten (10%) percent of the purchase price (the "Initial Deposit") with an additional payment equal to fifteen percent (15%) of the purchase price (the "Additional Deposit") no later than the earlier to occur of: (i) four (4) months after the date of the Agreement or (ii) fifteen (15) days after Sponsor presents an amendment declaring the Plan effective, but in no event later than the Closing, subject to collection. The Initial Deposit and the Additional Deposit are hereinafter collectively referred to as the "Deposit." In the event a Purchaser defaults under the Agreement, time being of the essence with regard to the obligations of the Purchaser thereunder, and does not cure such default within thirty (30) days after Sponsor gives notice to the Purchaser of such default, Sponsor may, at its option, cancel such Agreement and retain, as liquidated damages, the Deposit made by the Purchaser, together with interest earned thereon, if any.

Additionally, if a Purchaser fails for any reason to close title to the Residential Unit on the originally scheduled Closing Date and Sponsor elects not to cancel the Purchaser's Agreement as a result of the same, (a) the closing apportionments to be made at the Closing will be made as of midnight of the day preceding the originally scheduled Closing Date, and (b) the Purchaser will be required to pay to Sponsor an amount equal to 0.03% of the purchase price of the Residential Unit for each day that the Closing is adjourned

"Purchasers are advised that Deposits will be deposited in Bayerische Hypo-und Vereinsbank AG, New York Branch ("HVBNY"), having an address at 150 East 42nd Street, New York, NY 10017. HVBNY is a New York licensed branch of Bayerische Hypo-und Vereinsbank AG ("HVB"). The Deposits placed in HVBNY are not federally insured by the Federal Deposit Insurance Corporation. Deposits at HVBNY are, however, as long as the Purchaser is not a financial institution, covered by the Deposit Protection Fund of the Association of German Banks (the "Fund"). The Fund insures deposits at HVB and its branches up to an aggregate amount equal to thirty (30%) of HVB's capital funds (which as of December 31, 1998 were approximately $14 Billion)."

2. The Condominium consisting of 111 Residential Units and the Common Elements appurtenant thereto, will be located on Floors numbered 48 through PH 1 of a tower (the "Residential Tower") which will be situated within a fee simple absolute parcel comprised of a column of air located above a specified plane (the "Residential Premises"; the Residential Premises and the Residential Tower are collectively referred to as the "Residential Property"). A more detailed description of the numbering of the floors in the Condominium is set forth in Paragraph 9 in the Special Risk Section of the Plan. The Residential Premises is directly over a separate fee parcel comprised of the land and the air space up to the plane at which the Residential Premises begins (the "Commercial Premises"). The Residential Tower will be located over, and supported

by a twenty-eight story building, including two (2) below grade floors (the "Commercial Building") which rise to 378 feet above curb level and will be constructed by and owned by Bertelsmann 56th Street Commercial, LLC, an entity which is affiliated with principals of Sponsor (the "Commercial Building Owner"). It is anticipated that upon completion, the Commercial Building will house the international headquarters of the publishing concern, Random House, Inc. The Commercial Building will be situated within the Commercial Premises in accordance with the terms of a ground lease having a term ending March 31, 2098, with ten (10) five year renewal options (the "Ground Lease") which has been entered into with the fee owner of the Commercial Premises (the "Commercial Fee Owner"). The Commercial Fee Owner has a reversionary interest in the Commercial Building and will become the Commercial Property Owner upon the expiration of the Ground Lease. The Commercial Building is not part of the Condominium and is not being offered for sale pursuant to the terms hereof. Neither the Commercial Building nor the Residential Tower is or will be structurally or functionally independent of the other and each will depend upon the other, to some extent, for structural support, enclosure, ingress and egress, utility services and certain other facilities and components necessary for the operation and use of the Commercial Building and the Residential Tower. Sponsor, as the owner of the Residential Property, the Commercial Fee Owner and the Commercial Building Owner, will enter into a reciprocal easement and operating agreement (the "Reciprocal Easement and Operating Agreement") pursuant to which (i) certain easements, covenants and restrictions burdening the Residential Property, will be created which will be binding upon the Condominium, and which will inure to the benefit of the Commercial Premises and the Commercial Building Property (the Commercial Premises and the Commercial Building are collectively referred to as the "Commercial Property"), and any interest or estate therein, and (ii) certain easements, covenants and restrictions burdening the Commercial Property, will be created which will be binding upon the Commercial Property Owner and which will inure to the benefit of the Residential Property, and any estate or interest therein. The Commercial Property may be submitted to a separate leasehold condominium regime (hereinafter the "Commercial Condominium"). Under the terms of the Reciprocal Easement and Operating Agreement, the Commercial Property Owner will be (i) the Commercial Building Owner or the owners of the condominium units, acting through the board of managers of the Commercial Condominium, if the Commercial Building is submitted to a condominium for so long as the Ground Lease is in effect, and (ii), the Commercial Fee Owner, after expiration or earlier termination of the Ground Lease. From and after the First Closing, the Residential Unit Owners acting through the Condominium Board, will be deemed to be the Residential Property Owner under the terms of the Reciprocal Easement and Operating Agreement. Notwithstanding the foregoing, the Condominium is a fee condominium and is not subject to the Ground Lease. Residential Unit Owners will receive fee title to their respective Residential Units and may purchase fee title insurance for said Units, as more particularly described in the Specimen Title Policy set forth in Part II of the Plan. Please refer to the Section of the Plan entitled "Commercial Building and Reciprocal Easement and Operating Agreement" and the copy of the Reciprocal Easement and Operating Agreement" in Part II of the Plan for further details regarding the rights and obligations of the parties under the Reciprocal Easement and Operating Agreement.

3. Except as may be otherwise provided in the Reciprocal Easement and Operating Agreement, the Commercial Building may be used for any lawful purposes. The use of the Commercial Building may generate noise, traffic, fumes or other disturbances over which the Residential Unit Owners will have no control. The Commercial Property Owner and the Condominium will share the cost for certain expenses as more particularly described in Schedule B, "Budget for the First Year of Condominium Operation," set forth in Part I of the Plan and in the Section of the Plan entitled "Commercial Building and Reciprocal Easement and Operating Agreement").

4. Although a Purchaser may obtain financing from a lending institution or any other source, the obligation to purchase a Residential Unit pursuant to the Agreement shall not be contingent upon obtaining financing for such purchase. Under the present construction schedule it is anticipated that a first temporary certificate of occupancy will not issue until September 1, 2002, subject to Unavoidable Delays. Such a long period of time between the execution of a purchase agreement and the closing is not typical in the New York market (but is more common in a new construction condominium project) and could subject a purchaser to additional risks and delays. The Deposits of Purchasers, which will be equal to twenty-five percent (25%) of the purchase price at the time of Closing, may remain in escrow for an extended period of time, during which period Purchasers will be receiving a relatively low rate of interest. Neither Sponsor nor the Selling Agent makes any representations as to the terms or availability of any mortgage financing. Prospective Purchasers who wish to finalize their financing arrangements before signing an Agreement should be aware that they may have to pay additional fees to extend such financing commitment. However, prospective Purchasers should be aware that even if a loan commitment is obtained, its term may be fixed, and it could expire before the Closing Date and a Purchaser would have to close without financing or risk losing such Purchaser's Deposit. (See the Section entitled "Procedure to Purchase" for further details.)

5. Prior to the closing of title to a Residential Unit, the Agreement prohibits a Purchaser from advertising or otherwise offering, promoting or publicizing the availability of the Unit for sale or lease. Purchasers are referred to the Agreement set forth in Part II of the Plan.

6. Sponsor as the owner of Unsold Residential Units will have voting control of the Condominium Board during the period which continues until the later to occur of: (i) any meeting of Residential Unit Owners at which the votes cast for Sponsor's nominees do not constitute a majority of the votes cast at such meeting or (ii) five (5) years after the First Closing. During the period that Sponsor controls the Condominium Board, Sponsor will have control of maintenance, facilities and services to be provided to Unit Owners and will determine the Common Charges to be paid by all Residential Unit Owners. In the event Sponsor does not sell Residential Units to which are allocated a majority of the Common Interests of the Condominium, Sponsor may retain control of the Condominium Board for an extended period of time.

7. Sponsor and its designees may exercise veto power over some actions of the Condominium Board. Until Sponsor and its designees have conveyed title to all Residential Units, but in no event later than five (5) years after the First Closing, the Condominium Board may not

take any of the following actions without Sponsor's prior written consent: (a) make any addition, alteration or improvement to the Common Elements or to any Unit, or (b) assess any Common Charges for the creation of, addition to or replacement of all or part of a working capital, reserve, contingency or surplus fund, or (c) increase or decrease the number, or change the kind of, employees referred to in the Plan, or (d) enter into any service or maintenance contract for work not covered by contracts in existence on the date of the First Closing or otherwise provide services in excess of those referred to in the Plan, except as is required to reflect normal annual increases in operating services, or (e) borrow money on behalf of the Condominium, or (f) exercise a right of first refusal to lease or purchase a Residential Unit; provided, however, that Sponsor's written consent is not necessary to perform any function or take any action described in clauses (a) through (f) above, if, and only if, the performance of such function or the carrying out of such an action is necessary (and no other alternative is available) to enable the Condominium Board to comply with laws, rules or regulations of any governmental authority having jurisdiction over the Condominium (see the Section entitled "Control By Sponsor" for further details).

8. No amendment, modification, addition or deletion of the Declaration, By-Laws or Rules and Regulations shall be effective in any way (a) without the prior written consent of the Commercial Property Owner with respect to any amendment, modification, addition or deletion of or to the By-Laws, the Declaration or the Rules and Regulations modifying any provisions which may impact upon the rights and obligations of the Condominium under the Reciprocal Easement and Operating Agreement or the uses of Commercial Building or affecting the rights, privileges, easements, licenses or exemptions granted to Commercial Property Owner or (b) without the prior written consent of Sponsor or its designee or the owner of any Unsold Residential Unit, as the case may be, with respect to any amendment, modification, addition or deletion of or to the By-Laws, the Declaration or the Rules and Regulations modifying the permitted uses of the Building or any portion thereof or affecting the rights, privileges, easements, licenses or exemptions granted to Sponsor or its designee or the owner of any Unsold Residential Unit, as the case may be, or otherwise adversely affecting Sponsor or its designee or the owner of any Unsold Residential Unit, as the case may be. (See the Section entitled "Rights and Obligations of Unit Owners and the Board of Managers.")

9. The floors of the Building are designated Lobby through PH 1. Reference in this Plan are in accordance with such designations. Due to the fact that (a) many floors in the Building have floor to ceiling heights which are higher that those of typical residential buildings and (b) there is no 13th floor, the 26th construction level is referred to as the 47th floor and the 49th construction level is referred to as the 70th floor. The 70th floor of the Building is approximately 612 feet above street level. The 70th floor of a typical residential building having 8' 9" floor to floor heights (and no 13th floor) is approximately 604 feet above street level; all other floors of the Building are at a height which exceeds the height of the corresponding floor in a typical residential building. Floor numbering in the plans for the Building filed with the New York City Department of Buildings is based upon construction levels rather than the actual height of the floors and therefore differs from the floor designations of the Building as set forth above. (See the "Description of Property" in Part II of the Plan for further discussion of the foregoing and the correlation between the designation of floors under the construction documents

and the designation of floors under the Plan).

10. The Condominium will employ a Resident Manager who will reside in a two bedroom apartment to be situated on Floor number 47 in the Commercial Building designated as the 26th Floor Mezzanine on the REA Plans (the "Resident Manager's Apartment"). Under the terms of the Reciprocal Easement and Operating Agreement, Sponsor has been granted the exclusive rights to utilize the Resident Manager's Apartment and Sponsor intends to cause such rights to inure to the Condominium for a purchase price of $700,000. At each closing of title to a Residential Unit, the Purchaser thereof will reimburse Sponsor for such Purchaser's allocable share of the Resident Manager's Apartment as more particularly set forth in Schedule A, Purchase Prices and Related Information in Part I of the Plan. The Condominium Board shall be responsible for the payment of any transfer taxes due in connection with the foregoing. The costs of utilities and the costs of repairs, alterations and improvements undertaken by the Condominium Board attributable to the Resident Manager's Apartment, shall be borne by all Residential Unit Owners as a Common Expense.

11. Construction is a complicated process requiring the coordination of numerous tasks, contractors and suppliers and the balancing of complex mechanical and architectural systems. No assurance can be given with regard to the accuracy of any projected completion dates set forth herein. During the first year of Condominium operations, construction workers and related personnel will be at the Property from time to time making adjustments and performing various tasks related to the completion of construction. Various systems, including but not limited to water supply, air conditioning, heating, cooling, ventilating and elevators, may require more than a year after any Unit Closing to complete and may need to be shut down temporarily. Various other adjustments, to windows and elevators and other systems, may require eighteen (18) months or more after the First Closing to complete. Sponsor may not fully complete the decoration of the Residential Lobby or corridors in the Residential Tower, including but not limited to installing light fixtures, hanging wall coverings or laying carpeting, until that particular floor is fully occupied by Residential Unit Owners. The Commercial Building may be completed before or after the Residential Tower. The Condominium Board may refuse to permit a Residential Unit Owner to perform alterations in a Residential Unit until such time as the Building has been completed and permanent certificate(s) of occupancy has been obtained therefor. In addition, certain services, such as cable, computer, and other similar services may be provided by outside suppliers and delays in these services will not be the responsibility of Sponsor. In addition, such suppliers may not provide these services until occupancy in the Residential Tower has reached certain levels. Please refer to the Section of the Plan entitled "Description of Property" in Part I of the Plan for further details.

12. The real estate tax estimates for each Residential Unit were calculated on the assumption that the real estate taxes for the Residential Tower payable with respect to each Residential Unit for the first year of Condominium operation will be allocated in proportion to each Residential Unit's percentage interest in the Common Elements as set forth on Schedule A. Upon determination of individual tax lots and individual Residential Unit assessments, the New York City tax authorities may allocate taxes between the Residential Units in proportion to each

Residential Unit's purchase price rather than its percentage interest in the Common Elements, and, if so, Residential Units having the same or similar percentage interest may pay different real estate taxes and taxes may differ from those set forth on Schedule A. Sponsor, at its sole cost and expense, intends to apply for partial exemption from real estate taxes with respect to the Residential Tower pursuant to Section 421-a of the New York State Real Property Tax Law. There is no guaranty or assurance that the criteria for continued availability of Section 421-a benefits for the Residential Units will be satisfied or that a Final Certificate of Eligibility will be issued by HPD. If, for any reason, Sponsor's application for a Final Certificate of Eligibility is not approved, the Units will be subject to full taxation and will receive no benefits under Section 421-a. The fact that 421-a Benefits are ultimately not received shall not be a basis for a Purchaser to rescind an Agreement or otherwise fail to close title to a Unit. Please refer to the Section of the Plan entitled "Real Estate Taxes" in Part I of the Plan for further details.

13. Sponsor reserves the right to sell two or more Residential Units as more fully described in the "Introduction" of the Plan and to designate the purchaser of such blocks of Units as "sponsor" under this Plan and the Declaration. The party so designated as a "sponsor" will have those additional rights and obligations of a "sponsor" as more fully described in the Plan. Pursuant to the Declaration and By-Laws, the Residential Units may be used for residential purposes only, or for professional purposes, or any other lawful purposes subject to conditions set forth in Section 9.1 of the Declaration.

14. No bond or other security has been posted by Sponsor to secure its obligation to pay Common Charges, special assessments and real estate taxes with respect to Unsold Residential Units. Sponsor represents that it has the financial resources to meet such obligations with respect to Unsold Residential Units. Please refer to the Section of the Plan entitled "Rights and Obligations of Sponsor" in Part I of the Plan for further details.

15. The Reciprocal Easement and Operating Agreement provides that the window washing rigs, ropes and related equipment (the "Shared Window Washing Equipment") will be owned jointly by the Commercial Property Owner and the Residential Property Owner for use by each of them and the Commercial Property Owner will have an easement to access the roof of the Residential Tower to launch the Shared Window Washing Equipment. The Reciprocal Easement and Operating Agreement requires the Condominium Board, as Residential Property Owner, and the Commercial Property Owner to cooperate to establish from time to time a mutually acceptable schedule for the use of the Shared Window Washing Equipment based on anticipated use thereof. Please refer to the Section of the Plan entitled "Reciprocal Easement and Operating Agreement" in Part I of the Plan as well as the copy of the Reciprocal Easement and Operating Agreement set forth in Part II of the Plan for further details.

16. Purchasers shall be obligated to pay the NYC Real Property Transfer Tax and NYS Real Property Transfer Tax (Deed Stamps) which by law are the primary obligation of a seller. For purposes of calculating the taxes payable, the amounts of such taxes will be included in the consideration subject to such tax. If the purchase price of the Residential Unit is $1,000,000 or more, Purchaser shall also be obligated to pay the New York State Additional Tax pursuant to

Article 31 of the Tax Law, commonly referred to as the "Mansion Tax," currently one (1%) percent of the purchase price, which by law is the primary obligation of the Purchaser. (See the Section entitled "Closing Costs and Adjustments" for further details).

17. Sponsor has reserved the right to rent or lease any Residential Unit prior to closing the sale thereof to the Purchaser thereof or any other party and residents of the Condominium may be comprised of both Unit Owners and tenants leasing from Sponsor or other Unit Owners. Individuals leasing Units from Sponsor will not, except as expressly provided in their respective leases, have any special rights to purchase such Units. In addition, 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 and tenancies except as may otherwise be agreed to in writing by the parties. Any lease for a Residential Unit entered into with a Purchaser will provide, however, among other things, that an uncured default by the Purchaser under the Agreement with respect to the Unit which is the subject of the lease will constitute a default under the lease entitling Sponsor, at its sole option, to terminate such lease in accordance with applicable law. In addition, each Agreement may provide that an uncured default by the Purchaser under any lease with respect to the Unit which is the subject of the Agreement will constitute a default under the Agreement entitling Sponsor, at its sole option, to terminate such Agreement and to exercise any remedies therein provided.

Purchasers or any other persons entering into a lease or use and occupancy agreement for a Residential Unit shall be required to pay the legal fees of Sponsor's counsel in connection therewith upon execution of the lease or use and occupancy agreement. All other charges or other fees due under a lease or use and occupancy agreement shall be adjusted as of the Closing to the Unit. Notwithstanding any of the foregoing, Sponsor shall be under no obligation to enter into any lease or use and occupancy agreement. (See the Section entitled "Rights and Obligations of Sponsor").

18. All legal costs, fees and expenses charged by the Purchaser's attorney shall be the sole responsibility of each Purchaser. In addition, Purchaser shall also be responsible for payment of the following fees to Sponsor's attorneys, Stroock & Stroock & Lavan LLP, in connection with the closing of title to Purchaser's Unit: (i) the sum of $1,000 to reimburse Sponsor for its legal fees, (ii) if the Purchaser requests the Closing to occur other than at the offices of Stroock & Stroock & Lavan LLP or such other place as Sponsor may designate in its closing notice and Sponsor consents to such change, an attendance fee of $500 for each Closing held within Manhattan and $700 for each Closing held in any borough outside Manhattan, (iii) if Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of the Agreement, or for the addition, deletion or substitution of names on the Agreement, a fee of $1,000, payable in advance, for preparation of an assignment agreement and (iv) if Purchaser obtains title insurance from a title insurance company other than Royal Abstract Company of New York, LLC and Sponsor incurs additional legal fees and expenses as a result of the requirements of such title insurance company, the Purchaser will reimburse Sponsor at closing for the amount of such additional legal fees and expenses so incurred.

Please refer to the Section of the Plan entitled "Closing Costs and Adjustments" for further details.

19. It is presently contemplated, and the Budget for the First Year of Condominium Operation provides, that a uniformed doorman will be on duty at the Lobby of the Residential Tower twenty-four (24) hours a day, seven (7) days a week. The doorman's hours of duty may be reduced until title to fifty (50%) percent of the Residential Units have been conveyed to Purchasers under the Plan. Please refer to the Budget for the First Year of Condominium Operation set forth as Schedule B to the Offering Plan for further details.

20. Purchasers should note that in the current real estate market, banks and other lenders may be imposing 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 undergoes conversion, 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. Purchasers should further note that pursuant to existing law and regulation Sponsor may declare the Plan effective upon selling a minimum of fifteen (15%) percent of the Units offered for sale in the Residential Tower. Even if the Plan is declared effective with a minimum number of sales, it is possible that Sponsor may be able to submit the Residential Property to a condominium regime and convey Units with fewer than the minimum number of sales if purchasers counted towards effectiveness do not ultimately purchase a Unit. Please refer to the Section entitled "Effective Date" in Part I of the Plan for further details.

21. Sponsor may agree to modify the floor plans and finishes of certain Residential Units or to do special work or provide extras to the Residential Units if requested by individual Purchasers and agreed to by Sponsor, in writing, in its sole discretion. Purchaser shall bear the cost of such modification to floor plans and finishes. All funds received by Sponsor from Purchasers for such modified or additional work in Units, as aforesaid, shall be initially placed in escrow and shall be paid to Sponsor by the escrow agent to be used by Sponsor to pay for such work. 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 used for special work or extras. Please refer to the Section of the Plan entitled "Procedure to Purchase" in Part I of the Plan for further details.

22. The Contingency provided for in the Projected Budget for the First Year of Condominium Operation (Schedule B) is intended to provide a fund for unanticipated expenses not included in the budgets and, for increases in operating expenses above the amounts projected. No other reserve fund for capital expenditures has been established. The Contingency is not intended and may not be sufficient to meet the cost of any major capital repairs or replacements which may be required. If funds are required to meet such costs, it may be necessary to increase Common Charges or institute a special assessment. See the Section of the Plan entitled "Working Capital Fund" for further discussion.

23. Sponsor shall not be obligated to correct, repair, or replace any and all defects relating to construction of the Residential Units, the Common Elements or the Commercial

Building or in the installation or operation of any appliances, fixtures, or equipment therein, except as expressly provided in this Plan. Sponsor will not warrant the materials or workmanship of any Unit or any of the Common Elements. The Housing Merchant Implied Warranty Law (General Business Law Article 36-B) is not applicable to this offering. See the Section of the Plan entitled "Rights and Obligations of Sponsor" under the Subsection entitled "Sponsor's Obligations With Respect to the Building" for further discussion.

24. In order to meet the possible varying demand for number and type of Residential Units, or to meet particular requirements of prospective purchasers, or for any other reason, Sponsor reserves the right (except to the extent prohibited by Law) at any time and from time to time, before and after the recording of the Declaration, without giving prior notice and without the consent of the Condominium Board, Unit Owner or mortgagee, to (a) change the layout of, or number of rooms in, any Unsold Residential Unit, (b) change the size and/or number of Unsold Residential Units by dividing one or more such Units into two or more separate Unsold Residential Units, combining separate Unsold Residential Units (including those resulting from such subdivision or otherwise) into one or more Unsold Residential Units, altering any boundary walls between one or more Unsold Residential Units, or otherwise, including incorporating Common Elements (such as a portion of a hallway) which exclusively benefit an Unsold Residential Unit into such Unsold Residential Unit, (c) designate all or part of a Residential Unit as a newly created or expanded Residential Unit, or Common Element and (d) if appropriate, reapportion among the Unsold Units affected by any such change, their aggregate Common Interests. No material change will be made in the size or number of Units or in the size or quality of the Common Elements except by amendment to the Plan and, when applicable, by amendment to the Declaration. Unless all Purchasers consent, no material change will be made in Unit layout, or percentage of Common Interest if an Agreement has been executed and delivered to sponsor for that Unit and the 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 received a right to rescind and a reasonable period of time that is not less than fifteen (15) days after the date of presentation of an amendment setting forth the right to rescind. Sponsor will return any deposit or downpayment promptly to purchasers who rescind. Please see the Section of the Plan entitled "Changes in Prices and Units" for further details.

25. Each Purchaser will be obligated to enter into a power of attorney at the closing of title to the Unit (the "Power of Attorney"). The form of Power of Attorney, set forth in Part II of the Plan, grants broad powers to the Condominium Board to enter into agreements affecting the Common Elements. The Power of Attorney also grants to Sponsor the right to amend the Condominium Declaration with respect to Unsold Residential Units. Please refer to the form of Power of Attorney set forth in its entirety in Part II of the Plan.

26. Terraces appurtenant to certain Residential Units, as described in Schedule A and the Floor Plans set forth in Part II of the Plan, will be Limited Common Elements available for the exclusive use of the Residential Unit Owners of such Residential Units. A Residential Unit Owner who has a Terrace appurtenant to his Residential Unit shall have the exclusive use of same, subject to the right of the Condominium Board to regulate its use, and shall be responsible

for all normal maintenance, repairs and replacements thereto. However, the costs and expenses of any structural repairs or repairs or replacements caused by the need for such structural repairs to any Terrace (unless caused by its Residential Unit Owner), shall be charged to all Residential Unit Owners as a Common Expense. Cooling towers and other mechanical equipment necessary for the maintenance and operation of the Residential Tower and the Commercial Building and the Units will be located on the roof. Under the terms of the Reciprocal Easement and Operating Agreement, certain portions of the roof have been designated as a "Designated Rooftop Communication Area" upon which the Commercial Property Owner will have an easement to place communications equipment, including, without limitation, microwave dishes, antennae and/or related communication equipment and any other similar or dissimilar future technology whether known or unknown as of the date of the Reciprocal Easement and Operating Agreement, together with all cable, wiring, conduits and related equipment necessary or advisable for the transmission, reception or distribution of telecommunications transmissions and receptions, servicing the Commercial Property Owner or its Subtenants which, are (x) now or hereafter customarily maintained on rooftops of hi-rise office, retail, residential or mixed-use buildings in the City of New York and/or (y) any other installations which may not then be customary to be installed on rooftops, but which, by their nature, are reasonably required to be located in the Designated Rooftop Communication Area. Other portions of the rooftops (the "Leased Area"), more particularly described on the Floor Plans in Part II of the Plans, will be leased to Sponsor or its designee under a lease having a term of ninety-nine years (the "Rooftop Lease") and an annual rental of $10.00. Under the terms of the Rooftop Lease, Sponsor will have the right to use the Leased Area for any lawful purposes including, but not limited to, the purposes of (a) installing, utilizing, operating, maintaining, repairing, altering, rebuilding, restoring and replacing satellite dishes and other communication equipment on the roofs. Sponsor may use the leased premises for its own account or the account of any assignee or licensee of Sponsor. The Condominium shall not be entitled to any portion of fees, compensation or other profits received by Sponsor under the Lease. Any satellite dishes or other facilities placed upon the roof of the Residential Tower by Sponsor or its assignee or licensee shall be the exclusive property of Sponsor, its assignee or licensee and neither the Condominium nor any other Unit Owners shall have any rights with respect thereto. Please see the Sections of the Plan entitled "Commercial Building and Reciprocal Easement and Operating Agreement" and "Rights and Obligations of Unit Owners and the Board of Managers" under the subsection entitled "Easements" for further details.

27. It is the responsibility of each Residential Unit Owner to notify the Managing Agent in writing when a child or children under the age of eleven (11) years lives or resides (even temporarily) in the Residential Unit. It is the responsibility of each Residential Unit Owner to install, at such Unit Owner's expense, the required window guards in all windows of the Residential Unit. The Residential Unit Owner shall maintain all window guards installed in the Residential Unit and shall not remove same until permitted by applicable Law and in any event, without full knowledge of the Managing Agent. Sponsor makes no representations whether Residential Unit Owners will comply with the foregoing obligations. See "Rights and Obligations of Unit Owners and the Board of Managers" for further details.

28. 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 of 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 repair, 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 Residential Tower will be newly built, the Sponsor does not anticipate the imminent need for such capital repairs, replacements or improvements; however, no assurance or guaranty is given that such needs shall not arise in the future. See "Rights and Obligations of Unit Owners and the Board of Managers."

29. While Unsold Residential Units are being offered for sale or lease by Sponsor or its designees there will be a greater number of visitors to the Residential Tower than would otherwise be the case. No representation or warranty is made and no assurance is given as to when such selling or leasing activity will terminate. Neither Sponsor or its designee nor the Managing Agent shall be liable or responsible for any personal injury or for any loss or damage to personal property which may result from the failure of the Condominium's security systems and procedures, including, without limitation, those procedures with regard to any delivery of packages, provided that any such failure is not caused by the negligence of Sponsor or its designees, the Managing Agent or their respective agents. No representation or warranty is made and no assurance is given that the security systems and procedures of the Building and of the Condominium will prevent personal injury or damage to or loss of personal property. Please refer to the Section of the Plan entitled "Description of Property and Improvements" under the subsection entitled "General" for further details.

30. Sponsor makes no representations or warranties regarding building construction in the area of the Condominium. Purchasers are advised that nearby parcels or buildings may be further developed and under certain circumstances, depending upon the location, size, height, and configuration of the buildings constructed on such parcels, there might be an adverse impact upon the views from a Residential Unit.

INTRODUCTION

56th Street Associates, L.L.C., a Delaware limited liability company ("Sponsor"), hereby presents this offering plan (the "Plan") for the conversion to condominium ownership of the fee title to a parcel of real estate in which is situated the residential tower known as "The Park Imperial" and having a street address of 230 West 56th Street, New York, New York 10019, containing 111 residential units (the "Residential Units"). The Park Imperial" is referred to as the "Condominium" in the Plan.

The purpose of the Plan is to set forth in detail all material facts relating to the offering by Sponsor of 111 Residential Units on Floors 48 through PH 1 of the Residential Tower to Purchasers. Sponsor may from time to time amend or supplement the Plan by filing an amendment with the New York State Department of Law (the "Department of Law") and serving such amendment on Purchasers and Unit Owners.

The Plan is presented in two parts (in one volume) which together constitute the entire Plan. Part I sets forth a general description of the Plan and Part II contains the basic documents necessary to create the Condominium and to otherwise effectuate the provisions of the Plan. Also included in Part II is a detailed physical description of the Residential Property, certifications of Sponsor and Sponsor's architect, certifications of an expert selected by Sponsor concerning the adequacy of the budget for the first year of Condominium operation and certain agreements to which the Condominium will be bound. In addition, Sponsor has filed exhibits to the Plan with the Department of Law, which are presented as Parts A (Certifications), B (General), C (Engineering) and D (Other Information). The Plan, including all Schedules set forth herein and Parts A, B, C and D of the exhibits, constitutes the entire offer of Sponsor. Copies of the Plan and the exhibits will be available for inspection by prospective Purchasers without charge at Sponsor's office and may be borrowed upon payment of a one hundred ($100) dollar deposit, which amount will be fully refunded upon either (i) the prompt return of all borrowed materials in good condition or (ii) the execution by the borrower of an Agreement subsequently accepted by Sponsor. All of these documents are important and should be carefully read by prospective purchasers. Prospective purchasers are also advised to consult with their own attorneys or other advisers before agreeing to purchase. All capitalized terms used in the Plan shall have the meanings ascribed thereto in the Section entitled "Certain Definitions," unless otherwise indicated.

The Condominium and the Building

On or about June 29, 1998, Sponsor acquired fee title to a vacant column of air space located beginning at an elevation of approximately 378 feet above street level and extending upward indefinitely (the "Residential Premises"). The Residential Premises is directly over a separate fee estate comprised of a parcel of land and the air space up to the elevation of approximately 378 feet above street level (the "Commercial Premises"). Amsi Investors, Shelia Engel and B. Julie Oppenheim, the owners of the Commercial Premises (collectively the "Commercial Fee Owner") have entered into a long term ground lease (the "Ground Lease") with

Bertelsmann 56th Street Commercial, LLC, an entity which is affiliated with principals of Sponsor (the "Commercial Building Owner"). The Commercial Building Owner will construct or cause to be constructed upon and within the Commercial Premises a building (the "Commercial Building") having twenty-eight (28) floors including two below grade levels. The Commercial Premises and the Commercial Building are hereinafter collectively referred to as the "Commercial Property." The Commercial Building Owner will own the Commercial Building during the term of the Ground Lease, and the Commercial Fee Owner will have a reversionary interest therein pursuant to the Ground Lease. Sponsor will construct or cause to be constructed within the Residential Premises a building generally comprised of a twenty-four (24) story tower building (the "Residential Tower") which Residential Tower will be located over, and supported by, the Commercial Building. The Residential Premises and the Residential Property are hereinafter collectively referred to as the Residential Property. The Residential Property, which is not subject to the Ground Lease, will be owned in fee by the Sponsor and such fee ownership will *not* terminate upon the termination of the Ground Lease. Residential Unit Owners will receive fee title to their respective Residential Units and may purchase fee title insurance for said Units, as more particularly described in the Section of the Plan entitled "Procedure to Purchase" and in the Specimen Title Policy set forth in Part II of the Plan. Upon the termination of the Ground Lease, the Commercial Fee Owner will become the Commercial Unit Owner under the Reciprocal Easement and Operating Agreement, having all rights and obligations thereunder. Sponsor has commenced construction of the project as more particularly described in the Section of the Plan entitled "Description of Property and Improvements" under the Subsection entitled "Construction of the Building."

Neither the Commercial Building nor the Residential Tower is or will be structurally or functionally independent of the other and each will depend upon the other, to some extent, for structural support, enclosure, ingress and egress, utility services and certain other facilities and components necessary for the operation and use of the Commercial Building and the Residential Tower. Upon completion of the construction of the Commercial Building and the Residential Tower, the two will comprise a single building having fifty-two construction levels including two (2) below grade levels (the "Building"). Sponsor, as owner of the Residential Property, the Commercial Fee Owner as owner of the Commercial Premises and the Commercial Building Owner, as owner of the Commercial Building will enter into a reciprocal easement and operating agreement (the "Reciprocal Easement and Operating Agreement") pursuant to which (i) certain easements, covenants and restrictions burdening the Residential Property which will be binding upon the Sponsor and its successors and assigns (sometimes referred to as the "Condominium Property Owner"), and which will inure to the benefit of the Commercial Property, and any interest or estate therein, and (ii) certain easements, covenants and restrictions burdening the Commercial Property, which will be binding upon the Commercial Property Owner and which will inure to the benefit of the Residential Property, and any estate or interest therein. Under the terms of the Reciprocal Easement and Operating Agreement, the Condominium will have the right to own, maintain and be responsible for certain facilities servicing the Condominium which will be located, in on or about the Commercial Property (the "Residential Owned Facilities").

After the recording of the Reciprocal Easement and Operating Agreement and the completion of the Residential Tower, Sponsor will submit the Residential Property to a condominium regime. The statute concerning condominiums in effect in the State of New York pursuant to which the Condominium will be organized is Article 9-B of the Real Property Law of the State of New York, as amended, commonly known, and hereinafter referred to as the "Condominium Act." The Residential Property will be submitted to the provisions of the Condominium Act by Sponsor's recording of a condominium declaration in the City Register's Office (the "Declaration"). Sponsor will be the owner of the Residential Units until each is sold or conveyed. The Condominium will comply with all statutes and regulations applicable to condominiums in the State of New York.

The Commercial Building Owner and any subsequent owner of all or any portion of the Commercial Building has the right to submit its leasehold interest in the Commercial Property to a separate condominium regime (hereinafter the "Commercial Condominium"). Under the terms of the Reciprocal Easement and Operating Agreement, the Commercial Property Owner will be (i) for so long as the Ground Lease is in effect, owners of the condominium units, acting through the board of managers of the Commercial Condominium, if the Commercial Building is submitted to a condominium and (ii), the Commercial Fee Owner, after expiration or earlier termination of the Ground Lease. At such time as the Residential Property is submitted to a condominium regime, the Condominium Board, on behalf of all Residential Unit Owners will be the Residential Property Owner under the terms of the Reciprocal Easement and Operating Agreement.

As more particularly described herein, the Building will include (a) the Residential Tower containing the Residential Units, the General Common Elements and the Limited Common Elements and (b) the Commercial Building. The Commercial Building is not part of the Condominium.

Please refer to the Section of the Plan entitled "Reciprocal Easement and Operating Agreement" in Part I of the Plan as well as the copy of the Reciprocal Easement and Operating Agreement set forth in Part II of the Plan.

Features of Condominium Ownership

The ownership of a Residential Unit is similar in many respects to the ownership of a private home. Each Residential Unit Owner owns fee title to such Unit Owner's Residential Unit and is entitled to the exclusive possession thereof and the exclusive use of the Limited Common Elements, if any appurtenant to such Residential Unit Owner's Residential Unit. Each fee interest in a Residential Unit will also be subject to the benefits and burdens of easements set forth in the Reciprocal Easement and Operating Agreement. A Residential Unit Owner also owns, in common with the owners of all other Residential Units, an undivided interest in (and right to use) the General Common Elements.

There will be available to occupants of the Residential Tower, certain luxury apartment type services, including, but not limited to, 24-hour doorman service, automatic elevators, cable

television service, security systems and communication facilities. Sponsor does not warrant or guarantee that all of the foregoing services will be available until the earlier to occur of the closings of title to fifty (50%) percent of the Residential Units or the second anniversary of the First Closing.

Certain Residential Unit Owners have exclusive use of Terraces appurtenant to their Residential Units, and such Unit Owners are responsible for all normal maintenance, repairs and replacements thereto. Terraces appurtenant to Residential Units are shown on the Residential Unit Floor Plans included in Part II of the Plan. However, the costs and expenses of any structural or extraordinary repairs or replacements to any Terrace caused by the need for such structural repairs (unless caused by a Residential Unit Owner) shall be charged to all Residential Unit Owners as a Common Expense. The type, size and quantity of plantings and other installations to be placed on Terraces and the rights of Residential Unit Owners to paint and decorate Terraces shall be subject to the prior written approval of the Condominium Board.

Subject to certain conditions contained in the By-Laws, each Residential Unit Owner may mortgage such Unit Owner's Residential Unit(s) with such lender and in such amount as the Unit Owner chooses. However, Sponsor makes no representations about the financiability of any Residential Unit. Each Residential Unit is separate and is not subject to the lien of any mortgage placed by other Residential Unit Owners on their respective Residential Units.

A Residential Unit Owner may decorate the interior of such Unit Owner's Residential Unit in any way desired except as otherwise provided herein, subject to compliance with the By-Laws, the Rules and Regulations and Law, and will be solely responsible for the cost of maintenance and interior repairs to such Unit Owner's Residential Unit after Closing.

Each Residential Unit will be taxed as a separate tax lot for real estate tax purposes, and no Residential Unit Owner will be responsible for the payment of, nor will such Residential Unit Owner's Unit be subjected to any lien arising from the non-payment of, real estate taxes on other Units. Please refer to the opinion of Stroock & Stroock & Lavan LLP, counsel to Sponsor, set forth in full in Part I of the Plan, for a discussion regarding the deductibility for federal, New York State and New York City income tax purposes, of real estate taxes and the interest paid on a mortgage, if any, on a Residential Unit.

With certain exceptions (for example, Sponsor and its designees are not required to give the Condominium Board a right of first refusal with respect to any Unsold Residential Units), any sale or lease of a Residential Unit, will be subject to a right by the Condominium Board to acquire or lease such Residential Unit or to produce a third party to acquire or lease such Residential Unit on the same terms as were offered by the owner of such Residential Unit. For a more complete discussion of the foregoing, see the Section entitled "Rights and Obligations of Unit Owners and the Board of Managers" under the subsection entitled "Sales and Leases of Units."

The cost of operating the Common Elements and the Condominium's share of certain expenses under the Reciprocal Easement and Operating Agreement will be borne by the Residential Unit Owners in proportion to their respective Common Interests. Residential Unit Owners, as such,

will have no interest in any rents, profits or revenues derived from the rental or use of any space in the Commercial Building.

The Condominium Board will be responsible for deciding all matters concerning the Condominium. Sponsor will control the Condominium Board for so long as Sponsor has and casts sufficient votes so as to cause its designees to receive a majority of the total votes cast at such meeting. Please refer to Paragraph 6 of the "Special Risk" Section of the Plan and the Section of the Plan entitled "Control by Sponsor" in Part I of the Plan for further details.

On a monthly basis or at such other times as the Condominium Board determines, the Condominium Board will assess Residential Unit Owners for Common Charges to meet Common Expenses

The cost of improvements, repairs, replacements, alterations and additions to the Residential Tower and the Residential Owned Facilities and contributions for certain maintenance obligations to certain shared systems and services under the Reciprocal Easement and Operating Agreement will be assessed against all Residential Unit Owners by the Condominium Board in proportion to their respective Common Interests. The estimated Common Charges for each Residential Unit for the first year of condominium operation are set forth in Schedule A.

After the closing of title to a Residential Unit, a Residential Unit Owner will be solely responsible for maintaining casualty insurance with respect to the fixtures, equipment and personal property and improvements and betterments situated within such Unit Owner's Residential Unit, as well as liability insurance with respect to occurrences in or about such Unit Owner's Residential Unit. The By-Laws require that each Unit Owner maintain such insurance coverage. The Condominium Board will be solely responsible for maintaining casualty and liability insurance with respect to the Common Elements, in accordance with the provisions of the By-Laws. See the Section entitled "Rights and Obligations of Unit Owners and the Board of Managers" for a more complete discussion of the foregoing.

There are no limitations on who may purchase Residential Units. Under the New York Real Property Law, a condominium unit may be owned by an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity which is permitted to take title pursuant to New York law. Notwithstanding the foregoing, Sponsor is not obligated to offer or sell any Residential Units and may, if it chooses, withhold one or more Residential Units for future sale by amendment to the Plan. Sponsor hereby reserves the right at any time and from time to time for any reason whatsoever, without the consent of the Condominium Board, any Residential Unit Owner, or mortgagee, to refuse to approve and execute an Agreement for any Residential Unit; provided, however, that Sponsor shall not discriminate against any person because of race, creed, color, sex, sexual orientation, disability, marital status, age, ancestry, national origin or other grounds proscribed by Law. No binding obligation will arise for the sale of a Residential Unit unless and until an Agreement executed by both Purchaser and Sponsor, has been exchanged and Sponsor has collected the funds constituting Purchaser's required Deposit thereunder (see the Section entitled "Procedure to Purchase" for more details). Sponsor will

not accept an offer of purchase from an individual younger than eighteen (18) years of age or an incompetent under Law.

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

Offering of Units for Sale

Sponsor hereby offers 111 Residential Units to Purchasers for sale under the Plan. The prices for each of the Residential Units offered under the Plan are listed in Schedule A entitled "Purchase Prices and Related Information for the Projected First Year of Condominium Operation." THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO APPROVAL BY ANY GOVERNMENTAL AGENCY.

The estimated Common Charges for each Residential Unit for the first year of operation of the Residential Property as a condominium are also set forth in Schedule A.

Additionally, each Purchaser of a Residential Unit will be required to make a contribution to the Working Capital Fund of the Condominium. Such contribution, to be made at the time of Closing of the Residential Unit, shall be in an amount equal to two (2) months' Common Charges in effect at the time of closing for each Residential Unit purchased. (See the Section entitled "Working Capital Fund and Apportionments").

In addition to the payment of Common Charges, each Residential Unit Owner will be responsible for the payment of the real estate taxes which will be separately assessed against such Unit Owner's Residential Unit, interest and amortization payments on the mortgage, if any, which such Purchaser may, at such Purchaser's option, obtain, and charges for electricity consumed in such Unit Owner's Unit as well as telephone, cable and similar services.

The charges for electricity consumed by each Unit Owner individually will be submetered and billed to such Unit Owner by the Condominium Board or a company engaged by the Condominium Board to perform such services. Included in the amounts charged to Residential Unit Owners will be a service fee of approximately five percent (5%) of the charge for electricity, for administering and servicing the submeters and billing and collecting the charges. The Condominium Board will be responsible for the non-payment of charges by any Unit Owner.

CERTAIN 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:

"Adversely affect," or "adverse effect," shall mean, with respect to any action or proposed change and with respect to any Unit Owner or Owners, that such action or change could, if realized, (i) increase the Common Charges payable by such Unit Owner or Owners, (ii) materially interfere with such Unit Owner's access to its Unit or Units, (iii) obstruct or degrade the view from the windows of such Unit Owner's Unit, (iv) otherwise materially diminish such Unit Owner's use and enjoyment of its Unit or Units or (iv) diminish or damage the value of such Unit.

"Agreement" refers to the agreement to purchase a Residential Unit pursuant to the Plan, the form of which is set forth in Part II of the Plan.

"Base Building" refers to the Building, as the Building may be constructed, reconstructed or altered from time to time, but excluding any Subtenant improvements.

"Bertelsmann 56" refers to Bertelsmann 56th Street Commercial, LLC, the initial lessee under the Ground Lease and its successors and assigns.

"Building" refers to the Residential Tower and the Commercial Building.

"By-Laws" refers to the By-Laws governing the operations of the Condominium, the form of which is set forth in Part II of the Plan.

"Certifying Professional" refers to an architect or a licensed professional engineer or, engineering or construction consulting firm that provides engineering and/or architectural services, which is experienced in the design and operation in the City of New York of structures similar to the Building and has provided services comparable to those sought under the Reciprocal Easement and Operating Agreement within not less than three (3) of the immediately preceding ten (10) Years.

"City Register's Office" refers to the New York County office of the Register of The City of New York.

"Closing" refers to the time, place and procedure by which fee title to the Residential Unit in question is conveyed to a Purchaser pursuant to a fully executed Agreement.

"Closing Date" refers to the date on which Closing occurs.

"Commercial Building" refers to that portion of the Building located within the Commercial Premises, as more particularly described in the Reciprocal Easement and Operating Agreement.

"Commercial Building Owner" refers to Bertelsmann 56 and its successors and assigns.

"Commercial Easement Areas" refers to those areas running vertically through the Residential Tower which serve or benefit the Commercial Building and/or the Commercial Property Owner as granted in the Reciprocal Easement and Operating Agreement and as more particularly described therein and identified as the "Commercial Vertical Distribution Area(s) in the REA Plans. The Commercial Property Owner shall not have an easement over the entire Commercial Easement Area, but rather, shall have specific easements for the installation, location and use of those Commercial Easement Facilities located within the Commercial Easement Area as described in the Reciprocal Easement and Operating Agreement.

"Commercial Easements" refers to any and all easements provided for, created, declared, granted, reserved for, benefiting or appurtenant to the Commercial Property pursuant to the terms and provisions of the Reciprocal Easement and Operating Agreement.

"Commercial Easement Facilities" refers to those Facilities located in the Residential Property which benefits, on a non-exclusive basis, certain of the Commercial Property and/or the easements appurtenant to the Commercial Property and/or the Commercial Owned Facilities, and for which the Commercial Owner Property has been granted an easement under the Reciprocal Easement and Operating Agreement, but excluding the Commercial Owned Facilities.

"Commercial Fee Owner" refers to the fee owner of the Commercial Premises at the time in question.

"Commercial Owned Facilities" refers to any Facilities located in the Residential Property which are owned by the Commercial Property Owner.

"Commercial Premises" refers to that parcel of real estate situated in the City, County and State of New York, legally described on Exhibit A attached to the Reciprocal Easement and Operating Agreement. The Commercial Premises consist generally of all the space below the Residential Premises.

"Commercial Property Owner" refers to (i) the Ground Lessee for so long as the Ground Lease is in effect, and (ii) the Commercial Fee Owner after expiration or earlier termination of the Ground Lease, or (iii) in the event the Commercial Property is submitted to a leasehold condominium regime, owners of the condominium units, acting through the board of managers of the Commercial Condominium, if the Commercial Building is submitted to a condominium for so long as the Ground Lease is in effect.

Condominium Board acting on behalf of the Residential Unit Owners.

"Common Charges" refers to assessments payable to the Condominium Board by Residential Unit Owners for the purpose of meeting the cost of the Common Expenses.

"Common Elements" refers to the General Common Elements and the Limited Common Elements.

"Common Expenses" refers to the costs and expenses incurred or projected in connection with (i) the operation, repair, maintenance, replacement, restoration, improvement, alteration and addition of and to the General Common Elements or the Limited Common Elements (to the extent such costs and expenses are not the obligation of the Residential Unit Owners owning the Residential Units to which such Limited Common Elements are appurtenant) or (ii) in connection with any services or facilities exclusively benefiting the Residential Tower or the Residential Unit Owners or (iii) payable by or on behalf of the Residential Property Owner under the Reciprocal Easement and Operating Agreement.

"Common Interest" refers to the proportionate undivided interest, expressed as a numerical percentage, in the General Common Elements appertaining to each Residential Unit determined in accordance with the Declaration. The Common Interest is the basis for determining, among other things, a Unit Owner's (a) voting power, and (b) share of any distributions upon termination of the Condominium.

"Condominium" refers to The Park Imperial.

"Condominium Act" refers to the New York Condominium Act, as amended from time to time and presently found in the New York Real Property Law, Article 9B.

"Condominium Board" refers to the board of managers of the Condominium.

"Core Structural Columns" refers to the load bearing columns providing structural support and integrity to the Building as shown on the REA Plans, any additions thereto and/or any replacements or substitutions thereof.

"Declaration" refers to the instrument creating the Condominium, as the same may be amended from time to time, the form of which is set forth in Part II of the Plan.

"Department of Law" refers to the New York State Department of Law.

"Depositary" refers to any entity selected by the Owners agreeing to perform the obligations of "Depositary" hereunder which (a) (i) is a Recognized Mortgagee that would qualify as an Institutional Lender, or (ii) if not a Recognized Mortgagee, is an Institutional Lender or a commercial bank, savings bank, insurance company or trust company, (b) has an office in the City of New York, (c) has a net worth of not less than $500,000,000 and net assets of not less than $2,500,000,000 (in each instance measured in 2000 Equivalent Dollars)

throughout the period during which it acts as the Depositary, and (d) is not an Affiliate of any Owner.

"Easement Facilities" refers to both the Residential Easement Facilities and Commercial Easement Facilities, or either of them.

"Emergency Situation" refers to a situation (a) impairing or imminently likely to impair structural support of any portion of the Building or causing or imminently likely to cause bodily injury to persons or physical damage to the Building or any property in, on, under, within, upon or about the Building, (b) causing or imminently likely to cause substantial economic loss to an Owner, (c) causing or imminently likely to cause loss of any utility, elevator service or other essential services to the Building or (d) causing or imminently likely to cause interference (other than de minimis interference) with ingress to and egress from the Building.

"Facilities" refers to any equipment, including, without being limited to, annunciators, antennae, boxes, brackets, cabinets, cables, coils, computers, conduits, controls, control centers, Commercial Cooling Towers, couplers, devices, ducts, elevators, equipment (including, without limitation, heating, ventilating, air conditioning and plumbing equipment), fans, fixtures, generators, hangers, heat traces, indicators, junctions, lines, machines, meters, motors, outlets, panels, Permitted Rooftop Equipment, pipes, pumps, radiators, risers, starters, switches, switch gears, systems, tanks, transformers, valves and wiring, used in providing services from time to time in any part of the Building, including, without being limited to, air conditioning, alarm, antenna, circulation, cleaning, communication, cooling, electric, elevator, exhaust, heating, lightning protection, natural gas, plumbing, radio, recording, sanitary, security, sensing, telephone, television, transportation, ventilation and water service, and any replacements thereof.

"First Closing," or words of similar import, refers to the date fee title to a Residential Unit is first conveyed to a Purchaser pursuant to the Plan.

"Floor Plans" refers to the floor plans of the Condominium, as the same may be amended from time to time, which are approved by the Real Property Assessment Department of The City of New York and filed with the City Register's Office.

"General Common Elements" refers to the all parts of the Residential Tower, including its roofs and supports, other than the Residential Units and the Limited Common Elements.

"Ground Lease" refers to that certain agreement of lease dated as of December 14, 1999, between the Fee Owner and Bertelsmann 56 as the Ground Lessee, pursuant to which the Fee Owner has leased the Commercial Premises to the Ground Lessee.

"Ground Lessee" refers to the tenant under the Ground Lease at the time in question, which as of the date of the First Closing will be Bertelsmann 56.

"Hazardous Material(s)" refers to all petroleum and petroleum products, flammable

explosives, radioactive materials (excluding radioactive materials in smoke detectors), polychlorinated biphenyls, lead, asbestos in any form that is or could become friable, hazardous waste, toxic or hazardous substances or other related materials whether in the form of a chemical, element, compound, solution, mixture or otherwise, including, but not limited to, those materials defined as "hazardous substances," "extremely hazardous substances," "hazardous chemicals," "hazardous materials," "toxic substances," "solid waste," "toxic chemicals," "air pollutants," "toxic pollutants," "hazardous wastes," "extremely hazardous waste," or "restricted hazardous waste" by Hazardous Materials Law or regulated by Hazardous Materials Law in any manner whatsoever from time to time.

"Hazardous Materials Law(s)" refers to all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other binding governmental requirements and any court judgments applicable to Unit Owners, the Condominium or to the Property relating to industrial hygiene or to environmental or unsafe conditions or to human health including, but not limited to, those relating to the generation, manufacture, storage, handling, transportation, disposal, release, emission or discharge of Hazardous Materials, those in connection with the construction, fuel supply, power generation and transmission, waste disposal or any other operations or processes relating to the Property, and those relating to the atmosphere, soil, surface and ground water, wetlands, stream sediments and vegetation on, under, in or about the Property as same may be in effect from time to time.

"Limited Common Elements" refers to those Common Elements which serve or benefit exclusively one or more but not all the Residential Units and/or the Residential Unit Owners including, but not limited to the Terraces appurtenant to certain Residential Units.

"Law or Laws" refers to laws and ordinances of any or all of the federal, state, city, county and borough governments and 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, the Building, and Unit or any portion of any of the foregoing, any requirements or conditions of any licenses, permits, approvals or certificates issued by any of the foregoing, the direction of any public officer pursuant to law, and the requirements and conditions of any easement, covenant, restriction, condition or other encumbrance that is binding upon the Property or the applicable portion thereof.

"Managing Agent" refers to the managing agent or manager of the Condominium at the time in question.

"Offeree" refers to (a) each Purchaser who has executed and delivered an Agreement for a Residential Unit and who is not in default thereunder, (b)each Unit Owner, and (c) any other person or entity who, pursuant to Law, is an offeree of the Plan.

"Operational Control" refers to the right of an Owner, in connection with the exercise of an Easement granted pursuant to the Reciprocal Easement and Operating Agreement, to use,

occupy and control the use, occupancy and access to, the portion of the Building owned by the other Owner covered by the Easement in question.

"Owned Facilities" refers to both the Residential Owned Facilities and Commercial Owned Facilities, or either of them.

"Owner(s)" a refers to either or both the Residential Property Owner or the Commercial Property Owner.

"Owner Glass Area Ratio" refers to the ratio of the total gross square foot area of the exterior glass enclosing the portion of the Building owned by or benefitting an Owner to the total gross square foot area of the exterior glass enclosing the Building, which is initially anticipated to be 49.6% for the Commercial Building and anticipated to be 50.4% for the Residential Tower, subject to recalculation as determined in accordance with the Reciprocal Easement and Operating Agreement.

"Permitted Encumbrances" refers to those Unit title encumbrances subject to which a Purchaser agrees to take title, as more particularly itemized on Schedule A annexed to the form of Agreement and the Specimen Title Policy set forth in Part II of the Plan.

"Permitted Mortgage" refers to a mortgage permitted to be placed upon a Unit or Units pursuant to the provisions of the By-Laws.

"Permitted Mortgagee" refers to the holder of any Permitted Mortgage and shall include, without limitation, such banks and financial institutions as constitute the holders of the construction loan mortgages, if any, given by Sponsor to acquire and construct the Residential Property.

"Permittees" refers to the Owners, all persons entitled by deed, indenture, assignment, lease or license to use or occupy space within the Building, and their respective beneficiaries, officers, directors, employees, agents, partners, shareholders, contractors, guests, invitees and licensees, it being understood that the term "Permittees" shall in no event or under any circumstance create or be deemed to create any rights hereunder generally to members of the general public.

"Plan" refers to this offering plan for the establishment of condominium ownership, as the same may be amended from time to time.

"Plans and Specifications" refers to the plans and specifications for the Building which (to the extent required by Law) are filed with, and approved by, the Department of Buildings of The City of New York, which plans and specifications may, from time to time, have been amended or changed, or may hereafter be amended or changed in accordance with the provisions of the Plan.

"Property" refers to the Residential Property and the Commercial Property.

"Purchaser" refers to person(s) or entity(ies) named as Purchaser(s) in an Agreement which has been duly executed by such person(s) or entity(ies) and accepted by Sponsor.

"REA Plans" refers to the plans attached to and made a part of the Reciprocal Easement and Operating Agreement, which are not reproduced herein but which will be available for inspection in the office of the Selling Agent.

"Recognized Mortgage" refers, under the terms of the Reciprocal Easement and Operating Agreement, to a mortgage given to secure the repayment of money or other obligation owed by the Commercial Property Owner (or if the Ground Lessee submits its leasehold interest to a condominium with not more than three units, a mortgage on any unit) or the Residential Property Owner which shall comply with the provisions of this Section; (ii) which shall include express provisions acknowledging that the lien of such mortgage is subordinate to the Easements, covenants and restrictions contained in the Reciprocal Easement and Operating Agreement and subject to the limitations in the Reciprocal Easement and Operating Agreement, is subordinate to the liens provided for in the Reciprocal Easement and Operating Agreement, and (iii) a photostatic copy of which has been delivered to the other Owner, together with a certification by such Owner and the mortgagee confirming that the photostatic copy is a true copy of the mortgage in question. The term Recognized Mortgage does not include mortgages secured by the individual Units.

"Recognized Mortgagee" refers to the holder of a Recognized Mortgage from time to time.

"Residential Easements" refers to any and all easements provided for, created, declared, granted, reserved for, benefiting or appurtenant to the Residential Property pursuant to the terms and provisions of the Reciprocal Easement and Operating Agreement.

"Residential Easement Areas" refers to the easement areas running vertically through the Commercial Building, which areas are identified as "Residential Vertical Distribution Area(s)" on the REA Plans together with the areas running horizontally approximately four (4) feet below below (i) the 26th Floor Mezzanine, (ii) the 26th Floor Second Mezzanine, (iii) the sub-cellar, (iv) the cellar and (v) the ground floor, and ten (10) feet below the 27th floor, which horizontal areas are not delineated on the REA Plans. The Residential Property Owner shall not have an easement over the entire Residential Easement Area, but rather, shall have specific Easements for the installation, location and use of those Residential Easement Facilities located within the Residential Easement Area as described in the Reciprocal Easement and Operating Agreement.

"Residential Easement Facilities" refers to those Facilities located in the Commercial Property which benefits, on a non-exclusive basis, certain of the Residential Property and/or the easements appurtenant to the Residential Property and/or the Residential Owned Facilities, and for which the Residential Owner Property has been granted an easement under the Reciprocal Easement and Operating Agreement, but excluding the Residential Owned Facilities.

"Residential Owned Facilities" refers to any Facilities located in the Commercial Property which are owned by the Residential Property Owner.

"Residential Premises" refers to that parcel of real estate situated in the City, County and State of New York, legally described on Exhibit A attached to the Declaration, which consist generally of all the space above the Commercial Premises.

"Residential Property Owner" refers to the Residential Unit Owners acting through the Condominium Board.

"Residential Tower" refers to that portion of the Building located within the Residential Premises including the Residential Units and Common Elements located therein.

"Residential Unit" refers to any Unit designated as a Unit in the Declaration and Floor Plans, as same may be amended from time to time, and all such Residential Units, are, collectively, referred to as the "Residential Units."

"Residential Unit Owner" refers to any owner of a Residential Unit, and all such owners are, collectively, referred to as "Residential Unit Owners."

"Rules and Regulations" refers to the rules and regulations made in accordance with the By-Laws and attached thereto as Schedule A.

"Schedule A" refers to Schedule A, "Purchase Prices and Related Information for the Projected First Year of Condominium Operation" set forth in Part I of the Plan.

"Schedule B" refers to Schedule B, "Projected Budget for First Year of Condominium Operation" set forth in Part I of the Plan.

"Selling Agent" refers to The Sunshine Group, Ltd., or any successor selling agent at the time in question.

"Shared Loading Dock" refers to the shared loading dock on the ground floor of the Commercial Building which will be available for the use of the Commercial Property Owner and the Residential Property Owner, as more particularly identified in the Reciprocal Easement and Operating Agreement.

"Shared Window Washing Equipment" refers to the window washing rigs, ropes and related equipment which will be jointly owned by the Commercial Property Owner and the Residential Property Owner under the terms of the Reciprocal Easement and Operating Agreement.

"Sponsor" refers to 56th Street Associates, L.L.C., a Delaware limited liability company, and its successors and assigns.

"Sponsor and/or its designee(s)," "Sponsor or a designee of Sponsor" or similar terms refers to Sponsor and any designee of Sponsor.

"Sponsor Control Period" refers to the period during which members of the Condominium Board elected or designated by Sponsor constitute a majority of the members of said Board.

"Structural Supports" refer to all elements (including, without limitation, foundations, the Core Structural Columns, slabs, girders, beams, braces, trusses and walls) as shown on REA Plans which are load bearing or which are necessary for the structural integrity of any portion of the Building.

"Subtenants" refers to a subtenant or subtenants in the Commercial Building (and its or their sub-subtenants) and, after expiration or earlier termination of the Ground Lease, any tenant in the Commercial Building (and its or their subtenants); provided that if, leasehold interest in the Commercial Property is submitted to a leasehold condominium, the owners of the leasehold condominium units shall not be deemed to be Subtenants.

"Terrace(s)" refers to terraces and/or balconies and/or roof gardens and/or deck houses appurtenant to certain Residential Units.

"26th Floor Mezzanine" refers to the 26th floor construction mezzanine level designated as Floor 47 of the Building which is a part of the Commercial Building being made available to the Residential Property Owner in accordance with the terms of the Reciprocal Easement and Operating Agreement.

"26th Floor Second Mezzanine" refers to the second mezzanine on the second mezzanine of the 26th construction level of the Building, identified as the "26th Floor Mezzanine 2" on the REA Plans.

"2000 Equivalent Dollars" refers to the equivalent purchasing power at any time of the value of the same number of U.S. Dollars in calendar year 2000. The 2000 equivalent dollars of any amount shall be determined by multiplying said amount by one (1) plus a fraction (expressed as a percentage), the numerator of which is the difference obtained by subtracting (x) the Consumer Price Index (as hereinafter defined) for January, 2000 from (y) the monthly Consumer Price Index last published prior to the date of such determination, and the denominator of which is the Consumer Price Index for January, 2000. As used herein, the term "Consumer Price Index" shall mean the Consumer Price Index for Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor, New York, N.Y., Northwestern N.J. Area, All Items (1982-84=100) or similar index agreed to by the Owners if such index is no longer available.

"Unavoidable Delays" refers to delays due to strike, lockout, or other labor or industrial disturbance (whether or not on the part of employees or contractors of Sponsor), civil disturbance, future order of any government, court or regulatory body claiming jurisdiction, computer program failures due to year 2000 issues, 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, explosion, act of God or any cause similar to any of the causes hereinabove stated; provided, however, that for purposes of this definition, lack of funds or inability to obtain financing shall not be deemed to be a cause similar to the causes stated above.

"Unit" or "Condominium Unit" refers to a space designated as a Residential Unit in the Declaration, consisting, generally, of specific residence in the Building, together with an appurtenant proportionate undivided interest in the Common Elements and, as the case may be, in the Limited Common Elements. All of such Units are collectively referred to as "Units."

"Unit Owner" refers to any Residential Unit Owner and all of such Residential Unit Owners are sometimes collectively referred to as the "Unit Owners."

"Unsold Residential Unit" refers to (a) any Residential Unit owned or retained, by way of lease or any other arrangement by which management and/or financial responsibility is retained, by Sponsor or its designee, or a Residential Unit that is acquired, individually or collectively, by a principal of Sponsor or a group of which Sponsor, or one or more of their principals, is a member, or (b) any Residential Unit for which there is a signed Agreement but for which a Closing has not yet occurred.

All other capitalized terms used in Part I of the Plan that are not separately defined in Part I shall have the meanings ascribed thereto in the By-Laws or in the Declaration, as the case may be.

DESCRIPTION OF PROPERTY AND IMPROVEMENTS

Construction of the Building

The Building will contain the Residential Tower which is the subject of this offering and the Commercial Building, which is *not* part of the Condominium and which is not being offered for sale pursuant to the terms of this Plan. Both the Residential Tower and the Commercial Building will be subject to and bound by the terms of the Reciprocal Easement and Operating Agreement a copy of which is set forth in Part II of the Plan and which is summarized in Part I of the Plan in the Section entitled "Reciprocal Easement and Operating Agreement."

The Condominium will be located within the Residential Tower, comprised of 24 Floors located above the Commercial Building as more particularly described in the Description of Property in Part II of the Plan. The Building is located between West 55th Street and West 56th Street and Broadway and Eighth Avenue.

As of September 2000, Sponsor had completed all necessary site demolition and excavation work and was completing the final stages of forming the foundation wall. Steel erection began in October 2000. The Building, including the individual Residential Units therein, will be substantially completed in accordance with the Plans and Specifications and all applicable zoning and building Laws, regulations, codes and other government requirements. No Asbestos Containing Material will be present in insulating or fire-proofing material contained in the Building. Following completion of the Residential Tower, Temporary Certificates of Occupancy for individual Units and the Residential Tower and/or a permanent Certificate of Occupancy for the Units and the Residential Tower will be issued by the Department of Buildings of the City of New York and copies of the Plans and Specifications for the Building will be filed with the Department of Buildings of the City of New York.

Given the present status of construction and under the present construction schedule it is anticipated that, except for finishing work to stairways, hallways and other areas of the Building which are not intended for the exclusive use of any particular Unit Owner and work, if any, which Sponsor agrees to perform in individual Residential Units at the request of Purchasers or Residential Unit Owners, the Residential Units will be substantially completed and a first temporary certificate of occupancy issued on or about September 1, 2002 both subject to Unavoidable Delays. The first temporary Certificate of Occupancy may issue for some but not all of the Residential Units and Sponsor may complete construction of certain Residential Units before others.

Sponsor has engaged Skidmore Owings & Merrill LLP and Ismael Leyva P.C. ("Sponsor's Architect") as architects for the Building, Cosentini Associates LLP as mechanical, electrical and plumbing engineers of the Building and Thornton Tomasetti as structural engineer of the Building. Construction of the Building is being financed by Bayerische Hypo-und Vereinsbank AG, which financing is secured, among other things, by mortgages and security agreements.

Sponsor reserves the right to amend or modify the Plans and Specifications in any way not material to this offering or in a manner disclosed in this offering, including, without limitation, changing materials, appliances, equipment, fixtures and other construction and design details set forth therein or in the "Description of Property" 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 give rise to no right of rescission on the part of any Purchaser and may be made without prior notice or amendment to the Plan.

Residential Units

Subject to the rights of Sponsor and its designee to change the number of Residential Units, there will be a total of 111 Residential Units situated on Floors 48 through the PH 1 of the Building. Detailed descriptions of the Residential Units including a finish schedule are set forth in the Declaration and in the "Description of Property" in Part II of the Plan. See also the Section entitled "Changes in Prices and Units." Please refer to Schedule A, "Prices of Units and Related Information" for further details.

Except as otherwise agreed by the parties, the Residential Units will be delivered to Purchasers with a finish coat of paint. Each Purchaser will be obligated to do all other painting and decorating of the Residential Unit at such Unit Owner's own cost and expense. Any special work which a Purchaser desires for a Residential Unit prior to Closing shall only be performed following Sponsor's prior written consent thereto and Sponsor's designation or approval of all contractors and suppliers in connection therewith, which consent and approval shall be within the sole discretion of Sponsor.

Included in the sale of each Residential Unit are the following: refrigerator/freezer, kitchen cabinets, microwave, gas range and oven, automatic dishwasher, garbage disposal, washing machine and dryer and individually controlled heating and cooling units. The manufacturer, model number and specifications for the foregoing appliances and equipment are set forth in the "Description of Property." As more fully set forth under the Section entitled "Description of Property and Improvements--Construction of the Building," these fixtures, appliances and equipment are subject to change by Sponsor. Sponsor may negotiate to make modifications or changes in any Residential Unit or to do special work therein or to provide different or additional appliances, equipment, furnishings or decorations, provided that Sponsor shall not be bound to do so unless agreed to by Sponsor in a written instrument which is incorporated as an addendum to the Agreement.

Sponsor and its designee reserve the right, without prior notice or amendment to the Plan, to use Unsold Residential Units on any floor of the Building as sales and leasing offices and model apartments. In the event Sponsor or its designee, thereafter, elects to sell such Unsold Residential Units, Sponsor or its designee may require the purchaser thereof to purchase all or any of the

furniture, furnishings, equipment or decorations therein and pay, in addition to the purchase price for such Unsold Residential Unit, such amounts as Sponsor determines.

A Residential Unit Owner may only use such Unit Owner's Residential Unit for a purpose consistent with the local zoning ordinance, as amended from time to time, any other applicable ordinance or statute, and any regulation of a governmental authority with jurisdiction over the Condominium, including, but not limited to, local building codes and the Multiple Dwelling Law, as such statutes, ordinances and regulations may be amended from time to time, but in no event may a Residential Unit Owner use such Unit Owner's Residential Unit for a use violative of the By-Laws.

Resident Manager's Apartment

The Condominium will employ a Resident Manager who will reside a two bedroom apartment to be situated on Floor number 47 in the Commercial Building (the "Resident Manager's Apartment"). Under the terms of the Reciprocal Easement and Operating Agreement, Sponsor has been granted the exclusive right to utilize the Resident Managers Apartment and Sponsor intends to cause such rights to inure to the Condominium for a purchase price of $700,000. At each closing of title to a Residential Unit, the Purchaser thereof will reimburse Sponsor for such Purchaser's allocable share of the Resident Manager's Apartment as more particularly set forth in Schedule A, Purchase Prices and Related Information in Part I of the Plan. The Condominium Board shall be responsible for the payment of any transfer taxes due in connection with the foregoing. The costs of utilities and the costs of repairs, alterations and improvements undertaken by the Condominium Board attributable to the Resident Manager's Apartment, shall be borne by all Residential Unit Owners as a Common Expense.

Terraces

As indicated in Schedule A, Terraces are appurtenant to certain Residential Units and are included in the purchase prices therefor. Terraces are Limited Common Elements. A Residential Unit Owner who has a Terrace appurtenant to such Unit Owner's Residential Unit shall have the exclusive use of same, subject to the right of the Condominium Board to regulate its use, and shall be responsible for all normal maintenance, repairs and replacements thereto. However, the costs and expenses of any structural repairs or repairs or replacements to any Terrace (unless caused by its Residential Unit Owner) shall be charged to all Residential Unit Owners as a Common Expense. Terraces cannot be altered or enclosed without the consent of the Condominium Board.

The Condominium Board shall have the right to require a Unit Owner to remove plantings and other installations which have been placed on the Terraces if the Condominium Board determines, in its reasonable discretion, that such plantings, surface coverings or other installations, including, without limitation, awnings, canopies, umbrellas, adversely affect the integrity of the roof. The Condominium Board may establish such other rules and regulations it deems necessary to protect the Common Elements and the Units and to insure the integrity of the Building and the health and safety of the occupants.

The Reciprocal Easement and Operating Agreement provides that the Terrace appurtenant to Unit PH 1A will be subject to an easement to access and utilize the Shared Window Washing Equipment.

Commercial Building

As more particularly described in the Section of the Plan entitled "Commercial Building and Reciprocal Easement and Operating Agreement," and in the "Description of Property," the Commercial Building will be situated on the Commercial Premises and comprised of portions of two (2) below grade floors, the Ground Floor, Mezzanine, Floors 2 through 25, and Mechanical Floors 26. Floors 2 through 25 of the Commercial Building will be used as office space by Bertelsmann, Inc. or an affiliate thereof ("Bertelsmann"). Bertelsmann is also a member of the Commercial Building Owner. In addition, the Commercial Building will include retail space and garage space on the Ground Floor and below grade levels. The garage space is ancillary to the Commercial Building and there is no assurance that any parking will be available for rent by Residential Unit Owners. The Commercial Building can be used for any purpose permitted by law. The Commercial Building will be subject to certain easements in favor of the Condominium, as more particularly described in the Section of the Plan entitled "Commercial Building and Reciprocal Easement and Operating Agreement.

The Condominium Board will have no right to restrict or limit the method of operation, any uses or appearance of the Commercial Building. The Commercial Building may be submitted to a leasehold condominium regime and subdivided into individual commercial leasehold condominium units. The Commercial Property Owner is free to lease or sublease the Commercial Property until the Commercial Property is submitted to a condominium regime. Thereafter, the owners of such commercial condominium units will be free to lease or sublease their respective commercial units. The Residential Unit Owners will have no interest in the rents, profits or revenues from the rental or use of any space in the Commercial Property.

The Commercial Property Owner shall have the right, without the consent of the Condominium Board or any Residential Unit Owner, and at its sole cost and expense, to alter, modify, restore or construct the exterior facade and storefronts of the Commercial Building on the Broadway and West 55th sides of the Building. The Sponsor and the Commercial Property Owner also have an easement to use the sidewalks surrounding portions of the Building for purposes permitted by Law.

No representation is made with respect to the continued ownership of all or any portion of the Commercial Building or as to who the tenants or occupants of any portion of the Commercial Building may be at any time or as to the uses to which any portion of the Commercial Building may be put at any time (except that the Commercial Building may be used for any lawful purpose or as otherwise limited by the Plan). Except as otherwise provided in the Reciprocal Easement and Operating Agreement the use of the Commercial Building may generate noise or other disturbances over which the Residential Unit Owners will have no control.

General Common Elements

Generally, the General Common Elements consist of all Common Elements other than the Limited Common Elements, and include, among other things, the following: (a) all columns, girders, concrete floor slabs and ceilings (or part of any Unit), beams, supports, and interior load bearing walls within the Residential Tower, together with those portions of the exterior walls of the Residential Tower beyond the Unit side of the glass or concealed block work or concealed concrete structural members of those walls, (b) corridors and all fire staircases, landings and stairs which are not Limited Common Elements or part of any Unit; (c) the Residential Owned Facilities located in the Commercial Building, including without limitation the machinery and appurtenant facilities; (d) the windows in the Residential Tower; (e) all passages, hallways, stairs, corridors, mechanical and other rooms, areas and spaces located in the Residential Tower, which are not Limited Common Elements or part of any Unit; (f) the roofs over the floor of the Building (except to the extent that a portion of a roof is comprised of a Limited Common Element); (g) the water tower; and (h) all other parts of the Residential Tower and the apparatus, installations, systems, equipment and facilities in the Residential Tower (including shafts, pipes, wires, ducts, vents, cables, conduits and lines) which serve or benefit or are necessary or convenient for the existence, maintenance or safety of the Residential Tower and which are not owned by another entity such as the supplier, servicer or installer of the systems. A detailed description of the General Common Elements is set forth in the Declaration. In addition, the Condominium will have exclusive and non-exclusive easements to utilize portions of the Commercial Building, including the Residential Lobby and the 47th Floor of the Building, as more particularly described in the Section of the Plan entitled "The Commercial Building and the Reciprocal Easement and Operating Agreement."

Limited Common Elements

The Limited Common Elements include those portions of the Building available for the exclusive use of some but not all Residential Unit Owners. At the present time the Limited Common Elements consist of a mezzanine level appurtenant to PH 1A and the Terraces appurtenant to certain Residential Units.

Services and Facilities

Under present plans, all of the services and facilities described herein will initially be provided and made available to Residential Unit Owners immediately following the First Closing, except as otherwise indicated.

a. Doorman/Concierge

It is anticipated that a uniformed doorman/concierge will be on duty at the Lobby of the Residential Tower twenty-four (24) hours a day, seven (7) days a week, to assist those arriving and departing. The doorman's hours of duty may not be provided until title has closed to fifty (50%) percent of the Residential Units; provided, however, that there will be at least one (1) doorman/concierge on duty twenty-four (24) hours a day, seven (7) days a week as of the First Closing.

b. Elevator Service

Two (2) automatic passenger elevators and one (1) service elevator will be in service, twenty-four (24) hours a day, seven (7) days a week, for the use of Residential Unit Owners.

c. Cable Television Service

A cable television system will be available for the use of the Residential Unit Owners. The charges for primary connections and subsequent monthly fees related to the service will be determined by, and payable directly to the cable company. Additional cable service (e.g., Home Box Office or Showtime) may also be available from the cable company for an additional charge on the same basis. Inasmuch as the wiring of the Building may be delayed until a certain percentage of the Residential Units are occupied, Sponsor makes no representation that cable television service will be available to any Residential Unit Owner upon its initial occupancy of a Residential Unit. Sponsor may enter into an agreement with a cable company (the "Cable Company"), granting the Cable Company the right to install wires, cables and other components of its system (the "Cable Facilities") in the Building's internal conduit system and granting the Cable Company an easement for the installation, repair or replacement of the Cable Facilities and certain rights to relocate the Cable Facilities which shall remain the property of the Cable Company (the "Cable Agreement"). Any funds payable by the Cable Company to Sponsor under the terms of the Cable Agreement for the right to enter into the Cable Agreement shall be for the sole benefit of the Sponsor and no part thereof shall inure to the Condominium. The Condominium will own and maintain the internal conduit system in which the Cable Facilities are located. The Condominium will be subject to and bound by the terms of the agreement with The Cable Company.

d. Electrical Systems and Telephone Service

Electrical service will be provided to Residential Unit Owners by Con Edison or such other utility company which will bill such Unit Owners directly for electricity utilized. Local and long distance telephone service will be provided by Bell Atlantic or other telephone service provider. Each Residential Unit will be prewired to permit the installation of telephone jacks and a two-line telephone (at such Unit Owner's expense) which will permit the telephone to be used both as a building intercom and as a telephone.

e. **Mail**

All incoming mail will be delivered by the United States Postal Service to the concierge who will distribute the mail to Residential Unit Owners.

f. **Laundry**

Each Residential Unit will contain a washer and dryer.

g. **Refuse Disposal**

There will be one (1) refuse chute serving the Residential Units leading directly to the refuse room located on the 47th Floor. Trash will stored in a street level residential storage are and removed to the street by Condominium personnel for pick up by the New York City Department of Sanitation.

h. **The Imperial Club**

The Imperial Club will be located on the 47th floor of the Building, which is located in the Commercial Building. The Imperial Club will be comprised of a fitness center with spa room, catering kitchen with bar and entertainment lounge and a business center for the exclusive use of the Residential Unit Owners and their guests and tenants. Sponsor and its designee reserve the right to use this facility as a sales office until all Units are sold and the sales process is completed and during such period the Imperial Club may not be available for the use of Residential Unit Owners or may be available on a limited basis in the discretion of Sponsor. After conveyance of all Residential Units by Sponsor, the Unit Owners will have the right to use these facilities subject to the Declaration and the By-Laws and to any rules and regulation promulgated, from time to time, by the Condominium Board. The Condominium Board may determine to impose fees for the use of the Imperial Club by Residential Unit Owners and their guests and tenants.

The fitness center will feature high quality exercise equipment and a spa room. The business center will consist of a video conferencing room, projection television for Power Point presentations, reception area and two private offices with high speed internet connection capability. The entertainment lounge with catering kitchen and bar can be reserved for private functions by the residential unit owners and their guests and tenants. However, the Sponsor make no representation regarding availability at time of request.

The Imperial Club will be available for use by the Residential Unit Owners and their guests and tenants during such hours as may be determined by the Condominium Board and its use is subject to such rules and regulations as may be promulgated from time to time by the Condominium Board, including restrictions on hours and operation and the use thereof by persons under a certain age.

General

All determinations with respect to the continuance of any of the foregoing services, if initially made available, will be made by the Condominium Board, which will be controlled by Sponsor during the Sponsor Control Period as described in the Section of the Plan entitled "Control by Sponsor.") Please refer to the Description of the Property set forth in its entirety in Part II of the Plan for further details regarding services and facilities at the Property.

Neither Sponsor, the Managing Agent nor the Condominium Board will in any event be liable for the availability, interruption, discontinuance or quality of any of the foregoing services, including, but not limited to, any services provided by any outside company or person other than Building personnel, or for any injury to person or damage to property resulting from any act or omission of such company or persons or their employees or agents, except to the extent that any such injury to person or damage to property occurs as a result of the negligence of Sponsor, the Managing Agent or the Condominium Board, as the case may be.

Security Procedures

The Condominium Board is vested with the responsibility of devising and carrying out security procedures with respect to the Residential Tower. Such procedures may be adopted and from time to time changed by the Condominium Board as such Condominium Board, in its discretion, determines to be appropriate to secure the Residential Tower. It is anticipated that the security procedures will be as follows:

a. **Entrances and Elevators**

A doorman will supervise all admissions to the Residential Lobby. Entrance doors may be locked from during certain periods. All elevators in the Residential Tower will be equipped with a two-way communication facility connected to the station and an alarm signal.

b. **Intercom System**

All Residential Units will be wired for an intercom facility through the telephone system providing direct communication from the Residential Unit to the concierge station.

c. **Smoke Detector**

Smoke detectors shall be provided in each Residential Unit in compliance with applicable codes. It will be responsibility of each individual Residential Unit Owner to test and maintain the smoke detectors located in such Unit Owner's Unit.

No representation or warranty is made and no assurance is given that the security systems and procedures of the Condominium or the Commercial Building will prevent personal

injury or damage to or loss of personal property. While Unsold Residential Units are being offered for sale or lease by Sponsor or its designees there will be a greater number of visitors to the Condominium than would otherwise be the case. No representation or warranty is made and no assurance is given as to when such selling or leasing activity will terminate. Neither Sponsor or its designee nor the Managing Agent shall be liable or responsible for any personal injury or for any loss or damage to personal property which may result from the failure of the or the Building's security systems and procedures, including, without limitation, those procedures with regard to any delivery of packages, provided that any such failure is not caused by the negligence of Sponsor or its designees, the Managing Agent or their respective agents.

Please refer to the Description of Property set forth in its entirety in Part II of the Plan for further details regarding security procedures.

THE COMMERCIAL BUILDING AND THE RECIPROCAL EASEMENT AND OPERATING AGREEMENT

The Commercial Building Owner will construct or cause to be constructed upon and within the Commercial Premises a building (the "Commercial Building") having twenty-eight stories including two below grade levels rising approximately 378 feet above street level. The Commercial Building Owner will own the Commercial Building during the term of the Ground Lease, and the Commercial Fee Owner will have a reversionary interest therein pursuant to the Ground Lease. Sponsor will construct or cause to be constructed within the Residential Premises a building generally comprised of a twenty-four (24) story tower (the "Residential Tower") which Residential Tower will be located over, and supported by, the Commercial Building. The Commercial Building is not part of the Condominium and is not being offered for sale pursuant to this Plan.

Neither the Commercial Building nor the Residential Tower is or will be structurally or functionally independent of the other and each will depend upon the other, to some extent, for structural support, enclosure, ingress and egress, utility services and certain other facilities and components necessary for the operation and use of the Commercial Building and the Residential Tower. Upon completion of the construction of the Commercial Building and the Residential Tower, the two will comprise a single building rising approximately 678 feet above street level (the "Building"). Sponsor, as owner of the Residential Property, the Commercial Fee Owner as owner of the Commercial Premises and the Commercial Building Owner, as owner of the Commercial Building, will enter into a reciprocal easement and operating agreement (the "Reciprocal Easement and Operating Agreement") pursuant to which (i) certain easements, covenants and restrictions burdening the Residential Property (collectively the "Commercial Easements") which will be binding upon the Sponsor and the Condominium (sometimes referred to as the "Residential Property Owner"), and which will inure to the benefit of the Commercial Property, and any interest or estate therein, and (ii) certain easements, covenants and restrictions burdening Commercial Property (the "Residential Easements"), which will be binding upon the Commercial Property Owner and which will inure to the benefit of the Residential Property, and any estate or interest therein.

In addition to establishing the various easements, the Reciprocal Easement and Operating Agreement also sets forth the responsibility for maintaining such easements, the basis for the Residential Property Owner and the Commercial Property Owner to allocate the usage of shared systems and the costs for the operation thereof, the Owners requirements to maintain insurance and the procedures governing the alteration of the Building and repairs in the event of casualty. The Reciprocal Easement and Operating Agreement is a complex and lengthy document and should be read for a complete understanding of the provisions thereof. What follows is a detailed summary of the provisions of the Reciprocal Easement and Operating Agreement intended to give prospective purchasers an overview thereof.

Easements

There are a number of easements set forth in the Reciprocal Easement and Operating Agreement, including certain reciprocal easements for shared standpipe systems, security systems, roofs and other matters (as more particularly described in Article IV of the Reciprocal Easement and Operating Agreement) and easements for the benefit of the Residential Unit Owner or the Commercial Unit Owner (as more particularly described in Article II and III respectively).

1. Residential Easements

Article II of the Reciprocal Easement and Operating Agreement sets forth the Residential Easements which include certain exclusive easements (subject to limited rights with respect thereto on the part of the Commercial Property Owner) to use portions of the Commercial Building, including the easements for the construction, installation, use and maintenance of: (i) the lobby, service corridor, store room, toilet, trash storage room and entrance recess area exclusively servicing the Residential Tower (collectively the "Residential Lobby"), (ii) the 47th Floor including, without limitation, the trash room, Imperial Club and the Resident Manager's Apartment (excluding the use, occupancy and enjoyment of the elevator machine room and mechanical room retained by the Commercial Property Owner) (iii) a portion of the facade of the Commercial Building adjacent to the Residential Lobby (the "Residential Entry Facade"), including, without limitation, the lighting fixtures on the 2nd floor of the Commercial Building to be used to illuminate the glass wall comprising a part of the Residential Entry Facade, a canopy affixed to (and within the boundaries of) the Residential Entry Facade, and a sign identifying the Residential Tower affixed to (and within the boundaries of) the Residential Entry Facade, (iv) the Residential Telephone Room and communications lines, (v) water pipes and gas and electrical lines exclusively servicing the Residential Tower, and (vi) the elevator shafts identified as "PE-16," "PE-17," and "SE-18" on the REA Plans. The Residential Property Owner must operate its equipment on the 47th Floor in a manner which does not interfere with the Commercial Property Owner's quiet enjoyment of the office and retail space within the Commercial Property due to, without limitation, noise, vibration or fumes generated thereby.

The Residential Easements also include certain non-exclusive easements to use portions of the Commercial Property, including easements for (i) the structural support of the Residential Tower and the Residential Owned Facilities, (ii) access to the over, on, across and through such portions of the Commercial Property, as required for maintenance of the Residential Property, (iii) access to certain shared equipment rooms and on the Sub-cellar and Cellar levels of the Commercial Building containing Facilities servicing the Building, including pump rooms, meter rooms, the steam room and water service room, all as more particularly identified on the Floor Plans set forth In Part II of the Plan, (iv) the installation, use and maintenance of steam lines servicing the Residential Tower, (v) installation, use and maintenance of the storm and sanitary and vent piping running from the roof drain and downspout system and the sewer pipes, respectively, to discharge storm and sanitary sewerage into waste lines to connection with the common drainage pipes for the Building, (vi) shared water pipes to be used

to supply water in case of a fire in the Building, (vii) shared use of the standpipe system, (viii) shared use of the Facilities providing detection, supervisory and alarm related functions and (ix) shared use of one of the loading docks in the Building ("Shared Loading Dock") and the service corridors accessing such Shared Loading Dock. The parties are required to cooperate to establish from time to time a mutually acceptable schedule for the use of the Share Loading Dock based upon relative usage.

Under the terms of the Reciprocal Easement and Operating Agreement, the Condominium will, own, maintain and be responsible for certain Facilities servicing the Condominium which will be located, in on or about the Commercial Property (the "Residential Owned Facilities"). The Residential Owned Facilities will be General Common Elements. The Condominium will also have an easement to utilize on non-exclusive basis, other Facilities in the Commercial Building (the "Residential Easement Facilities"). The Residential Easement Facilities include, without limitation, the lighting fixtures on the portion of the 2nd floor of the Commercial Building to be used to illuminate the glass wall comprising a portion of the Residential Entry Facade the 2nd Floor of the Building, which are identified on the REA Plans as the "Residential Facade Lighting Easement Area". The Condominium will have an easement through the Commercial Building to access the Residential Owned Facilities and the Residential Easement Facilities.

In exercising any right of entry pursuant to an Easement granted under the Reciprocal Easement and Operating Agreement, such right of entry must be reasonably convenient and on reasonable prior notice to the Commercial Property Owner, and the Commercial Property Owner shall have the right to have a representative present at all times during such entry, except, among other things, (1) in an Emergency Situation, in which event the Condominium Board shall notify the Commercial Property Owner as soon as practicable of the action taken or proposed to be taken, as the case may be, to cure the Emergency Situation, (2) with respect to the Easement granted for the Residential Lobby, elevator shafts and elevator pits, the Shared Loading Dock and the 47th Floor), (3) in connection with construction of the Building, (4) with respect to the exercise of any self-help remedy provided for in the Reciprocal Easement and Operating Agreement and (5) with respect to maintenance of (a) the sidewalks along 56th Street and (b) the Residential Entry Facade or any signs or canopies thereon. Notwithstanding anything to the contrary set forth above, the Residential Property Owner shall have no right to place any signs on the Building (including the roof) other than signs required by Law and the name of the Condominium and the Sponsor on the Residential Entry Facade. The Condominium Board must, promptly restore any portion of the Commercial Property used in the exercise of any Easement to the same condition as existed immediately before the exercise of such right and any costs associated therewith shall be borne by the Condominium as a General Common Expense. In exercising its rights to an Easement granted under the Reciprocal Easement and Operating Agreement, the Condominium Board must exercise due care and reasonable diligence and shall otherwise minimize any adverse impact of its exercise on the Commercial Property Owner, taking into consideration, among other things, the economic impact of any disruption on the Commercial Property Owner and its Subtenants. The Residential Property Owner must comply with any reasonable security procedures and requirements of the

Commercial Property Owner.

2. Commercial Easements

Various easements are granted to the Commercial Property pursuant to Article III of the Reciprocal Easement and Operating Agreement and include an easement for installations or equipment to be located in an area designated on the REA Plans as the "Designated Rooftop Communication Area) (including, without limitation, microwave dishes, antennae and/or related communication equipment and any other similar or dissimilar future technology whether known or unknown as of the date of the Reciprocal Easement and Operating Agreement, together with all cable, wiring, conduits and related equipment necessary or advisable for the transmission, reception or distribution of telecommunications transmissions and receptions, but excluding signs) servicing the Commercial Property Owner or its Subtenants which, are (x) customarily maintained on rooftops of hi-rise office, retail, residential or mixed-use buildings in the City of New York and/or (y) any other installations which may not then be customary to be installed on rooftops, but which, by their nature, are reasonably required to be located in the Designated Rooftop Communication Area. The Residential Property Owner is not entitled to any income or other sums generated from or by the use of the Designated Rooftop Communication Area or the Permitted Rooftop Equipment. The Commercial Property Owner must maintain all Permitted Rooftop Equipment. Notwithstanding the foregoing, no equipment shall constitute Permitted Rooftop Equipment if the installation and use of same in the Designated Rooftop Communication Area would interfere with the Residential Property Owner's quiet enjoyment of its property due to, without limitation, noise, vibration or fumes generated thereby. In addition, the Commercial Property Owner is also granted a non-exclusive easement to use that portion of the roof of the Residential Tower which is not included in the Designated Rooftop Communication Area for the installation, use and maintenance of Permitted Rooftop Equipment by each Subtenant who operates a retail business in the Commercial Building (but not by any Subtenant who does not operate such a retail business), provided that such Permitted Rooftop Equipment is used solely in connection with the operation of such Subtenant's business in the Commercial Building. No such use of Permitted Rooftop Equipment by such Subtenants shall interfere with other receptions from, or transmissions to, the Facilities on the roof. The Commercial Property Owner shall remove or cause to be removed each piece of the Permitted Rooftop Equipment when each such use ends. The Commercial Property Owner has also been granted an easement to maintain electrical, communications and condenser water lines through the Residential Property as well as easements for the placement of a cooling tower and boiler flue and a non-exclusive easement for the use of the shared fire pump room for which the Residential Property Owner must supply adequate heat, ventilation, air-conditioning, power, light, cleaning, telephone service (if necessary) at its sole cost and expense with any other expense being shared by both Owners based on the Owner Building Area Ratio. The Commercial Property Owner and the Fee Owner have the right of ingress and egress on, over, across and through the Residential Lobby and service elevator to access the areas on the 47th Floor reserved for the use of the Commercial Property Owner.

3. General

The Reciprocal Easement and Operating Agreement also provides for the grant of additional easements, upon the mutual agreement of the parties, if, at any time, it shall become necessary for either Owner to relocate or add to the utility or other Easements for Facilities granted under the Reciprocal Easement and Operating Agreement in order (i) to provide additional utility service or (ii) to access new technology, or (iii) to accommodate new Facilities or new means of delivering service to existing Facilities, in, to or from the Residential Property or the Commercial Property, as the case may be, then the Owner of the Property to be encumbered (as well as the Fee Owner if the Commercial Property) (the "granting Owner") shall grant such additional or relocated Easements at such location mutually agreed to by the Residential Property Owner and the Commercial Property Owner and Fee Owner, each party acting reasonably, (including such utility Easements as may be requested by the applicable utility company) provided (a) such easements do not unreasonably interfere with the reasonable use and enjoyment of the granting Owner's (and Fee Owner's) Property, (b) the granting Owner shall not be required to grant such easement which would convert otherwise leasable space (whether or not leased) to such use, unless such relocation or additional easement is required by law and no other space is reasonably available, and (c) the benefiting Owner shall compensate the granting Owner for any losses, damages, costs or expenses incurred by the granting Owner, including lost revenues in the case of a conversion of otherwise available rentable space or damages for breach of any lease. Any such new or relocated utilities shall be designated on the Plans, and, if necessary, the Plans shall be revised and initialed by the Owners as well as the Fee Owner.

Maintenance and Contributions

The Reciprocal Easement and Operating Agreement provides that each Owner must maintain, in a first class manner and in a good and safe condition, any shared Easement Facilities located within the respective portions of such Owner's Property and must be responsible for any Structural Supports located within such Owner's Property as well as the exterior facade of said Property and the lighting protection system located in its portion of the Property. The Commercial Property Owner is required to provide adequate heat, ventilation, air-conditioning, power, light, cleaning, telephone service (if necessary) to the shared rooms within the Commercial Property and the connecting corridors at its sole cost and expense. The Commercial Property Owner is also obligated to maintain the shared mechanical rooms, but the Residential Property Owner shall contribute to the cost of all items of maintenance of the mechanical rooms other than the foregoing specified items, with such contribution to be based on the ratio of the total gross square foot area of the portion of the Building owned by or benefiting an Owner to the total gross square foot area of the Building (the "Owner Building Area Ratio"). Each Owner will maintain that portion of the shared alarm system located in such Owner's portion of the Building. The Residential Property Owner must contribute to the expense of the shared fire command room and central detector alarm panel based upon the Owner Building Area Ratio. The Owner Building Area Ratio is initially anticipated to be 72.78% for the Commercial Building and 27.22% the Residential Tower, as more particularly described and calculated on Exhibit F to the

Reciprocal Easement and Operating Agreement. The Owner Building Area Ratio is subject to recalculation upon request of the Condominium Board or the Commercial Property Owner, if after the initial or any subsequent construction, the gross square foot area of the Building changes, then either Owner shall have the right to request that a recalculation of the Owner Building Area Ratio. The Residential Property Owner is obligated to maintain certain shared Easements, including the water tank located on the mezzanine on the top floor of the Residential Tower and the liquid column tuned damper system in the Building, and the Commercial Unit Owner must contribute to the cost of maintaining same based upon the Owner Building Area Ratio. The Residential Unit Owner will be responsible for maintaining the Residential Telephone Room and the Residential Lobby, service corridor and elevators, the Imperial Club, Resident Manager's Apartment and trash room (which must be climate controlled) and provide all utility service thereto at its sole cost and expense as well as the sidewalks along 56th Street from the western boundary of the Property east to the eastern end of the Residential Entry Facade. The Commercial Property Owner is obligated to maintain, among other things, the sidewalk areas, tree pits, stone containers and other improvements along a portion of the perimeter of the Building running from the western boundary of the property line along 55th Street to Broadway, north to 56th Street, and west on 56th Street to the eastern end of the Residential Entry Facade, and snow removal for the sidewalk area adjacent to such portion of the perimeter of the Building, the exterior facade of the Commercial Building (other than the Residential Entry Facade, canopies and signs affixed thereto), fire stairs located in the Commercial Building and certain electrical facilities.

The Reciprocal Easement and Operating Agreement provides that the window washing rigs, ropes and related equipment (the "Shared Window Washing Equipment") will be owned jointly by the Commercial Property Owner and the Residential Property Owner for use by each of them and the Commercial Property Owner will have a non-exclusive easement to enter the roof of the Residential Tower for the purpose of launching Shared Window Washing Equipment from such roof and lowering and raising such equipment along the sides of the Residential Tower (including the use of the tracks, on the facade of the Residential Tower, for window washing rigs). Such right of entry shall be at such times reasonably convenient and on reasonable prior notice to the Residential Property Owner, and the Residential Property Owner shall have the right to have a representative present at all times during such entry. Under the terms of the Reciprocal Easement and Operating Agreement the windows in the Residential Tower and the Imperial Club will be washed once per year unless the Residential Property Owner requests more frequent window washing. The annual cost of Maintenance of the Shared Window Washing Equipment and the annual cost of the window washing of the exterior windows on Building shall be shared each calendar year by the Owners based on the following: each Owner shall be responsible for a percentage of such costs equal to a fraction, the numerator of which is the product of (x) the Owner Glass Area Ratio for such Owner times (y) the number of times the windows have been washed in such Owner's portion of the Building during such year, and the denominator of which is the sum of (1) (x) the Owner Glass Area Ratio for such Owner times (y) the number of times the windows have been washed in such Owner's portion of the Building during such year plus (2) (x) the Owner Glass Area Ratio for the other Owner, times (y) the number of times the windows have been washed in such other Owner's portion of the Building during such year. The

Reciprocal Easement and Operating Agreement requires the Owners to cooperate in good faith to coordinate a schedule of window washing which reduces the costs of window washing. Please refer to Article IV of the Reciprocal Easement and Operating Agreement for further details.

Each Owner is required to maintained its respective Easement Facilities and any Easement areas to which such Owner has been given "Operational Control" which is defined as the right, in connection with the exercise of an Easement granted pursuant to the Reciprocal Easement and Operating Agreement, to use, occupy and control the use, occupancy and access to, the portion of the Building owned by the other Owner covered by the Easement in question.

Whenever an Owner (the "Maintaining Owner") performs maintenance (or otherwise pays charges or provides services) required under the Reciprocal Easement and Operating Agreement and the other Owner (the "Contributing Owner") is required by the Reciprocal Easement and Operating Agreement to bear part or all of the cost of such maintenance, charges or services, the Maintaining Owner shall send a statement to the Contributing Owner showing the Contributing Owner's share of such cost at any time after rendering the service or incurring the charge, but in any event not later than twelve (12) months after completion of such item of Maintenance, charge or service, as the case may be, which statement shall include or be accompanied by an explanation, in reasonable detail, of the item of expense for which contribution is requested and the invoice or other statement supporting the requested contribution. The Contributing Owner is required to make payment therefor within thirty (30) days after receipt of the statement. If the Contributing Owner does not make such payment by the end of the said thirty (30) day period (thereby becoming a Defaulting Owner), interest shall accrue from the 31st day at the Default Rate on the amount unpaid until paid. If the Maintaining Owner fails to send any statement at all of any kind to the Contributing Owner by the end of the twelve (12) month period, such failure shall constitute a forfeiture and waiver of the Maintaining Owner's right to contribution and payment from the Contributing Owner for such item of Maintenance, charge or service, provided, however, there shall be no forfeiture or waiver as long as a written statement of some kind is sent, even if the statement does not include the detail or accompanying documentation set forth above.

Any cost which under the Reciprocal Easement and Operating Agreement is to be (x) shared by the Owners in accordance with the Owner Building Area Ratio or (y) paid solely by one Owner, if either Owner believes that the resulting allocation (including, without limitation, the exclusive allocation to one Owner) of such cost would be inequitable given the actual causes of such cost, such Owner may deliver notice thereof to the other Owner, along with a detailed calculation of the allocation of such cost which the first Owner believes is equitable, given the actual causes of such cost (an "Alternative Cost Allocation"). In the event that such other Owner agrees with the Alternative Cost Allocation proposed by the first Owner, then the responsibility for said cost shall be shared based on such Alternative Cost Allocation, rather than on the Owner Building Area Ratio or on an exclusive allocation to one Owner.

Use

Under the terms of the Reciprocal Easement and Operating Agreement, the Residential Units may only be used for residential purposes, including, without limitation, apartments and hotels, home occupations and ancillary uses as permitted by law. The Declaration provides that the Residential Units can only be used for residential occupancy and subject to the consent of the Condominium Board and compliance with applicable law, for home use occupations. The Commercial Property can be used for any purpose permitted by Law, provided however, that the Reciprocal Easement and Operating Agreement specifically provides that the Commercial Property cannot be used for any obscene purposes or any sort of commercial sex establishment and the Commercial Property Owner cannot (a) sell or permit the sale of any obscene or pornographic material in the Commercial Property, (b) permit or conduct any obscene, nude, or seminude live performance in the Commercial Property, (c) permit, conduct or use any portion of the Commercial Property for nude modeling, or for the sale of sex-related paraphernalia or as a sex club of any sort, or as a massage parlor or (d) permit or conduct any use similar to those specifically prohibited as above described.

To the extent that any use in one Owner's portion of the Building causes recurring noxious odors that materially adversely affect the rights of any of the other Owner's or its Subtenants or tenants or other Permittees, as the case may be, to occupy, use and enjoy their respective premises, the Owner whose portion of the Building contains such use shall use reasonable efforts to abate and terminate such noxious odors. Except as is otherwise specifically permitted hereunder, neither Owner may at any time use or occupy or suffer or permit anyone to use or occupy its portion of the Property or do anything in its portion of the Property or the Building, or suffer or permit anything to be done in its portion of the Property or the Building which (a) materially adversely affects the other Owner's right to occupy, use and enjoy its respective portion of the Property or any part thereof or Owned or shared Facilities, or (b) adversely affects any Easement granted to the other Owner.

Insurance

1. Casualty

The Residential Property Owner and the Commercial Property Owner shall together procure and maintain the following insurance for the Building and the Facilities under a single policy of insurance:

(A) Coverage.

(i) All Risk Insurance. At all times after substantial completion of the Building, "All risk" coverage on the Base Building for an amount equal to one hundred percent (100%) of the replacement cost thereof. Replacement cost shall be determined annually by an independent appraiser, by reference to the Dodge Building Cost Index (or other published index of construction costs), or by such other method acceptable to the insurance company providing

such coverages. Such policy shall include (a) replacement coverage, (b) an agreed amount clause (waiving any applicable co-insurance clause) in accordance with such determination or appraisal and (c) coverage for demolition costs and increased costs of construction due to changes in Laws or its equivalent. The insurance required shall provide no less coverage (with the exception of deductible amounts) than the standard form of insurance currently promulgated by the Insurance Services Office, its successor, or other substantially similar insurance organization having responsibility for the design and publication of standardized insurance coverage forms for use by the insurance industry.

(ii) Boiler and Machinery Insurance. At all times, comprehensive boiler and machinery insurance on a blanket basis covering all Building equipment, machinery and apparatus consisting of, but not limited to, boilers, heating apparatus, fired and unfired pressure vessels, air conditioning equipment, miscellaneous electrical apparatus and their appurtenant equipment in an amount not less than the full replacement cost thereof or functional replacement value or cost thereof.

(iii) Earthquake Insurance. If not included within the all risk property insurance described above, earthquake insurance in an amount equal to not less than ten percent (10%) of the replacement cost of the Building.

(iv) Flood Insurance. If not included within the all risk property insurance described above, flood insurance in an amount equal to the maximum amount obtainable for the Building.

(B) Parties Named on Policies. Each person comprising the Residential Property Owner, the Commercial Property Owner and the Fee Owner shall be a named insured as their interests may appear. Each Recognized Mortgagee shall be named as "mortgagee" under a standard New York State mortgagee clause or its equivalent; and the Depositary shall be named as "loss payee, as agent for the insureds."

(C) Waiver of Subrogation. The insurance policies shall to the extent requested by an Owner, contain waivers of subrogation against occupants of the Residential Property and against Subtenants, to the extent the waivers are required pursuant to any Subtenant lease.

(D) Allocation of Premium. For the joint insurance policies required under the Reciprocal Easement and Operating Agreement, the Owners shall apportion the premium based on the manner in which the insurance broker selected by the Owners to place the insurance, or if no such broker, the insurance company (or if there is more than one insurance company, by reason of co-insurance or otherwise, then the lead insurance company) has allocated and underwritten the risks. The broker or the insurance company, as the case may be, shall be directed to determine such allocation based upon the respective replacement costs and the particular uses and operations of the buildings and improvements being insured by the Owners, as well as the number of additional insureds requested by each Owner and other relevant factors.

Any dispute regarding such allocation is subject to arbitration as provided in the Reciprocal Easement and Operating Agreement.

(E) No Invalidation. The insurance policies policies required under the Reciprocal Easement and Operating Agreement, shall provide, by endorsement or otherwise, to the effect that (i) the acts or omissions of any insured party or their Permittees shall not invalidate the policy as against any other insured party or otherwise adversely affect the rights of any other insured party under any such policy to collect the full amount of the policy to the extent required to rebuild its portion of the Building (including all Structural Supports, Easement Areas and Facilities and any other portions of the Building required to be reconstructed in order to rebuild such Owners' portion), and (ii) the insurance shall not be invalidated should any of the insureds under the policy waive any or all rights of recovery against any party for loss occurring to the property insured under the policy.

(F) No policy of casualty insurance required under the Reciprocal Easement and Operating Agreement, for damage against property shall contain a co-insurance clause.

2. Public Liability Insurance

The Residential Property Owner and the Commercial Property Owner are each obligated to procure and maintain, at their sole cost and expense, the following insurance for their respective portions of the Building and Facilities under their respective policy or policies of insurance.

(A) Coverage. Commercial general liability insurance written on an ISO occurrence form CG 00 01 (or a substitute form providing equivalent coverage, which shall include a broad form CGL endorsement if the substitute form is a 1973 edition CGL form) covering claims for personal and bodily injury or property damage occurring in, on, under, within, upon or about the respective Owner's portion of the Property, or as a result of operations thereon (including contractual liability covering obligations created under the Reciprocal Easement and Operating Agreement, including, but not limited to, the indemnity obligations contained therein), in such amounts as may be required by Law and as may from time to time be carried by prudent owners of first-class commercial or residential apartment buildings, as the case may be, in New York City, but in all events for limits, as to each Owner and its portion of the Building, of not less than $1,000,000 per occurrence and not less than $2,000,000, in the annual aggregate per location, and for umbrella policies, not less than $50,000,000, per occurrence and not less than $50,000,000, in the annual aggregate per location. If the Commercial Property is subjected to a condominium regime, then for so long as the Commercial Property remains subject to a condominium regime, (i) the owner of the condominium unit encompassing any retail space in the Commercial Building shall maintain the commercial general liability insurance described in the immediately preceding sentence for limits, as to such owner and such condominium unit, of not less than $1,000,000 per occurrence and not less than $2,000,000, in the annual aggregate amount per location, and for umbrella policies, not less than $10,000,000, per occurrence and not less than $10,000,000, in the annual aggregate amount per

location, and (ii) the owner of the condominium unit encompassing any office space in the Commercial Building shall maintain the commercial general liability insurance described in the immediately preceding sentence for limits, as to such owner and such condominium unit, of not less than $1,000,000 per occurrence and not less than $2,000,000, in the annual aggregate amount per location, and for umbrella policies, not less than $50,000,000, per occurrence and not less than $50,000,000, in the annual aggregate amount per location. The party purchasing the insurance required as described above, shall be responsible for the payment of any deductible in connection with a claim. The dollar amounts set forth above shall be adjusted every five (5) years to reflect the value in 2000 Equivalent Dollars, rounded to the nearest million.

(B) Parties Named on Policies. The parties to be named under the foregoing public liability insurance policies shall be as follows: the party purchasing the policy (that is, the Commercial Property Owner or the Residential Property Owner, as the case may be) shall be the "named insured" on a primary basis; the non-purchasing Owner shall be named as an "additional insured"; the Fee Owner shall be named as an "additional insured"; and all Recognized Mortgagees shall be named as "additional insureds" on a primary basis.

3. General Requirements

(A) Insurance policies required under the Reciprocal Easement and Operating Agreement shall be in such form and shall be issued by financially responsible insurance companies licensed and authorized to do business in the State of New York as are reasonably acceptable to the Owners. Any insurance company having a rating of "A-" or better and a financial class of "X" or better (or the equivalent of such ratings if there is a change in the basis of the rating) as rated by A.M. Best's Insurance Guide (or any successor publication of comparable standing) shall be deemed a financially responsible company acceptable to the Owners.

(B) Insurance Policies shall provide for a minimum of sixty days' prior written notice of the cancellation, nonrenewal or modification thereof (except that ten (10) days' prior written notice shall be provided for non-payment of any premium) to the Owners, any Recognized Mortgagee, the Depositary and the Fee Owner.

(C) No Owner may willfully or knowingly violate or suffer or permit the violation of the terms of any policy of insurance required hereunder, or do or permit or suffer anything to be done, or keep anything in any portion of the Building which could result in termination of any such policies, could adversely affect the right of recovery under any such policies, or would result in reputable and independent insurance companies refusing to insure the Building and improvements in the amounts required hereunder at regular rates.

(D) Certificates of insurance identifying the form of policy or policies and all coverages replacing any policies expiring during the term of the Reciprocal Easement and Operating Agreement shall be delivered by each Owner to the other Owner and to the Recognized Mortgagees and the Fee Owner (and, if requested in writing by such other Owner,

the Fee Owner or a Recognized Mortgagee, a binder, endorsement or other evidence reasonably acceptable to such requesting party of such policy or policies and coverages shall be delivered to such requesting party) not less than thirty (30) days prior to the expiration dates of any expiring policies (provided that a copy of such policy or policies shall be delivered within ninety (90) days following the expiration of expired policies if requested by Fee Owner or any Recognized Mortgagee, it being understood that with respect to any liability insurance provided under an umbrella policy, only the portion or portions of such umbrella policy relevant to the Property shall be delivered), together with proof that the premiums for at least the first year of the term of such policies (or installment payments then required to have been paid on account of such premiums) shall have been paid. In the event that an additional insured is added to a policy after the issuance thereof, an Owner shall, upon written request of the other Owner, the Fee Owner or a Recognized Mortgagee, deliver to such requesting party a binder or endorsement (or other evidence reasonably acceptable to such requesting party) confirming the addition of such additional insured to such policy. Should an Owner fail to provide and maintain any policy of insurance required under the Reciprocal Easement and Operating Agreement or pay its share of the premiums or other costs for any joint policies (thereby becoming a Defaulting Owner) then the other Owner or Fee Owner (thereby becoming a Creditor Owner) may purchase such policy and the costs thereof (or the Defaulting Owner's share of such costs) shall be due from the Defaulting Owner within ten (10) days after the Creditor Owner's written demand therefor.

Maintenance and Repair; Casualty and Condemnation

Each Owner is obligated to maintain its portion of the Property in a first class manner and in good and safe condition, and as to both (i) and (ii), shall make all repairs and replacements thereto to otherwise avoid any material adverse effect on the Easements and Facilities. Further, each Owner (to the extent applicable) shall (a) maintain its respective Owned Facilities and any Easement areas over which it has Operational Control as well as (b) any shared Easement Facilities in the other Owner's Property for which such Owner has been specifically given maintenance responsibility hereunder, in each instance in a first-class manner and in good order and repair and shall make any repairs and replacements thereto to otherwise avoid any material adverse effect on the servient estate and (c) otherwise comply with the Easements for ingress and egress as set forth in the Reciprocal Easement and Operating Agreement. All maintenance costs shall be at the maintaining Owner's sole expense unless otherwise specified. Each Owner shall pay all bills and fees relating to its own separate utility meters. Each Owner is obligated to make a good-faith effort to efficiently operate its Facilities and furnish all services as required under the Reciprocal Easement and Operating Agreement in a manner consistent with a first-class retail/office or residential apartment property at the level of operation and management of comparable properties in the City of New York. Each Owner must use reasonable diligence in performing the services required of such Owner as set forth in the Reciprocal Easement and Operating Agreement, but no Owner shall be liable under the Reciprocal Easement and Operating Agreement for interruption or inadequacy of utility service or loss or damage to property or business arising out of such interruption or inadequacy except to the extent resulting from such Owner's gross negligence or willful misconduct.

Generally, if any portion of the Base Building (including without limitation, Structural Sis damaged by fire or other casualty and (1) such damage occurs within the Commercial Building only and does not affect any Residential Easements, Residential Easement Facilities or Residential Owned Facilities, or (2) such damage occurs within the Residential Tower only and does not affect any Commercial Easements, Commercial Easement Facilities or Commercial Owned Facilities, then any such damage shall be repaired and restored by the Owner of the portion of the Building at its sole cost and expense in which any such damage occurs (the "Damaged Owner") with due diligence and in as timely a manner as practicable under the circumstances, and such Owner shall obtain all required permits (with the cooperation of the other Owner as required under the Reciprocal Operating and Easement Agreement 2) and shall adjust the claim with the insurance company, subject to any approval rights of its Recognized Mortgagee for a claim greater than $500,000, in 2000 Equivalent Dollars. The Depositary shall hold all insurance proceeds of $500,000 or more (or such lesser amount agreed to by the parties hereto as set forth in the Depositary Agreement), in 2000 Equivalent Dollars. The Damaged Owner shall be entitled to any insurance proceeds held by the Depositary by reason of any such damage, for application to the cost and expense of the repair and restoration of any such damage as herein provided. The Damaged Owner shall be responsible for any additional costs in excess of the insurance proceeds and shall be entitled to receive any excess insurance proceeds, subject to the rights, if any, of its Recognized Mortgagee. If the cost of such repairs exceeds $500,000, the Damaged Owner shall submit plans and specifications, a construction schedule, copies of permits and contracts, and payment and performance bonds (if required), and any other documents to its Recognized Mortgagee to the extent required by such Recognized Mortgagee.

If the Base Building is damaged by fire or other casualty and such damage is not limited to the Residential Tower or the Commercial Building as provided in the preceding paragraph, the Owners must, with due diligence and in as timely a manner as practicable under the circumstances, cause the damage to be repaired and the Base Building to be restored and the repair and restoration of the damage shall be the joint responsibility of the Owners. In such event, the Owners will jointly adjust the claim with the insurance company providing the insurance required under the Reciprocal Easement and Operating Agreement and obtain all required permits (copies of which shall be given to each Owner and Fee Owner and to the Recognized Mortgagees), subject, however, to the prior approval by any Recognized Mortgagee of the adjustment of any claim greater than $500,000, in 2000 Equivalent Dollars. The Reciprocal Easement and Operating Agreement sets forth certain standards and procedures for the selection of contractors and the performance and supervision of the restoration work.

If the repair and restoration work involves only the Residential Tower or the Commercial Building, the Damaged Owner shall be responsible for the costs thereof which exceed the amount of available insurance proceeds. If the cost and expense of performing any repair and restoration involving both Owners as described above, shall exceed the amount of available insurance proceeds, the excess cost and expense (or the entire amount of such cost and expense, if there are no insurance proceeds) shall be borne by the Owners in proportion to the Architect Allocation Ratio (as defined below). Notwithstanding the foregoing, (1) to the extent the additional costs result from changes requested by an Owner or the acts or omissions of an Owner, such Owner shall be solely responsible for payment of the additional costs, and (2) if an Owner fails to carry

any insurance required under the Reciprocal Easement and Operating Agreement, such Owner shall be responsible for the payment of any restoration costs that would have been paid from the proceeds of such insurance. The Owners shall share, subject to the terms of the immediately preceding sentence, any cost overruns resulting from Unavoidable Delays based on the Architect Allocation Ratio. The term "Architect Allocation Ratio" shall mean: the ratio determined by the Certifying Professional (as hereinafter defined) selected by the Owners and reasonably approved by the Recognized Mortgagee(s) of (A) the relative cost of the restoration to be performed with respect to the damage suffered by each Owner (including not only damage to an Owner's own portion of the Base Building, but damage to such Owner's Easements and Facilities, shared or owned, located in the other Owner's portion of the Building) to (B) initially, an estimate of the total cost of the restoration and, as and if the costs change during the course of the Restoration Work, the actual total costs. "Certifying Professional" is defined as an architect or a licensed professional engineer or, engineering or construction consulting firm that provides engineering and/or architectural services, which is experienced in the design and operation in the City of New York of structures similar to the Building and has provided services comparable to those sought under the Reciprocal Easement and Operating Agreement within not less than three (3) of the immediately preceding ten (10) Years. The Certifying Professional shall reasonably determine the Architect Allocation Ratio and shall notify the Owners and the Fee Owner of such ratio and the method by which the same was calculated, which notice shall include a complete schedule of costs and a reasonably detailed breakdown thereof by area and type of damage. Either Owner or the Fee Owner shall have the right for thirty (30) days from the date of receipt of the aforementioned notice from the Certifying Professional to dispute the Architect Allocation Ratio by giving notice to the others (including the Certifying Professional), which notice shall include, with reasonable detail, the basis for the dispute and the proposed alternate allocation ratio and the method by which the same is calculated. Each Owner shall share in paying the deductible in accordance with the Architect Allocation Ratio. Any dispute relating to the Architect Allocation Ratio shall be resolved by arbitration in accordance with the terms of the Reciprocal Easement and Operating Agreement.

Under the terms of the Reciprocal Easement and Operating Agreement, in the event of a casualty or condemnation, each Owner shall be obligated to repair and restore its portion of the Building regardless of whether or not any insurance proceeds are available, provided, however, that the Owners shall share the cost of repairing or restoring Structural Supports based on the Owner Building Area Ratio, to the extent that such cost is not satisfied out of available insurance proceeds. Each Owner must cooperate with the other Owner in connection with any repairs or restoration to the Building. If, however, one Owner defaults in the full, faithful and punctual performance of any obligation to so restore (including, without limitation, adjusting any loss, preparing plans and specifications, selecting contractors, negotiating and executing contracts, and performing construction and submitting requisitions to the Depositary), then the other Owner shall have, in addition, to all other remedies it may have hereunder or at law or in equity, upon the expiration of at least ten (10) days' prior notice of such default, the right, but not the obligation, if the Defaulting Owner has not commenced the good faith cure of such default within said ten (10) day period, (a) to make any decisions required in connection with the performance of such obligation on behalf of the Defaulting Owner, (b) to actually perform the

obligation on behalf of the Defaulting Owner, and (c) subject to the terms of the Reciprocal Easement and Operating Agreement, to use the Defaulting Owner's insurance proceeds in connection with the performance of any such obligation. If any Owner defaults as aforesaid, the other Owner is hereby irrevocably appointed attorney-in-fact of the Defaulting Owner (such power of attorney being coupled with an interest) to take any and all steps necessary on behalf of Defaulting Owner to perform the Defaulting Owner's obligations as provided herein.

Alterations

An Owner (the "Altering Owner") may, at any time, at the Altering Owner's sole cost and expense, make (1) additions, improvements, installations, demolitions, restorations or alterations to its portion of the Building and, to the extent any of the aforesaid adversely affects any of the other Owner's (the "Affected Owner") portion of the Building, or its Easement Facilities, Owned Facilities, or Easements (including the Structural Supports, the 46th Floor or Core Structural Columns), then to such extent, the same shall be a "Building Alteration" and (2) additions, improvements, installations, demolitions, or alterations (but excluding maintenance with respect to any of the foregoing) to its Easements, Easement Facilities, Owned Facilities, the Structural Supports, the 46th Floor and the Core Structural Columns, and, to the extent any of the aforesaid adversely affects the Affected Owner's portion of the Building (outside of or other than the Altering Owner's Easements, Easement Facilities, or Owned Facilities, including the Structural Supports, the 46th Floor and the Core Structural Columns) then, to such extent, the same shall be an "Easement Alteration" (and together with Building Alterations, collectively, "Alterations.") All Alterations must comply with the applicable provisions of the Reciprocal Easement and Operating Agreement and cannot adversely affect ingress and egress to the other Owner's portion of the Building. If an Altering Owner (i) makes additions, improvements, installations, demolitions, restorations or alterations to its Building which would not adversely affect the Affected Owner's Building, or its Easement Facilities, Owned Facilities or Easements in any way or (ii) makes additions, improvements, installations, demolitions, restorations or alterations to its Easements, Easement Facilities, or Owned Facilities, which does not adversely affect the other Owner's Building (other than the Altering Owner's Easements), then the same shall not be deemed "Alterations", and may be made without notice to or the consent of the other Owner.

Under the terms of the Reciprocal Easement and Operating Agreement, Alterations are divided into two categories and one sub-category: (1) "Notice Alterations" and (2) "Consent Alterations"; certain Consent Alterations shall be deemed "Major Alterations," all of which terms are defined as follows:

(1) Notice Alterations:

(x) any Building Alterations which:

(a) during their performance or upon their completion, either do not diminish or only minimally diminish the benefits afforded to the Affected Owner

by an Easement and do not interrupt or only minimally or incidentally interrupt or interfere with the Affected Owner's use or enjoyment of any Easement; and

(b) during their performance or upon their completion, do not degrade or diminish or only minimally degrade or diminish services to the Affected Owner under the Reciprocal Operating and Easement Agreement; and

(c) either do not increase costs or expenses or only minimally increase the costs or expenses which such Affected Owner would incur in maintaining its portion of the Property including its Facilities or for which such Affected Owner would be responsible; and

(d) if they affect the Core Structural Columns, Structural Supports or the 46th Floor only consist of drilling, coring, chopping, cutting or otherwise making any opening or hole into any Core Structural Column Structural Supports or the 46th Floor which does not affect the load-bearing capability of the Core Structural Column.

(y) any Easement Alteration which:

(a) during its performance or upon its completion, does not interrupt or only minimally or incidentally interrupts or interferes with the Affected Owner's use or enjoyment of its portion of the Property, and either does not increase costs or expenses or only minimally increases the costs or expenses which such Affected Owner would incur in maintaining its portion of the Property or for which such Affected Owner would be responsible; and

(b) if they affect the Core Structural Columns, Structural Supports or the 46th Floor only consist of drilling, coring, chopping, cutting or otherwise making any opening or hole into any Core Structural Column, Structural Supports or the 46th Floor which does not affect the load-bearing capability of the Core Structural Column Structural Supports or the 46th Floor.

(2) Consent Alterations - any Alterations which do not qualify as Notice Alterations.

(3) Major Alterations - any Consent Alterations which:

(a) affect any of the Structural Supports; or.

(c) affect the electrical, plumbing, HVAC, storm or sanitary sewer, fire safety, or sprinkler systems in the Building.

An Altering Owner must provide the Affected Owner with notice of the Alteration as

more particularly provided in the Reciprocal Easement and Operating Agreement and, in the event of a Building Alteration which affects the Core Structural Columns, Structural Supports or the 46th Floor, a certification from the Architect (or the architect selected by the Altering Owner for such design work if such architect had been approved by the other Owner, it being acknowledged that such approval shall not be unreasonably withheld) that such alteration only consists of drilling, coring, chopping, cutting or otherwise making any opening or hole into any Core Structural Columns, structural Supports or the 46th Floor, which does not affect the load-bearing capacity thereof. The notice required for a Consent Alteration must be accompanied by a certificate from an architect to be jointly selected by the Owners (the "Architect") certifying that the proposed Alteration will not adversely affect the structural integrity of the Building or the systems of the other Owner (or, if there is an adverse effect, then describing the scope thereof). The Altering Owner may not perform any Consent Alteration or Major Alteration without the other Owner's prior consent, which consent shall not be unreasonably withheld.

If an Owner proposes to make any Consent Alterations, then, at the time of requesting the Affected Owner's approval and before commencing or proceeding with such Alterations, the Altering Owner, shall deliver to the Affected Owner a copy of the plans and specifications showing the proposed Alterations to the extent the same are prepared, and if the same are not prepared, then such other descriptive materials as are reasonably necessary to detail the nature and scope of the Alteration, including a construction schedule. The Affected Owner cannot unreasonably withhold its approval, bearing in mind the scope and complexity of the proposed Alterations and the material submitted, and in any event must within fifteen (15) days after receipt of the request of the Altering Owner and receipt of the information hereinabove provided and within fifteen (15) days after receipt of such additional information as may have been reasonably requested by the Affected Owner within such fifteen (15) day period, approve or disapprove the request and, in the case of a disapproval, specify in reasonable detail the reasons therefor. If, however, the scope or nature of the Alteration is sufficiently complex or notwithstanding the fact that the Affected Owner receiving such plans or other materials has used good faith efforts to complete such review, then if the Affected Owner is unable to complete its analysis of the Alteration within the aforesaid fifteen (15) day period, such Affected Owner shall have the right, upon notice to the Altering Owner, to an additional fifteen (15) days to approve or disapprove the request. The aforesaid provisions shall apply to any resubmission of a request addressing the reasons for disapproval specified by the other Owner. If the Affected Owner consents to such Alterations or fails to respond within the aforesaid fifteen (15) day period (or thirty (30) day period if extended), the Altering Owner may proceed to make its Alterations substantially in accordance with said plans and specifications (or other description). The Altering Owner shall be obligated to reimburse the Affected Owner for the Affected Owner's actual, reasonable, out-of-pocket expenses incurred in connection with the review of the proposed Alterations by third party architects and/or engineers, not to exceed $5,000, in 2000 Equivalent Dollars.

Each Altering Owner, in making any Alteration or other alteration which does not otherwise qualify as an Alteration, shall (i) perform all work with due diligence and in a good and workmanlike manner and in accordance with good construction practices, (ii) comply with

all Laws, including, without limitation, the Building Code of New York City, (iii) promptly repair any damage to the Affected Owner's Property resulting from the performance of such Alterations, and (iv) comply with all other applicable provisions of the Reciprocal Easement and Operating Agreement. The Altering Owner, in making any Consent Alteration, shall cause the same to be performed by reputable contractors selected by the Altering Owner, and, if it is a Major Alteration, approved by the Affected Owner (which approval shall not be unreasonably withheld). Upon the request of the Affected Owner, the Altering Owner shall advise the Affected Owner of the identity of contractors retained to perform the Alteration. The Altering Owner, in making any Consent Alteration (a) that is a Major Alteration, or (b) for which the Altering Owner has retained an architect, shall promptly after completion of the Alterations, deliver to the Affected Owner a record set of specifications showing the Alterations "as built", together with a certification of the Architect that such Alterations substantially conform thereto and to the plans and specifications, if any, required to be submitted to the Affected Owner pursuant to the Reciprocal Easement and Operating Agreement or required to be prepared by Law. Neither Owner shall do or permit any act which would adversely affect the structural safety or integrity of any portion of the Building. Each Altering Owner shall, to the extent reasonably practicable, endeavor to make any and all Alterations in such a manner and at times so as to minimize interference with or inconvenience to the Affected Owner and its use of its portion of the Property (as well as its Subtenants, tenants, invitees and others) and so as to minimize any noise, vibrations, particulates and dust infiltration or other disturbance which would disturb an occupant or occupants of the Building, but such Altering Owner shall not be liable in any event for damages as a result of any such disturbance (as opposed to physical damage to property) normally incidental to construction. The foregoing restriction on damages shall not restrict an Affected Owner's right to seek and obtain injunctive relief from unreasonable disturbances, which shall not include normal construction activities in a mixed-use building. The Altering Owner shall promptly repair any damage to the Affected Owner's portion of the Property, Easements, Easement Facilities, or Owned Facilities caused by such entry and the Alterations and return same in broom-clean conditions.

Applications for building permits to make any repair or restoration shall be filed and processed by the Altering Owner without the joinder of the Affected Owner in such application, unless the City of New York or other government agency having jurisdiction thereof requires joinder of the other Owner. An Altering Owner shall, with respect to Consent Alterations, send copies of any building or other required permits to the Affected Owner at the Affected Owner's request prior to commencement of the portion of the Alteration requiring such permit. If joinder by the Affected Owner is so required, such Affected Owner shall cooperate in executing such application or other instruments as may be necessary to obtain the building permit; provided, however, the Altering Owner shall indemnify and hold harmless the Affected Owner from and against any and all loss, liability, claims, judgments, costs and expenses arising out of the Affected Owner's execution of the application, permit or other instrument. If an Affected Owner fails to execute an application or other similar instruments for an Alteration for which such Owner's consent has been obtained (or deemed obtained) or for which no such consent is required, the Altering Owner is hereby irrevocably appointed attorney-in-fact of the other Owner (such power of attorney being coupled with an interest) to execute said application or instruments

on behalf of such other Owner.

If an Owner is performing a Major Alteration and the estimated aggregate cost of such work (i.e., the work relating to the Major Alteration and not any other work, regardless of its complexity or cost, which is incidental to such Major Alteration) exceeds $500,000, in 2000 Equivalent Dollars, then the Altering Owner shall prior to the commencement of such work, provide assurance reasonably satisfactory to the Affected Owner that the performance of the Alteration will be completed and paid for. During the performance of any Alterations, such Alterations shall be subject to inspection upon reasonable notice by the Affected Owner at all reasonable times (subject to rights of subtenants or tenants).

The Commercial Property Owner shall have the exclusive right to make alterations to the facade of the Commercial Building along 55th Street and Broadway (the "Commercial Facade"), but excluding, however, the Residential Entry Facade and the balance of the street-level facade if the Commercial Building along 56th Street (the "56th Street-Level Facade"). The Commercial Property Owner shall give the Residential Property Owner prior notice of any proposed alterations to the windows or entrances on the Commercial Facade, but the consent of the Residential Property Owner shall not be required (if it is not otherwise a Consent Alteration) and the consent of the Residential Property Owner to any other alteration to the Commercial Facade shall not be required if it would not otherwise be a Consent Alteration. With respect to any alterations to the 56th Street-Level Facade, the Commercial Property Owner shall not relocate any entrances or add any additional entrances at the 56th Street Level Facade. For any other alterations to the Commercial Facade or the 56th Street Level Facade, the Commercial Property Owner shall deliver to the Residential Property Owner a certification by the Architect (or the architect selected by the Commercial Property Owner for such design work if such architect had been approved by Residential Property Owner, such approval not to be unreasonably withheld), that such alterations are not architecturally incompatible with the Residential Entry Facade and, in such event, no consent of the Residential Property Owner shall be required if it is not otherwise a Consent Alteration. If the aforesaid certification is not delivered, then the alteration shall be subject to the approval of the Residential Property Owner. The Commercial Property Owner shall have no right to make alterations to the Residential Entry Facade. The Residential Property Owner shall have the right to make alterations to the Residential Entry Facade and to the Residential Tower facades. The Residential Property Owner shall give the Commercial Property Owner prior notice of any proposed alterations to the windows or entrances on the Residential Entry Facade or the Residential Tower facade, and such alterations shall be subject to the consent, not to be unreasonably withheld, of the Commercial Property. For any other alterations to the Residential Entry Facade or the Residential Tower facade, the Residential Property Owner shall deliver to the Commercial Property Owner a certification by the Architect (or the architect selected by the Owner for such design work if such architect had been approved by Commercial Property Owner, such approval not to be unreasonably withheld), that such alterations are not architecturally incompatible with the design of the Building and in such event, no consent of the Commercial Property Owner shall be required if it is not otherwise a Consent Alteration. If the aforesaid certification is not delivered, then the alteration shall be subject to the approval of the Commercial Property Owner, which approval shall not be unreasonably withheld.

The Residential Property Owner shall have no right to make alterations to the Commercial Facade.

Subject to certain limitations set forth in the Reciprocal Easement and Operating Agreement, applications for variations with respect to the provisions of the New York City Zoning Resolution applicable to the Property which do not change the permitted uses under such Zoning Resolution or the Reciprocal Easement and Operating Agreement, may be filed and processed solely by the Owner of the portion of the Building directly affected by such application and shall not require the joinder of the other Owner (or the Fee Owner as to the Residential Premises).

Defaults and Remedies

If an Owner fails to perform any maintenance or to pay any third-party charges or to provide any services required by the terms and conditions of the Reciprocal Easement and Operating Agreement, and the defaulting Owner does not cure any monetary default within ten (10) days after notice from the other Owner or does not commence the curing of any non-monetary default within a period of twenty (20) days after notice thereof from the other Owner and does not thereafter proceed with reasonable diligence and continuity to cure such non-monetary default, the notifying Owner shall have the right to perform or pay the same (without limiting any of its other rights or remedies) (thereby becoming the Creditor Owner with the defaulting Owner becoming the Defaulting Owner) until such time as the defaulting Owner cures its failure to perform. With respect to any period in which a Creditor Owner is performing such services which the Defaulting Owner has failed to perform or making payments which the Defaulting Owner has failed to make, the Defaulting Owner shall make payments to the Creditor Owner performing the services or making the payments as follows: the Defaulting Owner shall pay the costs and charges incurred by the Creditor Owner in excess of those which would have been payable in any event by the Creditor Owner had the Defaulting Owner provided services or made payments as required by the Reciprocal Easement and Operating Agreement, plus (a) if the Creditor Owner supervised the performance of such service (i.e., more than merely making payment to a third party), a fee for the Creditor Owner's overhead and supervision equal to ten percent (10%) of the total costs incurred by the Creditor Owner; (b) the Creditor Owner's other reasonable out-of-pocket costs and expenses incurred in taking possession and providing the aforesaid services, without duplication, and (c) interest on all of the foregoing at the Default Rate from the date of the payment or performance of the service by the Creditor Owner until paid by the Defaulting Owner.

If an Owner fails to pay any amount when due under the Reciprocal Easement and Operating Agreement, and such failure continues for a period of ten (10) days after notice of such failure is given to the Owner (or such other period as is specifically provided in the Reciprocal Easement and Operating Agreement) then, to the extent that such amount is advanced or paid by, or owed as a reimbursement to, the other Owner or Fee Owner (the Creditor Owner) by such defaulting Owner (the Defaulting Owner), in addition to any other rights or remedies the Creditor Owner may have, the Creditor Owner shall have a lien against the portion of the Property owned

(which as to the Commercial Property shall be deemed to mean the fee and leasehold interests of the Commercial Property Owner) by the Defaulting Owner for the amounts owned under the terms of the Reciprocal Easement and Operating Agreement. If either Owner submits its respective Property to a condominium regime under New York law, then for so long as such Property remains subject to a condominium regime, the Creditor Owner shall also have a lien against (i) all rights and interests of the Debtor Owner in and to all income, common charges, assessments and other amounts payable to the Debtor Owner and all funds and other real and/or personal property held by the Debtor Owner and (ii) if the Debtor Owner is the Residential Property Owner, the respective percentage interests of the individual condominium unit owners in the common elements of the residential condominium (which percentage interests shall equal one hundred (100) in the aggregate), it being understood and agreed to between the parties hereto that (x) any and all such funds received, to be received and the right to receive, shall constitute trust funds held by Debtor Owner for the purpose of payment of any such debt owed to Creditor Owner and the same shall be expended for such purpose before expending any part of the same for any other purpose; (y) and at the Creditor Owner's direction, the Debtor Owner shall increase common charges to the extent necessary to pay any amount when due under the agreement under which the debt was incurred and (z) any condominium documents shall provide that, in the event of a default (1) the Creditor Owner shall have the right of the Board of Managers to file liens in its name against units for unpaid common charges pursuant to Section 339-z and Section 339 aa of Article 9B of the Real Property Law of the State of New York the Condominium Act and the right to foreclose such liens pursuant to Section 339-AA of the Condominium Act, and (2) if the Residential Property is subjected to a condominium regime, the Condominium Board shall be the attorney-in-fact for the individual condominium Unit Owners and authorized to act on their behalf and the Residential Property Owner and shall cause such appointment to be contained in the condominium documents. Such liens may be enforced by a proceeding in equity to foreclose such lien in like manner as a mortgage of real property in the State of New York or by any other remedy available by statute or at law or in equity.

Indemnity and Limitation of Liability

The Reciprocal Easement and Operating Agreement provides that each Owner (an "Indemnifying Owner") shall indemnify, defend and hold harmless the other Owner and such other Owner's partners, beneficiaries, stockholders, directors, officers, agents, employees and attorneys and the respective successors and assigns of all such partners and parties, any Recognized Mortgagees and, with respect to the Residential Property Owner, the Fee Owner, and its partners, beneficiaries, stockholders, directors, officers, agents, employees and attorneys and the respective successors and assigns of all such partners and parties (the "Indemnitee") for losses, liabilities, damages (excluding consequential damages), judgments, reasonable costs and expenses including, without limitation, reasonable legal fees incurred by Indemnitee arising out of any claim, including any actions or proceedings against an Indemnitee by or on behalf of any Person other than any Indemnitee or its Affiliate (except to the extent that such losses, liabilities, damages (excluding consequential damages), judgments, reasonable costs and expenses including, without limitation, reasonable legal fees result from any act or failure to act of Indemnitee), arising out of (i) the Indemnifying Owner's or its Permittees' use, possession,

maintenance, or operation of the Indemnifying Owner's portion of the Property or the Indemnifying Owner's Owned Facilities, or activities therein (except as otherwise expressly provided herein); (ii) the Indemnifying Owner's use, exercise or enjoyment of an Easement or Facility (shared or otherwise (except as otherwise expressly provided herein)), irrespective of whether or not Operational Control of such Easement or Facility has been granted to such Owner or (iii) the Indemnifying Owner's failure to perform its maintenance or other obligations under the Reciprocal Easement and Operating Agreement. In no event shall the Indemnifying Owner have any indemnification obligation to the Indemnitee (x) to the extent occasioned by the negligent or wrongful acts or omissions of any Indemnitee or its Permittees, or (y) for any casualty loss to property to the extent of any insurance proceeds actually paid under any insurance policy carried by the Indemnitee pursuant to the Reciprocal Easement and Operating Agreement or (z) for consequential damages. Furthermore, in no event shall the indemnification obligations of the Indemnifying Owner under the Reciprocal Easement and Operating Agreement include or be deemed to extend to the Permittees of the Indemnitee other than an Indemnitee.

The Reciprocal Easement and Operating Agreement provides that no liability of an Owner or Fee Owner under this Agreement shall be enforced by any action or proceeding wherein damages or any money judgment or any deficiency judgment establishing any personal obligation or liability shall be sought, collected or otherwise obtained against either Owner, or any past, present or future partner, member, officer, director or shareholder of either Owner, but shall rather be limited to and enforceable solely against, and each Owner agrees to look solely to, the assets of such other Owner constituting an interest in the Property or Owned Facilities (including rental insurance, condemnation and sales proceeds attributable to the Property and Owned Facilities, and, in the event such other Owner's portion of the Property is subjected to a condominium regime, (i) common charges, assessments and any other payments to such other Owner pursuant to the Declaration and By-Laws), and (ii) with respect to the Residential Property, the individual condominium Unit Owners' respective percentage interests in the Common Elements of the residential condominium (which percentage interests shall equal one hundred (100) in the aggregate), and no other assets of such Owner or individual condominium Unit Owner, as the case may be.

Miscellaneous

Disputes under the Reciprocal Easement and Operating Agreement as to the parties obligations thereunder are generally to be resolved by Arbitration.

The foregoing does not purport to summarize the entire Reciprocal Easement and Operating Agreement, a copy of which is set forth in its entirety in Part II of the Plan, but only to call attention to some of its more important provisions which may directly affect Residential Unit Owners. Purchasers and their counsel are urged to carefully review the Reciprocal Easement and Operating Agreement as it is a lengthy and complex document worthy of careful examination.

LOCATION AND AREA INFORMATION

Location and Services

The Condominium is located in midtown Manhattan in the City of New York which is anchored by New York City landmarks that include Central Park, Carnegie Hall, Fifth Avenue and Columbus Circle.

New York City is the most populous city in the United States, as well as one of the principal urban centers of the world. Manhattan is the economic and recreational hub of New York City, containing numerous businesses, transportation facilities, cultural activities, park areas, educational facilities, medical centers and restaurants.

New York City is the nation's principal financial center. It is the home of the New York Stock Exchange, the American Stock Exchange and the National Over-the-Counter Stock Market. Manhattan is the corporate headquarters for a number of the largest banks. Many of the country's "Fortune 500" industrial corporations have their headquarters in Manhattan as do major law and accounting firms. Manhattan is also recognized as the national center of the advertising, communications, broadcasting, publishing and garment industries. In the last several years, there has been substantial growth in the number of foreign banks and corporations that have offices in Manhattan.

The Condominium is served by a variety of transportation facilities. Taxi and limousine service is readily available throughout the city. Municipal bus service for the Condominium area is conveniently available on all adjacent Avenues and West 57th Street. Entrances to subway service in the vicinity of the Condominium are located at Columbus Circle for the A, C, D, B, 1, 2, 3 and 9 lines. The N and R lines are on Seventh Avenue and 55th Streets, providing easy access to the 4, 5, and 6 trains. By automobile, the West Side Highway is connected to Interstate 95 and the Henry Hudson Parkway, both of which are major regional arteries. New York City is serviced by three major airports located within fifteen miles of the Condominium. Kennedy International and LaGuardia Airports are located in New York City and Newark International is located in Newark, New Jersey.

Numerous museums are located within easy access to the Condominium. Among them are the world famous Museum of Modern Art, the Museum of Natural History, the Metropolitan Museum of Art, the Museum of American Folk Art, the Guggenheim Museum, the Whitney Museum of American Art, and the New York Historical Society.

Cultural facilities within a short distance of the Condominium add to the vitality and excitement of the neighborhood. Carnegie Hall, City Center and the Broadway theater district are within blocks from the Condominium. Lincoln Center for the Performing Arts, to the north, is a major entertainment facility featuring year-round music, drama, dance and libraries. Lincoln Center

is home to the Metropolitan Opera Company, the New York City Opera, several ballet companies, the New York Philharmonic and the Vivian Beaumont Theater.

The Condominium has immediate access to the major recreational park in New York City: Central Park. The Condominium is just three blocks from Central Park. Central Park, located in the center of Manhattan, is an 840-acre tract of land which combines beautifully landscaped areas with a large variety of recreational facilities, such as tennis courts, running paths, bicycle routes, an ice skating rink, theatrical performances, musical concerts, and a zoo. In addition, nearby Riverside Park stretches from 72nd Street to 116th Street and offers outstanding views of the Hudson River, as well as recreational activities such as tennis courts, a boat basin located at 79th Street, baseball and soccer fields.

Public schools servicing the Condominium include PS/IS 111 (Pre-Kindergarten through Eighth Grade), located at 440 West 53rd Street and Brandies High School at 84th Street, with an option to attend Bayard Rustin for the Humanities (17th Street between Eighth & Ninth Avenues). Excellent private schools are located on Manhattan's West Side for grade and high school levels, including Ethical Culture, Trinity, Calhoun, Collegiate, Columbia Grammar and Preparatory School, St. Bernard's, Rodeph Sholom, Montessori Abraham Heschel, and Manhattan Day School. The Juilliard School is located at Lincoln Center, as is Fordham University, which offers both undergraduate and graduate education. Columbia University and New York University are among the more outstanding undergraduate and graduate facilities in this country, and are easily accessible by the nearby subway center at Columbus Circle.

The Condominium is also within easy access to a number of medical facilities in the New York area, including St. Luke's/Roosevelt Hospital (located at Columbus Avenue and 59th Street) St. Luke's Hospital (located at West 114th Street and Amsterdam), Mount Sinai Medical Center (located at 100th Street and Fifth Avenue), Lenox Hill Hospital (located at East 77th Street and Park Avenue), the New York Hospital-Cornell Medical Center (located at 68th Street and York Avenue). One of the largest hospitals in the New York Metropolitan area, the Columbia Presbyterian Hospital, is within a short drive on the West Side Highway.

Police, fire, water, sanitation and snow removal are provided by the City of New York. The Fire Department servicing the Condominium is Engine 54, Ladder 4, located on 48th Street and Eighth Avenue and the closest Police Station is Midtown North located at 54th Street and Eighth Avenue.

Zoning and Use

The Property is located in a C6-4, C6-6 Special Midtown District, Special Theater Sub-district. This zoning permits Residential/Commercial uses as per 2, 6A, 6B, 6C and 10 use groups.

SCHEDULE A - PURCHASE PRICES AND RELATED INFORMATION

SCHEDULE A
THE PARK IMPERIAL
230 WEST 56TH STREET

Schedule of Purchase Prices and Related Information

Projected First Year of Condominium Operation, Beginning September 1, 2002

Unit		# of Bedrooms (1)	# of Baths (1)	Size (1)*	Square Footage (1)	Offering Price (2)	Total Share of Super Unit Purchase Price (2)	Percentage of Common Interest (3)	Estimated Monthly Common Charges (4)	Estimated Monthly Real Estate Taxes without 421-A Benefits (5)	Estimated Monthly Real Estate Taxes with 421-A Benefits (5)	Estimated Total Monthly Charges without 421-A Benefits	Estimated Total Monthly Charges with 421-A Benefits
48	A	3	3.0	3/3T	1,623	$2,350,000	$6,416	0.917%	$1,334	$1,528	$184	$2,861	$1,518
48	B	2	2.0	2/2	1,319	$1,075,000	$5,214	0.745%	$1,084	$1,241	$150	$2,325	$1,234
48	C	2	2.0	2/2T	1,412	$1,525,000	$5,582	0.797%	$1,160	$1,329	$160	$2,489	$1,321
48	D	1	1.5	1/1.5 T	812	$850,000	$3,210	0.459%	$667	$764	$92	$1,431	$759
48	E	2	2.0	2/2 T	1,172	$1,250,000	$4,633	0.662%	$963	$1,103	$133	$2,066	$1,096
48	F	2	2.5	2/2.5 T	1,477	$1,600,000	$5,839	0.834%	$1,214	$1,390	$168	$2,604	$1,381
49	A	3	3.0	3/3	1,623	$1,795,000	$6,119	0.874%	$1,272	$1,457	$176	$2,729	$1,448
49	B	2	2.0	2/2	1,319	$1,085,000	$4,973	0.710%	$1,034	$1,184	$143	$2,218	$1,176
49	C	2	2.0	2/2	1,412	$1,275,000	$5,323	0.760%	$1,106	$1,267	$153	$2,374	$1,259
49	D	1	1.5	1/1.5	812	$650,000	$3,061	0.437%	$636	$729	$88	$1,365	$724
49	E	2	2.0	2/2	1,172	$900,000	$4,418	0.631%	$918	$1,052	$127	$1,970	$1,045
49	F	2	2.5	2/2.5	1,477	$1,175,000	$5,568	0.795%	$1,157	$1,326	$160	$2,483	$1,317
50	A	3	3.0	3/3	1,623	$1,820,000	$6,126	0.875%	$1,273	$1,459	$176	$2,732	$1,449
50	B	2	2.0	2/2	1,319	$1,095,000	$4,979	0.711%	$1,035	$1,185	$143	$2,220	$1,178
50	C	2	2.0	2/2	1,412	$1,285,000	$5,330	0.761%	$1,108	$1,269	$153	$2,377	$1,261
50	D	1	1.5	1/1.5	812	$660,000	$3,065	0.438%	$637	$730	$88	$1,367	$725
50	E	2	2.0	2/2	1,172	$910,000	$4,424	0.632%	$920	$1,053	$127	$1,973	$1,047
50	F	2	2.5	2/2.5	1,477	$1,185,000	$5,575	0.796%	$1,159	$1,327	$160	$2,486	$1,319
51	A	3	3.0	3/3	1,623	$1,845,000	$6,133	0.876%	$1,275	$1,460	$176	$2,735	$1,451
51	B	2	2.0	2/2	1,319	$1,105,000	$4,984	0.712%	$1,036	$1,187	$143	$2,223	$1,179
51	C	2	2.0	2/2	1,412	$1,295,000	$5,336	0.762%	$1,109	$1,270	$153	$2,380	$1,262
51	D	1	1.5	1/1.5	812	$670,000	$3,069	0.438%	$638	$731	$88	$1,368	$726
51	E	2	2.0	2/2	1,172	$920,000	$4,429	0.633%	$921	$1,055	$127	$1,975	$1,048
51	F	2	2.5	2/2.5	1,477	$1,195,000	$5,582	0.797%	$1,160	$1,329	$160	$2,489	$1,320
52	A	3	3.0	3/3	1,623	$1,870,000	$6,141	0.877%	$1,276	$1,462	$176	$2,738	$1,453
52	B	2	2.0	2/2	1,319	$1,115,000	$4,990	0.713%	$1,037	$1,188	$143	$2,226	$1,181
52	C	2	2.0	2/2	1,412	$1,305,000	$5,342	0.763%	$1,110	$1,272	$153	$2,382	$1,264
52	D	1	1.5	1/1.5	812	$680,000	$3,072	0.439%	$639	$731	$88	$1,370	$727
52	E	2	2.0	2/2	1,172	$930,000	$4,434	0.633%	$922	$1,056	$127	$1,977	$1,049
52	F	2	2.5	2/2.5	1,477	$1,205,000	$5,588	0.798%	$1,162	$1,331	$160	$2,492	$1,322
53	A	3	3.0	3/3	1,623	$1,895,000	$6,148	0.878%	$1,278	$1,464	$177	$2,742	$1,454
53	B	2	2.0	2/2	1,319	$1,125,000	$4,996	0.714%	$1,039	$1,190	$143	$2,228	$1,182
53	C	2	2.0	2/2	1,412	$1,315,000	$5,349	0.764%	$1,112	$1,273	$154	$2,385	$1,265
53	D	1	1.5	1/1.5	812	$690,000	$3,076	0.439%	$639	$732	$88	$1,372	$728
53	E	2	2.0	2/2	1,172	$940,000	$4,440	0.634%	$923	$1,057	$127	$1,980	$1,050

SCHEDULE A
THE PARK IMPERIAL
230 WEST 56TH STREET

Schedule of Purchase Prices and Related Information

Projected First Year of Condominium Operation, Beginning September 1, 2002

Unit		# of Bedrooms (1)	# of Baths (1)	Size (1)*	Square Footage (1)	Offering Price (2)	Total Share of Super Unit Purchase Price (2)	Percentage of Common Interest (3)	Estimated Monthly Common Charges (4)	Estimated Monthly Real Estate Taxes without 421-A Benefits (5)	Estimated Monthly Real Estate Taxes with 421-A Benefits (5)	Estimated Total Monthly Charges without 421-A Benefits	Estimated Total Monthly Charges with 421-A Benefits
53	F	2	2.5	2/2.5	1,477	$1,265,000	$5,595	0.799%	$1,163	$1,332	$161	$2,495	$1,324
54	A	3	3.0	3/3	1,623	$1,920,000	$6,155	0.879%	$1,279	$1,466	$177	$2,745	$1,456
54	B	2	2.0	2/2	1,319	$1,135,000	$5,002	0.715%	$1,040	$1,191	$144	$2,231	$1,183
54	C	2	2.0	2/2	1,412	$1,325,000	$5,355	0.765%	$1,113	$1,275	$154	$2,388	$1,267
54	D	1	1.5	1/1.5	812	$700,000	$3,080	0.440%	$640	$733	$88	$1,373	$729
54	E	2	2.0	2/2	1,172	$950,000	$4,445	0.635%	$924	$1,058	$128	$1,982	$1,052
54	F	2	2.5	2/2.5	1,477	$1,275,000	$5,602	0.800%	$1,164	$1,334	$161	$2,498	$1,325
55	A	3	3.0	3/3	1,623	$1,945,000	$6,163	0.880%	$1,281	$1,467	$177	$2,748	$1,458
55	B	2	2.0	2/2	1,319	$1,145,000	$5,008	0.715%	$1,041	$1,192	$144	$2,233	$1,185
55	C	2	2.0	2/2	1,412	$1,335,000	$5,361	0.766%	$1,114	$1,277	$154	$2,391	$1,268
55	D	1	1.5	1/1.5	812	$710,000	$3,083	0.440%	$641	$734	$89	$1,375	$729
55	E	2	2.0	2/2	1,172	$960,000	$4,450	0.636%	$925	$1,060	$128	$1,985	$1,053
55	F	2	2.5	2/2.5	1,477	$1,285,000	$5,608	0.801%	$1,166	$1,335	$161	$2,501	$1,327
56	A	3	3.0	3/3	1,623	$1,970,000	$6,170	0.881%	$1,282	$1,469	$177	$2,751	$1,460
56	B	2	2.0	2/2	1,319	$1,155,000	$5,014	0.716%	$1,042	$1,194	$144	$2,236	$1,186
56	C	2	2.0	2/2	1,412	$1,345,000	$5,368	0.767%	$1,116	$1,278	$154	$2,394	$1,270
56	D	1	1.5	1/1.5	812	$720,000	$3,087	0.441%	$642	$735	$89	$1,377	$730
56	E	2	2.0	2/2	1,172	$970,000	$4,455	0.636%	$926	$1,061	$128	$1,987	$1,054
56	F	2	2.5	2/2.5	1,477	$1,295,000	$5,615	0.802%	$1,167	$1,337	$161	$2,504	$1,328
57	A	3	4.5	3/4.5	2,977	$3,750,000	$11,331	1.619%	$2,355	$2,698	$325	$5,053	$2,681
57	B	2	2.0	2/2	1,412	$1,355,000	$5,374	0.768%	$1,117	$1,280	$154	$2,397	$1,271
57	C	3	3.0	3/3	2,002	$1,650,000	$7,620	1.089%	$1,584	$1,814	$219	$3,398	$1,803
57	D	2	2.5	2/2.5	1,477	$1,475,000	$5,622	0.803%	$1,168	$1,338	$161	$2,507	$1,330
58	A	3	4.5	3/4.5	2,977	$3,800,000	$11,344	1.621%	$2,358	$2,701	$326	$5,059	$2,684
58	B	2	2.0	2/2	1,412	$1,365,000	$5,381	0.769%	$1,118	$1,281	$155	$2,399	$1,273
58	C	3	3.0	3/3	2,002	$1,670,000	$7,629	1.090%	$1,586	$1,816	$219	$3,402	$1,805
58	D	2	2.5	2/2.5	1,477	$1,485,000	$5,628	0.804%	$1,170	$1,340	$162	$2,510	$1,332
59	A	3	4.5	3/4.5	2,977	$3,850,000	$11,484	1.641%	$2,387	$2,734	$330	$5,122	$2,717
59	B	2	2.0	2/2	1,412	$1,375,000	$5,447	0.778%	$1,132	$1,297	$156	$2,429	$1,289
59	C	3	3.0	3/3	2,002	$1,690,000	$7,723	1.103%	$1,605	$1,839	$222	$3,444	$1,827
59	D	2	2.5	2/2.5	1,477	$1,495,000	$5,698	0.814%	$1,184	$1,357	$164	$2,541	$1,348
60	A	3	4.5	3/4.5	2,977	$3,900,000	$11,485	1.641%	$2,387	$2,735	$330	$5,122	$2,717
60	B	2	2.0	2/2	1,412	$1,385,000	$5,447	0.778%	$1,132	$1,297	$156	$2,429	$1,289
60	C	3	3.0	3/3	2,002	$1,710,000	$7,723	1.103%	$1,605	$1,839	$222	$3,444	$1,827
60	D	2	2.5	2/2.5	1,477	$1,505,000	$5,698	0.814%	$1,184	$1,357	$164	$2,541	$1,348

SCHEDULE A
THE PARK IMPERIAL
230 WEST 56TH STREET

Schedule of Purchase Prices and Related Information

Projected First Year of Condominium Operation, Beginning September 1, 2002

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61	A	3	4.5	3/4.5	2,977	$3,950,000	$11,498	1.643%	$2,390	$2,738	$330	$5,128	$2,720
61	B	2	2.0	2/2	1,412	$1,395,000	$5,454	0.779%	$1,134	$1,299	$157	$2,432	$1,290
61	C	3	3.0	3/3	2,002	$1,730,000	$7,733	1.105%	$1,607	$1,841	$222	$3,448	$1,829
61	D	2	2.5	2/2.5	1,477	$1,515,000	$5,705	0.815%	$1,186	$1,358	$164	$2,544	$1,350
62	A	3	4.5	3/4.5	2,977	$4,000,000	$11,512	1.645%	$2,393	$2,741	$331	$5,134	$2,723
62	B	2	2.0	2/2	1,412	$1,405,000	$5,460	0.780%	$1,135	$1,300	$157	$2,435	$1,292
62	C	3	3.0	3/3	2,002	$1,750,000	$7,742	1.106%	$1,609	$1,843	$222	$3,452	$1,831
62	D	2	2.5	2/2.5	1,477	$1,525,000	$5,711	0.816%	$1,187	$1,360	$164	$2,547	$1,351
63	A	3	3.5	3/3.5	2,292	$2,750,000	$8,873	1.268%	$1,844	$2,113	$255	$3,957	$2,099
63	B	3	3.0	3/3	1,856	$1,700,000	$7,185	1.026%	$1,494	$1,711	$206	$3,204	$1,700
63	C	2	2.5	2/2.5	1,551	$1,150,000	$6,005	0.858%	$1,248	$1,430	$172	$2,678	$1,421
63	D	3	3.5	3/3.5	2,169	$2,425,000	$8,397	1.200%	$1,745	$1,999	$241	$3,745	$1,987
64	A	3	3.5	3/3.5	2,292	$2,800,000	$8,884	1.269%	$1,847	$2,115	$255	$3,962	$2,102
64	B	3	3.0	3/3	1,856	$1,725,000	$7,194	1.028%	$1,495	$1,713	$207	$3,208	$1,702
64	C	2	2.5	2/2.5	1,551	$1,170,000	$6,012	0.859%	$1,250	$1,431	$173	$2,681	$1,422
64	D	3	3.5	3/3.5	2,169	$2,475,000	$8,407	1.201%	$1,747	$2,002	$241	$3,749	$1,989
65	A	3	3.5	3/3.5	2,292	$2,850,000	$8,894	1.271%	$1,849	$2,118	$255	$3,966	$2,104
65	B	3	3.0	3/3	1,856	$1,750,000	$7,202	1.029%	$1,497	$1,715	$207	$3,212	$1,704
65	C	2	2.5	2/2.5	1,551	$1,190,000	$6,019	0.860%	$1,251	$1,433	$173	$2,684	$1,424
65	D	3	3.5	3/3.5	2,169	$2,525,000	$8,417	1.202%	$1,749	$2,004	$242	$3,753	$1,991
66	A	3	3.5	3/3.5	2,292	$2,900,000	$8,904	1.272%	$1,851	$2,120	$256	$3,971	$2,107
66	B	3	3.0	3/3	1,856	$1,775,000	$7,210	1.030%	$1,499	$1,717	$207	$3,216	$1,706
66	C	2	2.5	2/2.5	1,551	$1,210,000	$6,026	0.861%	$1,252	$1,435	$173	$2,687	$1,426
66	D	3	3.5	3/3.5	2,169	$2,575,000	$8,426	1.204%	$1,752	$2,006	$242	$3,758	$1,994
67	A	3	3.5	3/3.5	2,292	$2,950,000	$8,915	1.274%	$1,853	$2,123	$256	$3,976	$2,109
67	B	3	3.0	3/3	1,856	$1,800,000	$7,219	1.031%	$1,501	$1,719	$207	$3,219	$1,708
67	C	2	2.5	2/2.5	1,551	$1,230,000	$6,033	0.862%	$1,254	$1,436	$173	$2,690	$1,427
67	D	3	3.5	3/3.5	2,169	$2,625,000	$8,436	1.205%	$1,754	$2,009	$242	$3,762	$1,996
68	A	3	3.5	3/3.5	2,292	$3,000,000	$8,925	1.275%	$1,855	$2,125	$256	$3,980	$2,111
68	B	3	3.0	3/3	1,856	$1,825,000	$7,227	1.032%	$1,502	$1,721	$208	$3,223	$1,710
68	C	2	2.5	2/2.5	1,551	$1,250,000	$6,040	0.863%	$1,255	$1,438	$173	$2,693	$1,429
68	D	3	3.5	3/3.5	2,169	$2,675,000	$8,446	1.207%	$1,756	$2,011	$243	$3,767	$1,998
69	A	3	3.5	3/3.5	2,292	$3,050,000	$8,935	1.276%	$1,857	$2,127	$257	$3,985	$2,114
69	B	3	3.0	3/3	1,856	$1,850,000	$7,236	1.034%	$1,504	$1,723	$208	$3,227	$1,712
69	C	2	2.5	2/2.5	1,551	$1,270,000	$6,047	0.864%	$1,257	$1,440	$174	$2,696	$1,430

SCHEDULE A
THE PARK IMPERIAL
230 WEST 56TH STREET

Schedule of Purchase Prices and Related Information

Projected First Year of Condominium Operation; Beginning September 1, 2002

Unit	# of Bedrooms (1)	# of Baths (1)	Size (1)*	Square Footage (1)	Offering Price (2)	Total Share of Super Unit Purchase Price (2)	Percentage of Common Interest (3)	Estimated Monthly Common Charges (4)	Estimated Monthly Real Estate Taxes without 421-A Benefits (5)	Estimated Monthly Real Estate Taxes with 421-A Benefits (5)	Estimated Total Monthly Charges without 421-A Benefits	Estimated Total Monthly Charges with 421-A Benefits
69 D	3	3.5	3/3.5	2,169	$2,725,000	$8,456	1.208%	$1,758	$2,013	$243	$3,771	$2,000
PH A	3	3.5	3/3.5	2,292	$3,150,000	$9,549	1.364%	$1,985	$2,274	$274	$4,259	$2,259
PH B	3	3.0	3/3	1,856	$1,975,000	$7,733	1.105%	$1,607	$1,841	$222	$3,448	$1,829
PH C	2	2.5	2/2.5	1,551	$1,475,000	$6,462	0.923%	$1,343	$1,539	$186	$2,882	$1,529
PH D	3	3.5	3/3.5	2,169	$3,000,000	$9,037	1.291%	$1,878	$2,152	$260	$4,030	$2,138
PH IA	1	1.0	0/IT,M	1,014	$500,000	$4,225	0.604%	$878	$1,006	$121	$1,884	$999
Total Residential		111		181,501	$186,040,000	$700,000	100.000%	$145,502	$166,667	$20,102	312,169	165,604

*T=Terrace. M=Mezzanine floor.

Notes to Schedule A

1 Residential Unit Plans depicting layouts of Residential Units in this Schedule A appear in Part II of the Plan. Purchasers should note that the square footage of each Residential Unit as reflected in Schedule A and the Floor Plans set forth in Part II of the Plan is approximate and may change due to field conditions and construction variances and tolerances. The square foot area of the Units set forth on the floor plans and on Schedule A were obtained by using the method customarily used in New York City to measure rental and cooperative apartments. No such variation will affect a Purchaser's obligations under an Agreement or the Plan unless the net square footage area of the Unit is diminished by more than 5%. Sponsor's sole obligation if the net square foot area is diminished by more than 5% shall be to refund to Purchaser the Deposit made under the Agreement and any interest earned thereon. Each Unit will be measured horizontally from the exterior side of the curtain wall glass to the centerlines of the dry-wall partitions separating one Unit from another Unit, public corridors or mechanical spaces or to the face of the concrete shear walls of the elevators/stairs cores which are adjoining the Unit. Each Unit will be measured vertically from the top of the unfinished floor to the underside of the unfinished ceiling.

As is customary in New York, these square foot areas exceed the usable floor area of each Unit. The clearance between the top of the floor slab and the bottom of the finish ceiling in the Units will generally be about 10 feet with variations in habitable rooms and 8'6" with miscellaneous drops for sprinklers and other equipment in the kitchens and bathrooms. Certain areas may have a lesser clearance as the result of the thickness of the floor, the presence of beams and mechanical spaces in such Units and construction variances and tolerances. Please refer to the Description of Property in Part II of the Plan for further details. Purchasers are further advised that Sponsor has reserved the right to negotiate with individual purchasers to perform special work which may require a modification in floor plans for certain Residential Units and accordingly the layout of the Units and Common Elements may vary. The room count for each Unit was determined by Sponsor's architect in accordance with industry practice for new construction condominiums and does not necessarily conform to the zoning room count or the method utilized by the Real Estate Board of New York.

2 No change will be made in the purchase prices other than pursuant to a duly filed amendment to the Plan filed in advance of any such change, except that Sponsor reserves the right to decrease purchase prices or modify other terms of sale without filing an amendment to the Plan at any time during the offering period if such a decrease in the purchase price or modification of such other terms of sale does not constitute a general offering or an advertised price but is rather the result of an individually negotiated transaction. In addition to the purchase price, Purchaser will be responsible at Closing for certain closing costs as explained in the Section entitled "Closing Costs and Adjustments" in Part I of the Plan including, without limitation, the obligation to contribute one month's

Common Charges to the working capital fund of the Condominium and the Unit Owner's allocable share of the Resident Manager's Apartment. Purchasers are advised to consult with their attorneys as to the exact closing costs they will incur in purchasing their Units.

3 The respective Common Interest of each Unit in the Common Elements, in accordance with the provisions of Section 339-i(1)(iv) of the New York Condominium Act, is based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use and the overall dimensions of the particular Unit. In the event that Sponsor negotiates with individual purchasers to change the layout or dimensions of their respective Residential Units and such changes involves the inclusion, in the Residential Unit, of areas formerly designated as Common Elements, or involves adding to the Common Elements, space that was previously incorporated in the Residential Units, the Common Interest of all of the Residential Units may change slightly. Any such change in the Common Interest allocated to a Residential Unit prior to the recording of the Declaration shall not be deemed a material change and shall not give rise to a right of rescission on the part of any purchaser.

4 The estimates contained in this schedule were prepared on the assumption that the first year of Condominium operation will be the year from September 1, 2002 through August 21, 2003, and are based on an estimate of the receipts and expenses of the Condominium for the projected year. The actual first year of Condominium operation may be earlier or later than such year. If the actual or anticipated date of commencement of condominium operation is delayed by more than six (6) months from the commencement of the projected first year of condominium operation, Sponsor will amend the Plan to include a revised budget disclosing current projections. If such amended projections exceed original projections by twenty-five (25%) percent or more, Sponsor will offer all purchasers the right to rescind for a period of fifteen (15) days after the date of the presentation of the amendment setting forth the right to rescind.

The estimated monthly Common Charges for each Residential Unit are based on the Schedule B - Projected Budget for First Year of Condominium Operation. The estimated monthly Common Charges include the cost of central heating for the Units. Each individual Residential Unit is provided with an incremental HVAC unit. The maintenance and operating cost of the HVAC units are borne by the individual Residential Unit Owners. Please refer to Schedule B-1 "Energy Costs Projection" from Cosentini Associates, consulting engineer, for further information regarding estimated energy costs. In addition to these estimated payments, each Residential Unit Owner will be responsible for real estate taxes for such Residential Unit, mortgage payments under a loan or loans, if any, obtained to finance the purchase of the Residential Unit, the cost of electricity supplied to the Residential Unit which will be separately submetered and payable directly to the Condominium Board (including a service fee of approximately five percent (5%) of the charge for electricity) which will be responsible for making payments to the utility provider, the insurance which must be carried by each Residential Unit Owner with respect to liability

and casualty to the contents of the Unit and the cost of interior repairs and decorations to the Residential Unit. Until the Units are separately assessed, real estate taxes shall be part of Common Expenses, as provided in the Condominium By-Laws. In addition, capital repairs, additions, improvements, alterations and restorations to Residential Tower are Common Expenses which will be borne solely by the Residential Unit Owners.

5 Assuming the Property does not receive any abatement from real estate taxes, it is estimated that the aggregate real estate taxes attributable to all Residential Unit Owners for the first year of Condominium operation will total approximately $2,000,000, based on an opinion prepared by Law Offices of Robert M. Pollack dated August 7, 2000, which assumes (a) an assessed valuation attributable to the residential portion of the Property of $17,325,000 for the tax year 2002/2003, (b) an assessed valuation upon completion attributable to the residential portion of the Property of $23,100,000 for the tax year 2003/2004, (c) a projected tax rate of $10.851 per $100 of assessed valuation. SPONSOR MAKES NO REPRESENTATION THAT THE ASSESSED VALUE OF THE PROPERTY, THE ESTIMATED ALLOCATIONS OR THE TAX RATE WILL NOT BE CHANGED.

Purchasers should note that the real estate taxes for the first year of Condominium operation (assuming no 421-a benefits) are less than taxes would be for the second year of Condominium operation without 421-a benefits since the first year's tax estimate includes ten (10) months of assessed valuation of the Property prior to the completion of the Residential Tower which is estimated to be only 75% of the total estimated assessment upon completion. Assuming the Property does not receive any abatement from real estate taxes, the taxes during the second year of operation could be approximately 25% higher than the taxes during the first year of operation.

Sponsor intends to apply for partial exemption from real estate taxes with respect to the Residential Tower pursuant to Section 421-a of the New York State Real Property Tax Law. Under the Section 421-a program, the real estate tax estimate for the first year of Condominium operation will be based upon the assessed valuation of the Property in the tax year prior to construction, which is commonly referred to as the "mini-tax." During the tax year prior to construction (1999/2000) the assessed valuation of the entire Property was $8,167,076. However, the Residential Tower will occupy only the air space above a plane as described in the "Introduction" Section of the Plan and accordingly, it is anticipated that based upon the Owner Building Area Ratio of the Residential Tower (27.22%), the mini-tax assessed valuation of the Residential Tower will be approximately $2,223,078. At the current tax rate applicable to class 2 properties of 10.851 per $100, the mini-tax will be approximately $241,226.

The real estate tax estimates for each Residential Unit were calculated on the assumption that the real estate taxes for the Residential Tower payable with respect to each Residential Unit for the first year of Condominium operation will be allocated in proportion to each Residential Unit's Common Interest as set forth on Schedule A. Upon determination of individual tax lots and individual Residential Unit assessments, the New York City tax

authorities may allocate taxes between the Residential Units in proportion to each Residential Unit's purchase price rather than its Common Interest, and, if so, Residential Units having the same or similar Common Interest may pay different real estate taxes and taxes may differ from those set forth on Schedule A.

PURCHASERS ARE ADVISED THAT THE FOREGOING INFORMATION IS NOT A GUARANTEE OR WARRANTY (i) regarding the method to be employed by the New York City tax assessor in allocating individual Residential Unit assessments, (ii) of the assessed values of the Residential Tower during the first year of Condominium operation, or (iii) of the tax rates for the first year of Condominium operation, or (iv) that the Residential Tower will qualify for or receive benefits under the 421-a Program.

See the Section entitled "Income Tax Deductions to Residential Unit Owners and Tax Status of Condominium" and the Attorney's Income Tax Opinion in Part I of the Plan for a discussion concerning the deductibility of real estate taxes paid with respect to a Residential Unit.

SCHEDULE B - PROJECTED BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION

SCHEDULE B
PROJECTED BUDGET

THE PARK IMPERIAL
230 WEST 56th STREET, NEW YORK CITY
ESTIMATED SCHEDULE OF RECEIPTS AND EXPENSES
FOR FIRST FULL YEAR OF OPERATION

BEGINNING SEPTEMBER 1, 2002

RECEIPTS		
COMMON CHARGES - RESIDENTIAL	(1)	$ 1,746,023
TOTAL RECEIPTS		$ 1,746,023
EXPENSES		
PAYROLL	(2)	646,213
PENSION WELFARE & EMPLOYEE BENEFITS	(2)	225,367
STEAM (FOR HEATING & HOT WATER)	(3)	161,044
ELECTRICITY	(4)	273,123
GAS (COOKING)	(5)	4,410
WATER & SEWER	(6)	66,293
REPAIRS & MAINTENANCE	(7)	85,500
SERVICE CONTRACTS	(8)	21,600
ELEVATOR CONTRACT	(9)	39,000
INSURANCE	(10)	53,096
MANAGEMENT FEE	(11)	45,000
LEGAL & ACCOUNTING	(12)	12,500
OTHER EXPENSES	(13)	32,150
RESIDENT MANAGER'S UNIT	(14)	2,000
SPA & FITNESS CENTER	(15)	6,000
CONTINGENCY	(16)	40,000
SHARED BUILDING FACILITIES COSTS	(17)	18,862
WINDOW WASHING	(18)	13,865
TOTAL OPERATING EXPENSES		$ 1,746,023

Attachment A

Footnotes

(1) Common Charges - The Residential Common Charges projected herein are based upon estimated expenses for the twelve (12) month period commencing September 1, 2002.

If the actual or anticipated date of commencement of Condominium operation is to be delayed by more than six (6) months from the budget year projected in the Offering Plan, the Plan will be amended to include a revised budget disclosing the current projections. If such amended projections exceed the original projections by twenty-five (25%) percent or more, the Sponsor will offer all Purchasers the right, for a specified reasonable period of time of not less than fifteen (15) days, to rescind their Purchase Agreements and have their deposits refunded.

(2) Payroll, Pension, Welfare and Employee Benefits - $871,580

The Building staff shall consist of :

	9/1/02-4/20/03 32 Weeks*	4/21/03-8/31/03 20 Weeks*	Total 52 Weeks
1 Superintendent	$1,346.15	$1,370.15	$ 70,264
1 Handyman	727.63	750.63	38,297
3 Porters	660.63	681.63	104,318
11 Doormen/Concierge	660.63	681.63	382,500
Related Costs (overtime, vacation, sick time, bonus, etc.)			50,834
		TOTAL:	$646,213

*Superintendent base salary is calculated based on 41 weeks at $1,346.15 per week (September 30, 2002 – June 20, 2003) and 11 weeks at $1,370.15 per week (June 21, 2003 – August 31, 2003).

All staff will be full-time employees and will be members of Local 32B-32J Service Employees International Union AFL-CIO. The contract with Local 32B-32J Service Employees International Union AFL-CIO is as of April 21, 2000 to April 20, 2003. These estimates assume the same increases in weekly wages for the period April 21, 2003 through August 31, 2003 as those negotiated for the periods April 21, 2001 through April 20, 2002 and April 21, 2002 through April 20, 2003 as part of the Local 32B-32J Service Employees International Union AFL-CIO re-negotiation effective April 21, 2000. The contract with Local 32B-32J for superintendents is as of June 21, 2000 through June 20, 2003.

In addition to his salary, the superintendent resides rent free in the Resident Manager's Apartment located on the mezzanine floor and is provided with free gas, electric and cable.

The following expenses are mandated by law for each employee:

FICA Employer		7.65%	$49,435
NY State Unemployment	(1st $7,000)	6.400%	7,168
Federal Unemployment	(1st $7,000)	0.800%	896
State Disability Insurance	(year)	$95.00	1,520
Workers Compensation	(weekly)	5.02%	32,440
Union Pension	(weekly)	$36.45	30,326
Annuity Fund	(weekly)	$9.00	7,488
Health/Training/Legal Fund	(quarterly)	$1,501.46	96,094
			$225,367

(3) Steam (For Heating & Hot Water) - $161,044 - The Residential Units use steam provided by Consolidated Edison to heat the building. Domestic hot water for of the Residential Units will be provided by Con Edison Steam. The Mechanical Engineer, Cosentini Associates, LLP, has estimated that the consumption of steam for the year will be 10,225 thousand pounds of steam (for heating and domestic hot water.)

The budget amount for steam is arrived at by multiplying the projected consumption by the most recent rates posted by Consolidated Edison, increased by 5%.

Year	Projected Consumption	Average Cost/Fuel	Projected Total Cost
2002/2003	10,225M lbs.	$15.00/mlbs x 5% increase	$ 161,044

Fuel shortages and other factors may raise the cost of steam higher than current rates. It is believed that the projected figure should be sufficient to cover any reasonable increases in the cost of steam during the first year of operation. However, no warranty is made that the projections for steam will be in accordance with the actual cost of the same during the first year of condominium operation.

(4) Electricity - $273,123 - Includes the cost of electricity for the common areas and it does not include the cost of electricity to individual residential units. Each Residential Unit Owner will be responsible for electricity cost to his or her own Unit. Electricity for the common areas is purchased in bulk from Consolidated Edison through a single house electric meter including costs for the business center, health club and the cooling system for the building. The Residential Units will be individually submetered by the Condominium Board and will be billed based on their monthly consumption plus an estimated submetering/administrative charge of 5%. The projected total cost for common area electricity is arrived at by multiplying the projected total consumption of electricity by the prevailing rate for electricity costs in the calendar year 2000, increased by 5%.

Year	Projected Electric Consumption	Average Cost Of Electricity (1per KWH)	Projected Total Cost
2002/2003	2,000,900 KWH	$ 0.13 x 5% increase	$ 273,123

It is believed that the projected figure should be sufficient to cover any reasonable increases in the cost of electricity during the first year of operation. However, no warranty is made that the projection for electricity will be in accordance with the actual cost of the same during the first year of condominium operation.

(5) Gas (Cooking) - $4,410 - There is a single gas meter for the Residential Units in the Building. Gas is distributed throughout the Building for the purposes of cooking ranges. Cosentini Associates LLP has estimated that the consumption of gas for the year for each Residential Unit will be based on an average usage of 50 therms of gas/year. The projected total cost for gas is arrived at by multiplying the projected total consumption of gas by the prevailing rate for gas costs in the calendar year 2000, increased by 5%.

Year	Projected Gas Consumption	Average Cost Of Gas (per therm)	Projected Total Cost
2002/2003	50 x 112= 5,600	$ .75 x 5% increase	$4,410

Fuel shortages and other factors may raise the cost of gas higher than current rates. It is believed that the current figure should be sufficient to cover the cost of gas during the first year of operation. However, no warranty is made that the projection for gas will be in accordance with the actual cost of the same during the first year of condominium operation.

(6) Water & Sewer - $66,293 - The budget amount is predicated on a projected increase of 5% over the actual water charges and sewer rate for the calendar year 2000. The current unit cost of water and sewer is $3.37/CCF. Cosentini Associates LLP has projected that consumption of water will be 16,396 hundred cubic feet (16,396 CCF). This is based on the assumption that each occupant in a Residential Unit will use an average of 100 gallons per day and that each apartment has an average of 3 occupants. In addition, there will be a water charge usage for 6,063 CCF for the cooling tower make-up at a cost of $1.30 per CCF.

Year	Projected Water/Sewer Consumption	Average Cost of Water/Sewer (per CCF)	Projected Total Cost
2002/2003	16,396 (CCF)	$ 3.37/CCF x 5% increase	$ 58,016
2002/2003	6,063(CCF)	$ 1.30/CCF x 5% increase	$ 8,276
			$ 66,293

* CCF stands for hundred cubic feet of consumption.

(7) Repairs and Maintenance - $85,500 - The budgeted figure is based on an estimation of repairs to the interior of the Building, the roof, the exterior of the Building (including walls), the plumbing and electrical systems, painting of public areas, foundations, the heating system (including pipes and control devices regulating distribution in the Building) and various supplies (such as cleaning supplies and materials, lubricants, bulbs, public fixtures, general and hardware supplies). No amount is included for items covered by construction warranties or to cover the cost of any major capital expenditure in the Building. The budgeted amount is based on the Sponsor's experience in operating newly constructed buildings of comparable size and quality. The budgeted figure does not include repairs, painting, maintenance, or supplies for individual Residential Units, all of which are the responsibility of the individual Unit Owners.

Plumbing	$ 3,000
Sewer	1,000
Electrical	3,000
Carpentry	1,000
Air Conditioning	20,000
Cooling Tower	25,000
Windows	2,000
Compactor Bags	2,000
Painting & Common Area Repairs	5,000
Hardware	3,500

Heating	5,000
Supplies	10,000
Other	5,000
Total Repairs & Maintenance	$ 85,500

(8) Service Contracts - $21,600 - Includes the cost for the following service contracts:

Contractor	Service	Cost of Service
Not determined yet	Exterminating	$ 5,000
Not determined yet	Intercom Residential	3,000
Not determined yet	Uniform Dry Cleaning	9,600
Not determined yet	Fire Alarms	4,000
	Total Service Contracts	$ 21,600

The Sponsor has reserved the right to enter into service, maintenance, employment, concessionaire and other agreements that will be binding on the Condominium on commencement of operation. However, the Sponsor may not enter into any binding service or maintenance contract that will materially increase the first year's Common Expenses or that would be binding on the Condominium for more than two (2) years, unless disclosed in this Plan or in an amendment thereto.

(9) Elevator Contract - $39,000 - This figure represents a contract between the Condominium and a to be determined elevator company which may be the original installer of the elevators. The contract will cover both the passenger elevator and the passenger/service elevators. The budget for the contract is for $39,000 annually. This estimate is based on Sponsor's experience managing comparable properties in New York City.

(10) Insurance - $53,096 - Insurance is projected on the basis of an estimate of insurance costs provided by Distinguished Programs Insurance Brokerage Corporation in its letter of August 2, 2000 and allocated to the Condominium in accordance with the terms of the Reciprocal Easement and Operating Agreement.

Coverage	Limits Provided
Property	
Blanket Real & Personal Property/Building Ordinance – "All Risk", Agreed Amount Replacement Cost. Includes coverage for Backup of Sewers and Drains. Subject to a $5,000 deductible	$201,000,000 any one loss
All Risk Business Income/Rents including additional expense	Not included
Demolition/Increased Cost of Construction	$10,000,000.
Flood	$ 5,000,000.

Deductible - $25,000	
Earthquake Deductible - $25,000.	$20,000,000.
Commercial General Liability	
General Aggregate - Per Location	$ 2,000,000.
Each Occurrence	$ 1,000,000.
Personal & Advertising Injury	$ 1,000,000.
Products/Completed Operations Aggregate	$ 2,000,000.
Fire Damage Legal Liability	$ 1,000,000.
Medical Payments - each person	$ 25,000.
Hired Car/Non-Owned Automobiles	$ 1,000,000.
Water Damage Legal Liability	Included
Notice and Knowledge of Occurrence	Included
Unintentional Errors & Omissions	Included
Commercial Umbrella	
Occurrence/Aggregate (Includes excess Directors & Officers Liability for Condominiums and Cooperatives)	$50,000,000.
Boiler & Machinery	
Comprehensive Form Blanket Combined Limit - Property Damage/Business Income including Rental Value Repair and Replacement, Service Interruption Deductible - $1,000 Property Damage	$50,000,000.
Directors & Officers Liability	
Wrongful Act/Aggregate Retention - $1,000	$1,000,000.
Commercial Crime	
Employee Dishonesty Deductible - $50,000.	$2,000,000
Total Annual Premium:	**$53,096.**

The coverages and pricing for this quote are part of the Master Insurance Program for The Related Companies, LP. The premiums quoted are projected based on current pricing and cannot be guaranteed.

The above captioned Property coverage waives coinsurance (agreed amount clause) and is written on a replacement cost basis. The replacement cost valuation is based on $234 per square

foot. In our opinion, based on current construction cost, the building limit quoted should cover the cost to replace the building. The fire, casualty and general liability policies will include the following terms:

1. Policies will not be canceled without notice to the board of managers,
2. Waiver of subrogation,
3. Waiver of invalidity because of acts of the insured and unit owners,
4. Each unit owner is included as additional insureds as respects common areas (General Liability only).

(11) Management Fee - $45,000 - Based on a proposed agreement with Related Management Company, L.P. (a sponsor-affiliated entity) for a term of three (3) years. The services of the managing agent shall commence upon the conveyance of title by the Sponsor of the first Unit in the Condominium and shall continue until the third anniversary of such date. The fee will be $45,000 per annum, which is approximately $34 per unit per month.

This management fee reflects the prevailing cost for similar services. It is based on the size of the building and number of Residential and Commercial Units.

For further details as to the responsibilities of the managing agent, see the section of the Plan entitled "Management Agreement, Contracts, and Leases".

(12) Legal & Accounting - $12,500 - All Condominium Unit Owners are entitled to receive annually from the Condominium at the Condominium's expense an annual audited statement prepared by an independent certified- public accountant.

Accountant*	$7,500
Legal (See explanation below)	5,000
	$12,500

*Rubin & Katz, LLP, 477 Madison Avenue, New York, NY 10022

Legal includes general business matters as well as any special collection matters that are not normally handled under the management agreement.

(13) Other - $32,150 - Other Expense covers the ongoing need for telephone, decorations, office supplies, office equipment, flowers, postage, special communications and mailings to the Unit Owners, annual meetings, and purchase of uniforms. It has been estimated at $32,150 for the first year.

(14) Resident Manager's Unit - $2,000 - The Resident Manager's apartment is Unit # 47S. The Unit Owners will be responsible for the Resident Manager's electricity, cable and telephone which is estimated to be $2,000 for the first year of operation.

(15) Spa Room & Fitness Center - $6,000 - Pursuant to the Reciprocal Easement and Operating Agreement, the Condominium will have exclusive usage rights to the spa and fitness center located on the 47th floor. No staffing costs are anticipated for the facility, and usage will be free to all residents. The following are costs associated with the spa and fitness center:

Cable T.V.	$2,500
Repairs	2,000
Other	1,500
	$6,000

(16) Contingency - $40,000 - This fund may be used at the discretion of the Board toward unforeseen expenses or other appropriate Condominium expenses. The purpose of the Contingency Fund is intended to provide any unanticipated expenses or unanticipated increase in projected expenses.

In the opinion of Rose Associates, Inc. (set forth in the section titled "Certification of Sponsor's expert concerning adequacy of the Budget in Part II of this offering plan), the projected receipts appear reasonable and adequate based on present prices (adjusted to reflect continued inflation and present levels of consumption for comparable Units similarly situated) to meet the estimated expenses for the first year of operation. The foregoing budget, however, is not intended and should not be taken as a guarantee or warranty by anyone that the annual Common Charges or other receipts or expenses for the first or any subsequent year of operation of the Property by the Condominium will be set forth in said projected budget. It is likely that the actual expenses for the first year of operation will vary from the amounts shown in the projected budget.

(17) Shared Building Facilities Costs – $18,862 – As part of the Reciprocal Easement Agreement, certain mechanical, security and service facilities located in the Commercial Building that serve both the Residential and Commercial Buildings (the "Shared Building Facilities") are to be maintained by the Commercial Building Owner. The Commercial Building Owner may from time to time charge the Condominium Board for the Residential Tower's pro rata share of such Shared Building Facilities expenses. The Condominium Board will in turn assess these expenses to the Residential Unit Owners as a Common Charge.

The total projected Common Charges for such Shared Building Facilities are expected to be $18,862 for the first year of Condominium operation. A detailed breakdown of these costs follows:

Shared Building Facilities Costs	
Detectors & Alarms	$ 6,862

Shared Loading Dock	12,000
Total Shared Building Facilities Costs	$ 18,862

(18) Window Washing – $13,865 – The Reciprocal Easement and Operating Agreement requires to the Condominium Board, as Residential Property Owner, and the Commercial Property Owner to cooperate to establish from time to time a mutually acceptable schedule for the use of the Shared Window Washing Equipment based on anticipated use thereof. For each instance in which the Owners agree that all of the exterior windows in the Building shall be washed, the cost of such window washing shall be based on the ratio of the total gross square foot area of the exterior glass enclosing the portion of the Building owned by or benefiting an Owner to the total gross square foot area of the exterior glass enclosing the Building (the "Residential Window Washing Ratio").

The estimated cost of window washing for the first year of Condominium operation is arrived at by multiplying the estimated cost of window washing for the entire building by the Residential Window Washing Ratio. It is anticipated that window washing will be required once per year.

Year	Cost of Window Washing		Residential Window Washing Ratio		Total Projected Cost
2002/2003	$27,500	x	50.4%	=	$13,865

SCHEDULE B - 1 ESTIMATED ENERGY COSTS

Cosentini
ASSOCIATES

Cosentini Associates
Consulting Engineers

June 21, 2000
Revised June 23, 2000

Mr. Bruce Beal
The Related Companies
625 Madison Avenue
9th Floor
New York, New York 10022

Re: Park Imperial
Job No. 2132

Dear Bruce:

The following are our estimates for the building's individual electric cost for the apartments. Please note that we did not include any escalation in our estimates:

Apartment Loads Electrical

1. We have based the calculations on Con Edison master metering (SC-8) the building and submetering each apartment. The calculations have been done making the aforementioned assumptions regarding fuel adjustments and Con Edison surcharges and are based on the current effective rate. The average annual cost is $0.13.

2. The apartments will be individually submetered by Condominium Board and will be billed based on their monthly consumption calculated at the aforementioned average summer and winter cost per KWHR plus a submetering charge of 5%. This estimate shall include Electric Oven, dryer and washing machine. For the purpose of this analysis, we have estimated the monthly consumption for the various types of apartments.

3. Summary of the apartment types and estimated annual electrical cost per apartment is attached without submetering charge of 5% and escalation.

Mr. Bruce Beal
The Related Companies
June 21, 2000
Revised June 23, 2000
Page 2

If any additional information is required, please call.

Very truly yours,

COSENTINI ASSOCIATES

Michael W. Maybaum

cc: Mr. Robert Puddicombe, Related
Mr. Bryan Cho, Related
File #2132

X:\wpfiles\2132.00\MMTM0621.L01.doc

The Related Companies LP - Random House

Annual Electric Cost Per Apartment and Common Electric Charges

APARTMENT TYPE	AREA	BASE LOAD		AIR CONDITIONING		INTERMEDIATE		KWH/MO/APT			No.	KWH/MO/GROUP				ANNUAL $/APT
	(S.F.)	KWH/MO	MOS.	KWH/MO	MOS.	KWH/MO	MOS.	WINTER	INTERM.	SUMMER	APT	WINTER	INTERM.	SUMMER	TOTAL	without markup
1 Bedroom	800	500	12	50	4SUMMER	150	4WINTER	500	650	550	15	7500	9750	8250	102000	$932.66
1 Bedroom + Den	1175	700	12	75	4SUMMER	200	4WINTER	700	900	775	15	10500	13500	11625	142500	$1,303.54
2 Bedroom	1465	800	12	75	4SUMMER	375	4WINTER	800	1175	875	37	29600	43475	32375	421800	$1,559.66
2 Bedroom + Den	1695	950	12	100	4SUMMER	400	4WINTER	950	1350	1050	22	20900	29700	23100	294800	$1,835.08
3 Bedroom + Den	2175	1150	12	150	4SUMMER	500	4WINTER	1150	1650	1300	7	8050	11550	9100	114800	$2,247.16
Large 3 Bedroom	2285	1150	12	150	4SUMMER	600	4WINTER	1150	1750	1300	7	8050	12250	9100	117600	$2,299.32
											103	84600	120225	93550	1193500	$163,447

AvgeWinter$/kwh $0.130
AvgeSummer$/kwh $0.151

Note: Rates are based on Con Ed Rate SC-8

COMPLIANCE WITH REAL PROPERTY LAW SECTION 339(i)

Rose Associates, Inc.

200 Madison Avenue
New York, NY 10016-3998

COMPLIANCE WITH REAL PROPERTY LAW SECTION 339-i

August 1, 2000

56th Street Associates, L.L.C.
c/o The Related Companies, L.P.
625 Madison Avenue, 9th Floor
New York, NY 10022

Re: The Park Imperial
230 West 56th Street

Gentlemen:

This is with respect to the Plan of Condominium Organization of the premises at the above address and the allocation of the Percentage of Common Interest to the respective Units therein.

It is our opinion that the allocation of Percentages of Common Interest allocated to the respective Units as set forth in Schedule A on the Plan of Condominium Organization are in compliance with the regulations issued pursuant to Real Property Law Article 9-B, Section 339-i.

The Sponsor has used the method (iv) contained in Section 339-i (1) of the New York Condominium Act, that is upon floor space, subject to relative value to the other space in the Condominium, the uniqueness of the Unit, the availability of the common elements for exclusive or shared use, and the overall dimensions of the particular Unit.

Rose Associates Inc. is a licensed Real Estate Broker under the State of New York and has been actively engaged in the management of residential property for over 35 years. We have also been active in the development and sale of cooperative and condominium apartments for the past fifteen years. We currently manage approximately 50 cooperative and condominium buildings throughout Manhattan.

This firm will not act as either the selling agent or the managing agent of the property. We have no beneficial interest in the Sponsor and no interest in the profits of this conversion plan other than the fee for this service.

We hereby authorize the use of our name and this letter in connection with the proposed plan of condominium operation.

Very Truly Yours,
ROSE ASSOCIATES, INC.

Jack Levy
Senior Managing Director

CHANGES IN PRICES AND UNITS

Sponsor reserves the right, at any time and from time to time before and after the recording of the Declaration, without giving prior notice (except as otherwise provided herein) and without the consent of the Condominium Board, or any Residential Unit Owner or mortgagee, to change the price, including, without limitation, the manner of payment thereof and other terms of sale of any Residential Unit, except that no such change with respect to any Residential Unit for which an Agreement is then in effect may be made without the consent of the Purchaser. No such change will be made other than pursuant to a duly filed amendment to the Plan filed in advance of any such change, except that Sponsor reserves the right to decrease purchase prices or modify other terms of sale without filing an amendment to the Plan at any time during the offering period if such a decrease in the purchase price or modification of such other terms of sale does not constitute a general offering or an advertised price but is rather the result of an individually negotiated transaction. If any such change is made, a Purchaser of a Residential Unit affected thereby may pay more or less than other Purchasers under the Plan for similar Residential Units, but this will not affect any prior or subsequent sale of Residential Units which are not the subject of such change.

Sponsor reserves the right to negotiate with each Purchaser the terms and conditions of the Agreement, including but not limited to: purchase price; the amount of the Deposit; financing and other contingencies; the availability of financing; the payment of Purchaser's financing fees and other closing costs; work to be performed in the Unit or the revision of floor plans and the allocation and payment of costs therefor; the availability of Common Charge rebates, Purchase Price rebates and subsidies payable as a credit against the Purchase Price or on a periodic basis; extensions of time periods within which to perform obligations under the Agreement; the availability of interim leases and the amount of interim rent; and the application of rent towards the Purchase Price.

Sponsor reserves the right from time to time to add and/or delete negotiable terms from the list set forth above for all or some Purchasers without further amendment to this Offering Plan. 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 under an Agreement.

In the event Sponsor agrees, in its sole discretion, to enter into an Interim Lease for a Unit, Purchasers are advised that the tenancy under such Interim Lease is not subject to governmental regulation as to amount of rent or terms and that a default under the Interim Lease will constitute a default under the Agreement.

In order to meet the possible varying demand for number and type of Residential Units, or to meet particular requirements of prospective purchasers, or for any other reason, Sponsor reserves the right (except to the extent prohibited by Law) at any time and from time to time, before and after the recording of the Declaration, without giving prior notice and without the consent of the Condominium Board, Unit Owner or mortgagee, to (a) change the layout of, or number of rooms in, any Unsold Residential Unit, (b) change the size and/or number of Unsold Residential Units by

dividing one or more such Units into two or more separate Unsold Residential Units, combining separate Unsold Residential Units (including those resulting from such subdivision or otherwise) into one or more Unsold Residential Units, altering any boundary walls between one or more Unsold Residential Units, or otherwise, including incorporating Common Elements (such as a portion of a hallway) which exclusively benefit an Unsold Residential Unit into such Unsold Residential Unit, (c) designate a Common Element or Limited Common Element, as part of a newly expanded or created Common Element or Limited Common Element and (d) if appropriate, reapportion among the Unsold Residential Units affected by any such change, their aggregate Common Interests. In the event of any change pursuant to either (b) or (c) above, such change shall be disclosed in a duly filed amendment to the Plan. No such change, including any change in the Common Interest or in the amount or quality of Common Elements directly affecting or servicing a Residential Unit, will be made with respect to any Unsold Residential Unit for which an Agreement is then in effect and the Purchaser thereunder is not in default unless (i) the Purchaser consents to such change or (ii) such change is not a material change in the size, common interest, dimension, floor space or layout of such Unsold Residential Unit. The Common Interest of a Unit may change if there is a change in the floor space or 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. No material change will be made in the size or number of Units or in the size or quality of the Common Elements except by amendment to the Plan and, when applicable, by amendment to the Declaration. Unless all Purchasers consent, no material change will be made in Unit layout, or percentage of Common Interest if an Agreement has been executed and delivered to sponsor for that Unit and the 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 received a right to rescind and a reasonable period of time that is not less than fifteen (15) days after the date of presentation of an amendment setting forth the right to rescind. Sponsor will return any deposit or downpayment promptly to purchasers who rescind.

Once the Declaration is recorded, no change may be made in the number of Units nor may the size of any Unit be changed by subdivision or combination or alteration of boundary walls as aforesaid or otherwise, nor may the Common Interest of any Unit be changed, unless, in each such event, the Declaration and Floor Plans and this Plan are amended with the reasonable consent of each Unit Owner whose Unit is so changed. Sponsor will have the right to amend or to cause the Condominium Board to amend the Declaration to reflect any such change and to file such amendment and any necessary plans and specifications in connection therewith.

As long as the layout and dimensions of a Residential Unit conform substantially to the Residential Unit Plans, a Purchaser will not be excused from purchasing the Residential Unit and will not have any claim against Sponsor as a result of any insubstantial or immaterial change or discrepancy.

PROCEDURE TO PURCHASE

A person desiring to purchase a Residential Unit will be required to execute an Agreement in quintuplicate (i.e., five (5) original copies), which will be in the form set forth in Part II of the Plan.

Prospective purchasers shall be afforded not less than three (3) days to review the Plan and all amendments thereto prior to executing an Agreement. If a Purchaser has not received and read the Plan at least three (3) full days prior to executing an Agreement, a purchaser shall have the right to rescind the Agreement within seven (7) days from the date of the Agreement. The Agreement sets forth in detail the terms of sale with respect to each Unit and should be read carefully by each prospective purchaser. Prospective purchasers should be aware that if any conflict exists between the Plan and the Agreement, the provisions of the Plan shall in all events control except where such provisions were requested by Purchaser and agreed to by Sponsor.

Although a Purchaser may obtain financing from a lending institution or any other source, Purchaser's obligation to purchase a Unit pursuant to the Agreement shall not be contingent on Purchaser obtaining financing for such purchase.

Agreements will not be binding on Sponsor until approved and executed by it, and delivered by Sponsor to the prospective Purchaser. Sponsor will have thirty (30) days after delivery by Purchaser of an executed Agreement and the Deposit required thereby, within which to accept or reject such Agreement. Sponsor reserves the right to request thorough identification and financial information concerning any prospective purchaser, subject to any limitations and requirements imposed by Law.

If an Agreement is not accepted by Sponsor within the aforesaid thirty (30) day period, the Agreement shall be deemed to have been rejected and canceled and all sums theretofore deposited thereunder, without interest, shall be promptly returned to the prospective purchaser. Sponsor hereby reserves the right at any time and from time to time for any reason whatsoever, without prior notice or prior amendment to the Plan and without the consent of the Condominium Board, to refuse to approve and execute an Agreement for any Unit, except as prohibited by Law.

The Agreement shall not contain, and shall in no event be modified to contain, a provision waiving the Purchaser's rights or abrogating Sponsor's obligations under the Plan or under Article 23A of the General Business Law of the State of New York.

Each Purchaser will enter into an agreement to purchase a Unit (the "Agreement"). At the time of execution of an Agreement, a Purchaser is required to make a payment in an amount equal to at least the sum of ten percent (10%) of the purchase price (the "Initial Deposit") with an additional payment equal to fifteen percent (15%) of the purchase price (the "Additional Deposit") due and payable no later than the earlier to occur of: (i) four (4) months after the date of the Agreement or (ii) fifteen (15) days after Sponsor presents an amendment declaring the Plan

effective, but in no event later than the Closing, subject to collection. The Initial Deposit and the Additional Deposit are hereinafter collectively referred to as the "Deposit." All Deposit checks must be made payable to the direct order of "STROOCK & STROOCK & LAVAN LLP, ESCROW AGENT." All checks delivered in payment of the Deposit shall be accepted subject to collection, and if any such check is returned for insufficient funds or any other reason, Sponsor shall have the right, among other things, to deem such Agreement to be canceled and of no further force or effect. Purchasers should note that under the terms of the Purchase Agreement, they are obligated to place twenty-five percent (25%) of the purchaser price in escrow no later than four (4) months after the date of their respective Purchase Agreements and that the First Closing is anticipated to occur on or about September 1, 2002 and accordingly, Purchasers' Deposits may be held in escrow for a considerable period of time earning a relatively low rate of interest, as more particularly set forth below.

Each prospective purchaser should note that Sponsor is only obligated to provide the equipment, fixtures and furnishings described in the "Description of Property" set forth in Part II of this Plan. If a person desiring to purchase a Unit requests that Sponsor perform special work on such Unit or provide extra furnishings, including, but not limited to, any deviation from the materials or specifications described in the "Description of Property," and Sponsor agrees to perform such special work and/or provide such furnishings, then a description of such work or furnishings shall be inserted as an addition to the Agreement and Sponsor may require such person to pay for said special work or furnishings. However, Sponsor shall be under no obligation whatsoever to agree to perform any special work or provide extra furnishings for a Purchaser, nor shall Sponsor have any obligation to allow a Purchaser or its agents to perform any special work or install extra furnishings prior to Closing. Any and all special or additional work which a Purchaser desires to be performed with regard to a Unit shall be done only upon Sponsor's written consent thereto and Sponsor's approval of all contractors and suppliers in connection therewith, which consent and approval are within the sole discretion of Sponsor. In no event shall the presence of any furniture, furnishings, equipment or decorations in any model apartment imply or represent that any Residential Unit will contain such furniture, furnishings, equipment or decorations upon delivery of the Residential Unit to Purchaser unless Purchaser agrees to pay Sponsor an amount determined by Sponsor in addition to the purchase price for such Residential Unit.

The balance of the purchase price shall be payable simultaneously with the delivery of the deed to the Residential Unit by an official bank check or an unendorsed certified check drawn on or issued by a New York bank or trust company which is a member of The New York Clearinghouse Association and shall be payable to the direct order of Sponsor, or otherwise if Sponsor should so notify Purchaser. The deed will be substantially in the form set forth in Part II of the Plan. Interest, if any, on Purchaser's Deposit will be credited or paid to Purchaser at Closing.

TIME IS OF THE ESSENCE AS TO PURCHASER'S OBLIGATIONS PURSUANT TO THE AGREEMENT, INCLUDING, WITHOUT LIMITATION, FOR THE PAYMENT OF THE BALANCE OF THE PURCHASE PRICE. FUNDS DRAWN ON OUT-OF-STATE OR FOREIGN BANKS WILL NOT BE ACCEPTED IN PAYMENT OF THE PURCHASE PRICE FOR A RESIDENTIAL UNIT.

Sponsor will serve Purchasers with notice of the originally scheduled Closing Date at least thirty (30) days prior to the originally scheduled Closing Date and, in the event Purchaser fails to close on the designated date, then Purchaser will have a thirty (30) day period after notice within which to cure, time being of the essence, such default, following which Sponsor shall have the remedies set forth above. A Purchaser may waive notice of such Purchaser's Closing Date.

In the event of any default by a Purchaser under an Agreement, and if the Purchaser does not cure such default within thirty (30) days after Sponsor gives notice to the Purchaser of default, Sponsor may, at its option, cancel such Agreement and retain the Deposit made by Purchaser, together with any interest earned thereon, as liquidated damages, in which event all rights, obligations and liabilities of Sponsor and Purchaser shall wholly cease and terminate. In addition, Sponsor shall also be entitled to retain (i) any amount spent by Sponsor for special work requested by Purchaser and (ii) the reasonable cost to restore the Unit to its condition prior to such special work being performed. Sponsor will fix dates for closing title to all Unsold Residential Units for which Agreements have been executed by serving notice upon each Purchaser stating the date of the First Closing and setting such Purchaser's Closing Date.

If a Purchaser fails for any reason to close title to the Unit on the originally scheduled Closing Date (a) the closing apportionments described in the Section entitled "Closing Costs and Adjustments" will be made as of midnight of the day preceding the originally scheduled Closing Date, regardless of when the actual Closing occurs, and (b) Purchaser will be required to pay to Sponsor, as a reimbursement of Sponsor's higher carrying costs for the Unit by virtue of the delay, and in addition to the other payments to be made to Sponsor under the Agreement and this Plan, an amount equal to 0.03% of the purchase price of the Unit for each day starting from (and including) the originally scheduled Closing Date to (and including) the day before the actual Closing Date.

Prior to the closing of title to a Unit, the 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 Sponsor's prior written consent.

It is anticipated that the First Closing will occur by the commencement date for the first year of Condominium operation as set forth in Schedule B which is September 1, 2002. Sponsor will amend the Plan to update the budget prior to the First Closing to reflect increased utility and other costs, if any between the date of the Plan and the date of the First Closing. If the First Closing does not occur by August 31, 2003, Sponsor will amend the Plan to update the budget and to offer Purchasers the right to rescind their Agreements within fifteen (15) days after the presentation of the amendment disclosing the updated budget, and any Purchaser electing rescission will have their Deposits and any interest earned thereon returned; provided however, that Sponsor may retain any escrow funds expended for special work at the request of the Purchaser as well as the cost of any work necessary to restore the Unit to its condition prior to such work having been performed and provided further that rescission need not be offered to any Purchaser who is in default under such Purchaser's Agreement, beyond the expiration of any applicable grace period provided that Sponsor shall only retain the Deposit of a Purchaser in accordance with the escrow

and trust fund requirements of General Business Law Sections 352-e(2b) and 352-h and the Attorney General's regulations promulgated pursuant thereto as described in the subsection of the Plan entitled "Escrow and Trust Fund Requirements" in this Section of the Plan.

If the Plan is withdrawn or abandoned, the Deposit previously paid to and actually collected by Sponsor, together with any interest earned thereon, shall be returned to Purchaser within ten (10) days of the date of such withdrawal or abandonment, in accordance with the provisions herein set forth.

From and after the Closing of each Unit, Purchaser will become obligated for the payment of Common Charges, real estate taxes and assessments (including water charges and sewer rents, if separately assessed) and all other expenses with respect to such Unit Owner's Unit, whether or not the Unit Owner has taken possession of such Unit Owner's Unit, and whether or not all work required to be performed by Sponsor or anyone else in or to the Unit or the Residential Tower has been completed.

The risk of loss to any Unit by fire or other casualty until the Closing for such Unit is assumed by Sponsor (unless and until a Purchaser takes possession of such Unit, at which time such risk shall be assumed by Purchaser), but without any obligation or liability by Sponsor to repair or restore any Unit. In the event of damage or destruction of a Unit due to fire or other casualty prior to the Closing, but subsequent to the signing of an Agreement, provided Sponsor elects (which election shall be in its sole discretion) to repair or restore the Unit, the Agreement shall continue in full force and effect, and, thereafter, Purchaser shall not have the right to reject title or receive a credit against, or abatement in, the purchase price for the subject Unit. In such event Sponsor shall be entitled to a reasonable period of time within which to complete the repair or restoration, and any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss shall, subject to the rights of the Condominium Board and other Unit Owners, belong entirely to Sponsor. In the event of damage or destruction to any Unit by fire or other casualty prior to the Closing, but subsequent to the signing of an Agreement, if Sponsor notifies Purchaser that it does not elect (which election shall be in its sole discretion) to repair or restore the Unit or if the Unit Owners do not resolve to make such repair or restoration pursuant to the By-Laws (see the Section entitled "Rights and Obligations of Unit Owners and Board of Managers"), the Agreement shall be deemed canceled and of no further force or effect and Escrow Agent shall return to Purchaser all sums deposited thereunder, together with interest earned thereon, if any, whereupon the parties to the Agreement shall be released and discharged from all obligations and liability thereunder and under this Plan; provided, however, notwithstanding anything to the contrary herein, if Purchaser is then in default under the Agreement (beyond any applicable grace period), Sponsor shall retain all such sums as and for liquidated damages.

Agreements are not assignable without the prior written consent of Sponsor, which consent may be granted or denied by Sponsor in its sole discretion.

Escrow and Trust Fund Requirements

All Deposits received by Sponsor under an Agreement will be held in escrow in conformity with the provisions set forth below.

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

Any provision of any contract or agreement, whether oral or in writing, by which a Purchaser purports to waive or indemnify any obligation of the escrow agent 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 an Agreement. Purchasers shall not be obligated to pay any legal or other expense of Sponsor in connection with the establishment, maintenance or defense of obligations arising from the handling or disposition of trust funds.

All Deposits made by Purchasers prior to the closing of each individual transaction, will be placed, within five (5) business days after tender of the Deposit and executed Agreement by Purchaser to Sponsor or Selling Agent, in a segregated special escrow account of Stroock & Stroock & Lavan LLP, the escrow agent (the "Escrow Agent"), whose address is 180 Maiden Lane, New York, New York 10038 and whose telephone number is (212) 806-5400. The attorneys who are signatories on this account authorized to withdraw funds are: The attorneys who are signatories on this account authorized to withdraw funds are: Leonard Boxer, Esq. Lewis G. Cole, Esq., Stuart H. Coleman, Esq. Brian Diamond, Esq., Michel Evanusa, Esq. Laurence Greenwald, Esq., Lawrence M. Handelsman, Esq. and Peter A. Miller, Esq. Escrow Agent has established a master escrow account at Bayerische Hypo-und Vereinsbank AG, New York Branch ("HVBNY"), having an address at 150 East 42nd Street, New York, NY 10017. HVBNY is a New York licensed branch of Bayerische Hypo-und Vereinsbank AG ("HVB"). The Deposits placed in HVBNY are not federally insured by the Federal Deposit Insurance Corporation. Deposits at HVBNY are, however, as long as the Purchaser is not a financial institution, covered by the Deposit Protection Fund of the Association of German Banks (the "Fund"). The Fund insures deposits at HVB and its branches up to an aggregate amount equal to thirty (30%) of HVB's capital funds (which as of December 31, 1998 were approximately $14 Billion)."

The Deposit may be tendered by Purchaser to Sponsor or Selling Agent 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 Deposit shall be deemed tendered by Purchaser on the date it is actually received by Sponsor or Selling Agent.

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

If a Purchaser tenders a Deposit without an executed Agreement, Sponsor shall have the right to reject the Deposit and return it to Purchaser: (i) within five (5) business days after tender, if the Deposit has not been deposited into escrow, and (ii) at any time, if the Deposit 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. All interest will be credited to Purchaser at such time as: (i) there is a closing under the Agreement, or (ii) Purchaser is entitled to a return of the Deposit. All interest will be credited to Sponsor only in the event Purchaser defaults. The interest rate to be earned will be the prevailing rate for these accounts which varies. When last confirmed by Sponsor, the rate was 2.25% Interest will begin to accrue within: (i) one (1) business day, if the Deposit is cash or cash equivalent, or (ii) three (3) business days, if the Deposit is other than cash or cash equivalent, of the transfer of the Deposit 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 "Stroock & Stroock & Lavan LLP, as Escrow Agent." Endorsed instruments will not be accepted.

In the event a check delivered by a Purchaser fails of collection, the Agreement will be deemed void ab initio (as if the Agreement had never been executed) at the option of Sponsor, who reserves the right to exercise this option in its discretion by written notice to Purchaser given within five (5) business days of Sponsor receiving notice from Escrow Agent of such failure of collection.

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

Escrow Agent will hold the Deposit 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.

If there is no written agreement between the parties to release the Deposit, Escrow Agent will not pay the Deposit to Sponsor until Escrow Agent has given Purchaser written notice of not fewer than ten (10) business days. Thereafter, the Deposit may be paid to Sponsor unless 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 Escrow Agent in accordance with such provisions and Escrow Agent has received such notice.

Sponsor will not object and will be deemed to have agreed, without the need for a written agreement, to the release of the Deposit to Purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an amendment to the Plan.

Purchaser will not object and will be deemed to have agreed, without the need for a written agreement, to the release of the Deposit to Sponsor in the event Sponsor and Purchaser close title under the 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 Deposit 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 set forth 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, 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 Sponsor and Escrow Agent which incorporates the terms of the Attorney General's regulations.

Escrow Agent shall be permitted to act as counsel to 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.

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.

Sponsor has agreed to compensate Escrow Agent for services rendered in connection with Escrow Agent's duties under the escrow agreement, if any. Escrow Agent's fees and disbursements will neither be paid by Sponsor from the Deposit nor deducted from the Deposit by any financial institution under any circumstance.

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

Sponsor may agree to modify the floor plans and finishes of certain Residential Units or to do special work or provide extras to the Residential Units as requested by individual Purchasers as negotiated by Sponsor and Purchaser. Purchaser shall bear the cost of such modification to floor plans and finishes. All funds received by Sponsor from Purchasers for such modified or additional work in Units, as aforesaid, shall be initially placed in escrow and shall be paid to Sponsor by the escrow agent to be used by Sponsor to pay for such work. 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 used for special work or extras.

EFFECTIVE DATE

Sponsor's offer to sell the Units under this Plan is contingent upon the Plan being declared effective pursuant to Section 20.3(q) of Title 13 NYCRR (i.e., Agreements signed by bona fide purchasers for 15% of the Units offered under the Plan). The Plan must be declared effective when Agreements have been executed by prospective purchasers and accepted by Sponsor with respect to eighty (80%) percent of the Units offered for sale. The Plan may be declared effective at an earlier date, at Sponsor's sole election, when bona fide Agreements (including those executed by investors) have been executed and accepted by Sponsor with respect to fifteen (15%) percent of the Units being offered for sale under the Plan.

The Plan will not be declared effective based on Agreements: (i) signed by purchasers who have been granted a right of rescission that has not yet expired or been waived; or (ii) signed by purchasers who have not been afforded at least three (3) business days to review this Plan and all filed amendments prior to executing an Agreement or at least seven (7) days to rescind; or (iii) signed by any purchaser who is Sponsor, the Selling Agent, the Managing Agent, or a principal of either, or is related by blood, marriage or adoption or as a business associate, an employee, a shareholder or a limited partner of Sponsor, the Selling Agent, the Managing Agent or a principal of either (except that such a purchaser other than Sponsor or a principal thereof may be counted only if Sponsor has submitted proof satisfactory to the Department of Law establishing that the purchaser is bona fide).

This Plan will be declared effective either by: (a) personal service of written notice to all purchasers and, within five (5) business days following such notice, an amendment to this Plan confirming that this Plan was declared effective as of the date of such notice will be submitted to the Department of Law, which amendment, upon acceptance for filing, will be delivered to all purchasers; or (b) by duly filed amendment to this Plan. The closing of title with respect to any Unit shall in no event take place prior to the acceptance for filing of such amendment to this Plan.

The Plan may, at the option of Sponsor, be abandoned in the event of: (a) the existence of one or more title defects (including violations of record or work orders of a mortgagee or insurance carrier) affecting any one or more Units or the Property that cannot be removed, cured or complied with without litigation or for less than one-half of one percent of the total offering in the aggregate, (b) substantial damage to or destruction of the Residential Tower (or any portion thereof) by fire or other casualty that cannot be repaired prior to the date set for the First Closing for less than one half of one percent of the total offering; or (c) a taking of all or part of the Property in condemnation proceedings or by eminent domain.

In the event the Plan is withdrawn or abandoned, it will be by a duly filed amendment and all Deposits, together with interest earned thereon, if any, will be returned to Purchasers within ten (10) days following such withdrawal or abandonment. Upon the return of the Deposits, together with any interest earned thereon, the Agreements will be null and void and Sponsor will have no further obligation or liability to Purchasers under the Plan or the Agreements. Sponsor shall

promptly submit an amendment to the Department of Law confirming such abandonment or withdrawal and, in the case of an abandonment, shall file a notice of abandonment on form RS-3 or such other form as the Department of Law may require and explain the reason for the abandonment and disposition of all funds received.

TERMS OF SALE

The term "Closing" as used herein refers to the conveyance of title to a Unit from Sponsor to Purchaser by the delivery to Purchaser of a deed upon payment by Purchaser to Sponsor of the balance of the purchase price for such Unit. The Closing to each Unit shall be held at the offices of Sponsor's attorneys, Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038 or at such other place as Sponsor may designate on not less than two (2) business days' prior notice. The Closing to each Unit shall take place only after or concurrently with the following events:

a. the Plan has been declared effective in accordance with its terms and the amendment to the Plan disclosing same has been accepted;

b. the recording or filing of the Declaration, By-Laws, Floor Plans and engineer's and tax authority certifications required by Section 339-p of the New York Condominium Act or other applicable Law and such other documents as may be required by Law;

c. either (i) the release of the Unit and its appurtenant interest in the Common Elements from the lien of all mortgages, if any, or (ii) if the Purchaser is obtaining financing on such Unit, the assignment to the Purchaser's mortgagee of any existing mortgage(s) encumbering such Unit and its appurtenant interest in the Common Elements;

d. the delivery to Purchaser of written notice of the time and place of the Closing to the Unit at least thirty (30) days prior to the Closing Date specified therein, including a reasonable opportunity, upon written request of Purchaser, for Purchaser to examine the Unit and the Property, during normal business hours and in the company of Sponsor's agent, prior to Closing;

e. the execution and delivery by Sponsor of a bargain and sale deed with covenants against grantor's acts (which deed shall be substantially in the form set forth in Part II of the Plan) conveying title to the Unit and its appurtenant Common Interest, free and clear of all liens, encumbrances and other title exceptions other than the Permitted Encumbrances;

f. the assignment by Sponsor to Purchaser of the right to proceed under any existing assignable warranties covering appliances, equipment or fixtures installed in the Unit, and the assignment by Sponsor to the Condominium Board of the right to proceed under any existing assignable warranties covering appliances, equipment or fixtures installed in the General Common Elements, or Limited Common Elements, as the case may be. (Purchasers should be aware that warranties vary in length, depending partly on when the appliances, equipment and fixtures covered by such warranties are first installed.

Sponsor makes no representation as to which, if any, of the warranties will continue to remain in force upon the Closing Date of any particular Unit);

g. the execution and delivery by Purchaser of the Power of Attorney, the form of which is set forth in Part II of the Plan; and

h. if Purchaser has requested title insurance, the issuance to Purchaser (at Purchaser's sole expense) of a policy of title insurance in at least the amount of the purchase price of the Unit, insuring that (i) Purchaser has fee title to the Unit free and clear of all liens and encumbrances except for (1) Permitted Encumbrances and standard printed exceptions, (2) liens and encumbrances (other than Permitted Encumbrances) to which the Unit's title is subject, which have been expressly accepted by Purchaser, and (3) any mortgage and related security documents that Purchaser executes in connection with the financing of the purchase price of the Unit and (ii) the Condominium has been validly created pursuant to the Condominium Act.

Sponsor is not obligated to repair any damage from a casualty or other cause that occurs before the closing of a Purchaser's Unit. If Sponsor elects to repair any such damage, Purchaser's Agreement will remain in full force and effect, Purchaser shall not have the right to reject title or receive a credit against or an abatement in, the Purchase Price. Sponsor shall be entitled to a reasonable period of time within which to complete the repair or restoration. If Sponsor notifies Purchaser that it does not elect to repair or restore the Unit, the Agreement shall be deemed canceled and Sponsor shall return to Purchaser all sums deposited by Purchaser under the Agreement, together with interest earned thereon, if any, except if Purchaser is in default under the Agreement, Sponsor shall retain any such sums as and for liquidated damages.

In the event of the existence of any lien or encumbrance other than Permitted Encumbrances, the sole remedy of Purchasers under the Plan will be to rescind their respective Agreements within fifteen (15) days after receipt of notice or an amendment disclosing such lien or encumbrance. A Purchaser electing to proceed with the purchase of a Unit will not be entitled to any credit against, or abatement of, the purchase price set forth in the Agreement and will have no claim or right of action against Sponsor by reason thereof. Sponsor has no obligation to institute any action or proceeding or to expend any sum of money to make title marketable or to eliminate any encumbrances or title defects, except to incur expenses up to the aggregate amount of $50,000 in respect of the Residential Tower and of all Units.

The existence of mortgages, liens and encumbrances other than Permitted Encumbrances shall not be objections to title, provided bonds or properly executed instruments in form for recording necessary to satisfy or release Units from such impermissible liens or encumbrances are delivered at Closing and proper adjustments are made for the cost of recording or filing such instruments. Sponsor will bear the responsibility and cost of recording or filing such instruments.

The acceptance of a deed by a Purchaser shall be deemed an acknowledgment that Sponsor has performed and discharged every agreement and obligation on the part of Sponsor to be

performed under the Plan except those (if any) which may be expressly stated in the Plan, in the 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 Section 352-e to survive delivery of the deed. The Purchaser of a Unit shall inspect such Unit prior to the Closing Date and shall execute at such time an inspection statement acknowledging Purchaser's acceptance of the Unit in good condition and in accordance with the terms of the Plan, provided that if Purchaser finds that Sponsor's improvements have not been completed as described in the Plan then Sponsor and the Purchaser in question will agree to include on the inspection statement a list of incomplete work of a material nature to be completed in the Unit by Sponsor following the Closing Date. Sponsor shall have no obligation to complete any work described herein which is not specifically designated by the Purchaser on the inspection statement. A Purchaser shall receive notice that a Residential Unit is available for inspection as more particularly described in the Section of the Plan entitled "Rights and Obligations of Sponsor" and in the Agreement in Part II of the Plan. After Closing of title to each Residential Unit the Purchaser thereof must comply with the procedures established by the Managing Agent regarding such Purchaser's move into the Residential Unit.

Notwithstanding anything to the contrary set forth above, in no event shall Sponsor be responsible for any condition resulting from (i) normal wear and tear or natural deterioration or from the normal settling or shifting of the Building; (ii) defects of an insubstantial nature, such as, without limitation, partial or total death of any trees, shrubs, bushes or other landscape improvements, nail pops, ridging on sheet rock walls, lumber shrinkage, door sticking or window sticking due to weather, door warpage, scratches in formica or porcelain surfaces, bath and kitchen title grouting, adjustment of any bi-fold doors, walls not square, electrical plates not straight, discoloration or shrinkage, slight separation between base and floor, (iii) normal settlement and deflection or any consequential damage resulting therefrom including, without limitation, cracks in any concrete roof pavers, or concrete cracks which do not impair the structural soundness of the Building, (iv) variations in any floor levels, (v) ceiling imperfections, (vi) minor painting defects, (vii) alignment of bathroom finishes, (viii) air infiltration from windows, (ix) normal plumbing system, heating system and air conditioning system noises, (x) normal floor noises and creaking, (xi) carpet or floor discoloring or stretching, (xii) variations in width, length or tone of wood floor strips, also, normal shrinkage or expansion of wood flooring due to changes in moisture content of wood, (xiii) repair of chips, scratches, mars, breaks or other defects in windows and window sashes, sliding glass doors, shower doors, electrical fixtures and globes, painted surfaces, sinks, tubs, basins, kitchen cabinets and countertops, vanity tops and cabinets, ceramic tile, marble floors, saddles, appliances, woodwork and doors, mirrors, hardware, appliance cabinets and flooring, (xiv) subsequent to the Unit Closing, paint touch-ups, repairs of dented appliances or replacement of fluorescent light ballasts, (xv) cracks or variations in tone, finish or color of any marble used in bathrooms or cracks, variations in tone, finish or color of vanity tops or other marble aggregate surfaces, (xvi) salting or color variation in exterior colored mortar and deep colored brick, (xvii) ponding and/or controlled drainage on the roof surface, or (xviii) cracks in any pressure treated wood or redwood used or intended for use outside the Residential Tower. Sponsor shall be obligated to repair only abnormally chipped stone, formica and porcelain surfaces, which repair shall be made by filling the stone or formica

or refinishing the porcelain, but Sponsor shall not be obligated to replace such stone, formica or porcelain surfaces.

CLOSING COSTS AND ADJUSTMENTS

As more particularly set forth in the Agreement, in addition to Purchaser's own legal fees, Purchaser will pay the closing costs set forth below at the time of the closing of title of the Purchaser's Unit. Recording charges, fees and taxes are based on rates in effect on the date of the Plan and are subject to change without notice:

(a) A contribution to the working capital fund of the Condominium in an amount equal to two (2) months' Common Charges then applicable to each Unit being purchased.

(b) If Purchaser elects to obtain fee title insurance from Royal Abstract Company of New York, LLC, having an office at 500 Fifth Avenue, Suite 1940, New York, New York 10110, Tel: (212) 376-0900, Fax: (212) 376-0911, Purchaser will pay the premium therefor, which will vary depending upon the purchase price of the Residential Unit. If ordered from Royal Abstract Company of New York, LLC, the premiums as of the date of this Plan will be discounted by reason of the initial sale of the Unit by Sponsor. The discounted premium for owner's title insurance is seventy percent of the sum of $371 for the first $35,000 of fee insurance plus from $6.16 to $2.55 for each $1,000 of additional fee insurance or fraction thereof depending on the amount of insurance. Mortgage title insurance rates are similarly discounted and are seventy percent of the sum of $318 for the first $35,000 of coverage plus from $5.13 to $2.13 for each $1,000 of additional mortgage title insurance or fraction thereof depending on the amount of insurance. Royal Abstract Company of New York, LLC will insure lenders at additionally discounted simultaneous rates if a fee policy and mortgage policy are both obtained by Purchaser.

(c) If a Purchaser obtains title insurance from a title insurance company other than Royal Abstract Company of New York, LLC and Sponsor incurs additional legal fees and expenses as a result of the requirements of such title insurance company, the Purchaser will reimburse Sponsor at closing for the amount of such additional legal fees and expenses so incurred.

(d) A fee for recording the Residential Unit Deed and Power of Attorney, being $42.00 for each deed and $17 for each additional instrument plus $5.00 per page as collected by Royal Abstract Company of New York, LLC (each title company establishes its own additional service and surcharges in this regard);

(e) If Purchaser obtains a mortgage loan, the Purchaser will pay Sponsor a sum equal to the partial mortgage tax credit to which Purchaser may be entitled pursuant to Section 339-ee(2) of the Condominium Act, which sum will be paid as a reimbursement for the mortgage recording tax previously paid by Sponsor in connection with any existing mortgage(s);

(f) The New York City Real Property Transfer Tax ("RPT Tax"), which currently, for the purchase of a single Unit is one (1%) percent of the purchase price of a Unit $500,000 or less (1.425% of the purchase price if over $500,000), and the New York State Real Estate Transfer Tax ("NYS Tax"), presently $2.00 for each $500.00 (or part thereof) of the purchase price of a Unit. For purposes of calculating the taxes payable, the amounts of such taxes will be included in the consideration subject to tax. 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 for the purchase of a Residential Unit :

Purchase price = $510,000

(a)	$510,000.00 x 1.425%	= $ 7,267.50
(b)	$510,000.00 x .4%	= $ 2,040.00
(c)	$510,000.00 + $9,307.50	= $519,307.50
(d)	$519,307.50 x 1.425%	= $ 7,400.13
(e)	$519,307.50 x .4% (rounded up)	= $ 2,078.00

Under the current policies of the New York City Department of Finance, where a purchaser purchases two or more Residential Units that have not been physically combined into a single residence before the transfer, the NYC RPT Tax rate where the consideration is $500,000 or less will be 1.425%, while the tax rate where the consideration is in excess of $500,000 will be 2.625%. The City of New York Department of Finance has taken the position that the consideration for the transfer of a Unit under a deed is not aggregated with the consideration for the transfer of other Units under separate deeds for purposes of determining total consideration. There is no guarantee that The City of New York will not change its positions with respect to the foregoing or require that that each Purchaser's

allocable portion of the cost of the Resident Manager's Apartment be included in the total consideration.

(g) If the purchase price of the Residential Unit is $1,000,000 or more, the New York State Additional Tax pursuant to Article 31 of the Tax Law, commonly referred to as the "Mansion Tax," currently one (1%) percent of the purchase price.

(h) The legal fees of Sponsor's attorneys in the amount of $1,000 will be payable by a purchaser to Stroock & Stroock & Lavan LLP. All legal costs, fees and expenses charged by the Purchaser's attorney shall be the sole responsibility of each Purchaser. In addition, Purchaser shall also be responsible for payment of the following fees to Sponsor's attorneys, Stroock & Stroock & Lavan LLP, in connection with the closing of title to Purchaser's Unit: If the Purchaser requests the Closing to occur other than at the offices of Stroock & Stroock & Lavan LLP or such other place as Sponsor may designate in its closing notice and Sponsor consents to such change, an attendance fee of $500 for each Closing held within Manhattan and $700 for each Closing held in any borough outside Manhattan. In addition, if Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of the Agreement, or for the addition, deletion or substitution of names on the Agreement, a fee of $1,000, payable in advance, for preparation of an assignment agreement. Purchaser may pay more than one fee pursuant to this paragraph with respect to a single Unit. In addition to an attendance fee in connection with a completed Unit transfer, Sponsor's attorneys shall also be entitled to an attendance fee if they attend a scheduled closing but the closing is adjourned due to Purchaser's failure to comply with its closing obligations, the determination of which shall be within the sole discretion of Sponsor's attorneys. In addition, more than one assignment fee shall be payable if Sponsor consents to more than one request.

(i) Purchaser shall pay the share of the cost of the Resident Manager's Apartment allocated in accordance with the Common Interest of each Residential Unit in the amounts more particularly set forth on Schedule A, "Purchase Prices and Related Information" in Part I of the Plan.

(j) If Purchaser obtains a mortgage loan, Purchaser will be responsible for the payment of all mortgage recording tax, origination, appraisal and closing costs and other expenses in connection therewith (including legal fees) in amounts determined by governmental authorities and such lender. Currently, the mortgage recording tax for mortgages for Residential Units where the mortgage is under $500,000 is $2.00 for each $100 of principal. The mortgage recording tax for Residential Units for mortgages in the amount of $500,000 or greater is $2.125 for each $100 of principal. The tax is reduced for Residential Units in both instances by $25.00 if the mortgage principal exceeds $10,000. No representation or warranty is made with respect to the amounts of such closing costs and expenses or the availability or cost of mortgage loans from any sources. As previously stated in paragraph (e) above, if a mortgage tax credit becomes available pursuant to Section 339-ee(2) of the Condominium Act, such credit will inure solely to the benefit of

Sponsor. Accordingly, at Closing, each Purchaser utilizing mortgage financing will pay the full amount (but not in excess thereof) of the mortgage recording tax chargeable on the entire amount being financed and Sponsor will be reimbursed by Purchaser to the extent of any mortgage tax credit allowed.

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 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 and such sums may be due even if a real estate tax escrow is paid to the Condominium Board at Closing.

All legal costs, fees and expenses of Sponsor's attorneys, other than those specifically set forth above, will be the sole responsibility of Sponsor.

At Closing, adjustments will be made as of midnight of the day preceding the Closing Date between Sponsor and each Purchaser with respect to (a) real estate taxes and assessments, if any (including water charges and sewer rents, if separately assessed) on the basis of the period for which assessed, (b) Common Charges for the month in which title closes and (c) accrued rent and any other charges pursuant to an interim lease or use and occupancy agreement, if any, covering Purchaser's Residential Unit. In the event the Units have not been separately assessed for real estate tax purposes prior to the First Closing, each Unit Owner will pay a pro rata share in the proportion that such Unit's Common Interest bears to the aggregate Common Interest of Units of all real estate taxes with respect to the Property to the Condominium Board as Common Charges. (please refer to Schedule A for an estimate of real estate taxes payable during the first year of Condominium operation). In addition, to the extent the Units will not be separately assessed, Sponsor may collect at Closing, on behalf of the Condominium Board, real estate taxes due and payable for the next tax year. The Condominium Board will pay such taxes either to the Finance Administration of The City of New York when due or directly to Sponsor if Sponsor has already paid such real estate taxes. If any Unit Owner fails to pay such Unit Owner's pro rata share as set forth above, the Condominium Board will have a lien on such Unit for non-payment of Common Charges. (See the Section entitled "Rights and Obligations of Unit Owners and the Board of Managers" under the subsection entitled –"Common Charges: Collection and Lien for Non-Payment, Attachment of Rent" for further discussion.) At such time as a Unit is separately assessed and separately billed, its Unit Owner will pay such taxes directly to the taxing authority.

If a Purchaser fails for any reason to close title to the Residential Unit on the originally scheduled Closing Date, (a) the closing apportionments described above will be made as of midnight of the day preceding the originally scheduled Closing Date, regardless of when the actual Closing occurs, and (b) Purchaser will be required to pay to Sponsor, as a reimbursement of

Sponsor's higher carrying costs for the Unit by virtue of the delay, and in addition to the other payments to be made to Sponsor under the Agreement and this Plan, an amount equal to 0.03% of the purchase price of the Unit for each day starting from (and including) the originally scheduled Closing Date to (and including) the day before the actual Closing Date.

Except as specifically set out in this Plan, Sponsor must pay all costs and expenses incurred in connection with the promulgation and consummation of this Plan, the creation of the Condominium and the initial sale of Residential Units, including, but not limited to, all selling expenses and commissions payable to Selling Agent for the initial sale of Residential Units pursuant to this Plan, advertising, printing and architects' fees, the fees of Sponsor's attorneys, engineering and appraisal costs and governmental filing fees, whether incurred prior or subsequent to the effective date of the Plan, in connection with the obligations of Sponsor (see the Section entitled "Rights and Obligations of Sponsor.")

RIGHTS AND OBLIGATIONS OF SPONSOR

Sponsor's Obligations with Respect to the Building

Subject to the terms and conditions of the Plan, Sponsor shall have the following obligations and all Purchasers upon execution of their respective Agreements will be deemed to have accepted, approved and agreed to abide and be bound by the following:

(a) Sponsor will diligently, expeditiously and at its sole cost and expense, perform or cause to be performed such work, and will supply or cause to be supplied all materials, necessary to complete construction of the Residential Tower substantially in accordance with the Plans and Specifications. Sponsor shall not be obligated to correct and will not be liable to any Purchaser as a result of any insubstantial variations from the Plans and Specifications or the description of the Residential Tower or a Unit set forth in the Plan. Sponsor reserves the right to amend or modify, in any way, the Plans and Specifications (including, without limitation, changing materials, appliances, equipment, fixtures and other construction details), provided, however, that:

(i) any materials, appliances, equipment and fixtures which Sponsor may substitute shall be similar products of substantially equal or better quality or design; and

(ii) Sponsor shall not materially change the size or location of the Units or Common Elements or adversely affect the value of any Unit to which title has closed or for which an Agreement is in effect, except as more specifically provided in the Section entitled "Changes in Prices and Units."

Under the present construction schedule, it is anticipated that, except for finishing work to stairways, hallways and other areas of the Residential Tower which are not intended for the exclusive use of any one Unit Owner and specialized work, if any, which Sponsor agrees to perform in individual Units at the request of Residential Unit Owners, a first temporary certificate of occupancy could be issued and the Building substantially completed in August, 2002, subject to Unavoidable Delays.

(b) Sponsor will obtain a temporary or permanent certificate of occupancy for the Residential Tower. A permanent Certificate of Occupancy is required for permanent residential use of the Residential Tower and the Residential Units. Temporary residential use of the Residential Tower is permitted upon the issuance of a temporary Certificate of Occupancy, but if a temporary Certificate of Occupancy, which may be extended up to a total of two years, expires prior to obtaining a permanent Certificate of Occupancy, residential occupancy of the condominium will be in violation of the Multiple Dwelling Law, subjecting the occupants of the Residential Tower, the Residential Unit Owners and

the Condominium Board to penalties under the Multiple Dwelling Law, including, possibly, the eviction of residential occupants. Sponsor makes no representation or guarantee that the Department of Buildings will issue a permanent certificate of occupancy within two (2) years after issuance of the first temporary certificate of occupancy. In the event that Sponsor does not obtain a permanent certificate of occupancy for the Building, the Condominium Board will be obligated to obtain the permanent certificate of occupancy and any costs associated therewith could be assessed against all Unit Owners as a Common Expense.

(c) If Sponsor fails to obtain a permanent Certificate of Occupancy for the Property prior to the First Closing, Sponsor will be obligated to: (i) direct the Escrow Agent to hold and maintain those monies received pursuant to all Agreements (see the Section entitled "Procedure To Purchase") which would otherwise be payable to Sponsor in the special trust account required by the General Business Law of the State of New York, Sections 352-e(2)(b) and 352(h), provided, however, that if Sponsor's Architect certifies that a lesser amount than the amount held in the special trust account is reasonably necessary to complete all alterations and improvements needed to obtain a permanent certificate of occupancy, then the amount exceeding the sum so certified by Sponsor's Architect shall be released from the special escrow account to Sponsor; or (ii) Sponsor shall deposit with Escrow Agent an unconditional, irrevocable letter of credit, deposit cash or post a surety bond, or provide other collateral acceptable to the Department of Law, in an amount Sponsor's Architect, from time to time, certifies is reasonably necessary to complete the work needed to obtain the permanent Certificate of Occupancy. Any amount held in escrow, in excess of the amount certified as reasonably necessary to complete the work needed to obtain the permanent Certificate of Occupancy, can be released from escrow upon the receipt by Escrow Agent of a request by Sponsor.

(d) Each Residential Unit and the fixtures and personal property contained therein are being sold and delivered as described in the Plan, at the time of transfer of title to such Residential Unit, unless Sponsor and Purchaser otherwise agree. Sponsor will maintain each Residential Unit, and the fixtures and personalty contained therein, up to the time of the transfer of title to the Unit in question. The Purchaser of a Residential Unit shall inspect such Unit prior to the Closing Date and shall execute at such time an inspection statement acknowledging Purchaser's acceptance of the Unit in good condition and in accordance with the terms of the Plan. However, if the Purchaser finds that Sponsor's improvements have not been completed, although such improvements have been substantially completed, then Sponsor and the Purchaser in question will immediately thereafter agree to include on the inspection statement a list of incomplete work of a nature to be completed in the Unit by Sponsor following the Closing for the Unit in question. The failure of Sponsor to complete such work shall not be a ground for Purchaser delaying the Closing. Sponsor shall have no obligation to complete any work described herein which is not specifically designated on the inspection statement by the Purchaser, except for work necessary to cure violations and to obtain a temporary or permanent Certificate of Occupancy. Sponsor will provide each Purchaser with notice of the date and time of the

inspection of the Unit prior to closing and will establish such procedures as may be required, in Sponsor's discretion, to complete the inspection of the Units and perform necessary punch list work therein. In the event a Purchaser fails to inspect a Unit after notification and an opportunity to perform such inspection, Sponsor reserves the right, in its discretion, to postpone the scheduled Closing or to deem Purchaser to have waived the right to cause punch list work, if any, to be completed. After closing of title to each Residential Unit, the Purchaser thereof must comply with the procedures established by the Managing Agent regarding such Purchaser's move into the Residential Unit.

(e) Following the recording of the Declaration, Sponsor will deliver, assign or otherwise grant to the Condominium Board, on behalf of all Unit Owners, the right to proceed under any assignable warranties and other undertakings received by Sponsor from contractors, materialmen or others in connection with the construction and equipping of the Residential Tower, except that warranties and undertakings received by Sponsor which relate to appliances, equipment or fixtures located in the Unit of a Purchaser shall be assigned to such Purchaser on the date of closing of title to the Unit. Purchasers should be aware that warranties vary in length, depending partly on when the appliances, equipment and fixtures covered by such warranties are first installed. Sponsor makes no representation as to which, if any, of the warranties will continue to remain in force upon the Closing Date of any particular Unit.

(f) Sponsor shall not be obligated to correct, repair, or replace any and all defects relating to construction of the Units, the General Common Elements and the Limited Common Elements, or in the installation or operation of any appliances, fixtures, or equipment therein, except as expressly provided in this Plan. Sponsor will not warrant the materials or workmanship of any Unit or any of the Common Elements. The Housing Merchant Implied Warranty Law (GBL Article 36-B) is not applicable to this offering because such law is applicable to units in buildings of five stories or less.

(g) Prior to the Closing of title for each Unit, Sponsor will cause such Unit and its appurtenant Common Interest, benefits, rights and easements as described in the Declaration and By-Laws to be released from the lien of any mortgages or security agreements encumbering the Unit (other than any mortgage or security agreements obtained by the Purchaser).

(h) Sponsor will bear all costs and expenses incurred by it in connection with the creation of the Condominium and the preparation of the Plan and all selling expenses and compensation payable to sales or other personnel of Sponsor.

(i) Sponsor will pay or cause to be paid all contractors, subcontractors and materialmen and all others involved in the construction and equipping of the Residential Tower in accordance with the New York Lien Law, for work performed and fixtures, material and equipment supplied or installed during construction thereof and will cause any

and all mechanics' liens arising out of such construction and equipping, if any, to be discharged by bonding, or otherwise, promptly after the filing of any such liens.

(j) Sponsor shall have only such obligation to defend any suit or proceeding arising out of Sponsor's acts or omissions or to indemnify the Condominium Board or Unit Owner(s) in any such action or proceeding as is required by Law or regulation.

(k) Following the issuance of a permanent Certificate of Occupancy for the Residential Tower, Sponsor will deliver to the Condominium Board a complete set of mechanical, electrical and plumbing drawings for the entire Residential Tower.

(l) In accordance with Section 339-p of the Condominium Act, a registered architect or licensed professional engineer shall certify within reasonable tolerances that the Floor Plans are an accurate copy of portions of the plans of the Residential Tower as filed with and approved by the municipal or other governmental authority having jurisdiction over the issuance of permits for the construction of the Residential Tower.

(m) Sponsor will pay all Common Charges, special assessments and real estate taxes allocated to any Unsold Units in accordance with the provisions of the By-Laws. Sponsor represents that it has the financial resources to meet such obligations with respect to Unsold Units. Sponsor will fund its financial obligations from proceeds from the sales of Units, rental income from Unsold Units, and financing. No bond or other security will be posted by Sponsor with respect to this obligation.

(n) Sponsor will initially procure on behalf of the Condominium Board the insurance relating to the Condominium which is required to be maintained by the Condominium Board in accordance with the provisions of the By-Laws (see the entitled "Rights and Obligations of Unit Owners and the Board of Managers") the cost of which insurance has been reflected in the Projected Budget set forth in Schedule B.

(o) Pursuant to the provisions of Section 352-e of the New York General Business Law, copies of the 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 by the Plan or shall have participated in the offering of such Unit, at Sponsor's office and shall remain available for such inspection for a period of six years from the date of the recording of the Declaration. In addition, a set of Floor Plans showing the layout, location and approximate dimensions of each Unit and its unit number designation and tax lot number, certified by the appropriate governmental authority of The City of New York as conforming to the official tax lot number for each such Unit, will be filed in the City Register's office when the Declaration is recorded, and an additional set will be furnished to the Condominium Board.

(p) Sponsor is obligated to deliver to the Condominium Board all books of account and records pertaining to the Residential Tower's operation which are in Sponsor's possession on the First Closing.

(q) Sponsor may dissolve or liquidate at any time. In the event of such an occurrence or the transfer of ten (10) or more Units or twenty (20%) percent of the Units in the Condominium, whichever is less, the principals of Sponsor will provide financially responsible entities or individuals who will assume the status and all of the obligations of Sponsor for those Units under this Plan, applicable Law or regulations.

(r) All representations under the Plan, all obligations pursuant to the GBL and such additional obligations under the Plan which are to be performed subsequent to the closing of each Unit will survive delivery of the deed.

Sponsor and its contractors, subcontractors, agents and employees will have a right of access to each Unit and to all of the Common Elements for the purpose of fulfilling Sponsor's obligations under the Plan and performing certain alterations and repairs in or about the Unsold Residential Units. Sponsor will use reasonable efforts in order to exercise such access in such a manner as will not unreasonably interfere with the use of any Residential Unit for its permitted purposes. If reasonable care under the circumstances is exercised to safeguard the Unit Owner's property, such entry shall not render Sponsor or its authorized agents liable for any damage to the Unit or to the personality or fixtures contained therein.

The foregoing sets forth the entire obligations of Sponsor hereunder and no others shall be implied, except that nothing contained herein shall be deemed to limit the rights of Residential Unit Owners under their respective Agreements or to include any financial limitation on Sponsor's liability for failure to perform its obligations under the Plan. Sponsor makes no representation or warranty as to the work, materials, appliances, equipment or fixtures other than as set forth in the Plan.

Obligations of Sponsor hereunder with respect to the Condominium shall be enforceable by the Condominium Board on behalf of Residential Unit Owners. Except as set forth above or as required by Law or governmental regulation, Sponsor has not furnished any bond or other security for the performance of the obligations of Sponsor under the Plan. The ability of Sponsor to perform its obligations hereunder will partly depend upon its financial condition at the time it is called upon to perform. No representation can be made that it will be financially able to perform any or all of such obligations. Unless expressly provided to the contrary herein, the obligations of Sponsor under the Plan shall survive the delivery of the respective Residential Unit deeds. In the event Sponsor is not financially able to perform its obligations under the Plan, sales will cease and the Plan will be amended to offer rescission to purchasers, if any.

Sponsor has obtained construction financing for the project as more fully set forth in the Section of the Plan entitled "Description of the Property and Improvements" and anticipates

obtaining a permanent certificate of occupancy for the Residential Tower within two (2) years after the First Closing.

Leasing and Use of Unsold Units

Sponsor reserves the right, prior to the date of closing title thereto, to rent or lease any Residential Unit for such rent and term and on such other conditions as may be agreed to between Sponsor and any Purchaser who has paid the Deposit required by the Agreement, provided that no occupancy may commence until a temporary Certificate of Occupancy has been obtained for such Unit. Any such lease or use and occupancy agreement will provide, however, among other things, that an uncured default by the Purchaser under the Agreement with respect to the Unit which is the subject of the lease will constitute a default under the lease or use and occupancy agreement entitling Sponsor, at its option, to terminate such lease in accordance with applicable Law. In addition, each Agreement may provide that an uncured default by the Purchaser under any lease or use and occupancy agreement with respect to the Unit which is the subject of the Agreement will constitute a default under the Agreement entitling Sponsor, at its option, to terminate such Agreement and to exercise any remedies therein provided.

Purchasers or any other persons entering into a lease or use and occupancy agreement for a Residential Unit shall be required to pay the legal fees of Sponsor's counsel in connection therewith upon execution of the lease or use and occupancy agreement. All other charges or other fees due under a lease or use and occupancy agreement shall be adjusted as of the Closing to the Unit. Notwithstanding any of the foregoing, Sponsor shall be under no obligation to enter into any lease or use and occupancy agreement.

Sponsor 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 Residential Unit not yet conveyed 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 leases with such Purchaser or other leases or rights of occupancy of such Unit which Sponsor agreed to enter into at the request of the Purchaser of such Unit.

Sponsor and its designee reserve the right, without prior notice or amendment to the Plan, to use Unsold Residential Units on any floor of the Building as sales and rental offices and model apartments for the Building and any other building in which principals of Sponsor have an interest. In the event Sponsor or its designee thereafter elects to sell any such Unsold Residential Units, 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 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 Residential Unit will contain such furniture, furnishings, equipment or decorations upon delivery of the Residential Unit

to the Purchaser of the Residential Unit unless such Purchaser agrees to pay Sponsor an amount as determined by Sponsor in addition to the purchase price for such Residential Unit.

CONTROL BY SPONSOR

Sponsor as the owner of Unsold Units will have voting control of the Condominium Board during the period which continues until the later to occur of: (i) any meeting of Residential Unit Owners at which the votes cast for Sponsor's nominees do not constitute a majority of the votes cast at such meeting or (ii) five (5) years after the First Closing. Sponsor as the owner of Unsold Residential Units will have voting control of the Condominium Board during the period which continues until the later to occur of: (i) any meeting of Unit Owners at which the votes cast for Sponsor's nominees do not constitute a majority of the votes cast at such meeting or (ii) five (5) years after the First Closing, or (iii) at such time as Sponsor owns less than 85% of the Residential Units. During the period that Sponsor has control of the Condominium Board (the "Sponsor Control Period") Sponsor will have control of maintenance, facilities and services to be provided to Residential Unit Owners and will determine the Common Charges to be paid by all Residential Unit Owners and the enforcement of Sponsor's obligations by said Board(s).

The Condominium Board shall initially consist of three (3) persons designated by Sponsor.

The Condominium Board will call for a special meeting of the Residential Unit Owners to elect a new Condominium Board (the "First Annual Meeting") no later than one hundred and eighty (180) days after the First Closing. The First Annual Meeting shall be held not less than 10 days nor more than 40 days after the sending of the notice of the meeting.

Commencing with the First Annual Meeting, the Condominium Board shall consist of five (5) persons. The number of Condominium Board members and the number or composition of Condominium Board members may not be changed except in accordance with the procedures described in the By-Laws.

At the First Annual Meeting and at all times thereafter, Sponsor may be able to elect members of the Condominium Board as a result of its ownership of or interest in Unsold Residential Units. Sponsor shall retain voting control of the Condominium Board (and the Condominium Board) if Sponsor and its designees are able to cast sufficient votes at such meetings to establish such control. In addition, Sponsor, for so long as Sponsor owns at least two (2) Residential Units, shall have the right, at its option, to designate at least one member of the Condominium Board.

Until Sponsor or its designee has conveyed title to all the Residential Units, but in no event later than five (5) years after the First Closing, whichever shall first occur, the Condominium Board and the Condominium Board may not take any of the following actions without Sponsor's prior written consent (notwithstanding the number of votes Sponsor controls): (a) make any addition, alteration or improvement to the Common Elements or to any Residential 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) increase or decrease the number, or change the kind of, employees referred to in the Plan, (d) enter into any service or maintenance contract for work not covered by

contracts in existence on the date of the First Closing or otherwise provide services in excess of those referred to in the Plan, except as is required to reflect normal annual increases in operating services, (e) borrow money on behalf of the Condominium or (f) exercise a right of first refusal to lease or purchase a Residential Unit; provided, however, that Sponsor's written consent is not necessary to perform any function or take any action described in items (a) through (f) above, if, and only if, the performance of such function or the carrying out of such an action is necessary, and no other alternative is available, to enable the Condominium Board or the Condominium Board to comply with Laws, rules or regulations of any governmental authority having jurisdiction over the Condominium.

Notwithstanding the foregoing, for so long as Sponsor owns less than 50% of the Residential Units but more than 15% of the Unsold Residential Units (excluding Unsold Residential Units purchased by Sponsor or its designee) as the case may be, (a) Sponsor shall have the right to vote all of the Common Interests attributable to Unsold Residential Units owned by it to designate at least two members of the Condominium Board and for so long as Sponsor at least two of the Unsold Residential Units (excluding Unsold Residential Units purchased by Sponsor or its designee) as the case may be, Sponsor shall have the right to vote all of the Common Interests attributable to Unsold Residential Units owned by it to designate at least one member of the Condominium Board.

BOARDS OF MANAGERS

The affairs of the Condominium shall be governed by the Condominium Board, which shall initially be comprised of three (3) members. Initially, the Condominium Board members shall be designated by Sponsor. On or before the date which is one hundred and eighty (180) days after the First Closing, the Condominium Board will call for the First Annual Meeting of Residential Unit Owners, such meeting to be held not less than 10 days nor more than 40 days after such date At the First Annual Meeting, the incumbent Condominium Board shall resign and the Residential Unit Owners shall elect a new Condominium Board consisting of five (5) members. (See the Section entitled "Control by Sponsor.") Thereafter, at each annual meeting, members of the Condominium Board shall be elected and shall serve until the next annual meeting thereof and until a successor has been elected and qualified. The five (5) members of the Condominium Board shall also serve on the Condominium Board.

Except for Board members designated by Sponsor or its designee, all members of the Condominium Board must be either Residential Unit Owners or certain parties (e.g. directors, shareholders of Unit Owners) as described in the By-Laws. No member of the Condominium Board shall continue to serve on the Condominium Board if, during such Unit Owner's term of office, said member shall cease to be a Residential Unit Owner or an interested party. All Board members shall serve without compensation.

The Condominium Board shall collectively have the powers and duties necessary for or incidental to the administration of the affairs of the Condominium.

Annual meetings of Residential Unit Owners shall be held within approximately thirty (30) days of each anniversary of the First Annual Meeting. At such meetings, the Residential Unit Owners shall elect the five member Condominium Board, subject to any rights of Sponsor to designate Board members, and there shall also be transacted such other business as may properly come before such meetings. In addition, special meetings may be held from time to time pursuant to the By-Laws. The Secretary of the Condominium Board shall mail a notice of each annual or special meeting of the Condominium to all Residential Unit Owners of record. The notice, which will generally be given at least ten (10) days prior to any such meeting, shall state the purpose of the meeting as well as the time and place where it is to be held. Except as otherwise provided in the By-Laws or Declaration, at all meetings of Residential Unit Owners, the presence in person or by proxy of Residential Unit Owners owning more than thirty (30%) percent of the Common Interests attributable to all Residential Units shall constitute a quorum and a majority of the votes cast at any such meeting at which a quorum is present shall be binding upon all Residential Unit Owners.

At all meetings, each Unit Owner (or such Unit Owner's proxy) entitled to vote thereat (including Sponsor or its designees with respect to Unsold Residential Units) shall be entitled to cast one vote for each .0001% of interest in the Common Elements attributable to such Unit Owner's Unit or Units.

The principal officers of the Condominium Board shall be a President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Condominium Board. The initial members of the Condominium Board shall be David J. Wine, Jeff T. Blau and Bruce A. Beal, Jr., who shall serve as President, Vice President and Treasurer and Secretary of the Condominium Board respectively. Each of these individuals is a principal of or is affiliated with Sponsor or its principals. The Condominium Board may appoint additional officers. Except as otherwise provided by the Condominium Board, no officer shall receive any compensation for acting as such. The By-Laws provide that all instruments of the Condominium Board are to be executed by any officer thereof or by such other person or persons as may be designated by the Condominium Board. However, by resolution of the Condominium Board, any expenditure in excess of a specified amount by the Condominium Board will be countersigned by two members of the said Board.

The term of office of the members of the Condominium Board shall be for one year or until their successors are elected. Members of the Condominium Board shall serve without compensation. Any member of the Condominium Board may resign at any time by written notice hand delivered or sent by certified mail, return receipt requested, to the President or Secretary of the Condominium Board. Notwithstanding the term of such member's office, such resignation shall take effect at the time specified therein.

A member of the Condominium Board designated or elected by the Residential Unit Owners may be removed with or without cause by an affirmative vote of a Majority of Residential Unit Owners (as defined in the By-Laws) who are present at a meeting containing a quorum of Residential Unit Owners; provided, however, that Condominium Board members designated by Sponsor may only be removed with cause and replaced by another Sponsor designee. No member of the Condominium Board shall continue to serve on the Condominium Board if, during such Unit Owner's term of office, said member shall cease to be a Residential Unit Owner or an interested party as described in Section 2.1 of the By-Laws; provided, however, that this provision respecting Residential Unit ownership and Condominium Board membership shall not apply to members of the Condominium Board designated by Sponsor or its designee.

Upon the affirmative vote of a majority of the members of the Condominium Board, any officer may be removed with or without cause. A successor officer may be elected at any regular Board meeting or at any special Board meeting called for such purpose.

All officers, Board members and employees of the Condominium will be bonded at all times from and after the First Closing under fidelity bonds in favor of the Condominium and the Condominium. The amount and cost of the bonds has been provided for in the projected budget for the first year of Condominium operation contained in Schedule B.

Generally, subject to certain exceptions concerning, among other things, Sponsor, and Unsold Residential Units, and provided that required consents of the Residential Mortgage Representatives, if any, are obtained, any provision of the Declaration, By-Laws or Rules and Regulations may be amended, modified, added to or deleted by affirmative vote of at least 66 2/3%

in number and in Common Interest of all Residential Unit Owners; provided, however, that the Common Interest appurtenant to each Unit may not be altered without the written consent of all Unit Owners directly affected thereby.

Notwithstanding any provision contained in the By-Laws to the contrary, no amendment, modification, addition or deletion of or to the By-Laws, the Declaration or the Rules and Regulations shall be effective in any way (a) without the prior written consent of the Commercial Property Owner, with respect to any amendment, modification, addition or deletion of or to the By-Laws, the Declaration or the Rules and Regulations purporting to modify the obligations of the Condominium Board under the Reciprocal Easement and Operating Agreement or affecting the rights, privileges, easements, licenses or exemptions granted to the Commercial Property Owner, (b) without the prior written consent of Sponsor or its designee or the owner of any Unsold Residential Unit with respect to any amendment, modification, addition or deletion of or to the By-Laws, the Declaration or the Rules and Regulations modifying the permitted uses of the Building or any portion thereof or affecting the rights, privileges, easements, licenses or exemptions granted to Sponsor or its designee or the owner of any Unsold Residential Unit, or otherwise adversely affecting Sponsor or its designee or the owner of any Unsold Residential Unit or (c) without the prior written consent of the holder of any present or future mortgage, pledge, or other lien or security interest covering any Unsold Residential Unit with respect to any amendment, modification, addition or deletion of or to the By-Laws, the Declaration, or the Rules and Regulations modifying the permitted uses of such Unsold Residential Unit or affecting the rights, privileges, easements, licenses or exemptions granted to the owner of such Unsold Residential Unit.

RIGHTS AND OBLIGATIONS OF UNIT OWNERS AND THE CONDOMINIUM BOARD

Sales and Leases of Units

Each Residential Unit Owner may sell or lease such Unit Owner's Residential Unit provided such Unit Owner (the "Transferor") first gives the Condominium Board, on behalf of all Residential Unit Owners, notice of such Unit Owner's intention to sell or lease such Unit and an opportunity to purchase or lease such Unit at the same price or rental and on the same terms as were offered in good faith by a prospective purchaser or lessee, as more specifically provided in Article 8 of the By-Laws. If the Condominium Board does not elect to purchase or lease the Residential Unit within twenty days after receipt of the offering Residential Unit Owner's notice, the Transferor will have an additional sixty days to enter into a written agreement with the prospective purchaser or lessee, as the case may be, embodying the terms set forth in said notice. In the event such written agreement is not executed by the Transferor within said sixty-day period or such sale or lease is not consummated within an additional sixty days following the expiration of said sixty-day period, the Transferor will be required to again first offer the same to the Condominium Board, provided that the Condominium Board shall be entitled to waive, or to permit an extension of, either or both of such sixty day periods. The Condominium Board may not exercise its option to purchase or lease any Residential Unit without prior approval of a majority in interest of Residential Unit Owners present in person or by proxy and voting at a meeting at which a quorum is present. In any vote of all the Residential Unit Owners, the Transferor shall have the right to vote in any vote conducted by the Condominium Board for the purpose of determining whether the Condominium Board shall exercise its right of first refusal to purchase or lease the Transferor's Unit. Any such deed given by a Transferor shall provide that the 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 the By-Laws and shall provide that it may not be materially modified, amended, or extended without the prior consent in writing of the Condominium Board, that the tenant shall not assign the lease or sublet the demised premises or any part thereof without the prior consent in writing of the Condominium Board, and that the Condominium Board, if permitted by applicable Law, shall have the 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. The form of any such lease shall be a printed, reasonably applicable form of residential lease approved by the Condominium Board which is generally accepted in New York City such as an appropriate Real Estate Board of New York, Inc. or Blumberg form, except for such changes therein as provided in the By-Laws.

Any purported sale or lease of a Unit in violation of this section shall be voidable at the election of the Condominium Board.

A Residential Unit Owner may lease, sell or convey the Residential Unit to a spouse, adult child or grandchild, parent, grandparent or adult sibling, may convey such Unit Owner's Residential

Unit by gift, may devise such Unit Owner's Residential Unit by will, or have it pass by intestacy, without complying with the foregoing restrictions; provided, however, that each succeeding Residential Unit Owner shall be bound by, and such Unit Owner's Residential Unit shall be subject to, the preceding restrictions. In addition, any Residential Unit Owner may lease, sell or convey the Unit to a related or controlled individual or entity, as more particularly set forth in the By-Laws.

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

A Residential Unit Owner may only sell or lease such Unit Owner's entire Unit. In addition, each conveyance of a Unit by a Residential Unit Owner shall include, as part of the property to be conveyed, such Residential Unit Owner's undivided interest in (b) Limited Common Elements and the General Common Elements, (b) any Unit or Units acquired by the Condominium Board on behalf of all Residential Unit Owners, or any proceeds of the sale or lease thereof and (c) any other assets of the Condominium. No part of the Unit Owner's interest in the Common Elements may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit or as part of a sale, transfer or other disposition of the specific interest in the Common Elements by all affected Unit Owners.

A Residential Unit may not be conveyed unless all unpaid Common Charges and liens against such Unit (other than Permitted Mortgages) are paid and/or satisfied at or prior to closing. In addition, the Condominium Board may establish reasonable fees for the processing of sale and lease notices, which shall be payable by the selling or leasing Residential Unit Owner, as the case may be, to the Managing Agent.

Notwithstanding anything contained herein to the contrary, prior to the closing of title to a Unit, the Agreement prohibits a Purchaser from listing such 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 Sponsor's prior written consent.

Use of Units

Residential Units shall be used only as a residence (except as described below). The Condominium Board, may in its sole discretion, permit a Residential Unit to be used for other purposes provided such use is permitted by Law, does not violate the then existing Certificate of Occupancy and complies with all applicable governmental regulations.

Notwithstanding the preceding paragraph, Sponsor or its designee may, without the permission of the Condominium Board (a) use or grant permission for the use of any Unsold Residential Unit as a professional office or for any other purpose, provided such use is permitted by Law, does not violate the then existing Certificate of Occupancy covering such Residential Unit and the user of such Unit complies with all applicable governmental regulations and (b) retain

ownership of one or more Residential Units for use as models and sales, rental and/or promotion offices in connection with the sale or rental of other Residential Units in the Condominium or in buildings in which principals of Sponsor may have an interest.

Each Unit Owner shall notify the Managing Agent 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 full knowledge of the Managing Agent.

The current zoning law permits a person who resides in a Residential Unit to use up to 25% of the floor area of such Unit Owner's Unit (but in no event to exceed 500 square feet) for certain home occupations including a fine arts studio, professional offices (e.g., lawyer, doctor or dentist) and teaching of not more than four persons. No transient tenant may be accommodated in a Residential Unit, except in Unsold Residential Units, as permitted by Law.

No nuisance, immoral, improper, offensive or unlawful use shall be allowed in the Building or any portion thereof. All valid Laws, zoning ordinances and regulations of governmental bodies having jurisdiction thereof relating to any portion of the Property shall be complied with at the sole expense of the respective Unit Owners or Condominium Board, whoever or whichever shall have the obligation to maintain or repair such portion of the Property.

No "For Sale," "For Rent," "For Lease" sign, or any other sign evidencing a similar purpose, or other window display or advertising shall be maintained or permitted in any Residential Unit, except that these sign restrictions shall not apply with respect to Unsold Residential Units.

No awnings, air conditioning equipment or ventilators shall be installed or modified in the Condominium without prior written approval of the Condominium Board. No radio or television aerial, satellite dishes or other similar device shall be erected by Residential Unit Owners on the roof or exterior walls, windows or terraces of the Residential Tower or on the Property, without obtaining in each instance the written consent of the Condominium Board or except as may otherwise be required by Law.

No pets other than dogs, caged birds, cats and fish (which do not cause a nuisance, health hazard or unsanitary condition) may be kept in a Residential Unit without the consent of the Condominium Board or the Managing Agent. In no event will a Residential Unit Owner be entitled to maintain more than two (2) pets in any Unit without the consent of the Condominium Board. Each Residential Unit Owner who keeps any type of pet in such Unit Owner's Residential Unit will be required to abide by any and all reasonable Rules and Regulations of the Condominium Board adopted with respect thereto and may be required to enter into an agreement with the Condominium Board governing the maintenance of such pets and indemnifying and holding harmless the Condominium, all Unit Owners and the Managing Agent from all claims and expenses resulting from acts of such pet.

Each Unit Owner shall keep such Unit Owner's Unit in a good state of preservation and cleanliness and each Unit Owner shall be obligated to maintain and keep in good order and repair such Unit Owner's own Unit in accordance with the provisions of the By-Laws and the rules and regulations of municipal departments or agencies having jurisdiction thereof. The Rules and Regulations concerning the use of Residential Units may be amended from time to time by the Condominium Board provided that copies thereof are furnished to each Residential Unit Owner prior to the time that they become effective (except that no amendment thereof affecting the Unsold Residential Units may be made unless agreed to by Sponsor or its designee, as the case may be). Further restrictions on the use and leasing of Residential Units are set forth in the By-Laws and Rules and Regulations.

Mortgage of Units by Unit Owners

Each Residential Unit Owner may mortgage such Unit Owner's Unit, provided that the conditions with respect thereto set forth in the By-Laws are first complied with by such Unit Owner. As more fully set forth in the By-Laws, these conditions include the requirements that (a) the mortgage be substantially in the form of the New York Board of Title Underwriters form of mortgage, or such other form approved by the Condominium Board, (b) the Condominium Board is notified in writing of the making of such mortgage and receives a conformed copy of the note and mortgage and (c) the Unit Owner making such mortgage first satisfies all unpaid liens against such Unit Owner's Unit, other than Permitted Mortgages.

In certain instances the consent of the Residential Mortgage Representative is necessary in order to amend the Declaration, By-Laws or Rules and Regulations. The By-Laws provide that no more than three Residential Mortgage Representatives shall be designated by the holders of mortgages (a) which satisfy the conditions set forth in the By-Laws (as described above) and (b) which holders of such mortgages are (i) Sponsor or its designee, (ii) a bank, trust company, insurance company, real estate investment or mortgage trust or (iii) a governmental or union employee, welfare, pension or retirement fund or system.

Common Charges: Determination and Assessment

Common Expenses, which are payable only by Residential Unit Owners and are included in their Common Charges, are allocated among Residential Unit Owners in proportion to their respective Common Interests. The respective Common Interests of each Unit, as estimated by Sponsor, are 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. Common Expenses include, among other things, all costs and expenses (including the payment of wages) in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the General Common Elements and Limited Common Elements. Common Expenses may include amounts for certain other items as the Condominium Board may deem proper, such as amounts for reserves or in connection with the purchase or lease by the Condominium Board of any Residential Unit.

The cost of maintaining the Commercial Building will be determined and borne solely by the Commercial Property Owner except as otherwise provided in the Reciprocal Easement and Operating Agreement.

Common Expenses which include, among other things, the costs and expenses (including the payment of wages) in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the Common Elements (including the Residential Owned Facilities located in the Commercial Building) and certain other expenses common to all Unit Owners, such as managing agent fees and legal and accounting fees will be determined by the Condominium Board. Common Expenses include any contributions required to be made to the Commercial Property Owner under the terms of the Reciprocal Easement and Operating Agreement, including, without limitation, the Condominium's share of premiums for insurance covering the Building, the cost for the Shared Loading Dock and the cost of maintaining shared utility lines. Common Expenses will be allocated by the Condominium Board among the Residential Unit Owners in accordance with their respective Common Interests.

In the event that the annual receipts levied against Unit Owners during the first year of condominium operation commencing on the date of First Closing exceed the actual expenses less income from sources other than Unit Owners for that period accounted for on an accrual basis by an amount in excess of $100,000, the receipts from Unit Owners over and above such amount may be rebated to the Unit Owners by the Condominium Board in proportion to each Unit's percentage of Common Interest. Rebates, if any, attributable to Units purchased from Sponsor during the first year of condominium operation will be distributed by the Condominium Board to Sponsor and the Residential Unit Owner(s) in proportion to the amount of time Sponsor and each Residential Unit Owner owned such Unit. Sponsor makes no representations that there will be any excess receipts for rebate to Residential Units Owners or, if rebates are made, what the tax consequences of such rebates would be to Residential Unit Owners. See the Attorney's Income Tax Opinion in Part I of the Plan for further discussion regarding the income tax consequences of the ownership of Residential Units by individual Unit Owners.

At least annually the Condominium Board will prepare a budget for Common Expenses and allocate, as aforesaid, and assess, among all Residential Unit Owners, Common Charges to the Common Expenses. The Condominium Board will furnish copies of each budget on which Common Charges are based to all Residential Unit Owners prior to the adoption thereof and advise such Unit Owners of the amount of Common Charges payable by them. Unless otherwise determined by the Board to which they are payable, Common Charges will be payable monthly in advance on the first day of each month.

Common Charges: Collection and Lien for Non-Payment

Under the provisions of the By-Laws, (a) the Condominium Board, on behalf of all Residential Unit Owners, will have a lien on each Residential Unit for unpaid Common Charges together with interest thereon, assessed against such Unit. Such lien, however, to the extent permitted by applicable Law, will be subordinate to the lien of any first Permitted Mortgage of record and to liens for real estate taxes on the particular Unit. Any lien for unpaid Common Charges, against a Unit will be effective from and after filing of a verified notice thereof in the City Register's Office until all sums secured thereby with interest accrued thereon shall have been fully paid, or until six years from the date of filing (unless foreclosure of such lien is started within such six-year period), whichever shall occur sooner. The By-Laws provide that such liens may be foreclosed by a suit brought in the name of the Condominium Board (acting on behalf of all Residential Unit Owners) in like manner as the foreclosure of a mortgage on real property or an action may be brought by the Condominium Board to recover unpaid Common Charges without foreclosing such lien.

No Unit Owner may be exempted from liability for such Unit Owner's Common Charges by waiving use of any of the Common Elements or by abandonment of such Unit Owner's Unit. No Unit Owner, however, will be liable for the payment of any part of the Common Charges assessed against such Unit Owner's Unit subsequent to a permissible sale, transfer or other conveyance of such Unit. In addition, as more specifically set forth in the By-Laws, a Residential Unit Owner may, by conveying such Unit Owner's Unit without consideration to the Condominium Board and complying with certain conditions in connection therewith, exempt himself from Common Charges thereafter accruing.

On a resale of a Residential Unit, the purchaser thereof will be liable for the payment of Common Charges accrued and unpaid against such Unit prior to such Unit Owner's acquisition. Prior to the permissible sale, transfer or other conveyance of a Residential Unit, any seller or purchaser of a Residential Unit shall be entitled to a statement (an "Estoppel Letter") from the Condominium Board, setting forth the amount of the unpaid Common Charges accrued against the Unit and neither such seller nor purchaser shall be liable for, nor shall the Unit be conveyed subject to a lien for, any unpaid Common Charges against such Unit accrued prior to such conveyance in excess of the amount set forth in such statement. In the event of a foreclosure by either Board 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 or if a Unit is acquired by a mortgagee or

purchaser in foreclosure, the Unit Owner will remain liable for the unpaid balance. Neither (a) a Permitted Mortgagee (as defined in the Condominium Declaration) 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 Permitted Mortgagee or purchaser. However, such Permitted Mortgagee or purchaser at a foreclosure sale shall be liable for payment of all Common Charges after the acquisition of title to such Unit. The Condominium Board will have the right to assess such unpaid balance as a Common Charge among all Residential Unit Owners.

RPL §339-jj-Borrowing by Condominium

A new subsection jj to Section 339 of the Real Property Law ("RPL"), was enacted into law on August 26, 1997 and authorizes the Condominium Board to incur debt provided that such debt (a) is incurred no earlier than the fifth anniversary of the First Closing and (b) is approved by Unit Owners owning Units to which there is appurtenant a majority of the Common Interests. Any such debt may be secured by future income and Common Charges in which event the Common Charges shall be deemed trust funds for the purpose of paying such debt. The Condominium Board cannot secure such debt by a lien on the Common Elements without the consent of all Unit Owners.

RPL §339-kk-Payment of Rent Where Default in Payment of Common Charges

A new subsection kk to Section 339 of the RPL, a copy of which is set forth in Part II of the Plan, was enacted into law July 22, 1998. RPL §339-kk is applicable to all condominiums in the State of New York. RPL §339-kk is intended to provide additional financial protection for a condominium association if a sponsor or other non-occupant unit owner of a residential unit fails to make monthly payments for common charges, assessments and late fees due in connection with such owner's units.

RPL §339-kk provides, by its terms, among other things, that with respect to unsold units of a Condominium owned by a sponsor or by any other non-occupant unit owner and occupied by a tenant:

> (a) If payment of common charges, assessments or late fees by any non-occupant unit owner is more than sixty (60) days late after the expiration of any grace period within which they are due, payments from a tenant of such unit may become directly payable to the Condominium upon written notice by the Condominium to the tenant and the non-occupant unit owner. Where a majority of the Condominium Board has been elected by unit owners who are in occupancy of their respective units, the Condominium Board may elect not to require that the rental payments be paid to the Condominium. Once the common charges, assessments and late fees of the non-occupant unit owner have been brought current, the Condominium Board must notify the non-occupant unit owner and tenant within three (3) business days and thereafter the rent will be payable to the non-occupant unit owner or a designated agent.

(b) Payment by a tenant of rent or the amount required pursuant to the tenant's lease or statutory tenancy to the Condominium pursuant to the RPL §339-kk, relieves the tenant from the obligation to pay rent to the non-occupying unit owner.

(c) Any rights existing under any other laws are not limited by RPL §339-kk.

(d) A non-occupant unit owner who disputes a Condominium's claim to rental payments is entitled to present facts supporting such owner's position at the next scheduled meeting of the Condominium Board, which must be held within thirty (30) days after receipt of notice that the unit owner seeks to dispute the Condominium's claim.

Sponsor makes no representation or guarantee that any Unit Owner (other than Sponsor), any tenant, or the Condominium, will in fact comply with RPL §339-kk, and Sponsor shall have no liability for their failure to do so.

RPL §339-kk does not address a number of issues. Accordingly, Sponsor makes no representation as to (i) RPL §339-kk 's effect on the lien priority of a loan heretofore or hereafter made to a non-occupant owner and secured by the unit, or whether RPL §339-kk 's enactment or compliance therewith by a tenant constitutes a default by the unit owner under said loan, (ii) RPL §339-kk 's effect on assignments of leases and rents given by a non-occupant owner to a mortgagee in connection with purchase-money financing or otherwise, (iii) the Condominium's remedies if a tenant fails or refuses to make rental payments to the Condominium Board after notice from the Condominium Board (in accordance with RPL §339-kk) to do so, (iv) the consequence of the Condominium Board's failure to give notice to a tenant (i.e., does failure constitute a waiver of the Condominium's rights?), or (v) who is responsible for designating an agent to whom rental payments are to be made after the non-occupant unit owner is brought current in payment of common charges, assessments and late fees.

Finally, no representation is made about the tax effects of RPL §339-kk.

All prospective purchasers should review RPL §339-kk to determine its effect on their own situation.

Repairs to and Maintenance of Units and Common Elements

Generally, all painting, decorating, and routine maintenance, repairs and replacements, (a) in or to any Unit (other than to the General Common Elements), including the individual heating and cooling systems and the interior side of entrance doors thereto, will be made by the owner of such Unit at such Unit Owner's sole cost and expense, (b) in or to the General Common Elements will be made by the Condominium Board and the cost and expense thereof will be charged to all Residential Unit Owners as a Common Expense, (c) in or to the Limited Common Elements will be made by the Residential Unit having exclusive access thereto at its sole cost and expense. The Condominium Board has the right to require that any repairs by Residential Unit Owners to the incremental heating and air conditioning units within each Residential Unit can only be made by contractors or servicemen who have been previously approved by the Condominium Board.

Notwithstanding the above, all normal maintenance, repairs and replacements of any Terrace shall be made by the Residential Unit Owner having access to same, at such Unit Owner's own cost and expense, but any structural repairs to such Terrace (including any leaks which are not caused by the negligence or misconduct of the Residential Unit Owner having access to the same) will be made by the Condominium Board and the cost and expense thereof will be charged to all Residential Unit Owners as a Common Expense. Any Residential Unit Owner having access to a Terrace shall keep it free of snow, ice and accumulation of water. In accordance with the By-Laws, the Condominium Board may require a Residential Unit Owner to remove plantings and other installations on such Unit Owner's Terrace, if the Condominium Board, in its reasonable discretion determines that such plantings and other installations adversely affects the integrity of the roof.

The interior glass surfaces of all windows located in any Residential Unit shall not be colored or painted and are to be washed and cleaned by the Residential Unit Owner at such Residential Unit Owner's sole cost and expense. The exterior glass surfaces of all windows in the Residential Tower will be washed and cleaned in accordance with the terms of the Reciprocal Easement and Operating Agreement and the cost thereof allocated to the Condominium shall be a Common Expense. Any replacement of glass windows in any Residential Unit because of breakage or otherwise shall be made by the Condominium Board at the sole cost and expense of the owner of such Residential Unit (unless such breakage is caused by the Condominium Board or the negligence of any other Unit Owner, in which event such replacement of glass windows will be at the sole cost and expense of the Condominium Board or such Unit Owner). No replacement, modification or alteration may be made to or of the windows (other than replacement of the window panes) without the consent of the Condominium Board.

The By-Laws provide that each Unit and all portions of the Common Elements shall be kept in first-class condition (and with respect to any roof or other part of the Property exposed to the elements, free of snow, ice and accumulation of water) by the Unit Owner or Condominium Board, whichever is responsible for the maintenance thereof. In the event any Unit Owner fails to keep such Unit Owner's Unit in such condition, the Condominium Board may, at the expense of such Unit Owner, enter such Unit and perform such acts as are necessary to cure such default. (See the

subsection entitled "Rights of Access.") A Residential Unit Owner shall not permit excessive noise or vibrations to emanate from the Unit.

The By-Laws further require that those public or other areas of the Residential Tower exposed to public view that are required to be maintained by each Unit Owner or the Condominium Board, be kept in good appearance in conformity with the dignity and character of the Residential Tower by such Unit Owner or the Condominium Board.

In addition, the Rules and Regulations require that at least eighty (80%) percent of the floor area of Residential Units (except for kitchens, bathrooms, closets and foyers) be covered with rugs, carpeting or equally effective noise-reducing material.

Alterations and Improvements of Units and Common Elements

No Residential Unit Owner may make any structural alteration, addition, improvement or repair in or to such Unit Owner's Unit without the prior written approval of the Condominium Board but, as more fully set forth in the By-Laws, this provision does not apply to an Unsold Residential Unit. Except as otherwise permitted in the By-Laws, no Residential Unit Owner may make any alteration, addition, improvement or repair in or to the Common Elements without the prior written approval of the Condominium Board. The Condominium Board may impose fees upon such Unit Owner to reimburse the Condominium for costs incurred in connection with the review or supervision of such Residential Unit Owner's work.

Prior to, and as a condition of, the granting of its consent to the making of a structural alteration, addition, improvement or repair in or to a Residential Unit, the Condominium Board shall have the right to approve the Residential Unit Owner's plans and specifications, the Residential Unit Owner's contractors and suppliers and may, at its option, require the Residential Unit Owner to execute an agreement in form and substance satisfactory to the Board setting forth the terms and conditions under which such alteration, addition, improvement or repair may be made, including, without limitation, the days and hours during which any work may be done.

Any contractor performing work shall not employ any personnel or means that may cause labor disturbances or stoppage in the work of Building employees or other contractors or subcontractors employed in the Building.

No application or other document shall be filed with any governmental authority for a permit covering an addition, alteration or improvement to be made in a Residential Unit, unless approved and executed, if necessary, by the Condominium Board or, if required, by the Condominium Board. The Condominium Board (or the Condominium Board) will not unreasonably refuse to approve and execute, if necessary, any application or other document required to be filed in connection with approved structural alterations, additions, improvements or repairs, provided that the Condominium Board and the Residential Unit Owners shall not be subject to any expense or liability by reason of such approval and execution or, by reason of such addition, alteration or improvement, including, without limitation, liability to any contractor, subcontractor,

materialman, architect or engineer, or to any person having any claim for injury to person or damage to property arising therefrom. The provisions of this paragraph shall not apply to an Unsold Residential Unit, provided any alteration to such Unit shall be in accordance with, and only as permitted by, the Condominium Act and all governmental regulations. Under the terms of the By-Laws, Sponsor is authorized on behalf of the Condominium Board to execute such applications, permits or other documents as may be required to undertake, perform and complete such work to the Unsold Units and Common Elements as Sponsor is entitled to perform in accordance with the terms of the Declaration and the By-Laws and to obtain such certificates of completion as may then be required by Law (collectively the "Required Documentation") and, the Condominium Board, if requested by Sponsor is obligated to execute the Required Documentation. In addition, the Power of Attorney to be executed by each Residential Unit Owner upon acquisition of the Residential Unit further grants to Sponsor a power of attorney to execute the Required Documentation.

In the event that any alterations, additions, improvements or repairs made by any Residential Unit Owner materially delay, prevent or adversely affect, or create a significant risk of materially delaying, preventing or adversely affecting, whether directly or indirectly, the issuance of a temporary or permanent certificate of occupancy for such Unit, other Units or the Building, then upon the written request of Sponsor or the Condominium Board, the Residential Unit Owner shall restore the Unit, at such Residential Unit Owner's sole cost and expense, to its original condition. If such Residential Unit Owner fails to commence diligently and continuously restoring the Unit within fifteen (15) days of receipt of the written request, then the party requesting such restoration shall be entitled to enter and restore the Unit at the expense of the Residential Unit Owner and to exercise any remedies provided in the By-Laws.

Generally all alterations or improvements in or to the General Common Elements will be made by the Condominium Board and the cost and expense thereof will be charged to Residential Unit Owners as a Common Expense.

The Commercial Property Owner, without the consent of the Condominium Board may make any alteration, addition, improvement or repair in or to all or any portion of the Commercial Building in accordance with the terms of the Reciprocal Easement and Operating Agreement. Sponsor, without the consent of the Condominium Board or any Residential Unit Owner, may make any alteration, addition, improvement or repair in or to any Unsold Residential Unit or the Common Elements provided that the work is performed by Sponsor in compliance with governmental Laws and regulations and in accordance with all conditions described in the Declaration. In addition, Sponsor and the Commercial Property Owner may erect, maintain, repair and replace, or permit their tenants to erect, maintain, repair or replace, from time to time, one or more signs on the Property for the purpose of advertising the availability for sale or rental of any Unsold Residential Unit or any portion of the Commercial Building or the operation of any business of Sponsor, a tenant, occupant managing agent or operator of the Commercial Building including, but not limited to, signs on the facade of the Building and on any awnings, canopies or other protrusions from the facade of the Building.

Rights of Access

As more fully set forth in the By-Laws, the Condominium Board and any managing agents, managers, superintendents and other persons authorized by the Condominium Board, will have a right of access to any Unit for the purposes of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in the Unit or elsewhere in the Residential Tower, to remove violations, cure defaults by a Residential Unit Owner, correct any condition originating in any Unit and threatening another Unit or any Common Element, and for any other purposes provided in the Plan, Declaration or as may be required by Law or governmental regulation, provided that requests for entry (except in Emergency Situations) are made in advance and that any such entry (except in Emergency Situation) is at a time reasonably convenient to the Residential Unit Owner and the tenants of any Unit. In case of an Emergency Situation, such right of entry shall be immediate, whether the Residential Unit Owner is present at the time or not. Provided reasonable care is exercised to safeguard the Residential Unit Owner's property, any entry described herein shall not render the Board or its authorized agents liable for damage incurred in connection with the exercise of such right of entry. The By-Laws give Sponsor a right of access to any Unit for the purpose of performing punch-list work or for the purpose of performing or completing construction in the Building and give service providers the right to access their equipment and the conduit in which such equipment is located in order to install, maintain, operate, repair, replace and service same. In addition, the Commercial Property Owner has certain rights of access through the Residential Tower as more particularly set forth in the Reciprocal Easement and Operating Agreement in Part II of the Plan.

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

Each Residential Unit Owner must strictly comply with the provisions of the Declaration, the By-Laws, the Rules and Regulations and the Reciprocal Easement and Operating Agreement. 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.

Examination of Books and Records

Each Residential Unit Owner and each mortgagee of a Unit shall be permitted, upon prior request, to examine the books of account of the Condominium and other records of the Condominium during normal business hours on business days at the office of the Condominium.

Insurance; Repair or Reconstruction after Fire or Other Casualty

The Condominium Board and the Commercial Unit Owner are required to maintain insurance in accordance with the terms of the Reciprocal Easement and Operating Agreement.

All policies of physical damage insurance shall contain, to the extent obtainable, waivers of subrogation and waivers of any defense based on (i) co-insurance, (ii) other insurance, (iii) invalidity arising from any acts of the insured or (iv) pro rata reduction of liability, and shall provide that such policies may not be canceled or substantially modified without at least ten days' prior written notice to all of the insureds, including all Residential Unit Owners and Permitted Mortgagees.

Neither the Condominium Board nor the Commercial Property Owner is required to obtain or maintain any insurance with respect to any property contained in a Unit. Pursuant to the By-Laws, each Residential Unit Owner shall, at the Residential Unit Owner's own cost and expense, obtain and keep in full force and effect (a) comprehensive personal liability insurance against any and all claims for personal injury, death or property damage (including, but not limited to, loss due to water damage) occurring in, upon, or from the apartment or any part thereof, with minimum combined single limits of liability of $300,000 for bodily injury or death arising out of any one occurrence including $300,000 for damage to property and (b) tenant's "all-risk" property insurance in respect of property damage occurring in, upon, or from the Unit or any part thereof (including, but not limited to appropriate coverage for additions, alterations improvements and betterments and loss due to water damage). The limits of liability set forth in (a) and (b) above may be increased by the Condominium Board from time to time.

In the event that the Building or any part thereof is damaged or destroyed by fire or other casualty, the provisions of the Reciprocal Easement and Operating Agreement establish the terms and conditions of the restoration of the casualty.

If only the Residential Tower is damaged or destroyed by fire or other casualty and the insurance proceeds are insufficient to cover, or exceed, the cost of repairs and restoration, the deficit or surplus, as the case may be, will be shared entirely by all Residential Unit Owners in proportion to their respective Common Interests. If said damage or destruction by fire or other casualty affects the Commercial Building and the Residential Tower, then any deficit or surplus in insurance proceeds shall be borne or shared by the Condominium and the Commercial Property Owner as determined by the Certifying Professional jointly selected by the Owners with the consent of the Recognized Morgagee(s). Notwithstanding anything in this paragraph to the contrary, no payment of surplus insurance proceeds shall be made to a Residential Unit Owner until there has first been paid out of such Unit Owner's share of such funds such amounts as may be necessary to reduce unpaid liens on such Residential Unit Owner's Unit, other than mortgages which are not Permitted Mortgages, in the order of priority of such liens. The provisions of this paragraph are subject to the next paragraph.

Unless the Unit Owners have elected not to restore the Building as provided below, damage or destruction to a Unit or a Limited Common Element as a result of fire or other casualty shall be promptly repaired and reconstructed by the Owner of the affected Unit(s) where such repair or reconstruction does not involve the Common Elements for which the repair or reconstruction is the obligation of the Condominium Board under the Declaration and By-Laws. If a Residential Unit Owner fails to repair or reconstruct such Residential Unit Owner's Unit, the Board of Managers

may cause the Unit to be repaired or reconstructed and the costs incurred in connection therewith shall be a charged to the defaulting Residential Unit Owner as a Special Assessment.

If three-fourths or more of the Building is destroyed or substantially damaged and if 75% or more in Common Interest of all Residential Unit Owners do not promptly resolve to proceed with the repair or restoration thereof, the Building will not be repaired and the Property shall be subject to an action for partition instituted by any Residential Unit Owner or lienor, as if owned in common, in which case the net proceeds of sale, together with the net proceeds of insurance policies, shall be divided among all Residential Unit Owners in proportion to their respective Common Interests, provided, however, that no payment shall be made to a Residential Unit Owner until there has first been paid out of such Residential Unit Owner's share of such funds such amounts as may be necessary to discharge all unpaid liens on such Residential Unit Owner's Unit (other than mortgages which are not Permitted Mortgages) in the order of the priority of such liens and provided further that the Residential Property Owner remains subject to the restoration provisions under the Reciprocal Easement and Operating Agreement.

Notwithstanding anything contained herein to the contrary, the proceeds of all policies of physical damage insurance maintained in connection with the Building shall be payable to the Owners under the Reciprocal Easement and Operating Agreement in the event of a loss amounting to $500,000 or less. In the event that such proceeds are in excess of $500,000, such proceeds shall be payable to the Depository which is a New York City bank or trust company designated by the Condominium Board as insurance trustee pursuant to the provisions of the By-Laws. The Depository will hold all such proceeds in accordance with the Depository Agreement, a copy of which is attached to the Reciprocal Easement and Operating Agreement as Exhibit E. As of the date of the Plan, the Depositary is Hypo Bank.

Please refer to the Section of the Plan entitled "Commercial Building and Reciprocal Easement and Operating Agreement" under the Subsections entitled "Insurance" and "Maintenance and Repair; Casualty and Condemnation" in Part I of the Plan and the copy of the Reciprocal Easement and Operating Agreement reproduced in Part II of the Plan for further details regarding the rights and obligations of the Condominium with respect to insurance and casualty or condemnation.

Liability of Board of Managers and Residential Unit Owners

Every contract made by the Condominium Board or by any managing agent or manager thereof shall state that (a) it is made only as agent for all Residential Unit Owners, respectively, and the Board members or managing agent or manager shall have no personal liability thereon (except in their capacities as Residential Unit Owners) and (b) the liability of any Residential Unit Owner with respect to such contract shall be limited to such proportionate share of the total liability as the Common Interest of such Residential Unit Owner bears to the aggregate Common Interests of all Residential Unit Owners. To the extent permitted by applicable Law, Board members shall have no liability to Residential Unit Owners except that a Board member shall be liable for such member's own bad faith or willful misconduct. All Residential Unit Owners shall severally, to the extent of

their respective interests in their Units and their appurtenant Common Interests, indemnify each Condominium Board member, against any liability or claim except those arising out of such member's own bad faith or willful misconduct. The Condominium Board may contract or effect any transaction with any Residential Unit Owner, Sponsor or its designee, or any affiliate of any of them without incurring any liability for self-dealing except in cases of bad faith or willful misconduct.

Reports to Residential Unit Owners

An annual report of the receipts and expenditures of the Condominium, certified by an independent certified public accountant, shall be submitted by the Board to all Residential Unit Owners within four months after the end of each fiscal year.

Termination of Condominium

The Condominium shall continue and the Property shall not be subject to an action for partition (unless terminated by casualty loss, condemnation or eminent domain as provided in the By-Laws) until such time as the Property shall be withdrawn from the provisions of the Condominium Act as a result of the vote to do so of at least eighty (80%) percent in number and in Common Interest of all Residential Unit Owners. Such vote shall not be effective, however, unless written consents are obtained from (a) the Residential Mortgage Representatives, if any, and (b) Sponsor, until such time as Sponsor and its designees have conveyed title to all Residential Units, provided that in no event shall Sponsor's consent be required more than five (5) years after the First Closing. In the event of withdrawal, the Property shall be subject to an action for partition by any Residential Unit Owner or any lienor as if owned in common, in which event the net proceeds of the sale shall be divided among all Residential Unit Owners in proportion to their respective Common Interests after first applying the share of the net proceeds of such sale otherwise payable to any Residential Unit Owner to the payment of any liens on such Residential Unit Owner's Unit (other than mortgages which are not Permitted Mortgages), in the order of priority of such liens.

Units Acquired by Condominium Board

All Units acquired or leased by the Condominium Board or its designees shall be held by the Condominium Board, or its designee, on behalf of all Residential Unit Owners and the rent or purchase price, closing costs and adjustments payable in connection therewith shall be assessed against all Residential Unit Owners. No Units held by the Condominium Board shall carry any voting rights.

The purchase of any Unit by the Condominium Board or its designees, on behalf of the Residential Unit Owners, may be made from the funds deposited in the capital and/or expense accounts of the Condominium Board. If the funds in such accounts are insufficient to effectuate any such purchase, the Condominium Board may levy an assessment against each Residential Unit Owner, in proportion to such Residential Unit Owner's respective Common Interest, as a Common Charge as the Condominium Board may, in its discretion, finance the acquisition of such Unit;

provided, however, that financing may only be obtained when permitted by the By-Laws and that no such financing may be secured by an encumbrance or hypothecation of any portion of the Property other than the Unit to be purchased together with its appurtenant interests in the Common Elements.

Procedure to Review Real Estate Tax Assessments

The Condominium Board, on behalf of and as agent for all Residential Unit Owners, will be authorized to commence, pursue and settle certiorari proceedings to obtain reduced real estate tax assessments with respect to Residential Units. All Residential Unit Owners will share the costs in connection therewith and the benefits derived therefrom based on their respective Common Interests. In the event any Residential Unit Owner individually seeks to have the assessed valuation of such Residential Unit Owner's Unit reduced by bringing a separate certiorari proceeding, the Condominium Board, if necessary for such proceeding, will execute any documents or other papers required for, and otherwise cooperate with such Residential Unit Owner in pursuing, such reduction, provided that such Residential Unit Owner indemnifies the Condominium Board from all claims, costs and expenses (including, without limitation, reasonable attorneys' fees) resulting from such proceedings.

Mechanics' Liens

Under the provisions of the Condominium Act, no lien of any nature may arise or be created against the General or Limited Common Elements except with the unanimous consent of all Residential Unit Owners affected thereby. Liens may arise or be created against only the several Units and their respective Common Interests. Labor performed on, or materials supplied to, a Unit may not be the basis for a mechanic's lien against the Unit of a Residential Unit Owner not expressly consenting to or requesting such work, except in the case of emergency repairs. No labor performed on, or materials furnished to, the Common Elements shall be the basis for a lien thereon but (a) all Common Charges received by the Condominium Board shall constitute trust funds for the purpose of paying the cost of labor performed or materials furnished at the request or with the consent of the Condominium Board or the Managing Agent for the Common Elements.

Easements

In order to facilitate the operation and maintenance of the Building and the sale or leasing of Units therein, each of the Units will be subject to certain easements including easements in favor of Sponsor, other Residential Unit Owners and the Condominium Board. These easements, which are more particularly set forth in the Declaration, include an easement of support and necessity in favor of all an easement in favor of each Residential Unit Owner to use the General Common Elements provided that such easements shall be exercised in such a manner as will not unreasonably interfere with the normal conduct of business of the tenants and occupants of the Commercial Building or with the use of the Residential Units for their permitted purposes. Sponsor shall have an easement to erect, maintain, repair and replace lights and lighting fixtures and to erect maintain and replace satellite communication equipment and similar equipment, as permitted by Law, on the roofs and

facade of the Building and elsewhere on the Common Elements which shall entitle Sponsor to utilize such easement for its own account or the account of any licensee of Sponsor for the purpose of servicing the Condominium or any other building or area. In addition, Sponsor and its designees shall have an easement to erect, maintain, repair and replace any sign permitted by Law on the Property for the purposes of advertising the sale of any Unit, the leasing of space in any Unit and the operation of any business of a tenant or occupant of any Unit.

Name of Condominium

As set forth in the Declaration, the Condominium and the Building shall be designated and known as "The Park Imperial." Any and all rights and interests appurtenant to such name, if same exist, are owned and controlled by Sponsor. Similarly, any and all obligations and liabilities appurtenant to such name shall be the sole responsibility and obligation of Sponsor. For so long as Sponsor owns any Units in the Building only Sponsor shall have the right to change the name of the Condominium and/or the Building, and such right may be exercised by Sponsor at any time without the vote or consent of the Condominium Board or Unit Owner.

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 in its entirety including the Declaration and By-Laws.

REAL ESTATE TAXES

Each Unit will be taxed as a separate tax lot for real estate tax purposes, and no Residential Unit Owner will be responsible for payment of, nor will the Unit be subjected to, any lien arising from the non-payment of real estate taxes on other Units. Generally, Units may not be separately assessed until the tax year following the tax year in which the Declaration of Condominium is recorded. Until the Units are separately assessed and billed, each Residential Unit Owner shall pay such Residential Unit Owner's pro rata share (in the proportion that such Residential Unit Owner's Unit's Common Interest bears to the aggregate Common Interest of all Units) of all real estate taxes with respect to the Property to the Condominium Board as Common Charges.

SPONSOR MAKES NO REPRESENTATION THAT THE ASSESSED VALUE OF THE PROPERTY, THE ESTIMATED ALLOCATIONS OR THE TAX RATE WILL NOT BE CHANGED.

Assuming the Property does not receive any abatement from real estate taxes, it is estimated that the aggregate real estate taxes attributable to all Residential Unit Owners for the first year of Condominium operation will total approximately $2,000,000, based on an opinion prepared by Law Offices of Robert M. Pollack dated August 7, 2000, which assumes (a) an assessed valuation attributable to the residential portion of the Property of $17,325,000 for the tax year 2002/2003, (b) an assessed valuation upon completion attributable to the residential portion of the Property of $23,100,000 for the tax year 2003/2004, (c) a projected tax rate of $10.851 per $100 of assessed valuation. SPONSOR MAKES NO REPRESENTATION THAT THE ASSESSED VALUE OF THE PROPERTY, THE ESTIMATED ALLOCATIONS OR THE TAX RATE WILL NOT BE CHANGED.

Purchasers should note that the real estate taxes for the first year of Condominium operation (assuming no 421-a benefits) are less than taxes would be for the second year of Condominium operation without 421-a benefits since the first year's tax estimate includes ten (10) months of assessed valuation of the Property prior to the completion of the Residential Tower which is estimated to be only 75% of the total estimated assessment upon completion. Assuming the Property does not receive any abatement from real estate taxes, the taxes during the second year of operation could be approximately 25% higher than the taxes during the first year of operation.

Sponsor intends to apply for partial exemption from real estate taxes with respect to the Residential Tower pursuant to Section 421-a of the New York State Real Property Tax Law. Under the Section 421-a program, the real estate tax estimate for the first year of Condominium operation will be based upon the assessed valuation of the Property in the tax year prior to construction, which is commonly referred to as the "mini-tax." During the tax year prior to construction (1999/2000) the assessed valuation of the entire Property was $8,167,076. However, the Residential Tower will occupy only the air space above a plane as described in the "Introduction" Section of the Plan and accordingly, it is anticipated that based upon the Owner Building Area Ratio of the Residential Tower (27.22%), the mini-tax assessed valuation of the Residential Tower

will be approximately $2,223,078. At the current tax rate applicable to class 2 properties of 10.851 per $100, the mini-tax will be approximately $241,226.

The real estate tax estimates for each Residential Unit were calculated on the assumption that the real estate taxes payable with respect to each Residential Unit for the first year of Condominium operation will be allocated in proportion to each Residential Unit's percentage interest in the Common Elements. Upon determination of individual tax lots and individual Residential Unit assessments, the New York City tax authorities may allocate taxes between the Residential Units in proportion to each Residential Unit's purchase price rather than its percentage interest in the Common Elements, and, if so, Residential Units having the same percentage interest may pay different real estate taxes.

PURCHASERS ARE ADVISED THAT THE FOREGOING INFORMATION IS NOT A GUARANTEE OR WARRANTY (i) regarding the method of allocating real estate taxes which will be employed by the New York City tax assessor; (ii) of the assessed value of the residential portion of the Property during the first year of Condominium Operation, (iii) of the tax rates in effect during the first year of Condominium operation or (iv) whether the Property will qualify for benefits under the 421-a Program.

The By-Laws provide that the Condominium Board is entitled to execute and deliver documents necessary in connection with proceedings to obtain reduced real estate tax assessments with respect to Residential Unit Owners, for the benefit and on behalf of (i) all Residential Unit Owners, or (ii) for individual Residential Unit Owners, provided that each such Residential Unit Owner indemnifies the Condominium Board from and against all claims, costs and expenses (including, without limitation, reasonable attorneys' fees) resulting from such proceedings.

Section 421-a Real Estate Tax Benefits

Sponsor intends to apply for a partial exemption from real estate taxes with respect to the Building pursuant to Section 421-a of the New York State Real Property Tax Law to the New York City Department of Housing Preservation and Development ("HPD"), the governmental agency which administers the Section 421-a program.

In connection with the Section 421-a benefits, negotiable certificates of eligibility have been purchased by Sponsor for the number of residential units for which exemption will be claimed.

There is no guaranty or assurance that the criteria for continued availability of Section 421-a benefits for the Residential Units will be satisfied or that a Final Certificate of Eligibility will be issued by HPD. If, for any reason, Sponsor's application for a Final Certificate of Eligibility is not approved, the Units will be subject to full taxation and will receive no benefits under Section 421-a. See Schedule A for projected monthly real estate taxes for each Residential Unit with and without benefits under Section 421-a.

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 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 Residential 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 Residential Unit Owners will in any event increase periodically over the ten years of condominium ownership as an integral part of the Section 421-a program. The ten year exemption from taxation consists of two years of full exemption, followed by two years of exemption from 80 percent of such taxation, followed by two years of exemption from 60 percent of such taxation, followed by two years of exemption from 40 percent of such taxation, followed by two years of exemption from 20 percent of such taxation.

Benefit Years	% of Exemption
1	100%
2	100%
3	80%
4	80%
5	60%
6	60%
7	40%
8	40%
9	20%
10	20%
11	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. Please refer to the opinion of The Law Offices of Robert M. Pollack, set forth in Part I of the Plan, for further details regarding the real estate tax assessment for the Property.

TAXES -- DEDUCTIONS TO RESIDENTIAL UNIT OWNERS AND TAX STATUS OF CONDOMINIUM

The following discussion of certain income tax consequences of the ownership of Residential Units by purchasers who use such Residential Units as a personal residence was prepared by Sponsor based, in part, upon the Attorney's Income Tax Opinion prepared by Stroock & Stroock & Lavan LLP, counsel to Sponsor, a copy of which is set forth in Part I of this Plan.

STROOCK & STROOCK & LAVAN LLP IS COUNSEL TO SPONSOR AND NOT THE RESIDENTIAL UNIT OWNERS. EACH PURCHASER SHOULD CONSULT SUCH RESIDENTIAL UNIT OWNER'S OWN TAX COUNSEL AS TO THE TAX CONSEQUENCES OF UNIT OWNERSHIP UNDER THIS PLAN.

Deductibility of Mortgage Interest and Real Estate Taxes.

Each Residential Unit Owner will own such Unit Owner's Residential Unit and its appurtenant interest in the Common Elements in fee simple and each Residential Unit will be a separate tax lot for purposes of New York City real estate taxes and assessments. Since each Residential Unit Owner will own such Unit Owner's Residential Unit in fee simple, the owner may mortgage such Unit and become individually liable for the payment of the principal and any finance charges or interest on such mortgage indebtedness.

It is the opinion of Stroock & Stroock & Lavan LLP that a Residential Unit Owner who uses such Unit Owner's Residential Unit as a personal residence and itemizes such Residential Unit Owner's deductions will, under present law, for Federal, New York State and New York City income tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid in the case of cash basis taxpayers or accrued in the case of other taxpayers, subject to certain exceptions and limitations which are more particularly discussed in the Attorney's Income Tax Opinion. 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 million), 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. Special limitations also apply with respect to the deductibility of points and other prepaid interest, if any, on the mortgage debt and to the overall allowance of itemized deductions.

Taxation of the Condominium

If the Condominium meets the requirements for qualification as a "homeowners association," which requirements are discussed in the Attorney's Income Tax Opinion, it may elect not to be subject to Federal income tax on amounts received as membership dues, fees or assessments from Residential Unit Owners. If such an 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). Schedule B, Budget for the First Year of Condominium Operation, does not contemplate any income which might be taxable and accordingly does not budget any amounts for taxes for nonmembership or membership income.

Sponsor anticipates that the Condominium will qualify as a homeowners association. If the Condominium does not qualify as a homeowners association, or if it does but chooses not to make the election noted above, the present state of the law is uncertain as to the tax treatment of any income of the Condominium in excess of appropriate deductions and credits. As discussed in the Attorney's Income Tax Opinion, the tax authorities may take the position that the Condominium is a separate taxable entity and that some or all of such income (including the nonmembership, and possibly membership, income described above less expenses related to such income) is subject to Federal corporate income tax, New York State Corporation Franchise Tax and New York City Corporate Franchise or Unincorporated Business Tax. Alternatively, it is possible that some or all of such income might be reportable directly by the Residential Unit Owners or otherwise treated. The tax treatment of the Condominium may be affected by certain United States Treasury Department regulations relating to entity classification.

The qualification of an organization as a homeowners association is determined annually at the close of each taxable year, and it is possible that if the Condominium does not qualify in one year it may nevertheless qualify in one or more future years.

No warranties are given that the Internal Revenue Service, the New York State Department of Taxation and Finance or the Finance Administration of the City of New York 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 Stroock & Stroock & Lavan LLP, as counsel to Sponsor, bases its opinion, will not change. In no event will Sponsor, Stroock & Stroock & Lavan LLP, the Selling Agent, the Managing Agent or any other person connected with this offering be liable if at any time it is held that the Residential 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.

ATTORNEYS INCOME TAX OPINION OF STROOCK & STROOCK & LAVAN LLP

STROOCK & STROOCK & LAVAN LLP

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July 31, 2000

56th Street Associates, L.L.C
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Re: Condominium Offering Plan
The Park Imperial (230 West 56th Street) (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 mortgage interest and real estate taxes paid by residents of New York who purchase the Residential Units for their own residential use 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 Residential Units by corporations, other entities or foreign persons. Furthermore, this opinion does not address the tax consequences of (i) ownership of any Unsold Residential Units, or any Residential Unit that is used for commercial or mixed residential/commercial purposes, (ii) ownership of any rights under the Reciprocal Easement and Operating Agreement, (iii) any rebates or other payments that may be made, or benefits provided, to owners of Residential Units, or (iv) ownership of any rights with respect to the Resident Manager's Apartment, any amounts paid for such rights, or any interest, tax or other expense relating to such rights or to the Resident Manager's Apartment. 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

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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 the Residential Units will acquire their Residential Units and that the relevant facts are as set forth therein.

Pursuant to the Plan, the purchaser of a Residential Unit will receive legal title in fee simple to his or her Residential Unit, coupled with ownership of an undivided interest in the appurtenant Common Elements held in common with other Unit Owners. Such purchaser will have the right to place an individual mortgage on his or her separate 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 interest paid on his or her mortgage indebtedness and the real estate taxes assessed and paid on his or her interest in the property. Rev. Rul. 64-31, 1964-1 (Part I) C.B. 300.

Accordingly, based on the foregoing, it is our opinion that an owner of a Residential Unit who itemizes deductions and who uses his or her Residential Unit as a personal residence 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 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. Owners of the Residential Units should consult their tax advisers regarding the applicability of the overall limitation on itemized deductions to the deductibility of real estate taxes.

Purchasers are advised that an exemption from real estate taxes may be available for veterans and other purchasers under the New York State Real Property Tax Law, as amended, and/or various codes, rules and regulations of the City of New York. Prospective purchasers are advised to consult with their own attorneys or other advisers to determine whether the prospective purchaser qualifies for any exemption from real estate taxes.

A taxpayer generally is entitled to a deduction for Federal income tax purposes for interest paid with respect to a principal and one secondary residence (a "qualified residence") to the extent that the interest is attributable to indebtedness which is secured by the qualified residence and which (i) is incurred in acquiring, constructing or substantially improving the qualified residence (or which constitutes a refinancing thereof, to the extent that such indebtedness does not exceed the amount of the refinanced debt) ("acquisition indebtedness"), up to a maximum of $1,000,000 for any period ($500,000 in the case of a married individual filing a separate return), or (ii) is any

indebtedness other than acquisition indebtedness, up to the excess of the fair market value of any one qualified residence over the amount of acquisition indebtedness with respect to such residence ("home equity indebtedness"), but not to exceed $100,000 ($50,000 in the case of a married individual filing a separate return) in the aggregate for all qualified residences of the taxpayer in any period. Accordingly, an owner of a Residential Unit who itemizes deductions and uses his or her Residential Unit as a qualified residence 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, interest paid or accrued by him or her on (i) acquisition indebtedness incurred with respect to his or her Residential Unit to the extent that such indebtedness, when added to the amount of acquisition indebtedness incurred with respect to a second qualified residence (if any), does not exceed $1,000,000 ($500,000 in the case of a married individual filing a separate return) and (ii) home equity indebtedness with respect to his or her Residential Unit to the extent that such indebtedness, when added to the amount of home equity indebtedness incurred with respect to a second qualified residence (if any), does not exceed $100,000 ($50,000 in the case of a married individual filing a separate return). 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 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.

Each owner of a Residential Unit who uses his or her Residential Unit as a residence will generally be entitled to the same deduction for mortgage interest and real estate taxes paid or accrued with respect to his or her Residential Unit for New York State and New York City income tax purposes as is allowed for Federal (regular) income tax purposes. However, under New York State and New York City income tax law, itemized deductions, such as interest and real estate tax deductions, are subject to reduction by as much as 50% in the case of individuals having income exceeding certain prescribed levels. Furthermore, purchasers should consult their tax advisers to determine the application, if any, of the New York State and New York City minimum taxes to the deduction for mortgage interest and real estate taxes with respect to their Residential Units.

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

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: (1) it must be organized and operated to provide for the acquisition, construction, management, maintenance and care of association property, (2) 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, (3) 90% or more of its expenditures for each taxable year must be made for the acquisition, construction, management, maintenance and care of association property, (4) 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), (5) the Condominium must elect to be treated as a homeowners association, and (6) at least 85% of the total square footage of all Units within the Condominium must be used by individuals for residential purposes. See Treasury Regulation § 1.528-4(b). The qualification of an organization under the provisions of Section 528 is to be determined annually at the close of each taxable year and it is possible, therefore, that if the Condominium does not qualify in one year, it may nevertheless qualify in one or more future years.

Based on the information contained in Schedule A to the Plan and assuming that the Residential Units are used by individuals for residential purposes under Treasury Regulation § 1.528-4, at least 85% of the total square footage of all Units of the Condominium will be used by individuals for residential purposes. Based upon the foregoing and assuming (i) the Plan becomes effective during the taxable year ending December 31, 2002 (the "2002 Taxable Year"), (ii) the actual gross income and expenditures of the Condominium for the 2002 Taxable Year are the same (or, are in the same proportions) as the estimated gross income and expenditures for the Condominium's first year of operations, as set forth in Schedule B to the Plan, (iii) the Condominium otherwise operates in accordance with the terms of the Plan and the Plan Documents, and (iv) there are no changes in the facts and/or the relevant provisions of current law, the Condominium will be eligible to elect to be treated as a homeowners association under Section 528 of the Code for the 2002 Taxable Year.

Absent the application of Code Section 528, the present state of federal law is unclear as to the precise tax status of the Condominium. An entity classification regime was adopted in regulations issued by the United States Treasury Department on December 17, 1996 and there is no authority addressing the application of those entity classification regulations to condominiums. Because the By-Laws of the Condominium provide that the Condominium

Board will act as the agent of the Unit Owners, the Condominium Board may take the position that the Condominium is not a separate entity and accordingly is not subject to the classification regime. In such case, the Unit Owners would, in the aggregate, include in their gross income and be taxed on 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), reduced by the expenses incurred in earning such income. For this purpose, the Common Charges would not be considered income earned by the Condominium through the Condominium Board collecting such charges. If, however, the Condominium is considered a separate entity it is unclear whether the Condominium would be taxable as a corporation or treated as a partnership for Federal income tax purposes. If the Condominium is taxable as a corporation, it would be considered a separate taxpayer with respect to income and deductions and return filing requirements and would be subject to Federal corporate income tax. If the Condominium is treated as a partnership, the partnership would not be subject to an entity level tax, the items of income and deduction of the partnership would generally be passed through to the Unit Owners in accordance with the provisions of Subchapter K of the Code, and the partnership would be required to file information returns.

The precise tax status of the Condominium for New York State and New York City tax purposes is also unclear. The relevant New York State and New York City laws incorporate by reference federal entity classification provisions which, as discussed above, do not specifically address the treatment of condominiums. If the Condominium is properly treated as a separate entity that is an association taxable as a corporation for Federal income tax purposes, it appears likely that the Condominium would be subject to the New York State Corporation Franchise Tax and the New York City General Corporation Tax. If the Condominium does not constitute an association that is taxable as a corporation for Federal income tax purposes, it is still possible, although not certain, that the Condominium might be subject to the New York State Corporation Franchise Tax. Further, in such event, it likely would be subject to the New York City Unincorporated Business Tax, unless the Condominium were eligible for and elected treatment under Code Section 528 as a homeowners association.

* * * * * * * * *

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, Stroock & Stroock & Lavan

LLP, the Condominium Board, the Selling Agent 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 Residential Units not to be entitled to the income tax deductions described herein, or which would affect the tax treatment of the Condominium as 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,

Stroock & Stroock & Lavan LLP

STROOCK & STROOCK & LAVAN LLP

339-i OPINION OF STROOCK & STROOCK & LAVAN LLP

STROOCK & STROOCK & LAVAN LLP

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August 4, 2000

56th Street Associates, L.L.C.
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Re: The Park Imperial
230 West 56th Street
New York, New York 10019 (the "Condominium")

Gentlemen:

You have requested our opinion regarding the allocation of common interests to the Units at the above referenced Condominium as required by 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 the 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 Rose Associates, Inc., as set forth in its opinion contained in the Plan as required by NYCRR Section 20.3(i). We have made no independent investigation of the truth or accuracy of the factual determinations of Rose Associates, Inc.

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, Stroock & Stroock & Lavan LLP, the Selling Agent 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.

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1150 SEVENTEENTH STREET, N.W.
WASHINGTON, D.C. 20036
PHONE 202-452-9250
FAX 202-293-2293

The opinion expressed herein is based solely on New York law.

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,

Stroock & Stroock & Lavan LLP

STROOCK & STROOCK & LAVAN LLP

REAL ESTATE TAX OPINION AND 421-A OPINION OF OF LAW OFFICES OF ROBERT M. POLLACK

LAW OFFICES OF
ROBERT M. POLLACK, P. C.
708 THIRD AVENUE
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ROBERT M. POLLACK
LAWRENCE B. FINKELSTEIN
PHILIP H. AZARIAN

STUART WACHS
OF COUNSEL

August 7, 2000

56th Street Associates, LLC
c/o The Related Companies
625 Madison Avenue
New York, New York 10022

Re: The Park Imperial
230 West 56th Street
Block 1027 p.o. Lots 12, 15, 48, 49, 51
(Tentative Tax Lot 9012)
Borough of Manhattan

Gentlemen:

Pursuant to your request, we have reviewed the information you have furnished us regarding the development of the above referenced property as a mixed use residential condominium. You have advised us that the purpose of this analysis is to furnish you with a projection of the assessed valuation and an estimate of the real estate taxes which will be applicable only to the residential portion of the property upon completion of construction. The projections we have made are based upon facts and information supplied to us by you or your agents.

Real property tax assessments are subjective determinations made by individual assessors within the New York City Department of Finance. Accordingly, it is impossible to predict what the assessed value of the above referenced property will be. However, it is possible to estimate an approximate assessed value of a property based upon an analysis of the factors that influence market value, such as time, location, construction cost, neighborhood quality and economic trends.

Real Property Tax Law Section § 581 requires that the City Department of Finance assess residential condominiums without regard to their form of ownership. This requirement has been interpreted to mean that condominiums are to be assessed as if they were rental properties, thus requiring a valuation based upon the capitalization of income utilizing rents imputed from comparable rental properties. We have, however, chosen not to place much weight on this approach because our studies of the assessed valuations of

newly constructed residential buildings in the area of the subject property, and throughout the borough of Manhattan, have revealed that the City's assessments of newly constructed residential condominiums are significantly lower than what would normally be indicated by capitalization of imputed income utilizing comparable rents.

The comparable assessment studies have enabled us to ascertain the current assessing policies of the City of New York with regard to newly constructed residential buildings. It is upon this information that we have relied upon primarily in arriving at our estimated projection. However, we cannot guarantee that those policies will not change nor that the indicators of market value will be adjusted prior to the completion of the referenced project, resulting in an assessment differing from the estimate contained herein. All prospective purchasers are therefore advised that although our estimate of the property's assessed valuation upon completion is a good faith estimate, the assessment when actually made may be less or greater than as estimated herein.

You have advised us that upon completion, the residential portion of the condominium will be comprised of 111 dwelling units and will have a total floor area of approximately 243,012 gross square feet of residential and residential facility and support space. You have advised that construction commenced in July, 2000, and that construction will be substantially completed by September, 2002. You have further advised that first year of condo operation will run from September, 2002 through August, 2003.

Based on these date estimates, the first year of condominium operation will therefore fall within the last 10 months of the 2002/03 fiscal tax year and the first two months of the 2003/2004 fiscal tax year. Moreover, we project that the property will likely be assessed as 75% complete for the 2002/03 tax year since it will not be fully complete on the January 5, 2002 taxable status date for the 2002/03 tax year. Accordingly, we therefore project that the 2003/04 tax year will be the first tax year wherein the assessment will reflect the residential portion of the property as 100% complete and in operation.

After consideration of relevant factors, we estimate that the assessment for the residential portion of the property for the 2003/04 fiscal year, the first year in which the property will be fully assessed, will be approximately $23,100,000. This assessment is based upon an assessment factor of approximately $95 per gross square foot. Assuming a constant tax rate at the 1999/00 class 2 level of 10.851%, we estimate that the real estate taxes for the 2003/04 tax year would be approximately $2,506,600. For tax year 2002/03, we estimate that the assessment for the residential portion will be approximately $17,325,000, or 75% of the total estimated assessment upon completion of $23,100,000. Again, assuming a constant tax rate of 10.851%, we estimate that the real estate taxes for the 2002/03 tax year will be approximately $1,880,000.

For the first year of condominium operation, we therefore estimate that the total real estate taxes will be approximately $2,000,000, which is comprised of 10 months of real estate taxes based upon the level of the 2002/03 assessment, and two months of real estate taxes based upon the level of the 2003/04 assessment wherein we project that the property will be fully assessed.

It has been the policy and practice of the New York City Department of Finance to apportion the assessed valuation of a condominium building among the various units contained in the building based upon the relative projected sales prices contained within the sponsor's Offering Plan. Each of the units will be assigned separate tax lot numbers.

The above projections are estimates and do not take into account any future increases in the level of assessed valuation applied to residential property or any increase in the real estate tax rate. The above opinion is based upon our understanding of the policies, procedures and practices of the New York City Department of Finance and is not intended to be a guarantee or assurance that the tax assessments of taxes herein listed will be attained.

While we believe our opinions are well founded, they are not intended, and should not be construed as representations or warranties that the assessment and taxes will be determined as set forth herein. The foregoing analysis is based upon our experience with the Real Property Assessment Department and the Tax Commission of the City of New York, and their assessment practices regarding newly constructed residential properties. Application of a particular approach to valuation by an individual assessor may yield a significantly different result.

No representation is made that the current policies and practices of the New York City Department of Finance will apply at the time the building is completed. You should be aware that the laws, regulations, policies and practices of the Department of Finance upon which this opinion is predicated may in the future be revised in a manner adverse to your interests, or that there may be an adverse interpretation of the law or regulations by one or more agencies of the City of New York, or Courts of competent jurisdiction.

This letter was prepared at the sponsor's request. The figures set forth herein are approximations derived from material submitted by the sponsor and are subject to variation. No government agency has passed upon these figures or the estimates of assessed valuation and taxes herein. We have not passed on the accuracy of any figures or estimates contained in the Offering Plan, and offer no warranties on real estate taxes for any period.

ROBERT M. POLLACK, P.C.

56th Street Associates, LLC
August 7, 2000
Page 4 of 4

We hereby consent to the inclusion of this letter in the Offering Plan.

Very truly yours,

Law Offices of Robert M. Pollack, P.C.

THE LAW OFFICES OF ROBERT M. POLLACK, P.C.

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ROBERT M. POLLACK
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STUART WACHS
OF COUNSEL

July 31, 2000

56th Street Associates, LLC
c/o The Related Companies
625 Madison Avenue
New York, New York 10022

Re: The Park Imperial Condominium
230 West 56th Street
Block 1027 Lots 12,15,48,49 and 51
(tentative Lot 9012)
Borough of Manhattan

Gentlemen:

You have requested that we render our opinion as to the eligibility of the above referenced property to receive partial real estate tax exemption benefits pursuant to Section 421-a of the Real Property Tax Law, Section 11-245 of the New York City Administrative Code and the Rules and Regulations governing the 421-a program (collectively, "the 421-a program") and the procedures for obtaining such benefits. Unless specifically stated otherwise, the analyses and conclusions set forth herein are based on facts given to us by you or your agents.

The property is to be developed and owned as a condominium building and is expected to contain 111 residential units. In order for a completed property to be eligible for partial real estate tax exemption benefits pursuant to the 421-a program, the following major requirements will have to be satisfied:

1. The property must be a new multiple dwelling containing not less than three dwelling units. We have been advised that the property is to consist of a new multiple dwelling to be constructed in air space above a plane. That plane, which is at height of approximately 378 feet above curb level, separated the bottom of the residential portion of a new structure from the top of the commercial portion of that same structure. As such, the structure will consist of two separate and distinct portions upon completion; a commercial portion and a 111 unit

residential building created through new construction in the air space above the plane ("the Project"). This opinion will be limited to the Project. The commercial portion together with the Project shall hereinafter be referred to as the "Property." As the Project will contain 111 dwelling units, this requirement will be satisfied.

2. The land over which the Project is to be constructed must have been vacant, predominantly vacant, under-utilized, or improved with a non-conforming use on the operative date, i.e., thirty-six months prior to the commencement of construction. It may not be mapped as a public park or utilized for ten or more consecutive years prior to October 1, 1971 as a private park.

   Construction of the Project commenced, as that term is defined in the Rules and Regulations, in July, 2000. The operative date, therefore, is July, 1997. On that date, the Project site consisted of five separate tax lots designated on the official maps of the City of New York as Block 1027 Lots 12, 15, 48, 49 and 51. On that date, each lot was improved with a non-residential building and the New York City Department of Finance classified each lot as tax class 4.

   Section 11-245.1(a-1)(2) of the Administrative Code of the City of New York provides that, for construction commenced after May 12, 2000, under-utilized land improved with a non-residential building or buildings is defined as land which contained a building or buildings each of which had an Actual Assessed Valuation equal to or less than 50% of the Actual Assessed Valuation of the land on which the buildings were situated. On the operative date, the assessed valuations for the Project site were as follows:

Lot Number	Land Assessed Value	Building Assessed Value	Total Assessed Value	Ratio of Building A.V. to Land A.V.
12	3,500,000	90,000	3,590,000	2.57%
15	2,322,000	315,000	2,637,000	13.56%
48	423,000	26,550	449,550	6.28%
49	225,000	31,050	256,050	13.80%
51	1,350,000	49,500	1,399,500	3.66%

Therefore, the Project site will qualify as under-utilized land improved with a non-residential building as each lot was improved with a non-residential building whose Actual Assessed Valuation was less than 50% of the Actual Assessed Valuation of the land.

3. Section 6-02(e) of the 421-a Rules and Regulations provides that, if the project contains more than one hundred dwelling units, not less than 10 percent of such units must contain at least 4.5 zoning rooms and, in addition, not less than 15 percent of such units must contain 3.5 zoning rooms. The Project will contain 111 dwelling units. We have been advised that at least 10% percent of the units will contain 4.5 zoning rooms and in addition, at least 15% of the units will contain 3.5 zoning rooms. Therefore, this condition will be satisfied.

4. "Construction", as that term is defined in the 421-a Rules and Regulations, of the Project must be completed no later than December 31, 2003. Construction is expected to be completed prior to December 31, 2003. The completion of the Project by the aforesaid date will satisfy this requirement.

5. Section 11-245 of the Administrative Code of the City of New York provides that 421-a tax exemption benefits shall not be available for construction commenced after November 29, 1985 if the property is located in the therein described geographic exclusion area. The Project is located within that geographic exclusion area. However, Section 11-245 provides that, under certain circumstances, 421-a benefits shall be available in the geographic exclusion area. Those circumstances are:

a. construction carried out with substantial governmental assistance;

b. projects where HPD certifies that twenty percent (20%) of the units in that building are affordable to households of low and moderate income (Affordable Units"); or

c. construction is carried out pursuant to a written agreement with HPD to create through new construction or substantial rehabilitation Affordable Units located outside the geographic exclusion area and numbering at least twenty percent (20%) of the number of units contained in the Project. The satisfaction of this requirement will be

discussed in paragraph 6 below.

6. Section 6-08 of the 421-a program rules and regulations are entitled "Affordable Housing Construction Requirements". This section provides the guidelines for qualifying a project for 421-a tax exemption benefits where the building is located in the geographic exclusion area and where construction commenced after November 29, 1985. Section 6-08(m) of the Rules and Regulations provides that HPD shall issue Negotiable Certificates certifying that Affordable Units have been created pursuant to a written agreement in compliance with §6-08 of such regulations. Such Negotiable Certificates will provide that a specified number of dwelling units in the geographic exclusion area are entitled to receive 421-a benefits. Section 6-08 provides, in part, the following eligibility requirements and conditions for entering into a written agreement with HPD:

   a. that for buildings located within the geographic exclusion area, Affordable Units numbering twenty percent (20%) of the number of units contained in that building must be created through new construction; and

   b. that if the average size of the residential units contained in the multiple dwelling located in the geographic exclusion area seeking 421-a benefits exceeds 1200 square feet, the number of Affordable Units which must be created shall be increased by the same ratio that the average square footage exceeds 1200 square feet.

   The average size of the residential units contained in the Project will be approximately 1641 square feet. Therefore, in order for the Project to meet the criteria under paragraphs 5 and 6 of this letter, Negotiable Certificates entitling 152 dwelling units 421-a program eligibility will be required. We have been advised that 56th Street Associates, LLC has purchased Negotiable Certificates entitling 152 dwelling units located in the geographic exclusion area 421-a benefits.

7. The 421-a Rules and Regulations provide that if the Affordable Units are owned or managed by a qualified not-for-profit organization, the not-for-profit owner or manager shall assume the ongoing responsibility for insuring the continuing maintenance and operation of

the affordable units in a habitable condition. Failure of the not-for-profit organization to maintain such units as affordable or in a habitable condition shall not result in a revocation of the tax benefits received by the multiple dwelling located in the geographic exclusion area. The Affordable Units which will serve as the basis for the Negotiable Certificates, will be managed by a qualified not-for-profit organization; therefore, such benefits shall not be revoked in the event the Affordable Units are not so maintained.

8. The application for the Preliminary Certificate of Eligibility must be filed with HPD after the commencement of construction but prior to completion of construction. Such application must include either a written agreement with HPD for the creation of Affordable Units and the agreement to purchase Negotiable Certificates, or the Negotiable Certificates issued by HPD. Therefore, the Preliminary Certificate of Eligibility will not be issued until the Negotiable Certificates are included with the 421-a application for the Preliminary Certificate of Eligibility. As the Project will be owned as a condominium, the Application for a Final Certificate of Eligibility must be filed with HPD prior to the first taxable status date following completion of construction. The Final Application must be completed within 90 days of the issuance of a Permanent Certificate of Occupancy or a Temporary Certificate of Occupancy covering all residential space in the Project. Both the Preliminary and Final Certificates of Eligibility must be filed with the Real Property Assessment Bureau of the New York City Department of Finance. We have assumed that all filings and required supporting documents will be filed in a timely fashion and that all required submissions to the Community Board will be made.

Although there are a number of additional criteria for determining eligibility for 421-a program benefits, they are not applicable to buildings to be owned as condominiums. Specifically, the 421-a Rules and Regulations provides that rents of units contained within a building receiving 421-a benefits must be rent stabilized for the 421-a benefit period, unless exempt from rent regulation by reason of the cooperative or condominium status of the units. In the case of a building for which a prospectus for condominium or cooperative formation has been submitted to the Attorney General at the time of the Final Application for 421-a benefits, an affidavit will be required stating that the sponsor will register the units as rent stabilized with the New York State Division of Housing and Community Renewal within 15 months of the issuance of the Final Certificate of Eligibility if a cooperative or

condominium has not been declared effective within such 15 month time period. With respect to incidental requirements applicable to this Project, such as the current payment of water and sewer charges and real estate taxes, the payment of HPD filing fees, equal to 0.4% (four tenths of one percent) of total development costs, and the availability of books and records in the event the Project is selected for audit by HPD, we have assumed that they will be satisfied.

If the foregoing information and assumptions are accurate and valid, and all of the other 421-a requirements are met, it appears that the Project should receive a partial exemption from real estate taxation for local purposes, other than assessments for local improvements, for the construction period, not to exceed three years, and for ten years following the taxable status date immediately following the completion of construction, or the three year maximum construction period, which ever is less. The real estate taxes on the Project will be partially exempted in declining percentages during the ten years following completion of construction, as set forth below:

Year Following Completion of Construction	Percentage of Value Which is Exempt
1-2	100%
3-4	80%
5-6	60%
7-8	40%
9-10	20%
11	0%

These percentages of exemption will be diminished to the extent that the commercial, community facility and accessory use space (collectively, the "Commercial Space") exceeds twelve percent of the aggregate floor area of the Project. On October 15, 1999, HPD issued a Declaratory Ruling for the Project in response to a request from this firm. The Declaratory Ruling concluded that because any retail or commercial space which will be contained in the Property will be identified by separately assessed tax lots, and will not be part of the 421-a application, such separately assessed retail and commercial space will not be considered part of the Project for the purpose of computing either the aggregate floor area of the Project or the amount of Commercial Space. Therefore, the Commercial Space will not exceed twelve percent of the aggregate floor area of the Project.

In addition to the foregoing taxes, the Real Property Tax Law requires that taxes shall be paid in each tax year during which 421-a benefits are received in an amount equal to the assessed value of the land and any improvements thereon during the tax year preceding the commencement of construction, this amount being referred to as the "mini" tax, payable at the then current tax rate. The assessed value for the entire Property for the 1999/2000 fiscal year, the year preceding the commencement of construction, is $8,167,076. However, because the Project will only occupy the air space above the plane described above, once the New York City Department of Finance creates tax lot 9012, its assessed valuation will be apportioned from the aggregate assessed value of the entire Property. We have been advised that the square footage of the Project will represent approximately 27.22% of the square footage of the entire Property. We therefore anticipate that the Department of Finance will attribute approximately 27.22% of the 1999/2000 aggregate assessed valuation of the Property to the Project. In that event, the mini-tax assessed valuation of the Project will be approximately $2,223,078. At the current class 2 tax rate of 10.851%, this will result in a mini-tax of approximately $241,226.

The opinions expressed above are based on our interpretations of the Real Property Tax Law, the Administrative Code of the City of New York, the applicable HPD regulations and the policies and practices of the NYC Department of Finance and HPD, as of the date hereof. You should be aware that the laws, regulations, practices and positions of the Buildings Department, Department of Finance and HPD upon which this opinion is predicated may in the future be revised in a manner adverse to your interests, or that there may be an adverse interpretation of the law or regulations by one or more agencies of the City of New York, or Courts of competent jurisdiction. We shall not be liable if, because of any change of laws and/or regulations, adverse determination on any unsettled law, or a changed interpretation by one or more agencies or Courts of competent jurisdiction regarding said laws and/or regulations, the Project fails to obtain, in whole or in part, §421-a benefits.

No warranties are made herein nor are any assurances or representations given that HPD, the New York City Department of Finance or any other agency with jurisdiction will approve the Section 421-a application, nor is any warranty made or assurance or representation given that a court of competent jurisdiction will determine that the Project is entitled to, in whole or in part, §421-a benefits. In addition, no warranty is made nor any assurance or representation given that the laws, rules, regulations, policies, positions and practices upon which this opinion is based will not be changed after the date of this opinion. We assume no

obligation to advise you of any such changes of law or fact that may occur after the date hereof, notwithstanding that such changes may affect the legal analysis or conclusions contained herein. In addition, we do not warrant or represent the amount of tax savings if the Project receives partial real estate tax exemption benefits.

Very truly yours,

Law Offices of Robert M. Pollack, P.C.

Law Offices of Robert M. Pollack, P.C.

WORKING CAPITAL FUND AND APPORTIONMENTS

The Purchaser of each Residential Unit shall be required to make a contribution at the Closing of such Residential Unit Owner's Unit(s) to the working capital fund of the Condominium(the "Working Capital Fund"). Such contribution shall be in an amount equal to two (2) months' Common Charges in effect for such Unit(s). No reserve fund is being established for the Condominium.

At the First Closing, Sponsor will apportion with the Condominium Board the following items as of midnight of the date preceding said Closing:

(1) employees' wages, vacation and severance pay, pension and welfare benefits and accruals, uniforms and all other payments or obligations relative to the employees of the Building;

(2) deposits with utility companies, if any, and fees for assignable permits and licenses, if any;

(3) charges for electricity and other utilities for the General and Limited Common Elements;

(4) cost of fuel on hand (plus sales tax), if any;

(5) charges and receipts in connection with service, maintenance and concession contracts;

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

(7) cost of Building supplies on hand at Sponsor's cost (including sales tax);

(8) premiums for transferable insurance policies, if any;

(9) management fees; and

(10) other customary adjustments.

If any of the foregoing items to be apportioned cannot be adjusted at the First Closing because they are not fully ascertainable, they shall be apportioned and adjusted to the extent reasonably possible at the First Closing, and final adjustment will be made as soon thereafter as the undetermined amounts are ascertained. Except as herein otherwise expressly provided, the customs in respect to title closings adopted by the Real Estate Board of New York, Inc., as amended, shall apply to apportionments and other matters herein mentioned.

The Working Capital Fund will be held and used for working capital or for such other appropriate purposes as will be determined by the Condominium Board and may be augmented by allocations from the monthly Common Charges collected from each Residential Unit. While Sponsor controls the Condominium Board (see the Section entitled "Control By Sponsor"), the Working Capital Fund will not be used to reduce estimated Common Charges.

The Condominium Board will be able to utilize the money in the Working Capital Fund at any time and, accordingly, no representation or warranty can be made and no assurance can be given as to the exact amount of funds available at any specific time. However, in no event shall any portion of the Working Capital Fund be used to pay any Common Charges or Common Charges attributable to Unsold Residential Units.

In the event that capital expenditures for renewal or replacement of building components or systems or to remedy major building defects are needed, it may be necessary to increase Common Charges or make special assessments payable by Residential Unit Owners who are responsible for the repair and replacement of the Common Element in need of such renewal, replacement or remedy. Alternatively, a Board 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 Residential Unit Owner approval. In addition, pursuant to the By-Laws the Condominium Board is entitled to determine amounts for a reserve for replacements in establishing the annual budgets. No representation or warranty is made that the Working Capital Fund will be, or is intended to be, adequate to cover current or future expenses, for the first or any subsequent year of Condominium operation. Neither the Department of Law nor any other government agency has passed upon the adequacy of the Working Capital Fund.

MANAGEMENT AGREEMENT

The Condominium Board will enter into a management agreement with Related Management Company, L.P., having an address at 625 Madison Avenue, New York, New York 10022, the Managing Agent, with respect to the Building at or prior to the First Closing. The principals of the Managing Agent are affiliated with Sponsor and its principals.

The management agreement provides for a term of three years commencing on the First Closing and thereafter, if not otherwise terminated by the Condominium Board for a one year period, subject to any changes in fees set forth in a notice to be delivered to the Condominium Board which must be served at least forty-five (45) days but not more than sixty (60) days prior to the expiration of the initial term of the Management Agreement. If the Managing Agent shall fail to perform or abide by any of its services, agreements, representations, warranties, covenants, or obligations under the Management Agreement, and shall fail to cure said failure within 30 days of notice of said failure sent by the Condominium to the Managing Agent, the Condominium shall have the right to terminate the Management Agreement at the end of any calendar month on not less than sixty (60) days' prior written notice to the Managing Agent. If the Condominium shall unreasonably refuse to comply with or abide by any proper rule, order, determination, ordinance or Law of any federal, state or municipal authority having jurisdiction or asserting jurisdiction, the Managing Agent may terminate the Management Agreement at any time on ten (10) days' prior notice in writing to the Condominium. The Managing Agent may otherwise terminate the Management Agreement on thirty (30) days' prior written notice to the Condominium.

The Managing Agent will receive an annual fee of $45,000 during the first year of condominium operation, $47,250 during the second year of condominium operation and $49,612 during the third year of condominium operation, all payable in equal monthly installments. In addition, for services rendered to Residential Unit Owners (other than Sponsor or its designee) in connection with processing applications to sell or otherwise transfer Units and obtaining necessary waivers of the right of first refusal by the Condominium Board, the Managing Agent shall receive the following fees from Residential Unit Owners (i) $550 upon the sale, lease or other transfer of a Unit for reviewing the waiver of the Condominium's right of first refusal and other required documents, (ii) $350 in connection with the processing of a lease renewal application for a Residential Unit Owner, (iii) $350 in connection with a Residential Unit Owner's application for an appraisal or mortgage refinancing an (iv) $300 in connection with the alteration or renovation of a Residential Unit where an alteration does not entail in excess of $15,000 of work. In the event such alterations exceed $15,000 the Managing Agent shall be entitled to a fee equal to $300 or 2% of the cost of the alterations whichever is greater. In addition, refundable fees for move-in may be required of each Purchaser or tenant. Such fees may be retained by the Condominium in the event a Purchaser, tenant or their agents damages the Common Elements during the move in. The fees charged by the Managing Agent are consistent with fees charged with other managing agents managing buildings in Manhattan.

The duties and services to be rendered by the Managing Agent include, among others:

(1) Cause to be hired, paid, and supervised, using reasonable care and with the approval of the Condominium Board, all persons necessary to be employed in order to maintain and operate the Building properly; but all such employees in or about the Building shall be employees of the Managing Agent and not of the Condominium, and the Condominium at its own cost and expense shall defend any suit brought against the Condominium or the Managing Agent on account of the operation or maintenance of the Building, including injuries to employees or others, and the Condominium shall hold harmless and fully indemnify the Managing Agent from any loss to the Agent on account thereof, unless such loss has been caused by the Managing Agent's or its employees' gross negligence or willful misconduct, and the Managing Agent will cause to be discharged all persons unnecessary or undesirable, all subject to such union contracts or other agreements concluded on behalf of the Condominium with the Condominium Board's written approval;

(2) billing and collecting Common Charges payable by Unit Owners;

(3) causing the Common Elements to be maintained, repaired and altered in the manner deemed advisable by the Condominium Board. The approval of the Condominium Board is necessary for any expenditure of over $5,000 for any one item of ordinary repairs or alterations (other than emergency repairs or repairs to comply with a governmental notice or order);

(4) contracting for necessary services and purchasing all supplies necessary to properly maintain and operate the Building and its Common Elements, subject to the approval of the Condominium Board where such service contract is in excess of three (3) years or $15,000 per annum unless said service contract is part of a pre-approved budget;

(5) checking all bills received in connection with the maintenance and operation of the Common Elements and causing all such bills and other expenses to be paid;

(6) supervising, hiring and discharging employees necessary for the proper maintenance and operation of the Building;

(7) rendering monthly statements of receipts and disbursements to the Condominium Board or other designated entity, upon request;

(8) maintaining payroll records and filing withholding tax statements for employees;

(9) maintaining accurate sets of books for the Condominium Board;

(10) cooperating with the Condominium Board's accountants in preparing and submitting annually to the Condominium Board an operating budget of the anticipated income and expenses for the ensuing year;

(11) attending meetings of the Condominium Board and Unit Owners, and preparing agendas and sending notices relating to such meetings, and if requested by the Condominium, providing a secretary, at the Condominium's expense to record the minutes of such meeting; and

(12) generally, doing all things deemed reasonably necessary or desirable by the Condominium Board for the proper management of the Building.

Notwithstanding anything to the contrary set forth above, the Managing Agent's responsibility under the management agreement shall not extend to supervising or managing major capital renovations or major capital improvements, unless specifically agreed upon in writing by the parties and unless the Managing Agent receives an additional fee therefor. The Managing Agent, at the expense of the Condominium, will be bonded during the term of the Management Agreement under fidelity or general surety bonds in the amount of $100,000 in favor of Condominium for any loss resulting from fraudulent or dishonest acts committed by the Managing Agent, its directors, officers or employees.

IDENTITY OF PARTIES

Sponsor

Sponsor is 56th Street Associates L.L.C., a Delaware limited liability company, formed on January 29, 1997 to act as Sponsor for this offering. Related 56th Street, LLC, a Delaware limited liability company, formed on October 7, 1998, is the managing member of Sponsor whose managing member is The Related Companies, L.P., a New York limited partnership formed on May 15, 1992 whose general partner is Related Realty Group, Inc., a Delaware corporation formed on August 12, 1992. The principal of Related Realty Group, Inc. is Stephen M. Ross. All of the foregoing entities and parties have an office at 625 Madison Avenue, New York, New York, 10022

The officers of Sponsor are Stephen M. Ross, President, David J. Wine, Vice President, Jeff T. Blau, Vice President, Bruce A. Beal, Jr., Vice President/Secretary/Treasurer. The principals of Sponsor are Stephen M. Ross, David J. Wine, Jeff T. Blau and Bruce A. Beal, Jr.

The Related Companies, L.P. ("Related") is a fully integrated real estate firm with divisions specializing in acquisitions and development, financial services and property management. Related is one of the largest real estate companies in the U.S. and owns and/or manages over $7 billion worth of residential, commercial and retail properties coast to coast. With luxury residential towers throughout Manhattan, Related has set a standard for contemporary metropolitan living for New Yorkers. Related is currently an active developer of residential and mixed-use developments in New York City.

Since 1985, Related has developed or acquired approximately 2,800 luxury residential apartments in Manhattan and currently has approximately 1,200 additional units under development. These developments include its latest three buildings, which are all located in Manhattan. The Chatham, 181 East 65th Street, completed in the summer of 2000, The Lyric, 255 West 94th Street anticipated to be completed in September 2000 and Tribeca Park, 4000 Chambers Street completed in 1999. The Lyric and Tribeca Park are luxury rental buildings. In July 1998, Related was designated to redevelop the site at Columbus Circle in Manhattan. The proposed $1.3 billion mixed-use development will be approximately 2.5 million square feet containing luxury residential apartments, a five-star hotel, Time Warner's world headquarters, retail space and Jazz @ Lincoln Center.

In addition to the development in New York, Related is an active developer in other parts of the country. Combined, Related has approximately $1.2 billion of properties under development in Florida, California and through The Palladium Company and Related Retail, its retail development operations.

Except as otherwise noted, the principals of Sponsor have not been involved in any condominium or cooperative offering plans for the last five years and do not own ten (10%) percent or more of the unsold units or unsold shares in any building. All of the principals of Sponsor are

principals of the sponsor of the offering plan for units at The Chatham, 181 East 65th Street, New York, New York, File No. CD-98-0111 and the successor sponsor for unsold units at The 279 Central Park West Condominium, 279 Central Park West, New York, New York, File No. CD-88-0503.

There have been no prior felony convictions of Sponsor, or any principals of Sponsor; and no prior convictions, injunctions and judgments against Sponsor, or any principals of Sponsor that may be material to the Plan or an offering of securities generally, that occurred within fifteen (15) years prior to the submission of this Plan.

Selling Agent

The Selling Agent is The Sunshine Group, Ltd, having its main office at 520 Madison Avenue, New York, New York 10022 (tel: (212) 750-0500) and a sales office for the Property at The Sales and Design Center, Carnegie Hall Tower, 152 West 57th Street, New York, New York 10019 (tel: (212) 957-5656). The Sunshine Group, Ltd. is a pre-eminent international marketing company with offices located in New York and Florida. Its specialties include predevelopment planning as well as on-site sales and leasing of luxury properties to users and investors. In the past decade the Sunshine Group, Ltd. has been involved with properties that total in excess of $5 billion of sales. These include The Chatham, 181 East 65th Street, Trump International Hotel & Tower, Trump Palace, Trump Tower, 610 Park Avenue Condominium, 521 and 525 Park Avenue, 500 Park Tower, 30 East 85th Street, The Future and The Concorde, all located in New York City; The Grand Bay Hotel Condominium, The Water Club, the Gables, The Palms and Tequesta One, all located in Florida; and The Harbor Club, located in San Diego, California.

There have been no prior felony convictions of Selling Agent, or any principals of Selling Agent; and no prior convictions, injunctions and judgments against Selling Agent, or any principals of Selling Agent that may be material to the Plan or an offering of securities generally, that occurred within fifteen (15) years prior to the submission of this Plan.

Managing Agent

Related Management Company L.P., having an office at 625 Madison Avenue, New York, New York 10022 will be the managing agent for the Building. (See the Section entitled "Management Agreement" in Part I of the Plan). The Managing Agent is affiliated with Sponsor. The Managing Agent has been engaged in the development ownership, operation and management of New York City residential properties for a number of years.

There have been no prior felony convictions of the Managing Agent, or any principals of the Managing Agent; and no prior convictions, injunctions and judgments against the Managing Agent, or any principals of the Managing Agent that may be material to the Plan or an offering of securities generally, that occurred within fifteen (15) years prior to the submission of this Plan.

A representative list of properties which are managed by the Managing Agent in New York City include:

The Strathmore
400 East 84th Street
New York, New York

The Monterey
175 East 96th Street
New York, New York

Carnegie Park
200 East 94th Street
New York, New York

Columbus Green
101 West 87th Street
New York, New York

One Union Square South
New York, New York

The Ventura
240 East 86th Street
New York, New York

Tribeca Tower
105 Duane Street
New York, New York

Parc Place
225 Rector Street
New York, New York

The Sagamore
189 West 89th Street
New York, New York

The Chatham
181 East 65th Street
New York, New York

Attorneys for Sponsor

Sponsor has retained the law firm of Stroock & Stroock & Lavan LLP, having an office at 180 Maiden Lane, New York, New York 10038 to represent it in connection with the Plan. Stroock & Stroock & Lavan LLP prepared the Plan, the Declaration, the By-Laws and the forms of Agreement, Residential Unit Deed and Residential Unit Power of Attorney and has also rendered an opinion with respect to the availability of income tax deductions to purchasers of Residential Units and compliance with Section 339-i of the Real Property Law. Michel Evanusa, Esq. had principal responsibility for the preparation of the Plan. Stroock & Stroock & Lavan LLP will serve as Escrow Agent and will represent Sponsor in connection with matters relating to Unit Closings.

Sponsor has retained The Law Offices of Robert M. Pollack, having an office at 708 Third Avenue, New York, New York 10017 to represent it in connection with the estimated valuation of the Property for real estate tax purposes and to represent it in connection with its application for 421-a benefits.

Sponsor's Architects/Engineers

The architects for the Building are Skidmore Owings & Merrill LLP, having an office at 14 John Street, New York, New York and Ismael Leyva Architects P.C., having an office at 48 West

37th Street, New York, New York, both of which have had extensive experience in residential design and overall planning.

Cosentini Associates, having an office at 2 Penn Plaza, New York, New York 10121, is the mechanical engineer for the Building.

Thornton Tomasetti, having an office at 641 Avenue of the Americas, New York, New York, is the structural engineers for the Building.

Sponsor's Budget Expert

Rose Associates, Inc., having an address at 200 Madison Avenue, New York, New York 10016, estimated all amounts of income and expenses in Schedule B, "Projected Budget For First Year of Condominium Operation," in consultation with Sponsor.

Service of Process

The Secretary of State of the State of New York has been designated to receive service of process for Sponsor, a Delaware limited liability company.

REPORTS TO UNIT OWNERS

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

(1) a financial statement of the Condominium prepared by a certified public accountant within four months after the end of each fiscal year;

(2) prior notice of the Annual Unit Owner's meeting; and

(3) a copy of the proposed annual budget of the Condominium delivered to Unit Owners at least five (5) days prior to the adoption thereof.

RECORDATION, INSPECTION AND DELIVERY OF DOCUMENTS

Pursuant to the provisions of Section 352-e of the New York General Business Law, copies of the 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 by the Plan or shall have participated in the offering of such Unit, at Sponsor's office and shall remain available for such inspection for a period of six years all without charge and for copying for a reasonable charge. In addition, a set of Floor Plans showing the layout, locations and approximate dimensions of each Unit and its unit number designation and tax lot number, certified by the appropriate governmental authority of The City of New York as conforming to the official tax lot number for each such Unit, will be filed in the City Register's Office following the recording of the Declaration, and an additional set will be furnished to the Condominium Board.

The Declaration and the By-Laws will be recorded in advance of or concurrently with the First Closing. The recording of all deeds conveying individual Units will also be in the City Register's Office.

GENERAL

The Plan does not knowingly omit any material fact or knowingly contain any untrue statement of any material fact. Sponsor believes that the Plan contains a fair summary of the material provisions of the documents referred to in the Plan, including those documents contained in Part II of the Plan. Exact copies are contained in Part II of the Plan of the form of Declaration, form of By-Laws, form of Agreement, form of Residential Unit Deed, form of Power of Attorney and other documents and Purchasers are urged to read the documents set forth in Part II of the Plan in their entirety. Statements made in Part I of the Plan as to the provisions of such documents or any other document referred to herein, copies of which are on file with Sponsor, are necessarily not complete. Each such statement is qualified in all respects by the contents of such documents and, in the case of any such document executed by or with the written consent of a Purchaser pursuant to the Plan, any rider or separate agreement changing or adding provisions to such document.

Under applicable Federal and local Law, leaded paint can no longer be used in the construction of the Building.

There are no lawsuits or other legal proceedings now pending, or any judgments outstanding, which could materially and adversely affect this offering, the Purchasers of Residential Units, the Property, the Condominium or the operation thereof, which are not covered by insurance.

No party 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 Sponsor the performance of all or any of Sponsor's obligations hereunder and no such third party shall be deemed to have received any benefit as a result of any of the provisions of the Plan.

Sponsor reserves the right, from time to time, upon amendment to the Plan, without obtaining the consent of Purchasers or others, to substantially revise the terms and conditions upon which the Units are to be sold, including changes affecting the rights, obligations and liabilities of Sponsor, the Purchasers and/or prospective Purchasers under the Plan. However, Sponsor may not unilaterally cancel an Agreement which is in effect, except as therein provided, as in the case of an uncured default, nor unilaterally change the purchase price or payment terms contained in such Agreement. All substantive or material revisions will be contained in a duly filed amendment to the Plan. If there is a substantial amendment to the Plan that materially adversely affects Purchasers, except as otherwise provided herein, Purchasers will have a right of rescission which may only be exercised within 15 days from the date of presentation of said amendment. Escrow Agent shall promptly return any Deposit, together with any interest thereon, to Purchasers who rescind, except that Escrow Agent shall return to Sponsor the Deposit (and any interest thereon) of any Purchaser who is in default under the Agreement beyond any applicable grace period.

In accordance with the provisions of the laws of the State of New York, neither Sponsor nor any selling agent engaged by Sponsor will discriminate against any person in the sale of Units

offered by the Plan or in the leasing of any such Units because of such person's sex, race, creed, color, national origin, marital status, age, disability or any other ground proscribed by Law.

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

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 Property and the Building have not been the subject of any prior public offerings. Sponsor has previously tested the market pursuant to Cooperative Policy Statement No. 1, File No. CP-00-0038.

SPONSOR'S STATEMENT OF BUILDING CONDITION

Sponsor hereby adopts the Description of Property set forth as Exhibit 4 in Part II of the Plan and represents that it has no knowledge of any material defects or need for major repairs to the Property.

PART II

THE PARK IMPERIAL

230 WEST 56TH STREET

NEW YORK, NEW YORK 10019

EXHIBIT "1"

AGREEMENT

AGREEMENT

56th Street Associates, L.L.C.

Sponsor-Seller

TO

_____

Purchaser

UNIT NUMBER _____

THE PARK IMPERIAL
230 West 56th Street
New York, New York 10019

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UNIT NUMBER(S) _____

THE PARK IMPERIAL
230 WEST 56TH STREET
NEW YORK, NEW YORK 10019

(to be executed in quintuplicate)

AGREEMENT, made as of the date on the signature page of the Agreement, between 56th Street Associates, L.L.C., a Delaware limited liability company, having an office at 625 Madison Avenue, 9th Floor, New York, New York 10022 ("Sponsor"), and

_____, having an address at

_____ ("Purchaser").

WITNESSETH:

1. THE PLAN. Purchaser acknowledges having received and read a copy of the Offering Plan for The Park Imperial and all amendments thereto, if any, filed with the Department of Law of the State of New York (hereinafter, collectively, referred to as the "Plan") at least three (3) days prior to Purchaser's signing this Agreement. If Purchaser has not received and read the Plan and all amendments thereto at least three (3) full days prior to Purchaser's signing this Agreement, Purchaser shall have the right to rescind this Agreement within seven (7) days from the date of this Agreement. The Plan is incorporated herein by reference and made a part hereof with the same force and effect as if set forth at length. In the event of any inconsistency between the provisions of this Agreement and the Plan, the provisions of the Plan will govern and be binding.

2. DEFINITIONS. Terms used herein which are also used in the Plan shall have the same meanings herein as therein unless the context otherwise requires.

1. THE UNIT. Upon and subject to the terms and conditions set forth herein, Sponsor agrees to sell and convey, and Purchaser agrees to purchase, the unit ("Unit") designated as Unit _____ in the Declaration, together with the ____ percentage undivided interest in the General Common Elements of the Condominium appurtenant thereto.

3. PURCHASE PRICE.

4.1 The purchase price for the Unit ("Purchase Price") is $_____payable as follows:

(a) $_____ (the "Initial Deposit"), due upon Purchaser's signing and submitting this Agreement, by check (subject to collection), receipt of which is hereby acknowledged.

(b) $_____ (the "Additional Deposit"), by check payable no later than the earlier to occur of: (i) _____ which is four (4) months after the date of the Agreement or (ii) fifteen (15) days after Sponsor presents an amendment declaring the Plan effective, but in no event later than the Closing, subject to collection. The Initial Deposit and the Additional Deposit are hereinafter collectively referred to as the "Deposit."

(c) The Deposit will be credited against the Purchase Price at Closing. Purchaser shall pay the balance due in the amount of $_____, by good certified check of Purchaser or official bank check, payable on the delivery of the deed as hereinafter provided.

4.2 All checks shall represent United States currency and shall be drawn on or issued by a New York bank or trust company which is a member of The New York Clearing House Association, unless otherwise agreed to by Sponsor. Checks for the Deposit shall be made payable to "Stroock & Stroock & Lavan LLP, Escrow Agent." Checks for the balance of the Purchase Price shall be made payable to the direct order of "56th Street Associates, L.L.C." or such other party as Sponsor may designate upon not less than two (2) days prior notice. If any check is returned for insufficient funds or any other reason, Sponsor at its option, may declare this Agreement void ab initio and of no further force and effect and may institute an action against Purchaser for the collection of the Deposit as liquidated damages or may declare a default by Purchaser under this Agreement which shall entitle Sponsor to exercise any of the remedies set forth in Article 15 hereof.

4. CLOSING OF TITLE.

5.1 The closing of title shall be held at such place in the City and State of New York and on such date and hour as Sponsor may designate to Purchaser on notice served not less than thirty (30) days' prior to the scheduled date for closing. If Sponsor consents to close at any other location as an accommodation to Purchaser, Purchaser shall pay to Sponsor's attorneys at closing an extra fee as set forth in the Plan. Sponsor, from time to time, may adjourn the date and hour for closing on written notice to Purchaser, which notice shall fix a new date, hour and place for the closing of title and will be given not less than two (2) business days prior to the new scheduled date and time for closing.

5.2 The closing of title shall occur only after or concurrently with the compliance with the prerequisites as set forth under "Terms of Sale" in Part I of the Plan.

5.3 The term "Closing Date" or "closing of title" or words of similar import, whenever used herein, shall mean the date designated by Sponsor on which the deed to the Unit is delivered to Purchaser, or any adjourned date fixed by Sponsor pursuant to subsection 5.1 hereof.

5. DELIVERY OF THE DEED AND POWER OF ATTORNEY.

6.1 At the closing of title, Sponsor shall deliver to Purchaser a bargain and sale deed without covenant against grantor's acts conveying title to the Unit to Purchaser. The deed shall be prepared by Sponsor in substantially the form set forth in Part II of the Plan and shall be executed and acknowledged by Sponsor in form for recording. Purchaser shall pay all New York State and New York City real property transfer taxes, and Sponsor and Purchaser shall duly execute a New York City Real Property Transfer Tax return and any other forms then required by Law, all of which shall be prepared by Sponsor.

6.2 At the closing of title and simultaneously with the delivery of the deed conveying the Unit to Purchaser, Purchaser shall execute and acknowledge a power of attorney to the Condominium Board, the Condominium Board and Sponsor substantially in the form set forth in Part II of the Plan.

6.3 The deed and power of attorney to the Condominium Board and Sponsor shall be delivered to the representative of the title company insuring Purchaser's title (or, if no such representative is present, then to Sponsor's attorney) for recording in the City Register's Office, which recording shall be at Purchaser's expense. After being recorded, the deed shall be returned to Purchaser and the power of attorney shall be sent to the Managing Agent.

6.4 Sponsor shall deliver to Purchaser a certification stating that Sponsor is not a foreign person in the form then required by the Code Withholding Section and (ii) each party shall execute, acknowledge and deliver to the other party such instruments, and take such other actions, as such other party may reasonably request in order to comply with IRS §6045(e), as amended, or any successor provision or any regulations promulgated pursuant thereto, insofar as the same requires reporting of information in respect of real estate transactions.

6. FEE TITLE. At the closing of title, Sponsor shall convey to Purchaser fee simple title to the Unit, free and clear of all encumbrances other than those expressly agreed to by Purchaser or set forth in Schedule A annexed hereto and made a part hereof. Any encumbrance to which title is not to be subject shall not be an objection to title if (a) 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 (b) Royal Abstract Company of New York, LLC, having an address at 500 Fifth Avenue, Suite 1940, New York, New York 10110 (Tel: (212) 376-0900, Fax: (212) 376-0911) (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.

7. CLOSING ADJUSTMENTS.

8.1 Subject to Paragraph 15 hereof, the following adjustments shall be made as of midnight of the day preceding the Closing Date with respect to the Unit:

(a) real estate taxes and assessments, if any (including water charges and sewer rents, if separately assessed), on the basis of the period for which assessed;

(b) Common Charges for the month in which title closes; and

(c) accrued rent and any other charges pursuant to an interim lease or use and occupancy agreement, if any, covering the Unit.

8.2 If a Unit has been separately assessed but the closing of title occurs before the tax rate is fixed, adjustment of taxes shall be based upon the latest tax rate applied to the most recent applicable assessed valuation. Installments for tax assessments due after the delivery of the deed, if any, shall be paid by Purchaser and shall not be considered a defect in title. If a Unit has not been separately assessed as of the Closing Date for the then current tax period, the adjustment under subsection 8.1(a) hereof shall be based upon the assessment for the Property and the percentage interest in the General Common Elements appurtenant to the Unit.

8.3 If Sponsor obtains a refund for real estate taxes paid (or a credit for such taxes to be paid) on Purchaser's Unit, Purchaser and Sponsor will apportion the refund (as well as the costs and/or fees for obtaining the refund or credit) based on the percentage of time for which the refund or credit is obtained during which each party hereto owned the Unit in question. The provisions of this subsection shall survive the closing of title.

8.4 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.

8.5 Any errors or omissions in computing apportionments at closing shall be corrected and payment made to the proper party promptly after discovery. The provisions of this subsection shall survive the closing.

8. MORTGAGE TAX CREDIT. 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 inure 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.

9. CLOSING COSTS. In addition to those costs and adjustments described in Articles 8 and 9 herein, Purchaser shall be required to pay the other closing costs which are Purchaser's responsibility as more particularly described in Part I of the Plan entitled "Closing Costs and Adjustments."

10. DEPOSIT. The Deposit made pursuant to this 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 Deposit received from Purchaser will be held in accordance with the provisions of the Subsection entitled "Escrow and Trust Fund Requirements" under the Section entitled "Procedure to Purchase" set forth in Part I of the Plan. By signing this Agreement, Purchaser will not object and will be deemed to have agreed, without the need for a further written agreement, to the release of the Deposit to Sponsor in the event Sponsor and Purchaser close title under this Agreement. Sponsor is required by law to submit a Form 1099 to the Internal Revenue Service reporting interest earned on Purchaser's Deposit, if any. Purchaser will be taxed accordingly on such interest.

11. BINDING EFFECT OF DECLARATION, BY-LAWS AND RULES AND REGULATIONS. Purchaser hereby accepts and approves the Plan (including the Declaration, By-Laws and Rules and Regulations contained therein) and agrees to abide and be bound by the terms and conditions thereof.

12. AGREEMENT SUBJECT TO MORTGAGE. No encumbrance shall arise against the Property as a result of this Agreement or any monies deposited hereunder. In furtherance and not in limitation of the provisions of the preceding sentence, the provisions of this Agreement are and shall be subject and subordinate to the lien of any mortgage, including, but not limited to, any construction or building loan mortgage, heretofore or hereafter made any advances heretofore or hereafter made thereon and any payments or expenses made or incurred or which hereafter may 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 in all cases, regardless of the timing of, or cause for, the making of advances of money or the incurring of expenses. Sponsor shall, at its option, either satisfy such mortgages or obtain a release of each Unit and its undivided interest in the Common Elements from the lien of such mortgages on or prior to the Closing Date, unless Purchaser voluntarily assumes such mortgage or consents to the continuation of the lien thereof. The existence of any mortgage or mortgages encumbering the Property, or portions thereof, other than the Unit and its (their) undivided interest in the Common Elements, shall not constitute an objection to title or excuse Purchaser from completing payment of the Purchase Price or performing all of its other obligations hereunder or be the basis of any claim against, or liability of, Sponsor, provided that any such mortgage(s) is subordinated to the Declaration.

13. PURCHASER'S REPRESENTATIONS. Purchaser represents that Purchaser has full right and authority to execute this Agreement and perform Purchaser's obligations hereunder.

If Purchaser is not a natural person, Purchaser agrees to deliver at Closing, such documents evidencing Purchaser's authority as may be required by Purchaser's title company.

14. DEFAULT BY PURCHASER.

15.1 The following shall constitute "Events of Default" hereunder:

(i) Purchaser's failure to pay the Additional Deposit when due or to balance of the Purchase Price on the Closing Date designated by Sponsor; or

(ii) Purchaser's failure to duly complete and sign before a notary public and deliver at closing the power of attorney or the New York State and City transfer tax returns; or

(iii) If Purchaser is or becomes the tenant of record of the Unit, Purchaser's failure to pay rent or to otherwise comply with Purchaser's lease or tenancy obligations; or

(iv) If Purchaser is or becomes the tenant of record of the Unit and Purchaser vacates or abandons the Unit; or

(v) Purchaser's assignment of any of Purchaser's property for the benefit of creditors, or Purchaser's filing a voluntary petition in bankruptcy; or

(vi) If a non-bankruptcy trustee or receiver is appointed over Purchaser or Purchaser's property, or an involuntary petition in bankruptcy is filed against Purchaser; or

(vii) If a judgment or tax lien is filed against Purchaser and Purchaser does not pay or bond the same; or

(viii) Purchaser's failure to pay any closing costs set forth in this Agreement or the Plan, on the Closing Date designated by Sponsor; or

(ix) The failure to pay, perform or observe any of Purchaser's other obligations hereunder.

15.2 TIME IS OF THE ESSENCE with regard to Purchaser's obligations to pay the balance of the Purchase Price and to perform Purchaser's other obligations under this Agreement. If Purchaser fails to make such payment when required as herein provided or fails to perform any of Purchaser's other obligations hereunder, Sponsor shall give notice to Purchaser of such default. If such default shall not be cured within thirty (30) days thereafter, Sponsor may, at its option, cancel this Agreement by notice of cancellation to Purchaser. If Sponsor elects to cancel

this Agreement, (a) Sponsor may retain all sums deposited by Purchaser hereunder (including any amounts paid by Purchaser for additional work in the Unit), together with interest earned thereon, as liquidated damages (Sponsor's actual damages being difficult or impossible to ascertain) and, upon retaining such sum, this Agreement shall be terminated and neither party hereto shall have any further rights, obligations or liability to or against the other under this Agreement or the Plan and (b) Sponsor may sell the Unit to any third party as though this Agreement had never been made (without any obligation to account to Purchaser for any part of the proceeds of such sale).

15.3 If Purchaser fails for any reason to close title to the Unit on the originally scheduled Closing Date (a) the closing apportionments described in Section 8.1 of this Agreement will be made as of midnight of the day preceding the originally scheduled Closing Date, regardless of when the actual closing of title occurs, and (b) Purchaser will be required to pay to Sponsor, as a reimbursement of Sponsor's higher carrying costs for the Unit by virtue of the delay, and in addition to the other payments to be made to Sponsor under this Agreement and the Plan, an amount equal to 0.03% of the Purchase Price for each day starting from (and including) the originally scheduled Closing Date to (and including) the day before the actual Closing Date. If, through no fault of Purchaser, Sponsor postpones the originally scheduled Closing Date, these provisions shall apply to the rescheduled Closing Date if Purchaser fails for any reason to close title to the Unit on the rescheduled Closing Date.

15. CLOSING CONTINGENT UPON PLAN BEING DECLARED EFFECTIVE

16.1 The respective obligations of Purchaser and Sponsor hereunder are contingent upon the Plan being declared effective. The Plan shall not be declared effective except in accordance with the prerequisites set forth in the Plan, as same may be amended from time to time. Purchaser understands and agrees that Sponsor shall have the right to abandon the Plan at any time prior to its being declared effective or thereafter in certain limited cases set forth in the Plan (see the Section in the Plan entitled "Effective Date" for full details). Sponsor shall notify Purchaser, in writing or by a duly filed amendment to the Plan, when the Plan becomes effective or is abandoned.

16.2 If the Plan is abandoned or Sponsor elects not to declare the Plan effective or if after being declared effective the Plan shall not be consummated for any reason, this Agreement shall be deemed canceled and all monies paid by Purchaser hereunder, shall be disbursed in accordance with the provisions of the Section entitled "Procedure to Purchase." After the monies are so disbursed, Purchaser and Sponsor shall have no claim against each other or the Selling Agent in connection with this Agreement or the Plan, and all of same shall be released and discharged from all liabilities and obligations hereunder and under the Plan.

16. SPONSOR'S INABILITY TO CONVEY THE UNIT. If Sponsor is unable to deliver title to the Unit to Purchaser in accordance with the provisions of this Agreement and the Plan, Sponsor shall not be obligated to bring any action or 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 to either (a) 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 (b) terminate this Agreement. If Purchaser so elects to terminate this Agreement, Sponsor shall, within thirty (30) days after receipt of notice of termination from Purchaser, return to Purchaser all sums deposited by Purchaser hereunder, together with interest earned thereon, if any, and, upon making such payment, this Agreement shall be terminated and neither party hereto shall have any further rights, obligations or liability to or against the other under this Agreement or the Plan. 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 (a) above (i.e., to acquire title subject to such inability).

17. FIXTURES, APPLIANCES AND PERSONAL PROPERTY. Only those fixtures, appliances and items of personal property which are described in the Description of the Property in Part II of the Plan as being part of the Unit are included in the sale of the Unit pursuant to the provisions of this Agreement. At the Closing, Sponsor shall transfer to Purchaser any assignable warranties and undertakings received by Sponsor which relate to appliances, equipment or fixtures located in the Unit.

18. ACCEPTANCE OF CONDITION OF PROPERTY. Purchaser shall accept title (without abatement in, or credit against, the Purchase Price or any provision for escrow deposits at the closing of title) notwithstanding the failure to complete construction of (a) minor details of the Unit or the Property, (b) other Units or (c) the Common Elements of the Property which do not prevent Purchaser's use of the Unit. Purchaser shall carefully inspect the Unit prior to the closing of title and shall execute at such time an inspection statement acknowledging Purchaser's acceptance of the Unit in good condition and in accordance with the terms of the Plan. However, if Purchaser finds that Sponsor's improvements have not been completed, although such improvements have been substantially completed, then Sponsor and Purchaser will agree to include on the inspection statement a list of incomplete work of a material nature to be completed in the Unit by Sponsor following the closing of title. Sponsor shall have no obligation to complete any work to the Unit which is not specifically designated on the inspection statement by Purchaser, except for work necessary to cure violations and to obtain a temporary or permanent certificate of occupancy covering the Unit. Purchaser will receive no less than five (5) business days notice that the Unit is available for inspection and Sponsor reserves the right to schedule additional inspections as Sponsor deems necessary or appropriate. If Purchaser fails to inspect the Unit within said period(s), Purchaser shall be deemed to have accepted the Unit in good condition and in accordance with the terms of the Plan or Sponsor reserves the right to postpone the scheduled Closing, in its sole discretion. Except as expressly provided in this Agreement or the Plan, including but not limited to subparagraph (f) of the subsection entitled "Sponsor's Obligations with Respect to the Building" of the Section entitled "Rights and Obligations of Sponsor," Sponsor shall have no obligation to repair or improve the Unit, any portion of the Property, or the appliances, equipment or fixtures attached to or used in connection with the Unit or the Property. PURCHASER ACKNOWLEDGES THAT NO DISCUSSION OF INCOMPLETE ITEMS WILL TAKE PLACE

AT THE CLOSING.

Sponsor will not be obligated to correct, and will not be liable to the Condominium Board or Unit Owner as a result of any defects in construction, or in the installation or operation of any mechanical equipment, appliances, other equipment, finishes, materials or fixtures (including kitchen appliances and bathroom fixtures), as specifically set forth in the Section of the Plan entitled "Rights and Obligations of Sponsor."

Notwithstanding the foregoing, Sponsor will be obligated to repair abnormal scratches in plastic laminate, vitreous china, natural stone, wood, porcelain and metallic surfaces by filling or refinishing the same, but Sponsor will not be obligated to replace any such surfaces. The provisions of this Article shall survive the closing of title.

19. DAMAGE TO THE UNIT. If between the date of this Agreement and the closing of title the Unit is damaged by fire or other casualty, the following shall apply:

21.1 The risk of loss to the Unit by fire or other casualty is assumed by Sponsor until the earlier of closing of title or possession of the Unit by Purchaser, but without any obligation or liability by Sponsor to repair or restore the Unit. If Sponsor elects to repair or restore the Unit, this Agreement shall continue in full force and effect, Purchaser shall not have the right to reject title or receive a credit against, or abatement in, the Purchase Price and Sponsor shall be entitled to a reasonable period of time within which to complete the repair or restoration. Any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss shall, subject to the rights of the Condominium Board and other Unit Owners if the Declaration has theretofore been recorded, belong entirely to Sponsor and, if such proceeds are paid to Purchaser, Purchaser shall promptly upon receipt thereof turn them over to Sponsor. The provisions of the preceding sentence shall survive the closing of title.

21.2 In the event Sponsor notifies Purchaser that it does not elect to repair or restore the Unit, or, if the Declaration has been recorded prior thereto, the Unit Owners do not resolve to make such repairs or restoration pursuant to the By-Laws, this Agreement shall be deemed canceled and of no further force and effect and Sponsor shall return to Purchaser all sums deposited by Purchaser hereunder, together with interest earned thereon, if any, and neither party hereto shall have any further rights, obligations or liability to or against the other hereunder or under the Plan, except that if Purchaser is then in default hereunder (beyond any applicable grace period), Sponsor shall retain all such sums deposited by Purchaser hereunder, together with any interest earned thereon, as and for liquidated damages.

20. NO REPRESENTATIONS. Purchaser acknowledges that Purchaser has not relied upon any architect's plans, sales plans, selling brochures, advertisements, representations, warranties, statements or estimates of any nature whatsoever, whether written or oral, made by Sponsor, Selling Agent or otherwise, including, but not limited to, any relating to the description or physical condition of the Property, the Building or the Unit, or the size or the dimensions of the Unit or the rooms therein contained or any other physical characteristics thereof, the services to be

provided to Unit Owners, the estimated Common Charges allocable to the Unit, the estimated real estate taxes on the Unit, the right to any income tax deduction for any real estate taxes or mortgage interest paid by Purchaser, the right to any income tax credit with respect to the purchase of the Unit, or any other data, except as herein or in the Plan specifically represented, Purchaser having relied solely on such Purchaser's own judgment and investigation in deciding to enter into this Agreement and purchase the Unit. No person has been authorized to make any representations on behalf of Sponsor except as herein or in the Plan specifically set forth. No oral representations or statements shall be considered a part of this Agreement. Sponsor makes no representation or warranty as to the work, materials, appliances, equipment or fixtures in the Unit, the Common Elements or any other part of the Property other than as set forth herein or in the Plan. The provisions of this Article shall survive the closing of title.

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

22. BROKER. Purchaser represents to Sponsor that Selling Agent and [_____] (collectively the "Broker") is [are] the only broker(s) or sales agent(s) with whom Purchaser has dealt in connection with this transaction, and Sponsor agrees to pay the commission earned by the Broker pursuant to a separate agreement. Purchaser agrees that should any claim be made against Sponsor for commissions by any broker, other than the Broker, on account of any acts of Purchaser or Purchaser's representatives, Purchaser will indemnify and hold Sponsor free and harmless from and against any and all liabilities and expenses in connection therewith, including reasonable legal fees. The provisions of this Article 23 shall survive the closing of title.

23. AGREEMENT MAY NOT BE ASSIGNED. Purchaser does not have the right to assign this Agreement without the prior written consent of Sponsor. Any purported assignment by Purchaser in violation of this Agreement will be voidable at the option of Sponsor. Sponsor's refusal to consent to an assignment will not entitle Purchaser to cancel this Agreement or give rise to any claim for damages against Sponsor. If Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of this Agreement, or for the addition, deletion or substitution of names on this Agreement, then Purchaser shall be required to pay Sponsor's attorneys a fee of $1,000, in advance, for preparation of an assignment agreement.

24. BINDING EFFECT. This Agreement shall not be binding on Purchaser or Sponsor until a fully executed counterpart hereof has been delivered to Purchaser. If this Agreement is not accepted within thirty (30) days from the date hereof by the delivery to Purchaser of a fully executed counterpart, this Agreement shall be deemed to have been rejected and canceled and the deposit paid on the execution hereof shall be promptly returned to Purchaser.

25. NOTICES. Any notice, request, letter, consent or other communication hereunder or under the Plan (other than amendments to the Plan which shall be served in accordance with the Plan) shall be in writing and delivered by regular mail as well as hand delivered or sent, postage prepaid, by registered or certified mail, or by Federal Express or other reputable overnight courier,

to Purchaser at the address given at the beginning of this Agreement, and to Sponsor at the address given at the beginning of this Agreement, with a copy to Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038, Attn.: Michel Evanusa, Esq. in the same manner as notice is given to Sponsor, or to such other address as either party may hereafter designate to the other in writing. Except as otherwise expressly provided herein, the date of hand delivery or mailing 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 (including, without limitation, any notices of closing or default which Sponsor's counsel is hereby expressly designated and empowered to issue. A failure by Purchaser to acknowledge receipt of any notice, request, letter, consent or other communication hereunder shall not in anyway invalidate the such communication.

26. JOINT PURCHASERS. The term "Purchaser" shall be read as "Purchasers" if more than one person are purchasers, in which case their obligations shall be joint and several.

27. 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 Sponsor to be performed pursuant to the provisions of this 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.

28. FURTHER ASSURANCES. Either party shall execute, acknowledge and deliver to the other party such instruments, and take such other actions, in addition to the instruments and actions specifically provided for herein, as such other party may reasonably request in order to effectuate the provisions of this Agreement or of any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction. The provisions of this Article shall survive the closing of title.

29. AGREEMENT NOT CONTINGENT UPON FINANCING. The terms and provisions of this Agreement and Purchaser's obligations hereunder are not contingent upon Purchaser securing financing of the Purchase Price (or any portion thereof) stated in Section 4 of this Agreement, and Purchaser understands and agrees that Purchaser's failure to obtain such financing will not relieve Purchaser of Purchaser's obligations hereunder. Purchaser further understands and agrees that if Purchaser chooses to finance Purchaser's purchase of the Unit through a lending institution and obtain a commitment therefrom, neither a subsequent change in the terms of such commitment, the expiration or other termination of such commitment, nor any change in Purchaser's financial status or condition shall release or relieve Purchaser of Purchaser's obligations pursuant to this Agreement.

30. COSTS OF ENFORCING AND DEFENDING AGREEMENT. Purchaser shall be obligated to reimburse Sponsor for any legal fees and disbursements incurred by Sponsor in defending Sponsor's rights under this Agreement or, in the event Purchaser defaults under this

Agreement beyond any applicable grace period, in canceling this Agreement or otherwise enforcing Purchaser's obligations hereunder.

31. SEVERABILITY. If any provision of this Agreement or the Plan is invalid or unenforceable as against any person or under certain circumstances, the remainder of this Agreement or the Plan and the applicability of such provision to other persons or circumstances shall not be affected thereby. Each provision of this Agreement or the Plan, except as otherwise herein or therein provided, shall be valid and enforced to the fullest extent permitted by Law.

32. STRICT COMPLIANCE. Any failure by Sponsor to insist upon the strict performance by Purchaser of any of the provisions of this 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 Agreement to be performed by Purchaser.

33. GOVERNING LAW. 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.

34. WAIVER OF JURY. EXCEPT AS PROHIBITED BY LAW, THE PARTIES SHALL, AND THEY HEREBY DO, EXPRESSLY WAIVE TRIAL BY JURY IN ANY LITIGATION ARISING OUT OF, OR CONNECTED WITH, OR RELATING TO, THE PLAN THIS AGREEMENT OR THE RELATIONSHIP CREATED HEREBY. THE PROVISIONS OF THIS ARTICLE SHALL SURVIVE THE CLOSING OF TITLE.

35. ENTIRE AGREEMENT. This Agreement together with the Plan constitutes the entire agreement between the parties and supersedes any and all understandings and agreements between the parties with respect to the subject matter hereof.

36. CERTAIN REFERENCES. A reference in this 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 Agreement refer to this entire 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 Articles, Sections, subsections or other provisions are references to Articles, Sections, subsections or other provisions of this Agreement.

37. CAPTIONS. The captions in this Agreement are for convenience of reference only and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

38. RULE OF CONSTRUCTION. There shall be no presumption against the draftsman of this Agreement or the Plan.

39. SUCCESSORS AND ASSIGNS. The provisions of this Agreement shall bind and inure to the benefit of Purchaser and Purchaser's heirs, legal representatives, successors and permitted assigns and shall bind and inure to the benefit of Sponsor and its successors and assigns.

40. NO ORAL CHANGES. This Agreement cannot be changed or terminated and no provision waived orally. ANY CHANGES OR ADDITIONAL PROVISIONS MUST BE SET FORTH IN A RIDER ATTACHED HERETO OR IN A SEPARATE WRITTEN AGREEMENT SIGNED BY THE PARTIES HERETO OR BY AN AMENDMENT TO THE PLAN.

41. AMENDMENTS TO THE PLAN. Subject to any provision of the Plan to the contrary, if there is a substantial amendment to the Plan that materially and adversely affects Purchaser, Purchaser will have a period of fifteen (15) days from the date of presentation of said amendment within which to rescind this Agreement and, if Purchaser exercises such right of rescission, Sponsor shall return the Deposit, together with any interest thereon, pursuant to this Agreement within thirty (30) days.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date below.

Date: _____
(To be inserted after execution by Sponsor)

SPONSOR:

56th Street Associates, L.L.C.
By: Related 56th Street, L.L.C, Managing Member
By: The Related Companies, L.P., Managing Member
By: Related Realty Group, Inc., General Partner

By: _____
Title:
Name:

PURCHASER:

_____

_____
(Social Security or Federal I.D. Number)

_____

_____
(Social Security or Federal I.D. Number)

Telephone No. _____

SCHEDULE A
PERMITTED ENCUMBRANCES

1. Building restrictions and zoning and other regulations, resolutions and ordinances and any amendments thereto now or hereafter adopted.

2. Any state of facts which an accurate survey of the Property would show, provided such state of facts would not make title to the Unit uninsurable, except as otherwise permitted herein.

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

4. Any easement or right of use in favor of any utility company for construction, use, maintenance or repair of utility lines, wires, terminal boxes, mains, pipes, cables, conduits, poles and other equipment and facilities on, under and across the Property.

5. Revocability of licenses for vault space, if any, under the sidewalks and streets.

6. Encroachments of stoops, areas, cellar steps or doors, trim, copings, retaining walls, bay windows, balconies, sidewalk elevators, fences, fire escapes, cornices, foundations, footings and similar projections, if any, on, over, or under the Property or the streets or sidewalks abutting the Property, and the rights of governmental authorities to require the removal of any such projections and variations between record lines of the Property and retaining walls and the like, if any.

7. Leases and service, maintenance, employment, concessionaire and license agreements, if any, of other Units or portions of the Common Elements.

8. The lien of any unpaid Common Charge, real estate tax, water charge or sewer rent, or vault charge, provided the same are adjusted at the closing of title.

9. 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 (with the then current installment to be apportioned as of the Closing Date) and the Purchaser shall pay all assessments due from and after the Closing Date.

10. Any 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.

11. Any encumbrance as to which Royal Abstract Company of New York, LLC (or such other New York Board of Title Underwriters member title insurance company which insures the Purchaser's title to the Unit) would be willing, in a fee policy issued by it to the Purchaser, to insure the Purchaser that such encumbrance (1) will not be collected out of the Unit if it is a lien or (2) will not be enforced against the Unit if it is not a lien.

12. 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 Residential Unit for residential purposes.

13. Any lease covering the Unit made from the Sponsor to the Purchaser.

14. Any violation against the Property (other than the Unit) which is the obligation of the Condominium Board or another Unit Owner to correct.

15. Any title exceptions noted in the Specimen Title Policy set forth in Part II of the Plan.

EXHIBIT "2"

POWER OF ATTORNEY

POWER OF ATTORNEY

Terms used in this Power of Attorney which are used (a) in the declaration (the "Declaration") submitted by 56th Street Associates, L.L.C. ("Declarant") establishing a plan for condominium ownership of the premises known as The Park Imperial and by the street number 230 West 56th Street, New York, New York 10019 under Article 9-B of the Real Property Law of the State of New York, dated _____, 20_, and recorded in the New York County Office of the Register of The City of New York on _____, 20_, in Reel _____, page _____, or (b) in the By-Laws of The Park Imperial (the "By-Laws") attached to, and recorded together with, the Declaration, shall have the same meanings in this Power of Attorney as in the Declaration or the By-Laws.

The undersigned, _____, the owner of the Condominium Unit (the "Unit") in The Park Imperial which is (are) designated and described as Residential Unit No. _____ in the Declaration and also designated as Tax Lot ____, in Block 1027 of Section 4 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of The City of New York and on the Floor Plans, do(es) hereby nominate, constitute and appoint the persons who may from time to time constitute the Condominium Board and/or the Condominium Board, true and lawful attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, in their own names, as members of the Condominium Board or Condominium Board or in the name of their designee (corporate or otherwise), on behalf of all Residential Unit Owners, in accordance with such Unit Owners' respective interests in the Common Elements, subject to the provisions of the By-Laws then in effect, (1)(a) following due authorization by a Majority of Residential Unit Owners, to acquire or lease any Residential Unit, together with its Appurtenant Interests, from any Residential Unit Owner desiring to sell, convey, transfer, assign, surrender or lease the same, (b) to acquire any Residential Unit, together with its Appurtenant Interests, from any Owner who elects to surrender the same pursuant to the By-Laws, and (c) following due authorization by a Majority of Residential Unit Owners, to acquire any Residential Unit, together with its Appurtenant Interests, which becomes the subject of a foreclosure or other similar sale, all on such terms and at such price or rental, as the case may be, as said attorneys-in-fact shall deem proper, in the name of the Condominium Board or its designee, corporate or otherwise, on behalf of all Residential Unit Owners, and, after any such acquisition or leasing, to convey, sell, lease, sublease, mortgage or otherwise deal with (but not vote the interest appurtenant thereto) any such Residential Unit so acquired by them, or to sublease any Residential Unit so leased by them without the necessity of further authorization by the Residential Unit Owners, on such terms as said attorneys-in-fact may determine, granting to said attorneys-in fact the power to do all things in the said premises which the undersigned could do if the undersigned were personally present, (2) upon determination by the Condominium Board, to commence, pursue, appeal, settle and/or terminate administrative and certiorari proceedings to obtain reduced real estate tax assessments with respect to Residential Units, including retaining counsel and taking any other actions which the Condominium Board deems necessary or appropriate, and (3) to execute, acknowledge and deliver (a) any declaration or other instrument affecting the Common Elements which the Condominium Board deem necessary or appropriate to comply with any ordinance, regulation, zoning resolution or requirement of the Reciprocal Easement and Operating Agreement, the Department of Buildings, the City Planning

Commission, the Board of Standards and Appeals, or any other public authority, applicable to the maintenance, demolition, construction, alteration, repair or restoration of the Condominium. which the Condominium Board deems necessary or appropriate.

The undersigned, do(es) hereby further nominate, constitute and appoint the Condominium Board, true and lawful attorney-in-fact for the undersigned, coupled with an interest, with power of substitution, on behalf of the undersigned, in accordance with the undersigned's respective interest in the Common Elements, to act on behalf of the undersigned as may be necessary or appropriate to enforce the rights of the parties under Article X of the Reciprocal Easement and Operating Agreement.

The acts of a majority of such persons constituting the Condominium Board or the Condominium Board shall constitute the acts of said attorneys-in-fact.

The undersigned, do(es) hereby nominate, constitute and appoint the Declarant, true and lawful attorney-in-fact for the undersigned, coupled with an interest, with power of substitution, on behalf of all Unit Owners, in accordance with such Unit Owners' respective interests in the Common Elements, subject to the provisions of the By-Laws then in effect, to execute an amendment to the Declaration, By-Laws and the Rules and Regulations of the Condominium or any permits, applications or documents required to undertake, perform or complete work to the Unsold Units or Common Elements by Declarant or obtain an amended certificate of occupancy therefor, or any of said documents when such amendment (i) shall be required to reflect any changes in Unsold Residential Units and/or the reapportionment of the Common Interests of the aforesaid Units resulting therefrom made by Declarant in accordance with the Declaration or (ii) shall be required by an (x) Institutional Lender designated by Declarant to make a mortgage loan secured by a mortgage on any Unit, (y) any governmental agency having regulatory jurisdiction over the Condominium, or (z) any title insurance company selected by Declarant 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 or physical modification to the undersigned's Unit, or (iii) adversely affect the priority or validity of the lien of any purchase money 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) or 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.

This Power of Attorney shall be irrevocable.

IN WITNESS WHEREOF, the undersigned has/have executed this Power of Attorney as of the ____ day of _____, 20_.

_____

(ACKNOWLEDGMENT)

EXHIBIT "3"

RESIDENTIAL UNIT DEED

RESIDENTIAL UNIT DEED

THIS INDENTURE, made the ____ day of _____, 20__, between 56th Street Associates, L.L.C., a Delaware limited liability company, having an office at 625 Madison Avenue, 9th Floor, New York, New York 10022 (the "Grantor") and _____ (the "Grantee"), having an address at _____.

WITNESSETH:

That the Grantor, in consideration of Ten and 00/100 ($10.00) Dollars and other good and valuable consideration paid by the Grantee, does hereby grant and release unto the Grantee, the heirs or successors and assigns of the Grantee, forever:

The Condominium Unit (the "Unit") in the premises known as The Park Imperial and by the street number 230 West 56th Street, Borough of Manhattan, City, County and State of New York, said Unit being designated and described as Residential Unit No. _____ in the declaration ("Declaration") establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"), dated _____, 20__ and recorded in the New York County office of the Register of The City of New York (the "City Register's Office") on _____, in Reel _____, page ____, and also designated as Tax Lot(s) ____ in Block 1027 of Section 4 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of The City of New York and on the Floor Plans of said building, certified by _____, on _____, 20_, and filed in the Real Property Assessment Department of the City of New York on _____ as Condominium Plan No. _____ also filed in the City Register's Office on _____, 20_, as Condominium Map No. ____. The premises within which the Unit is (are) located are more particularly described in Schedule A attached hereto and made a part hereof. All capitalized terms herein which are not separately defined herein shall have the meanings given to those terms in the Declaration or in the by-laws of The Park Imperial. (Said by-laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws.")

Together with an undivided _____ percentage interest in the General Common Elements (as such term is defined in the Declaration):

Together with the appurtenances and all the estate and rights of the Grantor in and to the Unit;

Together with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which shall constitute covenants

running with the land and shall bind any person having at any time any interest or estate in (any of) the Unit, as though recited and stipulated at length herein.

Subject also to such other liens, agreements, covenants, easements, restrictions and other matters as pertain to the Unit and/or to the Property as more particularly described in Schedule B attached hereto and made a part hereof.

TO HAVE AND TO HOLD the same unto the Grantee and the heirs or successors and assigns of 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 which 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 the Declaration shall control.

Except as otherwise specifically permitted by the Condominium Board or provided in the Declaration or the By-Laws, the Residential Unit is intended for residential use only.

The Grantor covenants that the Grantor has not done or suffered anything whereby the Unit has (have) been encumbered in any way whatever, except as aforesaid.

The Grantor, in compliance with Section 13 of the Lien Law of the State of New York, 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 improvement before using any part of the same for any other purposes.

The Grantee accepts and ratifies the provisions of the Declaration and the By-Laws (and any Rules and Regulations adopted under the By-Laws) and agrees to comply with all the terms and provisions thereof.

The term "Grantee" shall be read as "Grantees" whenever the sense of this indenture so requires.

IN WITNESS WHEREOF, the Grantor and the Grantee have duly executed this Indenture as of the day and year first above written.

56th Street Associates, L.L.C.
By: Related 56th Street, L.L.C., Managing Member
By: The Related Companies, L.P., Managing Member
By: Related Realty Group, Inc., General Partner

By: _____
Title:
Name:

_____
Grantee

_____
Grantee

(ACKNOWLEDGMENT)

EXHIBIT A

DESCRIPTION OF THE RESIDENTIAL PREMISES

ALL that certain plot, piece or parcel of real estate, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

ALL THAT CERTAIN volume of space, situate, lying and being in the Borough of Manhattan, County, City and State of New York, which lies above a horizontal plane having an elevation of 448.6 feet above the datum level in use by the Department of Highways, Borough of Manhattan, which datum level is 2.75 feet above the National Geodetic Vertical Datum of 1929 (Sea Level at Sandy Hook), said volume is bounded by and lies within the vertical planes which are formed by projecting vertically upward from such horizontal plane the boundaries of all that plot or parcel described as follows:

BEGINNING at the corner formed by the intersection of the northerly side of West 55th Street and the westerly side of Broadway;

RUNNING THENCE westerly along the northerly side of West 55th Street at an interior angle with the westerly side of Broadway of 75 degrees 39 minutes 45 seconds, 175 feet 6 ½ inches;

RUNNING THENCE northerly at right angles to the said northerly side of West 55th Street 200 feet 10 inches to the southerly side of West 56th Street;

THENCE easterly at right angles to and along said southerly side of West 56th Street, 119 feet 9 ½ inches to its intersection with said westerly side of Broadway;

THENCE southerly along said westerly of side of Broadway on a line which forms an interior angle of 111 degrees 42 minutes 10 seconds with the said southerly side of West 56th Street, 33 feet 4-3/8 inches to an angle point in said westerly side of Broadway;

THENCE continuing southerly along said westerly side of Broadway on a line which forms an interior angle of 172 degrees 38 minutes 05 seconds with the last course, 20 feet and 5/8 of an inch;

THENCE continuing southerly along said westerly side of Broadway, 155 feet 2 7/8 inches to the intersection of the northerly side of West 55th Street and the westerly side of Broadway, the point or place of BEGINNING.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between 257 W. 55 Street Associates LLC, 936 8th Avenue Company LLC and 56th Street Associates LLC dated as of 1/14/98 and recorded 2/l/99 in the office of the City Register of New York County in Reel 2810 page 1841.

Together with those certain covenants in favor of premises described herein, and as described in a certain Zoning Lot Development Agreement between Abbeyside Realty Corp. and 56th Street Associates LLC dated as of 3/16/99 and recorded 4/16/99 in the office of the City Register of New York County in Reel 2857 page 1308.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement made by and between Melvin M. Owen, Edwin A. Owen, Alese B. Pechter and 56th Street Associates LLC dated as of 11/1/97 and recorded 3/1/99 in the office of the City Register of New York County in Reel 2828 page 1010.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between DKE Realty Corp. and 56th Street Associates LLC dated as of 8/4/98 and recorded 9/14/98 in the office of the City Register of New York County in Reel 2705 page 854.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between Italia D'Angelo and 56th Street Associates LLC dated as of 12/16/98 and recorded 2/22/99 in the Office of the City Register of New York County in Reel 2822 page 1075.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between Paradise Realty Corp. and 56th Street Associates LLC dated as of 3/16/99 and recorded 4/9/99 in the office of the City Register of New York County in Reel 2853 page 1706.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between Newridge Realty Corp. and 56th Street Associates LLC dated as of 3/18/99 and recorded 4/9/99 in the Office of the City Register of New York County in Reel 2853 page 1741.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between Knight Maintenance Corp. and 56th Street Associates LLC dated as of 6/12/98 and recorded 9/9/98 in the Office of the City Register of New York County in Reel 2703 page 31.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between West 55 Corp. and 56th Street Associates LLC dated as of 1/14/99 and recorded 3/5/99 in the Office of the Register of New York County in Reel 2831 page 77.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between 934 Realty Corp. and 56th Street Associates LLC dated as of 2/4/98 and recorded 1/29/99 in the Office of the City Register of New York County in Reel 2809 page 351.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between McDonalds Corporation and 56th Street Associates LLC dated as of 6/14/99 and recorded 7/21/99 in the office of the City Register of New York County in Reel 2917 page 1795.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between 939-941 Second Avenue Associates, Inc. and 56th Street Associates LLC dated as of 5/6/98 and recorded 8/12/98 in the Office of the City Register of New York County in Reel 2665 page 714.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement made between Harold Kozinn and Paul Kozinn and 56th Street Associates, LLC dated 2/11/2000 and recorded 3/13/2000 in the Office of the City Register of New York County in Reel 3064 page 783.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement made between East Boy Inc. and 56th Street Associates, LLC dated 1/28/2000 and recorded 3/2/2000 in the Office of the City Register of New York County in Reel 3059 page 52.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement made between Matthew J. Ferguson, Mary Moore Ferguson and Anita Ferguson and 56th Street Associates, LLC dated 2/18/2000 and recorded 3/2/2000 in the Office of the City Register of New York County in Reel 3059 page 146.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement made between Azone Realty Corp. and 56th Street Associates, LLC dated 2/28/2000 and recorded 4/5/2000 in the Office of the City Register of New York County in Reel 3079 page 2108.

Together with those and as described in certain covenants in favor of premises described herein a certain Zoning Lot Development Agreement made by and between 56th Street Associates, LLC, AMSI Investors, Sheila Engel, 1741 Broadway Associates LP, and Bertelsmann 56th Street Commercial LLC dated 12/14/99 and recorded 12/27/99 in the Office of the City Register of New York County in Reel 3018 page 1558.

SCHEDULE B

PERMITTED ENCUMBRANCES

REFER TO PERMITTED ENCUMBRANCES SET FORTH AS SCHEDULE A TO AGREEMENT

TO BE INSERTED PRIOR TO CLOSING

EXHIBIT "4"

DESCRIPTION OF PROPERTY

The Park Imperial
230 West 56th Street
New York, New York 10019

Architect's Report prepared by Ismael Leyva Architects P.C. Dated October 01, 2000.

A. Location and Use of the Property:

1. Address: 230 West 56th Street
New York, NY 10019

2. Block Number: 1027
Lot Numbers: 12, 15, 48, 49, and 51.

3. Zoning: C6-4, C6-6 Special Midtown District, Special Theater Sub-district.

4. Use: Residential / Commercial, 2, 6A, 6B, 6C, and 10

5. Air development rights from lot numbers 1, 2, 3, 4, 5, 6, 9, 56, 57, 58, 60, 61, 62, 63, 101, 102, 103 and 160 were obtained for this development. This development does not have landmark status.

B. Status of Construction:

1. The building is entirely new construction. It is anticipated that it will be substantially completed in or about August, 2002, substantially in accordance with the plans and specifications, unless delayed by weather, strikes, lockouts, acts of God, shortages of; or inability to obtain materials, equipment or labor, governmental restrictions or preemption, damage by fire or the elements or any other cause over which the Developer has no control.

2. Class of Construction: The building will be classified as Class 1-B (Non-Combustible) and will conform to all applicable regulations of the Building Code of the City of New York ("Building Code"). The plans were filed under the application number 102461042 with the Department of Buildings and the Construction Permit was issued on May 15, 2000.

3. Certificate of Occupancy: After completion of construction and prior to closing the Developer will obtain a Certificate of Occupancy for the Building from the Department of Buildings of the City of New York ("Department of Buildings").

4. The building will comply with Local Law 58 (Handicapped Access Law).

C. Site:

1. The total site area is approximately 30,031 S.F.

2. Upon completion there will be one 71-story building.

3. The site contains a 208'-8" frontage on Broadway, a 175'-6" frontage on West 55th Street and 119'-9" frontage on West 56th Street.

i. The streets adjacent to the site are paved with asphalt topping and are in good condition.

ii. The existing curbs will be replaced with new metal-faced concrete curbs.

iii The street is presently pitched to drain through existing cast iron catch basins into the New York City sewer system.

iv. The City of New York provides street lighting.

v. These items conform to all local fire district and New York City Department of Buildings and New York City Department of Transportation Codes.

4. Drives, Sidewalks and Ramps:

i. The sidewalks on Broadway, West 56th Street and West 55th Street, adjacent to the site, will be scored cast-in-place concrete or, will contain distinctive paving at certain locations.

ii. The existing sidewalk curbs at Broadway, West 56th and West 55th Streets, adjacent to the site, will be replaced with new steel curbs.

iii. These items conform to all local fire district and New York City Department of Building and New York City Department of Transportation Codes.

D. Utilities

1. Electricity:

i. Consolidated Edison Company, a regulated utility company, will provide electricity to the building.

ii. Each residential condominium owner shall be electronically separately sub-metered by the building landlord or condominium board.

iii. Con Edison will separately meter the electricity consumed in the Residential Common Elements of the building and the cost of the same will be borne by the Residential Section Unit Owners as a Residential Common Expense.

2. Gas: Con Ed will provide Gas for cooking. The cost of the gas consumed in the Residential Units will be borne by the Residential Section Unit Owners as a Residential Expense.

3. The City of New York will provide water and sewer service. The charges for water and sewer services provided to the building (including in the Residential Units, and in the public areas of the building) will be levied on the basis of a master city meter and borne by the Residential Section Unit Owners as a Residential Common Expense.

4. Telephone: Each Unit Owner will be required to pay the telephone charges with respect to his or her unit directly to telephone company providing such service. The telephone charges with respect to the public areas of the building (such as the Concierge's Desk, the Superintendent's Office, etc.) will be borne by the Residential Section Unit Owners as a Residential Common Expense.

5. Cable Television: Cable Television service will be available for all units. All charges for cable television service (including subscription charges) will be paid by each unit/owner, who subscribes to cable directly to the cable TV company (ies). In each unit, a cable TV outlet will be provided in the living room, the kitchen, and each bedroom or as indicated on the drawings.

6. Heat: Heat will be provided to the residential units by a hot water system through Con Edison Steam and shell and tube heat exchangers located on the fiftieth floor.

7. Washers & Dryers: Each unit will have an electric washer and dryer.

8. Air Conditioning:

i. Air conditioning will be provided to the Residential Units by two (2) pipe fan coil units located in each room. These fan coil units will be controlled by individual unit-mounted thermostats. Chilled water will be provided from two (2) electric driven centrifugal refrigeration machines with open cooling towers on the roof. The costs of operating, maintaining and (if required) repairing or replacing the heating/air conditioning units located in a Residential Unit will be the responsibility of

the Owner of such units. Each residential unit owner will also be responsible for paying the cost of the electricity required to operate the heating/air conditioning units located within his or her unit.

ii. Air conditioning will be provided to the Residential Common Elements by electric driven refrigeration machines and will be paid for as a Residential Common Expense. The costs of operating, maintaining and (if required) repairing or replacing the heating/air conditioning equipment servicing the Residential Common Elements will be shared by all of the Residential Section Unit Owners as a Residential Common Expense.

9. All utility services are being provided as needed to meet the requirements of all mechanical, electrical and other equipment

E. Foundation and Sub-Soil Conditions:

1. The foundation of the building will consist of spread footings and wall footings bearing on mica shist rock.

2. The test borings depth varied from 30 feet to 70 feet and were drilled into the rock.

3. The perimeter walls were designed to resist the hydrostatic water pressure. There is an underdrain system located under the lowest slab to control the ground water.

F. Landscaping and Enclosures:

1. Grass Cover: None

2. Plantings and Ground Cover: None

3. Street trees: As shown on plans

4. Fencing: Private roof areas will be separated and screened with aluminum dividers.

G. Building Size:

1. Total Height: The total height of the building from the average curb elevation of 71'-3" to the top of the main roof slab is +661'-9".

2. Crawl Spaces: None

3. Sub-Cellars: One

4. Cellar heights vary from 17'-0" to 20'-0"

5. There are 25 residential floors, including the 47th fl (super's apartment).

6. Equipment Rooms: Height of the 26th fl mechanical room is 31'-8"; the height of the 71st fl mechanical room to the top of the enclosure is 51'-2.5"

7. Parapet and railing Height from top of roof finish to top of parapet coping or railing varies. At all conditions the height of the parapet / railing will be a minimum of 3'-6"

H. Occupancy

1. There will be 111 residential dwelling units in the building.

I. Structural System

The building structure will consist of reinforced concrete columns and shear walls, supported on the steel girders of the office building below. The columns with the stair and elevator core shear walls will provide the

lateral resistance to wind loading.

1. The Exterior of Building:

   i. Walls: The exterior walls will be curtain walls consisting of aluminum mullions and 1" insulating vision glass or spandrel glass with metal studs with insulation and 5/8" gypsum wallboard finish at the interior. The exterior curtain wall will be anchored to the floor slabs with steel connections. This construction will have an R-value of 5.

   ii. Windows: The vision panels of the curtain wall will be fixed and out-swinging awning type. The 6 ½"x3 ½ " aluminum mullions will be finished with baked enamel and glazed with insulating glass. A five-year warranty year on labor and materials will be given by the curtain wall contractor and a ten-year materials warranty on the insulating glass units by the manufacturer. The U value of the glass will be .20; the shading coefficient will be .69 or less.

   iii. Landmark Status: None.

2. Parapets and Copings: The parapets will be composed of an extension of the curtain wall with a metal back panel. Metal copings will be provided at the top of the parapet and concrete curb behind the parapet.

3. Chimneys and Caps: There is a compactor flue, which terminates at the Main Roof. A 16 GA aluminized steel trash chute will be located on all residential floors near the service elevator. There is a boiler flue from the 26th fl mechanical room and extending through the main roof.

4. Balconies and Terraces:

   i. There are no balconies.

   ii. Railings at the terraces and roofs shall be powder coat aluminum pipe rails and posts.

   iii. Copings at the terraces and roofs shall be metal copings.

   iv. Doors to all the balconies and terraces will be aluminum and insulating glass sliding doors, with finish and warranty same as curtain walls.

   v. The roof terraces will be covered with pre-cast concrete pavers on adjustable pedestals.

5. Exterior Entrances:

   i. Exterior Doors and Frames: The main entrance to the residential lobby will be metal and tempered glass. Entrances to commercial units shall be metal and glass storefront system.

   ii. Exterior Stairs: None

   iii. Railings: None

   iv. Mail Boxes: Mailboxes are located in the First Floor Package Room off of the lobby. The distribution of the mail will be done by the Concierge.

   v. Lighting: There will be sufficient lighting at the Lobby entrance to provide an appropriate level of illumination.

   vi. Canopies: Glass and metal canopy at Residential Entrance on 56th Street

6. Service Entrances:

   i. Doors and Frames: Entrance will have painted, stainless steel clad hollow metal door and frame.

   ii. Gates: None

iii. Exterior Stairs: None

iv. Railings: None

7. Roof and Roof Structures:

i. Type Roof for all Areas:

a) Materials: The roofing system will be an Inverted Roof Membrane Assembly consisting of waterproof membrane below an extruded polystyrene board insulation below pre-cast concrete pavers or gravel ballast.

b) Insulation: 4" rigid insulation with an R-value of 20.

c) Surface Finish: The surface finish will be gravel and or pre-cast concrete pavers.

d) Warranty: The roofing system shall have a 20-year manufacturer's warranty.

e) Flashing Materials: There will be metal cap flashing and fabric base flashing.

ii. Drains:

a) There will be sufficient number of cast iron roof drains for each area requiring drainage.

b) Leaders will be service weight cast iron below the slab on grade and no hub cast iron above the slab on grade.

iii. Skylights: None

iv. Bulkheads:

a) Stairs: The stair enclosure will be part of roof bulkhead, which will consist of a curtain wall.

b) Elevator: The elevator machine room will be part of roof bulkhead, which will consist of a curtain wall.

c) Other: Mechanical Equipment space within the roof bulkhead.

v. Metal Work at Roof Levels:

a) Exterior Metal Stairs: None.

b) There will be a vertical ladder, including gooseneck, from the Mechanical Room to Tank enclosure.

c) Railings: Railings of ht. 3'-6" on 47th and 71st floors.

d) Hatches to Roof: 1 hatch at 71st-Mezzanine Fl. Floor roof access.

e) Other: The water tank and cooling towers shall be supported on painted steel dunnage.

vi. Rooftop Facilities: Portions of the 48th and 71st floors roofs will be private terraces for adjacent apartments

8. Fire Escapes: None

9. Yards and Courts: None

10. Interior Stairs:

i. Number of Stairs of Each Type: There are two exit stairs, which extend from Sub-cellar up to the Main Roof.

ii. Enclosure: Each stair will be enclosed within 2 hour rated walls of either concrete, concrete block, or gypsum board shaft-wall. All surfaces will be painted.

iii. Stringers: There are no stringers in these stairs

iv. Treads: Concrete

v. Risers: Concrete

vi. Guard Rails: There shall be a steel pipe handrail in each stair.

vii. Balustrade: There are no balustrades in these stairs.

11. Interior Doors and Frames:

i. Unit Entrance and Interior Doors and Frames: The apartment entrance shall be hollow-metal and will meet the New York City Building Code requirement The apartment interior doors shall be solid core wood doors with hollow-metal frames.

ii. Corridor Doors and Frames: All doors shall be solid core wood and/or hollow-metal, with hollow metal frames and will meet the New York City Building Code Requirements.

iii. Stair and Service Hall Doors and Frames: All doors and frames shall be hollow-metal and will meet the New York City Building Code Requirements.

iv. Roof Doors, Basement Doors and Frames: These doors and frames shall be hollow-metal and will meet the New York City Building Code requirements.

12. Elevators:

i. There shall be two (2) passenger elevators and one (1) service elevator in the residential apartments floors.

ii. The elevators will be manufactured and installed by Fujitec America.

iii. The elevator capacities will be as follows:

a) Passenger Elevators- 2500 lbs.

b) Service/Passenger Elevator – 2500 lbs.

iv. Type of operation:

a) Passenger Elevators: Duplex Selective Collective.
b) Service Elevator: Simplex Selective Collective.

v. Controls: The traction passenger and service elevator type of controls will be microprocessor based variable frequency variable voltage with AC motors.

vi. Floors Served: Passenger Elevators stop at Ground, 47th through 70th Floors. Service Elevator stops at Cellar, Ground, 26th, and 47th through 71st Floors.

vii. Type: Passenger and Service Elevators – gearless.

viii. Doors: Passenger Elevators – single speed center opening doors; at the Ground Floor Lobby the doors will be Stainless Steel No.8 finish; at all other locations door will have a painted finish; Service Elevator – two-speed, side opening: all locations will be painted finish.

ix. Elevator Machine Rooms: The Passenger and Service Elevator Machine Room will be located at the main roof.

13. Passenger Elevator Cabs:

i. Kind: Passenger Elevators are to be custom fabricated cabs manufactured by Hauenstein and Burmeister, Inc., Tyler Elevator Products, National Cab, CEC, EDI/ECI or approved equal.

ii. Floor. The floor material will be terrazzo composite, with stainless steel base, as detailed on the architectural drawings.

iii. Walls: The walls for the elevator cabs will be Maccassar Ebony wood paneling with stainless steel horizontal beads, as detailed on the architectural drawings.

iv. Ceiling: The ceiling will be fiber reinforced gypsum with wood panels and recessed cove.

v. Lighting: Low voltage lights in cove and recessed down lights.

vi. Doors: Brushed Stainless Steel with random pattern.

vii. Alarm, safety system: The cab will have the following features: Emergency access ceiling panel; Braille plate; emergency light and floor call button. The elevators will also be equipped with a system for voice contact with concierge desk.

viii. Service Elevators: as specified.

J. Auxiliary Facilities:

1. Laundry Rooms: There will be no Laundry Room; A washer/dryer will be provided in each residential unit

2. Health Club: There will be a Health / Recreation/Business Center Facility located on the 47th floor. The Health Club will be equipped with toilet facilities and a variety of cardio-vascular and weight training equipment. The Recreation area will contain a Business Center and a Club Room with bar and pantry.

1. Refuse Disposal:

i. Incinerators: None

ii. Compactors: There will be one (1) compactor, located on the 47th floor, servicing the residential apartments. The compactor will be manufactured by IDC Systems, Hico Compactors, Multi Pak Corporation, or equal.

iii. Approvals: None required

iv. Initial storage location: The compacted bags will be stored in the Compactor Room until they are transferred to street level residential storage area. From there the building staff will take the bags out to the sidewalk on 55th Street.

v. The New York City Department of Sanitation will pick up the bags from the sidewalk on the 55th Street.

K. Plumbing and Drainage:

1. Residential Water Supply: A 4-inch domestic water service is provided from City Water Main on 55th Street to a duplex house pump, each 198 GPM against 750' TDH. The pumps supply a roof tank for fire standpipe, sprinkler, and the domestic water system. Domestic water distribution is a two-zone, multi-

riser system. Supply lines will be copper tubing.

2. Residential Fire Protection System: The residential portion of the building is to be provided with one 6-inch combined standpipe/sprinkler riser with hose valve outlets at each floor. A locked storage fire hose cabinet is provided on first floor level for the Fire Department use. A sprinkler system is provided for the residential area throughout including common corridors, bedrooms, living rooms, electrical/telephone closets, kitchens, and the vestibule for the trash chute. The fire protection system is supplied from two 6" fire services. Three combined Siamese connections are provided for the standpipe/sprinkler system. NYC approved trash chute sprinkler system is provided with water supplied from the combined system by a separate control valve assembly.

3. Residential Water Storage Tank: the residential portion of the building is provided with a 27,015 gallon roof tank, with 12,000 gallons for fire standpipe/sprinkler and 12,764 gallons for the domestic water and residential cooling tower make-up. The residential roof tank is wood construction with vertical ladder access.

4. Residential Domestic Water System: The residential domestic water system is a two-zone multi-riser system. The residential units are supplied from a constant pressure pumping system located on the fiftieth floor and two sets of water heaters located on both the twenty-sixth and fiftieth floors. The high zone is a down-feed system. The low zone is an up-feed system using pressure reducing valves. The low zone is supplied by gravity from the roof tank via an express cold water main and hot water heaters located on the twenty-sixth floor.

5. Sanitary Sewage System: All sanitary drainage is connected to the public street sewer. Multiple duplex sewage ejectors 100 GPM against 50 feet TDH is provided for sanitary fixtures and garage drainage below the sewer level. Waste lines and vent stacks will be no hub cast iron.

6. Permits required: Approval has been obtained from the City for one (1) twelve inch combined storm and sanitary sewer on 55th Street and one (1) ten inch combined storm and sanitary sewer on 56th Street, one (1) 4 inch domestic residential water service, and two (2) 6" inch fire services.

7. Storm Drainage: All storm drainage is connected to the public street sewer. Two (2) sets of duplex sump pumps 50 GPM against 50 feet TDH are provided for storm drainage below sewer level. Roof drainage is provided with the number and size of drains shown on plans. Leaders from the drains will be no hub cast iron.

8. Garbage Disposals: Each Residential Unit will be provided with an electric garbage disposal installed in the kitchen sinks; see Section W (3) for manufacturer and model number.

L. Heating:

1. Space heating is provided normally by hot water. Each fan coil unit also has an electric heating coil, which is designed to operate when the outdoor temperature is around 55°F. Two steam to hot water converters are provided sized at two thirds the peak heating load. These will provide hot water to the hot water distribution systems. The heating system is a two-pipe hot water system with distribution to the residential unit rooms via a two (2) pipe heating and air conditioning fan coil units with hot water control valves on each unit. HVAC units will be installed in all apartments in Living Rooms, Master Bedrooms and Bedrooms. All apartment HVAC units shall be manufactured by International Fan Coil and shall have the following capacities and apartment allocation based on medium speed:

Unit/Model	48-56th FL Apts.	57-62nd FL Apts.	63-70th FL Apts.	Area Covered*	CFM	Cooling BTU/Hr	Heating BTU/Hr
03	A,B,E,F	A,C,D	A,B,D	160sft	290	7,660	27,220
04	C,D	A,B	A,B,C,D	240sft	380	9,170	33,180
06	A,B,C,D	A,B,C	B,C,D	360sft	480	12,680	43,540
08	E	A,C	---	430sft	570	13,600	47,320
10	C,E,F	B,D	A,B,C,D	670sft	880	21,020	72,130
12	---	C	---	710sft	925	21,420	74,480

* The exposure of the curtain wall might influence the Area Covered by a certain type of Unit and, determined by the particularities of the layout, some larger areas might be provided with multiple Units.

2. Cooling capacities are based on ASHRAE and ARI test conditions of 95°F DB 67°F WB outside, 80°F DB/67°F WB inside air. The MEA number for the units is 250-93-E. Heating capacities are based on a 180°F entering water temperature and a 70°F entering air temperature. The heating system is designed to meet the N.Y. State Energy Code. Hot water piping is Schedule 40 steel, with welded ends and 125 pound fittings at the higher floors and 250 pound fittings at the lower floors.

M. Gas Supply:

The residential portion of the building is provided with gas service for gas cooking. Gas is master metered. Piping material is black iron Schedule 40 pipe with malleable fittings

N. Air Conditioning:

Air conditioning and cooling systems are designed to meet all requirements of NY State Energy Code. Separate packaged condenser water HVAC units are provided for common corridors and all public areas. The residential street entrance lobby is cooled through an air-cooled packaged ceiling mounted air conditioning unit. Individual Residential units are provided with two pipe fan coil units, with an electric heating coil, of capacities shown on plans. The number of units of each type of residential unit are as shown on the plans. The cooling towers are Baltimore Air Coil Model series 3000 no. 33200; one cell each; 250 tons.

No. of Units	Cooling Capacity Tons
182	.64
61	.76
95	1.0
21	1.1
72	1.75
6	1.80
1	3.0
2	42

O. Ventilation:

Kitchens and baths are ventilated mechanically in accordance with New York City Building Code. Public corridors are provided with 100% fresh air heated and cooled utilizing packaged air-cooled HVAC units.

P. Electrical System:

1. The electric distribution system is sized to accommodate today's extensive use of information technology in the home. It includes provisions for PC's communication systems, internet access and cable TV. The building has full electrical capability for modern appliances – such as refrigerators, TV, microwave, dishwasher, lighting and other such equipment. It meets all NYC codes, it is fully sprinkled and has a state of the art fire alarm system.

2. Electrical service is individually sub-metered to all Residential Units with common metering for Public Areas and Facilities. Service is provided by Con Edison from 55th Street and is rated 277/480 Volt, 3Phase, 4 Wire to the Electric Switchboard Room terminating in one (1) 6000 Ampere switchboard and distributed to residential apartment landlords/condominium board distribution panels and electronically sub-metered mini-closets (power panels).

3. Common 277/480 volt feeders run from the cellar electrical switchboard room to the twenty-six floor residential electrical room and step down to 120/208 volt feeders via transformers. Individual feeders are run from the twenty-six floor residential electrical room to 49th, 52nd, 55th, 58th, 61st, 64th, 67th, and 70th floors where mini-closets are located. Individual feeders are run from each mini-closet to each residential unit. Residential Unit feeders vary in size as required by load and voltage drop.

4. An average of 20 circuits per Residential Unit panel board is provided Capacity provided for each Residential Unit is in accordance with Code requirements and the table below. All panels will be

120/208v, single phase, three wire.

Unit	Unit Capacity (Amps)
1 BR	70
2 BR	100
3 BR	125
4 BR & Duplexes	150

5. Switched lighting fixtures are provided in bathrooms, foyers and kitchens. Fixtures are incandescent types in foyers, baths and kitchens.

6. Switched receptacles are provided in all rooms, as required, to meet NYC City Electrical Code. Ground fault receptacles are provided in all bathrooms; ground fault receptacles with weather resistant enclosures are provided at Residential Unit terraces.

Q. Residential Telephone and Intercom:

1. Telephones services will enter the building from 56th Street and be fed to a Telephone Room located on cellar level. It will then be distributed throughout the building through risers and sleeves. Each Residential Unit will receive telephone service to a closet within the unit

2. Each Residential Unit will be linked to Concierge through the telephone system.

3. The building is to be provided with an intercom system as part of the telephone system.

4. Closed circuit television camera will monitor selected entrances and corridors with viewing monitors at the Concierge Desk.

5. The cameras will be designed to cover the immediate area within view of the camera and will not necessarily cover all of the area involved.

6. Wiring will be installed in each Residential Unit to enable the Unit Owner to obtain telephone and cable television service at the Unit Owner's expense.

7. The building will not be equipped with a Master Television Antenna System.

R. Public Area Lighting: Fluorescent and/or incandescent downlights and/or wall sconces will be provided in the lobby, fluorescent fixtures in the stairs, and fluorescent and/or incandescent fixtures in the corridors and other public spaces.

S. Garages and Parking Areas: None Provided.

T. Swimming Pool(s): None Provided.

U. Tennis Courts, Playgrounds and Recreation Facilities:

1. Tennis Courts: None.

2. Playgrounds: None

3. Recreation Facilities: There will be a Health / Recreation Facility on the 47th floor for exclusive use of the tenants.

V. Permits and Certificates:

1. The building is being constructed under the Department of Buildings Permit No. 102461042.

2. All necessary permits will be obtained and all required inspections will be completed prior to obtaining a Certificate of Occupancy.

W. Unit Information: There will be 111 residential dwelling units in the building.

1. Finish Schedule for Typical Apartment

Space	Floor	Walls	Base	Ceiling	Remarks
Foyer	WD	WB	WD	CONC	
Living Room	WD	WB	WD	CONC	
Bedrooms	WD	WB	WD	CONC	
Kitchen	ST	WB	ST	HC	
Bathrooms	ST	ST/WB	ST	HC	
Clos. /W-D Clos.	WD/CT	WB	WD/CT	HC	

2. Bathroom Fixtures

Master Bathrooms

Fixture	Manufacturer	Model/Model No.
Lavatory	Toto	LT579
Lavatory Trim	Dorn Bracht	22.513.89
Water Closet	Toto	Caolina MS884114
Bath Tub	Kaldewei	2234-3404-0001
Tub filler	Dorn Bracht	13.801.890/36.103.890
Shower unit	Dorn Bracht	28.506.970/36.505.890

Second Bathrooms

Fixture	Manufacturer	Model/Model No
Lavatory	Dorn Bracht	271289000
Lavatory Trim	Dorn Bracht	20.710.880
Water Closet	Toto	Caolina MS884114
Bath Tub	Kaldewei	1168-3401/1169-3401
Tub & shower unit	Dorn Bracht	35.905.970/28.506.970

Powder Rooms

Fixture	Manufacturer	Model/Model No
Lavatory	Kohler	Conical Bell/K-2200-G
Lavatory Trim	Kohler	Falling Water
Water Closet	Toto	Caolina MS884114

3. Kitchen Appliances

Appliance	Manufacturer	Model No.
Dishwasher	KITCHENAID	KUDS25SHBSS
Microwave	AMANA	MVH350
Refrigerator	KITCHENAID	KSBP25FJSS
Oven/Range	AMANA	ARGS7650
Sink	Kohler	Undertone/K-15162
Sink Trim/ Faucet	Kohler	Avatar/K-6350-B4
Garbage Disposal	GE	GFC290Y
Washers /Dryers (Kitch.)	ASKO	10505 / 7005 both w/panel front
Washers (Clos.)	FRIGIDAIRE	FWT647GHS
Dryers (Clos.)	FRIGIDAIRE	FSE447GHS

X. Finish Schedule of Spaces Other Than Units:

Typical Floors

Space	Floor	Walls	Ceiling	Remarks
Stairs	CONC	CONC/WB	CONC	
Public Corridor	CPT	WB	HC	
Elevator Service Vestibule	VCT	WB	CONC	
Electrical Closet	CONC	CONC	CONC	

ABBREVIATIONS FOR FINISHES

AT	ACOUSTICAL TILE
CT	CERAMIC TILE
CPT	CARPET
CONC	CONCRETE
DP	DUSTPROOFING AND HARDENER
DE	DECK ENAMEL
GWB	GYPSUM WALLBOARD
HC	HUNG CEILING
LWP	LIQUID WATERPROOFING
MT	MARBLE TILE
MP	METAL PAN
P	PAINT
QT	QUARRY TILE
SP	SPRAY PAINT
ST	STONE TILE
V	VINYL
VCT	VINYL COMPOSITION TILE
VWC	VINYL WALL COVERING
WB	GYPSUM WALL BOARD
WRWB	WATER RESISTANT GYPSUM WALLBOARD
WD	WOOD

Y. Safety and Warning Devices:

1. Apartment Smoke Detection System

   i. Each apartment will contain a smoke detector located in the vicinity of the bedrooms. The detector is wired to a 120-volt local power supply and is self-contained with its own sounding device.

2. Common Area Fire Detection System

   ii. A sprinkler alarm system will be provided.

Z. Additional Information Required:

1. Site Plan: Refer to Exhibit 5.

2. Floor Plan for each Line or Type of Unit: Refer to Unit Plans/Exhibit 5.

3. Floor Numbers. As shown on the Floor Plans on file at Sponsor's office, the floors of the building are designated Lobby through Penthouse Level (PH) 71. Reference to floors in the Plan are in accordance with such floor designations. Because (a) many floors in the Building have floor to ceiling heights which are higher that those of typical residential buildings and (b) there is no 13th floor, the 26th construction level is referred to as the 47th floor, and the 49th construction level is referred to as the 70th floor. The 70th floor of the Building is approximately 612 feet above street level. The 70th floor of a typical residential building having 8'-9" floor to floor heights (and no 13th floor) is approximately 604 feet above street level; all other floors of the Building are at a height which exceeds the height of the corresponding floor in a typical residential building. Accordingly, for example the 49th construction level of the building is equal to the 70th floor of a typical residential building. Floor numbering in the plans for the Building filed with the New York City department of Buildings is based upon construction levels rather the actual height of the floor and therefore differs from the floor designations of the building as set forth above. (See Part I, Section A, page 1, for further discussion).

Construction		Sales	
Unit Designation	*Construction Floor(s)*	*Apt. Designation*	*Floor(s) Designation*
SU	26 MEZZ	A	47
A	27	A	48
B	27 THRU 35	B	48 THRU 56
C	27	C	48
D	27	D	48
E	27	E	48
F	27	F	48
A	28 THRU 35	A	49 THRU 56
C	28 THRU 41	C	49 THRU 62
D	28 THRU 35	D	49 THRU 56
E	28 THRU 35	E	49 THRU 56
F	28 THRU 41	F	49 THRU 62
A	36 THRU 41	A	57 THRU 62
D	36 THRU 41	D	57 THRU 62
A	42 THRU 49	A	63 THRU PH
B	42 THRU 49	B	63 THRU PH
C	42 THRU 49	C	63 THRU PH
D	42 THRU 49	D	63 THRU PH
A	50	A	PH 1

4. Floor to ceiling Heights of Units: Floors 48-70: approximately 10'-0" with variation in habitable rooms and 9'-0" with miscellaneous drops for sprinklers & other mechanical equipment required, in kitchens and bathrooms.

5. Approximate Total Area of each Unit Refer to Unit Plans/Exhibit Each Unit consists of the area measured horizontally from the exterior side of the curtain wall glass to the centerlines of the dry-wall partitions separating one Unit from another Unit, Public Corridors or Mechanical Equipment Spaces, or to the face of the concrete shear walls of the Elevators/Stairs Core which are adjoining the Unit.

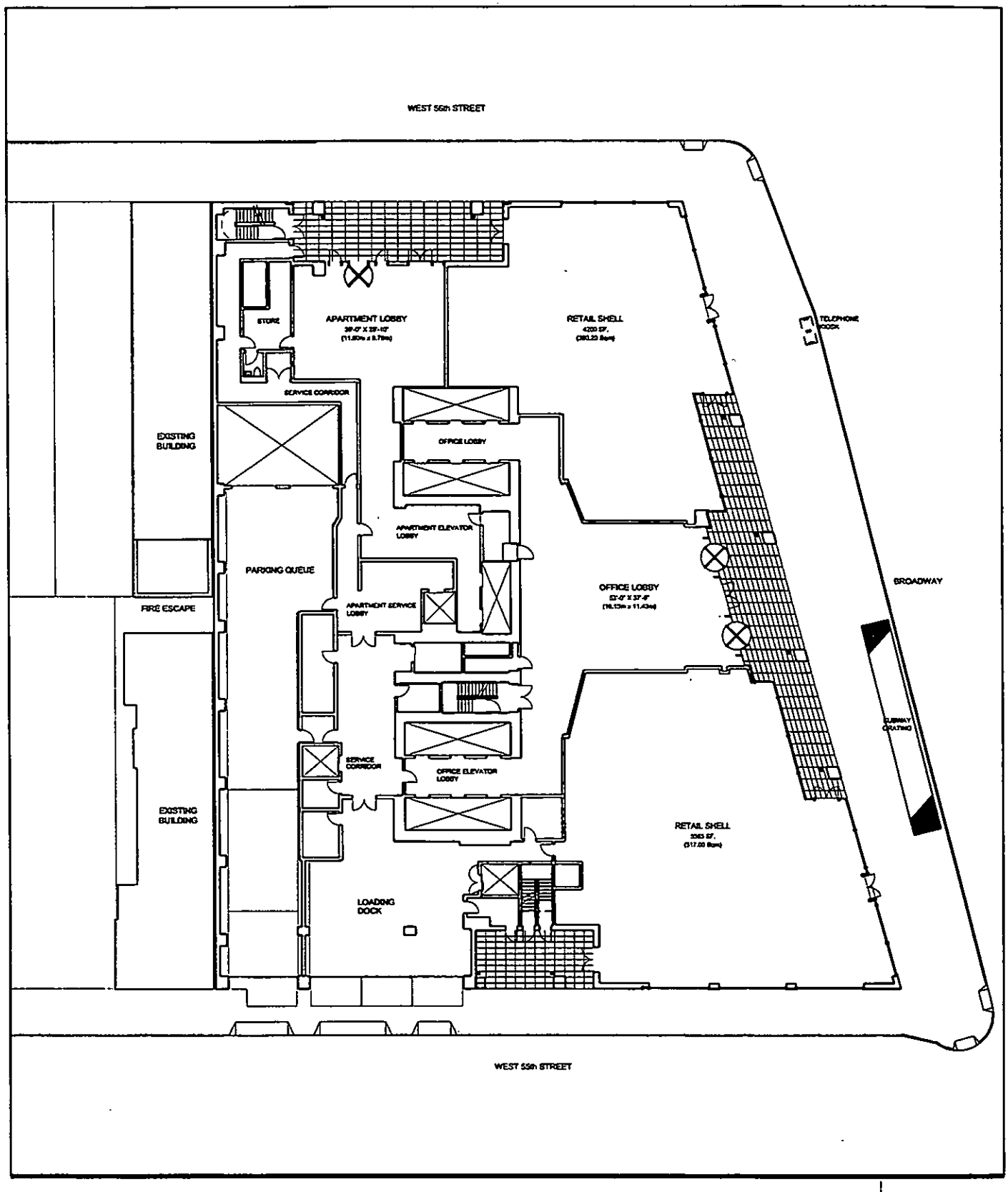
Ismael Leyva Architects P.C.

By: _____
Ismael Leyva, President

REGISTERED ARCHITECT
ISMAEL LEYVA
21712
STATE OF NEW YORK

EXHIBIT "5"

FLOOR PLANS



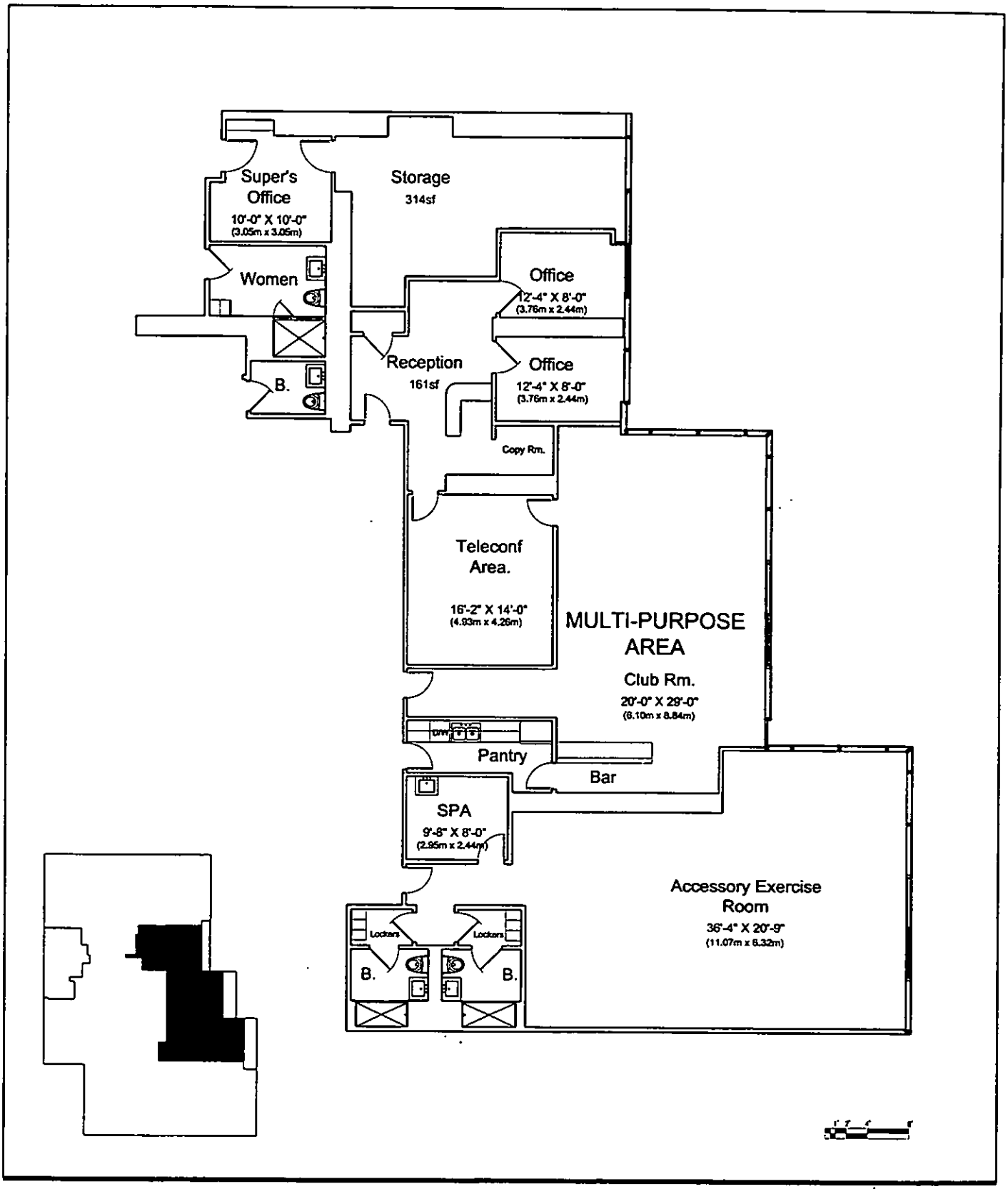
FIRST FLOOR PLAN
Area – 30025 sft

THE PARK IMPERIAL

230West 56th Street
New York, New York

N

ALL DIMENSION ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION VARIANCES. PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR. WE RESERVE THE RIGHT TO MAKE CHANGES DUE TO CONDITIONS IN ACCORDANCE WITH THE OFFERING PLAN.



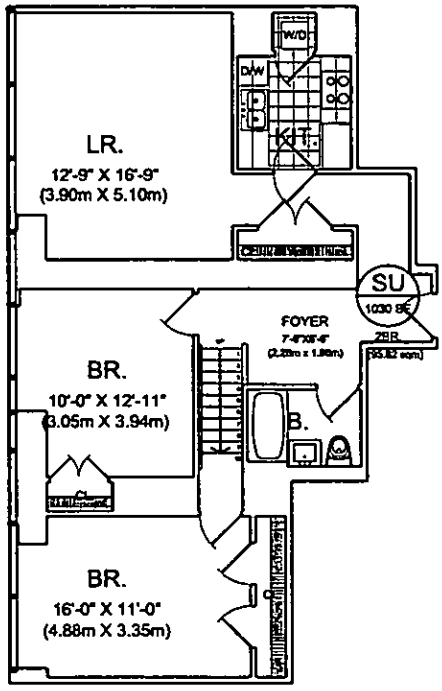
The Imperial Club / FLOOR 47
Area - 3529 SF

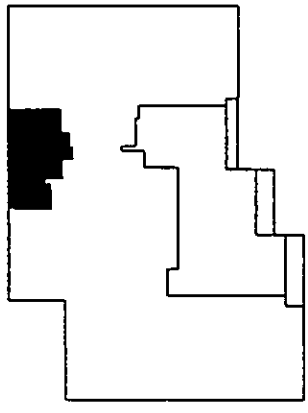
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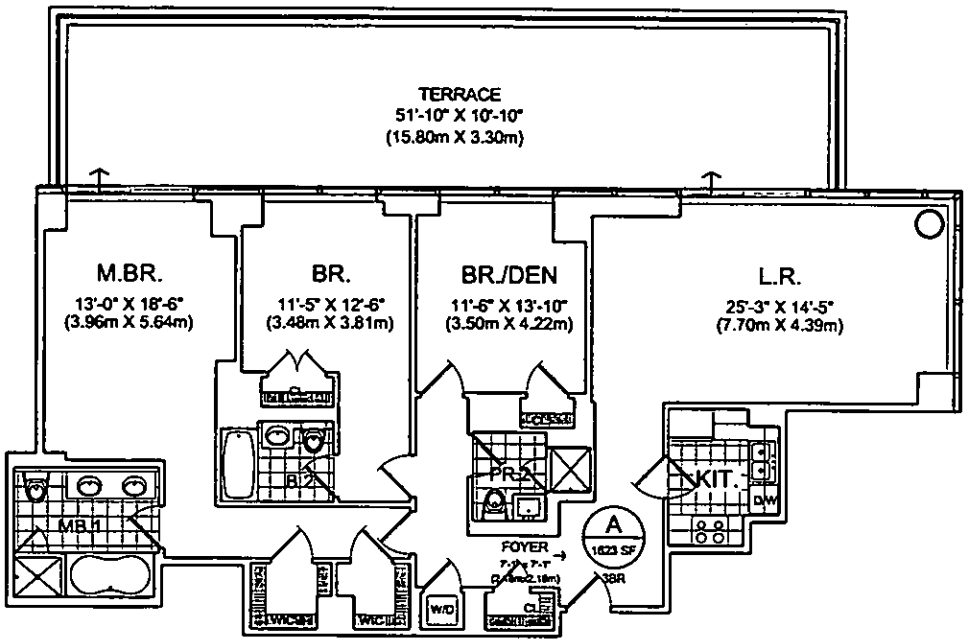
Super's Apt. / FLOOR 47
Apartment Area - 1030 SF
2 Bedroom / 1 Bath

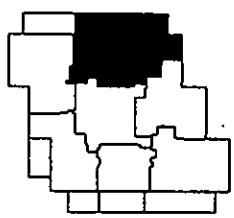
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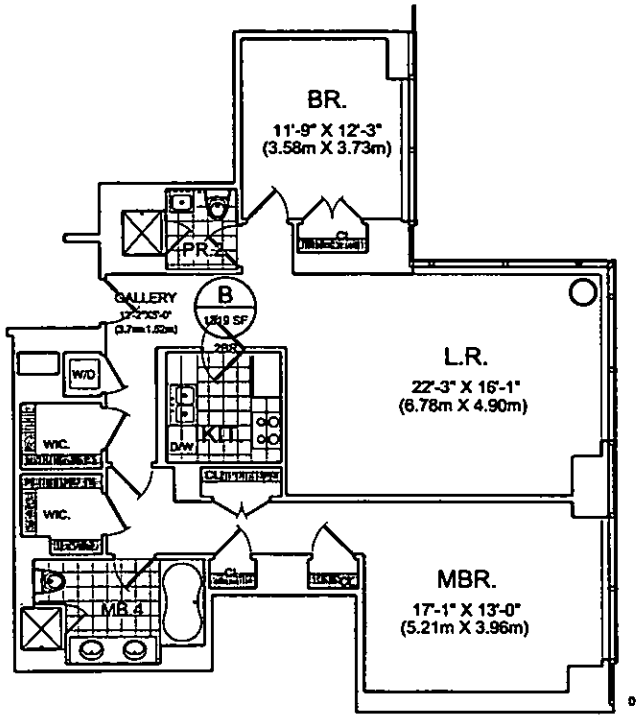
RESIDENCE A / FLOOR 48
Apartment Area - 1623 SF
Terrace Area - 649 SF
3 Bedrooms, 3 Bath

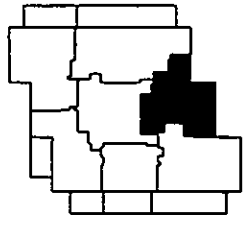
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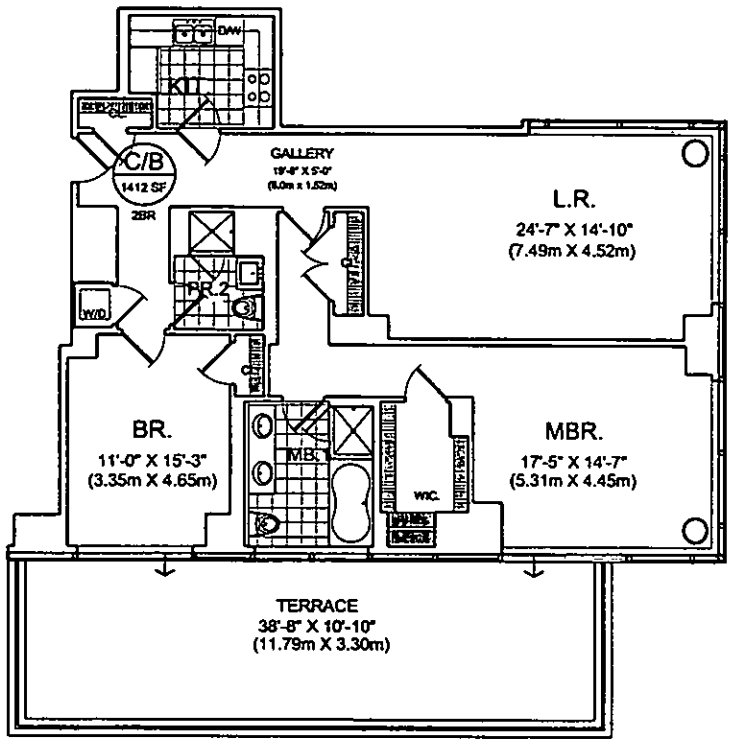
RESIDENCE B / FLOOR 48-56
Apartment Area - 1319 SF
2 Bedrooms, 2 Bath

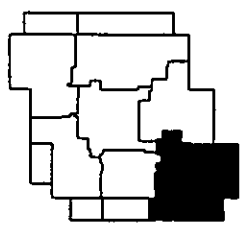
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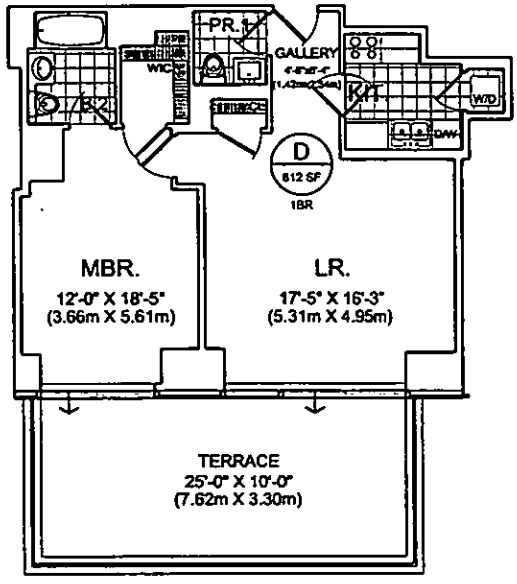
RESIDENCE C / FLOOR 48
Apartment Area - 1412 SF
Terrace Area - 492 SF
2 Bedrooms, 2 Bath

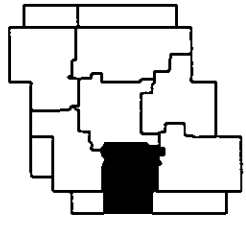
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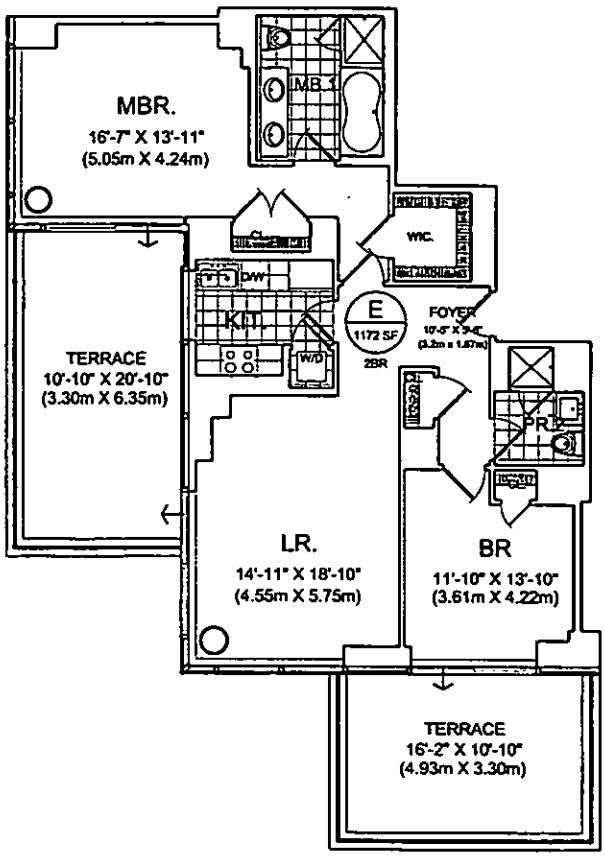
RESIDENCE D / FLOOR 48
Apartment Area - 812 SF
Terrace Area - 328 SF
1 Bedroom, 1 1/2 Bath

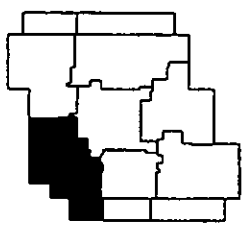
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RESIDENCE E / FLOOR 48

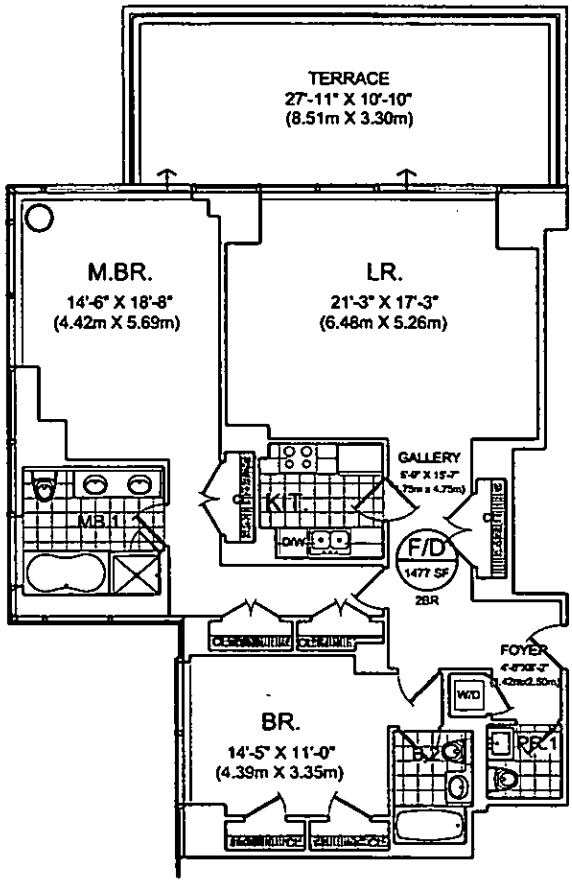
Apartment Area - 1172 SF
Terrace Area - 483.50 SF
2 Bedrooms, 2 Bath

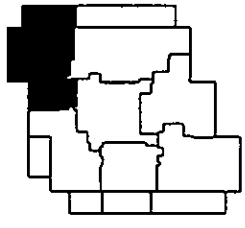
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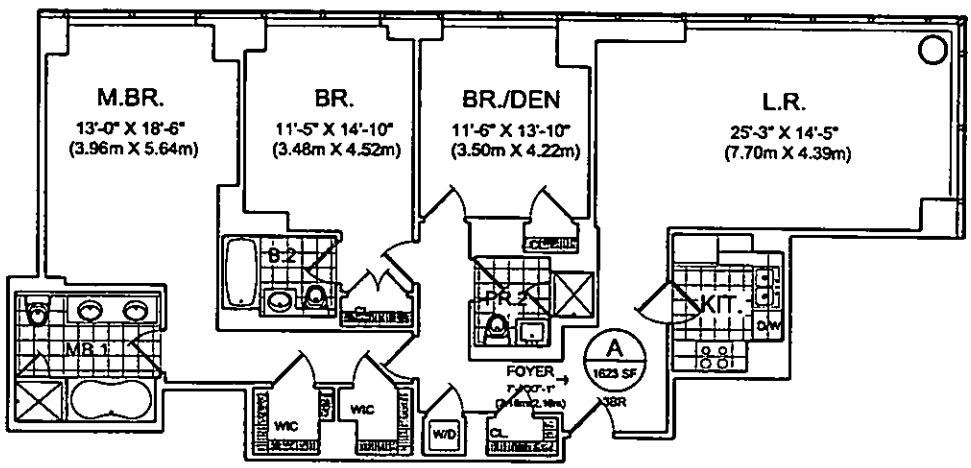
RESIDENCE F / FLOOR 48
Apartment Area - 1477 SF
Terrace Area - 362.50 SF
2 Bedrooms, 2 1/2 Bath

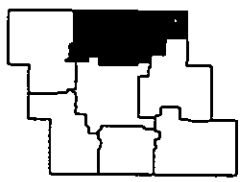
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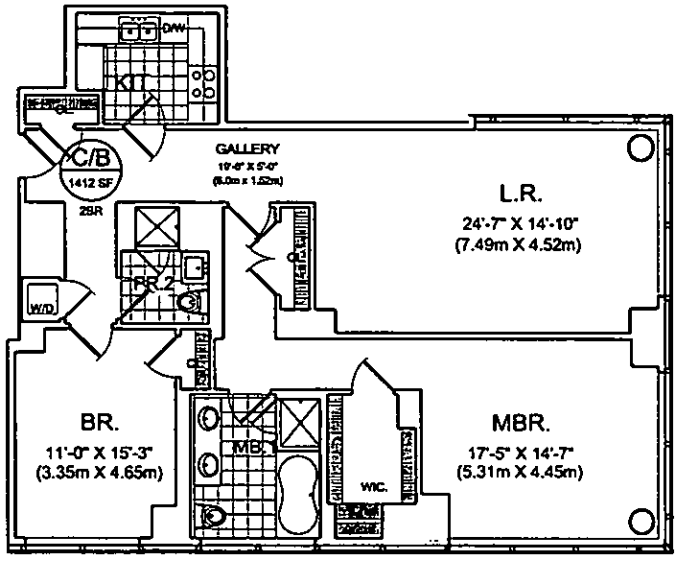
RESIDENCE A / FLOOR 49-56
Apartment Area - 1623 SF
3 Bedrooms, 3 Bath

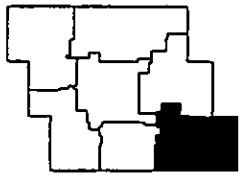
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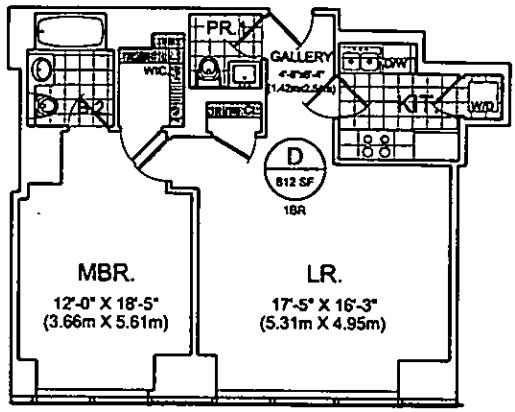
RESIDENCE C / FLOOR 49-56
RESIDENCE B / FLOOR 57-62
Apartment Area - 1412 SF
2 Bedrooms, 2 Bath

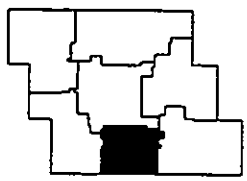
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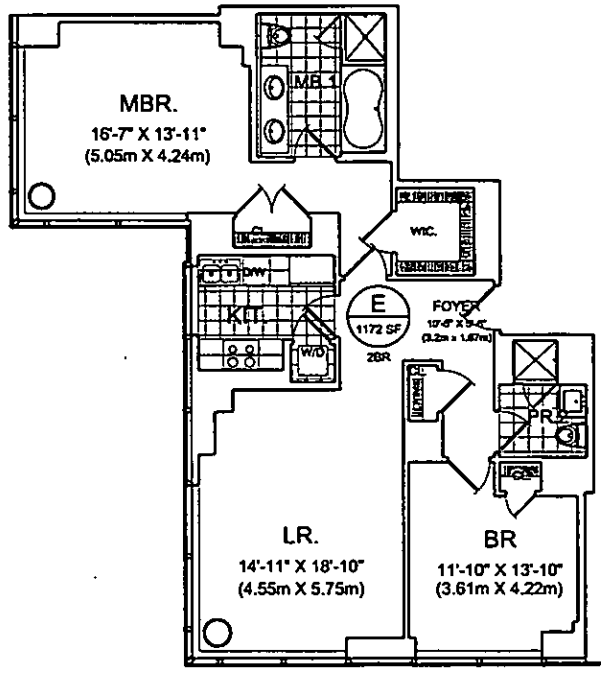
RESIDENCE D / FLOOR 49-56
Apartment Area - 812 SF
1 Bedroom, 1 1/2 Bath

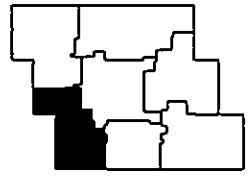
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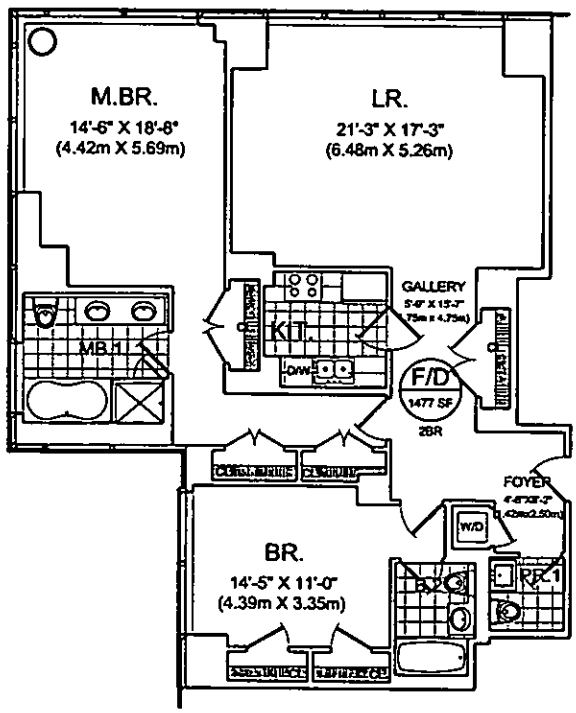
RESIDENCE E / FLOOR 49-56
Apartment Area - 1172 SF
2 Bedrooms, 2 Bath

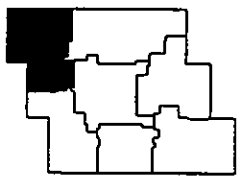
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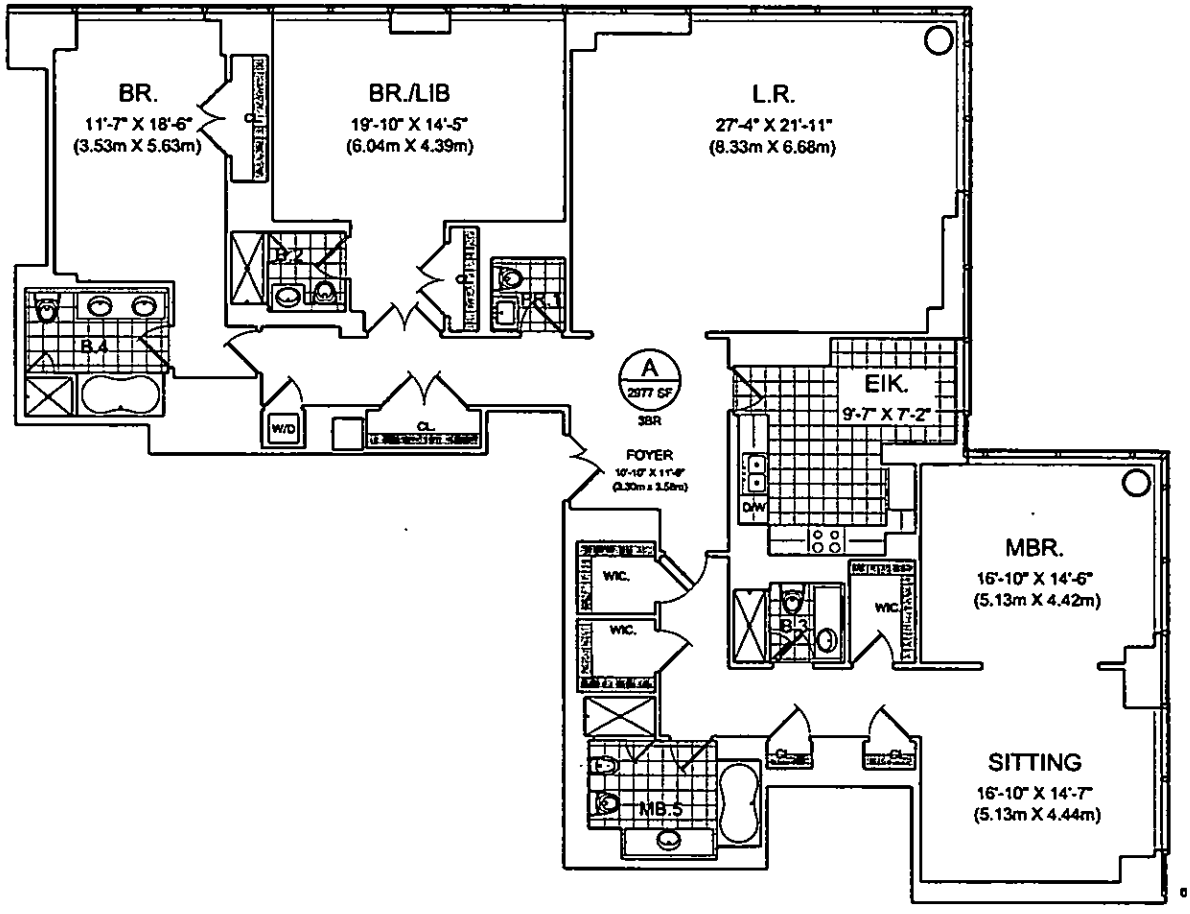
RESIDENCE F / FLOOR 49-56
RESIDENCE D / FLOOR 57-61
Apartment Area - 1477 SF
2 Bedrooms, 2 1/2 Bath

THE PARK IMPERIAL

230West 56th Street
New York, New York

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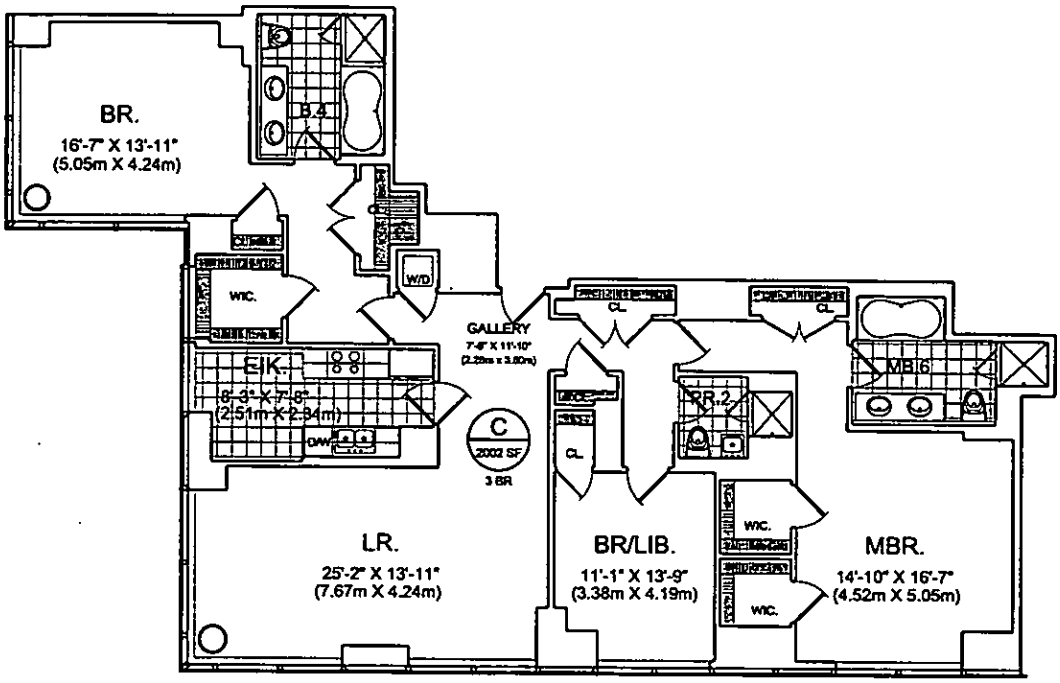
RESIDENCE A / FLOOR 57-62
Apartment Area - 2977 SF
3 Bedrooms, 4 1/2 Bath

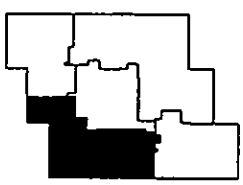
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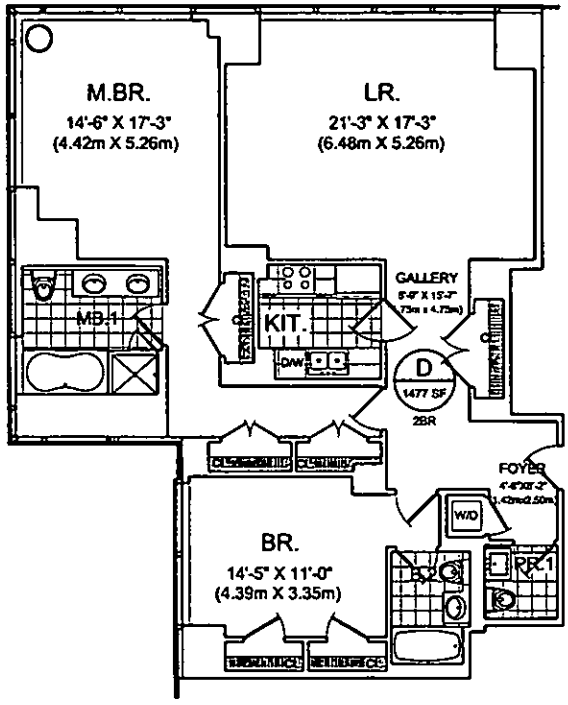
RESIDENCE C / FLOOR 57-62
Apartment Area - 2002 SF
3 Bedrooms, 3 Bath

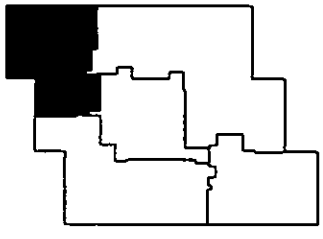
THE PARK IMPERIAL

230West 56th Street
New York, New York

N

ALL DIMENSION ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION VARIANCES. PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR. WE RESERVE THE RIGHT TO MAKE CHANGES DUE TO CONDITIONS IN ACCORDANCE WITH THE OFFERING PLAN.





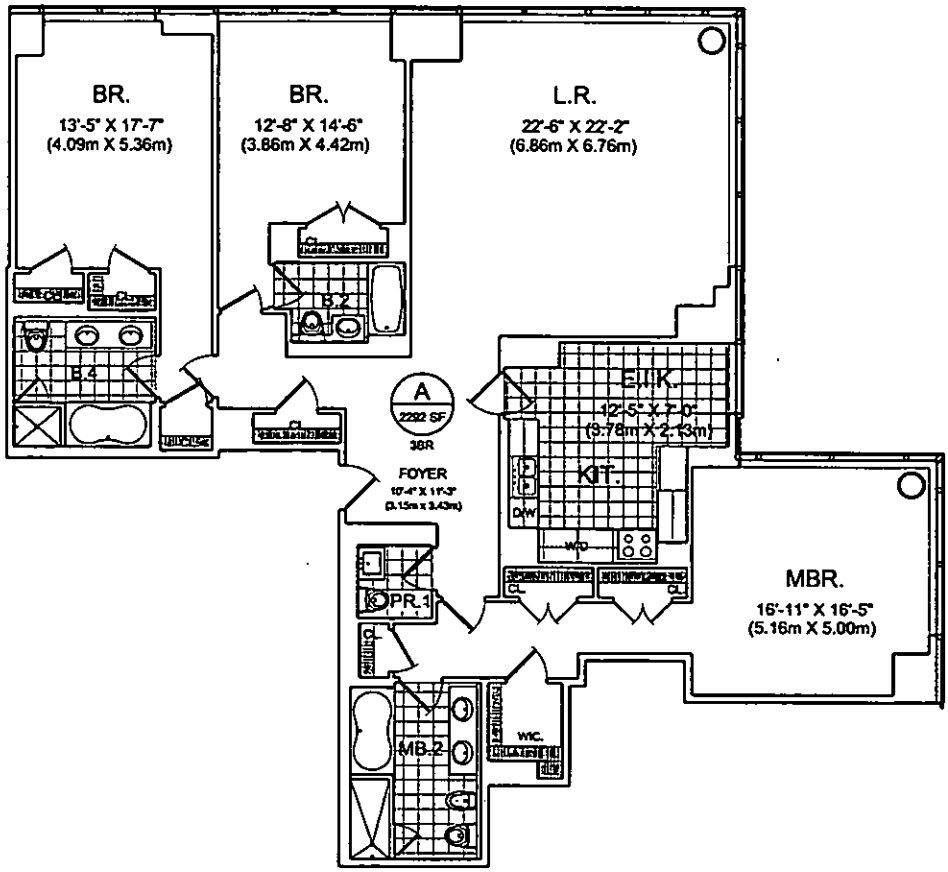
RESIDENCE D / FLOOR 62
Apartment Area - 1477 SF
2 Bedrooms, 2 1/2 Bath

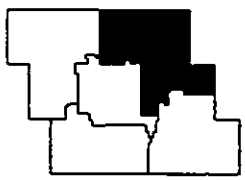
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New York, New York

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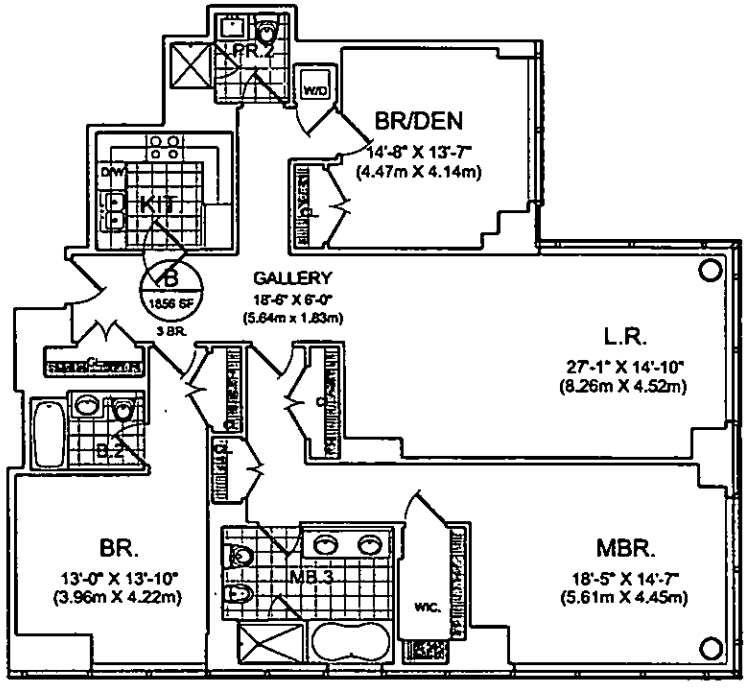
RESIDENCE A / FLOOR 63-PH
Apartment Area - 2292SF
3 Bedrooms, 3 1/2 Bath

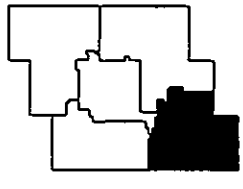
THE PARK IMPERIAL

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New York, New York

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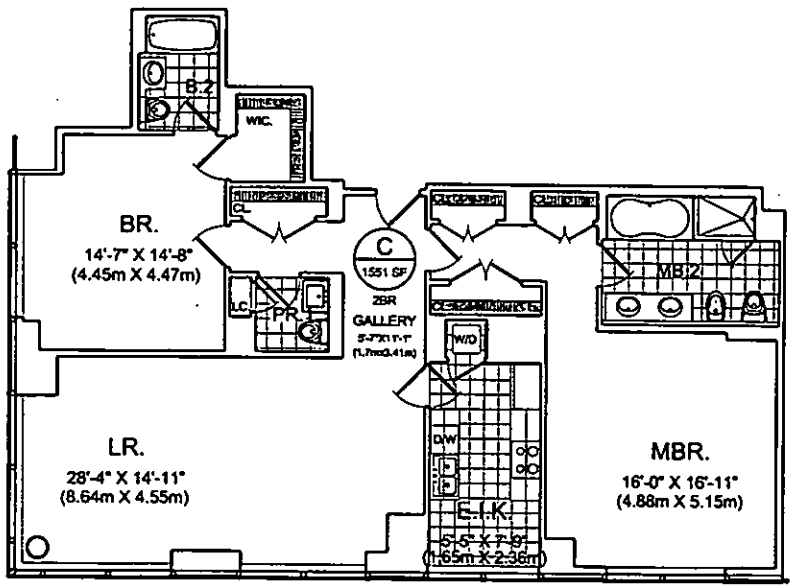
RESIDENCE B / FLOOR 63-PH
Apartment Area - 1856 SF
3 Bedrooms, 3 Bath

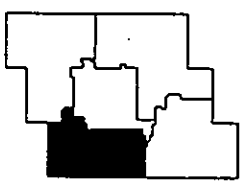
THE PARK IMPERIAL

230West 56th Street
New York, New York

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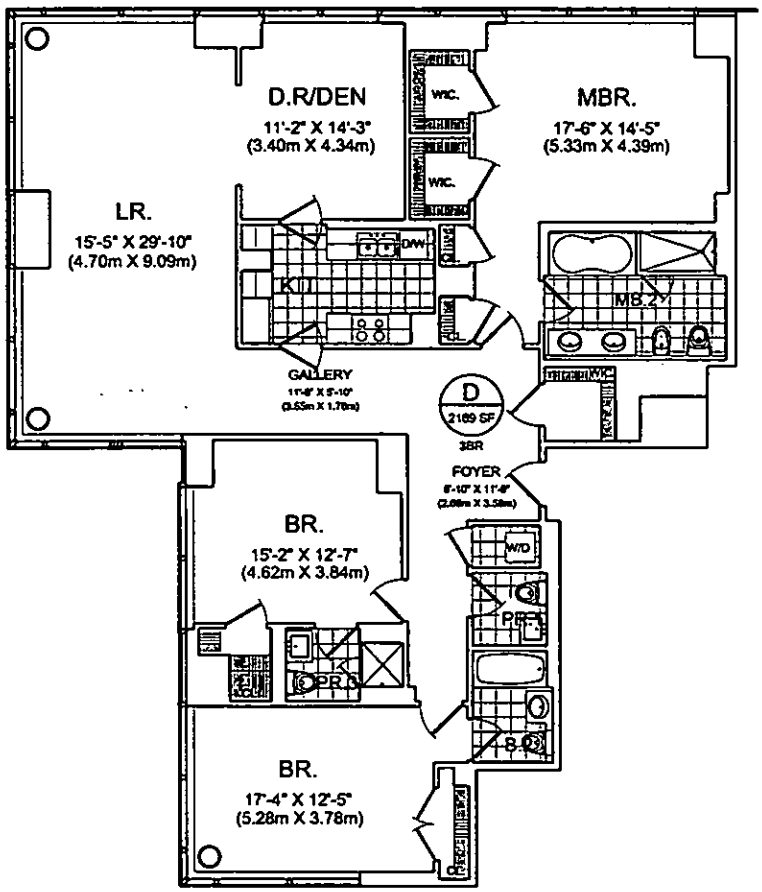
RESIDENCE C / FLOOR 63-PH
Apartment Area - 1551 SF
2 Bedrooms, 2 1/2 Bath

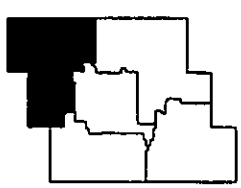
THE PARK IMPERIAL

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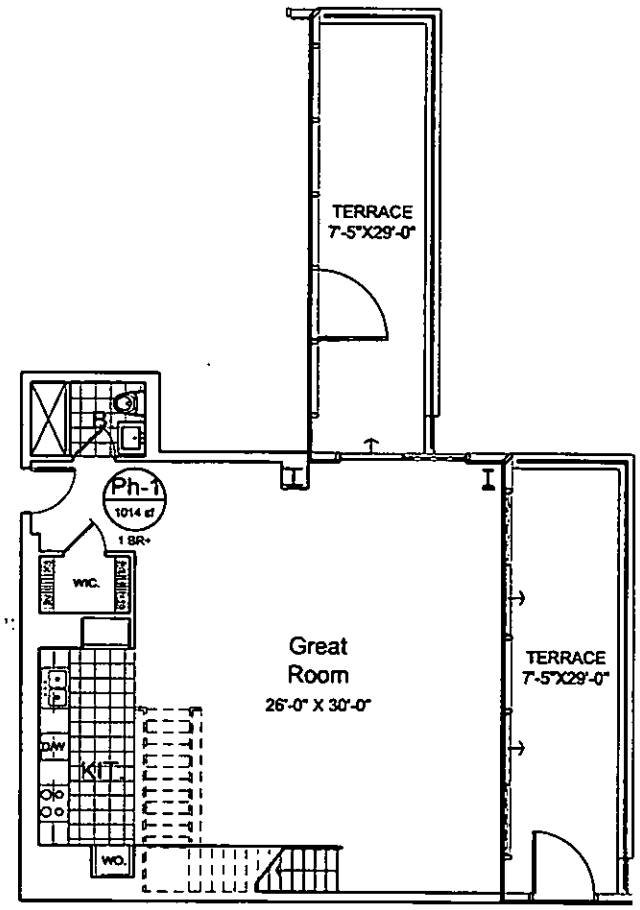
RESIDENCE D / FLOOR 63-PH
Apartment Area - 2169 SF
3 Bedrooms, 3 1/2 Bath

THE PARK IMPERIAL

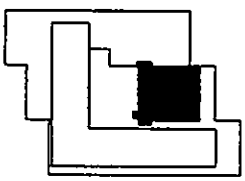
230West 56th Street
New York, New York

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71st FLOOR
LEVEL



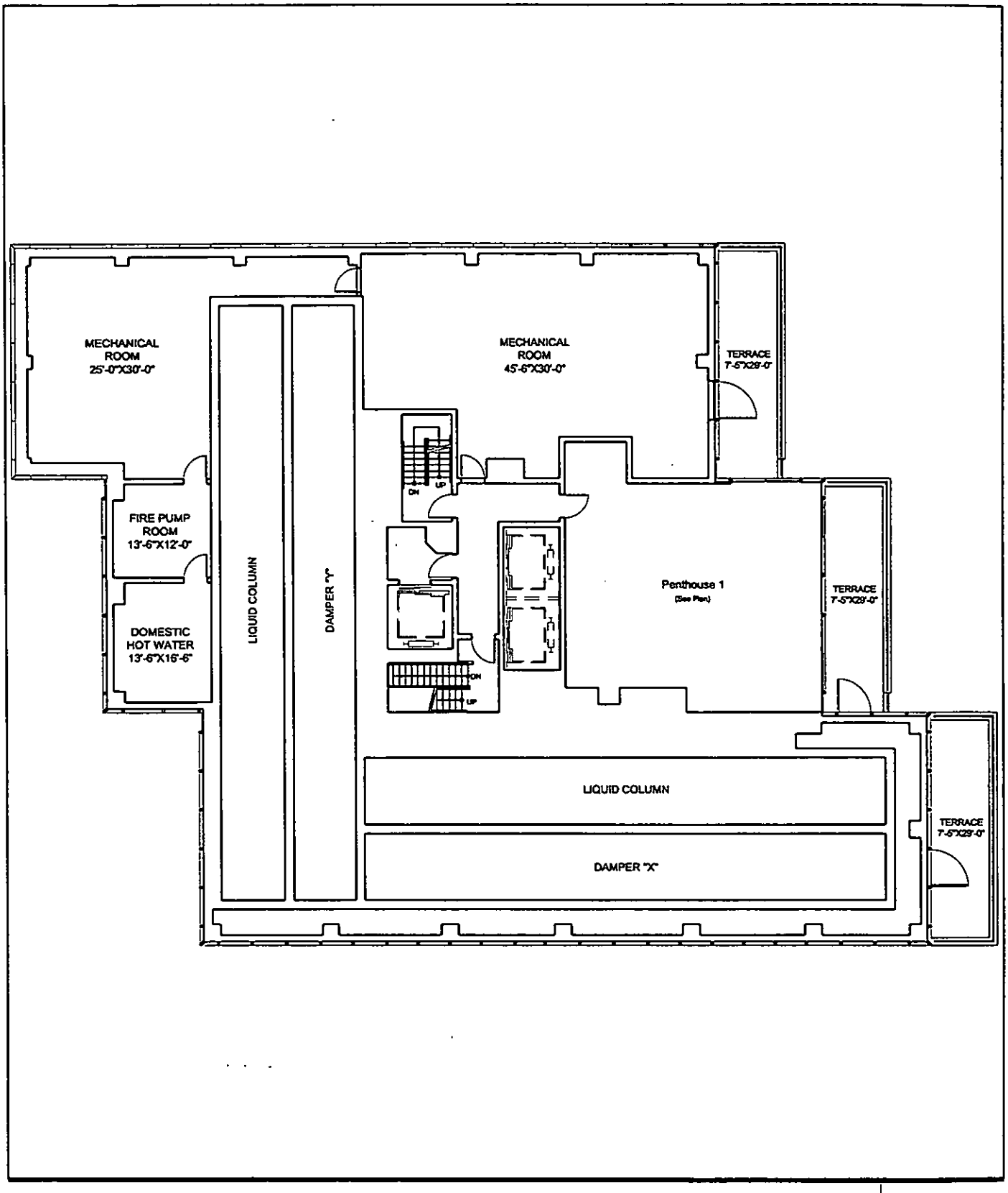
PENTHOUSE 1
Apartment Area - 1014 SF
1 Bedroom / 1 Bath

THE PARK IMPERIAL

230West 56th Street
New York, New York

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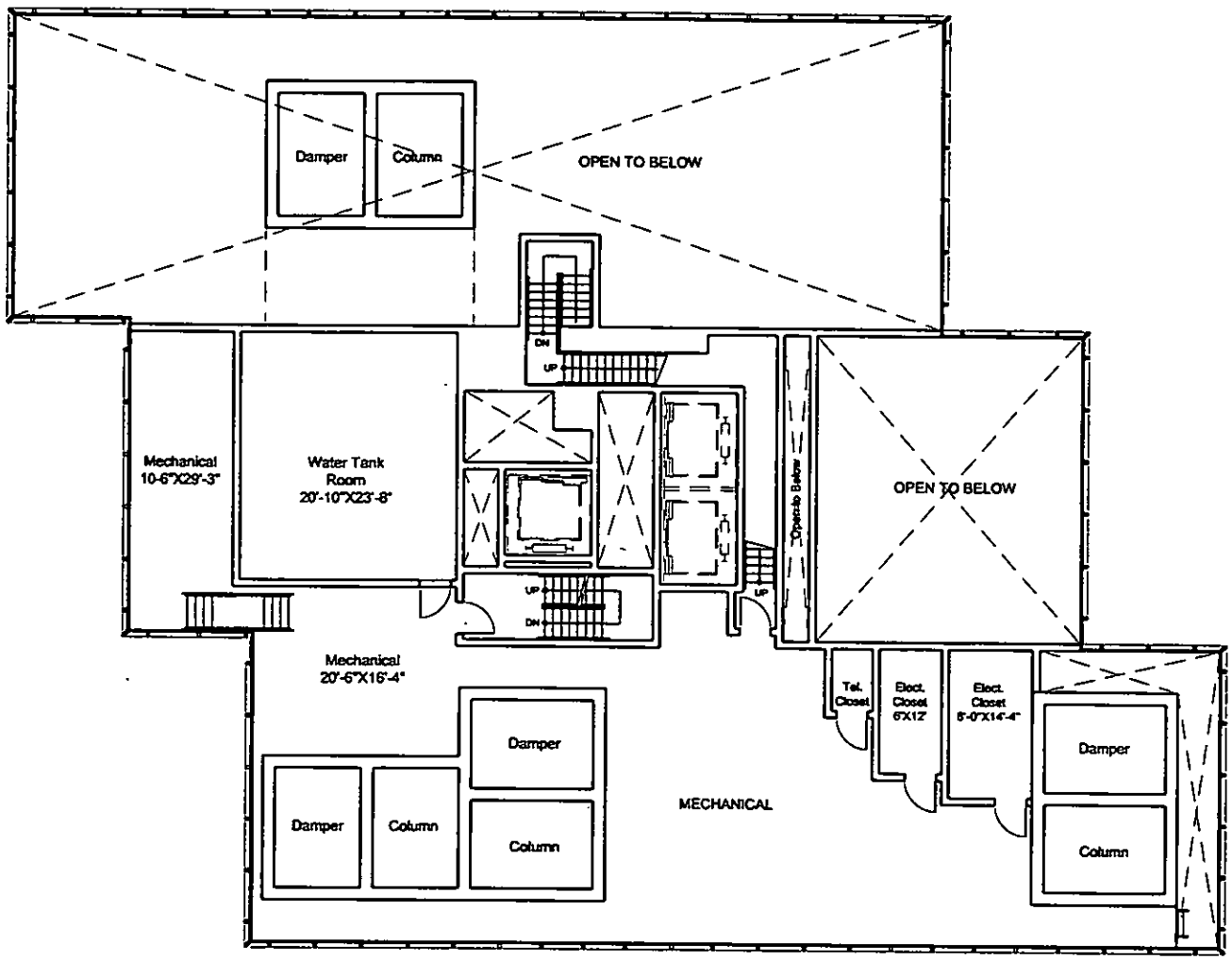
FLOOR 71

THE PARK IMPERIAL

230West 56th Street
New York, New York

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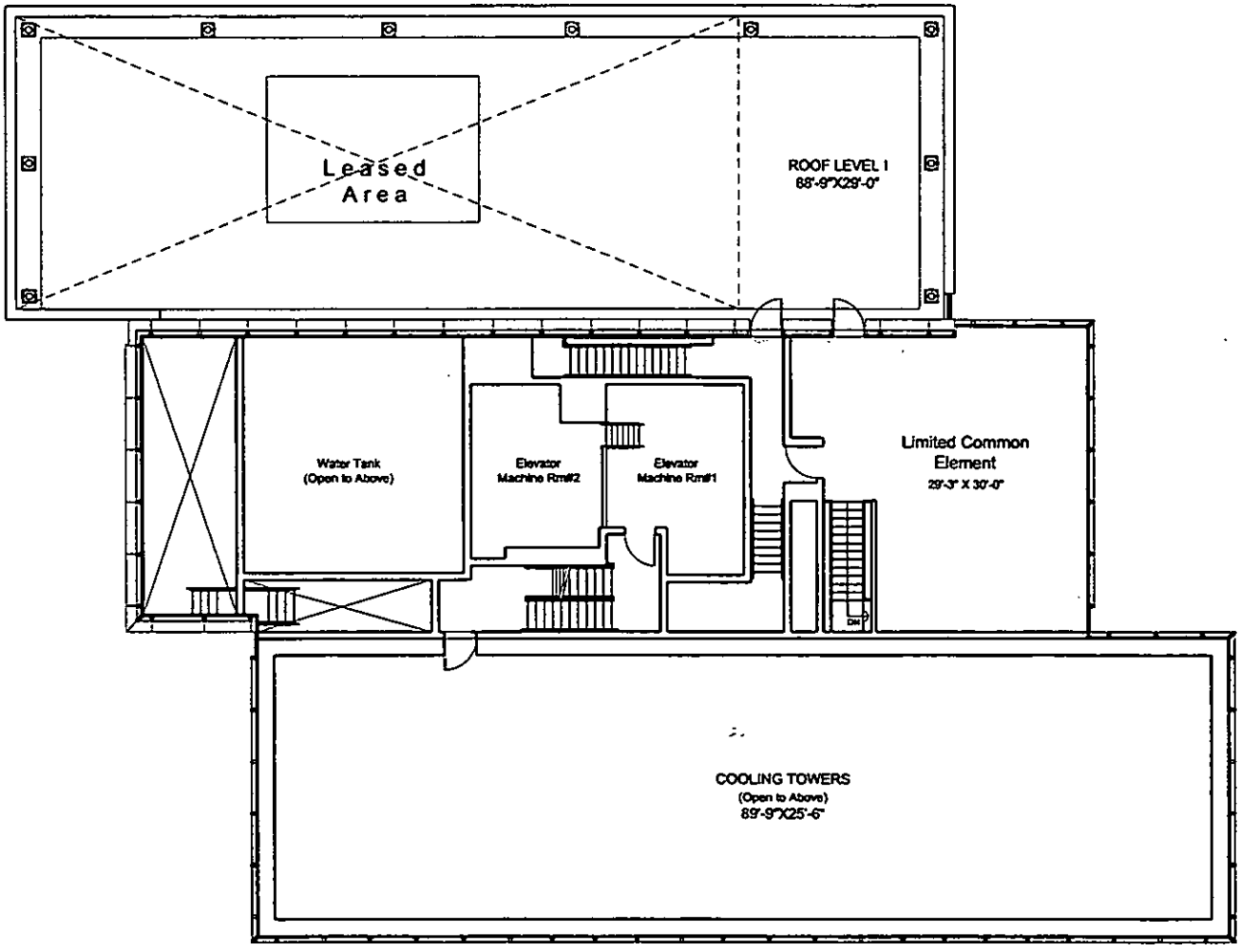
FLOOR 71
Mezzanine Level 1

THE PARK IMPERIAL

230West 56th Street
New York, New York

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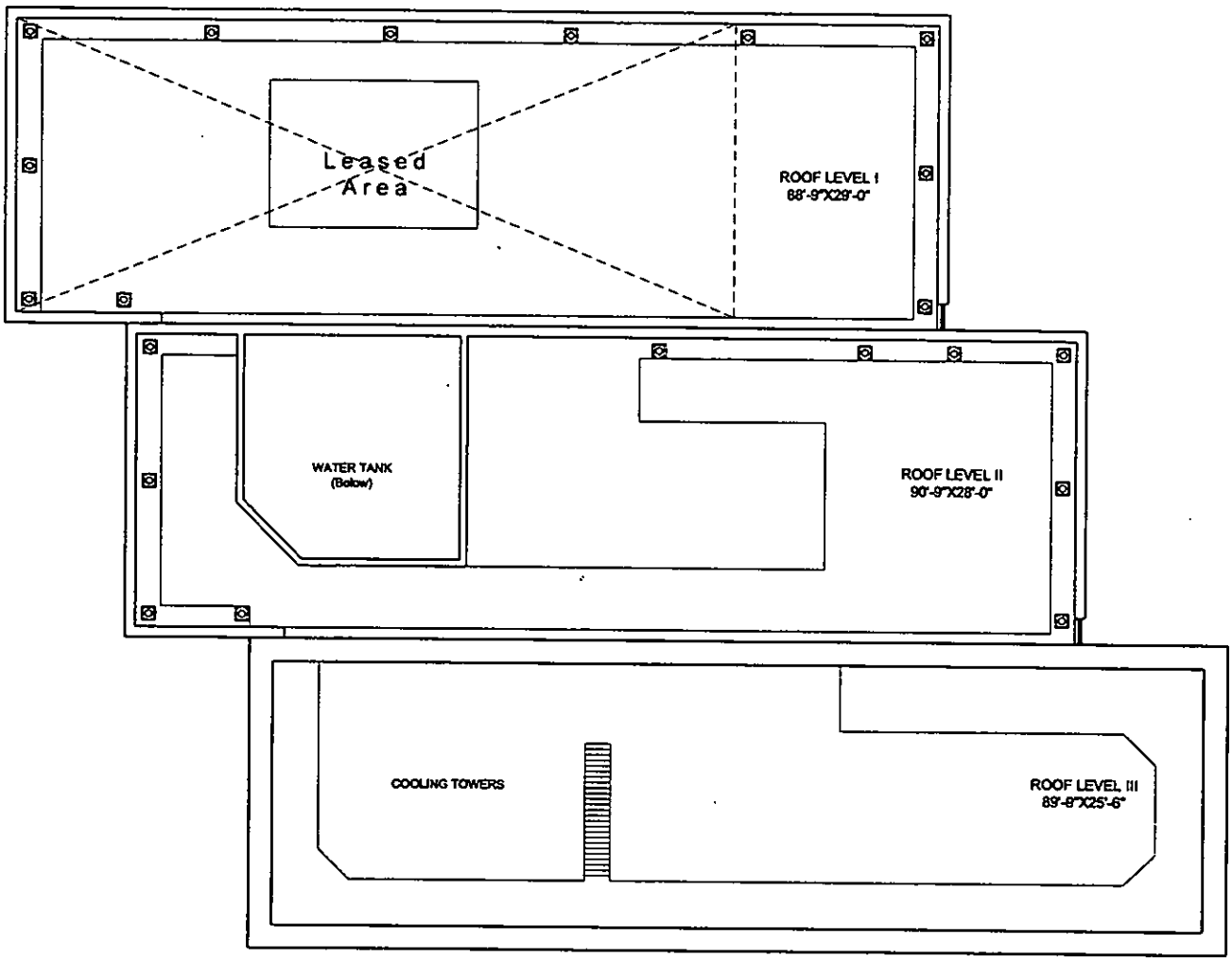
FLOOR 71
Mezzanine Level II

THE PARK IMPERIAL

230West 56th Street
New York, New York

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ROOF PLAN

THE PARK IMPERIAL

230West 56th Street
New York, New York

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EXHIBIT "6"

CONDOMINIUM DECLARATION

DECLARATION
Establishing a Plan for Condominium Ownership
of the Premises known as
230 West 56th Street
New York, New York 10019

Pursuant to Article 9-B of the Real Property
Law of the State of New York
Name
The Park Imperial
Declarant
56th Street Associates, L.L.C.
625 Madison Avenue, 9th Floor
New York, New York 10022

Date of Declaration

The property affected by the within instrument lies in
Section 4, Block 1027 formerly known as Lot _____,
now known as Lots ____ - ____
on the Tax Map of the Borough of Manhattan, City of New York

Stroock & Stroock & Lavan LLP
Attorneys for Declarant
180 Maiden Lane
New York, New York 10038
(212) 806-5400

INDEX TO DECLARATION

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Exhibits

A.	Description of the Residential Premises
B.	Description of the Units
C.	Definitions
D.	By-Laws
E.	Power of Attorney

DECLARATION
OF
THE PARK IMPERIAL

(Pursuant to Article 9-B of the Real Property Law
of the State of New York)

56th Street Associates, L.L.C., a Delaware limited liability company, having an office at 625 Madison Avenue, 9th Floor, New York, New York 10022 ("Declarant"), does hereby declare as follows:

ARTICLE 2

DEFINITIONS

All capitalized terms used in this Declaration (hereinafter referred to as the "Declaration") that are not otherwise defined in the Articles hereof will have the meanings set forth in Exhibit C annexed hereto, unless the context in which they are used will otherwise require.

ARTICLE 3

SUBMISSION OF THE RESIDENTIAL PROPERTY

3.1 Declarant hereby submits the Residential Premises and the Residential Tower (each as hereinafter defined), all other improvements erected and to be erected thereon, all easements, rights and appurtenances belonging thereto and all other property, real, personal or mixed, intended for use in connection therewith to the provisions of Article 9-B of the Real Property Law of the State of New York (the "Condominium Act") and pursuant thereto does hereby establish a condominium to be known as "The Park Imperial" (the "Condominium").

3.2 Attached to this Declaration and made a part hereof are the By-Laws of the Condominium which set forth detailed provisions governing the operation, use and occupancy of the Condominium (said By-Laws, as they may be amended from time to time, are hereinafter referred to as the "By-Laws"). All capitalized terms which are not separately defined herein shall have the meanings given to those terms in the By-Laws.

ARTICLE 4

THE RESIDENTIAL PREMISES

Included in the Residential Property described in Article 2 is all that certain tract, plot, piece and parcel or real estate (the "Residential Premises") situate, lying and being in the City, County and State of New York, and more particularly described in Exhibit A annexed hereto and made a part hereof. The Residential Premises is owned by Declarant in fee simple absolute.

ARTICLE 5

THE RESIDENTIAL PROPERTY

Included in the Residential Premises described in Article 2 is a tower building (the "Residential Tower") consisting of 111 residential units (collectively, the "Residential Units" and individually, a "Residential Unit"). The Residential Tower also includes the General Common Elements and the Limited Common Elements (as hereinafter defined). The owner of a Residential Unit is herein called a "Residential Unit Owner" or a "Unit Owner" and all the owners of the Residential Units are herein collectively called the "Residential Unit Owners" or the "Unit Owners." The Residential Tower and the Residential Premises are collectively referred to as the "Residential Property."

ARTICLE 6

THE RESIDENTIAL TOWER AND THE BUILDING

The Residential Tower consists of floors designated 48 though PH and PH 1 of the Class IB (Non-Combustible) building having 50 stories above grade (the "Building"). The Residential Tower is constructed of reinforced concrete with concrete slab floor systems, including concrete columns. The Residential Tower is located above that portion of the Building comprised of the two (2) below grade floors, a Ground Floor and Floors 2 through 26 (plus mezzanine levels) (the "Commercial Building"). The floors in the Residential Tower are named (from bottom to top): Floors 48 through 69 and PH and PH 1. The Commercial Building is not part of the Condominium.

ARTICLE 7

THE UNITS

6.1 Exhibit B annexed hereto and made a part hereof sets forth the following data with respect to each Unit necessary for the proper identification thereof: (i) its Unit designation; (ii) tax lot number; (iii) approximate location in the Building; (iv) approximate square foot area;

(v) number of rooms; and (vi) the percentage interest in the General Common Elements appurtenant to such Unit. The location of each Unit is shown on the floor plans of the Building (the "Floor Plans") certified by _____, and intended to be approved by the Real Property Assessment Department of the City of New York and filed in the New York County office of the Register of the City of New York (the "City Register's Office") following the recording of this Declaration.

6.2 Each Unit includes, and each Unit Owner shall be responsible for, front entrance door and any other entrance doors to such Unit, flooring, wallcoverings, interior walls and partitions installed by the Unit Owner, smoke detectors, all plumbing, gas and heating fixtures and equipment such as heating, ventilating and air conditioning ("HVAC") units (including the fans inside the units), as may be affixed, attached or appurtenant to such Unit and serving such Unit exclusively. Plumbing, gas and heating fixtures and equipment as used in the preceding sentence shall include exposed gas and water pipes from branch or fixture shut-off valves attached to fixtures, appliances and equipment and the fixtures, appliances and equipment to which they are attached, and any special pipes or equipment which a Unit Owner may install within a wall or ceiling, or under the floor, but shall not include gas, water or other pipes, conduits, wiring or ductwork within the walls, ceilings or floors. Each Unit shall also include (i) all lighting and electrical fixtures, cabinets, including, without limitation kitchen and bathroom cabinetry, countertops, and appliances and appliances within the Unit, and (ii) any special equipment, fixtures or Facilities (as hereinafter defined) affixed, attached or appurtenant to the Unit by a Unit Owner other than Declarant, to the extent located within a Unit from the panel and serving or benefiting only that Unit. Notwithstanding anything contained in this Article 6 to the contrary, each Unit Owner will have the right, exercisable at any time, to install, at such Unit Owner's sole cost and expense, decorations, fixtures and coverings (including, without limitation, painting, finishing, wall to wall carpeting, pictures, mirrors, shelving and lighting fixtures) on the surfaces of the walls, ceilings and floors that face the interior of such Unit Owner's Unit and to a depth of one inch behind such surfaces for the purposes of installing nails, screws, bolts and the like, provided that no such installation shall impair the structural integrity and mechanical and electrical systems of such Unit or of the Building.

6.3 As of the date of the filing of this Declaration with the City Register's Office, fee simple absolute title shall automatically vest in Declarant in all Units, individually and collectively, without the need to execute specific and particular deeds or indentures for each and every Unit.

ARTICLE 8

DIMENSIONS OF UNITS

Each Unit will be measured horizontally from the exterior side of the curtain wall glass to the centerlines of the dry-wall partitions separating one Unit from another Unit, public corridors

or mechanical equipment spaces, or the or to the face of the concrete shear walls of the elevators/stair core which are adjoining the Unit.

ARTICLE 9

COMMON ELEMENTS

9.1 The common elements of the Condominium (the "Common Elements") consist of the General Common Elements and the Limited Common Elements (as hereinafter defined). The General Common Elements include, but not are not limited to the Residential Premises and all parts of the Building and improvements thereon other than the Units and the Limited Common Elements and include those rooms, areas, corridors, spaces and other parts of the Building and all Facilities (defined below) therein for the common use of the Units and the Unit Owners or which are necessary or convenient for the existence, maintenance or safety of the Residential Property. The Limited Common Elements of the Condominium consist of those Common Elements that serve or benefit exclusively one or more but not all of the Residential Units or the Residential Unit Owners. The General Common Elements are appurtenant to, serve and benefit each Residential Unit to the extent of such Residential Unit's percentage share of the General Common Elements. The General Common Elements are for the common use of all Unit Owners

9.2 As used in this Declaration, the word "Facility" or "Facilities" includes, but is not limited to, the following items (grouped more or less functionally) which are set forth only for purposes of illustrating the broad scope of that term: system, equipment, apparatus, convertor, radiator, heater, convertor, heat exchanger, mechanism, device, machinery, motor, pump, control, tank or tank assembly, insulation, induction unit, condenser, compressor, fan, damper, blower, thermostat, thermometer, coil, vent, sensor, shut-off valve or other valve, gong, panel, receptacle, outlet, relay, alarm, sprinkler head, electric distribution facility, wiring, wireway, switch, switchboard, circuit breaker, transformer, fitting, siamese connection, hose, plumbing fixture, lighting fixture, other fixture, bulb, sign, telephone, meter, meter assembly, scaffolding, piping, line, duct, conduit, cable, riser, main shaft, pit, flue, lock or other hardware, rack, screen, strainer, trap, drain, catch basin, leader, filter, canopy, incinerator, closet, door, railing, coping, step, appurtenance, urn, basket, mail box, carpeting, tile or other floor covering, wallpaper or other wall covering, tree, shrubbery, flower or other planting and horticulture tub or box.

9.3 The Common Elements will remain undivided and no Unit Owner or other person will bring or will have the right to bring any action for partition or division thereof except as may be specifically provided for herein and in the By-Laws.

9.4 The General Common Elements consist of the following:

9.4.1 The Residential Premises (as more particularly described in Exhibit A attached to this Declaration), together with all easements, rights and privileges appurtenant thereto.

9.4.2 Any of the following: all columns, girders, floor slabs and ceilings, beams, and supports and interior load bearing walls in the Residential Tower, together with those portions of the exterior walls of the Residential beyond the Residential Unit side of the glass or concealed block work or concealed structural members of those walls.

9.4.3 Any other Facilities in the Building which serve or benefit or are necessary or convenient for the existence, maintenance, operation or safety of the Residential Tower and are not a part of any Unit, Common Elements or any Limited Common Element.

9.4.4 Residential electric meters and panels, electric closets, feeders, risers and Facilities, Residential gas meter and direct burial telephone cables serving exclusively the Residential Tower.

9.4.5 Passenger elevators PE-16 and PE-17 and their respective machine rooms and Facilities, and service elevator SE-18, and its machine room and Facilities to the extent located in the Residential Tower.

9.4.6 Kitchen, bathroom and dryer exhaust ducts, corridor and Residential Unit supply air ducts, steam lines supply and return for heating, water pressure reducing valve system, and all other Facilities in the floor and ceilings serving or benefiting exclusively the Residential Tower.

9.4.7 CATV riser and all other Facilities located in the Residential Property serving or benefiting exclusively the Residential Tower to the extent that the same are not owned by a third party.

9.4.8 Fire staircase No. A/B from the landing beginning on Floor 47 to the roof.

9.4.9 The roof excepting that portion thereof which is a Limited Common Element.

9.4.10 The windows in the Residential Tower.

9.4.11 The Residential Owned Facilities.

9.4.12 The water cooling tower on the roof and the fireplace flues servicing the Residential Units.

9.4.13 All other Facilities exclusively serving the Residential Tower, excluding the Residential Units and the Limited Common Elements, and which serve or benefit or are necessary or convenient for the existence, maintenance, operation or safety of the Residential Tower.

9.4.14 Notwithstanding anything to the contrary in this Article 8, if a Residential Common Element benefits only certain Residential Unit Owners, then the Residential Tower's costs of alteration, addition, repair, replacement and restoration thereto shall be borne solely by those Residential Unit Owners who benefit from the Residential Common Element in the proportion that the Common Interest of each benefiting Residential Unit Owner bears to the Common Interests of all benefiting Residential Unit Owners. In addition, except as otherwise provided in Subsection 6.9.2.1 of the By-Laws, such Residential Unit Owners shall be responsible for the normal operation, maintenance and repair of any such Residential Common Element at their sole cost and expense.

9.5 The Limited Common Elements consist of the following:

9.5.1 The Terraces and the mezzanine level to which one or more Residential Units have exclusive access as set forth in Exhibit B annexed hereto. Notwithstanding anything to the contrary contained in the By-Laws or this Declaration, the Residential Unit Owner having exclusive access to a Terrace, shall have the exclusive right to use such Limited Common Element and shall be responsible for its normal operation, maintenance and repair at such Residential Owner's sole cost and expense.

9.5.2 That portion of equipment, fixtures or Facilities serving or benefiting one Residential Unit, to the extent located within another Unit or within a Common Element to which there is direct and exclusive access from the interior of a Residential Unit. Notwithstanding anything to the contrary contained in the By-Laws or this Declaration, the Residential Unit Owner who is so served or benefited by such Limited Common Element shall have the exclusive right to use such Limited Common Element and shall be responsible for its normal operation, maintenance and repair at such Unit Owner's sole cost and expense.

9.5.3 All other Facilities exclusively serving one or more but not all Residential Units, excluding the Residential Units and the General Common Elements, and which serve or benefit or are necessary or convenient for the existence, maintenance, operation or safety of one or more but not all of the Residential Units.

ARTICLE 10

USE OF RESIDENTIAL TOWER AND UNITS

10.1 As more particularly set forth in the By-Laws, Residential Units may be used for residential purposes only. A Residential Unit may be used for "home use occupations, subject, however, to (1) the terms and conditions of the then existing certificate of occupancy for such Residential Unit, (2) applicable governmental Laws and regulations, (3) the use of such Residential Unit not adversely affecting the use and enjoyment of neighboring or adjacent Residential Units for residential purposes, (4) compliance with the By-Laws and (5) the prior written permission of the Condominium Board, which permission shall in no event be granted

unless the Condominium Board affirmatively finds that the conditions in (1) through (3) above have been met. Residential Units may only be leased in accordance with the By-Laws and the Rules and Regulations.

10.2 Notwithstanding the foregoing or anything contained in the By-Laws or the Rules and Regulations to the contrary, Declarant may, without the permission of the Condominium Board, (1) grant permission for the use of any Unsold Residential Unit (as defined in Exhibit C) owned by it as a professional office or for any other purpose, provided such use is permitted by Law, and does not violate the then existing certificate of occupancy for such Residential Unit or any other governmental regulations and (2) use any Unsold Residential Units owned by it as models and sales and/or promotion offices in connection with the sale or rental of the Units, subject only to compliance with applicable governmental Laws and regulations.

ARTICLE 11

CHANGES IN THE RESIDENTIAL TOWER

Except to the extent prohibited by Law, Declarant or its designee shall have the right, without the vote or consent of the Condominium Board, other Unit Owners or the Residential Mortgage Representatives, if any, to: (a) make alterations, additions or improvements to any Unsold Residential Units; (b) change the use (subject to Section 9.2 above) or layout of, or number of rooms in, any Unsold Residential Units from time to time; (c) change the size and/or number of Unsold Residential Units by subdividing one or more Unsold Residential Units into two or more separate Units, combining separate Unsold Residential Units (including those resulting from such subdivision or otherwise) into one or more Residential Units, converting a Residential Unit or any portion thereof to a General Common Element or Limited Common Element, altering the boundary walls between any Unsold Residential Units, or otherwise, including incorporating Common Elements (such as a portion of a hallway used exclusively by the occupant(s) of such Unsold Residential Unit) which exclusively benefit an Unsold Residential Unit into such Unit; (d) if appropriate, reapportion among the Unsold Residential Units affected by such change in size, use or number pursuant to the preceding clauses (b) and (c) their percentage interests in the Common Elements; provided, however, that (i) the percentage interest in the Common Elements of any other Residential Units (other than Unsold Residential Units) shall not be changed by reason thereof unless the owners of such Residential Units shall consent thereto; (ii) Declarant or its designee, as the case may be, shall comply with all Laws, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Condominium Board and all other Unit Owners harmless from any liability arising therefrom. The provisions of this Article 10 may not be added to, amended, modified or deleted without the prior written consent of Declarant or its designee. By written permission of the Condominium Board, which permission, shall not be unreasonably withheld, any other Residential Unit Owner may be given, with respect to his Residential Unit, the same rights and be subject to the same limitations and conditions as are set forth in this Article 10 with respect to Unsold Residential Units, including, without limitation, the right to combine two or more

adjacent Residential Units owned by such Residential Unit Owner. Notwithstanding the other provisions of this Article 10, no reapportionment of the interests in the Common Elements appurtenant to any Residential Unit shall be made unless there is first delivered to the Condominium Board a written certification stating that the percentage interests of the respective Units in the Common Elements, immediately after such reapportionment, will be 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. The certification referred to in the preceding sentence shall be delivered (i) at Declarant's election, by Declarant, the managing agent of the Condominium or any other person reasonably acceptable to the Condominium Board in the case of any Unsold Residential Unit, and (ii) by either the managing agent of Condominium, or any other person reasonably acceptable to the Condominium Board in the case of any other Residential Unit.

ARTICLE 12

PERSON TO RECEIVE SERVICE

The Secretary of State of the State of New York is hereby designated to receive service of process in any action which may be brought against the Condominium. The Condominium Board is hereby designated to receive service of process and any notices to be delivered to the Residential Property Owner or the Unit Owners under the terms of the Reciprocal Easement and Operating Agreement.

ARTICLE 13

DETERMINATION OF PERCENTAGE INTERESTS IN COMMON ELEMENTS

The percentage interest of each Unit in the Common Elements has been based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use and the overall dimensions of the particular Unit.

ARTICLE 14

ENCROACHMENTS

If (a) any portion of the Common Elements encroaches upon any Unit or upon any other Common Element, (b) any Unit encroaches upon any other Unit or upon any portion of the Common Elements or (c) any such encroachments shall hereafter occur as a result of (i) settling or shifting of the Building, (ii) any alteration, repair or restoration of the Common Elements

made by or with the consent (when required by the By-Laws) of the Condominium Board or made by Declarant or its designee or (iii) any alteration, repair or restoration of the Building (or any portion thereof) or of any Unit or Common Element after damage by fire or other casualty or any taking by condemnation or eminent domain proceedings of all or any portion of any Unit or the Common Elements; then, in any such event, a valid easement shall exist for such encroachment and for the maintenance of the same as long as the Building shall stand.

ARTICLE 15

ACCESS TO COMMON ELEMENTS

Each Residential Unit Owner shall have an easement in common with all other Residential Unit Owners to use all Common Elements located in the Residential Tower, including those located in any of the other Units or elsewhere on the Residential Property which serve such Residential Unit Owner's Unit including an easement to connect to existing utilities including, but not limited to utilities for gas, electricity, steam and ventilation. Each Unit shall be subject to an easement in favor of all Residential Unit Owners to use all Common Elements located in such Unit or elsewhere on the Residential Property which serve other Units. In addition, the Condominium Board, to the extent permitted to act by the By-Laws for such purposes, shall have a right of access to each Unit to inspect the same, to remove violations therefrom and to maintain, repair or replace the Common Elements contained therein or elsewhere in the Residential Property. All easements and rights of access described in this Article 15 shall be exercised in such a manner, to the extent practicable, as will not unreasonably interfere with the normal conduct of business of the tenants and occupants of the Commercial Building or with the use of the Residential Units for their permitted purposes. Such entries shall be permitted on not less than one day's notice, except that no notice will be necessary in the case of a condition (a) impairing or imminently likely to impair structural support of any portion of the Building or causing or imminently likely to cause bodily injury to persons or physical damage to the Building or any property in, on, under, within, upon or about the Building, (b) causing or imminently likely to cause substantial economic loss to the Condominium Board on behalf of all Residential Unit Owners or the Commercial Property Owner, (c) causing or imminently likely to cause loss of any utility, elevator service or other essential services to the Building or (d) causing or imminently likely to cause interference (other than de minimis interference) with ingress to and egress from the Building (an "Emergency Situation").

ARTICLE 16

EASEMENTS AND NAME OF CONDOMINIUM

16.1 Except as set forth in this Declaration, each Residential Unit Owner shall have, in common with all other Residential Unit Owners, an easement for the use of the General Common

Elements and any Facilities located therein, including, but not limited to, such easement as shall be necessary to operate, maintain, repair, rebuild, restore and replace, as necessary, such Residential Unit Owner's Unit.

16.2 Each Residential Unit Owner shall have, in common with all other Residential Unit Owners, an easement for ingress and egress through the Condominium, and for the use of any Common Element, to the extent necessitated by an Emergency Situation.

16.3 The Condominium Board shall have and each Residential Unit shall be subject to, an easement (a) to install, utilize, operate, maintain, repair, alter, rebuild, restore and replace the Common Elements located in, over, under, through or upon any Unit, or any other Common Elements or elsewhere on the Residential Property and (b) to maintain any encroachment on any Unit or Common Elements resulting from the repair, alteration, rebuilding, restoration or replacement of the Residential Units or the Common Elements; provided that access to any Unit or the Common Elements in furtherance of such easement shall be exercised in such a manner as will not unreasonably interfere, to the extent practicable, with the use of the Residential Units for their permitted purposes. Such entry shall be permitted on not less than one days' notice, except that no notice will be necessary in the case of an Emergency Situation.

16.4 The Residential Units and Common Elements shall be subject and subordinate to the Reciprocal Easement and Operating Agreement.

16.5 Each Unit shall have an easement of support and of necessity and shall be subject to an easement of support and necessity in favor of all other Units and the Common Elements.

16.6 Declarant or its designee and its successors and assigns shall, to the extent permitted by Law, have an easement to erect, maintain, repair and replace, from time to time, one or more signs on the Residential Property for the purposes of advertising (i) the sale or lease of any Unsold Residential Unit, (ii) the operation of any business of Declarant, a tenant, occupant, managing agent or operator of all or any portion of any Unsold Residential Units. Declarant and will have an easement and the right to change the facade of the Building and alter, replace, restore, renovate, remodel and reconstruct the existing facade of the Building, provided that such penetration does not materially weaken the structural soundness of the Building.

16.7 Declarant has an easement to use the sidewalks surrounding portions of the Building for purposes permitted by Law.

16.8 Declarant or its designee and the Condominium Board shall have the right to grant such additional electric, gas, telephone, internet, cable, television, steam, ventilation or other easements for utilities or otherwise construct any shafts, flues or install an air conditioning compressors or other equipment on the roof or relocate any easements in any portion of the Residential Property, as Declarant or its designee or the Condominium Board, as the case may be, shall deem necessary or desirable for the proper operation and maintenance of the Residential Property or any portion thereof, or to complete the Building as described in the Plan or for the

general health or welfare of the owners, tenants and occupants of the appropriate Units, provided that such additional utilities or the relocation of existing utilities will not prevent or unreasonably interfere with the use of the Residential Units for their permitted purposes, and shall not result in the imposition of any mechanic's lien against any of the Units. Any company providing the utilities or services and its employees and agents shall have the right of access to any Unit or the Common Elements in furtherance of the aforementioned easements to in order to install, maintain, operate, repair, replace and service same, provided such right of access shall be exercised in such manner as shall not unreasonably interfere with the use of the Residential Units for their permitted purposes.

16.9 Declarant and its designee, assignee and licensees shall have, and the Units and Common Elements shall be subject to, an easement, (a) to install, utilize, operate, maintain, repair, alter, rebuild, restore and replace satellite dishes and similar equipment on the roofs and facade of the Residential Tower and elsewhere on the Common Elements and the conduit and other Facilities relating thereto, other than those portions of the roof which constitute Limited Common Elements and to retain any and all income derived therefrom, and (b) to maintain any encroachment on any Unit, or any Common Elements or elsewhere on the Residential Property resulting from the installation, operation, maintenance, repair, alteration, rebuilding, restoration or replacement thereof. The Condominium shall not be entitled to any portion of fees, compensation or other profits received by Declarant, its designees, assignees or licensees for the use of the aforesaid easements or equipment. Any satellite dishes or other facilities placed upon the roof and the facade of the Building and elsewhere on the Common Elements by Declarant, its designees, assignees or licensees shall be the exclusive property of Declarant, its designees, assignees or licensees and neither the Condominium nor any other Residential Unit Owners shall have any rights with respect thereto. Notwithstanding the foregoing, access to any Unit or Common Element in furtherance of such easement shall be exercised in a manner as will not unreasonably interfere with the use of the Residential Units for their permitted purposes. Such entry shall be permitted on not less than one day's notice, except that no notice will be necessary in the case of an Emergency Situation.

16.10 Any easements granted to Declarant, the Condominium Board, any Unit or any Residential Unit Owner under this Declaration and the By-Laws may be exercised by such Residential Unit Owner's employees, agents, contractors, suppliers, customers, guests, invitees, licensees, servants, tenants, subtenants, members, and visitors, members, tenants and/or tenant-shareholders, as the case may be, to the extent necessary to effectuate the purpose for the easement or as otherwise authorized by Declarant, the Residential Unit Owner or the Condominium Board.

16.11 The Condominium and the Residential Tower shall be designated and known as "The Park Imperial." Declarant shall own and control all rights and interests, and shall be responsible for all obligations and liabilities, appurtenant to the name of the Condominium and/or the Residential Tower. For so long as Declarant owns any Units in the Building, only Declarant shall have the right to change or assign the name of the Condominium and/or the Residential Tower.

ARTICLE 17

POWER OF ATTORNEY TO THE CONDOMINIUM BOARD

17.1 Each Residential Unit Owner shall grant to the Condominium Board an irrevocable power of attorney, coupled with an interest (annexed as Exhibit E to this Declaration or otherwise in such form and content as the Condominium Board shall determine) following due authorization (if required) from the Residential Unit Owners (a) to acquire or lease any Residential Unit, together with its Appurtenant Interests (as defined hereinafter), whose owner desires to sell, convey, transfer, assign, lease or surrender the same, or which becomes the subject of a foreclosure or other similar sale, on such terms and at such price or rental, as the case may be, as the attorneys-in-fact deem proper, in the name of the Condominium Board or its designee, corporate or otherwise, on behalf of all Residential Unit Owners, and after any such acquisition or leasing, to convey, sell, lease, sublease, mortgage or otherwise deal with (but not vote the interest appurtenant thereto) any such Residential Unit so acquired, or to sublease any Residential Unit so leased, without the necessity of further authorization by the Residential Unit Owners, on such terms as the attorneys-in-fact may determine, (b) to commence, pursue, appeal, settle and/or terminate administrative and certiorari proceedings to obtain reduced real estate tax assessments with respect to Residential Units, including retaining counsel and taking any other actions which the Condominium Board deems necessary or appropriate and (c) to execute, acknowledge and deliver any declaration or other instrument affecting the Condominium which the Condominium Board 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 maintenance, demolition, construction, alteration, repair or restoration of the Condominium or any portion thereof or any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Condominium or any portion thereof which the Condominium Board deems necessary or appropriate.

17.2 Each Residential Unit Owner shall further grant a power of attorney, coupled with an interest, with power of substitution, to act on behalf of such Residential Unit Owner as may be necessary or appropriate to enforce the rights of the parties under Article X of the Reciprocal Easement and Operating Agreement.

17.3 Each Residential Unit Owner shall grant to Declarant a power of attorney to amend the Condominium Declaration and to effectuate the rights granted to Declarant under the Declaration.

ARTICLE 18

ACQUISITION OF UNITS BY BOARDS

18.1 If (a) any Residential Unit Owner surrenders such Unit Owner's Unit, together with (i) the undivided interest in the Common Elements appurtenant thereto, (ii) the interest of such Residential Unit Owner in any other Units theretofore acquired by the Condominium Board or its designee, corporate or otherwise, on behalf of all Residential Unit Owners or the proceeds of the sale or lease thereof, if any, and (iii) the interest of such Residential Unit Owner in any other assets of the Condominium (such interests in (i), (ii) and (iii) being hereinafter collectively called the "Appurtenant Interests"), pursuant to the provisions of Section 339-x of the Condominium Act, (b) the Condominium Board, pursuant to Article 8 of the By-Laws, acquires or leases a Residential Unit, together with the Appurtenant Interests, or (c) the Condominium Board purchases, at a foreclosure or other similar sale, a Residential Unit, together with the Appurtenant Interests, then, in any such event, title to any such Residential Unit, together with the Appurtenant Interests, shall be held by the Condominium Board or its designee, corporate or otherwise, on behalf of all Residential Unit Owners, in proportion to their respective interests in the Common Elements. The lease or sublease covering any Residential Unit leased or subleased by the Condominium Board or its designee shall be held by the Condominium Board or its designee, corporate or otherwise, on behalf of all Residential Unit Owners, in proportion to their respective interest in the Common Elements.

18.2 The Condominium Board shall have the authority to purchase, on behalf of all Residential Unit Owners, a Residential Unit to be used as the residence of the Resident Manager of the Building and, in such event, title to all or any such portion of the Residential Unit, together with its Appurtenant Residential Interests, shall be held by the Condominium Board or its designee, corporate or otherwise, on behalf of all Residential Unit Owners, in proportion to their respective interests in the Common Elements.

ARTICLE 19

COVENANTS RUNNING WITH THE RESIDENTIAL PREMISES

19.1 All provisions of this Declaration, the By-Laws and the Rules and Regulations which are annexed hereto and made a part hereof, including, without limitation, the provisions of this Article, shall to the extent applicable and unless otherwise expressly herein or therein provided to the contrary, be perpetual and be construed to be covenants running with the Residential Premises and with every part thereof and interest therein, and all of the provisions hereof and thereof shall be binding upon and inure to the benefit of the owner of all or any part thereof, or interest therein, and such Residential Unit Owner's heirs, executors, administrators, legal representatives, successors and assigns, but the same are not intended to create, nor shall they be construed as creating, any rights in or for the benefit of the general public or any other third party. All present and future owners, tenants, subtenants, licensees, and other 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 well as the provisions of the Reciprocal Easement and Operating Agreement, 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, the Rules and Regulations and the Reciprocal Easement and Operating Agreement, as they may be amended from time to time, are accepted and ratified by such owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the Residential Premises 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 or use and occupancy agreement thereof.

19.2 If any provision of this Declaration or the By-Laws is invalid under, or would cause this Declaration and the By-Laws to be insufficient to submit the Residential 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 Residential Property to the provisions of the Condominium Act but shall nevertheless be valid and binding upon and inure to the benefit of the owners of the Residential Property and their heirs, executors, administrators, legal representatives, successors and assigns, as covenants running with the Residential Premises 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 Residential Unit Owners had signed and recorded an instrument agreeing to each such provision as a covenant running with the Residential Premises. If any provision which is necessary to cause this Declaration and the By-Laws to be sufficient to submit the Residential 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 part of this Declaration or the By-Laws, as the case may be, for the purposes of submitting the Residential Property to the provisions of the Condominium Act.

19.3 Subject to Section 19.2, if this Declaration and the By-Laws are insufficient to submit the Residential Property to the provisions of the Condominium Act, the provisions of this Declaration and the By-Laws shall nevertheless be valid and binding upon and inure to the benefit of the owners of the Residential Property, and their heirs, executors, administrators, legal representatives, successors and assigns, as covenants running with the Residential Premises and with every part thereof and interest therein under 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 Residential Unit Owners had signed and recorded an instrument agreeing to each such provision as a covenant running with the Residential Premises.

ARTICLE 20

AMENDMENTS OF DECLARATION

20.1 Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions affecting Declarant or its designee, or any Unsold Residential Units, or the Commercial Building or the Commercial Property, any provision of this Declaration may be added to, amended, modified or deleted by the vote of at least 66-2/3% in number and in Common Interest of all Residential Unit Owners taken in accordance with the provisions of the By-Laws. Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions affecting Declarant or its designee, or any Unsold Residential Units, or the Commercial Property or the Commercial Property Owner, no amendment, modification, addition or deletion shall be effective without the written consent (which consent shall not be unreasonably withheld or delayed) of the Residential Mortgage Representatives (as defined in the By-Laws), if any. No such amendment, modification, addition or deletion shall be effective until recorded in the City Register's Office. Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions affecting Declarant or its designee, or any Unsold Residential Units, or the Commercial Building or the Commercial Property, any such amendment, modification, addition or deletion shall be executed by the Condominium Board as attorney-in-fact for the Residential Unit Owners, coupled with an interest, which Condominium Board is hereby authorized by such Residential Unit Owners so to act as their attorney-in-fact or.

20.2 If the number of rooms in an Unsold Residential Unit is changed, or the use, size and/or number of Unsold Residential Units is changed (whether as a result of a subdivision or combination of Unsold Residential Units or alteration of boundary walls between Unsold Residential Units, or otherwise) and the appurtenant percentage interests of Units in the Common Elements are reapportioned as a result thereof, all in accordance with Article 10 hereof, then Declarant or its designee causing such changes shall have the right to execute, or (upon its request) to require any other Residential Unit Owner or the Condominium Board to execute, and record in the City Register's Office and elsewhere, if required by Law, an amendment to this Declaration (together with such other documents as Declarant or its designee causing such changes deems appropriate to effectuate the same) reflecting such change in the number of rooms in an Unsold Residential Unit or in the use, size and/or number of Unsold Residential Units (whether as a result of said subdivision, combination, alteration or otherwise) and the reapportionment of the percentage interests of Units in the Common Elements resulting therefrom, all without the approval of the Condominium Board, the Residential Unit Owners or the Residential Mortgage Representatives, if any. In addition, if any Residential Unit Owner other than Declarant or its designee causing such changes is given the right by the Condominium Board to make the changes described in this Section 20.2 with respect to such Unit Owner's Residential Unit, all in accordance with Article 10 hereof, then such Residential Unit Owner shall have the right to require the Condominium Board to execute, and record in the City

Register's Office and elsewhere, if required by Law, any amendment to this Declaration and other documents which are necessary or appropriate (in the reasonable judgment of the or Condominium Board) to reflect the changes made by the Residential Unit Owner, all without the approval of the Condominium Board, other Residential Unit Owners or the Residential Mortgage Representatives, if any. Nothing contained in this Section shall be construed to mean that the Common Interest appurtenant to any Unit not subject to any change may be reapportioned without the written consent of the Owner of such Unit.

20.3 Notwithstanding any provision contained herein to the contrary, no amendment, modification, addition or deletion of or to this Declaration shall be effective in any way (a) without the prior written consent of the Commercial Property Owner with respect to any amendment, modification, addition or deletion of or to the Declaration purporting to modify the obligations of the Condominium Board under the Reciprocal Easement and Operating Agreement or affecting the rights, privileges, easements, licenses or exemptions granted to the Commercial Property Owner, (b) without the prior written consent of Declarant or its designee or the owner of any Unsold Residential Unit, as the case may be, with respect to any amendment, modification, addition or deletion of or to these by-laws, the Declaration or the Rules and Regulations modifying the permitted uses of the Building or any portion thereof or affecting the rights, privileges, easements, licenses or exemptions granted to Declarant or its designee or the owner of any Unsold Residential Unit, as the case may be, or otherwise adversely affecting Declarant or its designee or the owner of any Unsold Residential Unit, as the case may be.

20.4 The provisions of Sections 19.1 and 19.2 and this Section 19.4 cannot be modified, amended, added to or deleted, in whole or in part, without the consent of Declarant or its designee and the provisions of Section 19.3 and this Section 19.3cannot be modified, amended, added to or deleted, in whole or in part without the consent of the Commercial Property Owner.

ARTICLE 21

TERMINATION OF CONDOMINIUM

The Condominium shall continue and the Residential Property shall not be subject to an action for partition (unless terminated by casualty loss, condemnation or eminent domain, as more particularly provided in the By-Laws) until such time as withdrawal of the Residential Property from the provisions of the Condominium Act is authorized by a vote of at least 80% in number and in Common Interest of all Residential Unit Owners. No such vote shall be effective, however, (a) without the written consent (which consent shall not be unreasonably withheld or delayed) of the Residential Mortgage Representatives, if any, and (b) without the written consent of Declarant, until such time as Declarant and its designees have conveyed title to all Residential Units, provided that in no event shall Declarant's consent be required more than five years after the date fee title to a Residential Unit is first conveyed to a purchaser by Declarant or its designees pursuant to an offering plan. In the event said withdrawal is authorized as aforesaid,

the Residential Property shall be subject to an action for partition by any Residential Unit Owner or lienor as if owned in common, in which event the net proceeds of sale shall be divided among all Residential Unit Owners in proportion to their respective Common Interests; provided, however, that no payment shall be made to a Residential Unit Owner until there has first been paid from out of such Residential Unit Owner's share of such net proceeds all liens on such Residential Unit Owner's Unit (other than mortgages which are not Permitted Mortgages), in the order of priority of such liens.

ARTICLE 22

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.

ARTICLE 23

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 or the intent of any provision hereof.

ARTICLE 24

CERTAIN REFERENCES

24.1 A reference in this Declaration 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.

24.2 The terms "herein," "hereof" or "hereunder" or similar terms used in this Declaration refer to this entire Declaration and not to the particular provision in which the terms are used, unless the context otherwise requires.

24.3 Unless otherwise stated, all references herein to Articles, Sections or other provisions are references to Articles, Sections or other provisions of this Declaration.

ARTICLE 25

SEVERABILITY

Subject to the provisions of Sections 19.2 and 19.3, if any provision of this Declaration is invalid or unenforceable as against any person or under certain circumstances, the remainder of this Declaration and the applicability of such provision to other persons or circumstances shall not be affected thereby. Each provision of this Declaration shall, except as otherwise herein provided, be valid and enforced to the fullest extent permitted by Law.

ARTICLE 26

COVENANT OF FURTHER ASSURANCES

26.1 Any party which is subject to the terms of this Declaration, whether such party is a Residential Unit Owner, a lessee or sublessee of a Residential Unit Owner, an occupant of a Unit, a member or officer of the Condominium Board or otherwise, shall, upon prior reasonable written request at the expense of any such other party requesting the same, execute, acknowledge and deliver to such other party such instruments, in addition to those specifically provided for herein, and take such other action as such other party may reasonably request to effectuate the provisions of this Declaration or of any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

26.2 If any Residential Unit Owner or any other party which is subject to the terms of this Declaration fails, within 10 days after request therefor, to execute, acknowledge or deliver any instrument, or to take any action which such Residential Unit Owner or party is required to execute, acknowledge and deliver or to take pursuant to this Declaration, then the Board which represents such Residential Unit Owner, is hereby authorized as attorney-in-fact for such Residential Unit Owner, or other party, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action in the name of such Residential Unit Owner, the Condominium Board or other party and such document or action shall be binding on such Residential Unit Owner, Condominium Board or other party.

26.3 If any Residential Unit Owner or any other party which is subject to the terms of this Declaration fails, within 10 days after request therefor, to execute, acknowledge or deliver any instrument, or to take any action which such Unit Owner, Condominium Board or party is required to perform, execute, acknowledge and deliver pursuant to this Declaration at the request of Declarant or its designee, then Declarant or its designee is hereby authorized, as attorney-in-fact for such Residential Unit Owner, Board or other party, coupled with an interest, to execute, acknowledge and deliver such instrument or to take such action in the name of such Residential Unit Owner, Condominium Board or other party and such document or action shall be binding on such Unit Owner, Condominium Board or other party, as the case may be.

ARTICLE 27

SUCCESSORS AND ASSIGNS

Except as set forth herein or in the By-Laws to the contrary, the rights and/or obligations of Declarant or its designee as set forth herein shall inure to the benefit of and be binding upon any successor or assign of Declarant or its designee, or, with the consent of Declarant or its designee, any transferee of some or all of the then Unsold Residential Units then owned by Declarant or its designee, as the case may be.

ARTICLE 28

CONSENTS

Whenever the consent, approval, satisfaction or permission of Declarant or its designee is required under this Declaration or the By-Laws, such consent, approval, satisfaction or permission will not be required when Declarant or such designee no longer owns any Units.

ARTICLE 29

INCORPORATION BY REFERENCE

The terms, covenants, conditions, descriptions and other information contained in (i) the property description annexed hereto as Exhibit A; (ii) the description of the Units annexed hereto as Exhibit B; (iii) the definitions annexed hereto as Exhibit C; (iv) the By-Laws annexed hereto as Exhibit D; (v) the Power of Attorney annexed hereto as Exhibit E; (vi) the Reciprocal Easement and Operating Agreement and (vii) the Floor Plans, are each incorporated herein by this reference and made a part of this Declaration as if set forth at length in the text hereof.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed as of the ___ day of _____, 200_.

DECLARANT:

56th Street Associates, L.L.C.
By: Related 56th Street, L.L.C., Managing Member
By: The Related Companies, L.P., Managing Member
By: Related Realty Group, Inc., General Partner

By: _____
Title:
Name:

ACKNOWLEDGMENTS

EXHIBIT A

DESCRIPTION OF THE RESIDENTIAL PREMISES

ALL that certain plot, piece or parcel of real estate, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

ALL THAT CERTAIN volume of space, situate, lying and being in the Borough of Manhattan, County, City and State of New York, which lies above a horizontal plane having an elevation of 448.6 feet above the datum level in use by the Department of Highways, Borough of Manhattan, which datum level is 2.75 feet above the National Geodetic Vertical Datum of 1929 (Sea Level at Sandy Hook), said volume is bounded by and lies within the vertical planes which are formed by projecting vertically upward from such horizontal plane the boundaries of all that plot or parcel described as follows:

BEGINNING at the corner formed by the intersection of the northerly side of West 55th Street and the westerly side of Broadway;

RUNNING THENCE westerly along the northerly side of West 55th Street at an interior angle with the westerly side of Broadway of 75 degrees 39 minutes 45 seconds, 175 feet 6 ½ inches;

RUNNING THENCE northerly at right angles to the said northerly side of West 55th Street 200 feet 10 inches to the southerly side of West 56th Street;

THENCE easterly at right angles to and along said southerly side of West 56th Street, 119 feet 9 ½ inches to its intersection with said westerly side of Broadway;

THENCE southerly along said westerly of side of Broadway on a line which forms an interior angle of 111 degrees 42 minutes 10 seconds with the said southerly side of West 56th Street, 33 feet 4-3/8 inches to an angle point in said westerly side of Broadway;

THENCE continuing southerly along said westerly side of Broadway on a line which forms an interior angle of 172 degrees 38 minutes 05 seconds with the last course, 20 feet and 5/8 of an inch;

THENCE continuing southerly along said westerly side of Broadway, 155 feet 2 7/8 inches to the intersection of the northerly side of West 55th Street and the westerly side of Broadway, the point or place of BEGINNING.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between 257 W. 55 Street Associates LLC, 936 8th Avenue Company LLC and 56th Street Associates LLC dated as of 1/14/98 and recorded 2/l/99 in the office of the City Register of New York County in Reel 2810 page 1841.

Together with those certain covenants in favor of premises described herein, and as described in a certain Zoning Lot Development Agreement between Abbeyside Realty Corp. and 56th Street Associates LLC dated as of 3/16/99 and recorded 4/16/99 in the office of the City Register of New York County in Reel 2857 page 1308.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement made by and between Melvin M. Owen, Edwin A. Owen, Alese B. Pechter and 56th Street Associates LLC dated as of 11/1/97 and recorded 3/1/99 in the office of the City Register of New York County in Reel 2828 page 1010.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between DKE Realty Corp. and 56th Street Associates LLC dated as of 8/4/98 and recorded 9/14/98 in the office of the City Register of New York County in Reel 2705 page 854.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between Italia D'Angelo and 56th Street Associates LLC dated as of 12/16/98 and recorded 2/22/99 in the Office of the City Register of New York County in Reel 2822 page 1075.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between Paradise Realty Corp. and 56th Street Associates LLC dated as of 3/16/99 and recorded 4/9/99 in the office of the City Register of New York County in Reel 2853 page 1706.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between Newridge Realty Corp. and 56th Street Associates LLC dated as of 3/18/99 and recorded 4/9/99 in the Office of the City Register of New York County in Reel 2853 page 1741.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between Knight Maintenance Corp. and 56th Street Associates LLC dated as of 6/12/98 and recorded 9/9/98 in the Office of the City Register of New York County in Reel 2703 page 31.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between West 55 Corp. and 56th Street Associates LLC dated as of 1/14/99 and recorded 3/5/99 in the Office of the Register of New York County in Reel 2831 page 77.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between 934 Realty Corp. and 56th Street Associates LLC dated as of 2/4/98 and recorded 1/29/99 in the Office of the City Register of New York County in Reel 2809 page 351.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between McDonalds Corporation and 56th Street Associates LLC dated as of 6/14/99 and recorded 7/21/99 in the office of the City Register of New York County in Reel 2917 page 1795.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between 939-941 Second Avenue Associates, Inc. and 56th Street Associates LLC dated as of 5/6/98 and recorded 8/12/98 in the Office of the City Register of New York County in Reel 2665 page 714.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement made between Harold Kozinn and Paul Kozinn and 56th Street Associates, LLC dated 2/11/2000 and recorded 3/13/2000 in the Office of the City Register of New York County in Reel 3064 page 783.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement made between East Boy Inc. and 56th Street Associates, LLC dated 1/28/2000 and recorded 3/2/2000 in the Office of the City Register of New York County in Reel 3059 page 52.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement made between Matthew J. Ferguson, Mary Moore Ferguson and Anita Ferguson and 56th Street Associates, LLC dated 2/18/2000 and recorded 3/2/2000 in the Office of the City Register of New York County in Reel 3059 page 146.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement made between Azone Realty Corp. and 56th Street Associates, LLC dated 2/28/2000 and recorded 4/5/2000 in the Office of the City Register of New York County in Reel 3079 page 2108.

Together with those and as described in certain covenants in favor of premises described herein a certain Zoning Lot Development Agreement made by and between 56th Street Associates, LLC, AMSI Investors, Sheila Engel, 1741 Broadway Associates LP, and Bertelsmann 56th Street Commercial LLC dated 12/14/99 and recorded 12/27/99 in the Office of the City Register of New York County in Reel 3018 page 1558.

EXHIBIT "B" TO THE CONDOMINIUM DECLARATION

TO BE COMPLETED PRIOR TO RECORDATION OF CONDOMINIUM DECLARATION

The Park Imperial Condominium							
Unit Designation	Tax Lot Number	Number of Bedrooms/ Bathrooms	Location (Building Facade)`	Square Footage	Limited Common Element Square Footage	Common Elements to which Unit has Immediate Access	Percentage of Interest in the Common Elements

The Park Imperial Condominium							
Unit Designation	Tax Lot Number	Number of Bedrooms/ Bathrooms	Location (Building Facade)`	Square Footage	Limited Common Element Square Footage	Common Elements to which Unit has Immediate Access	Percentage of Interest in the Common Elements
TOTAL							

EXHIBIT C
DEFINITIONS

For convenience of presentation, definitions of certain of the terms used in the Declaration and By-Laws are set forth below:

"Adversely affect," or "adverse effect," shall mean, with respect to any action or proposed change and with respect to any Unit Owner or Owners, that such action or change could, if realized, (i) increase the Common Charges payable by such Unit Owner or Owners, (ii) materially interfere with such Unit Owner's access to its Unit or Units, (iii) obstruct or degrade the view from the windows of such Unit Owner's Unit, (iv) otherwise materially diminish such Unit Owner's use and enjoyment of its Unit or Units or (iv) diminish or damage the value of such Unit.

"Bertelsmann 56" refers to Bertelsmann 56th Street Commercial, LLC, the initial lessee under the Ground Lease and its successors and assigns.

"Building" refers to the Residential Tower and the Commercial Building.

"By-Laws" refers to the By-Laws governing the operations of the Condominium, the form of which is set forth in Part II of the Plan.

"City Register's Office" refers to the New York County office of the Register of The City of New York.

"Closing" refers to the time, place and procedure by which fee title to the Residential Unit in question is conveyed to a Purchaser pursuant to a fully executed Agreement.

"Commercial Building" refers to that portion of the Building located within the Commercial Premises, as more particularly described in the Reciprocal Easement and Operating Agreement.

"Commercial Premises" refers to that parcel of real estate situated in the City, County and State of New York, legally described on Exhibit A attached to the Reciprocal Easement and Operating Agreement. The Commercial Premises consist generally of all the space below the Residential Premises.

"Commercial Property Owner" refers to (i) the Ground Lessee for so long as the Ground Lease is in effect, and (ii) the Commercial Fee Owner after expiration or earlier termination of the Ground Lease, or (iii) in the event the Commercial Property is submitted to a leasehold condominium regime, owners of the condominium units, acting through the board of managers of the Commercial Condominium, if the Commercial Building is submitted to a condominium for so long as the Ground Lease is in effect.

Condominium Board acting on behalf of the Residential Unit Owners.

"Common Charges" refers to assessments payable to the Condominium Board by Residential Unit Owners for the purpose of meeting the cost of the Common Expenses.

"Common Elements" refers to the General Common Elements and the Limited Common Elements.

"Common Expenses" refers to the costs and expenses incurred or projected in connection with (i) the operation, repair, maintenance, replacement, restoration, improvement, alteration and addition of and to the General Common Elements or the Limited Common Elements (to the extent such costs and expenses are not the obligation of the Residential Unit Owners owning the Residential Units to which such Limited Common Elements are appurtenant) or (ii) in connection with any services or facilities exclusively benefiting the Residential Tower or the Residential Unit Owners or (iii) payable by or on behalf of the Residential Property Owner under the Reciprocal Easement and Operating Agreement.

"Common Interest" refers to the proportionate undivided interest, expressed as a numerical percentage, in the General Common Elements appertaining to each Residential Unit determined in accordance with the Declaration. The Common Interest is the basis for determining, among other things, a Unit Owner's (a) voting power, and (b) share of any distributions upon termination of the Condominium.

"Condominium" refers to The Park Imperial.

"Condominium Act" refers to the New York Condominium Act, as amended from time to time and presently found in the New York Real Property Law, Article 9B.

"Condominium Board" refers to the board of managers of the Condominium.

"Declarant" refers to 56th Street Associates, L.L.C., a Delaware limited liability company, and its successors and assigns.

"Declarant and/or its designee(s)," "Declarant or a designee of Declarant" or similar terms refers to Declarant and any designee of Declarant.

"Declaration" refers to the instrument creating the Condominium, as the same may be amended from time to time, the form of which is set forth in Part II of the Plan.

"Department of Law" refers to the New York State Department of Law.

"Depositary" refers to any entity selected by the Owners agreeing to perform the obligations of "Depositary" hereunder which (a) (i) is a Recognized Mortgagee that would qualify as an Institutional Lender, or (ii) if not a Recognized Mortgagee, is an Institutional Lender or a commercial bank, savings bank, insurance company or trust company, (b) has an

office in the City of New York, (c) has a net worth of not less than $500,000,000 and net assets of not less than $2,500,000,000 (in each instance measured in 2000 Equivalent Dollars) throughout the period during which it acts as the Depositary, and (d) is not an Affiliate of any Owner.

"Emergency Situation" refers to a situation (a) impairing or imminently likely to impair structural support of any portion of the Building or causing or imminently likely to cause bodily injury to persons or physical damage to the Building or any property in, on, under, within, upon or about the Building, (b) causing or imminently likely to cause substantial economic loss to an Owner, (c) causing or imminently likely to cause loss of any utility, elevator service or other essential services to the Building or (d) causing or imminently likely to cause interference (other than de minimis interference) with ingress to and egress from the Building.

"Facilities" refers to any equipment, including, without being limited to, annunciators, antennae, boxes, brackets, cabinets, cables, coils, computers, conduits, controls, control centers, Commercial Cooling Towers, couplers, devices, ducts, elevators, equipment (including, without limitation, heating, ventilating, air conditioning and plumbing equipment), fans, fixtures, generators, hangers, heat traces, indicators, junctions, lines, machines, meters, motors, outlets, panels, Permitted Rooftop Equipment, pipes, pumps, radiators, risers, starters, switches, switch gears, systems, tanks, transformers, valves and wiring, used in providing services from time to time in any part of the Building, including, without being limited to, air conditioning, alarm, antenna, circulation, cleaning, communication, cooling, electric, elevator, exhaust, heating, lightning protection, natural gas, plumbing, radio, recording, sanitary, security, sensing, telephone, television, transportation, ventilation and water service, and any replacements thereof.

"First Closing," or words of similar import, refers to the date fee title to a Residential Unit is first conveyed to a Purchaser pursuant to the Plan.

"Floor Plans" refers to the floor plans of the Condominium, as the same may be amended from time to time, which are approved by the Real Property Assessment Department of The City of New York and filed with the City Register's Office.

"General Common Elements" refers to the all parts of the Residential Tower, including its roofs and supports, other than the Residential Units and the Limited Common Elements.

"Ground Lease" refers to that certain agreement of lease dated as of December 14, 1999, between the Fee Owner and Bertelsmann 56 as the Ground Lessee, pursuant to which the Fee Owner has leased the Commercial Premises to the Ground Lessee.

"Ground Lessee" refers to the tenant under the Ground Lease at the time in question, which as of the date of the First Closing will be Bertelsmann 56.

"Hazardous Material(s)" refers to all petroleum and petroleum products, flammable explosives, radioactive materials (excluding radioactive materials in smoke detectors),

polychlorinated biphenyls, lead, asbestos in any form that is or could become friable, hazardous waste, toxic or hazardous substances or other related materials whether in the form of a chemical, element, compound, solution, mixture or otherwise, including, but not limited to, those materials defined as "hazardous substances," "extremely hazardous substances," "hazardous chemicals," "hazardous materials," "toxic substances," "solid waste," "toxic chemicals," "air pollutants," "toxic pollutants," "hazardous wastes," "extremely hazardous waste," or "restricted hazardous waste" by Hazardous Materials Law or regulated by Hazardous Materials Law in any manner whatsoever from time to time.

"Hazardous Materials Law(s)" refers to all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other binding governmental requirements and any court judgments applicable to Unit Owners, the Condominium or to the Property relating to industrial hygiene or to environmental or unsafe conditions or to human health including, but not limited to, those relating to the generation, manufacture, storage, handling, transportation, disposal, release, emission or discharge of Hazardous Materials, those in connection with the construction, fuel supply, power generation and transmission, waste disposal or any other operations or processes relating to the Property, and those relating to the atmosphere, soil, surface and ground water, wetlands, stream sediments and vegetation on, under, in or about the Property as same may be in effect from time to time.

"Limited Common Elements" refers to those Common Elements which serve or benefit exclusively one or more but not all the Residential Units and/or the Residential Unit Owners including, but not limited to the Terraces appurtenant to certain Residential Units.

"Law or Laws" refers to laws and ordinances of any or all of the federal, state, city, county and borough governments and 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, the Building, and Unit or any portion of any of the foregoing, any requirements or conditions of any licenses, permits, approvals or certificates issued by any of the foregoing, the direction of any public officer pursuant to law, and the requirements and conditions of any easement, covenant, restriction, condition or other encumbrance that is binding upon the Property or the applicable portion thereof.

"Managing Agent" refers to the managing agent or manager of the Condominium at the time in question.

"Offeree" refers to (a) each Purchaser who has executed and delivered an Agreement for a Residential Unit and who is not in default thereunder, (b)each Unit Owner, and (c) any other person or entity who, pursuant to Law, is an offeree of the Plan.

"Permitted Mortgage" refers to a mortgage permitted to be placed upon a Unit or Units pursuant to the provisions of the By-Laws.

"Permitted Mortgagee" refers to the holder of any Permitted Mortgage and shall include, without limitation, such banks and financial institutions as constitute the holders of the construction loan mortgages, if any, given by Sponsor to acquire and construct the Residential Property.

"Permittees" refers to the Owners, all persons entitled by deed, indenture, assignment, lease or license to use or occupy space within the Building, and their respective beneficiaries, officers, directors, employees, agents, partners, shareholders, contractors, guests, invitees and licensees, it being understood that the term "Permittees" shall in no event or under any circumstance create or be deemed to create any rights hereunder generally to members of the general public.

"Plan" refers to this offering plan for the establishment of condominium ownership, as the same may be amended from time to time.

"Property" refers to the Residential Property and the Commercial Property.

"Purchaser" refers to person(s) or entity(ies) named as Purchaser(s) in an Agreement which has been duly executed by such person(s) or entity(ies) and accepted by Sponsor.

"REA Plans" refers to the plans attached to and made a part of the Reciprocal Easement and Operating Agreement.

"Residential Owned Facilities" refers to any Facilities located in the Commercial Property which are owned by the Residential Property Owner.

"Residential Premises" refers to that parcel of real estate situated in the City, County and State of New York, legally described on Exhibit A attached to the Declaration, which consist generally of all the space above the Commercial Premises.

"Residential Property Owner" refers to the Residential Unit Owners acting through the Condominium Board.

"Residential Tower" refers to that portion of the Building located within the Residential Premises including the Residential Units and Common Elements located therein.

"Residential Unit" refers to any Unit designated as a Unit in the Declaration and Floor Plans, as same may be amended from time to time, and all such Residential Units, are, collectively, referred to as the "Residential Units."

"Residential Unit Owner" refers to any owner of a Residential Unit, and all such owners are, collectively, referred to as "Residential Unit Owners."

"Rules and Regulations" refers to the rules and regulations made in accordance with the By-Laws and attached thereto as Schedule A.

"Terrace(s)" refers to terraces and/or balconies and/or roof gardens and/or deck houses appurtenant to certain Residential Units.

"2000 Equivalent Dollars" refers to the equivalent purchasing power at any time of the value of the same number of U.S. Dollars in calendar year 2000. The 2000 equivalent dollars of any amount shall be determined by multiplying said amount by one (1) plus a fraction (expressed as a percentage), the numerator of which is the difference obtained by subtracting (x) the Consumer Price Index (as hereinafter defined) for January, 2000 from (y) the monthly Consumer Price Index last published prior to the date of such determination, and the denominator of which is the Consumer Price Index for January, 2000. As used herein, the term "Consumer Price Index" shall mean the Consumer Price Index for Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor, New York, N.Y., Northwestern N.J. Area, All Items (1982-84=100) or similar index agreed to by the Owners if such index is no longer available.

"Unavoidable Delays" refers to delays due to strike, lockout, or other labor or industrial disturbance (whether or not on the part of employees or contractors of Sponsor), civil disturbance, future order of any government, court or regulatory body claiming jurisdiction, computer program failures due to year 2000 issues, 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, explosion, act of God or any cause similar to any of the causes hereinabove stated; provided, however, that for purposes of this definition, lack of funds or inability to obtain financing shall not be deemed to be a cause similar to the causes stated above.

"Unit" or "Condominium Unit" refers to a space designated as a Residential Unit in the Declaration, consisting, generally, of specific residence in the Building, together with an appurtenant proportionate undivided interest in the Common Elements and, as the case may be, in the Limited Common Elements. All of such Units are collectively referred to as "Units."

"Unit Owner" refers to any Residential Unit Owner and all of such Residential Unit Owners are sometimes collectively referred to as the "Unit Owners."

"Unsold Residential Unit" refers to (a) any Residential Unit owned or retained, by way of lease or any other arrangement by which management and/or financial responsibility is retained, by Sponsor or its designee, or a Residential Unit that is acquired, individually or collectively, by a principal of Sponsor or a group of which Sponsor, or one or more of their principals, is a member, or (b) any Residential Unit for which there is a signed Agreement but for which a Closing has not yet occurred.

EXHIBIT "7"

CONDOMINIUM BY-LAWS

EXHIBIT D

BY-LAWS

OF

THE PARK IMPERIAL
230 WEST 56TH STREET
NEW YORK, NEW YORK 10019

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BY-LAWS

ARTICLE 1

GENERAL

1.1 **Purpose.** The purpose of these By-Laws is to set forth the rules and procedures concerning the conduct of the affairs of The Park Imperial (the "Condominium"). The Condominium covers the property consisting the parcel of real estate above that certain plane (the "Residential Premises") which forms a part of Block 1027 of Section 4 the Tax Map of the Borough of Manhattan, City, County and State of New York, as more particularly described on Exhibit A to the Declaration, together with that portion of the building and other improvements now or hereafter to be constructed thereon or therein, as the case may be (hereinafter collectively called the "Residential Tower"; the Residential Premises and the Residential Tower are collectively referred to herein as the "Residential Property"), including, without limitation, the Units and the Common Elements, all easements, rights and appurtenances belonging thereto, and all other property, real, personal or mixed, intended for use in connection therewith, all of which have been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York by the recording of a Declaration (which, as the same may be amended from time to time, is herein called the "Declaration") in the New York County Office of the Register of The City of New York ("City Register's Office"), together with these By-Laws. All terms used herein which are not separately defined herein, shall have the meanings given to those terms in the Declaration or in Exhibit C thereto.

1.2 **Applicability of By-Laws** These By-Laws are applicable to the Residential Property and to the use and occupancy thereof. All present and future Residential Unit Owners, mortgagees, lessees, sublessees and other occupants of Units and employees and guests of Residential Unit Owners, as well as all other persons who may use the facilities of the Residential Property, are and shall be subject to the Declaration, these By-Laws and the Rules and Regulations (as hereinafter defined). The acceptance of a deed or conveyance, or the succeeding to title to, or the execution of a lease or sublease for, or the act of occupancy of, a Unit shall constitute an agreement that the provisions of these By-Laws, the Rules and Regulations and the Declaration are accepted, ratified, and will be complied with.

1.3. **Principal Office of Condominium.** The principal office of the Condominium shall be located within the Residential Property or at such other place within the Borough of Manhattan reasonably convenient thereto, as may be designated from time to time by the Condominium Board (as hereinafter defined).

ARTICLE 2

BOARDS OF MANAGERS

2.1 Number, Term and Qualification.

2.1.1 As more particularly set forth in Section 2.2, the affairs of the Condominium shall be governed by a board of managers of the Condominium (the "Condominium Board. From and after the first annual meetings of Residential Unit Owners as provided in Section 3.1, the Condominium Board shall consist of five persons elected by the Residential Unit Owners, subject to Declarant's rights under Section 3.9.3. The Condominium Board is herein sometimes referred to the "Board."

2.1.2 Each member of the Condominium Board except for the first Board as provided in Section 2.4 and except as otherwise provided herein, shall be elected at the annual meetings of Residential Unit Owners, and shall serve until the next annual meeting thereof and until successors have been elected and qualified. There shall be no limit on the number of successive terms a Board member may serve.

2.1.3 Except for Board members elected or designated by Declarant or its designee (a) all members of the Condominium Board shall be either Residential Unit Owners or officers, directors, shareholders, partners, principals, members, trustees, employees or beneficiaries of corporations, partnerships, limited liability companies fiduciaries or any other entities which own Residential Units, Permitted Mortgagees, or family members of any of the foregoing. Other than Board members elected or designated by Declarant or its designee no Board member shall continue to serve after such member ceases to be qualified as set forth above. As used herein the term "Permitted Mortgagee" means the holder of any mortgage ("Permitted Mortgage") of a Unit or Units which is permitted to be placed thereon pursuant to these By-Laws.

2.2 Powers and Duties.

2.2.1 The Condominium Board shall collectively have the powers and duties necessary for or incidental to the administration of the affairs of the Condominium (except such powers and duties which by Law, the Declaration or these By-Laws may not be delegated to the Condominium Board by the Residential Unit Owners).

2.2.2 Subject to the provisions of Subsection 2.2.1 and without limiting the generality thereof the Condominium Board shall each have all powers and duties expressly set forth elsewhere in the Declaration and By-Laws and shall be entitled to make such determinations and take such actions and incur such liabilities as may be required to effectuate the Condominium Board's obligations under the Declaration and By-Laws.

2.2.2.1 The Condominium Board shall be entitled to make determinations with respect to the following matters:

2.2.2.1(a) Operating, caring maintaining, repairing and replacing the General Common Elements, including contracts for utilities, services and supplies;

2.2.2.1(b) Determining the amount of Common Charges (as hereinafter defined).

2.2.2.1(c) Employing and dismissing personnel in connection with the maintenance and operation of the General Common Elements.

2.2.2.1(d) Adopting and amending the Rules and Regulations, as they affect the General Common Elements.

2.2.2.1(e) Making additions and improvements to, or alterations of, the General Common Elements.

2.2.2.1(f) Making repairs and restorations of the General Common Elements or parts thereof damaged or destroyed by fire or other casualty or necessitated as a result of condemnation or eminent domain proceedings.

2.2.2.1(g) Enforcing obligations of Residential Unit Owners and the Commercial Property Owner.

2.2.2.1(h) Levying fines against Residential Unit Owners (any such fines shall constitute Common Charges payable by the Unit Owner against which they are levied).

2.2.2.1(i) Opening and maintaining bank accounts on behalf of the Condominium (with respect to matters within its jurisdiction as provided in these By-Laws) and designating signatories therefor.

2.2.2.1(j) Adjusting and settling insurance claims (and executing and delivering releases in connection therewith) as set forth in 6.2.

2.2.2.1(k) Borrowing money on behalf of the Condominium, when required in connection with the operation, care, upkeep and maintenance of, or the making of repairs, replacements, restorations or additions to or alterations of, the General Common Elements; provided, however, that (i) the consent of at least 66-2/3% in Common Interest of all Residential Unit Owners shall be required for any borrowings in excess of the aggregate amount of $150,000 in any one fiscal year (regardless of the balance of any loans outstanding from previous years), and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements without the consent of the owner of

such Unit. If any sum borrowed by the Condominium Board pursuant to the authority contained in this subparagraph 2.2.2.1(1) is not repaid by the Board, a Unit Owner who pays to the creditor such proportion thereof as such Unit Owner's 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 has filed or has the right to file against such Unit Owner's Unit.

2.2.2.1(l) Bringing actions on behalf of the Unit Owners, as their interests may appear, with respect to any cause of action relating to the Common Elements, as the Condominium Board deems advisable.

2.2.2.1(m) Organizing corporations or limited liability companies to act as designees of the Condominium Board with respect to such matters as such Board may determine.

2.2.2.1(n) Executing, acknowledging and delivering of (i) any declaration or other instrument affecting the Residential Property which the Condominium Board 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 maintenance, demolition, construction, alteration, repair or restoration of the Building, or (ii) any consent, covenant, restriction, easement or declaration affecting the Residential Property which the Condominium Board deems necessary or appropriate.

2.2.2.1(o) Preparing, executing and recording, on behalf of all Residential Unit Owners, as their attorney-in-fact, coupled with an interest, a restatement of the Declaration and/or these By-Laws whenever, in the Condominium Board's estimation, it is advisable to consolidate and restate all amendments, modifications, additions and deletions theretofore made to the Declaration and/or these By-Laws.

2.2.2.1(p) Obtaining and reviewing insurance for the Residential Property pursuant to the provisions of Section 6.2.

2.2.2.1(q) Leasing or purchasing an apartment for use as the residence of the building superintendent, either in the Building or elsewhere (in compliance with applicable Law and regulation) and amending, modifying, extending, renewing, and otherwise dealing in any way with respect to any such apartment.

2.2.2.1(r) Leasing or licensing the General Common Elements.

2.2.3 Any act with respect to a matter determinable and deemed necessary or desirable by the Condominium Board in connection therewith shall be done or performed by the Condominium Board or shall be done on its behalf and at its direction by the agents, employees or designees of the Condominium Board.

2.2.4 Notwithstanding anything to the contrary contained in these By-Laws, so long as Declarant or its designee shall continue to own at least one Unsold Residential Unit but in no event later than five years from the First Closing of a sale made under an Offering Plan, neither the Condominium Board nor the Condominium Board may, without Declarant's prior written approval: (i) make any addition, alteration or improvement to the Common Elements or to any Residential Unit; (ii) increase or decrease the number, or change the kind of employees initially hired for the Condominium; (iii) enter into any service or maintenance contract for work not covered in the initial projected budget for the Condominium or otherwise provide services in excess of those contemplated by such projected budget, except as is required to reflect normal annual increases in operating services; (iv) borrow money on behalf of the Condominium; (v) assess any Common Charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund; or (vi) exercise a right of first refusal to lease or purchase a Residential Unit; provided that Declarant's written consent is not necessary to perform any function or take any action described in items (i) through (vi) above if and only if the performance of such function or the carrying out of such an action is necessary and no other alternative is available to enable the Condominium Board to comply with Applicable Laws, rules or regulations of any governmental authority having jurisdiction over the Condominium.

2.3 **Managing Agents and Managers.** With respect to matters the determinations concerning which the Condominium Board is entitled to make, the Condominium Board may employ a managing agent and/or a manager at a compensation established by the Condominium Board to perform such duties and services as the Condominium Board shall authorize. The Condominium Board may delegate to such managing agent or manager other powers granted to the Condominium Board by these By-Laws, except the powers set forth in Subsections 2.2.2.1(b), (e), (g), (h), (1), (m), (n) Subject to the limitations set forth in this Section 2.3,

2.4 **First Boards.** The Condominium Board shall initially consist of the three (3) persons designated by Declarant. The various Board members shall be deemed to have been "elected" as members of the Condominium Board for the purposes of these By-Laws. Within 180 days after the date of the First Closing the Condominium Board will call for the first annual meetings of Residential Unit Owners for the purpose of electing a new Board in accordance with the provisions of Section 3.1. The terms of each such member of the Condominium Board shall expire annually.

2.5 **Resignation and Removal.** Any Condominium Board member may resign at any time by written notice delivered or sent by certified mail, return receipt requested, to the Condominium Board. Such resignation shall take effect at the time specified therein and, unless specifically requested, acceptance of such resignation shall not be necessary to make it effective.

Subject to the provisions of Subsection 3.9.3, any Condominium Board member may be removed, with or without cause, by a majority vote of Residential Unit Owners, present in person or by proxy at a regular or special meeting of Residential Unit Owners, at which a quorum is present. Any the Condominium Board member whose removal has been proposed shall be given an opportunity to be heard at the meeting. Notwithstanding the above, the Condominium Board members designated by Declarant or its designee may only be removed with cause and replaced as described in Section 2.6. In addition, any member of the Condominium Board who is designated as such by Declarant or its designee, may be removed by such designating party at any time, with or without cause, and the party making such removal shall have the right to designate the replacement for such member.

2.6 **Vacancies.** Subject to the provisions of Section 3.9.3, any vacancy on the Condominium Board for whatever reason shall be filled by the members of the Condominium Board then in office, at a special meeting of the Condominium Board 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 any person so elected shall be a member of the respective Board until the next annual meeting of the Residential Unit Owners, when a successor shall be elected for the remainder of the term of the member creating such vacancy. Notwithstanding anything to the contrary contained in these By-Laws, in the case of a vacancy on the Condominium Board, created by the resignation, removal or any other cause which results in any Board member designated by Declarant or its designee, ceasing to be a member of the Condominium Board, Declarant or its designee, as the case may be, shall have the sole right to designate a replacement for such member.

2.7 **Organizational Meeting of the Condominium Board.** The first meeting of the Condominium Board following each annual meeting of the Residential Unit Owners shall be held immediately following each such annual meeting.

2.8 **Regular Meetings of Boards.** Regular meetings of the Condominium Board may be held at such time and place in the Borough of Manhattan as shall be determined from time to time by a majority of the members thereof, provided that at least four such meetings shall be held during each fiscal year. Notice of regular meetings shall be given to each member thereof, by personal delivery, mail, facsimile or e-mail, at least five business days prior to the day named for such meeting.

2.9 **Regular Meetings of Condominium Board.** Regular meetings of the Condominium Board may be held at such time and place in the Borough of Manhattan as shall be determined from time to time by a majority of the members thereof, provided that at least four such meetings shall be held during each fiscal year. Notice of regular meetings shall be given to each member thereof, by personal delivery, mail, facsimile or e-mail, at least five business days prior to the day named for such meeting.

2.10 **Special Meetings of Condominium Board.** Special meetings of the Condominium Board may be called by the President or Vice President of the Condominium Board by giving five business days' prior notice to each member of the Condominium Board by personal delivery, mail,

facsimile or e-mail, which notice shall state the time, place (in the Borough of Manhattan) and purpose of the meeting. Special meetings of the Condominium Board shall be called in like manner and on like notice on the written request of at least two members of the Condominium Board.

2.11 **Resolutions of Condominium Board.** The Condominium Board shall cause to be promptly delivered to the other copies of all resolutions adopted by it except to the extent (a) of matters privileged under applicable law, (b) relating to the terms of the sale, leasing or subleasing of any Unit or portion of any Unit, other than the nature of the use thereof, and (c) relating to matters not related to the Residential Property.

2.12 **Meetings of Condominium Board.** No organizational or regular meetings of the Condominium Board shall be held unless otherwise required by applicable law in which event such required meetings shall be held at such time and place in the Borough of Manhattan as shall be determined by the Condominium Board, provided that notice thereof be given to Board members by personal delivery, mail, facsimile or e-mail at least five business days prior to the day named for such meeting. Special meetings of the Condominium Board may be called by the President of the Condominium Board by giving five business days' prior notice to each member of the Condominium Board by personal delivery, mail or telegram, which notice shall state the time, place (which shall be in the Borough of Manhattan) and purpose of the meeting.

2.13 **Waiver of Notice.** Any Board member may at any time waive notice of any Board meeting in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of a Board at any meeting thereof shall constitute a waiver of notice by him of the time and place thereof. If all the members are present at any meeting of a Board, no notice shall be required and any business may be transacted at such meeting.

2.14 **Determinations by Condominium Board; Quorums.**

2.13.1 Except as otherwise set forth in 2.13.3, all determinations by the Condominium Board shall be made at a meeting of the Condominium Board at which a quorum thereof is present. At any Condominium Board meeting, a majority of the members thereof shall constitute a quorum, and the votes of a majority of such members present shall constitute the decision of the Condominium Board.

2.13.2 If at any Board meeting there is 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.

2.13.3 Members of the Condominium Board may participate in a meeting thereof by means of a conference telephone or similar communications equipment by means of which all persons participating in such meeting can hear each other and such participation shall constitute presence at such meeting. Notwithstanding anything to the contrary contained herein, action permitted or required to be taken at a meeting of the Condominium Board may be taken without a

meeting if all members of the Board consent in writing to the adoption of a Resolution authorizing such action and the writing or writings are filed with the minutes of the Condominium Board.

2.15 **Compensation.** No member of the Condominium Board shall receive any compensation for acting as such.

2.16 **Liability of Condominium Board and Unit Owners.**

2.15.1 To the extent permitted by applicable law, no member of the Condominium Board shall have any personal liability with respect to any contract, act or omission of the Condominium Board or of any managing agent or manager in connection with the affairs or operation of the Condominium or any Common Element (except in their capacities as Residential Unit Owners) and the liability of any Residential Unit Owner with respect thereto shall be limited as hereinafter set forth. Every contract made by the Condominium Board or by any managing agent or manager thereof shall state, if reasonably possible, that it is made by the Condominium Board, managing agent or manager only as agent for all Residential Unit Owners, that such Board members or managing agent or manager shall have no personal liability thereon (except in their capacities as Residential Unit Owners) and shall also state the applicable limitations of liability of Residential Unit Owners provided for in the next sentence. The liability of any Residential Unit Owner with respect to any contract, act or omission with respect to the Condominium or any Common Element shall be limited to such proportionate share of the total liability as the interest of such Residential Unit Owner bears to the aggregate Common Interests of all Residential Unit Owners, and, unless expressly stated to the contrary in such contract (as determined by the relevant Board in its sole and absolute discretion), to the extent permitted by applicable law, shall be limited to such Residential Unit Owner's interest in such Residential Unit Owner's Unit and such Residential Unit Owner's appurtenant Common Interest so that such Residential Unit Owner shall have no personal liability for such contract, act or omission. Nothing in the preceding sentence shall limit a Residential Unit Owner's liability for the payment of Common Charges. Any such contract or agreement may also provide that it covers the assets, if any, of the Board on whose behalf the contract or agreement is made. Board members shall have no liability to Residential Unit Owners except that a Board member shall be liable for such Residential Unit Owner's own bad faith or willful misconduct. All Residential Unit Owners shall severally, to the extent of their respective interests in their Units and their appurtenant Common Interests, indemnify each Condominium Board member against any liability or claim except those arising out of such member's own bad faith or willful misconduct. The Condominium Board may contract or effect any transaction with any Condominium Board member, any Residential Unit Owner, Declarant, Declarant's designee or any affiliate of any of them without, except in cases of bad faith or willful misconduct, incurring any liability for self-dealing.

2.15.2 Neither the Condominium Board nor any member thereof shall be liable for either (i) any failure or interruption of any utility or other service to be obtained by, or on behalf of, the Condominium Board or to be paid for as a Common Expense, except when any such failure or interruption is caused by the acts of bad faith or willful misconduct of the Condominium Board or any member thereof; or (ii) any injury, loss or damage to any individual or property, occurring in or

about either a Unit or any Common Element.

2.17 **Fidelity Bonds.** The Condominium Board shall obtain or ensure maintenance of fidelity bonds, in amounts deemed appropriate by it, for all of its members, officers and employees and for the managing agent or manager, if any, employed by it and the premiums on such bonds shall constitute Common Expenses.

2.18 **Committees.** The Condominium Board may, subject to such limitations and exceptions as the Condominium Board may prescribe, appoint an Executive Committee and such other committees as the Condominium Board may deem appropriate, each to consist of as many members as the Condominium Board shall deem appropriate for the purpose of making such reports and studies as each the Condominium Board deems appropriate. For so long as Declarant is entitled to designate members to the Condominium Board, any committee appointed by any the Condominium Board shall have as at least one of its members a member appointed by Declarant.

2.19 **Principal Offices of Condominium Board.** The principal offices of the Condominium Board shall be located within the Residential Property or at such other place in the Borough of Manhattan reasonably convenient thereto as may be designated from time to time by the Condominium Board.

2.20 **Status of Condominium Board.** In addition to the status conferred upon the Condominium Board under or pursuant to the provisions of the Condominium Act, the Condominium Board shall, to the extent permitted by applicable law, be deemed to constitute a separate association for all purposes under and pursuant to the provisions of the General Associations Law of the State of New York. In the event of the incorporation of the Condominium Board pursuant to the provisions of 2.20, the provisions of this Section 2.19 shall no longer be applicable to the Condominium Board.

2.21 **Incorporation of Condominium Board.** To the extent and in the manner provided in the Condominium Act the Condominium Board may by action of the Condominium Board as provided in this Article 2, be incorporated under the applicable statutes of the State of New York. In the event that the Condominium Board so incorporates, it shall have, to the extent permitted by applicable law, the status conferred upon it under such statutes in addition to the status conferred upon the Condominium Board under or pursuant to the provisions of the Condominium Act. The certificate of incorporation and by-laws of any such resulting corporation shall conform as closely as practicable to the provisions of the Declaration and these By-Laws and the provisions of the Declaration and these By-Laws shall control in the event of any inconsistency or conflict between the provisions hereof and the provisions of such certificate of incorporation and by-laws.

2.22 **Condominium Board as Agent of Residential Unit Owners.** In exercising their respective powers and performing their respective duties under the Declaration and these By-Laws, the Condominium Board shall act in good faith as, and shall be, the agent of the Residential Unit Owners the Condominium Board represents, subject to and in accordance with the provisions of the Declaration and these By-Laws.

ARTICLE 3

UNIT OWNERS

3.1 **Annual Meetings.** The first annual meeting of Residential Unit Owners shall be called on or no more than 180 days after the First Closing. Such meeting shall be held not less than 10 days nor more than 40 days after such date. At such meeting, the incumbent Condominium Board shall resign and the Residential Unit Owners shall elect (in accordance with the provisions of Section 2.1 and as otherwise provided in these by-laws) a Condominium Board consisting of five members. Thereafter, annual meetings of Residential Unit Owners shall be held within approximately thirty (30) days of each anniversary of the first annual meeting. At such meetings, the incumbent Board members shall resign and the members of the Condominium Board shall be elected and there shall also be transacted such other business as may properly come before such meetings.

3.2 **Place of Meetings.** Meetings of all or any Residential Unit Owners shall be held at the principal office of the Condominium or, at such other suitable and convenient place in the Borough of Manhattan, as may be designated by the Condominium Board.

3.3 **Special Meetings.** The President of the Condominium Board shall call a special meeting of Residential Unit Owners, if so directed by resolution of the respective Board or upon a petition signed and presented to the Secretary of the Condominium Boar upon not less than 25% in Common Interest of Residential Unit Owners.

3.4 **Notice of Meetings and Actions Taken.** Notice of each annual or special meeting shall be given by the Secretary to all Residential Unit Owners of record entitled to vote thereat as of the date of the mailing of the notice. Each such notice shall state the purposes of the meeting and the time and place where it is to be held and no business shall be transacted thereat except as stated in the notice. All notices hereunder shall be given by personal delivery, mail or telegram, at least ten (10) but no more than forty (40) days prior to the day named for the meeting and shall be given or sent to the Residential Unit Owners entitled to receive same at their address at the Residential Property or at such other address at the Residential Property or elsewhere as any Residential Unit Owner has designated by notice in writing to the Secretary at least ten (10) days prior to the giving of notice of the applicable meeting. However, if the business to be conducted at any meeting of the Residential Unit Owners shall include consideration of a proposed amendment to the Declaration or to these By-Laws, the notice of such meeting shall be given to all Residential Unit Owners as provided above at least thirty (30) days prior to the day fixed for such meeting, and such notice shall be accompanied by a copy of the text of such proposed amendment.

3.5 **Adjournment of Meetings.** If any meeting of Residential Unit Owners cannot be held because a quorum is not present, a majority of Residential Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than 48 hours from the time fixed for the original meeting.

3.6. **Order of Business.** The order of business at all joint or separate meetings of Residential Unit Owners shall be as follows:

(a) Call to order;

(b) Roll call;

(c) Proof of notice of meeting;

(d) Reading of minutes of preceding meeting;

(e) Reports of officers;

(f) Reports of members of the Board;

(g) Reports of committees;

(h) Election of inspectors of election (when so required);

(i) Election of members of the Board (when so required);

(j) Unfinished business;

(k) New business; and

(l) Adjournment.

3.7 **Title to Units.** Title to Units may be taken by any individual, corporation, partnership, association, limited liability company, trust or other entity, or any two or more of such owners as joint tenants, tenants in common or tenants by the entirety, as may be appropriate, but not as owners in severalty.

3.8 **Voting.**

3.8.1 Each Residential Unit Owner or a person designated by such Residential Unit Owner to act as proxy on such Residential Unit Owner's behalf and who need not be a Residential Unit Owner, shall be entitled to cast the votes appurtenant to such Unit as set forth herein and in the Declaration at all meetings of Residential Unit. The designation of any such proxy shall be made in writing to the Secretary of the Condominium Board and shall be revocable at any time by written notice to such Secretary by the Residential Unit Owner so designating; provided, however, that no designation to act as a proxy shall be effective for a period in excess of six months except a designation of a Permitted Mortgagee to act as the proxy of its mortgagor. A fiduciary shall be the voting member with respect to any Unit owned in a fiduciary capacity. No

Board or its designee shall be entitled to vote the interest appurtenant to any Unit owned by such Board and the Common Interest of such Unit shall be excluded from the total Common Interests when computing the interest of Residential Unit Owners for voting purposes.

3.8.2 Except as otherwise set forth herein or in the Declaration, at all meetings of Residential Unit Owners, each Residential Unit Owner (or such Residential Unit Owner's proxy) entitled to vote thereat (including Declarant with respect to Units owned by Declarant or its designee) shall be entitled to cast one vote for each .0001% (rounded off to the nearest .0001%) of Common Interest attributable to such Residential Unit Owner's Unit.

3.9 **Election of Board Members; Rights of Declarant.**

3.9.1 All elections of Board members shall be determined by plurality vote.

3.9.2 When voting for members of the Condominium Board, the voting shall be by ballot and each ballot shall state the name of the Residential Unit Owner voting and the percentage of Common Interests owned by such Residential Unit Owner, and in addition, the name of the proxy if such ballot is cast by a proxy. Each Residential Unit Owner shall be entitled to cast the number of votes determined in accordance with Section 3.8.2 for each member to be elected by the Residential Unit Owners. Nothing contained in these By-Laws shall be deemed to permit cumulative voting.

3.9.3 Notwithstanding any other provision of this Section 3.9 or any other provision of these By-Laws to the contrary, commencing with the first annual meeting of Residential Unit Owners, Declarant shall have the right to vote all of the Common Interests attributable to Unsold Residential Units owned by it until Declarant has closed title to all of the Unsold Residential Units owned by it (excluding Unsold Residential Units purchased by Declarant or its designee). Declarant shall hold a majority of seats on the Condominium Board until the later to occur of five (5) years from the date of the First Closing or (ii) that date upon which the votes cast at any election of Condominium Board members constitute less than a majority of the votes cast for Declarant's nominees at such meeting. Any vacancy created by removal of a Board member designated by Declarant, or by any other cause which results in a Board member designated by Declarant ceasing to be a member of the Board, shall be filled by a person designated by Declarant. In addition, (a) for so long as Declarant owns less than 50% of the Residential Units but more than 15% of the Unsold Residential Units (excluding Unsold Residential Units purchased by Declarant or its designee) Declarant shall have the right to vote all of the Common Interests attributable to Unsold Residential Units owned by it to designate at least two members of the Condominium Board and (b) for so long as Declarant at least two of the Unsold Residential Units (excluding Unsold Residential Units purchased by Declarant or its designee), Declarant shall have the right to vote all of the Common Interests attributable to Unsold Residential Units owned by it to designate at least one member of the Condominium Board. For so long as Declarant owns at least two of the Unsold Residential Units the number of members of the Condominium Board may not be increased without the consent of Declarant.

3.10 **Majority of Unit Owners.** Except as may otherwise be provided by Law, as used in these By-Laws, the terms "Majority of Residential Unit Owners," means either those Residential Unit Owners having more than 50% of the total authorized votes of either Residential Unit Owners, determined in accordance with the provisions of 3.8, who are present in person or by proxy and voting at any meeting at which a quorum is present.

3.11 **Quorum.** Except as otherwise provided in these By-Laws, the presence in person or by proxy of Residential Unit Owners owning more than 30% of the Common Interests attributable to all Residential Units shall constitute a quorum at all meetings of Residential Unit Owners

3.12 **Majority Vote.** Except where otherwise provided by Law, the Declaration or these By-Laws, at all separate meetings of Residential Unit Owners, the affirmative vote of a Majority of Residential Unit Owners shall be binding upon all Residential Unit Owners for all purpose.

ARTICLE 4

OFFICERS

4.1 **Designation.** The principal officers of the Condominium shall be President, Vice-President, Secretary and Treasurer The Condominium Board may appoint an Assistant Treasurer, Assistant Secretary and such other officers as in its judgment may be desirable. None of the officers of the Condominium Board need be Unit Owners or have any interest therein or be Board members until the first organizational meeting of the Condominium Board after the first annual meeting of Unit Owners. Thereafter, the President and Vice President of the Condominium Board must be members of the Condominium Board.

4.2 **Election of Officers.** The officers of the Condominium Board shall be elected annually by the members of the Condominium Board, at the organizational meetings thereof, except that the initial officers of the Condominium Board shall be elected, by the initial Condominium Board members and shall hold office at the pleasure of the Condominium Board and until their successors are elected.

4.3 **Resignation and Removal of Officers.** Any officer may resign at any time by written notice delivered or sent by certified mail, return receipt requested, to the Condominium Board. Such resignation shall take effect at the time specified therein and, unless specifically requested, acceptance of such resignation shall not be necessary to make it effective. Upon the affirmative vote of a majority of the members of the Condominium Board, any officer may be removed, either with or without cause. A successor officer may be elected at any regular Condominium Board meeting or at any special Condominium Board meeting called for such purpose.

4.4 **President.** The President of the Condominium shall be the chief executive officer of the Condominium and shall preside at all meetings of Unit Owners and at all meetings of the Condominium Board. The President 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 committees from among Unit Owners from time to time as the President decides is appropriate to assist in the conduct of the affairs of the entire Condominium.

4.5 **Vice President.** The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If both the President and the Vice are unable to act, the Board shall appoint some member of the Condominium Board to act in the place of the President and Vice 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 or by the President.

4.6 **Secretary.** The Secretary of the Condominium shall keep the minutes of all meetings of Unit Owners and of the Condominium Board. The Secretary shall have charge of such books and papers as the Condominium Board shall direct and 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.

4.7 **Treasurer.** The Treasurer shall have the care and custody of the funds and securities of the Condominium and shall be responsible for keeping full and accurate financial records and books of account thereof showing all receipts and disbursements necessary for the preparation of all required financial data. The Treasurer shall be responsible for the deposit of all funds and other securities in the name of the Condominium Board (or in the name of the managing agent appointed by the Board) in such depositories as may from time to time be designated by the Board and shall in general perform all of the duties incident to the office of treasurer of a stock corporation organized under the Business Corporation Law of the State of New York.

4.8 **Execution of Documents.** Unless otherwise delegated by the Board, all agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed by any officer thereof or by such other person or persons as may be designated by the Board. However, any significant expenditure by the Condominium Board must be countersigned by two members of the Condominium Board. If for any reason whatsoever one member refuses to countersign such an expenditure which has been authorized, the Condominium Board shall designate and authorize another Board member to countersign the expenditure.

4.9 **Compensation of Officers.** Except as otherwise provided by the Condominium Board, no officer shall receive any compensation for acting as such.

ARTICLE 5

NOTICES

5.1 **Notices.** All notices required or desired to be given hereunder to the Condominium Board shall be personally delivered or sent by registered or certified mail to the office of the Condominium Board or to such other address as the Condominium Board may designate from time to time, and if there is a managing agent of the Condominium Board, a duplicate shall be sent in like manner to such managing agent. All notices to any Unit Owner shall, except as otherwise provided herein, be personally delivered or sent by registered or certified mail to the Residential Property address of such Unit Owner or to such other address as may have been designated by such Unit Owner from time to time, in writing, to the Condominium Board. All notices to Permitted Mortgagees shall be personally delivered or sent by mail to their respective addresses, as designated by them from time to time, in writing to the Condominium Board. All notices shall be deemed to have been given when personally delivered or mailed in a postage prepaid sealed wrapper, except notices of change of address which shall be deemed to have been given when received.

5.2 **Waiver of Service of Notice.** Whenever notice is required to be given by law, the Declaration or 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 6

OPERATION OF THE RESIDENTIAL PROPERTY

6.1 **Determination of Common Expenses and Fixing of Common Charges.**

6.1.1 Except as otherwise provided herein, all costs and expenses attributable to the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to the Common Elements shall be "Common Expenses," shall be determined by the Condominium Board as set forth below, and shall be borne by Residential Unit Owners in proportion to their respective Common Interests. Common Expenses shall also include all such other items provided for in the Declaration or these By-Laws to be Common Expenses. Common Expenses shall also include such amounts as the Condominium Board may deem proper for a general operating reserve or for a reserve for working capital or for capital replacements with respect to the Common Elements and the rental or purchase of an apartment to be used as the residence of the Building resident superintendent and all costs and expenses associated therewith. The Condominium Board shall from time to time and at least annually prepare a budget to meet Common Expenses and shall allocate and assess to the Residential Unit Owners, pro rata in accordance with their respective Common Interests ("Common Charges"), except as otherwise provided in the Declaration or these By-Laws. In addition to basing charges on Common Interests, the Condominium Board may also make allocations and assessments of Common Expenses in accordance with submetering, contract allocations and usage (both projected and actual) so long as

such allocations are reasonable under the circumstances and are in accordance with applicable provisions of the law. Notwithstanding anything to the contrary in this Section 6.1.1, if a Common Element or Limited Common Element benefits only certain Residential Unit Owners, then the costs of alteration, addition, repair, replacement and restoration thereto (except in connection with a casualty or condemnation) may be borne solely by those Residential Unit Owners who benefit from the Common Element or Limited Common Element in the proportion that the Common Interest of each benefiting Residential Unit Owner bears to the Common Interest of all benefiting Unit Owners.

6.1.2 From time to time the Condominium Board may increase or decrease the amount of Common Charges payable for a fiscal year or any portion thereof to meet a revised estimate or determination of Common Expenses for such fiscal year or any portion thereof. During the Condominium's initial two fiscal years but not thereafter, the Condominium Board's authority shall include the right to base the amount of Common Charges on actual costs and expenditures and/or to make retroactive adjustments to the amount of Common Charges payable by Residential Unit Owners for any period to reflect actual operating costs for such period. The Condominium Board shall advise all Residential Unit Owners promptly in writing of the amount of Common Charges payable by each of them and shall furnish copies of each annual budget to all Residential Unit Owners, at least five (5) days prior to the adoption thereof and shall provide copies to Permitted Mortgagees upon request therefor. In the event that the annual receipts levied against Unit Owners during the first year of Condominium operation commencing on the date of First Closing exceed the actual expenses less income from sources other than Unit Owners for that period accounted for on an accrual basis by an amount in excess of $100,000, the receipts from Unit Owners over and above such amount may be rebated to the Unit Owners by the Condominium Board in proportion to each Unit's percentage of Common Interest. Rebates, if any, attributable to Units purchased from Declarant during the first year of condominium operation will be distributed by the Condominium Board to Declarant and the Residential Unit Owner(s) in proportion to the amount of time Declarant and each Residential Unit Owner owned such Unit.

6.1.3 The excess of all rents, profits and revenues derived from the rental or use of any space or facility forming part of or included in any Common Element remaining after the deduction of any non-capital expenses paid or incurred in connection therewith shall be collected by the Condominium Board as agent for and on behalf of the Residential Unit Owners, or forming a part of or included in any Common Element remaining after the deduction of any non-capital expenses paid or incurred in connection therewith shall be collected by the Condominium Board, as agent for and on behalf of the Residential Unit Owners. Notwithstanding any provision contained in these By-Laws or in the Declaration to the contrary, in no event shall any rent, profit or revenue derived from the rental or use of any space in the Building be deemed to be derived from the rental or use of any floor slabs, ceilings or walls delineating or enclosing such space or the incidental use of any portion of any Common Elements appurtenant to such space.

6.1.4 Common Expenses shall include real estate taxes on the Residential Property until the Units are separately assessed.

6.1.5 Notwithstanding anything to the contrary herein, no part of the net earning of the Condominium may inure (other than by acquiring, constructing, or providing management, maintenance, and care of association property, and other than by a rebate of excess membership dues, fees, or assessments) to the benefit of any Residential Unit Owner or individual.

6.2 **Insurance.**

6.2.1 Insurance for the Building and the Residential Tower shall be maintained in accordance with the terms of the Reciprocal Easement and Operating Agreement.

The Condominium Board shall be required to obtain and maintain to the extent obtainable the following insurance: (a) fire insurance with all risk extended coverage, vandalism and malicious mischief endorsements and increased cost of construction endorsements, insuring the entire Building, together with all service machinery contained therein and covering the interests of the Condominium, the Condominium Board and all Residential Unit Owners and their Permitted Mortgagees, as their respective interests may appear, in an amount equal to the full replacement value of the Building (exclusive of foundation and footings), said policies shall contain a New York standard mortgagee clause in favor of each Permitted Mortgagee which shall provide that the loss, if any, thereunder shall be payable to such Permitted Mortgagee as its interest may appear, subject however, to the loss payment provisions hereinafter set forth; (b) rent insurance in an amount equal to Common Charges for one year; (c) worker's compensation and New York State disability benefits insurance; (d) boiler and machinery insurance; (e) plate glass insurance to the extent, if any, determined by the Condominium Board; (f) water damage insurance to the extent, if any, determined by the Condominium Board; (g) elevator liability and collision insurance; (h) fidelity insurance covering the Condominium Board and all officers, directors, managing agents and employees of the Condominium; (i) directors and officers liability insurance; and (j) such other insurance as the Condominium Board may determine.

6.2.2 All policies of physical damage insurance shall contain, to the extent obtainable, waivers of subrogation and waivers of any defense based on (i) co-insurance, (ii) other insurance, (iii) invalidity arising from any acts of the insured, or (iv) pro rata reduction of liability, and shall provide that such policies may not be canceled or substantially modified without at least ten days' prior written notice to all of the insureds, including all Residential Unit Owners and Permitted Mortgagees.

6.2.3 The Condominium Board shall be required to maintain commercial general liability insurance written on an ISO occurrence form CG 00 01 (or a substitute form providing equivalent coverage, which shall include a broad form CGL endorsement if the substitute form is a 1973 edition CGL form) covering claims for personal and bodily injury or property damage occurring in, on, under, within, upon or about the Commercial Property, or as a result of operations thereon (including contractual liability covering obligations created under the Reciprocal Easement and Operating Agreement, including, but not limited to, the indemnity obligations contained therein), in such amounts as may be required by Law and as may from time to time be carried by prudent owners of first-class commercial or residential apartment buildings,

as the case may be, in New York City, but in all events for limits, not less than $1,000,000 per occurrence and not less than $2,000,000, in the annual aggregate per location, and for umbrella policies, not less than $50,000,000, per occurrence and not less than $50,000,000, in the annual aggregate per location. The party purchasing the insurance required pursuant to this Section 8.2 shall be responsible for the payment of any deductible in connection with a claim. The dollar amounts set forth in this Section 5.2.4 shall be adjusted every five (5) years to reflect the value in 2000 Equivalent Dollars, rounded to the nearest million.

6.2.4 Any insurance maintained by the Condominium Board may provide for such deductible amounts as the Condominium Board determines.

6.2.5 The Condominium Board is not required to obtain or maintain any insurance with respect to any personal property contained in a Unit. A Residential Unit Owner shall, at the Residential Unit Owner's own cost and expense, obtain and keep in full force and effect (a) comprehensive personal liability insurance against any and all claims for personal injury, death or property damage (including, but not limited to, loss due to water damage) occurring in, upon, or from the Unit or any part thereof, with minimum combined single limits of liability of $300,000 for bodily injury or death arising out of any one occurrence including $300,000 for damage to property and (b) tenant's "all-risk" property insurance in respect of property damage occurring in, upon, or from the apartment or any part thereof (including, but not limited to appropriate coverage for additions, alterations improvements and betterments and loss due to water damage). The limits of liability set forth in (a) and (b) above may be increased by the Condominium Board from time to time. The insurance required above shall be written in form reasonably satisfactory to the Condominium Board by good and solvent insurance companies of recognized standing, admitted to do business in the State of New York. Upon ten (10) days' written notice from the Condominium Board or the Managing Agent, the Residential Unit Owner shall deliver to the Condominium Board a duplicate original of the aforesaid policies, certificates evidencing such insurance or such other confirmation satisfactory to the Condominium Board. To the extent either party is insured for loss or damage to property, each party will look to their own insurance policies for recovery.

6.2.6 Not withstanding anything to the contrary set forth above, the Condominium Board shall comply with the obligations of the Residential Property Owner under the Reciprocal Easement and Operating Agreement and such compliance, to the extent it relates to the obligations of the Condominium Board as regards the Residential Property, or conflicts with any provisions of the Declaration and By-Laws, shall be deemed to satisfy the insurance obligations of the Condominium Board hereunder. Except as may otherwise be provided in the Reciprocal Easement and Operating Agreement, any insurance maintained by the Condominium Board may provide for such deductible amounts as the Condominium Board determines.

6.3 **Repair or Reconstruction after Fire or Other Casualty.**

6.3.1 In the event that either (i) the Building or any part thereof is damaged or destroyed by fire or other casualty ("Casualty Loss") or any part thereof is taken in condemnation or by eminent domain ("Taking"), the provisions of the Reciprocal Easement and Operating

Agreement shall govern.

6.3.2 If either 75% or more of the Building is destroyed or substantially damaged by fire or other casualty or 75% or more of the Common Elements are taken in a Taking, the Work shall not be performed by the Condominium Board unless 75% or more of all Unit Owners (including Declarant, if Declarant shall then own any Units), shall promptly resolve to proceed with the same. In the event that a sufficient number of Unit Owners shall so resolve, the Work shall be performed by the Condominium Board pursuant to the terms of Subsection 6.3.1 hereof. Conversely, in the event that a sufficient number of Unit Owners shall either fail or refuse to so resolve, the Work shall not be performed by the Condominium Board and the Residential 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 the resulting sale, together with any Trust Funds, shall be paid to all Unit Owners in proportion to their respective Common Interest, to the extent allocated to destroyed or damaged portions of the General Common Elements and to all Residential Unit Owners in proportion to their respective, Common Interest, to the extent allocated to destroyed or damaged portions of the Residential Units or the General Common Elements or the Limited Common Elements, except that no payment shall be made to a Unit Owner until there first has been paid, out of such Unit Owner's share of such funds, such amounts as may be necessary to pay off unpaid liens on the Unit Owner's Unit (other than mortgages that are not Permitted Mortgages) in the order of priority of such liens. Notwithstanding anything to the contrary set forth above, any financial obligations arising from the obligation of the Residential Unit Owner under the Reciprocal Easement and Operating Agreement with respect to restoration of the Residential Property shall be deemed a lien upon each Unit Owner's Unit.

6.3.3 If (i) a portion of any Unit shall be taken in condemnation or by eminent domain and (ii) the Condominium shall not be terminated by reason of a simultaneous Taking pursuant to the terms of Section 6.3.4 hereof, the Common Interest appurtenant to such Unit shall be adjusted in the proportion that the total floor area of such Unit and its appurtenant Limited Common Elements, if any, after such Taking bears to the total floor area of such Unit and its appurtenant Limited Common Elements, if any, prior to such Taking. The Condominium Board shall promptly prepare and record an amendment to the Declaration reflecting the new Common Interest, appurtenant to such Unit, which amendment shall be executed by the owner of such Unit together with the holders of record of any liens thereon (or, in lieu of execution by such Residential Unit Owner and lienors, the same may execute a consent to such amendment in recordable form). Following the Taking of a portion of a Unit and the recording of the aforementioned amendment to the Declaration, the votes appurtenant to such Unit shall be based upon the new Common Interest and, in the event of a Taking of an entire Unit, the right to vote appurtenant to such Unit shall wholly terminate. In either event, the Common Interests of the other or remaining Units shall be adjusted accordingly and reflected in an amendment to the Declaration duly executed and acknowledged by the Condominium Board and the owners of, together with the holders of record of all liens upon, all of the other or remaining Units and a Residential Unit Owner by acceptance of a deed for such Residential Unit Owner's Unit will be deemed to have consented to such amendment.

6.4 **Payment of Common Charges.**

6.4.1 All Residential Unit Owners shall be obligated to pay Common Charges assessed by the Condominium Board pursuant to the provisions of Section 6.1 at such time or times as the Condominium Board determines. Unless otherwise determined by the Board to which they are payable, Common Charges shall be payable monthly, in advance, on the first day of each month.

6.4.2 No Residential Unit Owner shall be liable for the payment of any part of the Common Charges assessed against such Residential Unit Owner's Unit subsequent to a sale or other conveyance by him (made in accordance with these By-Laws) of such Unit together with its appurtenant Common Interests. Any Residential Unit Owner may, subject to the terms and conditions of these By-Laws and provided that (a) such Unit is free and clear of liens and encumbrances other than Permitted Mortgages and the statutory lien for unpaid Common Charges, and (b) no violation of any provision of the Declaration, these By-Laws or the Rules and Regulations then exists with respect to such Unit, convey for no consideration such Unit together with its appurtenant Common Interests, to the Condominium Board or its designees, corporate or otherwise, and in such event (except as hereinafter set forth), be exempt from Common Charges thereafter accruing. A purchaser of a Unit shall be liable for the payment of Common Charges accrued and unpaid against such Unit prior to the acquisition by him of such Unit, except that, to the extent permitted by Law, a purchaser of a Unit at a foreclosure sale of a Permitted Mortgage shall not be liable for, and such Unit shall not be subject to, a lien for the payment of Common Charges accrued and unpaid against such Unit prior to the acquisition by said purchaser of such Unit. However, in the event of a foreclosure sale of a Unit by a Permitted Mortgagee, the owner of such Unit prior to the foreclosure sale shall remain liable for the payment of all unpaid Common Charges which accrued prior to such sale. Except to the extent prohibited by Law, the Condominium Board, on behalf of all Residential Unit Owners, shall have a lien on each Residential Unit for unpaid Common Charges, together with interest thereon, assessed against such Unit. No Residential Unit Owner may be exempted from liability for such Residential Unit's Common Charges by waiving use of any Common Elements or by abandonment of such Residential Unit Owner's Unit.

6.4.3 All liens provided for in Subsection 6.4.2, to the extent permitted by applicable Law, shall be subordinate to the lien of any first Permitted Mortgage of record and to liens for real estate taxes on the Unit.

6.4.4 Notwithstanding Subsection 6.4.2, neither the seller nor the purchaser of a Residential Unit shall be liable for, nor shall the Residential Unit be conveyed subject to a lien for, any unpaid Common Charges against such Residential Unit accrued prior to such conveyance in excess of the amount set forth in a written statement from the Condominium Board.

6.4.5 In the event that prior to the Units being separately assessed for real estate tax purposes, a Board pays real estate taxes on behalf of a Residential Unit Owner, the amount of such real estate taxes shall be deemed to be Common Charges, and the Condominium Board shall

have a lien (as provided in Subsection 6.4.2) for any such accrued and unpaid amounts.

6.5 **Collection of Common Charges.** The Condominium Board shall take prompt action to collect any Common Charges due to the Condominium Board which remain unpaid for more than thirty days after the due date for payment thereof.

6.6 **Default in Payment of Common Charges.** In the event any Residential Unit Owner fails to make payment of Common Charges when due, such Residential Unit Owner shall be obligated to pay (a) a "late charge" equal to the greater of $150.00 or one (1%) percent of such amounts which remain unpaid for more than ten days from their due date (although nothing herein shall be deemed to extend the period within which such amounts are to be paid), and (b) interest at the rate of 1.5% per month (but in no event in excess of the maximum rate permitted by Law) on such unpaid amounts computed from the due date, thereof, together with all expenses, including, without limitation, attorneys' fees paid or incurred by the Condominium Board or by any managing agent in any proceeding brought to collect such unpaid Common Charges or in any action to foreclose the lien on such Unit arising from said unpaid Common Charges as provided in Section 339-z of the New York Condominium Act, in the manner provided in Section 339-aa thereof or in any other manner permitted by Law. All such "late charges," interest and expenses shall be added to and shall constitute Common Charges payable by such Residential Unit Owner. Notwithstanding the foregoing, the Condominium Board may establish its own alternate fees for late payments, whether such fees are more or less than the charges set forth herein.

6.7 **Foreclosure of Liens for Unpaid Common Charges.**

6.7.1 In any action brought by the Condominium Board to foreclose a lien on a Unit because of unpaid Common Charges, the Residential Unit Owner shall be required to pay a reasonable rental for the use and occupancy of such Residential Unit Owner's Unit and the plaintiff in such foreclosure action shall be entitled to the appointment, without notice, of a receiver to collect the same. The Condominium Board, acting on behalf of all Residential Unit Owners, shall have the power to purchase any such Residential Unit at the foreclosure sale thereof and to acquire, hold, lease, mortgage, convey or otherwise deal with such Unit or portion thereof (but not to vote the votes appurtenant to such Unit or portion thereof). A suit to recover a money judgment for unpaid Common Charges shall be maintainable without foreclosing or waiving the lien securing such charges. 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 Residential Unit Owner's obligations, such Residential Unit Owner shall remain liable for the deficit.

6.7.2 In the event the Commercial Property Owner becomes a Creditor Owner as provided under the Reciprocal Easement and Operating Agreement, the Creditor Owner, in addition to such remedies provided under the Reciprocal Easement and Operating Agreement, shall have a lien against (i) all rights and interests of the Condominium, as Debtor Owner in and to all income, common charges, assessments and other amounts payable to the Debtor Owner and all funds and other real and/or personal property held by the Debtor Owner and (ii) the respective

percentage interests of the individual Unit Owners in the Common Elements, it being understood and agreed to between the parties hereto that (x) any and all such funds received, to be received and the right to receive, shall constitute trust funds held by Debtor Owner for the purpose of payment of any such debt owed to Creditor Owner and the same shall be expended for such purpose before expending any part of the same for any other purpose; (y) and at the Creditor Owner's direction, the Debtor Owner shall increase common charges to the extent necessary to pay any amount when due under the agreement under which the debt was incurred and (z) any condominium documents shall provide that, in the event of a default (1) the Creditor Owner shall have the right of the Condominium Board to file liens in its name against units for unpaid common charges pursuant to Section 339-z and Section 339-aa of Article 9B of the Real Property Law of the State of New York the Condominium Act and the right to foreclose such liens pursuant to Section 339-aa of the Condominium Act, and (2) Condominium Board shall be the attorney-in-fact for the individual condominium Unit Owners and authorized to act on their behalf and the Residential Property Owner and shall cause such appointment to be contained in the condominium documents. Such liens may be enforced by a proceeding in equity to foreclose such lien in like manner as a mortgage of real property in the State of New York or by any other remedy available by statute or at law or in equity.

6.8 **Maintenance and Repairs.**

6.8.1 Except as otherwise provided in the Declaration or these By-Laws, all painting, decorating, maintenance, repairs and replacements, whether structural or nonstructural, ordinary or extraordinary, (a) in or to any Unit (excluding Common Elements included therein except as otherwise provided in these By-Laws) and the entrance doors thereto shall be made by the owner of such Unit at such Residential Unit Owner's sole cost and expense and (b) in or to the Common Elements shall be made by the Condominium Board and the cost and expense thereof shall be charged to the Residential Unit Owners as a Common Expense. In addition to any obligations with respect to maintenance and repairs set forth in the Declaration and these By-Laws, the Condominium Board and the Residential Unit Owners shall be subject to the obligations set forth under the Reciprocal Easement and Operating Agreement.

6.8.2 Notwithstanding the provisions of Subsection 6.9.1:

6.8.2.1 In the event that any painting, decorating, maintenance, repairs or replacements to the Residential Property or any part thereof is necessitated by the negligence, misuse or neglect of (a) any Residential Unit Owner or any guest, agent, licensee, tenant or invitee of a Residential Unit Owner, the entire cost thereof shall be borne by such Residential Unit Owner or (b) the Condominium Board, the entire cost thereof shall be charged to the Residential Unit Owners as a Common Expense except in all such cases to the extent such cost is covered by the proceeds of any insurance maintained pursuant to the provisions hereof.

6.8.2.2 The interior and exterior glass surfaces of all windows located in any Residential Unit shall not be colored or painted and no neon or colored lights may emanate therefrom and the windows may not be modified, altered or replaced without the consent of the

Condominium Board. All normal maintenance, repairs and replacements of any Terrace shall be made by the Residential Unit Owner having access to such Terrace at such Unit Owner's own cost and expense, but any structural or extraordinary repairs or replacements to such Terrace (including any leaks which are not caused by the negligence of the Residential Unit Owner having access to the same) shall be made by the Condominium Board and the cost and expense thereof shall be charged to all Residential Unit Owners as a Common Expense. The Condominium Board may require a Residential Unit Owner to remove plantings and other installations placed on Terraces or Balconies by said Residential Unit Owners if the Condominium Board determines, in its reasonable discretion, that such plantings and other installations adversely affect the integrity of the roof. Terraces cannot be altered or enclosed without the consent of the Condominium Board. The Condominium Board may establish such other rules and regulations it deems necessary to protect the Common Elements and the Units and the Condominium Board shall take establish such rules and regulations as it deems necessary to protect the health and safety of the occupants.

6.8.2.3 The exterior surface of all windows in the Residential Tower shall be washed and cleaned in accordance with the terms of the Reciprocal Easement and Operating Agreement and the cost and expense thereof shall be a Common Expense. No Residential Unit Owner or occupant shall clean or permit to be cleaned any window or require, permit or allow it to be cleaned, from the outside, in violation of Section 202 of the Labor Law of the State of New York, or any future law of like import, or (if applicable) in violation of the rules of the Board of Standards and Appeals of the City of New York or any other governmental authority having jurisdiction over the Residential Property. Each Residential Unit Owner shall indemnify the Condominium Board and the other Residential Unit Owners, and their respect agents and employees, for all losses, damages, or fines suffered by any of the them as a result of a violation of the aforesaid, Laws, ordinances, regulations or rules.

6.8.2.4 The exterior of all front doors of Residential Units shall not be painted or decorated other than with the consent of the Condominium Board.

6.8.2.5 The Condominium Board may require that any repairs or maintenance work performed with respect to the incremental HVAC units in each Residential Unit shall only be performed by a company or individual previously approved by the Condominium Board.

6.8.3 Each Unit and all portions of the Common Elements shall be kept in first-class condition (and with respect to any Terrace, roof or other part of the Property exposed to the elements, free of snow, ice and accumulation of water) by the Residential Unit Owner or the Condominium Board, whichever is responsible for the maintenance thereof as set forth herein, and such Residential Unit Owner or the Condominium Board, as the case may be, shall promptly make or perform, or cause to be made or performed, all maintenance work, repairs and replacements necessary in connection therewith. In addition, the public areas of the Residential Tower and all Easement Areas and those areas exposed to public view shall be kept in good, clean and neat appearance, in conformity with the dignity and character of the Building, by (a) the Condominium

Board with respect to such parts of the Building required to be maintained by it, and (b) each Residential Unit Owner with respect to the windows and shades, venetian or other blinds, drapes, curtains or other window decorations in or appurtenant to such Unit Owner's Unit.

6.9 **Violations of Maintenance Obligations.** In the event that any Residential Unit Owner, within a reasonable time after receipt of written notice from the Condominium Board, fails to perform any of its obligations with respect to the painting, decorating, maintenance, repair or replacement of its Unit as provided in this Article 6 or of any Limited Common Element for which such Residential Unit Owner is responsible under the Declaration or these By-Laws, the Condominium Board may, but shall not be obligated to, perform or cause to be performed such painting, decorating, maintenance, repair or replacement unless such Residential Unit Owner, within thirty (30) days after receiving notice of such default from the Condominium Board (or sooner in the case of Emergency Situation), cures such default, or in the case of a default not reasonably susceptible to cure within such period, commences and thereafter prosecutes to completion, with due diligence, the curing of such default. All sums expended and all costs and expenses incurred in connection with the making of any such painting, decorating, maintenance, repair or replacement by the Condominium Board, together with 10% for overhead, and interest thereon at the rate of 2% per month from the date on which the Condominium Board first incurs any cost or expense (but in no event in excess of the maximum rate permitted by Law), shall be immediately payable by such Residential Unit Owner to the Condominium Board and shall, for all purposes hereunder, constitute Common Charges payable by such Residential Unit Owner.

6.10 **Structural Alterations, Additions, Improvements and Repairs of Units.**

6.10.1 Except as otherwise provided in the Declaration, no Residential Unit Owner shall make any structural alteration, addition, improvement or repair in or to such Residential Unit Owner's Unit without the prior written approval of the Condominium Board. The Condominium Board shall have the obligation to answer any written request by their respective Residential Unit Owners for approval of a proposed structural alteration, addition, improvement or repair in or to such Residential Unit Owner's Unit within 45 days after such request is received, and the failure to do so within the stipulated time shall constitute such Board's consent to the proposed alteration, addition, improvement or repair. Prior to, and as a condition of, the granting of its consent to the making of a structural alteration, addition, improvement or repair in or to a Unit, the Condominium Board may exercise the right to reasonably approve the Residential Unit Owner's contractors and suppliers, and may, at its option, require the Residential Unit Owner to execute an agreement in form and substance satisfactory to such Board setting forth the terms and conditions under which such alteration, addition, improvement or repair may be made, including, without limitation, the days and hours during which any work may be done. A Board may impose fees upon a Residential Unit Owner to reimburse the Board for its costs incurred in reviewing or supervising the aforesaid work. Notwithstanding anything to the contrary contained in this 6.11.1, neither Declarant or its designee nor a Permitted Mortgagee (or its designee) of Declarant or its assignee shall be required to obtain the approval of the Condominium Board for any structural alteration, addition, improvement or repair in or to Unsold Residential Units or enter into any alteration agreement with respect thereto

6.10.2 All structural alterations, additions, improvements and repairs by Residential Unit Owners shall be made in compliance with all Laws, rules, ordinances and regulations of all governmental authorities having jurisdiction thereof. A Residential Unit Owner making or causing to be made any structural alteration, addition, improvement or repair shall agree, and shall be deemed to have agreed, to hold the Condominium Board and all other Residential Unit Owners harmless from any costs or liability arising therefrom.

6.10.3 Any application to any department of The City of New York or to any other governmental authority having jurisdiction thereof for a permit to make a structural alteration, addition, improvement or repair in or to any Unit so approved by the Condominium Board (if such approval is required) shall, if required by Law or such department or authority, be executed by said Board or, if required, by the Condominium Board, provided that no Board shall incur any liability, cost or expense in connection with such application or to any contractor, subcontractor, materialman, architect or engineer on account of such alteration, addition, improvement or repair or to any person having any claim for injury to person or damage to property arising therefrom. Notwithstanding anything to the contrary set forth above, Declarant is hereby authorized on behalf of the Condominium Board to execute such applications, permits or other documents as may be required to undertake, perform and complete such work to the Unsold Units and Common Elements as Declarant is entitled to perform in accordance with the terms of the Declaration and these By-Laws and to obtain such certificates of completion as may then be required by Law (collectively the "Required Documentation") and, the Condominium Board, if requested by Declarant, shall execute the Required Documentation.

6.10.4 In the event that any alterations, additions, improvements or repairs made by any Residential Unit Owner shall materially delay, prevent or adversely affect, or create a significant 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 the Building, then upon the written request of Declarant or the Condominium Board, the Residential Unit Owner shall restore the Unit, at such Residential Unit Owner's sole cost and expense, to its original condition. If such Residential Unit Owner fails to commence diligently and continuously restoring the Unit within fifteen (15) days of receipt of the written request, then the Declarant or the Board, as the case may be, requesting such restoration shall be entitled to enter and restore the Unit at the expense of the Residential Unit Owner and to exercise any other remedies provided in these By-Laws.

6.10.5 Until such time as the initial construction of the Building is complete, including the completion of "punch list" work, neither the Condominium Board nor any Residential Unit Owner shall use or suffer to be used in any part of the Building any labor forces incompatible with the labor forces which are completing the construction of the Building on behalf of Declarant. 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 Declarant, shall take precedence over the prosecution of any other work at the Building.

6.11 **Alterations, Additions, Improvements or Repairs to Common Elements.** Except as otherwise provided in the Declaration or these By-Laws, all alterations, additions, improvements or repairs in or to any General or Limited Common Element shall be made by the Condominium Board or Unit Owner(s) required to maintain such General or Limited Common Element and the cost and expense thereof shall be charged to the Residential Unit Owners as a Common Expense or to the Residential Unit Owner(s) responsible therefor, as the case may be. Whenever in the judgment of the Condominium Board, the cost of any alteration, addition, improvement or repair would exceed $100,000 in the aggregate in any calendar year (except if such alteration, addition, improvement or repair is provided for in a duly approved budget), then such proposed alteration, addition, improvement or repair shall not be made unless first approved by a Majority of Residential Unit Owners who shall be required to bear the cost and expense thereof as aforesaid and by the Residential Mortgage Representatives (as hereinafter defined), as the case may be, if any, with respect to alterations, additions, improvements or repairs made by the Condominium Board. Except as otherwise provided in the Declaration or these By-Laws, all such alterations, additions, improvements or repairs costing in the aggregate $100,000 or less in any calendar year may be made as aforesaid without the approval of the Residential Unit Owners or said Mortgage Representatives.

6.12 Alterations of Certain Common Elements.

6.12.1 In the event that pursuant to any of the provisions of these By-Laws, any consent by the Condominium Board, Mortgage Representative or Residential Unit Owner is required as a condition precedent to any alteration, addition or improvement to any Common Element (sometimes collectively referred to in this Section 6.13 as an "Alteration"), proposed to be made by Declarant or its designee, Residential Unit Owners or the Condominium Board (sometimes collectively referred to herein as the "Proponent"), such consent shall not be unreasonably withheld or delayed by such Board, Mortgage Representative or Residential Unit Owner (referred to in this Section 6.13 as the "Opposing Party") whose consent is so required. The Proponent shall give to the Opposing Party notice setting forth in reasonable detail the material aspects of such proposed Alteration. If the Opposing Party does not give notice of any objection to the Proponent within 30 days after the Proponent gives its notice, then the Opposing Party shall be deemed to have consented to the making of the proposed Alteration. If the Opposing Party does give notice of objection (which notice of objection shall set forth in reasonable detail the specific objections of the Opposing Party) within such 30-day period and the Proponent considers such objection unreasonable, then the Proponent may submit to Arbitration the question of whether or not the Opposing Party unreasonably withheld its consent. If in such Arbitration it is determined that the Opposing Party unreasonably withheld its consent, the Proponent, as its sole remedy, may make the proposed Alteration. In no event shall any arbitrator in such Arbitration determine that the Opposing Party reasonably withheld its consent to such proposal if (a) the Proponent makes or causes to be made reasonable provisions providing (i) for the costs and expenses of the Alteration to be paid by it, and (ii) that all costs and expenses for maintaining and repairing such Alteration after its completion will not be charged to Residential Unit Owners represented by the Opposing Party as Common Expenses (b) the proposed Alteration would not materially interfere with the use and enjoyment of the owners, tenants and occupants of those Units represented by the Opposing Party; and (c) the proposed Alteration would not materially weaken the structure of the building.

6.12.2 Nothing contained in Subsection 6.12.1 shall in any way be deemed to limit (a) the Proponent's right to modify any proposal made by it thereunder in such a manner as such Proponent believes will meet the objections of the Opposing Party or of any arbitrator, or (b) any party's right, pursuant to the other applicable provisions of these By-Laws or the Declaration, to make any Alteration to a Common Element without the Opposing Party's approval.

6.13 Restrictions on Use of Units.

6.13.1 In order to provide for congenial occupancy of the Residential Property and for the protection of the values of the Units, each Residential Unit shall be used for residential purposes only, except as otherwise herein expressly provided.

6.13.1.1 The Condominium Board, may, in its discretion, grant permission for the use of a Residential Unit for "home use occupation," provided such use (1) is permitted by Law, (2) does not violate the then existing certificate of occupancy for such Residential Unit, (3) does not adversely affect the use and enjoyment of neighboring or adjacent Residential Units for

residential purposes, and (4) complies with all applicable governmental regulations. Such permission by the Condominium Board shall be in writing and shall be personal to the Residential Unit Owner. Any successor in title to such Residential Unit shall be required to obtain the prior written approval of the Condominium Board before using such Residential Unit as a professional office or for any other purpose.

6.13.1.2 No portion of a Residential Unit (other than the entire Unit) may be sold, conveyed, leased or subleased, and no transient occupant (other than a guest permitted under this Subsection 6.13.1) may be accommodated therein.

6.13.1.3 Each Residential Unit Owner is obligated to notify the Managing Agent in writing when a child or children under the age of eleven (11) years lives or resides (even temporarily) in the Residential Unit. Each Residential Unit Owner shall be obligated to install, at such Residential Unit Owner's expense, the required window guards in all windows of the Unit. The Residential Unit Owner shall be obligated to maintain all window guards installed in the Unit and not to remove same until permitted by applicable Law and in any event, without full knowledge of the Managing Agent.

6.13.2 Notwithstanding the provisions of Subsection 6.14.1, Declarant or its designee may, without the permission of the Condominium Board, (a) grant permission for the use of any Unsold Residential Unit as a professional office or for any purpose, provided such use is permitted by Law, does not violate the then existing certificate of occupancy for such Residential Unit and the user of such Unit complies with all applicable governmental regulations, and (b) use any Unsold Residential Units as models and sales and/or promotion offices in connection with the sale or rental of the Units or for any other purpose, subject only to the provisions of the Declaration and these By-Laws and in compliance with applicable governmental Laws and regulations.

6.14 **Use of Common Elements.**

6.14.1 Common Elements may be used only for the furnishing of the services and facilities and for the other uses for which they are reasonably suited.

6.14.2 No furniture, packages or objects of any kind shall be placed in the lobbies, vestibules, public halls, stairways, public elevators or any other parts of the General or Limited Common Elements other than in (a) Limited Common Elements for the exclusive use of a particular Residential Unit Owner or (b) in the areas designated as storage areas, with the prior consent of the Condominium Board. The lobbies, vestibules, public halls, stairways and public elevators shall be used only for normal passage through them.

6.14.3 Residential Unit Owners shall require their tradesmen to utilize exclusively the elevator and entrance designated by the Condominium Board for transporting packages, merchandise or other objects.

6.14.4 Except pursuant to rules adopted by the Condominium Board, and the terms and provisions of the Declaration and these By-Laws, in no event shall the Condominium Board or Unit Owners impair, restrict or impede the use of the General Common Elements described in the Declaration, by the Commercial Property Owner or anyone claiming by, through or under the Commercial Property Owner including, but not limited to, the tenants and occupants of any portion of the Commercial Building or their respective licensees or invitees.

6.14.5 The owner of any two or more Residential Units, which Units are serviced or benefited by any Common Element adjacent or appurtenant to such Units (for example, that portion at the end of any residential hallway which is directly adjacent to any such Units located on opposite sides of such hallway) shall, to the extent permitted by Law and with the consent of the Residential Board (which consent shall not be unreasonably withheld or delayed), have the exclusive right of use of such Common Element as if it were a part of such Units (including the right, in the above example of a portion of a hallway, to enclose such portion) and no amendment to the Declaration nor reallocation of Common Interests shall be made, provided such owner agrees, at its sole cost and expense, to (a) be responsible for the operation, maintenance and repair of such Common Element for so long as such owner exercises such exclusive right of use, and (b) restore such Common Element to its original condition, reasonable wear and tear excepted, after such owner ceases to exercise such exclusive right of use. The owner of any such Units which are Unsold Residential Units shall have the rights set forth in the preceding sentence without the necessity for obtaining the consent of the Board. Notwithstanding the above, if an owner transfers or conveys its Residential Units to a successor owner, the transferor need not comply with (b) above provided that the transferee agrees to abide by (a) and (b) above.

6.15 **Other Provisions as to Use.**

6.15.1 No nuisance shall be allowed in the Residential Tower nor shall any use or practice be allowed in the Residential Tower which is a source of annoyance to the residents or occupants of the Residential Property or the Commercial Building or which interferes with the peaceful possession or proper use of the Property by its residents or occupants. No immoral, improper, offensive or unlawful use shall be made of the Residential Tower or any portion thereof. All valid Laws, zoning ordinances and regulations of governmental bodies having jurisdiction thereof, relating to any portion of the Residential Property and any Easement Area shall be complied with at the full expense of the respective Residential Unit Owners or the Condominium Board, whoever shall have the obligation to maintain or repair such part of the Property.

6.15.2 Neither the Condominium Board nor any Residential Unit Owner shall (a) cause or permit the presence, use, generation, manufacture, production, processing, installation, release, discharge, storage (including aboveground and underground storage tanks for petroleum or petroleum products), treatment, handling, or disposal of any Hazardous Materials (excluding the safe and lawful use and storage of Hazardous Materials customarily used in the operation and maintenance of comparable properties or for normal household purposes) on or under the Property; or (b) cause or permit the transportation to, from or across the Property of any Hazardous Material (excluding the safe and lawful use and storage of Hazardous Materials

customarily used in the operation and maintenance of comparable commercial and residential properties or for normal household purposes and the transport of any contaminated soil on the Project Site in compliance with all Hazardous Materials Laws in connection with the construction of the Building); or (c) cause or exacerbate any occurrence or condition on the Property that is or may be in violation of Hazardous Materials Law.

6.16 **Right of Access.**

6.16.1 Each Residential Unit Owner grants a right of access to such Residential Unit Owner's Unit to the Condominium Board, the Commercial Property Owner, as provided in the Reciprocal Easement and Operating Agreement, the managing agent, managers, superintendents and/or any other person authorized by any of the foregoing. The Residential Unit Owners hereby grant a right of access to their respective Units to the Condominium Boards, the managing agents, managers, superintendents and/or any other person authorized by any of the foregoing for the purpose of making inspections of, or for the purpose of removing violations noted or issued by any governmental authority against, the General or Limited Common Elements or any other part of the Property, or for the purpose of curing defaults hereunder or under the Declaration or Rules and Regulations or Reciprocal Easement and Operating Agreement by such Residential Unit Owner or correcting any conditions originating in such Residential Unit Owner's Unit and threatening another Unit or all or any part of the General or Limited Common Elements, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other portions of the General or Limited Common Elements within such Residential Unit Owner's Unit or elsewhere in the Building, or for the purpose of reading, maintaining or replacing utility meters relating to the General or Limited Common Elements, Unit or any other Unit in the Building or to correct any condition which violates the provisions of any Permitted Mortgage covering another Unit, provided that requests for such entry are made not less than one day in advance and that any such right shall be exercised in such a manner as will not unreasonably interfere with the normal conduct of business by the tenants and occupants of the Commercial Building or with the use of the Residential Units for their permitted purposes. In case of an Emergency Situation, such right of entry shall be immediate, without advance notice, whether or not the Residential Unit Owner is present.

6.16.2 Each Residential Unit Owner grants a right of access to such Residential Unit Owner's Unit, and the Condominium Board shall grant rights of access to the General Common Elements and the respective Limited Common Elements to Declarant and its contractors, subcontractors, architects, engineers, agents and employees, for the completion of the Building and any punch list work therein, provided that access thereto shall be exercised upon reasonable notice during reasonable hours in such a manner as will not unreasonably interfere with the use of the Units for their permitted purposes.

6.17 **Rules and Regulations.** Annexed hereto as Schedule A and made a part hereof are rules and regulations (the "Residential Rules and Regulations") concerning the use of the General Common Elements and the Limited Common Elements. The Condominium Board may from time to time, modify, amend or add to the Residential Rules and Regulations except that a Majority of

Residential Unit Owners may overrule such Board with respect to any such modification, amendment or addition. The Condominium Board shall also have the authority to promulgate special rules and regulations concerning the use of storage space, if any, for the personal property of the Residential Unit Owners. Copies of any newly adopted Rules and Regulations, or any modifications, amendments or additions thereto, shall be furnished by the Board responsible therefor to each affected Unit Owner not less than 30 days prior to the effective date thereof.

6.18 **Real Estate Taxes, Water Charges and Sewer Rents.** Water and sewer services shall be supplied to and for all of the Units and the Common Elements through one or more building systems by the City of New York or such other utility servicing the Unit. Except to the extent Residential Unit Owners are billed directly by the City Collector, the Condominium Board shall pay all such charges, together with all related sewer rents arising therefrom, promptly after the bills for the same shall have been rendered. The remaining costs for the Building will be paid by the Residential Unit Owners and included in Common Charges. Until the Units are separately assessed for real estate tax purposes, the Residential Unit Owners shall pay their respective pro rata share of all real estate taxes with respect to the Residential Property (in the proportion that the Common Interest of each Residential Units bears to the Common Interests of all Residential Units) to the Condominium Board as Common Charges, which will in turn pay such taxes to the proper authorities of The City of New York. In the event of a proposed sale of any Residential Unit, the Condominium Board, on request of the selling Residential Unit Owner, shall execute and deliver to the purchaser of such Unit or to such purchaser's title insurance company, a letter agreeing to pay all charges for water, sewer rents and real estate taxes (so long as such Board is still collecting and paying such charges) affecting such owner's Unit to the date of the closing of title to such Unit, promptly after such charges have been billed by the proper authorities.

6.19 **Steam.** Steam for the Building shall be supplied from the Con Edison steam distribution system and the charges therefor shall be paid by the Condominium Board. The costs incurred by the Condominium Board shall be allocated to the Residential Unit Owners as a Common Charge

6.20 **Gas.** Gas for the Residential Tower will be supplied by the utility company servicing the gas distribution system and charges therefor shall be paid by the Condominium Board. The cost of gas consumed in the Residential Tower will be borne by the Residential Unit Owners as a Common Charge.

6.21 **Electricity.** Electricity for each Residential Unit shall be supplied by the utility company servicing the Units and separately submetered for each Unit (or portion thereof). Each Residential Unit Owner shall be required to pay the bills for electricity consumed or used in such Residential Unit Owner's Unit (or portion thereof) and the Limited Common Elements to which such Unit has exclusive access, to the Condominium Board, which shall be responsible for paying the utility company supplying such electricity The payments due to the Condominium Board by Unit Owners, as aforesaid, shall be treated as Common Charges. Electricity for the General Common Elements shall be supplied through one or more separate submeters therefor and the cost thereof will be paid by the Condominium Board and will be borne by the Residential Unit Owners

as Common Charges.

6.22 **Utilities Serving the Common Elements.** Except as otherwise provided in this Article 6, the cost and expense of water, sewer facilities, steam, electricity and gas serving or benefiting any Common Element shall be (a) considered part of the expense of maintaining such Common Element, (b) determined by the Condominium Board, and (c) charged to the Unit Owners as a Common Expense.

6.23 **Abatement and Enjoinment of Violations by Residential Unit Owners.**

6.23.1 The violation of any of the Rules and Regulations or the breach of any By-Law contained herein, or the breach of any provision of the Declaration, shall give the Condominium Board (i) he right, in addition to such other rights set forth in these By-Laws, to enter any Residential Unit or Common Element in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Residential Unit Owner, any structure, thing or condition resulting in such violation or breach and the Condominium Board shall not thereby be deemed guilty or liable in any manner of trespass, or (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at Law or in equity, the continuance of any such violation or breach.

6.23.2 The violation or breach of any of the provisions of these By-Laws, any of the Rules and Regulations or the Declaration with respect to any rights, easements, privileges or licenses granted to Declarant or its designee shall give to Declarant and its designee the right, in addition to any other rights set forth in these By-Laws or the Declaration, to enjoin, abate or remedy by appropriate legal proceedings, either at Law or in equity, the continuance of any such violation or breach.

ARTICLE 7

MORTGAGES

7.1 **Notice to Boards.** A Residential Unit Owner who mortgages such Residential Unit Owner's Unit, or the holder of any mortgage encumbering such Unit, shall notify the Condominium Board, of the name and address of the mortgagee and shall file a conformed copy of the note and mortgage with the Condominium Board. The mortgage shall be substantially in the form of the New York Board of Title Underwriters or such other forms customarily used by lenders making loans secured by individual residential condominium units. Such Residential Unit Owner shall, prior to making such mortgage, satisfy all unpaid liens against such Residential Unit Owner's Unit other than Permitted Mortgages. A Residential Unit Owner who satisfies a mortgage covering such Residential Unit Owner's Unit shall so notify the applicable Board and shall file a conformed copy of the satisfaction of mortgage with such Board. The Condominium Board shall maintain such information in a book entitled "Mortgages of Units."

7.2 **Notice of Default and Unpaid Common Charges.** Whenever so requested in writing by a Permitted Mortgagee, the Condominium Board shall promptly report to such Permitted Mortgagee any default in the payment of Common Charges, or any other default by the Residential Unit Owner of such Unit under the provisions of the Declaration or these By-Laws which of which the Condominium Board may have received notice. The Condominium Board, when giving notice to a Residential Unit Owner of any such default, shall, if requested, also send a copy of such notice to any Permitted Mortgagee thereof.

7.3 **Performance by Permitted Mortgagees.** The Condominium Board shall accept, by any Permitted Mortgagee of a Residential Unit Owner, payment of any sum or performance of any act required to be paid or performed by such Residential Unit Owner pursuant to the provisions of the Declaration, these By-Laws or the Rules and Regulations, with the same force and effect as though paid or performed by such Residential Unit Owner.

7.4 **Examination of Books.** Each Residential Unit Owner and Permitted Mortgagee shall be permitted to examine the books of account of the Condominium at reasonable times, on business days, but not more than once a month.

7.5 **Representatives of Mortgagees.**

7.5.1 In the manner more particularly set forth in Subsection 7.5.2, the holders of Institutional Residential Mortgages (as hereinafter defined) may, at their election, designate one or more (but not more than three) representatives ("Residential Mortgage Representatives") who shall be empowered to act on behalf of all holders of Institutional Residential Mortgages, with respect to any matter requiring their consent or approval under the Declaration or these By-Laws. If any Residential Mortgage Representatives are so designated and notice thereof is given to the Condominium Board, the act of any such Representative (or a majority of such Representatives if more than one is so designated) shall be deemed binding upon the holders of all Institutional Residential Mortgages. As used herein, the term and "Institutional Residential Mortgage" means an Institutional Mortgage (defined below) covering a Residential Unit or Units. As used herein the terms "Permitted Mortgage" and "Institutional Mortgage" means any first mortgage covering a Unit or Units, the initial holder of which is (i) Declarant or its designee, (ii) a savings bank, savings and loan association, bank or trust company, insurance company, real estate investment trust or mortgage trust, or (iii) a federal, state, municipal, teacher's or union employee, welfare, pension or retirement fund or system.

7.5.2 Any designation of a Residential Mortgage Representative made by the holders of Institutional Residential Mortgages, constituting a majority in principal amount of all Institutional Residential Mortgages shall be binding upon the holders of all Institutional Residential Mortgages. Any such designation of any Residential Mortgage Representative shall remain effective until (a) any subsequent designation thereof is made pursuant to the provisions hereof, and (b) notice of such subsequent designation is given to the Condominium Board. Unless otherwise required by Law, all Permitted Mortgagees other than holders of an Institutional Residential Mortgage, shall have no right to participate in the selection of Residential Mortgage

Representatives, but such Permitted Mortgagees shall be subject to all determinations made by such Residential Mortgage Representatives pursuant to the Declaration or these By-Laws.

7.6 **Consent of Mortgagees.** Except as otherwise expressly provided for herein or in the Declaration, no consent or approval by any mortgagee shall be required with respect to any determination or act of the Condominium Board, officer or Residential Unit Owner; provided, however, that nothing contained herein shall be deemed to limit or affect the rights of any mortgagee against such Residential Unit Owner's mortgagor.

7.7 **Subordination of Mortgages.** Any mortgage executed pursuant to the provisions of this Article 7 shall be subject and subordinate to the Reciprocal Easement and Operating Agreement.

ARTICLE 8

SELLING, LEASING AND MORTGAGING OF UNITS

8.1 **Selling and Leasing.** No Residential Unit Owner, other than Declarant or its designee may sell or lease such Residential Unit Owner's Unit except by complying with the following provisions.

8.1.1 Any Residential Unit Owner who receives a bona fide offer to (a) purchase such Unit Owner's Residential Unit together with its appurtenant Common Interest, or (b) lease such Unit Owner's Residential Unit (such offer to purchase or lease a Residential Unit, as the case may be, is called an "Outside Offer," the party making any such Outside Offer is called an "Outside Offeror" and the Residential Unit Owner to whom the Outside Offer is made is called an "Offeree Unit Owner"), which the Offeree Unit Owner intends to accept, shall give notice by certified or registered mail, return receipt requested, to the Condominium Board of the receipt of such Outside Offer. Said notice shall include the name and address of the Outside Offeror, the terms of the proposed transaction (including, but not limited to, the intended closing date in the event of a purchase or intended occupancy date in the event of a lease) and such other information as the Condominium Board may reasonably require. The giving of such notice to the Condominium Board, shall constitute an offer by the Offeree Unit Owner to sell such Unit Owner's Residential Unit together with its appurtenant Common Interest or to lease such Unit Owner's Residential Unit to the Condominium Board, or its designee, corporate or otherwise, upon the same terms and conditions as contained in such Outside Offer and shall also constitute a representation and warranty by the Offeree Unit Owner to the Condominium Board acting on behalf of all Residential Unit Owners that the Offeree Unit Owner believes the Outside Offer to be bona fide in all respects. The Offeree Unit Owner shall submit in writing such further information with respect thereto as the Condominium Board may reasonably request. Not later than twenty (20) days after receipt of such notice together with such information as may have been requested, the Condominium Board may elect, by sending written notice to such Offeree Unit Owner before the expiration of said twenty (20) day period, by hand delivery or by certified or registered mail, return receipt requested, to purchase such Residential Unit together with its appurtenant Common Interest or to lease such

Residential 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 Residential Unit Owners represented by the Condominium Board, upon the same terms and conditions as contained in the Outside Offer and as stated in the notice from the Offeree Unit Owner.

8.1.2 In the event the Condominium Board shall timely elect to purchase a Residential Unit together with its appurtenant Common Interest or to lease such Residential Unit or to cause the same to be purchased or leased by its designee, corporate or otherwise, then (a) with respect to a purchase, title shall close at the office of the attorneys for the Condominium Board, in accordance with the terms of the Outside Offer, within 45 days after the giving of notice by the Condominium Board of its election to accept such offer and (b) with respect to a lease, the lease, upon the terms set forth in the Outside Offer, shall be executed and deemed effective on the date the Condominium Board elects to accept such offer. Notwithstanding the foregoing, in the event that the closing date with respect to a purchase or the commencement date of the term of the lease, as the case may be, set forth in the Outside Offer, shall be later than 45 days after the giving of notice by the Condominium Board of its election to accept the aforesaid offer, the Condominium Board shall be required to perform or cause to be performed all of the terms of the Outside Offer (except as otherwise expressly set forth in this Article 8) including, but not limited to, payment of a downpayment or advance rentals and security deposits, as the case may be, and such closing of title or the commencement of the term of the lease shall be the date set forth in the notice to the Condominium Board referred to in 8.1.1 as the intended closing date or commencement date, as the case may be. If pursuant to such Outside Offer, the Outside Offeror was to assume or take title to the Residential Unit subject to the Offeree Unit Owner's existing mortgage or mortgages, the Board may purchase the Residential Unit and assume or take title to the Residential Unit subject to said existing mortgage or mortgages, as the case may be. At the closing, the Offeree Unit Owner, if such Residential Unit together with its appurtenant Common Interest is to be sold, shall convey the same to the Condominium Board, or to its designee, corporate or otherwise, on behalf of all Residential 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 tax and/or documentary stamps affixed at the expense of such Offeree Unit Owner, who shall also pay all other taxes arising out of such sale. Real estate taxes (including water charges and sewer rents if separately assessed), mortgage interest, if any, and Common Charges shall be apportioned between the Offeree Unit Owner and the Board, or its designee, corporate or otherwise, as of the closing date. In the event such Residential Unit is to be leased, the Offeree Unit Owner shall execute and deliver to the Board, or to its designee, corporate or otherwise, a lease between the Offeree Unit Owner, as landlord, and the Board, or its designee, corporate or otherwise, as tenant, covering such Residential Unit, for the rental and term contained in such Outside Offer.

8.1.3 In the event the Board or its designee shall fail to accept such offer within 20 days after receipt of notice, as aforesaid, the Offeree Unit Owner shall have an additional 60 days to accept the Outside Offer by executing and delivering a contract or lease, as the case may be. In the event the Offeree Unit Owner shall not, within such 60-day period, accept in writing the Outside Offer, or if the Offeree Unit Owner shall accept the Outside Offer within such 60-day period but such sale or lease, as the case may be, shall not be consummated within an additional 60 days

following the expiration of such 60-day period, then, should such Offeree Unit Owner thereafter elect to sell such Residential Unit together with its appurtenant Common Interest or to lease such Residential Unit, as the case may be, the Offeree Unit Owner shall be required to again comply with all the terms and provisions of this Section 8.1. Notwithstanding the foregoing, the Condominium Board, in its discretion, may waive the Offeree Unit Owner's obligation to comply with either or both of the 60 day periods described herein or may extend either or both such periods, provided that such waiver or extension shall only be effective if in writing.

8.1.4 Any deed to an Outside Offeror shall be deemed to provide that the acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, these By-Laws and the Rules and Regulations, as the same may be amended from time to time.

8.1.5 Any lease executed in connection with the acceptance of any Outside Offer to lease a Residential Unit shall be consistent with these By-Laws and shall provide that it may not be materially modified, amended or extended without the prior consent in writing of the Condominium Board, that the tenant shall not assign such Unit Owner's interest in such lease or sublet the demised premises or any part thereof without the prior consent in writing of the Condominium Board and that the Condominium Board, if permitted by applicable Law, 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 (i) a default by the tenant in the performance of its obligations under such lease, or (ii) a foreclosure of the lien granted by Section 339-z of the Real Property Law of the State of New York.

8.1.6 Except as hereinbefore set forth, the form of any such lease executed by the Condominium Board or an Outside Offeror shall be a printed, reasonably applicable form of residential lease which is generally approved by the Board which governs the Unit to be leased and is accepted in New York City, such as an appropriate Real Estate Board of New York, Inc. or Blumberg form, and shall contain such modifications as shall be approved in writing by the Condominium Board. Any lease executed by the Condominium Board as tenant shall provide that the Condominium Board may enter into a sublease of the premises without the consent of the landlord.

8.1.7 The foregoing restrictions of this Section 8.1 shall not apply to Unsold Residential Units (including the lease of a Residential Unit to Declarant or its designee). Declarant or its designee shall have the right to freely sell its Units, or to freely lease all or any part of the Unsold Residential Units without having to first offer the same for sale or lease to the Condominium Board.

8.2 **Consent of Residential Unit Owners to Purchase or Lease of Residential Units by Condominium Board.** The Condominium Board shall not exercise any option hereinabove set forth to purchase or lease any Residential Unit without the prior approval of a Majority of Residential Unit Owners. However, the Condominium Board shall have the right to release or waive such option without the prior approval of a Majority of Residential Unit Owners.

8.3 **No Severance of Ownership.**

8.3.1 No Residential Unit Owner shall execute any deed, mortgage or other instrument conveying or mortgaging title to such Residential Unit Owner's Unit without including therein its appurtenant Common Interest, it being the intention 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 Common Interest appurtenant to any Unit may be sold, conveyed or otherwise disposed of, except as part of a sale, conveyance or other disposition of the Unit to which such interest is appurtenant or as part of a sale, conveyance or other disposition of such part of the appurtenant Common Interests of all Units. Nothing in this Section 8.3 shall permit the lease of any Unit without the simultaneous lease of its appurtenant Common Interest.

8.4 **Release by Condominium Board of Right of First Refusal.** The right of first refusal contained in 8.1 may be released or waived by the Condominium Board only in the manner provided in Section 8.5. In the event the Condominium Board shall release or waive its right of first refusal as to any Residential Unit, such Residential Unit together with its appurtenant Common Interest may be sold, conveyed or leased, free and clear of the provisions of Subsections 8.1.1 and 8.1.2, provided that such sale, conveyance or lease occurs within any applicable time periods required pursuant to Subsection 8.1.3.

8.5 **Certificate of Termination of Right of First Refusal.** A certificate executed by an officer of the Condominium stating that the provisions of Subsection 8.1.1 have been met by a Residential Unit Owner or stating that the right of first refusal contained therein has been duly released or waived by the Condominium Board, and that as a result thereof the rights of the Condominium Board thereunder have terminated (provided that any sale, conveyance or lease occurs within any applicable time periods required pursuant to Subsection 8.1.3), shall be conclusive upon the Condominium Board and the Residential Unit Owners in favor of all persons who rely on such certificate in good faith. The Condominium Board shall furnish such certificate upon request to any Residential Unit Owner with respect to whom the provisions of Subsection 8.1.1 have, in fact, terminated.

8.6 **Financing of Purchase of Residential Units by Condominium Board.** The purchase of any Residential Unit by the Condominium Board or its designee, on behalf of all Residential Unit Owners, may be made from the funds deposited in the capital and/or expense accounts of the Condominium Board. If the funds in such accounts are insufficient to effectuate any such purchase, the Condominium Board may levy an assessment against each Residential Unit Owner in proportion to such Unit Owner's respective Common Interest, as a Common Charge, and/or the Condominium Board may, in its discretion, finance the acquisition of such Unit; provided, however, that no such financing may be secured by an encumbrance or hypothecation of any portion of the Residential Property other than the Unit to be purchased together with its (their) appurtenant Common Interest(s).

8.7 **Exceptions.** The provisions of Section 8.1 shall not apply with respect to any lease, sale or conveyance of any Residential Unit together with its appurtenant Common Interest by (a) the Residential Unit Owner thereof to such Residential Unit Owner's spouse, adult children or grandchildren, parents, grandparents, adult siblings or to any one or more of them or to any affiliate of the Residential Unit Owner thereof, (b) Declarant or its designee, (c) the Condominium Board, (d) any proper officer conducting the sale of a Residential Unit in connection with the foreclosure of a mortgage or other lien covering such Residential Unit or delivering a deed in lieu of such foreclosure, or (e) a Permitted Mortgagee or such Residential Unit Owner's nominee, who has acquired title to any Residential Unit at any foreclosure sale of such Residential Unit Owner's Permitted Mortgage or by deed in lieu thereof delivered in a bona fide transaction; provided, however, that each succeeding Residential Unit Owner shall be bound by, and such Unit Owner's Residential Unit subject to, the provisions of this Article 8. The term "affiliate" shall be deemed to be an individual or entity which owns more than 50% of the beneficial interest of such Residential Unit Owner, or an entity with respect to which such Residential Unit Owner owns more than 50% of the legal and beneficial interest.

8.8 **Gifts and Devises, etc.** Any Residential Unit Owner shall be free to convey or transfer such Unit Owner's Residential Unit by gift, or may devise such Unit Owner's Residential Unit by will or have such Unit Owner's Residential Unit pass by intestacy, without being subject to the restrictions of Section 8.1; provided, however, that each succeeding Residential Unit Owner shall be bound by, and such Unit Owner's Residential Unit shall remain subject to, the provisions of this Article 8.

8.9 **Unauthorized Sales or Leases of Residential Units.** Any purported sale or lease of a Residential Unit consummated in violation of Sections 8.1 or 8.3 shall be voidable at the election of the Condominium Board and if the Condominium Board shall so elect, the Residential Unit Owner shall be deemed to have authorized and empowered the Condominium Board to institute legal proceedings to eject the purported purchaser (in case of an unauthorized sale) or to evict the purported tenant (in case of an unauthorized leasing), in the name of the said Residential Unit Owner as the owner or landlord, as the case may be. Said Residential Unit Owner shall reimburse the Condominium Board for all expenses (including attorneys' fees and disbursements) incurred in connection with such proceedings.

8.10 **Charges Imposed on Sale or Lease of Residential Units.** If permitted by Law, the Condominium Board shall be entitled to fix by resolution and collect, before any sale or lease of a Residential Unit is consummated, a reasonable charge to cover its expenses, and any fees due the Managing Agent or any attorney retained by the Condominium Board, in connection with the sale or lease. If such charge is adopted, it shall be added to, and constitute a portion of, Common Charges payable by the selling or leasing Unit Owner. The aforementioned charge shall not apply to the lease of a Residential Unit to Declarant or its designee, to the sale or lease of Unsold Residential Units by Declarant or its designee, or to the sale or lease of Unsold Residential Units by a Permitted Mortgagee of Declarant that acquires title to Unsold Residential Units.

8.11 **Power of Attorney.** At the time of acquiring title to a Residential Unit and as a condition thereof, the new Residential Unit Owner shall duly execute, acknowledge and make arrangements for recording in the **City Register's Office**, the Power of Attorney required by Article 17 of the Declaration, in the form set forth as Exhibit E to the Declaration.

8.12 **Notices Concerning Residential Unit Occupancy.** Within five (5) days following acquisition of a Residential Unit or the commencement of a lease relating thereto, the new Residential Unit Owner or lessor, as the case may be, shall notify the Managing Agent of the Unit involved, the name of the purchaser or lessee and the names of the individuals, as permitted by the By-Laws, who will be using or occupying the Unit and such other information as may be requested by the Managing Agent. The individuals so designated may be changed by the purchaser or lessor, from time to time, by further notice to the Managing Agent.

8.13 **Waiver of Right of Partition with Respect to Units Acquired on Behalf of Residential Unit Owners as Tenants-in-Common.** In the event that any Unit shall be acquired by the Condominium Board or its respective designees, corporate or otherwise, on behalf of all Residential Unit Owners as tenants-in-common, all such Residential Unit Owners shall be deemed to have waived all rights of partition with respect to such acquired Unit as herein provided.

8.14 **Payment of Assessments.** No Residential Unit Owner shall be permitted to convey, mortgage, pledge, hypothecate or lease such Unit Owner's Residential Unit unless and until the Residential Unit Owner shall have paid in full to the Condominium Board all unpaid Common Charges theretofore assessed by said Board against such Residential Unit and until such Residential Unit Owner shall have satisfied all unpaid liens against such Unit Owner's Residential Unit other than Permitted Mortgages.

8.15 **Mortgage of Units.** Subject to Article 7 and Section 8.14, each Residential Unit Owner shall have the right to mortgage such Residential Unit Owner's Unit without restriction, provided that, with respect to any mortgage covering a Residential Unit, the Residential Unit Owner making such mortgage shall notify in writing the Condominium Board of the making of such mortgage.

8.16 **Lease or Purchase of Residential Unit or Other Apartment for Superintendent's/Resident Manager Residence.** The Condominium Board or the Condominium Board shall have the right to lease or purchase a Residential Unit or other apartment for the superintendent's unit and shall have the right to amend, modify, extend, renew and otherwise deal in any way with respect to any such lease without the approval of a Majority of Unit Owners.

ARTICLE 9

CONDEMNATION

In the event of the taking in condemnation or by eminent domain of all or any part of the

General or Limited Common Elements, the Condominium Board will arrange for the prompt repair and restoration of such part of the General or Limited Common Elements so taken subject to the in accordance with the Reciprocal Easement and Operating Agreement. In the event any award attributable to the Residential Tower are insufficient to cover, or if such net proceeds exceed the cost of any repairs and restorations, the deficit or surplus, as the case may be, will be (a) borne and shared by all Residential Unit Owners with respect to any taking of the General Common Elements pro rata in accordance with their respective Common Interests and (b) borne and shared by all Residential Unit Owners having exclusive access to the Limited Common Elements pro rata in accordance with their respective interest in such Limited Common Interests.

ARTICLE 10

RECORDS AND AUDITS

10.1 **Records.** The Condominium Board or the managing agent, if any, shall keep detailed records of the actions of the Condominium Board, minutes of the meetings of the Condominium Board, minutes of the meetings of the Residential Unit Owners and financial records and books of account with respect to the activities of the Condominium Board, including a listing of all receipts and expenditures. In addition, the Condominium Board shall keep a separate account for each Unit, which, among other things, shall contain the amount of each assessment of Common Charges made by the Condominium Board against each such Unit, the date when due, the amounts paid thereon and the balance, if any, remaining unpaid.

10.2 **Audits.** Within four months after the end of each fiscal year, an annual report of receipts and expenditures prepared and certified by an independent certified public accountant shall be submitted by the Condominium Board to all Residential Unit Owners, and, if so requested, to any Permitted Mortgagee. The cost of such report shall be paid by all Residential Unit Owners as a Common Expense.

10.3 **Availability of Documents.** Copies of the Declaration, these By-Laws, the Rules and Regulations and the Floor Plans, as the same may be amended from time to time, shall be maintained at the office of the Condominium Board and shall be available for inspection by Residential Unit Owners and their authorized agents during reasonable business hours.

ARTICLE 11

ARBITRATION

11.1 **General Procedure.** Any arbitration provided for in these By-Laws shall be conducted before one arbitrator in New York City by the American Arbitration Association or any

successor organization thereof, in accordance with its rules then in effect and the decision rendered in such arbitration shall be binding upon the parties and may be entered in any court having jurisdiction. In the event that the American Arbitration Association is not then in existence and has no successor, any arbitration hereunder shall be conducted in New York City before one arbitrator appointed, on application of any party, by any justice of the highest court of appellate jurisdiction located in the County of New York having jurisdiction over the matter. The decision of the arbitrator so chosen shall be given within 10 days after such arbitrator's appointment. Any arbitrator appointed or selected in connection with any arbitration under this Article 11 shall be a lawyer or real estate owner, developer, or manager familiar with condominium properties and having general legal or real estate experience, as the case may be, of not less than fifteen years.

11.2 **Costs and Expenses.** The fees, costs and expenses of the arbitrator will be borne by the losing party in the arbitration or, if the position of neither party to the dispute will be substantially upheld by the arbitrator, such fees, costs and expenses will be borne equally by the disputants unless otherwise set by the arbitrator. Each disputant will also bear the fees and expenses of such Residential Unit Owner's counsel and expert witnesses. All costs and expenses paid or incurred by the Condominium Board in connection with any arbitration held hereunder, including, without limitation, the fees and expenses of counsel and expert witnesses, will constitute Common Expenses.

11.3 **Agreement by Parties.** The parties to any dispute required or permitted to be submitted to arbitration hereunder may, by mutual agreement between them, vary any of the provisions of Section 11.1 with respect to the arbitration of such dispute, or may agree to resolve their dispute in any other manner, including, without limitation, the manner set forth in Section 3031 of the New York Civil Practice Law and Rules and known as the "New York Simplified Procedure for Court Determination of Disputes."

ARTICLE 12

MISCELLANEOUS

12.1 **Waiver.** No provision contained in these By-Laws or the Rules and Regulations 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.

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 nor the intent of any provision hereof.

12.3 **Certain References.**

12.3.1 A reference in these By-Laws 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.

12.3.2 The terms "herein," "hereof" or "hereunder" or similar terms used in these By-Laws refer to these entire By-Laws and not to the particular provision in which the terms are used, unless the context otherwise requires.

12.3.3 Unless otherwise stated, all references herein to Articles, Sections or other provisions are references to Articles, Sections or other provisions of these By-Laws.

12.4 **Severability.** Subject to the provisions of the Declaration, if any provision of these By-Laws is invalid or unenforceable as against any person, party or under certain circumstances, the remainder of these By-Laws and the applicability of such provision to other persons, parties or circumstances shall not be affected thereby. Each provision of these By-Laws shall, except as otherwise herein provided, be valid and enforced to the fullest extent permitted by Law. In the event any provision of these By-Laws or the Rules and Regulations conflicts with the provisions of the Declaration, the provisions of the Declaration shall control.

12.5 **Successors and Assigns.** Except as set forth herein or in the Declaration to the contrary, the rights and/or obligations of Declarant or its designee as set forth herein shall inure to the benefit of and be binding upon any successor or assign of Declarant or its designee or, with the consent of Declarant or its designee, any transferee of some or all then Unsold Residential Units then owned by Declarant or its designee, as the case may be. Subject to the foregoing, Declarant, its designee, shall have the right, at any time in their sole discretion, to assign or otherwise transfer its interests herein, whether by sale, merger, consolidation, lease, assignment or otherwise.

12.6 **Covenant of Further Assurances.**

12.6.1 Any party which is subject to the terms of these By-Laws, whether such party is a Residential Unit Owner, a lessee or sublessee of a Residential Unit Owner, an occupant of a Unit, a member or officer of the Condominium Board, or otherwise, shall, upon prior reasonable written request at the expense of any such other party requesting the same, execute, acknowledge and deliver to such other party such instruments, in addition to those specifically provided for herein, and take such other action, as such other party may reasonably request to effectuate the provisions of these By-Laws or of any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

12.6.2 If any Residential Unit Owner or other party which is subject to the terms of these By-Laws fails, within ten days after request therefor, either (i) to execute, acknowledge or deliver any instrument, or to take any action which such Residential Unit Owner or party is required to execute, acknowledge and deliver or to take pursuant to these By-Laws, or (ii) to deliver a written notice to the party requesting such execution, acknowledgment or delivery, and to the Condominium Board stating the reasons why such Residential Unit Owner or other party refuses to execute, acknowledge or deliver such instrument or take such action, then the Condominium Board is hereby authorized, as attorney-in-fact for such Residential Unit Owner or other party, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action in the

name of such Residential Unit Owner or other party and such document or action shall be binding on such Residential Unit Owner or other party.

12.6.3 If any Residential Unit Owner, the Condominium Board or other party which is subject to the terms of these By-Laws fails, within ten days after request therefor, either (i) to execute, acknowledge or deliver any instrument, or to take any action which such Residential Unit Owner, Condominium Board or party is required to execute, acknowledge and deliver or to take pursuant to these By-Laws at the request of Declarant or its designee, or (ii) to deliver a written notice to Declarant or its designee, as applicable, and to the Condominium Board stating the reasons why such Residential Unit Owner, Condominium Board or other party refuses to execute, acknowledge or deliver such instrument or take such action, then Declarant or its designee is hereby authorized, as attorney-in-fact for such Residential Unit Owner, Condominium Board or other party, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of such Residential Unit Owner, Board or other party and such document or action shall be binding on such Residential Unit Owner, Board or other party, as the case may be.

ARTICLE 13

AMENDMENT TO BY-LAWS

13.1 **Amendments by Residential Unit Owners.** Except as specifically provided herein or in the Declaration with respect to amendments, modifications, additions or deletions affecting Declarant or its designee, or any Unsold Units, any provision of these By-Laws may be added to, amended, modified or deleted by the vote of at least 66-2/3% in number and in Common Interest of all Residential Unit Owners taken in accordance with the provisions of these by-laws, provided, however, that the Common Interest appurtenant to each Unit as expressed in the Declaration shall not be altered without the written consent of all Residential Unit Owners directly affected. Subject to the provisions contained herein or in the Declaration with respect to amendments, modifications, additions or deletions affecting Declarant or its designee, Permitted Mortgagees, any Unsold Units, any such amendment, modification, addition or deletion shall be executed by the Condominium Board, as attorney-in-fact for the Residential Unit Owners, coupled with an interest, which Condominium Board is hereby authorized by such Residential Unit Owners so to act as their attorney-in-fact. Notwithstanding the foregoing and subject to the provisions contained herein or in the Declaration with respect to amendments affecting Declarant or its designee, or any Unsold Units, (i) no amendment, modification, addition or deletion pursuant to the provisions of clause (a) above shall be effective without the written consent (which consent shall not be unreasonably withheld or delayed) of the respective Residential Mortgage Representatives, if any, and (ii) the provisions of this Section 13.1 may not be amended, modified, added to or deleted unless (in addition to the consent, if required, of the Residential Mortgage Representatives, as the case may be), 80% in number and in Common Interest of all Residential Unit Owners affected thereby approve such amendment, modification, deletion or addition in the manner set forth above.

13.2 **Amendments Affecting Declarant or its Designee or the Commercial Building.** Notwithstanding any provision contained herein to the contrary, no amendment, modification, addition or deletion of or to these By-Laws, the Declaration or the Rules and Regulations shall be effective in any way (a) without the prior written consent of the Commercial Property Owner with respect to any amendment, modification, addition or deletion of or to these by-laws, the Declaration or the Rules and Regulations purporting to modify the obligations of the Condominium Board under the Reciprocal Easement and Operating Agreement or affecting the rights, privileges, easements, licenses or exemptions granted to the Commercial Property Owner, (b) without the prior written consent of Declarant or its designee or the owner of any Unsold Residential Unit, as the case may be, with respect to any amendment, modification, addition or deletion of or to these by-laws, the Declaration or the Rules and Regulations modifying the permitted uses of the Building or any portion thereof or affecting the rights, privileges, easements, licenses or exemptions granted to Declarant or its designee or the owner of any Unsold Residential Unit, as the case may be, or otherwise adversely affecting Declarant or its designee or the owner of any Unsold Residential Unit, as the case may be, or (c) without the prior written consent of the holder of any present or future mortgage, pledge, or other lien or security interest covering any Unsold Residential Unit, with respect to any amendment, modification, addition or deletion of or to these by-laws, the Declaration, or the Rules and Regulations modifying the permitted uses of such Unsold Residential Unit, or affecting the rights, privileges, easements, licenses or exemptions granted to the owner of such Unsold Residential Unit. Declarant shall have the right to amend the By-Laws, without the consent of the Condominium Board or any other Residential Unit Owner, to effectuate the rights otherwise granted to Declarant under the terms of the Declaration and these By-Laws.

13.3 **Amendments Affecting Permitted Mortgagees.** Notwithstanding any provision contained herein to the contrary, no modification, addition, amendment or deletion of or to Article 7 or 6.1, 6.2, 6.4.2, 6.4.3, 8.7(d) or (e), or 8.10 shall be effective as against the holder of any Permitted Mortgage theretofore made unless such holder has given its prior written consent thereto, which consent shall not be unreasonably withheld or delayed.

SCHEDULE A

RULES AND REGULATIONS OF THE RESIDENTIAL TOWER

1. The entrances, passages, public halls, elevators, vestibules, corridors and stairways of the Residential Tower shall not be obstructed or used for any other purpose than ingress to and egress from the Residential Units.

2. No article (including, but not limited to, garbage cans, bottles or mats) shall be placed in any of the passages, public halls, vestibules, corridors, stairways or fire tower landings of the Residential Tower, nor shall any fire exit thereof be obstructed in any manner. Nothing shall be hung or shaken from any doors, windows or roofs or placed upon the window sills of the Residential Tower.

3. Neither occupants nor their guests shall play in the entrances, passages, public halls, elevators, vestibules, corridors, stairways or fire towers of the Residential Tower.

4. No public hall or public elevator vestibule of the Residential Tower shall be decorated or furnished by any Residential Unit Owner in any manner.

5. Each Residential Unit Owner shall keep such Unit Owner's Unit and any Limited Common Elements appurtenant thereto (including the surface of any Terrace appurtenant to a Residential 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 thereof, any dirt or other substance. Any determination as to what constitutes a good state of preservation and cleanliness for any Residential Unit Owner's Terrace shall be within the sole but reasonable discretion of the Condominium Board.

6. No window guards or window decorations shall be used in or about any Residential Unit, unless otherwise required by Law, except such as shall have been approved in writing by the Condominium Board or the managing agent of the Residential Tower, which approval shall not be unreasonably withheld or delayed.

7. No radio, television aerial, satellite, disk or similar devices shall be attached to or hung from the exterior of the Residential Tower and no sign, notice, advertisement or illumination shall be inscribed or exposed on or at any door or window or other part of the Residential Tower except such as are permitted pursuant to the Declaration or the By-Laws or shall have been approved in writing by the Condominium Board or the managing agent of the Residential Tower, nor shall anything be projected from any door or window of the Residential Tower without similar approval, except as may otherwise be provided by Law.

8. No heat, ventilator or air conditioning device shall be installed in any Residential Unit without the prior written approval of the Condominium Board, which approval may be granted or refused in the sole discretion of the Condominium Board.

9. All radio, television or other electrical equipment of any kind or nature installed or used in each Residential Unit shall fully comply with all rules, regulations, requirements or recommendations of the New York Board of Fire Underwriters and the public authorities having jurisdiction and the Residential Unit Owner alone shall be liable for any damage or injury caused by any radio, television or other electrical equipment in such Residential Unit Owner's Unit.

10. No velocipedes, bicycles, scooters or similar vehicles shall be allowed in any of the elevators other than the elevators designated by the Condominium Board or the managing agent of the Residential Tower for that purpose, and no baby carriages or any of the above-mentioned vehicles shall be allowed to stand in the passages, public halls, vestibules, corridors or other public areas of the Residential Tower.

11. No Residential Unit Owner shall make or permit any disturbing noises or activity in the Residential Tower, or do or permit anything to be done therein, which will interfere with the rights, comfort or convenience of other Unit Owners or the tenants or occupants of the Commercial Section. No Residential Unit Owner shall play or suffer to be played any musical instrument, or practice or suffer to be practiced vocal music, or operate or permit to be operated a phonograph, radio, television computer, stereo or other loud speaker in such Unit Owner's Unit between 11:00 P.M. and the following 7:00 A.M., if the same shall disturb or annoy other occupants of the Building, unless the same shall have the prior written consent of the Condominium Board. No construction or repair work or other installation involving noise shall be conducted in any Residential Unit except on weekdays (not including legal holidays) and only between the hours of 8:00 A.M. and 5:00 P.M., unless such construction or repair work is necessitated by an Emergency Situation or unless such work is performed by Declarant.

12. No pets other than dogs, caged birds, cats and fish (which do not cause a nuisance, health hazard or unsanitary condition), shall be permitted, kept or harbored in a Residential Unit without the same in each instance having been expressly permitted in writing by the Condominium Board or the managing agent of the Residential Tower and such consent, if given, shall be revocable by the Condominium Board or such managing agent in their sole discretion, at any time. In no event shall any Residential Unit Owner maintain more than two (2) pets in a Unit without the consent of the Condominium Board nor shall any bird, reptile, or animal be permitted in any public elevator in the Residential Tower, other than the elevators designated by the Condominium Board or the managing agent of the Residential Tower for that purpose, or in any of the public portions of the Residential Tower, unless carried or on a leash. No pigeons or other birds or animals shall be fed from the window sills or other public portions of the Residential Tower or on the sidewalk or street adjacent to the Building. Each Residential Unit Owner who keeps any type of pet in such Unit Owner's Residential Unit may be required to enter into an agreement with the Condominium Board setting forth such other rules regarding pets as the Condominium Board shall deem suitable and indemnifying and holding harmless the Condominium, all Residential Unit Owners and the

managing agent from all claims and expenses resulting from acts of such pet.

13. Servants, messengers and tradespeople visiting or residing in the Residential Tower may be required to use the elevators designated by the Condominium Board or the managing agent of the Residential Tower for that purpose, for ingress and egress, and shall not use any of the other elevators for any purpose, except that nurses in the employ of Residential Unit Owners or their guests or tenants may use any of the other elevators when accompanying said Residential Unit Owners, guests or tenants. However, a guest or visitor of a Residential Unit Owner may use any of the elevators freely, if authorized by such Unit.

14. All service and delivery persons may be required to use the service entrance unless otherwise directed. All packages, whenever feasible, will be required to be delivered by outside personnel to the package room in the lobby where such packages will be held for pick-up by Residential Unit Owners. Deliveries, if made, will be made from the package room to individual Residential Units only by building personnel or as otherwise directed by building personnel. Such deliveries will be made only at such times as a Unit is occupied by the resident thereof or an authorized person and said resident or authorized person is willing to accept delivery. If the Residential Unit is not so occupied or delivery is declined, the package will be held in the package room until the resident or authorized person returns or requests delivery. In the case of packages containing perishable food items, service or delivery persons who are registered with building personnel will be permitted to make deliveries directly to individual Residential Units after such service or delivery persons have received approval for such delivery from the Residential Unit Owner.

15. Trunks and heavy baggage shall be taken in or out of the Residential Tower by the elevators designated by the Condominium Board or the managing agent of the Residential Tower for that purpose, and through a designated entrance only.

16. No refuse from the Residential Units shall be sent to the below grade levels of the Building except at such times and in such manner as the Condominium Board or the managing agent of the Residential Tower may direct.

17. Water-closets and other water apparatus in the Residential Tower shall not be used for any purpose other than those for which they were designed, nor shall any sweepings, rubbish, rags or any other article be thrown into the same. Any damage resulting from misuse of any water-closets or other apparatus in a Residential Unit shall be repaired and paid for by the Owner of such Unit.

18. No occupant of the Residential Tower shall send any employee of the Residential Tower or of the managing agent thereof out of the Building on any private business.

19. The agents of the Condominium Board or the managing agent, and any contractor or worker authorized by the Condominium Board or the managing agent of the Residential Tower, may enter any room or Residential Unit at any reasonable hour of the day, on at least one day's

prior written notice to the Residential Unit Owner, for the purpose of inspecting such Residential Unit for the presence of any vermin, insects or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pests; however, such entry, inspection and extermination shall be done in a manner so as not to unreasonably interfere with the use of such Residential Unit for its permitted purposes.

20. Corridor doors shall be kept closed at all times except when in actual use for ingress or egress to and from public corridors.

21. The Condominium Board or the managing agent of the Residential Tower may retain a passkey to each Residential Unit. If any lock is altered or a new lock is installed, the Condominium Board or the managing agent of the Residential Tower shall be provided with a key thereto immediately upon such alteration or installation. If the Residential Unit Owner is not personally present to open and permit an entry to such Residential Unit Owner's 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 Condominium Board or such managing agent, then the Condominium Board or such managing agent or their agents (but, except in an Emergency Situation only when specifically authorized by an officer of the Condominium Board or an officer of the managing agent) may forcibly enter such Unit without liability for damages or trespass by reason thereof (if during such entry reasonable care under the circumstances is given to such Residential Unit Owner's property).

22. No vehicle belonging to a Residential Unit Owner or to a member of the family or guest, tenant or employee of a Residential Unit Owner shall be parked in such manner as to impede or prevent ready access to any entrance to or exit from the Building by another vehicle.

23. Complaints regarding the services of the Residential Tower shall be made in writing to the Condominium Board or to the managing agent of the Residential Tower.

24. Any consent or approval given under these Residential Rules and Regulations may be granted, refused, added to, amended or repealed, in the sole discretion of the Condominium Board, at any time by resolution of the Condominium Board. Further, any such consent or approval may, in the discretion of the Condominium Board, be conditional.

25. Residential Unit Owners will faithfully observe the following procedures with respect to the use of the compactor: (a) wrap dust, floor and powdered waste in compact packages before depositing the same; (b) thoroughly drain and wrap in paper all garbage before depositing the same; (c) refrain from forcing large bundles into the chute; (d) crush into tight bundles all loose papers before placing the same in the hopper door; (e) deposit all bundles of waste into the hopper; (f) refrain from depositing waste of an explosive nature therein; (g) observe all Laws regarding the recycling of refuse then imposed by governmental agencies having jurisdiction thereover and (h) observe any additional recycling rules established by the Condominium Board or the Condominium Board.

26. Except as permitted under the Declaration and By-Laws, Residential Unit Owners, their families, guests, servants, employees, agents, visitors, tenants, sublessees or licensees shall not at any time or for any reason whatsoever enter upon or attempt to enter upon the roof of the Building.

27. Residential Unit Owners, their guests, servants, employees, agents, visitors, tenants, sublessees or licensees shall not cause or permit any unusual or objectionable noise or odors to be produced upon or to emanate from their Units or any public portions of the Building.

28. No Residential Unit Owner or any of such Unit Owner's agents, servants, employees, licensees, tenants, sublessees or visitors shall at any time bring into or keep in such Residential Unit Owner's Unit any inflammable, combustible or explosive fluid, material, chemical or substance, except as shall be necessary and appropriate for the permitted uses of such Unit.

29. If any key or keys are entrusted by a Residential Unit Owner or by any member of such Unit Owner's family or by such Unit Owner's agent, servant, employee, tenant, sublessee, licensee or visitor to an employee of the Condominium Board or the managing agent of the Residential Tower, whether for such Residential 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 Condominium Board nor the managing agent of the Residential Tower shall be liable for injury, loss or damage of any nature whatsoever, directly or indirectly resulting therefrom or connected therewith.

30. Nothing shall be done or kept in any Residential Unit or in the General or Limited Common Elements which will increase the rate of insurance of the Building or contents thereof without the prior written consent of the Condominium Board. No Residential Unit Owner shall permit anything to be done or kept in such Unit Owner's Unit or in the General or Limited Common Elements which will result in the cancellation of insurance on the Building or which would be in violation of any Law. No waste shall be committed in the General or Limited Common Elements.

31. The Condominium Board shall have the right from time to time to relocate any portion of the Common Elements devoted to storage or service purposes.

32. No group tour or exhibition of any Residential Unit or its contents shall be conducted, nor shall any auction sale be held in any Residential Unit, without the prior consent of the Condominium Board or the managing agent of the Residential Tower.

33. In the event that any Residential Unit is used for home occupation purposes which are permitted by Law and the By-Laws, in no event shall any patients, clients or other invitees be permitted to wait in any lobby, public hallway or vestibule.

34. Unless expressly authorized by the Condominium Board in each case, at least 80% of the floor area of each Residential Unit (excepting only kitchens, pantries, bathrooms, closets and foyers) must be covered with rugs, carpeting or equally effective noise-reducing material.

35. There will be no barbecuing in the Residential Units in their Limited Common Elements (including Terraces), or the General Common Elements, except for those areas (if any) specifically designated for barbecuing by the Condominium Board.

36. The Condominium Board reserves the right to rescind, alter, waive or add, as to one or more or all occupants, any rule or regulation at any time prescribed for the Residential Tower when, in the reasonable judgment of the Condominium Board, the Condominium Board deems it necessary or desirable for the reputation, safety, character, security, care, appearance or interests of the Residential Tower, or the preservation of good order therein, or the operation or maintenance of the Residential Tower, or the equipment thereof, or the comfort of Residential Unit Owners, occupants or others in the Residential Tower. No rescission, alteration, waiver or addition of any rule or regulation in respect of one Residential Unit Owner or other occupant shall operate as a rescission, alteration or waiver in respect of any other Residential Unit Owner or other occupant.

37. No article, including, but not limited to, bicycles and similar vehicles, shall be stored or allowed to stand on Terraces, other than furniture of the kind usually maintained in outdoor areas.

EXHIBIT "8"

RECIPROCAL EASEMENT AND OPERATING AGREEMENT

RECIPROCAL EASEMENT AND OPERATING AGREEMENT
BY
AND
AMONG

AMSI INVESTORS,

SHEILA ENGEL,

1741 BROADWAY ASSOCIATES LP,

BERTELSMANN 56th STREET COMMERCIAL LLC

AND

56TH STREET ASSOCIATES, L.L.C.

Section:4
Block:1027
Lots:12, 15, 48, 49, and 51
Tentative Lots: 12 and 9012
County: New York
State: New York

THIS INSTRUMENT WAS PREPARED BY AND
SHOULD BE RETURNED AFTER RECORDATION TO:

Ann Shipley, Esq.
Paul, Hastings, Janofsky & Walker LLP
75 East 55th Street
New York, New York 10022

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*+		

RECIPROCAL EASEMENT AND OPERATING AGREEMENT

THIS RECIPROCAL EASEMENT AND OPERATING AGREEMENT is made and entered into as of the ___ day of July, 2000 by and among **AMSI INVESTORS**, a New York limited partnership having an office at c/o Douglas Oliver, 21 East 66th Street, New York, New York 10021 ("AMSI"), **SHEILA ENGEL**, residing at [redacted] ("Engel") and **1741 BROADWAY ASSOCIATES LP**, a Delaware limited partnership, having an office at c/o Blank Rome Tenzer Greenblatt LLP, 405 Lexington Avenue, New York, New York 10174, ("Oppenheim", Engel and Oppenheim, collectively, the "Lot 49 Landlord"), **56TH STREET ASSOCIATES, L.L.C.**, a Delaware limited liability company, with offices at c/o The Related Companies, L.P., 625 Madison Avenue, New York, New York 10022 ("56th Associates"), and **BERTELSMANN 56th STREET COMMERCIAL LLC**, a Delaware limited liability company, with offices at c/o The Related Companies, L.P., 625 Madison Avenue, New York, New York 10022 ("Bertelsmann 56th").

R E C I T A L S:

A. The terms used in the Recitals, if not otherwise defined in the Recitals, shall have the meanings set forth in Article I hereof.

B. AMSI, Engel and Oppenheim (collectively, and together with their respective successors and assigns, the "Fee Owner") are the record legal title holders of those certain parcels of real estate situated in the City, County and State of New York, legally described on Exhibit A attached hereto and made a part hereof (collectively, the "Commercial Premises") and presently known as 1731-1737 Broadway, 1739 Broadway, 1741 Broadway, 1743-1745 Broadway, and 237-241 West 55th Street. The Commercial Premises consist generally of all the space below the Residential Premises.

C. Pursuant to that certain Agreement of Lease dated December 14, 1999, by and between the Fee Owner, as lessor, and Bertelsmann 56th, as lessee (as amended from time to time, the "Ground Lease"), the Fee Owner is leasing to the Ground Lessee the Commercial Premises.

D. 56th Associates is the record legal title holder of that parcel of real estate situated in the City, County and State of New York, legally described on Exhibit B attached hereto and made a part hereof (the "Residential Premises"). The Residential Premises consist generally of all of the air space above the Commercial Premises.

E. The Commercial Premises and the Residential Premises together comprise the Project Site which consists of certain real estate in the City, County and State of New York, bounded by 56th Street on the North, 55th Street on the South, Broadway on the East and private property on the West. The Project Site is presently vacant.

F. Bertelsmann 56th will construct or cause to be constructed upon and within the Commercial Premises a building (the "Commercial Building"), containing approximately 671,427 square feet of gross floor area on twenty-eight (28) floors (twenty-six (26) floors above grade and a cellar floor and subcellar floor below grade) substantially in accordance with the Plans. The Ground Lessee will own the Commercial Building during

the term of the Ground Lease, and the Fee Owner will have a reversionary interest therein pursuant to the Ground Lease.

G. 56th Associates will construct or cause to be constructed within the Residential Premises a building generally comprised of a twenty-four (24) floor tower (the "Residential Tower") containing approximately 222,508 square feet, which Residential Tower will be located over, and supported by, the Commercial Building. The Residential Property Owner will construct the Residential Tower (or cause the same to be constructed) substantially in accordance with the Plans. The Residential Property Owner will own the Residential Tower.

H. Neither the Commercial Building nor the Residential Tower is or will be structurally or functionally independent of the other and each will depend upon the other, to some extent, for structural support, enclosure, ingress and egress, utility services and certain other facilities and components necessary for the operation and use of the Commercial Building and the Residential Tower. Upon completion of the construction of the Commercial Building and the Residential Tower, the two will comprise a single building with fifty (50) floors above grade (and a cellar and subcellar).

I. The Fee Owner, the Ground Lessee and the Residential Property Owner desire by this Agreement to provide for the efficient operation of each respective portion, estate and interest in the Property, to assure the harmonious relationship among them of each such respective portion, estate or interest in the Property, and to protect the respective values of each such portion, estate and interest in the Property, by creating (i) certain easements, covenants and restrictions burdening the Residential Property which will be binding upon the Residential Property Owner, and which will inure to the benefit of the Commercial Property, and any interest or estate therein, and (ii) certain easements, covenants and restrictions burdening the Commercial Property, which will be binding upon the Commercial Property Owner and which will inure to the benefit of the Residential Property, and any estate or interest therein.

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements of the parties hereto, it is hereby agreed as follows:

ARTICLE I

DEFINITIONS

1.1 Definitions. Whenever capitalized and used in this Agreement, the following terms shall have the respective meanings specified below:

56TH ASSOCIATES - As defined in the Preamble to this Agreement.

56TH STREET - LEVEL FACADE - As defined in Section 14.5(A).

2000 EQUIVALENT DOLLARS - The equivalent purchasing power at any time of the value of the same number of U.S. Dollars in calendar year 2000. The 2000 equivalent dollars of any amount shall be determined by multiplying said amount by one (1) plus a fraction (expressed as a percentage), the numerator of which is the difference obtained by subtracting (x) the Consumer Price Index (as hereinafter defined) for January, 2000 from (y) the monthly Consumer Price Index last published prior to the date of such determination, and the denominator of which is the Consumer

Price Index for January, 2000. As used herein, the term "Consumer Price Index" shall mean the Consumer Price Index for Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor, New York, N.Y., Northwestern N.J. Area, All Items (1982-84=100) or similar index agreed to by the Owners if such index is no longer available; provided, that if the parties shall fail to agree on a substitute index within thirty (30) days, the selection of a substitute index shall be an Arbitrable Dispute.

ACCOMMODATING OWNER - As defined in Section 13.5(B).

AFFECTED OWNER - As defined in Section 14.1(A).

AFFILIATE or AFFILIATED - With respect to any Person (i) that is a natural person, such Person's immediate family members or (ii) that is an entity, any director or officer of such Person, any corporation, association, firm or the entity of which such Person (or any officer or director of such Person) is a member, director or officer, and any other Person, directly or indirectly controlling, controlled by, or under common control with, such Person. For the purpose of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. The term "immediate family members" means, with respect to any natural person, the spouse, children, grandchildren, parents and grandparents, in each case including by adoption, of any such natural person.

AGREEMENT - This Reciprocal Easement and Operating Agreement, together with all exhibits, amendments and supplements hereto.

ALTERATION(S) - As defined in Section 14.1(A).

ALTERING OWNER - As defined in Section 14.1(A).

ALTERNATE COST ALLOCATION - As defined in Section 5.4(B).

AMSI - As defined in the Preamble to this Agreement.

ARBITRABLE DISPUTE - Any dispute arising under this Agreement which is expressly made subject to arbitration under the provisions of Article XI hereof or otherwise designated as an Arbitrable Dispute.

ARBITRATION ISSUE - As defined in Section 11(A).

ARBITRATION NOTICE - As defined in Section 11(A).

ARCHITECT - As defined in Section 18.1.

ARCHITECT ALLOCATION RATIO - As defined in Section 9.4(B).

ARCHITECT CONDEMNATION RATIO - As defined in Section 13.5(C).

ATTACHED PLANS - The Plans, sectioned, reduced and repaginated to facilitate recording attached hereto as Exhibit G.

AWARD or AWARDS - As defined in Section 13.2(A).

BASE BUILDING - The Building as shown on the Attached Plans, as the Building may be constructed, reconstructed or altered from time to time, but excluding any Subtenant improvements.

BERTELSMANN 56TH - As defined in the Preamble to this Agreement.

BUILDING - A collective reference to the Commercial Building, the Residential Tower and any other improvements located on the Project Site.

BUILDING ALTERATION(S) - As defined in Section 14.1(A).

CAP - As defined in Section 10.1(A).

CERTIFYING PROFESSIONAL - An architect (which may be the Architect) or a licensed professional engineer or, engineering or construction consulting firm that provides engineering and/or architectural services, which is experienced in the design and operation in the City of New York of structures similar to the Building and has provided services comparable to those being requested hereunder within not less than three (3) of the immediately preceding ten (10) years, selected (i) if pursuant to Article IX for (x) damage under Section 9.1, by the Damaged Owner and reasonably approved by its Recognized Mortgagee(s), and (y) for damage under Section 9.3, then by the Owners and reasonably approved by the Recognized Mortgagee(s) and (ii) if pursuant to Article XIII, then by the Owners and reasonably approved by the Recognized Mortgagee(s) and the Fee Owner, and who shall be paid out of Restoration Funds or any Net Award as provided herein.

COMBINED AWARD - As defined in Section 13.2(B).

COMMERCIAL AWARD - As defined in Section 13.2(C).

COMMERCIAL BOILER FLUE - The flue which runs from the 26th floor of the Commercial Building to the roof of the Residential Tower (and identified as the "Flue" on the Attached Plans) and which serves the boilers in the Commercial Building.

COMMERCIAL BUILDING - As generally defined in Recital F, consisting specifically of those improvements constructed or to be constructed in the Commercial Premises, together with all additions thereto and/or replacements, substitutions and alterations thereof.

COMMERCIAL COMMUNICATION LINES - The portion of the Communications Lines located in the Residential Tower and servicing the Commercial Building and certain Commercial Easements.

COMMERCIAL CONDENSER WATER LINES - The water lines and other related Facilities located in the Residential Tower providing condenser water from the 26th floor to the Commercial Cooling Towers.

COMMERCIAL COOLING TOWERS - The cooling towers located on the roof of the Residential Tower servicing the Commercial Building and/or one or more of the Subtenants thereof and shown as the "Commercial Cooling Towers" on the Attached Plans.

COMMERCIAL EASEMENT AREA - The areas running vertically through the Residential Tower which are identified as the "Commercial Vertical Distribution Area(s)" on the Attached Plans, together with the area running horizontally approximately four (4) feet below the upper-most roof of the Building which is

expected to be on the 50th floor, which horizontal area is not delineated on the Attached Plans. The Commercial Property Owner shall not have an easement over the entire Commercial Easement Area, but rather, shall have specific Easements for the installation, location and use of those Commercial Easement Facilities located within the Commercial Easement Area as described herein.

COMMERCIAL EASEMENT FACILITIES - The Facilities located in the Residential Property benefitting, on a non-exclusive basis, certain of the Commercial Property and/or the Easements appurtenant to the Commercial Property and/or the Commercial Owned Facilities and for which the Commercial Property Owner has been granted an Easement hereunder, but excluding the Commercial Owned Facilities.

COMMERCIAL EASEMENTS - The Easements created hereunder benefitting and appurtenant to the Commercial Property.

COMMERCIAL ELECTRICAL LINES - The electrical conduits, wires and other related Facilities located within the Residential Tower and servicing the Commercial Building and certain Commercial Easements.

COMMERCIAL FACADE - As defined in Section 14.5(A).

COMMERCIAL OWNED FACILITIES - Facilities owned by the Commercial Property Owner and located in the Residential Property pursuant to the Easements granted herein and which are not utilized by the Residential Property Owner (except on a limited basis as provided herein).

COMMERCIAL PREMISES - As defined in Recital B and as legally described in Exhibit A attached hereto.

COMMERCIAL PROPERTY - The Commercial Premises improved with the Commercial Building.

COMMERCIAL PROPERTY OWNER - (i) So long as the Ground Lease is in effect, the Ground Lessee, and (ii) after expiration or earlier termination of the Ground Lease, the Fee Owner (and excluding any Subtenants, or other occupants or tenants and excluding mortgage holders until such time as such mortgage holder or its designee or nominee acquires fee simple title to the Commercial Premises and Commercial Buildings). Bertelsmann 56th is the Commercial Property Owner on the date hereof. If Bertelsmann 56th submits the Commercial Property to a condominium regime under New York law, then for so long as the Commercial Property remains subject to a condominium regime, the Commercial Property Owner shall mean, collectively, the owners of the condominium units, acting through the commercial condominium board of managers.

COMMERCIAL TAKING - As defined in Section 13.2(D).

COMMUNICATION LINES - Collectively, telephone lines, cable television lines, fiber optic cables and other communication lines and cables.

COMPANY STATEMENT - As defined in Section 9.5(A).

CONDEMNATION ACCOMMODATION - As defined in Section 13.5(B).

CONDEMNATION RESTORATION - As defined in Section 13.5(B).

CONSENT ALTERATION - As defined in Section 14.1(B).

CONTRIBUTING OWNER - As defined in Section 5.4(A).

CORE STRUCTURAL COLUMNS - The load bearing columns providing structural support and integrity to the Building as shown on the Attached Plans, any additions thereto and/or any replacements or substitutions thereof.

CREDITOR OWNER - An Owner (A) to whom payment of money is owed hereunder, or (B) who has exercised any self-help remedy provided for in this Agreement, and (C) is referred to as a Creditor Owner.

DAMAGED OWNER - As defined in Section 9.1(A).

DATE OF TAKING - As defined in Section 13.2(E).

DEFAULT AMOUNT - As defined in Section 10.1(A).

DEFAULT RATE - Shall mean a rate of interest equal to the lesser of: (a) the floating rate which is equal to four percent (4%) per annum in excess of the annual rate of interest from time to time announced by Citibank, N.A., at its New York City office or any successor thereto as its base or reference rate of interest (or such other Institutional Lender as may be selected by the Owners if Citibank, N.A. ceases to publish such a rate) or (b) the then maximum lawful rate of interest in New York applicable thereto.

DEFAULTING OWNER - An Owner who has failed to perform any of its duties or obligations as and when required under this Agreement or to make payment of money owed under this Agreement to another Owner, in either case, after the passage of any applicable notice and cure periods, and is referred to herein as a Defaulting Owner.

DEPOSITARY - Shall mean any entity selected by the Owners agreeing to perform the obligations of "Depositary" hereunder which (a) (i) is a Recognized Mortgagee that would qualify as an Institutional Lender, or (ii) if not a Recognized Mortgagee, is an Institutional Lender or a commercial bank, savings bank, insurance company or trust company, (b) has an office in the City of New York, (c) has a net worth of not less than $500,000,000 and net assets of not less than $2,500,000,000 (in each instance measured in 2000 Equivalent Dollars) throughout the period during which it acts as the Depositary, and (d) is not an Affiliate of any Owner. As of the date hereof, Hypo is the Depositary.

DEPOSITARY AGREEMENT shall mean the agreement to be entered into pursuant to and as defined in Section 16.1 pursuant to which the Depositary agrees to perform its obligations hereunder, the initial form of which is attached hereto as Exhibit E.

DESIGNATED FIRE STAIRS - As defined in Section 2.6.

DESIGNATED ROOFTOP COMMUNICATION AREA - That portion of the roof of the Residential Tower identified as the "Commercial Roof Top Communication Area" on the Attached Plans.

DOMESTIC AND FIRE PUMP ROOM - The shared room located on the sub-cellar level of the Commercial Building designated to contain the Building's fire and domestic pumps, which room is identified as the "Domestic and Fire Pump Room" (SC-04) on the Attached Plans.

EASEMENT ALTERATION(S) - As defined in Section 14.1(A).

EASEMENT AREAS - A collective reference to Residential Easement Area and Commercial Easement Area, or either of them.

EASEMENT FACILITIES - A collective reference to Residential Easement Facilities and Commercial Easement Facilities, or either of them.

EASEMENTS - A collective reference to any and all easements provided for, declared, granted, reserved or created pursuant to the terms and provisions of this Agreement.

ELECTRIC SERVICE AREA - The shared rooms to be used in connection with the provision of electricity to the Building, including, without limitation, those rooms identified on the Attached Plans as the "Switch Gear (C-08)", "ATS Room (C-37)", "Network Protector(s)" (C-17, C-18, C-19, C-20 and C-21), and "Vault No.1," "Vault No. 2," "Vault No. 3" and "Vault No. 4" (C-29, C-30, C-31 and C-32), together with the adjoining areas located on the cellar level of the Commercial Building.

EMERGENCY SITUATION - A situation (a) impairing or imminently likely to impair structural support of any portion of the Building or causing or imminently likely to cause bodily injury to persons or physical damage to the Building or any property in, on, under, within, upon or about the Building, (b) causing or imminently likely to cause substantial economic loss to an Owner, (c) causing or imminently likely to cause loss or disruption of any utility, elevator service or other essential services to the Building or (d) causing or imminently likely to cause interference (other than to a de minimis extent) with ingress to and egress from the Building.

EMERGENCY WATER CONNECTOR PIPE - The shared water pipe located in the cellar level of the Commercial Building, which connects the Incoming Commercial Water Pipes and the Incoming Residential Water Pipes, and which, solely in the event of an Emergency Situation that causes the loss or disruption of water service to the Incoming Commercial Water Pipes or the Incoming Residential Water Pipes (in either case, "Disrupted Water Pipes"), permits the supply of water from the Incoming Commercial Water Pipes or the Incoming Residential Water Pipes, as the case may be, to the Disrupted Water Pipes.

ENGEL - As defined in the Preamble to this Agreement.

ESTIMATE - As defined in Section 9.5(A) or Section 13.5(C), as applicable.

ESTOPPEL CERTIFICATE - As defined in Section 15.1.

FACILITIES - Any equipment, including, without being limited to, annunciators, antennae, boxes, brackets, cabinets, cables, coils, computers, conduits, controls, control centers, Commercial Cooling Towers, couplers, devices, ducts, elevators, equipment (including, without limitation, heating, ventilating, air conditioning and plumbing equipment), fans, fixtures, generators, hangers, heat traces, indicators, junctions, lines, machines, meters, motors, outlets, panels, Permitted Rooftop Equipment, pipes, pumps, radiators, risers, starters, switches, switch gears, systems, tanks, transformers, valves and wiring, used in providing services from time to time in any part of the Building, including, without being limited to, air conditioning, alarm, antenna, circulation, cleaning, communication, cooling, electric, elevator, exhaust, heating, lightning protection, natural gas, plumbing, radio, recording, sanitary, security, sensing, telephone, television, transportation, ventilation and water service, and any replacements thereof.

FEE OWNER - As defined in Recital B, including such Persons whose estates or interests, individually or collectively, aggregate, from time to time, fee simple ownership of the Commercial Premises. AMSI and the Lot 49 Landlord, collectively constitute the Fee Owner on the date hereof.

FINANCING DOCUMENTS - As defined in Section 20.14.

FIRST ARBITRATOR - As defined in Section 11(A).

FLOOR AREA - As defined in Section 6.4(B).

GAS METER ROOM - The shared room located on the cellar level of the Commercial Building designated to contain the Building's gas meters, which room is identified as the "Gas Meter Room" (C-26) on the Attached Plans.

GROUND LEASE - As defined in Recital C.

GROUND LEASE DEPOSITARY - The Person selected to be the "Depositary" under the Ground Lease.

GROUND LESSEE - The Person or Persons from time to time holding the tenant's interest under the Ground Lease. Bertelsmann 56th is the Ground Lessee on the date hereof. If the Ground Lessee at any time submits its leasehold interest in the Commercial Property to a leasehold condominium under New York law, then for so long as the Commercial Property remains subject to a leasehold condominium, the Ground Lessee shall mean, collectively, the Owners of the leasehold condominium units, acting through the commercial leasehold condominium board of managers.

HAZARDOUS MATERIAL(S) - All petroleum and petroleum products, flammable explosives, radioactive materials (excluding radioactive materials in smoke detectors), polychlorinated biphenyls, lead, asbestos in any form that is or could become friable, hazardous waste, toxic or hazardous substances or other related materials whether in the form of a chemical, element, compound, solution, mixture or otherwise, including, but not limited to, those materials defined as "hazardous substances," "extremely hazardous substances," "hazardous chemicals," "hazardous materials," "toxic substances," "solid waste," "toxic chemicals," "air pollutants," "toxic pollutants," "hazardous wastes," "extremely hazardous waste," or "restricted hazardous waste" by Hazardous Materials Law or regulated by Hazardous Materials Law in any manner whatsoever from time to time.

HAZARDOUS MATERIALS LAW(S) - All federal, state, and local laws, ordinances and regulations and standards, rules, policies and other binding governmental requirements and any court judgments applicable to Owners or to the Property relating to industrial hygiene or to environmental or unsafe conditions or to human health including, but not limited to, those relating to the generation, manufacture, storage, handling, transportation, disposal, release, emission or discharge of Hazardous Materials, those in connection with the construction, fuel supply, power generation and transmission, waste disposal or any other operations or processes relating to the Property, and those relating to the atmosphere, soil, surface and ground water, wetlands, stream sediments and vegetation on, under, in or about the Property as same may be in effect from time to time.

HOUSE WATER TANK - The shared house water tank located on the mezzanine on the top floor of the Residential Tower in the room identified on the Attached Plans as "Water Tank Room (50m-07)", and extending upward to the roof of the Residential Tower.

HYPO - Bayerische Hypo-Und Vereinsbank AG, New York Branch.

IMPACTED OWNER - As defined in Section 6.2.

IMPOSITIONS - All real estate taxes, BID charges, assessments, water charges, water meter charges (including, without limitation, any expenses incident to the installation, repair or replacement of any water meter), sewer rents, sewer charges and all other charges, taxes, rents, levies and sums of every kind or nature whatsoever, extraordinary as well as ordinary, whether or not now within the contemplation of the parties, as shall be imposed by any governmental or public authority upon, or become a lien in respect of, the Property, or any part thereof, or upon or under any sidewalk or street in front of or adjacent to the Property, or that may become due and payable with respect thereto, and any and all taxes, assessments and charges levied, assessed, or imposed upon the Property in lieu of, or in addition to, the foregoing, under or by virtue of any present or future laws, rules, requirements, orders, directives, ordinances, or regulations of the United States of America, or of any governmental authority having jurisdiction thereover.

INCOMING COMMERCIAL WATER PIPES - That portion of the domestic water pipes and other related Facilities located in the Commercial Building and servicing the Commercial Building.

INCOMING RESIDENTIAL WATER PIPES - That portion of the domestic water pipes and other related Facilities located in the Commercial Building and servicing the Residential Tower and certain Residential Easements.

INDEMNIFYING OWNER - As defined in Section 6.1.

INITIAL ARBITRATOR - As defined in Article XI.

INITIATING OWNER - As defined in Article XI.

INSTITUTIONAL LENDER - a bank, trust company, savings and loan association, insurance company, credit union, savings bank, pension, welfare or retirement fund or system, public real estate investment trust (or an umbrella partnership of which a public real estate investment trust is the majority shareholder), federal or state agency regularly making or guaranteeing mortgage loans (such as Fannie MAE or Freddie MAC), investment bank, any Fortune 500 company or a subsidiary thereof (such as AT&T Capital Corporation or General Electric Capital Corporation), real estate mortgage investment conduit, securitization trust, trustee or issuer of collateralized mortgage obligations or similar investment entity (provided that such trustee, issuer, or other entity is publicly traded or is sponsored by an entity that otherwise constitutes an Institutional Lender), any other entity actively engaged in commercial real estate financing, or a corporation or other entity or joint venture that is a wholly-owned subsidiary of or is a combination of any one or more of the foregoing entities, including any of the foregoing when acting as trustee for other lender(s) or investor(s), whether or not such other lender(s) or investor(s) are themselves Institutional Lenders, provided however that in each and every case an entity shall not qualify as an Institutional Lender unless, at the time of the initial determination of its status as an Institutional Lender, it (i) is subject to the jurisdiction of the courts of the State of New York; and (ii) has a net worth of not less than Two Hundred Fifty Million Dollars ($250,000,000) (in 2000 Equivalent Dollars). Notwithstanding the foregoing, the parties hereto agree that, during the period commencing on the date hereof and ending on the fifth (5th) anniversary of the date

hereof, the following entities qualify as Institutional Lenders for all purposes of this Agreement: (i) Deutsche Bank AG, (ii) German American Capital Corporation, (iii) Credit Lyonnais New York Branch, and (iv) Hypo.

LAW or LAWS - All laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, foreseen and unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Building, the Project Site or any parts thereof.

LIENING OWNER - As defined in Section 6.2.

LIQUID COLUMN DAMPER SYSTEM - The liquid column tuned damper system in the Building, including the tanks on the top floor of the Building, identified as "Liquid Column Damper Tank X" and "Liquid Column Damper Tank Y" on the Attached Plans,

LIGHTNING PROTECTION SYSTEM - The lightning air terminals (also known as lightning rods) on the parapet on the roofs of the 50th and 26th floors of the Building, which terminals are interconnected by horizontal wire loops, together with vertical wire conductors connected to such wire loops, which conductors run downward through concrete walls in the Residential Tower and Commercial Building to the 26th floor where such conductors are connected to multiple steel columns in the Building, which columns are interconnected in the lowest level of the Building by counterpoise wire loop which, in turn, is connected to grounding plates.

LOLLIPOP OPTION - As defined in Section 20.15.

LOLLIPOP PREMISES - As defined in Section 20.15.

LOT 49 LANDLORD - As defined in the Preamble to this Agreement.

MAINTAINING OWNER - As defined in Section 5.4(A).

MAINTENANCE or MAINTAIN - Operation, maintenance, repair, reconditioning, refurbishing, reconfiguration, inspection, testing, cleaning, painting, installation, reconstruction, restoration and replacement when necessary or desirable of the Building or Facilities, including the right of access to and the right to remove from the Building portions of such Facilities for any of the above purposes, subject, however, to any limitations set forth elsewhere in this Agreement. Whenever in this Agreement the cost of Maintenance is to be determined, such cost shall include the actual cost of personnel performing such Maintenance to the extent such Owner would not otherwise have incurred such cost if said Owner had not performed such Maintenance.

MAJOR ALTERATIONS - As defined in Section 14.1(B)(3).

MECHANICAL ROOMS - Collectively, the shared equipment rooms now or hereafter located on the sub-cellar and cellar levels and the 26th floor of the Commercial Building including, without limitation, the Electric Service Area and other Facilities servicing the Building and identified on the Attached Plans as: "Domestic and Fire Pump Room (SC-04)", "Gas Meter Room (C-26)", "Steam Room (SC-12)", "Water Service Room (C-14)", "Water Service Room (C-25)" and "Residential Electric Room (26-03)", but excluding the Residential Telephone Room (which

services only the Residential Tower). This definition of Mechanical Rooms does not include any Facilities located therein.

MINIMALLY DAMAGED OWNER - As defined in Section 9.2.

NET AWARD or NET AWARDS - As defined in Section 13.2(D).

NET COMMERCIAL AWARD - As defined in Section 13.2(G).

NET RESIDENTIAL AWARD - As defined in Section 13.2(H).

NON-PERFORMING OWNER - As defined in Article XII.

NOTICE ALTERATION - As defined in Section 14.1(B)(1).

NOTIFYING PARTY - As defined in Section 13.5(F).

OBJECTION NOTICE - As defined in Section 4.8.

OFFICE LOBBY - The lobby for the office building located on the ground floor of the Commercial Building identified on the Attached Plans as the "Office Lobby".

OPERATIONAL CONTROL - The right of an Owner, in connection with the exercise of an Easement granted pursuant to this Agreement, to use, occupy and control the use, occupancy and access to, the portion of the Building owned by the other Owner covered by the Easement in question.

OPPENHEIM - As defined in the Preamble to this Agreement.

OWNED FACILITIES - A collective reference to Commercial Owned Facilities and Residential Owned Facilities, or either of them.

OWNER(S) - A collective reference to the Residential Property Owner and the Commercial Property Owner or either of them.

OWNER BUILDING AREA RATIO - The ratio of the total gross square foot area of the portion of the Building owned by or benefitting an Owner to the total gross square foot area of the Building, which Owner Building Area Ratio is anticipated to be 72.78% for the Commercial Building and anticipated to be 27.22% for the Residential Tower as of the date hereof, calculated as shown on Exhibit F attached hereto and made a part hereof; as the same may be modified from time to time in accordance with Section 5.7(A). For the purposes hereof, gross square foot area shall be measured from the exterior surfaces of exterior walls without deduction for interior columns, shafts, openings, projections or other elements interior to the Building. Further, the calculation of an Owner's portion of the Building shall include those rooms or areas, or portions thereof, in the other Owner's portion of the Building constituting exclusive Easements in favor of such Owner, consistent with the allocation set forth in Exhibit F. Notwithstanding anything to the contrary contained herein, the elevator shafts identified as "PE-16", "PE-17" and "SE-18" on the Attached Plans shall be included in the calculation of the Residential Property Owner's portion of the Building and excluded from the calculation of the Commercial Property Owner's portion of the Building.

OWNER'S CERTIFICATE - As defined in Section 17.2(B)(i)(a).

OWNER GLASS AREA RATIO - The ratio of the total gross square foot area of the exterior glass enclosing the portion of the Building owned by or benefitting an Owner to the total gross square foot area of the exterior glass enclosing the Building, which Owner Building Area Ratio is anticipated to be 49.6% for the Commercial Building and anticipated to be 50.4% for the Residential Tower as of the date hereof, calculated as shown on Exhibit F-1 attached hereto and made a part hereof; as the same may be modified from time to time in accordance with Section 5.7(B).

PERMITTED ROOFTOP EQUIPMENT - Collectively, any installations or equipment to be located in the Designated Rooftop Communication Area (including, without limitation, microwave dishes, antennae and/or related communication equipment and any other similar or dissimilar future technology whether known or unknown as of the date hereof, together with all cable, wiring, conduits and related equipment necessary or advisable for the transmission, reception or distribution of telecommunications transmissions and receptions, but excluding signs) servicing the Commercial Property Owner or its Subtenants which, are (x) now or hereafter customarily maintained on rooftops of hi-rise office, retail, residential or mixed-use buildings in the City of New York and/or (y) any other installations which may not then be customary to be installed on rooftops, but which, by their nature, are reasonably required to be located in the Designated Rooftop Communication Area. The Commercial Property Owner shall Maintain or cause to be Maintained all Permitted Rooftop Equipment. Notwithstanding the foregoing, no equipment shall constitute Permitted Rooftop Equipment if the installation and use of same in the Designated Rooftop Communication Area would interfere with the Residential Property Owner's quiet enjoyment of the residential apartment units within the Residential Property due to, without limitation, noise, vibration or fumes generated thereby.

PERMITTEES - The Owners, the Subtenants, all Persons entitled by deed, indenture, assignment, lease or license to use or occupy space within the Building, and their respective beneficiaries, officers, directors, employees, agents, members, partners, shareholders, contractors, guests, invitees and licensees, it being understood that the term "Permittees" shall in no event or under any circumstance create or be deemed to create any rights hereunder generally to members of the general public.

PERSON(S) - An individual, corporation, partnership, limited liability company, joint venture, estate, trust, unincorporated association, any Federal, State, County or municipal government, or any bureau, department, agency, authority or subdivision thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

PLANS - The plans and specifications listed on Exhibit C, detailing the architectural and engineering design of the Commercial Building and the Residential Tower, a complete and full-size set of which have been initialed by and delivered to all of the parties hereto (or their respective construction consultants or agents, on their behalf), and as the same may be modified in accordance with Section 4.8. The plans (but not the specifications) listed on Exhibit C, in reduced format, as described in the definition above of "Attached Plans," are attached hereto as Exhibit G.

PROJECT SITE - A collective reference to the Residential Premises and the Commercial Premises.

PROPERTY - A collective reference to the Residential Property and the Commercial Property, or portion thereof.

PROTECTIVE ADVANCES - As defined in Section 10.1(B).

REA TAKING - As defined in Section 13.1(C).

RECOGNIZED MORTGAGE - As generally defined in Section 20.11(A).

RECOGNIZED MORTGAGEE - As generally defined in Section 20.11(A). The Recognized Mortgagees on the date hereof are, with respect to the Residential Property: Hypo, and with respect to the Commercial Property: Hypo.

REGISTER - The Office of the Register of the City of New York in New York County, New York.

RESIDENTIAL AWARD - As defined in Section 13.2(I).

RESIDENTIAL COMMUNICATION LINES - The portion of the Communication Lines located in the Commercial Building in the Residential Easement Area and servicing the Residential Tower and certain Residential Easements.

RESIDENTIAL EASEMENT AREA - The areas running vertically through the Commercial Building, which areas are identified as "Residential Vertical Distribution Area(s)" on the Attached Plans together with the areas running horizontally approximately four (4) feet below (i) the 26th Floor Mezzanine, (ii) the 26th Floor Second Mezzanine, (iii) the sub-cellar, (iv) the cellar and (v) the ground floor, and ten (10) feet below the 27th floor, which horizontal areas are not delineated on the Attached Plans. The Residential Property Owner shall not have an easement over the entire Residential Easement Area, but rather, shall have specific Easements for the installation, location and use of those Residential Easement Facilities located within the Commercial Easement Area as described herein.

RESIDENTIAL EASEMENT FACILITIES - Facilities located in the Commercial Property benefitting, on a non-exclusive basis, certain of the Residential Property and/or the Easements appurtenant to the Residential Property and/or the Residential Owned Facilities, and for which the Residential Owner Property has been granted an Easement hereunder, but excluding the Residential Owned Facilities.

RESIDENTIAL EASEMENTS - The Easements created hereunder benefitting and appurtenant to the Residential Property.

RESIDENTIAL ELECTRICAL LINES - The electrical conduits, wires and other related Facilities located within the Commercial Building and servicing the Residential Tower and certain Residential Easements.

RESIDENTIAL ELEVATOR AREA - The three (3) elevator shaft enclosures identified as "PE-16," "PE-17," and "SE-18" on the Attached Plans, and the elevator pits identified as "Elevator Pit" (C-03) and "Elevator Pit" (SC-06).

RESIDENTIAL ELEVATORS - The two (2) passenger elevators and one (1) service elevator identified, respectively, as "PE-16" and "PE-17" and "SE-18" on the Attached Plans.

RESIDENTIAL ENTRY FACADE - As defined in Section 2.7.

RESIDENTIAL FACADE LIGHTING EASEMENT AREA - The portion of the 2nd floor of the Commercial Building to be used to

illuminate the glass wall comprising a portion of the Residential Entry Facade, and identified on the Attached Plans as "Residential Facade Lighting Easement Area".

RESIDENTIAL GAS LINES - The gas lines and other related Facilities located within the Commercial Building and servicing the Residential Tower and certain Residential Easements.

RESIDENTIAL HEALTH CLUB - The space initially designated as the health club located on the 26th Floor Mezzanine and identified on the Attached Plans as the "Accessory Exercise Room (26m-08)."

RESIDENTIAL LOBBY - Collectively, the lobby and adjoining areas for the Residential Tower located on the ground floor of the Commercial Building identified on the Attached Plans as the "Apartment Lobby (01-24)", "Service Corridor (01-06)", "Apt. Elev. Lobby (01-07)", "Apt. Serv. Lobby (01-09)", "Store Room (01-26)", "Toilet (01-27)", "Trash Stor. Area (01-28)" and "Residential Building Entrance Recess Area (01-29)".

RESIDENTIAL MECHANICAL ROOMS - Collectively, the equipment room located on the cellar level and identified on the Attached Plans as "Residential Telephone Room (26-03)" and the equipment room located on the 26th floor and identified as "Residential Electrical Room (26-03)" containing Facilities servicing the Residential Tower. This definition of Residential Mechanical Rooms does not include any Facilities located therein.

RESIDENTIAL OWNED FACILITIES - Facilities owned by the Residential Property Owner and located in the Commercial Property pursuant to the Easements granted herein and which are not utilized by the Commercial Property Owner (except on a limited basis as provided herein).

RESIDENTIAL PREMISES - As defined in Recital D and as legally described in Exhibit B attached hereto.

RESIDENTIAL PROPERTY - The Residential Premises improved with the Residential Tower.

RESIDENTIAL PROPERTY OWNER - Such Persons whose estates or interests, individually or collectively, aggregate, from time to time, fee simple ownership of the Residential Premises and the Residential Tower (excluding occupants or tenants and, unless and until such time as a mortgage holder or its designee or nominee acquires fee simple ownership of the Residential Premises and the Residential Tower, excluding the holders of any mortgage encumbering the Residential Property). 56th Associates is the Residential Property Owner on the date hereof. If 56th Associates submits the Residential Property to a condominium regime under New York law, then for so long as the Residential Property remains subject to a condominium regime, the Residential Property Owner shall mean, collectively, the owners of the condominium units, acting through the residential condominium board of managers.

RESIDENTIAL STEAM LINES - The steam lines and other related facilities located in the Residential Easement Area serving the Residential Tower and certain Residential Easements.

RESIDENTIAL TAKING - As defined in Section 13.2(J).

RESIDENTIAL TELEPHONE ROOM - The room located on the cellar level of the Commercial Building identified as the "Residential Tel. Room (C-11)" on the Attached Plans.

RESIDENTIAL TOWER - As generally defined in Recital G, consisting specifically of those improvements constructed or to be constructed in the Residential Premises, together with all additions thereto and/or replacements, substitutions and alterations thereof.

RESPONDING OWNER - As defined in Section 11(A).

RESTORATION FUNDS - As defined in Section 17.1(A).

RESTORATION FUNDS REQUEST - As defined in Section 17.2(B).

RESTORATION WORK - As defined in Section 17.1.

ROOFTOP FIRE PUMP ROOM - The fire pump room on the top floor of the Building, identified as "Fire Pump Room (50-11)" on the Attached Plans.

SECOND ARBITRATOR - As defined in Section 11(A).

SECTION 13.4 REA TAKING - As defined in Section 13.2(K).

SHARED FIRE WATER PIPES - The shared water pipes to be used to supply water in case of a fire in the Building as shown on the Attached Plans.

SHARED LOADING DOCK - The shared loading dock located on ground floor of the Commercial Building on 55th Street and identified as "Shared Residential/Retail Loading Dock" comprising a portion of room 01-16 on the Attached Plans.

SHARED WINDOW WASHING EQUIPMENT - The shared window washing rigs, ropes and related equipment to be owned jointly by the Commercial Property Owner and the Residential Property Owner.

STEAM ENTRY POINT - The point along 56th Street at which the incoming steam lines enter the Property at the cellar level of the Commercial Building, shown as "Steam Service" on the Attached Plans.

STEAM ROOM - The shared room located on the sub-cellar level of the Commercial Building and servicing the Building, identified as the "Steam Room" (SC-12) on the Attached Plans.

STRUCTURAL SUPPORTS - All elements (including, without limitation, foundations, the Core Structural Columns, slabs, girders, beams, braces, trusses and walls) as shown on the Attached Plans which are load-bearing or which are necessary for the structural integrity of any portion of the Building.

SUBSTANTIALLY ALL OF THE PROPERTY - As defined in Section 13.2(L).

SUBSTANTIALLY ALL OF EITHER THE COMMERCIAL BUILDING OR THE RESIDENTIAL TOWER - As defined in Section 13.2(M).

SUBTENANT(S) - A subtenant or subtenants in the Commercial Building (and its or their sub-subtenants) and, after expiration or earlier termination of the Ground Lease, any tenant in the Commercial Building(and its or their subtenants). If the Ground Lessee submits its leasehold interest to a leasehold condominium, the Owners of the condominium units shall not be deemed to be Subtenants hereunder.

SUCCESSION - As defined in Section 10.2(C).

SUPERSEDING DATE - As defined in Section 4.8.

SURPLUS NET AWARD - As defined in Section 13.5(E).

TAKING - As defined in Section 13.1(A).

TAKING PERCENTAGE - As defined in Section 13.2(N).

TAXES - All taxes and other governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against the Property, or any part thereof or any interest therein, including, without limiting the generality of the foregoing, all general and special real estate taxes and assessments or taxes assessed specifically in whole or in part in substitution of such real estate taxes or assessments, any assessment assessed against the Property by virtue of the Property being situated within a business improvement district, any taxes levied or a charge upon the rents, revenues or receipts therefrom which may be secured by a lien on the interest of an Owner therein, and all ad valorem taxes lawfully assessed upon the Property.

THIRD ARBITRATOR - As defined in Section 11(A)(2).

UNAVOIDABLE DELAY - As defined in Article XII.

USABLE SQUARE FEET - As defined in Section 13.2(O).

UTILITY COMPANY - Any Person, including governmental bodies, furnishing water, electricity, sewer, gas, steam, telephone or cable television service or other services or materials generally known as utilities.

VIOLATING OWNER - As defined in Section 6.6.

WATER ENTRY POINTS - The points along 55th Street and 56th Street at which the incoming water pipes enter the Property at the cellar level of the Commercial Building, shown respectively as (i) "Commercial Service" and "Fire Service" (and connecting to Water Service Room C-25) and (ii) "Residential Service" and "Fire Service" (and connecting to Water Service Room C-14), on the Attached Plans.

WATER SERVICE ROOMS - The rooms located on the cellar level of the Commercial Building, identified as "Water Service Room (C-14)" and "Water Service Room (C-25)" on the Attached Plans.

YEAR - Any given calendar year (except that the first Year shall be deemed to be the period from the date hereof through December 31, 2000).

ZLDA - As defined in Section 6.4.

ZONING LOT DECLARATION - As defined in Section 6.4.

ZONING RESOLUTION - As defined in Section 6.4(B).

26th FLOOR MEZZANINE - The first mezzanine on the 26th floor of the Building, identified as the "26th Floor Mezzanine" on the Attached Plans.

26th FLOOR MEZZANINE RESERVED ROOMS - As defined in Section 2.17.

26th FLOOR SECOND MEZZANINE - The second mezzanine on the 26th floor of the Building, identified as the "26th Floor Mezzanine 2" on the Attached Plans.

1.2 Construing Various Words and Phrases. Wherever it is provided in this Agreement that a party "may" perform an act or do anything, it shall be construed that party "may, but shall not be obligated to," so perform or so do. The following words and phrases shall be construed as follows: (i) "at any time" shall be construed as "at any time or from time to time"; (ii) "any" shall be construed as "any and all"; (iii) "including" shall be construed as "including but not limited to"; (iv) "will" and "shall" shall each be construed as mandatory and (v) "withhold" (or "withheld") shall be construed as "withhold (withheld), condition(ed) or delay(ed)." Any time any reference is made to reasonable approval or consent, such phrase shall be construed as including a restriction against any unreasonable delay or condition relating to the giving of such approval or consent. Except as otherwise specifically indicated, all references to Article or Section numbers or letters shall refer to Articles and Sections of this Agreement and all references to Exhibits or Appendices shall refer to the Exhibits and Appendices attached to this Agreement. The words "herein," "hereof," "hereunder," "hereinafter" and words of similar import shall refer to this Agreement as a whole and not to any particular Section or subsection. Forms of words in the singular, plural, masculine, feminine or neuter shall be construed to include the other forms as the context may require. Captions and the index are used in this Agreement for convenience only and shall not be used to construe the meaning of any part of this Agreement.

ARTICLE II

EASEMENTS APPURTENANT TO RESIDENTIAL PREMISES

2.1 In General. For the purposes of this Article II, the following shall apply:

(A) The Commercial Property Owner and the Fee Owner are the grantors of Easements described in this Article II each to the extent of their respective interests in the Commercial Property (or any part thereof). The grants of Easements in this Article II shall bind and be enforceable against the Commercial Property Owner and the Fee Owner and their respective successors and assigns. The grant of an Easement by the Commercial Property Owner and the Fee Owner to the Residential Property Owner shall bind and burden the Commercial Property, which shall, for the purpose of this Article II, be deemed to be the servient tenement.

(B) The Residential Property Owner is the grantee of the Easements described in this Article II. The Easements shall benefit the Residential Property Owner and its successors, assigns and Permittees. The grant of an Easement to the Residential Property Owner is appurtenant to and shall benefit the Residential Property, which shall, for the purpose of this Article II, be deemed to be the dominant tenement.

(C) Unless otherwise expressly provided in this Agreement, all Easements granted to the Residential Property Owner are irrevocable and perpetual in nature.

(D) Any Easement for which Operational Control has been granted to the Residential Property Owner under this Article II shall in all events be subject to the concurrent access by the Commercial Property Owner (i) as and only to the extent reasonably necessary for Maintenance of the Commercial Property, (ii) in an Emergency Situation, and (iii) for other uses (including Alterations) which do not unreasonably interfere with the Easement granted, provided that the exercise of such

right of concurrent access by the Commercial Property Owner shall at all times be subject to the Commercial Property Owner's compliance with the provisions of Section 3.2(B) of this Agreement as if such concurrent access were an Easement granted hereunder. The Residential Property Owner shall have the same rights with respect to an Easement over which it has Operational Control as it does under Section 3.2(C) for an Easement granted under Article III or IV.

2.2 Ingress and Egress.

(A) The Commercial Property Owner and the Fee Owner hereby grant to the Residential Property Owner a non-exclusive easement for ingress and egress for Persons, material and equipment in, over, on, across and through such portions of the Commercial Property, including the service elevators in the Commercial Building, but only as is necessary to permit (x) the Maintenance of (1) the Residential Property (but only if and when such access for Maintenance is required or permitted under this Agreement), (2) any Residential Easement Facilities or Residential Owned Facilities now or hereafter located in the Commercial Property, (3) the lighting fixtures on the 2nd floor of the Commercial Building to be used to illuminate the glass wall comprising a portion of the Residential Entry Facade, (4) the 26th Floor Mezzanine, (5) the shared central alarm system, and (6) any other areas in the Commercial Property as to which an Easement for use or Maintenance has been granted to the Residential Property Owner, (y) Alterations performed pursuant to Article XIV, or (z) initial construction (as provided in Section 4.6) or restoration after condemnation or damage or destruction. Where the means of ingress and egress is specified herein with respect to a particular Easement, then the means of ingress and egress shall be restricted as so specified except (i) if the same is unavailable or (ii) in an Emergency Situation. The Residential Property Owner hereby acknowledges that neither the Residential Property Owner nor any of its Permittees shall have any right to use any of the commercial passenger elevators (i.e., "PE-1" through and including "PE-12" on the Attached Plans) for any purpose whatsoever.

(B) In exercising any right of entry pursuant to an Easement granted under Article II or IV, or any other right of access granted herein, (i) such right of entry shall be at such times reasonably convenient and on reasonable prior notice to the Commercial Property Owner, and the Commercial Property Owner shall have the right to have a representative present at all times during such entry, except (1) in an Emergency Situation, in which event the Residential Property Owner shall notify the Commercial Property Owner as soon as practicable of the action taken or proposed to be taken, as the case may be, to cure the Emergency Situation, (2) with respect to the Easement granted pursuant to Sections 2.4 (Residential Lobby), 2.5 (Mechanical Rooms), 2.6 (Emergency Stairway), 2.13 (Elevator Shafts and Elevator Pits), 2.16 (Shared Loading Dock) and 2.17 (26th Floor Mezzanine) of this Agreement, (3) in connection with construction of the Building, and (4) with respect to the exercise of any self-help remedy provided for in this Agreement and (5) with respect to Maintenance of the Residential Entry Facade or any signs or canopies thereon except to the extent that there is a need to access same through the Commercial Building, and (ii) after completion of the initial construction of the Building, subject to Articles IX and XIII, the Residential Property Owner shall, at its sole cost and expense, promptly restore that portion of the Commercial Property so used to the same condition as existed immediately before the exercise of such right. In exercising its rights to an Easement granted under this Article II or under Article IV or any right of access granted herein, the Residential Property Owner shall exercise due

care and reasonable diligence and shall otherwise minimize any adverse impact of its exercise on the Commercial Property Owner, taking into consideration, among other things, the economic impact of any disruption on the Commercial Property Owner and its Subtenants. The Residential Property Owner shall comply with any reasonable security procedures and requirements of the Commercial Property Owner.

(C) The Commercial Property Owner may (1) in connection with the Maintenance of the Commercial Building, including Alterations, or (2) in an Emergency Situation, or (3) to prevent a dedication of or an accruing of rights by the public in and to the use of its portion of the Commercial Property: temporarily prevent, close off or restrict the flow of ingress, egress or use in, over, on, across and through any of the Easements (other than the Easements granted pursuant to Sections 2.4 (Residential Lobby), 2.5 (Mechanical Rooms), 2.6 (Emergency Stairway), 2.13 (Elevator Shafts and Elevator Pits), 2.16 (Shared Loading Dock) and 2.17 (26th Floor Mezzanine) of this Agreement), but only to the minimal extent and for the shortest time period reasonably necessary under the circumstances in order to minimize the effect on the Residential Property Owner. Notwithstanding the foregoing, upon the occurrence of any situation set forth in clause (a) of the definition of "Emergency Situation" in Section 1.1, the Commercial Property Owner may temporarily prevent, close off or restrict the flow of ingress, egress or use in, over, on, across and through any of the Easements, but only to the minimal extent and for the shortest time period reasonably necessary under the circumstances in order to minimize the effect on the user of such Easement. The Commercial Property Owner may, from time to time, impose (1) reasonable limitations on the Residential Property Owner's or any other Permittee's access for Maintenance of the Residential Easement Facilities and the Residential Owned Facilities (other than the Easements granted pursuant to Sections 2.4 (Residential Lobby), 2.5 (Mechanical Rooms), 2.6 (Emergency Stairway) and 2.7 (Residential Facade), 2.13 (Elevator Shafts and Elevator Pits), 2.16 (Shared Loading Dock) and 2.17 (26th Floor Mezzanine) of this Agreement), including, without limitation, establishing paths of ingress and egress, unless expressly otherwise specified herein, and hours of the day or days of the week or year during which the Residential Property Owner or any other Permittee may access the Residential Easement Facilities and Residential Owned Facilities (or such access may be limited) and (2) reasonable security controls consistent with the Commercial Property Owner's operation of its business or the business of its Subtenants on such portion of the Commercial Property and any overall security system for the Property. In imposing limitations or controls, the Commercial Property Owner shall take into consideration the reasonable needs and requirements of the Residential Property Owner and its tenants (if any) as well as the Commercial Property Owner's and its Subtenants' needs and requirements.

2.3 Structural Support. The Fee Owner and Commercial Property Owner hereby grant to the Residential Property Owner a non-exclusive easement of structural support in all Structural Supports now or hereafter located in or constituting a part of the Commercial Property for the support of (a) the Residential Tower, (b) any Residential Easement Facilities or areas located in the Commercial Property with respect to which the Residential Property Owner is granted an Easement and (c) any Residential Owned Facilities.

2.4 Residential Lobby. The Fee Owner and Commercial Property Owner hereby grant to the Residential Property Owner and its Permittees an easement for (i) the construction, installation and Maintenance of the Residential Lobby, (ii) the use, occupancy and enjoyment of the Residential Lobby and (iii) pedestrian

ingress and egress on, over, across and through, the Residential Lobby, (a) to and from 56th Street, (b) to and from the Residential Tower through (1) the Residential Elevators and (2) in an Emergency Situation, the Designated Fire Stairs, (c) to and from the parking garage, and (d) to and from the Shared Loading Dock. The Residential Property Owner shall be responsible for the construction and Maintenance of the Residential Lobby, and this Easement shall be exclusive to the Residential Property Owner and its Permittees, except for ingress and egress by the Commercial Property Owner in an Emergency Situation. The Residential Property Owner shall have Operational Control of the Residential Lobby. The Facilities and furnishings, fixtures and other finishings in the Residential Lobby shall be the property of the Residential Property Owner and shall be Residential Owned Facilities.

2.5 Mechanical Rooms. The Fee Owner and Commercial Property Owner hereby grant to the Residential Property Owner (a) a non-exclusive easement for the use, on a shared basis, of (i) the Mechanical Rooms for the purpose of the installation, operation, and Maintenance of Residential Easement Facilities and the Residential Owned Facilities, including the reading of meters contained therein and for the distribution of services and Facilities to and from the Mechanical Rooms and the Residential Telephone Room, (ii) the Electric Service Area and the corridors connecting the Mechanical Rooms and the Residential Telephone Room and for ingress and egress to and from the Mechanical Rooms and the Residential Telephone Room and (b) an exclusive easement for the use of the Residential Telephone Room for the purpose of installation, use and Maintenance of Residential Owned Facilities to be installed therein, and (iii) the 26th floor of the Commercial Building for the purpose of the installation, operation, and Maintenance of Residential Easement Facilities and the Residential Owned Facilities, including the reading of meters contained therein and for the distribution of services and Facilities to and from the 26th floor of the Commercial Building. Notwithstanding anything to the contrary contained herein, the Commercial Property Owner shall provide adequate heat, ventilation, air-conditioning, power, light, cleaning, telephone service (if necessary) to the Mechanical Rooms, the Electric Service Area and the connecting corridors at its sole cost and expense. The Commercial Property Owner shall also otherwise Maintain the Mechanical Rooms, but the Residential Property Owner shall contribute to such cost of all items of Maintenance of the Mechanical Rooms other than the foregoing specified items, with such contribution to be based on the Owner Building Area Ratio. The Residential Property Owner shall Maintain the Residential Telephone Room and provide all utility service thereto at its sole cost and expense.

2.6 Emergency Stairway. The Fee Owner and Commercial Property Owner hereby grant to the Residential Property Owner a non-exclusive easement for the use of the stairways in the Commercial Building identified on the Attached Plans as "Stair A", and "Stair B" (collectively, the "Designated Fire Stairs") for pedestrian ingress and egress in an Emergency Situation from the Residential Tower (i) with respect to "Stair A", on, over, across and through the Office Lobby to the street, and (ii) with respect to "Stair B", on, over, across and through the first floor mechanical mezzanine (including the "Area of Refuge (01m-04)" and "Stair B (01m-05)" as shown on the Attached Plans) to the street. The Residential Property Owner acknowledges that the Commercial Property Owner shall have the right, at the sole cost and expense of the Commercial Property Owner, to install alarms or other security devices on all doors providing access to the portion of the Designated Fire Stairs which are located within the Commercial Building, subject to the reasonable approval of the Residential Property Owner. The Commercial Property Owner

shall be responsible for the Maintenance of the Designated Fire Stairs located within the Commercial Building and the provision of utilities thereto.

2.7 Residential Entry Facade, Sign and Canopy. The Fee Owner and Commercial Property Owner hereby grant to the Residential Property Owner an exclusive easement for the support, enclosure, use, enjoyment, installation and Maintenance of (i) the exterior facade of the Residential Lobby to be constructed adjacent to 56th Street, including, without limitation, the glass wall comprising a part of such exterior facade, all as shown on the Attached Plans (identified on the Attached Plans and referred to herein as the "Residential Entry Facade"), (ii) a canopy affixed to (and within the boundaries of) the Residential Entry Facade, and (iii) a sign identifying the Residential Tower affixed to (and within the boundaries of) the Residential Entry Facade. The design, location and size of such sign shall initially comply with the criteria set forth on Exhibit D attached hereto. The Residential Property Owner shall be responsible for compliance of the canopy and sign with all Laws. The Residential Property Owner shall pay for and obtain and maintain in effect all permits and licenses, if any, necessary to install, permit and use the canopy and sign at the designated location on the Residential Entry Facade. The Residential Property Owner shall have Operational Control over the Residential Entry Facade and the canopy and signs thereon and shall be responsible for the Maintenance thereof.

2.8 Steam. The Fee Owner and Commercial Property Owner hereby grant to the Residential Property Owner (a) a non-exclusive easement for the installation, use and Maintenance of the Residential Steam Lines shown on the Attached Plans running from the Steam Entry Points to the Steam Room and (b) a non-exclusive easement for the installation, use and Maintenance of the meter servicing the Residential Steam Lines. The Residential Steam Lines shall run at all times through the Residential Easement Area, provided, however, that, to the extent applicable, any Facilities therein shall be located as close to the slabs as reasonably possible in accordance with sound engineering practices.

2.9 Intentionally Omitted.

2.10 Incoming Water Service. The Fee Owner and Commercial Property Owner hereby grant to the Residential Property Owner (a) a non-exclusive easement for the installation, use and Maintenance of the incoming Shared Fire Water Pipes running from the Water Entry Points to the Domestic and Fire Pump Room, and (b) an exclusive easement for (i) the installation, use and Maintenance of the meter for the Incoming Residential Water Pipes servicing the Residential Tower and the Residential Lobby and (ii) the Incoming Residential Water Pipes from the Domestic and Fire Pump Room through the Residential Easement Area to connection with the Residential Tower and the Residential Lobby. The Incoming Residential Water Pipes shall run through the Residential Easement Area, provided, however, that, to the extent applicable, any Facilities therein shall be located as close to the slabs as reasonably possible in accordance with sound engineering practices. The Commercial Property Owner shall be responsible for the Maintenance of the Shared Fire Water Pipes, provided however, that the Residential Property Owner shall bear a share of the cost of such Maintenance based on the Owner Building Area Ratio. In the event of a fire, the cost of the water utilized in connection with such fire shall be allocated between the Commercial Property Owner and the Residential Property Owner based on the ratio of the total gross square foot area of each Owner's portion of the Building affected by the fire

to the total gross square foot area of the Building affected by the fire.

2.11 Electricity. The Fee Owner and Commercial Property Owner hereby grant to the Residential Property Owner (a) a non-exclusive easement for the use of (i) the shared electric lines running from outside of the Building to the switch gear panels in the Electric Service Area, (ii) the shared electric lines running from the Electric Service Area to the Mechanical Rooms (excluding the Residential Telephone Room), and (iii) the shared electric lines running from the Electric Service Area to the Shared Loading Dock, and (b) an exclusive easement for the installation, use and Maintenance of (i) the Residential Electrical Lines running from the Electric Service Area through the Residential Easement Area to connection with the Residential Tower, the Residential Lobby, the Residential Telephone Room and any Residential Owned Facilities, and (ii) the Residential Owned Facilities located in the Electric Service Area. The shared electric lines as well as the Residential Electrical Lines shall be installed in conduits, and shall run at all times (A) (1) through the Residential Easement Area or (2) within any area of the Commercial Building over which the Residential Property Owner has been granted Operational Control; and (B) with respect to electric lines servicing the Mechanical Rooms and the Residential Telephone Room, along the lower level corridor servicing the Mechanical Rooms and Residential Telephone Room as shall be reasonably requested by the Residential Property Owner and approved by the Commercial Property Owner.

2.12 Gas. The Fee Owner and Commercial Property Owner hereby grant to the Residential Property Owner (i) an exclusive easement for the installation, use and Maintenance of the Residential Gas Lines running from the Gas Meter Room to the Residential Lobby and the Residential Tower, and (ii) a non-exclusive easement for ingress and egress in, on, over, across and through such portions of the Commercial Building as are necessary to access the Gas Meter Room for the purpose of reading the gas meters for the Residential Tower and Residential Lobby. The Residential Gas Lines shall run at all times through the Residential Easement Area, provided, however, that, to the extent applicable, any Facilities therein shall be located as close to the slabs as reasonably possible in accordance with sound engineering practices.

2.13 Elevator Shafts and Elevator Pits. — The Fee Owner and Commercial Property Owner hereby grant to the Residential Property Owner (i) an exclusive easement for the construction, installation, use and Maintenance of the elevator shafts identified as "PE-16," "PE-17," and "SE-18" on the Attached Plans for the purpose of providing vertical transportation to and from the Residential Lobby to and from the 26th Floor Mezzanine and the Residential Tower through the Residential Elevator Area, (ii) an exclusive easement for the installation, use and Maintenance of elevator pits within the portion of the Residential Elevator Area identified as "PE-16," "PE-17," and "SE-18" on the Attached Plans for the purpose of installing and performing Maintenance of the Residential Elevators, (iii) an exclusive easement for the installation, use, Maintenance and operation of Residential Elevators PE-16 and PE-17, and (iv) with respect to Residential Elevator SE-18 (x) an exclusive easement for the installation, Maintenance and operation of such elevator and (y) a non-exclusive easement for the use of such elevator. The Easements granted pursuant to this Section 2.13 shall include a grant to the Residential Property Owner of the Operational Control of the Residential Elevator Area. The Residential Property Owner shall be responsible for Maintenance of the Residential Elevator Area, the Residential Elevators and all other related Facilities.

2.14 Communications. The Fee Owner and Commercial Property Owner hereby grant to the Residential Property Owner an exclusive easement for the installation, use and Maintenance of the Residential Communication Lines running from the Residential Telephone Room through the Residential Easement Area to connection with the Residential Tower. The Residential Communication Lines shall be installed in conduit and shall run (A) through the Residential Easement Area, provided, however, that, to the extent applicable, any Facilities therein shall be located as close to the slabs as reasonably possible in accordance with sound engineering practices, or (B) within any area of the Commercial Building over which the Residential Property Owner has been granted Operational Control.

2.15 Residential Owned Facilities. The Fee Owner and Commercial Property Owner hereby grant to the Residential Property Owner an exclusive easement permitting the installation, existence, attachment and Maintenance of the Residential Owned Facilities in the Easements described herein.

2.16 Shared Loading Dock. The Fee Owner and the Commercial Property Owner hereby grant to the Residential Property Owner a non-exclusive easement, for (i) the installation, operation and use of the Shared Loading Dock, on a shared basis, and (ii) pedestrian ingress and egress on, over, across and through the Shared Loading Dock and the connecting corridors (including, without limitation, Service Corridor 01-13, as shown on the Attached Plans) (a) to and from 55th Street and (b) to and from the Residential Lobby. The parties shall cooperate to establish from time to time a mutually acceptable schedule for the use of the Shared Loading Dock based on anticipated use thereof. Any disagreement with respect to such schedule shall be an "Arbitrable Dispute." The Commercial Property Owner shall provide adequate heat, ventilation, air conditioning, power, light, cleaning, telephone service (if necessary) to the Shared Loading Dock and the connecting corridors at its sole cost and expense. The Commercial Property Owner shall also Maintain the Shared Loading Dock, but the Residential Property Owner shall contribute to such cost of all items of Maintenance of the Shared Loading Dock, with such contribution to be based on relative usage.

2.17 26th Floor Mezzanine. The Fee Owner and Commercial Property Owner hereby grant to the Residential Property Owner and its Permittees an exclusive easement for (i) the construction, installation and Maintenance of the 26th Floor Mezzanine, (ii) the use, occupancy and enjoyment of the 26th Floor Mezzanine, and (iii) pedestrian ingress and egress on, over, across and through, the 26th Floor Mezzanine to and from the Residential Tower and the Residential Lobby through (1) the Residential Elevators, and (2) in an Emergency Situation, the Designated Fire Stairs. Notwithstanding the foregoing, the Fee Owner and the Commercial Property Owner reserve to themselves (i) the use, occupancy and enjoyment of the elevator machine room, identified as 26m-07 on the Attached Plans, and the mechanical room, identified as 26m-12 on the Attached Plans (collectively, the "26th Floor Mezzanine Reserved Rooms"), and (ii) pedestrian ingress and egress on, over, across and through the Residential Lobby and Residential Elevator SC-18 to the 26th Floor Mezzanine and through the elevator lobby (identified as 26m-01 on the Attached Plans) on the 26th Floor Mezzanine to the 26th Floor Mezzanine Reserved Rooms. The Residential Property Owner shall be responsible for the Maintenance of the 26th Floor Mezzanine (other than the 26th Floor Mezzanine Reserved Rooms), and this Easement shall be exclusive to the Residential Property Owner and its Permittees, except for ingress and egress by the Commercial Property Owner in an Emergency Situation. The Residential Property Owner shall cause the room on the 26th Floor Mezzanine identified on the

Attached Plans as "Trash Room (26m-05)" to be climate controlled. The Residential Property Owner shall have Operational Control of the 26th Floor Mezzanine. The Facilities and furnishings, fixtures and other furnishings on the 26th Floor Mezzanine, other than in the 26th Floor Reserved Rooms, shall be the property of the Residential Property Owner and shall be Residential Owned Facilities. Notwithstanding anything to the contrary contained herein, the Residential Property Owner shall operate its equipment on the 26 Floor Mezzanine in a manner which does not interfere with the Commercial Property Owner's quiet enjoyment of the office and retail space within the Commercial Property due to, without limitation, noise, vibration or fumes generated thereby.

2.18 Lower Level Stairs. The Fee Owner and the Commercial Property Owner hereby grant to the Residential Property Owner a non-exclusive easement for the use of the stairways located within the Commercial Building identified on the Attached Plans as "Stairway C" and "Stairway D" (collectively, the "Lower Level Stairways") for ingress and egress from (i) with respect to "Stairway C," 56th Street, and (ii) with respect to "Stairway D," 55th Street, to the lower level of the Commercial Building. The Commercial Property Owner shall be responsible for Maintenance of and provision of utilities to the Lower Level Stairways.

2.19 Residential Facade Lighting Easement. The Fee Owner and the Commercial Property Owner hereby grant to the Residential Property Owner an exclusive easement for the installation, use and Maintenance of the lighting fixtures in the Residential Facade Lighting Easement Area. Such lighting fixtures shall be deemed to be Residential Easement Facilities and, accordingly, the Residential Property Owner shall give reasonable prior notice to the Commercial Property Owner of any Maintenance of such lighting fixtures.

ARTICLE III

EASEMENTS APPURTENANT TO COMMERCIAL PREMISES

3.1 In General. For the purposes of this Article III, the following shall apply:

(A) The Residential Property Owner is the grantor of the Easements described in this Article III. The grants of Easements in this Article III shall bind and be enforceable against the Residential Property Owner and its successors and assigns. The grant of an Easement by the Residential Property Owner to the Commercial Property Owner shall bind and burden the Residential Property, which shall, for the purpose of this Article III, be deemed to be the servient tenement.

(B) The Commercial Property Owner is the grantee of the Easements described in this Article III. The Easements shall benefit the Commercial Property Owner and its successors, assigns and Permittees. The grant of an Easement to the Commercial Property Owner is appurtenant to and shall benefit the Commercial Property, which shall, for the purpose of this Article III with respect to such Easement, be deemed to be the dominant tenement.

(C) Unless otherwise expressly provided in this Agreement, all Easements granted to the Commercial Property Owner are irrevocable and perpetual in nature.

3.2 Ingress and Egress.

(A) The Residential Property Owner hereby grants to the Commercial Property Owner a non-exclusive easement for ingress and egress only for Persons, material and equipment in, over, on, across and through such portions of the Residential Property (including use of the service elevator in the Residential Tower, i.e., "SE-18" on the Attached Plans) as is necessary to permit the (x) Maintenance of (1) the Commercial Property (but only if and when access for such Maintenance is required or permitted under this Agreement), (2) any Commercial Easement Facilities or Commercial Owned Facilities now or hereafter located in the Residential Property, (3) any other areas in the Residential Property as to which an Easement for use or Maintenance has been granted to the Commercial Property Owner and (4) the shared central alarm system, (y) Alterations performed pursuant to Article XIV, or (z) initial construction (as provided in Section 4.7) or restoration after condemnation or damage or destruction. Where the means of ingress and egress is specified herein as to a particular Easement, then the means of ingress and egress shall be restricted as so specified except (a) if the same is unavailable or (b) in an Emergency Situation. The Commercial Property Owner hereby acknowledges that neither the Commercial Property Owner nor any of its Permittees shall have any right to use any of the residential passenger elevators (i.e., "PE-16" and "PE-17" on the Attached Plans) for any purpose whatsoever.

(B) In exercising any right of entry pursuant to an Easement granted under Article III or Article IV, or any other right of access granted herein, (i) such right of entry shall be at such times reasonably convenient and on reasonable prior notice to the Residential Property Owner, and the Residential Property Owner shall have the right to have a representative present at all times during such entry, except (1) in an Emergency Situation, in which event the Commercial Property Owner shall notify the Residential Property Owner as soon as practicable of the action taken or proposed to be taken, as the case may be, to cure the Emergency Situation, (2) in connection with construction of the Building, and (3) with respect to the exercise of any self-help remedy provided for in this Agreement, and (ii) after initial completion of the Building, subject to Articles IX and XIII, the Commercial Property Owner shall, at its sole cost and expense, promptly restore that portion of the Residential Property so used to the same condition as existed immediately before the exercise of such right. In exercising an Easement granted under this Article III or under Article IV or any other right of access granted herein, the Commercial Property Owner shall exercise due care and reasonable diligence and shall otherwise minimize any adverse impact of its exercise on the Residential Property Owner, taking into consideration, among other things, the economic impact of any disruption on the Residential Property Owner and the impact on its tenants, if any. The Commercial Property Owner shall comply with any reasonable security procedures and requirements of the Residential Property Owner.

(C) The Residential Property Owner may (1) in connection with the Maintenance of the Residential Tower, or (2) in an Emergency Situation: temporarily prevent, close off or restrict the flow of ingress, egress or use in, over, on, across and through any of the Easements, but only to the minimal extent and for the shortest time period reasonably necessary under the circumstances in order to minimize the effect on the user of such Easement. The Residential Property Owner may, from time to time, impose (1) reasonable limitations on the Commercial Property Owner's or any other Permittee's access for Maintenance of the Commercial Easement Facilities and the Commercial Owned

Facilities including, without limitation, establishing paths of ingress and egress, unless expressly otherwise specified herein, and hours of the day or days of the week or year during which the Commercial Property Owner or any other Permittee may access the Commercial Easement Facilities and the Commercial Owned Facilities (or such access may be limited), and (2) reasonable security controls consistent with the Residential Property Owner's operation of the Residential Property and the rights of its occupants, if any, and any overall security system for the Property. In imposing limitations or controls, the Residential Property Owner shall take into consideration the reasonable needs and requirements of the Commercial Property Owner and its Subtenants as well as the Residential Property Owner's and its tenants' (if any) needs and requirements.

3.3 Structural Support. The Residential Property Owner hereby grants to the Commercial Property Owner a non-exclusive easement of structural support in all Structural Supports now or hereafter located in or constituting a part of the Residential Property for the support of (a) any Commercial Easement Facilities or areas located in the Residential Property with respect to which the Commercial Property Owner is granted an Easement and (b) any Commercial Owned Facilities.

3.4 Communications. - The Residential Property Owner hereby grants to the Commercial Property Owner an exclusive easement for the installation, use and Maintenance of the Commercial Communication Lines running from the Commercial Building through the Commercial Easement Area to connect with each of the Commercial Cooling Towers and the Permitted Rooftop Equipment. The Commercial Communication Lines shall be installed in conduit and shall at all times run through the Commercial Easement Area, provided, however, that, to the extent applicable, any Facilities therein shall be located as close to the slabs as reasonably possible in accordance with sound engineering practices. The Commercial Property Owner shall be responsible for Maintenance of the Commercial Communication Lines.

3.5 Permitted Rooftop Equipment.

(A) The Residential Property Owner hereby grants to the Commercial Property Owner a non-exclusive easement to use the Designated Rooftop Communication Area for the installation, use and Maintenance of Permitted Rooftop Equipment, as shown on the Attached Plans. The Residential Property Owner shall not install any of its equipment or Facilities in the Designated Rooftop Communication Area. Neither the Commercial Property Owner's nor any of its Subtenants' use of Permitted Rooftop Equipment shall interfere with other receptions from, or transmissions to, the Facilities on the roof. The Residential Property Owner's use of the roof shall not interfere with the Commercial Property Owner's use of the Designated Rooftop Communications Area as provided in this Section 3.5, including its reception from, or transmissions to, the Facilities on the roof. The Commercial Property Owner shall remove or cause to be removed each piece of the Permitted Rooftop Equipment when each use ends. The Residential Property Owner shall be responsible for Maintenance of the entire roof of the Residential Tower, except as otherwise provided herein and except to the extent such Maintenance is directly the result of the operation or existence of the Permitted Rooftop Equipment (in which case the Commercial Property Owner shall be responsible for the cost of Maintenance so resulting), and the Commercial Property Owner shall contribute to Residential Property Owner's cost of Maintenance of such roof based on the square footage of the Designated Rooftop Communications Area over the square footage of the entire roof of the Residential Tower. The Commercial Property Owner shall be responsible for Maintenance of the Permitted Rooftop Equipment. Permitted Rooftop Equipment may

be installed on the roof in compliance with this Section 3.5 on notice to the Residential Property Owner; provided, however, to the extent that any Permitted Rooftop Equipment requires the installation of electrical, communication or other lines that cannot be located within their existing conduits, the installation of the same shall be subject to the provisions of Section 4.9.

(B) Notwithstanding anything to the contrary, in addition to (i) its own use, (ii) for so long as Random House, Inc. is an occupant of the Commercial Property or an Affiliate of the Commercial Property Owner, the use by Random House, Inc., and (C) its (or their) Affiliates' use, but subject to the provisions of this Section 3.5(B) pertaining to full or partial exchanges, if applicable, the Commercial Property Owner shall have the right to lease or license any portion of the Designated Rooftop Communications Area, provided it complies with the provisions of this Section 3.5(B). If the Commercial Property Owner enters into an agreement with a third party (other than a Subtenant who operates a retail business in the Commercial Building, in which case Section 3.5(C) hereof shall govern) for the provision of services, goods, merchandise and/or equipment to the Commercial Building and, in full or partial exchange for or in full or partial payment of such services, goods, merchandise and/or equipment the Commercial Property Owner desires to lease or license all or a portion of the Designated Rooftop Communications Area to such third party, then: the Commercial Property Owner shall have the right to lease or license any portion of the Designated Rooftop Communications Area to such third party pursuant to a written agreement provided that (x) the Commercial Property Owner shall deliver a fully executed copy of such agreement to 56th Associates (or its successor in interest) within thirty (30) days after execution thereof along with a copy of the service contract or other agreement whereby such third party agrees to provide services, goods, merchandise and/or equipment to the Commercial Building, if such is the case, (y) the Commercial Property Owner, subject to the last sentence of this Section 3.5(B), shall remit (the "Remittance Amount") to 56th Associates (or its successor in interest) the greater of (i) (x) fifty percent (50%) of each installment of the sums due under such agreement (the "Agreed Amount") within five (5) days after receipt thereof by the Commercial Property Owner, and (y) fifty percent (50%) of the fair market value of any such goods, merchandise and/or equipment (the "Goods Value"; the Agreed Amount and the Goods Value, collectively, the "Total Received Value")within five (5) days after delivery of same to the Commercial Property Owner, or (ii) fifty percent (50%) of the annual fair market rental value (the "FMRV") of the portion of the Designated Rooftop Communications Area leased or licensed to such third party payable in equal monthly installments on the first of the month, provided that such FMRV shall be determined annually by 56th Associates (or its successor in interest), reduced in either case by the reasonable costs incurred by the Commercial Property Owner in connection with the Designated Rooftop Communications Area from time to time and any taxes, fees or costs incurred in connection with the agreement and payments in question. Any disagreement as to the fair market value of any such goods, merchandise or equipment, or the FMRV of the Designated Rooftop Communications Area, shall be an Arbitrable Dispute. Notwithstanding anything to the contrary contained herein, the Remittance Amount shall be based on the greater of the Total Received Value and the FMRV only for so long as the Commercial Property Owner is knowingly seeking to circumvent the intent of this Section 3.5(B) in terms of collecting less from the counterparty to such agreement than it would otherwise but for the agreement of such counterparty to provide services in full or partial exchange for a below market fee; at all other times the Remittance Amount shall be based solely on the Total

Received Value. Any disagreement as to whether the Commercial Property Owner is knowingly seeking to so circumvent the intent of this Section 3.5(B) shall be an Arbitrable Dispute.

(C) The Residential Property Owner hereby grants to the Commercial Property Owner a non-exclusive easement to use that portion of the roof of the Residential Tower which is not included in the Designated Rooftop Communication Area for the installation, use and Maintenance of Permitted Rooftop Equipment by each Subtenant who operates a retail business in the Commercial Building (but not by any Subtenant who does not operate such a retail business), provided that such Permitted Rooftop Equipment is used solely in connection with the operation of such Subtenant's business in the Commercial Building. No such use of Permitted Rooftop Equipment by such Subtenants shall interfere with other receptions from, or transmissions to, the Facilities on the roof. No such Subtenant's use of the roof shall interfere with the Commercial Property Owner's use of the Designated Rooftop Communications Area as provided in this Section 3.5, including its reception from, or transmissions to, the Facilities on the roof. The Commercial Property Owner shall remove or cause to be removed each piece of the Permitted Rooftop Equipment when each such use ends.

3.6 Condenser Water. - The Residential Property Owner hereby grants to the Commercial Property Owner an exclusive easement for the installation, use and Maintenance of the Commercial Condenser Water Lines running from the Commercial Building through the Commercial Easement Area to connection with (x) the Commercial Cooling Towers for "make-up" water, and (y) the Commercial Cooling Towers for creation of a "water loop" between the Commercial Building and the Commercial Cooling Towers providing for the distribution of condenser water from the Commercial Cooling Towers to the Commercial Building and the return of such water to the Commercial Cooling Towers. The Commercial Condenser Water Lines shall run at all times in the Commercial Easement Area, provided, however, that, to the extent applicable, any Facilities therein shall be located as close to the slabs as reasonably possible in accordance with sound engineering practices.

3.7 Cooling Tower. The Residential Property Owner hereby grants to the Commercial Property Owner an exclusive easement for the installation, use and Maintenance of the Commercial Cooling Towers on the roof of the Residential Tower in substantially the locations shown on the Attached Plans.

3.8 Electricity. - The Residential Property Owner hereby grants to the Commercial Property Owner an exclusive easement for the installation, use and Maintenance of the Commercial Electrical Lines running from the Commercial Building to connection with each of the Commercial Cooling Towers and the Permitted Rooftop Equipment. The Commercial Electrical Lines shall be installed in conduit and shall at all times run through the Commercial Easement Area, provided, however, that, to the extent applicable, any Facilities therein shall be located as close to the slabs as reasonably possible in accordance with sound engineering practices. The Commercial Property Owner shall be responsible for Maintenance of the Commercial Electrical Lines.

3.9 Commercial Owned Facilities. The Residential Property Owner hereby grants to the Commercial Property Owner an exclusive easement permitting the installation, existence, attachment and Maintenance of the Commercial Owned Facilities in the Easements described herein.

3.10 Emergency Stairway. The Residential Property Owner hereby grants to the Commercial Property Owner a non-exclusive easement for the use of the stairways in the Residential Tower identified on the Attached Plans as "Stair A" and "Stair B" for pedestrian ingress and egress in an Emergency Situation from the Commercial Building to the roof of the Residential Tower. The Commercial Property Owner acknowledges that the Residential Property Owner shall have the right, at the sole cost and expense of the Residential Property Owner, to install alarms or other security devices on all doors providing access to the portion of such stairways which are located within the Residential Tower, subject to the reasonable approval of the Commercial Property Owner. The Residential Property Owner shall be responsible for the Maintenance of said stairways located within the Residential Tower and the provisions of utilities thereto.

3.11 Commercial Boiler Flue. The Residential Property Owner hereby grants to the Commercial Property Owner an exclusive easement for the installation, use and Maintenance of the Commercial Boiler Flue running from the Commercial Building to the roof of the Residential Tower. The Commercial Boiler Flue shall be installed in conduit and shall at all time run through the Commercial Easement Area. The Commercial Property Owner shall be responsible for Maintenance of the Commercial Boiler Flue.

3.12 Rooftop Fire Pump Room. The Residential Property Owner hereby grants to the Commercial Property Owner and the Fee Owner a non-exclusive easement for the use, on a shared basis, of the Fire Pump Room for the distribution of services and Facilities to and from the Fire Pump Room. Notwithstanding anything to the contrary contained herein, the Residential Property Owner shall provide adequate heat, ventilation, air-conditioning, power, light, cleaning, telephone service (if necessary) to the Fire Pump Room at its sole cost and expense. The Residential Property Owner shall also otherwise Maintain the Fire Pump Room, but the Commercial Property Owner shall contribute to such cost of all items of Maintenance of the Fire Pump Room other than the foregoing specified items, with such contribution to be based on the Owner Building Area Ratio.

ARTICLE IV

RECIPROCAL EASEMENTS AND OBLIGATIONS

4.1 In General. For the purposes of this Article IV, the following shall apply:

(A) The Commercial Property Owner and the Fee Owner as well as the Residential Property Owner are each grantors of certain Easements described in this Article IV. The grants of Easements in this Article IV shall bind and be enforceable against the respective grantor of such Easements and its successors and assigns.

(B) The Commercial Property Owner and the Residential Property Owner are each a grantee of certain Easements described in this Article IV. The Easements shall benefit the grantee of such Easements and its successors, assigns and Permittees.

(C) The grant of an Easement by the Fee Owner and Commercial Property Owner to the Residential Property Owner shall bind and burden the Commercial Property, which shall, for the purpose of any such Easement, be deemed to be the servient tenement. The grant of an Easement by the Residential Property Owner to the Commercial Property Owner shall bind and burden the

Residential Property, which shall, for the purpose of any such Easement, be deemed to be the servient tenement.

(D) The grant of an Easement to the Residential Property Owner is appurtenant to and shall benefit the Residential Property, which shall, for the purpose of any such Easement, be deemed to be the dominant tenement. The grant of an Easement to the Commercial Property Owner is appurtenant to and shall benefit the Commercial Property, which shall, for the purpose of any such Easement, be deemed to be the dominant tenement.

(E) Unless otherwise expressly provided in this Agreement, all Easements are irrevocable and perpetual in nature.

4.2 Standpipe System. - The Residential Property Owner hereby grants to the Commercial Property Owner, and the Commercial Property Owner and the Fee Owner hereby grant to the Residential Property Owner, non-exclusive reciprocal easements permitting the use and enjoyment of the portion of the standpipe system (including use of the pumps in the Domestic and Fire Pump Room and the Rooftop Fire Pump Room) located in its portion of the Building and connecting to the standpipe system in the other portion of the Building and connecting to the House Water Tank on the roof of the Residential Tower (shown as such on the Attached Plans). The Residential Property Owner may connect the Residential Lobby sprinkler system to the standpipe system. Each Owner shall Maintain the portions of the standpipe system located in its portion of the Building without contribution for the cost thereof from the other Owner, provided however that the Residential Property Owner shall Maintain its sprinkler system located in the Residential Lobby area. The Residential Property Owner shall Maintain the House Water Tank and the Water Tank Room (identified as 50m-07 on the Attached Plans) but, notwithstanding anything to the contrary contained herein, the Commercial Property Owner shall contribute to the cost thereof, with such contribution to be based on the Owner Building Area Ratio. The Commercial Property Owner shall Maintain the Domestic and Fire Pump Room but, notwithstanding anything to the contrary contained herein, the Residential Property Owner shall contribute to the cost thereof, with such contribution to be based on the Owner Building Area Ratio.

4.3 Detector and Alarm. The Residential Property Owner hereby grants to Commercial Property Owner and the Fee Owner, a nonexclusive easement permitting the installation and Maintenance of those portions of the central alarm system (including detectors) to be located in the Residential Tower. The Commercial Property Owner shall Maintain the shared central alarm system (including detectors) and the shared fire command room (identified as "Fire Command (01-04)" on the Attached Plans) and the central detector alarm panel (including responsibility for selecting the monitoring company, inspections and other similar obligations related to the system). The Residential Property Owner shall contribute to the cost of Maintenance of the shared central alarm system and the central detector alarm panel, with such contribution to be based on the Owner Building Area Ratio.

4.4 26th Floor/Roofs, Enclosure and Access - The Commercial Property Owner and the Fee Owner hereby grant to the Residential Property Owner a non-exclusive easement in the slabs and other portions of the roof of the 26th floor of the Building for support of the Residential Tower and also as the first floor of the Residential Tower (i.e., the 27th floor of the Building). The Residential Property Owner hereby grants to the Commercial Property Owner (i) a non-exclusive easement in the portion of the 26th floor slab of the Building located in the Residential Premises and the roofing system thereabove for enclosure of the

roof of the Commercial Building and (ii) a non-exclusive easement to enter the roof over the Commercial Building itself, but only outside of the private roof terraces along the perimeter of the roof for the purpose of erecting and using scaffolding in connection with the construction of the Building and for Maintenance of the Commercial Building. The Residential Property Owner expressly reserves for itself the use of the roof over the Commercial Building for, among other things, construction of the Residential Tower, for Maintenance of the Residential Tower, and for the purpose of installation, use, enjoyment and Maintenance of the private terraces and sitting areas for the Residential Property Owner and its Permittees on the roof of the Commercial Building (including the Maintenance of such private terraces). Except as otherwise provided for herein, including, without limitation, the private terraces and sitting areas for the Residential Property Owner and its Permittees on the roof of the Commercial Building (the Maintenance of which shall be the obligation of the Residential Property Owner), the Commercial Property Owner shall be responsible for Maintenance of the roof of the Commercial Building, except to the extent such Maintenance is directly the result of use of such roof by the Residential Property Owner. Notwithstanding anything to the contrary contained herein, (i) no signs (other than as required by Law) shall be installed on the roof of the Residential Tower, and (ii) no signs (other than as required by Law), equipment or other improvements whatsoever shall be installed on the roof of the Commercial Building (except equipment and installations, if any, shown on the Attached Plans).

4.5 Hazardous Materials. The Residential Property Owner hereby grants to the Commercial Property Owner and Fee Owner, and the Commercial Property Owner and the Fee Owner each hereby grants to the Residential Property Owner a non-exclusive easement on, over, across and through its portion of the Property as is necessary for the reasonable performance of studies regarding the existence of Hazardous Materials upon ten (10) days' prior notice, except in an Emergency Situation. Each Owner shall have the right to have a representative of such Owner present at any such study. Each Owner may exercise its rights under this Easement only if it has reason to believe that there is a violation of Hazardous Materials Laws in the other Owner's portion of the Property or if required by any Institutional Lender. Any such studies shall be performed by a qualified Person who is bonded and insured in accordance with customary requirements.

4.6 Construction. The Residential Property Owner hereby grants to the Commercial Property Owner, and the Commercial Property Owner and the Fee Owner each hereby grants to the Residential Property Owner, non-exclusive reciprocal easements on, over, across and through their portion of the Property for the initial construction of the Building including, without limitation, the installation of Facilities, elevators and/or stairs for access to and from the Commercial Building to the Residential Tower and, in connection therewith, the Residential Lobby. Each Owner shall, in addition to its obligations set forth in Section 20.1, cooperate and coordinate with the other Owner in the initial construction of the Building.

4.7 Encroachments. The Residential Property Owner hereby grants to the Commercial Property Owner, and the Commercial Property Owner and the Fee Owner each hereby grants to the Residential Property Owner, non-exclusive reciprocal easements permitting the existence of encroachments if, by reason of the construction of the Building (whether initially or thereafter as a result of any rebuilding or restoration following a fire or other casualty or a condemnation or eminent domain proceeding or any permitted Alteration or addition) or the

subsequent settlement or shifting of the Building, any part of the other Owner's portion of the Building or the other Owner's Owned Facilities not originally designed to be located within the granting Owner's portion of the Property encroaches or hereafter encroaches upon any part of the granting Owner's portion of the Property. The Owner benefitting from such Easement (the "benefitting Owner") shall use reasonable diligence in constructing its portion of the Building (i.e., the Residential Tower or the Commercial Building, as the case may be) to minimize the possibility of any such encroachment occurring, and no such encroachment shall be placed or enlarged deliberately, provided, however, that the Easements created pursuant to this Agreement shall be deemed to accommodate any field or site conditions and changes thereto. Notwithstanding the foregoing, but subject to Section 4.8, if upon completion of construction of the Building, there is an encroachment by the Residential Tower into the Commercial Premises or by the Commercial Building into the Residential Premises, then upon the written request of the encroaching Owner, the encroached-upon Owner (and the Fee Owner, if applicable) shall execute and deliver to the encroaching Owner, for no consideration, a correction deed conveying to the encroaching Owner such encroachment parcel and the parties shall amend this Agreement whereby each Owner and the Fee Owner grant to the other any easements necessary as a result of the correction deed. The encroaching Owner shall be responsible for all title, recording, and transfer tax charges incurred in connection with the conveyance of any such encroachment parcel.

4.8 Superseding Plans. Upon the later to occur of (a) the issuance of a temporary certificate of occupancy for the entire Building and (b) the initial occupant in the office portion of the Commercial Building taking possession of its premises (the "Superseding Date"), notwithstanding that as a result of modifications to the Plans, field or site conditions or construction error, the Facilities or Easements are constructed other than as shown on the Plans identified on Exhibit C and the Attached Plans, then unless an Objection Notice is filed as set forth in the next sentence, (i) the Easements shall be deemed to be where the Facilities or Easement areas, as the case may be, are actually located in the Building, and (ii) the Plans, as the same have been modified throughout the course of construction (i.e., the shop drawings, "as-builts" and modified drawings and specifications relating to the Plans) shall be certified by the Architect and thereafter shall be deemed to be the Plans for all purposes hereunder. If any party hereto objects to either (i) or (ii) immediately above, then such objecting party shall execute and file a notice of objection setting forth the basis of such objection (an "Objection Notice") with the Register and deliver a copy of the same to the other Owner, the Fee Owner (if applicable) and any Recognized Mortgagee within ninety (90) days after the Superseding Date, failing which, the right to make any objection shall be deemed waived. Upon making such timely objection, the objecting party shall have such remedies as are allowed at law, in equity or otherwise.

4.9 Relocation or Addition of Utilities or Facilities. Subject to Article 14 hereof, if, at any time, it shall become necessary for an Owner to relocate or add to the utility or other Easements for Facilities granted pursuant to Articles II, III or IV hereof in order (i) to provide additional utility service or (ii) to access new technology, or (iii) to accommodate new Facilities or new means of delivering service to existing Facilities, in, to or from the Residential Property or the Commercial Property, as the case may be, then the Owner of the Property to be encumbered (as well as the Fee Owner if the Commercial Property) (the "granting Owner") shall grant such additional or relocated Easements at such location mutually agreed to by the Residential Property Owner and the Commercial

Property Owner and Fee Owner, each party acting reasonably, (including such utility Easements as may be requested by the applicable Utility Company) provided (a) such easements do not unreasonably interfere with the reasonable use and enjoyment of the granting Owner's (and Fee Owner's) Property, (b) the granting Owner shall not be required to grant such easement which would convert otherwise leasable space (whether or not leased) to such use, unless such relocation or additional easement is required by law and no other space is reasonably available, and (c) the benefitting Owner shall compensate the granting Owner for any losses, damages, costs or expenses incurred by the granting Owner, including lost revenues in the case of a conversion of otherwise available rentable space or damages for breach of any lease. Any such new or relocated utilities shall be designated on the Plans, and, if necessary, the Plans shall be revised and initialed by the Owners as well as the Fee Owner.

4.10 Relocation or Alteration of Easements. To the extent any Easement is relocated or otherwise altered pursuant to the terms hereof, such Easement shall be deemed to be as so relocated or altered.

4.11 Emergency Situation. The Residential Property Owner hereby grants to the Commercial Property Owner, and the Commercial Property Owner and the Fee Owner each hereby grants to the Residential Property Owner, a non-exclusive reciprocal easement on, over, across and through its portion of the Property as is necessary by virtue of any Emergency Situation upon such notice as is reasonable under the circumstances.

4.12 Water Service. The Residential Property Owner hereby grants to the Commercial Property Owner and the Fee Owner a non-exclusive easement to receive water service from the Residential Water Room through the shared Emergency Water Connector Pipe to the Incoming Commercial Water Pipes, during any Emergency Situation which causes the loss or disruption of water service from the Incoming Commercial Water Pipes to the Commercial Water Room. The Commercial Property Owner and the Fee Owner each hereby grants to the Residential Property Owner a non-exclusive easement to receive water service from the Commercial Water Room through the shared Emergency Water Connector Pipe to the Incoming Residential Water Pipes, during any Emergency Situation which causes the loss or disruption of water service from the Incoming Residential Water Pipes to the Residential Water Room.

4.13 Outgoing Drainage. The Residential Property Owner hereby grants to the Commercial Property Owner and the Fee Owner, and the Commercial Property Owner and Fee Owner hereby grant to the Residential Property Owner, non-exclusive reciprocal easements permitting the use and enjoyment of the portion of the storm and sanitary and vent piping system (including the roof drain and downspout system and storm and sanitary sewer pipes) located in its portion of the Building, as shown on the Attached Plans. Each Owner shall Maintain the portions of such system located in its portion of the Building without contribution for the cost thereof from the other Owner.

4.14 Window Washing.

(A) The Commercial Property Owner shall have the right and obligation to Maintain the Shared Window Washing Equipment. In addition, the Commercial Property Owner shall have the obligation to cause the windows of the Residential Tower and the Residential Health Club to be washed once per year but may not cause such windows to be washed more than once per year without the consent of the Residential Property Owner, which consent may be withheld in the sole and absolute discretion of the

Residential Property Owner. The Commercial Property Owner shall be obligated upon prior notice from the Residential Property Owner to cause the windows of the Residential Tower and the Residential Health Club to be washed more than once per year according to a frequency specified by the Residential Property Owner, which frequency may be subsequently increased or decreased from time to time upon notice from the Residential Property Owner to the Commercial Property Owner.

(B) The Residential Property Owner hereby grants to the Commercial Property Owner and the Fee Owner a non-exclusive easement to enter the roof of the Residential Tower for the purpose of launching Shared Window Washing Equipment from such roof and lowering and raising such equipment along the sides of the Residential Tower (including the use of the tracks, on the facade of the Residential Tower, for window washing rigs). Such right of entry shall be at such times reasonably convenient and on reasonable prior notice to the Residential Property Owner, and the Residential Property Owner shall have the right to have a representative present at all times during such entry.

(C) The initial cost of purchasing the Shared Window Washing Equipment shall be shared by the Owners according to the Owner Glass Area Ratio.

(D) The annual cost of Maintenance of the Shared Window Washing Equipment and the annual cost of the window washing of the exterior windows on Building shall be shared each calendar year by the Owners based on the following: each Owner shall be responsible for a percentage of such costs equal to a fraction, the **numerator** of which is the product of (x) the Owner Glass Area Ratio for such Owner times (y) the number of times the windows have been washed in such Owner's portion of the Building during such year, and the **denominator** of which is the sum of (1) (x) the Owner Glass Area Ratio for such Owner times (y) the number of times the windows have been washed in such Owner's portion of the Building during such year plus (2) (x) the Owner Glass Area Ratio for the other Owner, times (y) the number of times the windows have been washed in such other Owner's portion of the Building during such year.

(E) The Owners shall cooperate in good faith to coordinate a schedule of window washing which reduces the costs of window washing which would otherwise be incurred by the Owners, provided, however, that the neither Owner shall be under any obligation to cause the windows in its portion of the Building to be washed more or less frequently than such Owner desires such windows to be washed.

4.15 Lightning Protection System. The Residential Property Owner hereby grants to the Commercial Property Owner and the Fee Owner, and the Commercial Property Owner and Fee Owner hereby grant to the Residential Property Owner, non-exclusive reciprocal easements permitting the use and enjoyment of the portion of the lightning protection system located in its portion of the Building. Each Owner shall Maintain the portions of such system located in its portion of the Building without contribution for the cost thereof from the other Owner.

ARTICLE V

MAINTENANCE AND SERVICES

5.1 Obligation to Furnish Services.

(A) To the extent not specifically provided in Articles II, III or IV or this Article V, and without limiting or

diminishing each Owner's rights and obligations under Article IX (relating to damage and destruction), Article XIII (relating to condemnation), and Section 14.6 (relating to structural integrity), each Owner shall, at its sole cost and expense, Maintain (i) the shared Easement Facilities (i.e., the Easement Facilities in which the Owners have non-exclusive rights) and the shared Easement spaces located in their respective portions of the Property and (ii) the Structural Supports located within their portion of the Property, and the exterior facades and roofs of their respective portions of the Building and sidewalks and other exterior areas, all in a first-class manner and in good and safe condition, and as to both (i) and (ii), shall make all repairs and replacements thereto to otherwise avoid any material adverse effect on the Easements and Facilities. Further, each Owner (to the extent applicable) shall (a) Maintain its respective Owned Facilities and any Easement areas over which it has Operational Control as well as (b) any shared Easement Facilities in the other Owner's Property for which such Owner has been specifically given Maintenance responsibility hereunder, in each instance in a first-class manner and in good order and repair and shall make any repairs and replacements thereto to otherwise avoid any material adverse effect on the servient estate and (c) otherwise comply with Sections 2.2 or 3.2, as applicable. All Maintenance costs shall be at the Maintaining Owner's sole expense unless otherwise specified. Each Owner shall pay all bills and fees relating to its own separate utility meters.

(B) Each Owner shall make a good-faith effort to efficiently operate its Facilities and furnish all services as required under this Agreement in a manner consistent with a first-class retail/office or residential apartment property at the level of operation and management of comparable properties in the City of New York. Each Owner shall use reasonable diligence in performing the services required of such Owner as set forth in this Agreement, but no Owner shall be liable under this Agreement for interruption or inadequacy of utility service or loss or damage to property or business arising out of such interruption or inadequacy except to the extent resulting from such Owner's gross negligence or willful misconduct and except as may be provided in Section 5.5. Each Owner obligated to furnish services hereunder reserves the right to curtail or halt the performance of any service hereunder at any time in reasonable respects upon reasonable advance notice (except in an Emergency Situation) under the circumstances and for a reasonable period of time for the purpose of performing Maintenance or otherwise in an Emergency Situation. Each Owner who is obligated to Maintain any Facilities under this Agreement which are connected to other Facilities in the Building, the responsibility for whose Maintenance falls to the other Owner under this Agreement, shall perform its obligations with respect thereto in such a manner and standard so as to permit and not hinder the other Owner's performance of its obligations with respect to Maintenance.

(C) A Maintaining Owner shall, in replacing Facilities it needs to replace hereunder as part of its Maintenance obligations, replace such Facilities with Facilities substantially equivalent or better providing substantially the same quality of service or better.

(D) Wherever an Owner is made responsible for all or any part of the Maintenance of the Building or any portion thereof or any of the Facilities located therein, such Maintaining Owner shall not be responsible for, and the other Owner shall indemnify, defend and hold such Owner harmless from and against, any damages, losses, liabilities, costs and expenses of such Maintenance as is made necessary by negligence or the

willful act of the indemnifying Owner or its Permittees or a breach by such indemnifying Owner of this Agreement.

5.2 Services to Residential Property Owner. The Commercial Property Owner shall furnish or cause to be furnished the following services to the Residential Property Owner when, as and if required:

(A) Standpipe System. Maintenance of the portion of the standpipe system located in the Commercial Building as described in Section 4.2.

(B) Detectors and Alarm. Maintenance of the Facilities within the Commercial Building providing detection, supervisory and alarm related functions.

(C) Mechanical Rooms. Maintenance of the Mechanical Rooms (excluding the Residential Telephone Room) and the connecting corridors as provided in Section 2.5.

(D) Stairways. Maintenance of the Designated Fire Stairs and the Lower Level Stairways, to the extent the same are located in the Commercial Building.

(E) Incoming Water. Maintenance of the Shared Fire Water Pipes, provided, however, that the Residential Property Owner shall bear a share of the cost of such Maintenance based on the Owner Building Area Ratio as provided in Section 2.10.

(F) Street Level Exterior Maintenance and Snow Removal. Street level exterior Maintenance of sidewalk areas, tree pits, stone containers and other improvements along a portion of the perimeter of the Building running from the western boundary of the property line along 55th Street to Broadway, north to 56th Street, and west on 56th Street to the eastern end of the Residential Entry Facade, and snow removal for the sidewalk area adjacent to such portion of the perimeter of the Building, as and when necessary to comply with ordinances of the City of New York requiring such maintenance, without contribution from the Residential Property Owner. At all times during the term of this Agreement, the Commercial Property Owner shall Maintain the facade of the Commercial Building, all signs, canopies and exterior decorations in good condition and repair at its own cost and expense (other than the Residential Entry Facade and the sign and canopy belonging to the Residential Property Owner located on the Residential Entry Facade which shall be Maintained by the Residential Property Owner in accordance with Sections 2.7 and 5.3(E)).

(G) Certain Electrical Facilities. Maintenance of the incoming electric lines from the points of entry to the Building to the electric switch gear Facilities in the Electric Service Area. The Residential Property Owner shall contribute to the cost of such Maintenance based on the Owner Building Area Ratio.

(H) Shared Loading Dock. Maintenance of the Shared Loading Dock and adjoining corridors located in the Commercial Building. The Residential Property Owner shall contribute to the Maintenance of the Shared Loading Dock based on relative usage.

(I) Commercial Building Roof. Maintenance of the roof of the Commercial Building in accordance with Section 4.4.

(J) Storm, Sanitary and Vent Pipes. Maintenance of the portion of the storm and sanitary and vent piping system located in the Commercial Building, as described in Section 4.13.

(K) Lightning Protection. Maintenance of the portion of the Facilities providing lightening protection for Building located in or on the Commercial Building, as described in Section 4.15.

5.3 Services to Commercial Property Owner. The Residential Property Owner shall furnish or cause to be furnished the following services to the Commercial Property Owner when, as and if required:

(A) Standpipe System. Maintenance of the standpipe system located in the Residential Tower as provided in Section 4.2.

(B) Liquid Column Damper System. Maintenance of the Liquid Column Damper System. The Commercial Property Owner shall contribute to the cost of such Maintenance based on the Owner Building Area Ratio.

(C) Lightning Protection. Maintenance of the portion of the Facilities providing lightning protection for the Building located in or on the Residential Tower, as described in Section 4.15.

(D) Commercial Roof. Maintenance of the private terraces and sitting areas for the Residential Property Owner and its Permittees on the roof of the Commercial Building, as provided in Section 4.4.

(E) Street Level Exterior Maintenance and Snow Removal; Façade Maintenance. Street level exterior Maintenance of sidewalk areas, tree pits, stone containers and other improvements along a portion of the perimeter of the Building running along 56th Street from the western boundary of the Property east to the eastern end of the Residential Entry Facade and snow removal for the sidewalk area adjacent to such portion of the perimeter of the Building, as and when necessary to comply with ordinances of the City of New York requiring such maintenance, without contribution from the Commercial Property Owner. The Residential Property Owner shall Maintain the Residential Entry Facade, as well as signs, canopy and exterior decorations on the Residential Entry Facade in good condition and repair as provided in Section 2.7 and shall maintain the facade of the Residential Tower in good condition and repair at its own cost and expense.

(F) Stairways. Maintenance of the Designated Fire Stairs to the extent the same are located in the Residential Tower.

(G) Storm, Sanitary and Vent Pipes. Maintenance of the portion of the storm and sanitary and vent piping system located in the Residential Tower, as described in Section 4.13.

5.4 Payment for Services. Payment for services and charges rendered pursuant to this Agreement shall be made in accordance with the terms and provisions hereinafter set forth.

(A) Whenever an Owner (the "Maintaining Owner") performs Maintenance (or otherwise pays charges or provides services) required under this Agreement and the other Owner (the "Contributing Owner") is required by this Agreement to bear part or all of the cost of such Maintenance, charges or services, the Maintaining Owner shall send a statement to the Contributing Owner showing the Contributing Owner's share of such cost at any time after rendering the service or incurring the charge, but in any event not later than twelve (12) months after completion of such item of Maintenance, charge or service, as the case may be,

which statement shall include or be accompanied by an explanation, in reasonable detail, of the item of expense for which contribution is requested and the invoice or other statement supporting the requested contribution. The Contributing Owner shall make payment therefor within thirty (30) days after receipt of the statement. If the Contributing Owner does not make such payment by the end of the said thirty (30) day period (thereby becoming a Defaulting Owner), interest shall accrue from the 31st day at the Default Rate on the amount unpaid until paid. If the Maintaining Owner fails to send any statement at all of any kind to the Contributing Owner by the end of the twelve (12) month period, such failure shall constitute a forfeiture and waiver of the Maintaining Owner's right to contribution and payment from the Contributing Owner for such item of Maintenance, charge or service, provided, however, there shall be no forfeiture or waiver as long as a written statement of some kind is sent, even if the statement does not include the detail or accompanying documentation set forth above. If any work for which the Contributing Owner is required to contribute is performed by an Affiliate of the Maintaining Owner, (a) the Maintaining Owner shall notify the Contributing Owner of such fact in any statement to the Contributing Owner explaining the work and (b) the Contributing Owner shall not be liable to the Maintaining Owner for any portion of the cost that is in excess of that which would be charged by a bona fide third-party performing the same work.

(B) Notwithstanding anything in this Agreement to the contrary with respect to any cost which this Agreement provides shall be (x) shared by the Owners in accordance with the Owner Building Area Ratio or (y) paid solely by one Owner, if either Owner believes that the resulting allocation (including, without limitation, the exclusive allocation to one Owner) of such cost would be inequitable given the actual causes of such cost, such Owner may deliver notice thereof to the other Owner, along with a detailed calculation of the allocation of such cost which the first Owner believes is equitable, given the actual causes of such cost (an "Alternative Cost Allocation"). In the event that such other Owner agrees with the Alternative Cost Allocation proposed by the first Owner, then the responsibility for said cost shall be shared based on such Alternative Cost Allocation, rather than on the Owner Building Area Ratio or on an exclusive allocation to one Owner. For example, if one-third of the gross square foot area of a Mechanical Room located on the Commercial Property was dedicated to the operation of mechanical equipment exclusively serving the Residential Property, but (and assuming that the remaining square foot area of such room was being actively used for the use contemplated herein and/or on the Attached Plans) the existence of such equipment required additional heating, air conditioning or ventilation of such Mechanical Room, then upon a reasonable demonstration of such additional cost by the Commercial Property Owner, the Residential Property Owner may be required pursuant to this paragraph (B) to pay for such additional cost. Similarly, if Facilities located on the Residential Property were available for use by both Owners, but in fact usage was entirely by the Commercial Property Owner, then upon a reasonable demonstration of same, the Commercial Property Owner may be required pursuant to this paragraph (B) to pay for any such cost to the extent not already captured in the allocation of such gross square foot area in the calculation of Owner Building Area Ratio. Any disagreement between the Owners with respect to an Alternative Cost Allocation shall be an Arbitrable Dispute.

(C) The Maintaining Owner who receives a bill from a Utility Company for a shared metered utility shall, promptly after receipt of such bill, send to the Contributing Owner a notice containing the following information: (i) a copy of such

bill, (ii) the amount payable by the other Owner based on a fair and equitable allocation to be determined using cumulative submeter readings and (iii) the calculations used in determining such amount. The Contributing Owner shall pay its share of the bill to the Maintaining Owner (which may be by check payable to the order of the Utility Company) within seven (7) days prior to the due date for such payment to the Utility Company, provided that it received the bill at least ten (10) days before such due date. The Maintaining Owner receiving such bill from the Utility Company shall promptly and timely pay its share of the same, plus the portion received from the Contributing Owner when received. If the Maintaining Owner does not timely receive the payment from the Contributing Owner and pays the Contributing Owner's share (with the Contributing Owner thereby becoming a Defaulting Owner), interest shall accrue on the Contributing Owner's share at the Default Rate from the date paid by the Maintaining Owner, (or the date payment was due from the Contributing Owner if later) (thereby becoming the Creditor Owner). The Maintaining Owner shall provide to the Contributing Owner, within ninety (90) days of the end of the Year, a reconciliation of the actual submeter readings against all monies paid by the Maintaining Owner and Contributing Owner in connection with bills therefor and appropriate payments shall be made by or to (as applicable) the Maintaining Owner based on such reconciliation.

(D) Inspection of Books. Each Maintaining Owner shall, for a period of not less than three (3) years from the date of receipt thereof (or in the event of a dispute between the parties arising prior to the expiration of such three (3) year period, until such dispute is resolved if after such three (3) year period), maintain the invoices, contracts and supporting documentation pertaining to the provision of services provided under this Agreement and for any work for which the Maintaining Owner is requesting contribution from the Contributing Owner. The Contributing Owner and its authorized representatives shall have the right at all reasonable times to review and examine the invoices, contracts and supporting documentation of the Maintaining Owner as they pertain to services and the amount and allocation of charges for services under this Agreement. Such review and examination shall be performed, if at all, within 180 days after the Contributing Owner's receipt of any statement relating to such invoices, contracts and supporting documentation. A Contributing Owner reviewing such invoices, contracts and supporting documentation shall treat the same as confidential and shall not divulge the contents thereof to third parties except (a) its Subtenants or tenants, any Recognized Mortgagee, and the Fee Owner, and their respective agents, consultants or advisors (including attorneys and accountants) provided that such parties shall be obligated to treat such information and materials as confidential and (b) where required in the event of litigation or arbitration or otherwise pursuant to an order of a court of competent jurisdiction. The costs of such review or examination shall be borne by the Contributing Owner requesting such review, unless such review discloses that charges for services by the Maintaining Owner with respect to any annual period exceeded the proper charges by more than five percent (5%), in which event the Maintaining Owner overcharging for services shall bear the cost of the review or examination and the amounts owed by the Contributing Owner shall be adjusted accordingly. Any dispute relating to any amounts due pursuant to this Paragraph shall be an Arbitrable Dispute.

(E) Notwithstanding that ratios are being recalculated under Section 5.7, or that there may be a dispute as to an amount owed, an Owner shall nevertheless continue making payments as required under this Section 5.4 until the costs are reallocated, ratios recalculated or dispute otherwise resolved, at which time the Owners shall refund any overpayment or pay any deficiency, as

applicable, together with interest on any overpayment (at a rate per annum equal to two percent (2%) less than the Default Rate).

5.5 An Owner's Failure to Perform Services.

(A) If an Owner fails to perform any Maintenance or to pay any third-party charges or to provide any services required by the terms and conditions under Articles II, III, IV or V of this Agreement (except when such failure is caused by the other Owner or by Unavoidable Delay or except when the alleged defaulting Owner is entitled to discontinue such service pursuant to Section 5.1 hereof), and the defaulting Owner does not cure any monetary default within ten (10) days after notice from the other Owner or does not commence the curing of any non-monetary default within a period of twenty (20) days after notice thereof from the other Owner and does not thereafter proceed with reasonable diligence and continuity to cure such non-monetary default, the notifying Owner shall have the right to perform or pay the same (without limiting any of its other rights or remedies) (thereby becoming the Creditor Owner with the defaulting Owner becoming the Defaulting Owner) until such time as the defaulting Owner cures its failure to perform. The aforesaid notice shall not be required as a condition to the exercise by an Owner of its rights in an Emergency Situation, provided, that the Creditor Owner shall notify the Defaulting Owner immediately after the exercise of any of its rights hereunder. Creditor Owner shall use good faith efforts to minimize its costs, expenses and damages incurred in connection with its curing or attempting to cure a non-monetary default by Defaulting Owner.

(B) During any period in which the Creditor Owner is exercising its rights pursuant to Section 5.5(A) hereof, the Defaulting Owner shall make payments to the Creditor Owner as provided in Section 5.6.

(C) If a dispute exists as to whether an alleged Defaulting Owner has failed to perform in the manner required by the terms and conditions of this Agreement, then such dispute will constitute an Arbitrable Dispute which may be submitted to arbitration under Article XI if such dispute is not resolved within ten (10) days after the dispute arises. Failure to submit the matter to arbitration shall not vitiate the Creditor Owner's rights under Sections 5.5(A) and (B).

5.6 Defaulting Owner's Payments to Creditor Owner. With respect to any period in which a Creditor Owner is performing such services which the Defaulting Owner has failed to perform or making payments which the Defaulting Owner has failed to make, the Defaulting Owner shall make payments to the Creditor Owner performing the services or making the payments as follows: the Defaulting Owner shall pay the costs and charges incurred by the Creditor Owner in excess of those which would have been payable in any event by the Creditor Owner had the Defaulting Owner provided services or made payments as required by this Agreement, plus (a) if the Creditor Owner supervised the performance of such service (i.e., more than merely making payment to a third party), a fee for the Creditor Owner's overhead and supervision equal to ten percent (10%) of the total costs incurred by the Creditor Owner; (b) the Creditor Owner's other reasonable out-of-pocket costs and expenses incurred in taking possession and providing the aforesaid services, without duplication, and (c) interest on all of the foregoing at the Default Rate from the date of the payment or performance of the service by the Creditor Owner until paid by the Defaulting Owner. The Creditor Owner may bill the Defaulting Owner therefor at any time.

5.7 Ratios Used in Allocation Formulas. (A) If, after the initial or any subsequent construction, the gross square foot area (as defined in Article I in connection with the term "Owner Building Area Ratio") of the Building changes, then either Owner shall have the right to request that the Architect recalculate and recertify the Owner Building Area Ratio. In the event either Owner elects to recalculate the Owner Building Area Ratio, such Owner shall so notify the other Owner as well as the Fee Owner. The date of the completion of an alteration changing the square footage of a portion of the Building, but not earlier than two (2) months prior to the Owner's request for recalculation, shall be deemed the effective date for such newly recalculated Owner Building Area Ratio. Both Owners and the Fee Owner shall cooperate with each other and with the Architect in providing any information needed to make the calculation and shall share any fees to the Architect therefor based on the Owner Building Area Ratio (as recalculated, if applicable). Any such ratio recalculation shall be in writing and, if the Owners together so elect, may be recorded in the Register. The Architect's calculation shall, absent manifest error, be binding on the parties.

(B) If, after the initial or any subsequent construction, the gross square foot area (as defined in Article I in connection with the term "Owner Glass Area Ratio") of the exterior glass enclosing the Building changes, then either Owner shall have the right to request that the Architect recalculate and recertify the Owner Glass Area Ratio. In the event either Owner elects to recalculate the Owner Glass Area Ratio, such Owner shall so notify the other Owner as well as the Fee Owner. Both Owners and the Fee Owner shall cooperate with each other and with the Architect in providing any information needed to make the calculation and shall share any fees to the Architect therefor based on the Owner Glass Area Ratio (as recalculated, if applicable). The Architect's calculation shall, absent manifest error, be binding on the parties.

5.8 Residential Trash Room. The Residential Property Owner shall cause the trash room on the 26th Floor Mezzanine, identified on the Attached Plans as "Trash Room (26m-05)", to be climate controlled.

ARTICLE VI

INDEMNIFICATIONS; LIENS; COMPLIANCE WITH LAWS; ZONING; RIGHT TO CONTEST

6.1 Indemnity by Owners. Without limiting any other provision hereof, each Owner (hereinafter in this Section 6.1, the "Indemnifying Owner") covenants and agrees, at its sole cost and expense, to indemnify, defend and hold harmless the other Owner and such other Owner's partners, members, beneficiaries, stockholders, directors, officers, agents, employees and attorneys and the respective successors and assigns of all such partners and parties, any Recognized Mortgagees and, with respect to the Residential Property Owner, the Fee Owner and its members, lenders, partners, beneficiaries, stockholders, directors, officers, agents, employees and attorneys and the respective successors and assigns of all such partners and parties (hereinafter in this Section 6.1, collectively the "Indemnitee") for losses, liabilities, damages (excluding consequential damages), judgments, reasonable costs and expenses including, without limitation, reasonable legal fees incurred by Indemnitee arising out of any claim, including any actions or proceedings against an Indemnitee by or on behalf of any Person other than any Indemnitee or its Affiliate (except to the extent that such losses, liabilities, damages (excluding consequential damages),

judgments, reasonable costs and expenses including, without limitation, reasonable legal fees result from any act or failure to act of Indemnitee), arising out of (i) the Indemnifying Owner's or its Permittees' use, possession, Maintenance, or operation of the Indemnifying Owner's portion of the Property or the Indemnifying Owner's Owned Facilities, or activities therein (except as otherwise expressly provided herein); (ii) the Indemnifying Owner's use, exercise or enjoyment of an Easement or Facility (shared or otherwise (except as otherwise expressly provided herein)), irrespective of whether or not Operational Control of such Easement or Facility has been granted to such Owner or (iii) the Indemnifying Owner's failure to perform its Maintenance or other obligations hereunder. In no event shall the Indemnifying Owner have any indemnification obligation to the Indemnitee (x) to the extent occasioned by the negligent or wrongful acts or omissions of any Indemnitee or its Permittees, or (y) for any casualty loss to property to the extent of any insurance proceeds actually paid under any insurance policy carried by the Indemnitee pursuant to this Agreement or (z) for consequential damages. Furthermore, in no event shall the indemnification obligations of the Indemnifying Owner hereunder include or be deemed to extend to the Permittees of the Indemnitee other than an Indemnitee. If any action or proceeding is brought against any Indemnitee by reason of any such claim, Indemnifying Owner, upon notice from such Indemnitee, covenants to resist or defend such action or proceeding with attorneys reasonably satisfactory to such Indemnitee. Any counsel for the insurance company providing insurance against such claim, action or proceeding shall be deemed to be reasonably satisfactory to such Indemnitee. The Indemnitee shall cooperate with the Indemnifying Owner in the defense of such matter, at the Indemnifying Owner's expense. The Indemnitee shall not enter into any agreement or settlement with respect to such matters while the Indemnifying Owner is defending or contesting such actions, without the Indemnifying Owner's prior written approval, which approval shall not be unreasonably withheld. Any such agreement or settlement without the Indemnifying Owner's approval shall release the Indemnifying Owner from its obligation to indemnify the Indemnitee with respect to such matter. In the event of a final and non-appealable determination of any Indemnitee's negligence or wrongful acts, the Indemnifying Owner shall be entitled to receive indemnification and repayment for all actual out-of-pocket costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) associated with defending an action resulting from an Indemnitee's negligence or wrongful acts or otherwise paid to the Indemnitee.

6.2 Liens. (A) Each Owner (hereinafter in this Section 6.2, the "Liening Owner") shall cause to be removed, by payment, bond or otherwise, within thirty (30) days after notice of the filing thereof, any mechanics', materialmen's or any other like lien arising by reason of its acts or acts of its agents and contractors or for any work or materials which it or its agents, contractors, tenants or invitees has ordered (A) and filed against the other Owner's portion of the Property or as to the Residential Property Owner, filed against the Fee Owner's interest in the Commercial Property or (B) which is filed against its own portion of the Property if the existence or foreclosure of such lien on its own portion of the Property would adversely affect any Easement benefitting the other Owner, or services, if any, to be furnished to the other Owner pursuant hereto (such other Owner in (A) or (B) being the "Impacted Owner").

(B) The Liening Owner shall not be required to remove such lien if: such lien does not expose the Impacted Owner to civil and criminal penalties and within said thirty (30) day period, the Liening Owner (i) shall in good faith diligently

proceed to contest the same by appropriate proceedings and shall give notice to the Impacted Owner of its intention to contest the validity of such lien and (ii) shall deliver to the Impacted Owner either, at the Impacted Owner's option: (a) cash or a surety bond from a responsible surety company reasonably acceptable to the Impacted Owner in an amount equal to one hundred fifty percent (150%) of the lien claim and all interest and penalties then accrued thereon or such greater amount as may reasonably be required to assure payment in full of the amount claimed plus all penalties, interest and costs which may thereafter accrue by reason of such lien claim or (b) such other security or indemnity reasonably acceptable to the Impacted Owner. The requirement set forth in clause (ii) immediately above in this Section 6.2(B) shall be deemed satisfied if the Liening Owner deposits such security with its Recognized Mortgagee in trust and such Recognized Mortgagee agrees in writing not to apply such security against or use such proceeds for anything other than the lien at issue and to apply such proceeds before the lien is foreclosed. The Liening Owner must cause to be removed or released all liens prior to foreclosure thereof. In the event the Liening Owner fails to comply with the foregoing provisions of this Section 6.2 (thereby becoming the Defaulting Owner), the Impacted Owner and/or Fee Owner (thereby becoming the Creditor Owner) may give notice to the Defaulting Owner specifying the respect or respects of such noncompliance and if, upon the expiration of ten (10) days after the receipt of such notice, the cure of any such noncompliance is still not proceeding diligently, then the Creditor Owner may cause such compliance to occur by taking all appropriate steps necessary to defend against or remove such lien and shall be entitled to any security deposited with a Recognized Mortgagee. The Creditor Owner shall be entitled to payment from the Defaulting Owner for all costs and expenses (including reasonable attorneys' fees) paid or incurred by the Creditor Owner in defending against, removing or attempting to defend against or remove such lien and may use any security delivered to the Creditor Owner for such purposes and for any other damages from the Defaulting Owner's breach under this Section 6.2. **NOTHING CONTAINED IN THIS SECTION 6.2 IS INTENDED TO GIVE OR CONFER ANY BENEFITS, RIGHTS, PRIVILEGES, CLAIMS, ACTIONS OR REMEDIES TO ANY PERSON AS A THIRD PARTY BENEFICIARY UNDER ANY LAWS OR OTHERWISE AND THE PERFORMANCE OF WORK ON ONLY ONE OWNER'S PROPERTY OR EXCLUSIVELY-OWNED FACILITIES OR EASEMENTS SHALL IN NO WAY BE DEEMED TO GIVE THE PARTY PERFORMING SUCH WORK THE RIGHT TO ATTACH A LIEN AGAINST THE OTHER OWNER'S INTEREST IN THE PROPERTY. FURTHERMORE, IN THE CASE OF ANY WORK PERFORMED, WHETHER ON BEHALF OF THE RESIDENTIAL PROPERTY OWNER, THE COMMERCIAL PROPERTY OWNER OR THE OWNERS JOINTLY, THE PARTY PERFORMING SUCH WORK SHALL HAVE NO RIGHT TO ATTACH A LIEN AGAINST THE FEE OWNER'S INTEREST IN THE COMMERCIAL PROPERTY.**

6.3 Compliance With Laws and Insurance Requirements. The Commercial Property Owner and the Residential Property Owner shall each comply with:

(A) all Laws, to the extent that noncompliance by such Owner with respect to its portion of the Property, or any part thereof, or its Owned Facilities or areas for which such Owner has been granted an exclusive Easement and/or Operational Control, (i) would subject the other Owner or Fee Owner to civil or criminal liability, (ii) would jeopardize the full force or effect of any certificate of occupancy issued to the other Owner or for the Building itself, (iii) would materially adversely affect the other Owner's right to occupy or use or enjoy beneficially its respective portion of the Property, or any part thereof, or its Owned Facilities or areas for which such Owner has been granted an exclusive Easement and/or Operational Control, (iv) would result in the imposition of a lien against

any of the Property of the other Owner or Fee Owner or (v) would adversely affect any of the other Owner's Easements;

(B) all rules, regulations and requirements of any insurance rating bureau having jurisdiction of the Property or any portion thereof, including the New York Board of Fire Underwriters, or the requirements of any insurance coverage on the other Owner's portion of the Property, or any part thereof, or Owned Facilities or areas for which such Owner has been granted an exclusive Easement and/or Operational Control, if noncompliance by it with respect to its respective portion of the Property, or any portion thereof, or its Owned Facilities or areas for which such Owner has been granted an exclusive Easement and/or Operational Control, would (i) increase the premiums of any policy of insurance maintained by the other Owner or Fee Owner or the premiums of any policy of insurance maintained by the Owners jointly (unless the non-complying Owner pays all such increases), or (ii) render the other Owner's or Fee Owner's portion of the Property, or any part thereof, or Owned Facilities or areas for which such Owner has been granted an exclusive Easement and/or Operational Control, uninsurable, or (iii) create a valid defense to the other Owner's or Fee Owner's right to collect insurance proceeds under policies insuring such other Owner's or Fee Owner's portion of the Property, or any part thereof, or Owned Facilities or areas for which such Owner has been granted an exclusive Easement and/or Operational Control; and

(C) Notwithstanding the foregoing, if the compliance required of an Owner pursuant to this Section 6.3 is required solely because of the nature of the use, possession and management of or activities by the other Owner with respect to such other Owner's portion of the Property or Owned Facilities, then the other Owner shall be liable for the costs and expense of such compliance.

6.4 Zoning.

(A) The Fee Owner, Ground Lessee, Residential Property Owner and certain adjoining property owners are parties to one or more Declarations of Zoning Lot Restrictions or waivers (collectively, the "Zoning Lot Declarations") providing that the Premises and such adjoining lots in Block 1027 are combined into a single zoning lot for purposes of the Zoning Resolution. The Fee Owner and Ground Lessee are parties to or beneficiaries of one or more Zoning Lot Development Agreements (collectively, the "ZLDAs") with the adjoining owners which effectively transfer to the Premises unused development rights from the adjoining properties. Any such unused development rights which are not utilized in constructing the Commercial Building in accordance with the Attached Plans may be utilized by the Residential Property Owner in the development of the Residential Tower.

(B) The Owners agree that the Floor Area (defined below) of the improvements which may at any time be constructed in (1) the Commercial Premises shall not exceed the Floor Area of the Commercial Building provided for in the Plans and (2) the Residential Premises shall not exceed the Floor Area of the Residential Tower provided for in the Plans; provided, however, if such combined Floor Area of the Commercial Building and the Residential Tower is ever less than the maximum permitted by the provisions of the Zoning Resolution of the City of New York, as said resolution may be amended from time to time (the "Zoning Resolution") (after taking into account the development rights effectively transferred pursuant to the Zoning Lot Declarations and the ZLDA), due to an amendment to the Zoning Resolution increasing the permitted Floor Area, then, to the extent permitted by law, such excess shall first be allocated to the

Commercial Premises and may be used for improvements to the Commercial Premises (subject to Article XIV, if applicable). If the Commercial Property Owner elects to not utilize the excess Floor Area, the Residential Property Owner may request the use of the excess Floor Area for improvement to the Residential Premises (subject to Article XIV, if applicable) by giving notice to the Commercial Property Owner and the Fee Owner, provided that the Commercial Property Owner and the Fee Owner may each grant or withhold its approval thereto in its sole and absolute discretion. No Owner may sell its development rights in Floor Area to a third party (other than in connection with an assignment of its rights under this Section 6.4 in connection with a sale of all of its interest in the Property to the Person acquiring such portion of the Property). The term "Floor Area" shall have the same definition as that contained in the Zoning Resolution as of the date this Agreement is recorded. Notwithstanding the foregoing, neither Owner may make any change to the Building pursuant to this Section 6.4(B) without complying with the applicable provisions of this Agreement.

(C) Applications for variations with respect to the provisions of the Zoning Resolution applicable to the Project Site which conform to the restrictions contained in Sections 6.4(A), 6.4(B) above and Section 6.5 below, and do not change the permitted uses under such Zoning Resolution or this Agreement, may be filed and processed solely by the Owner of the portion of the Building directly affected by such application and shall not require the joinder of the other Owner (or the Fee Owner as to the Residential Premises).

(D) Each Owner shall execute such applications or other instruments as may be necessary to obtain any zoning variation or amendment conforming with the provisions of this Section 6.4; provided, however, the Owner requesting such zoning variation or amendment shall indemnify and hold harmless the other Owner and Fee Owner from and against any and all loss, liability, claims, judgments, costs and expenses arising out of the other Owner's execution of such applications or other instruments. If any Owner fails to execute any such applications or instruments conforming with the provisions of this Section 6.4 when required hereunder to do so, the Owner requesting such zoning variation or amendment is hereby irrevocably appointed attorney-in-fact of such Owner (such power of attorney being coupled with an interest) to execute said applications or instruments on behalf of such Owner.

6.5 Use. In order to provide for compatible occupancy of the Property, the use of the Property shall be restricted to and shall be in accordance with the following provisions. The restrictions and limitations set forth below are not intended to limit any rights or remedies which one Owner may have against the other for violation of Laws or otherwise at law or in equity with respect to use or occupancy of the Building.

(i) The Residential Property shall be used for residential purposes only (which shall be deemed to include "corporate" apartments, provided that same are not used on a transient basis), including, without limitation, apartments and hotel rooms (provided that any such hotel rooms shall not be rented to guests primarily for overnight or shorter stays, it being agreed that any dispute as to whether such hotel rooms are rented primarily for overnight or shorter stays shall be an Arbitrable Dispute), except that, to the extent permitted by law, lawful home occupation and other ancillary uses are permitted. The Commercial Property shall be used for any lawful business, retail, office or professional or commercial (other than residential) purpose. The Commercial Property shall not be used for any obscene

purposes or any sort of commercial sex establishment. The Commercial Property Owner shall not (a) sell or permit the sale of any obscene or pornographic material in the Commercial Property, (obscene and pornographic material both being defined for purposes of this paragraph as any obscene material as defined in New York Penal Code §235, as the same may be amended, revised or superseded), (b) permit or conduct any obscene, nude, or seminude live performance in the Commercial Property, (c) permit, conduct or use any portion of the Commercial Property for nude modeling, or for the sale of sex-related paraphernalia or as a sex club of any sort, or as a massage parlor or (d) permit or conduct any use similar to those specifically prohibited as above described.

(ii) To the extent that any use in one Owner's portion of the Building causes recurring noxious odors that materially adversely affect the rights of any of the other Owner's or its Subtenants or tenants or other Permittees, as the case may be, to occupy, use and enjoy their respective premises, the Owner whose portion of the Building contains such use shall use reasonable efforts to abate and terminate such noxious odors.

(iii) Except as is otherwise specifically permitted hereunder, neither Owner may at any time use or occupy or suffer or permit anyone to use or occupy its portion of the Property or do anything in its portion of the Property or the Building, or suffer or permit anything to be done in its portion of the Property or the Building which (a) materially adversely affects the other Owner's right to occupy, use and enjoy its respective portion of the Property or any part thereof or Owned or shared Facilities, or (b) adversely affects any Easement granted to the other Owner.

(iv) Neither Owner shall (a) cause or permit the presence, use, generation, manufacture, production, processing, installation, release, discharge, storage (including aboveground and underground storage tanks for petroleum or petroleum products), treatment, handling, or disposal of any Hazardous Materials (excluding the safe and lawful use and storage of Hazardous Materials customarily used in the operation and maintenance of comparable properties or for normal household purposes) on or under the Property; or (b) cause or permit the transportation to, from or across the Property of any Hazardous Material (excluding the safe and lawful use and storage of Hazardous Materials customarily used in the operation and maintenance of comparable commercial and residential properties or for normal household purposes and the transport of any contaminated soil on the Project Site in compliance with all Hazardous Materials Laws in connection with the construction of the Building); or (c) cause or exacerbate any occurrence or condition on the Property that is or may be in violation of Hazardous Materials Law.

6.6 Removal of Violations. If notice of a municipal or other violation of Law is given or filed in respect of any portion of the Property as a result of the alleged or actual act of or failure to act by one Owner or its Permittee (the "Violating Owner") and such violation (1) jeopardizes the full force or effect of any certificate of occupancy issued to the other Owner or the Fee Owner, (2) materially adversely affects the other Owner's right to occupy, use, enjoy and improve its portion of the Property, or any part thereof, or any Owned or shared Facilities, (3) results in the imposition of a lien against any of the other Owner's or Fee Owner's Property, (4)

adversely affects any Easement granted to the other Owner, (subject to Section 6.7 below) or (5) would create criminal liability for the other Owner or Fee Owner (in such Owner's reasonable opinion), the Violating Owner shall remove such violation within ninety (90) days of receipt of notice from the other Owner or Fee Owner, provided, however, if the Violating Owner has been diligently prosecuting the removal of such violation, the period shall be extended for such additional time as is reasonably necessary to remove the violation.

6.7 Contest of Legal Requirements. Any time a Violating Owner is otherwise required under Section 6.6 to remove a violation, such Violating Owner shall nevertheless not be required to remove the violation pursuant to this Agreement if upon prior notice to the other Owner and at its own expense, it is contesting by appropriate legal or administrative proceedings or redress, promptly initiated and conducted in good faith and with due diligence, the validity or enforceability, in whole or in part, of the Law giving rise to the violation, provided the following conditions are met: (i) such proceeding shall suspend the obligation of the Violating Owner to comply with any such Law, (ii) failure to comply with any such Law pending the contest will not invalidate or vitiate any insurance required hereunder to be maintained with respect to the Property, in whole or in part, and will not, in the reasonable opinion of the other Owner, constitute a present danger to the Property, or any portion thereof, or to the persons using and entering upon the Property, (iii) neither the Property nor any part thereof or interest therein will in the reasonable opinion of the other Owner or Fee Owner be in danger of being sold, forfeited, confiscated, terminated, canceled or lost as a result of such contest by the Violating Owner, (iv) the Violating Owner shall have furnished such security as may be required in the proceeding, or in the event that none is required, as may be reasonably required by the other Owner or Fee Owner to insure the payment by the Violating Owner of all costs of compliance, fines and penalties, together with interest thereon, as may be incurred by the Violating Owner in the event of a determination in such proceeding adverse to the Violating Owner, and (v) the other Owner or Fee Owner will not, in its reasonable opinion, be subject to any criminal liability as the result of such contest by the Violating Owner.

ARTICLE VII

IMPOSITIONS

7.1 Separate Assessment. The Owners have obtained separate tentative tax lot designations and unofficial apportionments of their respective portions of the Property. The Owners shall cooperate with each other and make good faith efforts so that as soon as possible after the recordation of this Agreement, the Commercial Property and the Residential Property shall receive official separate tax lot designations by the Assessor of New York County, New York, and be assessed and taxed as separate parcels of real estate. The Commercial Property Owner shall pay or cause to be paid the Impositions levied upon the Commercial Property and the Residential Property Owner shall pay or cause to be paid the Impositions levied upon the Residential Property after the Residential Property and the Commercial Property are separately assessed and taxed. Pending the official separation of the Property into separate tax lots and the separate assessment and taxation of such lots, each Owner shall pay its share of Impositions based on the Owner Building Area Ratio, subject, however, to each Owner's right to propose an Alternate Cost Allocation pursuant to Section 5.4(B).

7.2 Reference to Taxes in Leases. For purposes of this Agreement and any documents or instruments, such as leases, referring to the allocation of Impositions (or any component thereof) pursuant to this Agreement, the Impositions allocated to a portion of the Building or Project Site shall mean those Impositions assessed and payable with respect to such portion of the Building or Project Site assuming the Building or Project Site is separately assessed and taxed, and while there are no separate assessments, pursuant to the allocations set forth in Section 7.1.

7.3 Failure to Pay Taxes. If an Owner shall fail to pay any portion of the Impositions or any other charge, or share thereof, which is due and which such Owner is obligated to pay pursuant to this Article VII, and if such unpaid tax or charge is a lien or encumbrance on any portion of the Building or Project Site owned by such Owner or Fee Owner and any lawful authority would thereafter have the right to sell or otherwise foreclose against such portion of the Building or Project Site owned by the other Owner or Fee Owner or to impair or extinguish any Easement benefitting any other Owner by reason of such nonpayment, then the other Owner or Fee Owner shall have the right (but not the obligation), upon the expiration of ten (10) days after notice of non-payment to the defaulting Owner (or such shorter period of time, but not less than three (3) days, if such tax or charge has become delinquent), to pay such tax or charge, or share thereof, together with any interest and penalties thereon (thereby becoming the Creditor Owner) and the defaulting Owner (thereby becoming the Defaulting Owner) shall, upon demand, reimburse the Creditor Owner for the amount of such payment.

ARTICLE VIII

INSURANCE

8.1 Casualty Insurance for Damage against Property. The Residential Property Owner and the Commercial Property Owner shall together procure and maintain the following insurance for the Building and the Facilities such that the risks insured by the Residential Property Owner and the Commercial Property Owner are insured on a joint basis under a single policy of insurance:

(A) Coverage.

(i) Builder's Risk Insurance. Until substantial completion of the Building as evidenced by the issuance of a temporary certificate of occupancy for the entire Building, "Builder's Risk" insurance (standard "all risk" or equivalent coverage) in an amount not less than one hundred percent (100%) of the replacement cost of the Base Building (exclusive of foundations and footings) including (a) any so-called "soft cost" value sums, written on a completed value (non-reporting basis) with respect to the initial Base Building construction, (b) water damage (including sprinkler leakage), (c) collapse (subject to standard exclusions, e.g., defective materials, poor construction and improper maintenance), as well as flood insurance (to the extent the same can be maintained at commercially reasonable rates in the State of New York), and (d) a law and ordinance endorsement. Such insurance requirement shall also apply in connection with any subsequent alteration to or reconstruction of the Base Building (including Alterations) being performed by or on behalf of or affecting both Owners jointly (for example, subsequent renovations, alterations or restoration to the Building impacting both Owners' interests in the Building, relating to shared Easements and Facilities). The policies shall be endorsed with coverage for (a) increased construction costs due to changes in Laws and (b) so-called "soft costs."

(ii) All Risk Insurance. At all times after substantial completion of the Building as evidenced by the issuance of a temporary certificate of occupancy for the entire Building, "All risk" coverage on the Base Building for an amount equal to one hundred percent (100%) of the replacement cost thereof. Replacement cost shall be determined annually by an independent appraiser, by reference to the Dodge Building Cost Index (or other published index of construction costs), or by such other method acceptable to the insurance company providing such coverages. Such policy shall include (a) replacement coverage, (b) an agreed amount clause (waiving any applicable co-insurance clause) in accordance with such determination or appraisal and (c) coverage for demolition costs and increased costs of construction due to changes in Laws or its equivalent. The insurance required pursuant to this Section 8.1(A)(ii) shall provide no less coverage (with the exception of deductible amounts) than the standard form of insurance currently promulgated by the Insurance Services Office, its successor, or other substantially similar insurance organization having responsibility for the design and publication of standardized insurance coverage forms for use by the insurance industry.

(iii) Boiler and Machinery Insurance. At all times, comprehensive boiler and machinery insurance on a blanket basis covering all Building equipment, machinery and apparatus consisting of, but not limited to, boilers, heating apparatus, fired and unfired pressure vessels, air conditioning equipment, miscellaneous electrical apparatus and their appurtenant equipment in an amount not less than the full replacement cost thereof or functional replacement value or cost thereof. If any proceeds paid under the boiler and machinery insurance include money for lost business income, such business income loss proceeds shall be distributed (a) with respect to the Residential Property, to the Residential Property Owner, except that if the Depositary has received a notice pursuant to Section 20.11(B), then to such Recognized Mortgagee and (b) with respect to the Commercial Property, to the Ground Lease Depositary.

(iv) Earthquake Insurance. If not included within the builder's risk insurance required under Section 8.1(A)(i) and the all risk property insurance required under Section 8.1(A)(ii), earthquake insurance in an amount equal to not less than ten percent (10%) of the replacement cost of the Building.

(v) Flood Insurance. If not included within the "all risk" insurance required under Section 8.1(A)(ii), flood insurance in an amount equal to the maximum amount obtainable for the Building.

(B) Parties Named on Policies. For the insurance policies required pursuant to this Section 8.1, each person comprising the Residential Property Owner, the Commercial Property Owner and the Fee Owner shall be a named insured as their interests may appear. Each Recognized Mortgagee shall be named as "mortgagee" under a standard New York State mortgagee clause or its equivalent; and the Depositary shall be named as "loss payee, as agent for the insureds." For the builder's risk insurance, any general contractor or construction manager shall be named as an "additional named insured" with respect to any of such general contractor's or construction manager's materials which are to become part of the Building. Except as provided otherwise under Section 9.1 (B) for a restoration or repair having a cost of less than $500,000, all losses payable under policies issued under this Section 8.1 shall be payable to the Depositary who shall hold and/or disburse the same in strict accordance with this Agreement and the Depositary Agreement or as otherwise directed by all of the insureds and the Recognized Mortgagees in writing.

(C) Waiver of Subrogation. The insurance policies required pursuant to this Section 8.1 shall to the extent requested by an Owner and to the extent obtainable, contain waivers of subrogation against occupants of the Residential Property and against Subtenants, to the extent the waivers are required pursuant to any Subtenant lease.

(D) Allocation of Premium. For the joint insurance policies required pursuant to this Section 8.1, the Owners shall apportion the premium based on the manner in which the insurance broker selected by the Owners to place the insurance or, if no such broker, the insurance company (or if there is more than one insurance company, by reason of co-insurance or otherwise, then the lead insurance company) has allocated and underwritten the risks. Such broker or the insurance company, as the case may be, shall be directed to determine such allocation based upon the respective replacement costs and the particular uses and operations of the buildings and improvements being insured by the Owners, as well as the number of additional insureds requested by each Owner and other relevant factors. The allocation initially determined by the insurance company has been accepted by the Owners for purposes of the initial builders risk policy. Any future allocation by the insurance company shall be binding unless objected to by an Owner within thirty (30) days after the issuance of the allocation statement to each of the Owners. In the event the Owners are unable to resolve any such objection, the matter shall constitute an Arbitrable Dispute; provided, however, that pending the results of any arbitration with respect to the apportionment of the premiums, the Owners shall pay their indicated share of such insurance costs as initially determined by the insurance companies within ten (10) days after receipt of an invoice therefor accompanied by a statement setting forth the basis of apportionment thereof (subject to adjustment of such payments upon final determination of any objection made as provided above).

(E) No Invalidation. The insurance policies required pursuant to this Section 8.1 shall provide, by endorsement or otherwise, to the effect that (i) the acts or omissions of any insured party or their Permittees shall not invalidate the policy as against any other insured party or otherwise adversely affect the rights of any other insured party under any such policy to collect the full amount of the policy to the extent required to rebuild its portion of the Building (including all Structural Supports, Easement Areas and Facilities and any other portions of the Building required to be reconstructed in order to rebuild such Owners' portion), and (ii) the insurance shall not be invalidated should any of the insureds under the policy waive any or all rights of recovery against any party for loss occurring to the property insured under the policy.

(F) No policy of casualty insurance under this Section 8.1 for damage against property shall contain a co-insurance clause.

8.2 Public Liability Insurance. The Residential Property Owner and the Commercial Property Owner shall each procure and maintain, at its sole cost and expense, the following insurance for its portion of the Building and Facilities under its own policy or policies of insurance.

(A) Coverage. Commercial general liability insurance written on an ISO occurrence form CG 00 01 (or a substitute form providing equivalent coverage, which shall include a broad form CGL endorsement if the substitute form is a 1973 edition CGL form) covering claims for personal and bodily injury or property damage occurring in, on, under, within, upon or about the respective Owner's portion of the Property, or as a result of

operations thereon (including contractual liability covering obligations created by this Agreement including, but not limited to, the indemnity obligations contained herein), in such amounts as may be required by Law and as may from time to time be carried by prudent owners of first-class commercial or residential apartment buildings, as the case may be, in New York City, but in all events for limits, as to each Owner and its portion of the Building, of not less than $1,000,000 per occurrence and not less than $2,000,000, in the annual aggregate per location, and for umbrella policies, not less than $50,000,000, per occurrence and not less than $50,000,000, in the annual aggregate per location. If the Commercial Property is subjected to a condominium regime under New York law, then for so long as the Commercial Property remains subject to a condominium regime, (i) the owner of the condominium unit encompassing any retail space in the Commercial Building shall maintain the commercial general liability insurance described in the immediately preceding sentence for limits, as to such owner and such condominium unit, of not less than $1,000,000 per occurrence and not less than $2,000,000, in the annual aggregate amount per location, and for umbrella policies, not less than $10,000,000, per occurrence and not less than $10,000,000, in the annual aggregate amount per location, and (ii) the owner of the condominium unit encompassing any office space in the Commercial Building shall maintain the commercial general liability insurance described in the immediately preceding sentence for limits, as to such owner and such condominium unit, of not less than $1,000,000 per occurrence and not less than $2,000,000, in the annual aggregate amount per location, and for umbrella policies, not less than $50,000,000, per occurrence and not less than $50,000,000, in the annual aggregate amount per location. The party purchasing the insurance required pursuant to this Section 8.2 shall be responsible for the payment of any deductible in connection with a claim. The dollar amounts set forth in this Section 8.2(A) shall be adjusted every five (5) years to reflect the value in 2000 Equivalent Dollars, rounded to the nearest million.

(B) Parties Named on Policies. For the insurance policies required pursuant to this Section 8.2, the parties shall be named as follows: the party purchasing the policy (that is, the Commercial Property Owner or the Residential Property Owner, as the case may be) shall be the "named insured"; the non-purchasing Owner shall be named as an "additional insured" on a primary basis; the Fee Owner shall be named as an "additional insured" and all Recognized Mortgagees shall be named as "additional insureds" on a primary basis.

8.3 Optional Separate Insurance. Nothing contained herein shall be deemed to preclude (a) any Owner or Fee Owner from maintaining, (b) the Fee Owner from requiring the Commercial Property Owner to maintain, or (c) any Recognized Mortgagee from requiring its mortgagor/Owner to maintain, increased, additional or other insurance in the types and amounts as may be desired or required from time to time, and without any requirement to name the other Owner; provided, however, that neither of the Owners nor any Permittee shall carry any additional casualty insurance for damage against property (i) unless each policy contains a waiver of subrogation against the other Owner, the Fee Owner and any tenant or Subtenant specified by an Owner, or (ii) if the effect of such additional casualty insurance for damage against property is to affect adversely or otherwise diminish the liability of or coverage available from the carriers issuing the insurance obtained by the parties pursuant to the provisions of Section 8.1.

8.4 General Requirements.

(A) Insurance policies required pursuant to this Article VIII shall be in such form and shall be issued by financially responsible insurance companies licensed and authorized to do business in the State of New York as are reasonably acceptable to the Owners. Any insurance company having a rating of "A" or better and a financial class of "VIII" or better (or the equivalent of such ratings if there is a change in the basis of the rating) as rated by A.M. Best's Insurance Guide (or any successor publication of comparable standing) shall be deemed a financially responsible company acceptable to the Owners. In the event the Owners cannot agree on an insurance company or brokers for a joint policy, it shall be an Arbitrable Dispute.

(B) Insurance Policies required pursuant to this Article VIII shall provide for a minimum of sixty (60) days' prior written notice of the cancellation, nonrenewal or modification thereof (except that ten (10) days' prior written notice shall be provided for non-payment of any premium) to the Owners, any Recognized Mortgagee, the Depositary and the Fee Owner.

(C) No Owner may willfully or knowingly violate or suffer or permit the violation of the terms of any policy of insurance required hereunder, or do or permit or suffer anything to be done, or keep anything in any portion of the Building which could result in termination of any such policies, could adversely affect the right of recovery under any such policies, or would result in reputable and independent insurance companies refusing to insure the Building and improvements in the amounts required hereunder at regular rates.

8.5 Limits of Liability.

(A) Insurance specified in Sections 8.1 and 8.2 shall be jointly reviewed by the Owners periodically at the request of any Owner (or Fee Owner), but no review will be required more often than every five (5) years (unless there is a substantial change in the Building or operations conducted in the Building), to determine if such limits, deductible amounts and types of insurance are reasonable and prudent in view of the type, place and amount of risk to be insured, the financial responsibility of the insureds, the cost of the insurance and to determine whether such limits, deductible amounts and types of insurance comply with the requirements of all applicable statutes, laws, ordinances, codes, rules, regulations, or orders and whether on a risk management basis, additional types of insurance or endorsements against special risks should be carried or whether required coverages or endorsements should be deleted. Initially, deductible amounts for insurance required under Section 8.1 shall not exceed $50,000, except for earthquake insurance, which deductible shall not exceed $100,000. Based upon the review contemplated herein and upon the agreement of the Owners, (i) such limits may be increased or decreased, (ii) such deductible amounts may be increased or decreased or (iii) the types of insurance may be modified, if justified; provided, however, the Owners shall not:

(a) have any authority under this Section 8.5 (or otherwise) to amend or waive any of the insurance requirements set forth in Sections 8.1 and 8.2 without the Fee Owner's prior consent (which consent shall not be unreasonably withheld, conditioned or delayed), it being agreed, however, that (1) the reasonable determination of the stipulated amount of the full replacement cost for any period shall not be deemed an amendment or waiver of such insurance requirements, and (2) such reasonable

determination may be made periodically by the Owners under this Section 8.5; or

(b) amend or waive any of the insurance requirements set forth in Section 8.1 or 8.2 without the consent (not to be unreasonably withheld) of each Recognized Mortgagee, if such amendment or waiver would (A) effect (x) a reduction in insurance coverage, (y) an increase in the amount of the deductible, or (z) a reduction in an insurance carrier's rating, (B) result in any policy required hereunder to be part of a joint policy becoming a separate policy or (C) materially affect coverage or affect protection afforded to any Recognized Mortgagee.

(B) With the consent of both Owners, the Owners may employ an insurance consultant to perform the review contemplated hereby or to administer insurance-related matters, and the cost of employing any such consultant shall be shared by the Owners in the ratio that their annual insurance premiums for their primary casualty policy required or provided for hereunder bear to each other.

8.6 Renewal Policies. Certificates of insurance identifying the form of policy or policies and all coverages replacing any policies expiring during the term of this Agreement shall be delivered by each Owner to the other Owner and to the Recognized Mortgagees and the Fee Owner (and, if requested in writing by such other Owner, the Fee Owner or a Recognized Mortgagee, a binder, endorsement or other evidence reasonably acceptable to such requesting party of such policy or policies and coverages shall be delivered to such requesting party) not less than thirty (30) days prior to the expiration dates of any expiring policies (provided that a copy of such policy or policies shall be delivered within ninety (90) days following the expiration of expired policies if requested by Fee Owner or any Recognized Mortgagee, it being understood that with respect to any liability insurance provided under an umbrella policy, only the portion or portions of such umbrella policy relevant to the Property shall be delivered), together with proof that the premiums for at least the first year of the term of such policies (or installment payments then required to have been paid on account of such premiums) shall have been paid. In the event that an additional insured is added to a policy after the issuance thereof, an Owner shall, upon written request of the other Owner, the Fee Owner or a Recognized Mortgagee, deliver to such requesting party a binder or endorsement (or other evidence reasonably acceptable to such requesting party) confirming the addition of such additional insured to such policy. Should an Owner fail to provide and maintain any policy of insurance required under this Article VIII or pay its share of the premiums or other costs for any joint policies (thereby becoming a Defaulting Owner) then the other Owner or Fee Owner (thereby becoming a Creditor Owner) may purchase such policy and the costs thereof (or the Defaulting Owner's share of such costs) shall be due from the Defaulting Owner within ten (10) days after the Creditor Owner's written demand therefor.

8.7 Waiver. Provided that such a waiver does not invalidate the respective policy or policies or diminish or impair the insured's ability to collect under such policy or policies or unreasonably increase the premiums for such policy or policies unless the party to be benefitted by such waiver pays for such increase, and without limiting any release or waiver of liability or recovery required or contained elsewhere in this Agreement, each Owner hereby waives all claims for recovery from the other Owner for any loss or damage to any of its property insured (or required hereunder to be insured) under valid and collectible insurance policies to the extent of any recovery

collectible (or which would have been collectible had such insurance required hereunder been obtained) under such insurance policies. Notwithstanding anything contained in this Section 8.7 to the contrary, the foregoing waivers shall not apply to rights for indemnification claims made pursuant to Section 6.1.

ARTICLE IX

MAINTENANCE AND REPAIR; DAMAGE TO THE BUILDING

9.1 Damage Affecting Only the Residential Tower or the Commercial Building.

(A) If any portion of the Base Building (including, without limitation, Structural Supports) is damaged by fire or other casualty and (1) such damage occurs within the Commercial Building only and does not affect any Residential Easements, Residential Easement Facilities or Residential Owned Facilities, or (2) such damage occurs within the Residential Tower only and does not affect any Commercial Easements, Commercial Easement Facilities or Commercial Owned Facilities, then any such damage shall be repaired and restored by the Owner of the portion of the Building at its sole cost and expense in which any such damage occurs (the "Damaged Owner") with due diligence and in as timely a manner as practicable under the circumstances, and such Owner shall obtain all required permits (with the cooperation of the other Owner if required as contemplated by Section 14.2) and shall adjust the claim with the insurance company, subject to any approval rights of its Recognized Mortgagee for a claim greater than $500,000, in 2000 Equivalent Dollars. Subject to and in accordance with the provisions of Article XVII hereof, the Damaged Owner shall be entitled to any insurance proceeds held by the Depositary by reason of any such damage, for application to the cost and expense of the repair and restoration of any such damage as herein provided and if the Damaged Owner is the Commercial Property Owner, then for so long as the Ground Lease is in effect the provisions of the Ground Lease shall apply to the repair and restoration and the use of the insurance proceeds and thereafter the provisions hereof shall apply to such repair, restoration and use. As provided in Sections 9.4 and 9.5, the Damaged Owner shall be responsible for any additional costs in excess of the insurance proceeds and shall be entitled to receive any excess insurance proceeds, subject to the rights, if any, of its Recognized Mortgagee. If the cost of such repairs exceeds $500,000 in 2000 Equivalent Dollars, the Damaged Owner shall submit plans and specifications, a construction schedule, copies of permits and contracts, and payment and performance bonds (if required), and any other documents to its Recognized Mortgagee (and/or the Fee Owner if the damage is to the Commercial Building) to the extent required by such Recognized Mortgagee (and/or the Ground Lease if the damage is to the Commercial Building). The provisions of Article XIV shall apply to such repair and restoration to the extent applicable to any proposed alteration.

(B) If the cost of the restoration or repair to be performed under this Section is less than $500,000 (or such lesser amount agreed to by the parties hereto as set forth in the Depositary Agreement), in 2000 Equivalent Dollars, upon compliance with Section 17.2(C), the Damaged Owner shall be entitled to receive the total insurance proceeds (less the expenses of the Depositary) for application to the cost of restoration, but without otherwise complying with the provisions for Disbursement of Restoration Funds in Section 17.2(B), but subject to compliance with the provisions of Section 17.2(C) and Section 9.1(A) above.

9.2 Damage Affecting Predominantly the Residential Tower or the Commercial Building. If any portion of the Building is damaged by fire or other casualty and (A) such damage occurs within the Commercial Building only and does not affect any Residential Easements, Residential Easement Facilities or Residential Owned Facilities, other than to an immaterial degree, or (B) such damage occurs within the Residential Tower only and does not affect any Commercial Easements, Commercial Easement Facilities or Commercial Owned Facilities, other than to an immaterial degree, then the provisions contained in Section 9.1 shall apply; provided, however, that the Damaged Owner shall notify the other Owner (the "Minimally Damaged Owner"), the Fee Owner and the Recognized Mortgagee of the nature and extent of the damage and the identity of the contractor to be used. If the Damaged Owner delivers to the Minimally Damaged Owner evidence reasonably satisfactory to the Minimally Damaged Owner that the Minimally Damaged Owner has the benefit of reasonably adequate warranties and guaranties provided by the contractor, then so long as the Damaged Owner has complied with the provisions of this Section 9.2, the Damaged Owner shall not be liable to the Minimally Damaged Owner for any defect in the work performed by the contractor repairing the damage. Notwithstanding the foregoing, either the Damaged Owner or the Minimally Damaged Owner may elect, on notice to the other prior to the earlier of (a) adjustment of the loss with the insurer or (b) commencement of Restoration Work (prior notice of which shall have been given to the Minimally Damaged Owner), to have the provisions of Section 9.3 govern the repair and restoration requirements.

9.3 Joint Damage. If the Base Building is damaged by fire or other casualty and the provisions of neither Section 9.1 nor Section 9.2 apply, the Owners shall, with due diligence and in as timely a manner as practicable under the circumstances, cause the damage to be repaired and the Base Building to be restored and the repair and restoration of the damage shall be the joint responsibility of the Owners pursuant to the provisions of this Section 9.3.

(A) The Owners shall jointly adjust the claim with the insurance company providing the insurance under Section 8.1, shall obtain all required permits (copies of which shall be given to each Owner and Fee Owner and to the Recognized Mortgagees), subject, however, to the prior approval by any Recognized Mortgagee of the adjustment of any claim greater than $500,000, in 2000 Equivalent Dollars.

(B) The Owners shall jointly supervise the construction work with respect to the Base Building. The repair and restoration shall be commenced and pursued to completion in as timely a manner as practicable and shall be performed on behalf of the Owners by a general contractor or a construction manager jointly selected by the Owners. If the overall cost of the repair and restoration is greater than $500,000, in 2000 Equivalent Dollars, then (i) the Owners shall prepare a construction schedule and (ii) the general contractor or construction manager (and in the case of a construction manager, any trade contractors performing work for the benefit of both Owners with a contract price in excess of $500,000, in 2000 Equivalent Dollars) shall be selected by Owners and approved by the Recognized Mortgagees, which approval shall not be unreasonably withheld.

(C) If the Owners (and, if required, the Recognized Mortgagees) fail to agree upon the selection of a general contractor or construction manager within forty-five (45) days after the occurrence of such fire or other casualty, the Owners shall promptly thereafter request the advice of the Architect. If, after receiving the Architect's advice, the Owners cannot

agree on a general contractor or a construction manager within forty-five (45) days thereafter, then the selection of a general contractor or a construction manager shall be an Arbitrable Dispute.

(D) The plans and specifications for such repair and restoration shall be prepared by the Architect in accordance with instructions given by the Owners and shall provide for the restoration of the damaged portion of the Base Building as close as commercially practicable to the Base Building as existed prior to the damage or destruction, except to the extent any changes in Law require otherwise or unless the Owners agree otherwise subject to the reasonable approval of the Recognized Mortgagee(s). The Owners shall cause the Architect to furnish to each of the Owners, the Recognized Mortgagees and the Fee Owner, a set of the plans and specifications (and shop drawings upon request) which it has prepared or caused to be prepared. If, in connection with any restoration or repair hereunder, only one Owner desires to make any material change in the Base Building, the consent of the other Owner (and the Fee Owner to the extent applicable) shall be required as and to the extent the same would constitute a Consent Alteration under Article XIV or to the extent otherwise required pursuant to Section 14.5. The Recognized Mortgagee(s) and the Fee Owner shall receive copies of all change orders and the Recognized Mortgagee shall have the right to reasonably approve any material changes to the Base Building which affect the property securing the lien of its Recognized Mortgage.

(E) Unless the Owners otherwise agree, the general contractor or the construction manager, as the case may be, shall work under the supervision of the Architect.

(F) The Owners shall maintain the Builder's Risk insurance required pursuant to Section 8.1(A)(i). The Owners shall deliver a certificate for any such insurance to the Recognized Mortgagees and the Fee Owner.

9.4 Cost of Repairs.

(A) If the cost and expense of performing any repair and restoration of the Base Building pursuant to Section 9.1 (including cases where the provisions of Section 9.1 apply by operation of the provisions of Section 9.2) shall exceed the amount of any available insurance proceeds for the restoration of the Base Building, the excess cost and expense (or the entire amount of such cost and expense, if there are no insurance proceeds) shall be paid by the Damaged Owner. The Damaged Owner shall also pay any deductible amount.

(B) If the cost and expense of performing any repair and restoration which is undertaken pursuant to Section 9.3 shall exceed the amount of available insurance proceeds, the excess cost and expense (or the entire amount of such cost and expense, if there are no insurance proceeds) shall be borne by the Owners in proportion to the Architect Allocation Ratio (as defined below). Notwithstanding the foregoing, (1) to the extent the additional costs result from changes requested by an Owner or the acts or omissions of an Owner, such Owner shall be solely responsible for payment of the additional costs, and (2) if an Owner fails to carry any insurance required under Section 8.1, such Owner shall be responsible for the payment of any restoration costs that would have been paid from the proceeds of such insurance. The Owners shall share, subject to the terms of the immediately preceding sentence, any cost overruns resulting from Unavoidable Delays based on the Architect Allocation Ratio. The term "Architect Allocation Ratio" shall have the following meaning: the ratio of (A) the relative cost of the restoration

to be performed under Section 9.3 of the damage suffered by each Owner (including not only damage to an Owner's own portion of the Base Building, but damage to such Owner's Easements and Facilities, shared or owned, located in the other Owner's portion of the Building) to (B) initially, the Estimate and, as and if the costs change during the course of the Restoration Work, the actual total costs. The Certifying Professional shall reasonably determine the Architect Allocation Ratio and shall notify the Owners and the Fee Owner of such ratio and the method by which the same was calculated, which notice shall include a complete schedule of costs and a reasonably detailed breakdown thereof by area and type of damage. Either Owner or the Fee Owner shall have the right for thirty (30) days from the date of receipt of the aforementioned notice from the Certifying Professional to dispute the Architect Allocation Ratio by giving notice to the others (including the Certifying Professional), which notice shall include, with reasonable detail, the basis for the dispute and the proposed alternate allocation ratio and the method by which the same is calculated. Each Owner shall share in paying the deductible in accordance with the Architect Allocation Ratio. Any dispute relating to the Architect Allocation Ratio shall be deemed an Arbitrable Dispute.

9.5 Determination of Costs.

(A) Within sixty (60) days after any damage requiring any repair or restoration under either Section 9.1 or Section 9.3, the Certifying Professional shall be selected by the applicable parties, and the Damaged Owner (in any case that Section 9.1 applies) and the Owners (in any case that Section 9.3 applies) shall cause the Certifying Professional to prepare a reasonably detailed statement (the "CP Statement") setting forth (i) a description of the damaged areas of the Base Building, and (ii) an estimate of the total costs of such repair or restoration (the "Estimate"), and shall deliver a copy of such Estimate to the other Owner and Fee Owner.

(B) If the insurance proceeds available for any repair or restoration required under either Section 9.1 or Section 9.3 (based upon the adjustment of the insurance claims in respect of the damage giving rise thereto) are less than the amount of the Estimate (and provided that with respect to Section 9.1, the Estimate exceeds $500,000 in 2000 Equivalent Dollars), then, within ten (10) days of such deficiency becoming known, (x) if pursuant to Section 9.1, the Damaged Owner shall deposit with the Depositary the deficiency, or (y) if pursuant to Section 9.3, the Owners shall deposit with the Depositary their respective shares of such deficiency as determined in accordance with the Architect Allocation Ratio. Furthermore, if the Certifying Professional determines, pursuant to Section 17.4, that a deficiency exists, then, and in such case, the Damaged Owner (if pursuant to Section 9.1) shall deposit with the Depositary, or the Owners (if pursuant to Section 9.3) shall each deposit with the Depositary, within ten (10) days after receipt of the statement of the deficiency from the Certifying Professional, or the other Owner, the Fee Owner or the Depositary, the deficiency (if pursuant to Section 9.1) or their respective shares of the deficiency in accordance with the Architect Allocation Ratio (if pursuant to Section 9.3). If an Owner fails to contribute its deficiency as determined above and such failure continues for a period of ten (10) days after the Owner is given notice of such failure, the other Owner (who shall be a Creditor Owner) may, but shall not be obligated to, pay the share of the defaulting Owner (who shall be a Defaulting Owner) to the Depositary.

9.6 Excess Insurance Proceeds. Upon completion of the repair and restoration and full payment therefor, any unadvanced

portion of the amounts on deposit with the Depositary for such purpose shall be distributed as follows:

(i) With respect to any repairs or restoration performed pursuant to the provisions of Section 9.1, the balance held by the Depositary, together with any letter of credit or other security held by the Depositary, shall be paid and/or delivered to the Damaged Owner, subject to Section 17.2(E).

(ii) With respect to any repairs or restoration pursuant to Section 9.3, the balance on deposit with the Depositary shall be paid:

(a) if one of the Owners failed to contribute to a deficiency as herein provided, thus becoming a Defaulting Owner, the amount of such deficiency, together with interest thereon at the Default Rate, shall be paid to the Creditor Owner to the extent advanced by it, and

(b) next, to the extent any excess amounts are directly related to savings attributable to a change requested or approved by one of the Owners to such Owner's Property, to such Owner, and

(c) any remaining balance shall be paid to the Owners in accordance with the Architect Allocation Ratio, subject to Section 17.2(E).

If the Depositary is holding any letter of credit or other security, the Depositary will draw upon or otherwise liquidate these items unless the party depositing these items substitutes cash in an amount equal to the amount secured by these deposits. If such Owner's share of excess proceeds is equal to the amount secured by these deposits, the return of the deposited items shall be a credit against the excess proceeds to which it is entitled.

9.7 Obligation and Rights to Rebuild. Each Owner shall be obligated to repair and restore its portion of the Building regardless of whether or not any insurance proceeds are available, provided, however, that the Owners shall share the cost of repairing or restoring Structural Supports based on the Owner Building Area Ratio, to the extent that such cost is not satisfied out of available insurance proceeds. Furthermore, each Owner shall cooperate with the other Owner in connection with any repairs or restoration to the Building. If, however, one Owner defaults in the full, faithful and punctual performance of any obligation under this Article IX or XVII (including, without limitation, adjusting any loss, preparing plans and specifications, selecting contractors, negotiating and executing contracts, and performing construction and submitting requisitions to the Depositary), then the other Owner shall have, in addition, to all other remedies it may have hereunder or at law or in equity, upon the expiration of at least thirty (30) days' prior notice of such default, the right, but not the obligation, if the Defaulting Owner has not commenced the good faith cure of such default within said thirty (30) day period, (a) to make any decisions required in connection with the performance of such obligation on behalf of the Defaulting Owner, (b) to actually perform the obligation on behalf of the Defaulting Owner, and (c) in accordance with the applicable provisions of Section 17.5, to use the Defaulting Owner's insurance proceeds in connection with the performance of any such obligation. If any Owner defaults in the performance of its obligations under this Article IX, as aforesaid, the other Owner is hereby irrevocably appointed attorney-in-fact of the Defaulting Owner (such power of attorney being coupled with an interest) to take any and all steps necessary on behalf of

Defaulting Owner to perform the Defaulting Owner's obligations as provided herein.

9.8 Costs Defined. For purposes of this Article IX, architects' and engineers' fees, attorneys' fees, consultants' fees, the fees of the Certifying Professional, title insurance premiums and other similar costs and expenses relating to repair or restoration shall be included in the costs and expenses of any such repair or restoration.

ARTICLE X

LIENS, DEBTS, INTEREST AND REMEDIES

10.1 Failure to Perform.

(A) If an Owner fails to pay any amount when due under this Agreement, and such failure continues for a period of ten (10) days after notice of such failure is given to the Owner (or such other period as is specifically provided in this Agreement) then, to the extent that such amount is advanced or paid by, or owed as a reimbursement to, the other Owner or Fee Owner (the Creditor Owner) by such defaulting Owner (the Defaulting Owner) for amounts that constitute Protective Advances (as defined in Paragraph (B) below), in addition to any other rights or remedies the Creditor Owner may have, the Creditor Owner shall have a lien against the portion of the Property owned (which as to the Commercial Property shall be deemed to mean the fee and leasehold interests of the Commercial Property Owner) by the Defaulting Owner for the amount of the Protective Advance. If either Owner submits its respective Property to a condominium regime under New York law, then for so long as such Property remains subject to a condominium regime, the Creditor Owner shall also have a lien against (i) all rights and interests of the Debtor Owner in and to all income, common charges, assessments and other amounts payable to the Debtor Owner and all funds and other real and/or personal property held by the Debtor Owner and (ii) if the Debtor Owner is the Residential Property Owner, the respective percentage interests of the individual condominium unit owners in the common elements of the residential condominium (which percentage interests shall equal one hundred (100) in the aggregate), it being understood and agreed to between the parties hereto that (x) any and all such funds received, to be received and the right to receive, shall constitute trust funds held by Debtor Owner for the purpose of payment of any such debt owed to Creditor Owner and the same shall be expended for such purpose before expending any part of the same for any other purpose; (y) and at the Creditor Owner's direction, the Debtor Owner shall increase common charges to the extent necessary to pay any amount when due under the agreement under which the debt was incurred and (z) any condominium documents shall provide that, in the event of a default (1) the Creditor Owner shall have the right of the Board of Managers to file liens in its name against units for unpaid common charges pursuant to Section 339-z and Section 339 (AA) of ARTICLE 9B of the Real Property Law of the State of New York the Condominium Act and the right to foreclose such liens pursuant to Section 339-AA of the Condominium Act, and (2) with respect to this Article X, if the Residential Property is subjected to a condominium regime, the Board of Managers shall be the attorney-in-fact for the individual condominium unit owners and authorized to act on their behalf and the Residential Property Owner shall cause such appointment to be contained in the condominium documents. Such liens may be enforced by a proceeding in equity to foreclose such lien in like manner as a mortgage of real property in the State of New York or by any other remedy available by statute or at law or in equity or as provided for in Section 10.2; provided, however, if such liens

are not subordinate to any mortgage encumbering the applicable Property, then the aggregate amount of such liens at any one time shall not exceed $500,000 (in 2000 Equivalent Dollars), (such limit, as to each portion of the Property, the "Cap") with respect to each of the Commercial Property and the Residential Tower. The Cap shall not apply to any liens that are subordinate to the mortgage(s) encumbering the applicable Property. Notwithstanding the Cap, nothing herein shall limit the obligation of one Owner to the other for amounts owed hereunder. Such liens shall continue in full force and effect until such sum of money and any accrued interest thereon (the "Default Amount") shall have been paid in full, subject to the Cap. At least thirty (30) days prior to enforcement of any such lien, the Creditor Owner shall (a) record a notice of the same with the Register and (b) deliver a copy of the same to the Defaulting Owner, any Recognized Mortgagee and the Fee Owner.

(B) The term "Protective Advances" shall mean the following amounts:

(i) the Defaulting Owner's share of contributions to the Creditor Owner which the Defaulting Owner failed to make pursuant to Section 5.4 hereof or otherwise pursuant to this Agreement (e.g., payments made or costs incurred in connection with any Maintenance or service obligations performed by a Creditor Owner); and

(ii) costs incurred by the Creditor Owner in discharging the Defaulting Owner's obligations in accordance with the provisions hereof (for example, costs incurred pursuant to Section 5.5, or payment of the Defaulting Owner's share of insurance premiums; costs incurred in connection with a Creditor Owner's defense against or removal, or attempted removal, of any lien or violation the Defaulting Owner was required hereunder to remove, or the payment of Impositions pursuant to Section 7.3). If the Creditor Owner is entitled hereunder to interest in connection with any such costs, then such interest shall be included within "Protective Advance." No damages shall be included or repaid within "Protective Advances"; however, nothing herein is intended to limit either Owner's right to seek damages, which an Owner may otherwise seek pursuant to this Agreement, for breach of any obligation under this Agreement.

10.2 Priority of Protective Advances.

(A) The amount of the lien for Protective Advances provided for in Section 10.1 up to the amount of the Cap shall be prior to all other liens, mortgages or encumbrances affecting the Residential Property or the Commercial Property, as the case may be (other than real estate taxes which by Law are deemed to have a prior or superior lien and other than leases to Subtenants in the Commercial Building). However, upon a Recognized Mortgagee's payment of monies on behalf of the Defaulting Owner to the Creditor Owner in satisfaction of any lien, to the extent of such amounts paid by the Recognized Mortgagee to the Creditor Owner and not reimbursed or repaid by the Defaulting Owner, the lien of such Recognized Mortgage shall not be subject or subordinate to the lien of any other Protective Advances (up to the amount paid and not reimbursed so that the Cap shall be reduced by such amount with respect to that Recognized Mortgagee) except as hereinafter provided. Nothing contained herein shall be deemed to constitute any obligation on the part of any Recognized Mortgagee or the Fee Owner to make payments to satisfy the lien.

(B) If a Recognized Mortgagee, or any nominee or designee of a Recognized Mortgagee, acquires either the Residential Property or the Commercial Property, or any interest therein, pursuant to a foreclosure of its mortgage or a deed or

assignment-in-lieu of foreclosure or other enforcement of its lien, then the Recognized Mortgagee (or its nominee or designee) shall acquire such portion of the Property subject to, and shall be bound by the terms and conditions of this Agreement, except that it shall not be liable for or obligated to pay any Protective Advances or other costs and expenses incurred hereunder prior to the date of such acquisition (except as provided in the next sentence). Notwithstanding the foregoing, the interest acquired by the Recognized Mortgagee (or its nominee or designee) shall be subject to the lien of any Protective Advances arising or relating to the period prior to the date of its acquisition up to the amount of the Cap, as such lien may have been reduced by such Recognized Mortgagee pursuant to the second sentence of Section 10.2(A).

(C) If, in connection with the termination and/or expiration of the Ground Lease, or the assignment of the lessee's interest under the Ground Lease to the Fee Owner in lieu of a termination and/or upon the expiration, the Fee Owner or its designee becomes the Commercial Property Owner (a "Succession"), then the Fee Owner shall acquire such interest together with the rights and benefits relating thereto, subject to, and shall be bound by the terms and conditions of, this Agreement, except that it shall not be liable for or obligated to pay any Protective Advances or other costs and expenses arising or relating to a period prior to the date of such acquisition (except as provided in the next sentence). Notwithstanding the foregoing, upon a Succession, the Fee Owner shall acquire the interest subject to the lien of any Protective Advances affecting the Commercial Property prior to the date that the Fee Owner becomes the Commercial Property Owner as provided above up to the amount of the Cap.

10.3 No Diminution of Lien. No conveyance or other divestiture of title shall in any way affect or diminish any lien arising pursuant to this Article X, and any lien which would have arisen against any property pursuant to this Article X had there been no conveyance or divestiture of title shall not be defeated or otherwise diminished or affected by reason of such conveyance or divestiture of title.

10.4 Interest Rate. Interest shall accrue at a rate per annum equal to the Default Rate on sums owed by a Defaulting Owner to a Creditor Owner and shall be payable from the date of the advance of the Creditor Owner (unless otherwise provided herein) until the Defaulting Owner has repaid the same.

10.5 Cumulative Remedies. The rights and remedies of an Owner provided for in this Article X or elsewhere in this Agreement are cumulative and not intended to be exclusive of any other remedies to which such Owner may be entitled at law or in equity or by statute. An Owner may enforce, by a proceeding in equity for mandatory injunction, another Owner's obligation to execute or record any document which such other Owner is required to execute or record under or pursuant to this Agreement. The exercise by such Owner of any right or remedy to which it is entitled hereunder shall not preclude or restrict the exercise of any other right or remedy provided hereunder.

10.6 Period of Limitation. Actions to enforce any right, claim or lien under this Agreement shall be commenced within three (3) years after the date the lien attached (or such other shorter period as may be provided by law).

10.7 Attorneys' Fees. A Defaulting Owner shall pay the reasonable attorneys' fees and disbursements, including court costs paid or incurred by a Creditor Owner in successfully enforcing its rights against the Defaulting Owner under this

Agreement (including, without limitation, in connection with a bankruptcy or foreclosure proceeding).

ARTICLE XI

ARBITRATION

(A) If, pursuant to any express provision of this Agreement, either Owner is entitled to submit a particular dispute to arbitration in accordance with the provisions of this Article XI, then each Owner so entitled to submit the dispute in question to arbitration may do so only by delivering a notice thereof to the other Owner and Fee Owner (an "Arbitration Notice"). For purposes of this Article XI, the Owner delivering an Arbitration Notice shall be referred to as the "Initiating Owner," and the party receiving an Arbitration Notice shall be referred to as the "Responding Owner." Each Arbitration Notice shall (i) set forth specifically the Article and/or Section of this Agreement providing the right to submit the dispute in question to arbitration, (ii) set forth, with reasonable specificity, the dispute or issue being submitted to arbitration (the "Arbitration Issue"), and (iii) appoint and set forth the name and address of an arbitrator (the "First Arbitrator") to arbitrate the dispute.

If an Arbitration Notice is delivered, the following provisions shall apply:

(1) The Responding Owner shall, within fifteen (15) days after its receipt of the Arbitration Notice, appoint and provide the name and address of, a second arbitrator (the "Second Arbitrator") to arbitrate the dispute, by notice to Initiating Owner provided, however, that if (x) the Responding Owner fails to appoint a Second Arbitrator within such fifteen (15) day period, and (y) such failure continues for ten (10) days after the Responding Owner receives a notice of such failure from the Initiating Owner, then the First Arbitrator may appoint the Second Arbitrator.

(2) Within ten (10) days after the appointment of the First and Second Arbitrators (collectively, the "Initial Arbitrators"), the Initial Arbitrators shall jointly appoint, by written instrument delivered to both the Initiating Owner and the Responding Owner, a third arbitrator to arbitrate the dispute (the "Third Arbitrator"), provided, however, if the Initial Arbitrators fail to appoint the Third Arbitrator within the aforesaid ten (10) day period, then either the Initiating Owner or the Responding Owner may apply to the American Arbitration Association, and if the American Arbitration Association fails to assist, to a court of competent jurisdiction in the State of New York for the appointment of the Third Arbitrator.

Promptly after the appointment of the Third Arbitrator, the First, Second and Third Arbitrators shall each proceed to decide the Arbitration Issue. The arbitrators shall be instructed to render their respective decisions in writing within twenty (20) days after the appointment of the Third Arbitrator. The concurring written decision of any two (2) of the arbitrators shall be binding and conclusive upon both the Initiating Owner and the Responding Owner.

Each Owner shall have the right to appear and be represented by counsel before any arbitrator(s) and to submit such data and memoranda in support of their positions with

respect to the Arbitration Issue as may be reasonably necessary or appropriate under the circumstances. If, however, a dispute arises as to whether any such datum or memorandum is reasonable arises, a majority of the arbitrators are hereby authorized to resolve such issue.

All of the reasonable fees of the arbitrators appointed under this Article XI (whether by either Owner, the American Arbitration Association or a court) shall be paid by the non-prevailing party in the arbitration. In addition, the non-prevailing party shall reimburse the prevailing party for the reasonable out-of-pocket costs (including without limitation reasonable attorneys' fees and the reasonable costs of producing witnesses and experts) incurred by the prevailing party in connection with the arbitration.

Judgment may be entered upon any conclusive and binding decision of the arbitrators in any court of competent jurisdiction. In rendering any decision, the arbitrator(s) shall have no power to modify any of the provisions of this Agreement, and the jurisdiction of the arbitrators shall be limited accordingly. The arbitrators shall only be authorized to decide the Arbitration Issue in question, and in no event shall any arbitrator have any authority to award damages.

No "arbitrator" appointed hereunder shall be employed by either Owner (or the Fee Owner) or any Affiliate or their respective attorneys of either Owner (or the Fee Owner) at the time of or prior to such appointment, and, in all other respects, shall be impartial. In addition, each arbitrator shall have substantial recent, specific experience in the area regarding the Arbitration Issue (i.e., at least three (3) years' experience within the last ten (10) years with working knowledge of the Arbitration Issue) and be familiar with commercial and residential property in the vicinity of the Property (e.g., practiced in the area of construction, architecture or appraisals as the case may be). Without limiting the foregoing, each arbitrator under any arbitration with respect to the provisions of Article VIII or the insurance provisions of Article IX hereof (unless construction related), shall be an insurance agent or consultant in the City of New York, Borough of Manhattan and be familiar with comparable commercial and residential property in the vicinity of the Property.

Neither Owner shall be deemed to have agreed to have any dispute/issue arising out of this Agreement determined by arbitration unless a determination in such manner shall be expressly provided hereunder or it is deemed to be an Arbitrable Dispute.

(B) With respect to any Arbitrable Dispute pursuant to Article XIII, the Fee Owner shall have the right to participate in the arbitration independently, and the provisions contained in Section 13(A) shall apply to any such proceeding except that the same shall be adjusted to accommodate a three (3) party proceeding as follows:

(i) The Initiating Owner shall deliver any Arbitration Notice to the other two (2) parties to the Arbitration, both of whom shall each be deemed a "Responding Owner" (and the term "Responding Owner" shall be deemed to be "Responding Owners," as applicable).

(ii) Both Responding Owners shall have the right to appoint an arbitrator so that there will be a second and a third arbitrator (and such third arbitrator shall also be deemed an "Initial Arbitrator").

(iii) The unanimous decision of the three (3) Initial Arbitrators shall be binding and conclusive upon the Initiating Owner and the Responding Owners. If, however, the three (3) Initial Arbitrators do not unanimously agree in their decision, then the Initial Arbitrators shall appoint a "Fourth Arbitrator." The decision of the Fourth Arbitrator shall be binding and conclusive upon the Initiating Owners and the Responding Owners.

ARTICLE XII

UNAVOIDABLE DELAYS

No Owner shall be deemed to be in default in the performance of any obligation created under or pursuant to this Agreement, other than an obligation requiring the payment of a sum of money, if and as long as non-performance of such obligation shall be directly caused by an Unavoidable Delay (as hereinafter defined). As used herein, the term "Unavoidable Delays" means delays from any and all causes beyond an Owner's reasonable control, including, without limitation, delays resulting from actions or inactions of the other Owner (provided such are not themselves the result of actions or inactions by the Owner obligated to perform), governmental restrictions, labor disputes (including strikes, slowdowns and similar labor problems), accident, mechanical breakdown, shortages or inability to obtain labor, fuel, steam, water, electricity or materials, acts of God (including inordinately severe weather conditions), removal of hazardous materials, enemy action, civil commotion, fire or other casualty, of which the Owner required to perform has given the other Owner notice within thirty (30) days after such Owner knows of same. Notwithstanding the foregoing, inability to obtain funds shall not be an "Unavoidable Delay." The time limit for performance shall be extended for a period equal to the period of any such Unavoidable Delay. However, if non-performance is due to an Unavoidable Delay which does not affect the other Owner's self-help remedy which may otherwise be exercised for such non-performance (pursuant to Section 5.5 or Section 14.1(G) or as otherwise explicitly provided in this Agreement), then notwithstanding such Unavoidable Delay, such other Owner shall still be entitled to such remedy with respect to those obligations to have been performed by the Non-Performing Owner (hereinafter defined) which are the subject of Unavoidable Delay provided that the Owner entitled to such performance shall have first given notice of the non-performance to the Non-Performing Owner and such non-performance shall remain uncured for a period of ten (10) days after receipt of such notice. The Owner unable to perform (hereinafter in this Article the "Non-Performing Owner") shall notify the other Owner in writing of the existence and nature of any Unavoidable Delay within a reasonable time after the onset of any such Unavoidable Delay. The Non-Performing Owner shall, from time to time upon written request of the other Owner, keep such other Owner fully informed, in writing, of all further developments concerning any such Unavoidable Delay.

ARTICLE XIII

CONDEMNATION

13.1 Takings in General.

(A) If either Owner or the Fee Owner receives notice that all or any part of the Property has been or is to be taken through the exercise of the power of eminent domain under

applicable Law (a "Taking"), such Owner shall so notify the other Owner, the Fee Owner and all Recognized Mortgagees.

(B) Except for the foregoing requirement, the provisions of this Article XIII (as well as XVI and XVII) shall only apply to Takings if and so long as such Taking qualifies as an REA Taking as defined herein. No provision of Articles XIII, XVI, XVII shall apply to either (i) a Residential Taking which is not an REA Taking (and, accordingly, any proceeding or award in respect thereof shall be prosecuted and settled by, and the Award shall be paid to, the Residential Property Owner, subject only to the rights, if any, granted by the Residential Property Owner to its Recognized Mortgagee(s)), and (ii) a Commercial Taking which is not an REA Taking (and, accordingly, (a) during the term of the Ground Lease, any proceeding or Award in respect thereof shall be prosecuted and settled, and the award shall be paid in accordance with the applicable provisions of the Ground Lease, and (b) after the expiration or termination of the Ground Lease, any proceeding or award in respect thereof shall be prosecuted and settled by, and the award shall be paid to, the Commercial Property Owner).

(C) An REA Taking is a Taking (i) which is both a Residential Taking and a Commercial Taking, and (ii) in which both (x) the Residential Property Owner and (y) the Commercial Property Owner and/or the Fee Owner are named or should be named in or otherwise made parties to the Taking proceeding.

(D) A Commercial Taking which is not in any way a Residential Taking and in which the Residential Property Owner is not named (or required to be named) as a party to the proceeding is not an REA Taking. A Residential Taking which is not in any way a Commercial Taking and in which neither the Commercial Property Owner nor the Fee Owner are named (or required to be named) in the condemnation proceeding is not an REA Taking.

(E) Notwithstanding that a Taking does not initially qualify or ceases to qualify as an REA Taking, if such Taking is not of Substantially All the Property, then any restoration, reconstruction, or alteration in connection with such Taking shall nevertheless be subject to the provisions of Article XIV to the extent otherwise applicable to such restoration, reconstruction or alteration.

13.2 Definitions. The following terms shall have the following meanings:

(A) "Award" or "Awards": Either or both of the Commercial Award or the Residential Award, as applicable.

(B) "Combined Award": An aggregate award for damages or compensation payable on the basis of, or attributable to, both the Residential Taking and the Commercial Taking in connection with an REA Taking, and, in the case of an REA Taking of less than Substantially All of the Property, shall include any award (or portion thereof) payable on the basis of restoration or other work necessitated by the REA Taking, but not including any separate claim by either Owner or their respective tenants or Subtenants for personal property, trade fixtures, moving or relocation costs.

(C) "Commercial Award": The aggregate award(s) payable in connection with and attributable to Commercial Taking which is an REA Taking, including, without limitation, consequential damages for any constructive taking, and further, in the case of an REA Taking of less than Substantially All of the Property, such award shall include any award (or portion thereof) payable on the basis of restoration or other work

necessitated by, or arising out of, such taking or condemnation; but shall not include any separate claim for the Commercial Property Owner's personal property, trade fixtures, moving or relocation costs for itself and any Subtenants.

(D) "Commercial Taking": The Taking of the whole or any portion of the Commercial Property and/or the Commercial Property Owner's interest or the Fee Owner's interest under this Agreement, including, without limitation, the Commercial Easements and/or any estate or interest in any thereof (including the Ground Lease).

(E) "Date of Taking": With respect to an REA Taking, the earlier of (1) the date on which actual possession of the Property, or any part thereof, as the case may be, is acquired pursuant to applicable Law in connection with the REA Taking, or (2) the date on which fee title to the Property, or any part thereof, as the case may be, has vested in any lawful power or authority pursuant to the provision of applicable Law in connection with the REA Taking.

(F) "Net Award" or "Net Awards": Either or both of the Net Commercial Award or Net Residential Award, as applicable.

(G) "Net Commercial Award": The Commercial Award less all reasonable fees and expenses incurred by the Fee Owner, the Commercial Property Owner and any Recognized Mortgagee of the Commercial Property in collecting the Commercial Award or the initial Combined Award, as applicable.

(H) "Net Residential Award": The Residential Award less all reasonable fees and expenses incurred by the Residential Property Owner and the Recognized Mortgagees of the Residential Property in collecting the Residential Award or the initial Combined Award, as applicable.

(I) "Residential Award": The aggregate award(s) payable in connection with and attributable to a Residential Taking which is an REA Taking, including, without limitation, consequential damages for any constructive taking, and further, in the case of an REA Taking of less than Substantially All of the Property, such award shall include any award (or portion thereof) payable on the basis of restoration or other work necessitated by, or arising out of, such taking or condemnation, but shall not include any separate claim for the Residential Property Owner's personal property, trade fixtures, moving or relocation costs for itself and any tenants.

(J) "Residential Taking": The Taking of the whole or any portion of the Residential Property and/or the Residential Property Owner's interest under this Agreement, including, without limitation, the Residential Easements and/or any estate or interest in any thereof.

(K) "Section 13.4 REA Taking": An REA Taking qualifying under Section 13.4(A)(a), (b), (c) or (d).

(L) "Substantially All of the Property": Such portion of the Property as, when so taken, would leave a balance of the Property that, due either to the area so taken or the location of the part or parts so taken in relation to the part or parts not so taken, would not, under economic conditions, zoning laws and building regulations then existing, readily accommodate a new or reconstructed building or buildings of a type and size generally similar to the Base Building either (i) contemplated by the Plans, if not then constructed, or (ii) existing at the Date of Taking.

(M) "Substantially All of either the Commercial Building or the Residential Tower": Such portion of either (but not both) the Commercial Building or the Residential Tower, as the case may be, as, when so taken, would leave a balance of the Commercial Building, or the Residential Tower, as the case may be, due to either the area so taken or the location of the part or parts so taken in relation to the part or parts of the Commercial Building or the Residential Tower, as the case may be, not so taken such that the Commercial Building or the Residential Tower, as the case may be, would not, under economic conditions, zoning laws and building regulations then existing constitute a building capable of producing a fair and reasonable net annual income from any use permitted hereunder with respect to the Commercial Building or the Residential Tower, as the case may be.

(N) "Taking Percentage": With respect to any Commercial Taking which is an REA Taking (other than in connection with a Section 13.4 REA Taking), a fraction expressed as a percentage, the numerator of which is the number of Usable Square Feet in the portion of the Commercial Building taken or condemned, and the denominator of which is the number of Usable Square Feet in the entire Commercial Building immediately prior to such taking or condemnation (or in the event that the Commercial Building has not yet been completed, the number of Usable Square Feet projected to be in the Commercial Building immediately after completion).

(O) "Usable Square Feet": Shall mean the "Floor Usable Area" of the Building or portion thereof, as the case may be, as such term "Floor Usable Area" is defined under the measurement standard known as ANSI/BOMA Z 65.1-1996.

13.3 In General. In the event of an REA Taking, the awards shall be determined and disbursed, and any repair and restoration of the Building shall be performed, in accordance with the requirements of this Article XIII. The Commercial Property Owner, the Fee Owner and any Recognized Mortgagees of the Commercial Property shall have the right to participate in the prosecution of the claims for the Commercial Award and/or the Combined Award, and the Residential Property Owner and the Recognized Mortgagee of the Residential Property shall have the right to participate in the prosecution of the claims for the Residential Award and/or the Combined Award, but all parties shall cooperate with one another to maximize the amount of their respective Awards and in any event, in connection with a Combined Award. (Nothing herein shall limit the right of either Owner to make a separate claim for their or their tenants' or Subtenants' personal property, trade fixtures and moving or relocation costs). If the court is prepared to allocate a separate Commercial Award and a separate Residential Award, then each Owner, together with its respective Recognized Mortgagees, and, in the case of the Commercial Award, the Fee Owner, may compromise or settle its Award. However, if the court does not allocate a separate Residential Award and a separate Commercial Award but instead awards only a Combined Award, then no Owner (nor Recognized Mortgagee nor the Fee Owner) may compromise or settle the Combined Award without the consent of all the others. Upon a determination of the Combined Award, then the Residential Property Owner, the Commercial Property Owner, the Fee Owner and their respective Recognized Mortgagees shall endeavor in good faith to allocate and divide the Combined Award into a Residential Award and a Commercial Award. If the parties cannot agree, then such allocation and division shall be an Arbitrable Dispute. Upon such allocation and division of the Combined Award, whether by agreement of the parties or by arbitration, such allocated award shall then be the Commercial Award and Residential Award for all purposes hereunder.

13.4 Section 13.4 REA Takings.

(A) In the event of (a) an REA Taking of Substantially All of the Property or (b) a temporary REA Taking of (i) all of the Building, or (ii) part of both the Commercial Building and the Residential Tower, or (c) an REA Taking which is both a Commercial Taking and a Residential Taking, but by which Substantially All of either (but not both) the Commercial Building or the Residential Tower is taken (so that the REA Taking is not of Substantially All of the Property), or (d) an REA Taking that is both a Residential Taking and a Commercial Taking, but in which it is determined that no Restoration Work is required in either Building that affects the Easements of the other Owner, then the provisions of Paragraphs (B) and (C) immediately below shall apply. . If there is any dispute as to whether the REA Taking qualifies as a Section 13.4 REA Taking, the same shall constitute an Arbitrable Dispute.

(B) If, in connection with any Section 13.4 REA Taking described in Paragraph (A) above, a separate Residential Award and Commercial Award is awarded by the court, then upon such separate court awards, such Taking shall no longer be an REA Taking (and, accordingly, the provisions of Section 13.1(B) shall apply). However, if there is a dispute as to whether such REA Taking qualifies as a Section 13.4 REA Taking, then any Awards received shall be paid over to and held by the Depositary, in trust, under this Agreement until such dispute is resolved, and if it is determined to be a Taking which qualifies as a Section 13.4 REA Taking, then the Depositary shall release all Awards in accordance with Paragraph (C) below, and upon such release, such Taking no longer constitutes an REA Taking (and, accordingly, the provisions of Section 13.1(B) shall apply). If, in connection with any Section 13.4 REA Taking, a Combined Award is awarded, it shall be paid over to the Depositary and held in trust in accordance with this Agreement until any disputes are resolved and until the allocation is made as provided in Section 13.3 above, at which time the Depositary shall release all Awards in accordance with Paragraph (C) below and upon such release the Taking shall no longer constitute an REA Taking (and, accordingly, the provisions of Section 13.1(B) shall apply). If the REA Taking is determined upon resolution of any dispute to not be a Section 13.4 REA Taking, then the provisions of Section 13.5 shall apply.

(C) When the Award is released under Paragraph (B) above, the Residential Award, net of a proportionate share of the expenses due the Depositary, shall be paid to the Residential Property Owner, provided, however, that to the extent the Depositary has received a notice pursuant to Section 20.11(B), the portion of the Residential Award otherwise payable to the Residential Property Owner shall be paid to such Recognized Mortgagee(s). The Commercial Award, net of a proportionate share of the expenses due the Depositary, shall be paid to the Commercial Property Owner, and its Recognized Mortgagees, and the Fee Owner in accordance with the provisions of the Ground Lease, for so long as the Ground Lease is in effect.

13.5 REA Takings other than Section 13.4 REA Takings.

(A) In the event of an REA Taking other than a Section 13.4 REA Taking, if the court awards a separate Commercial Award and Residential Award, then the Awards shall promptly be paid to the Depositary and the Depositary shall hold the same separately, in trust, and disburse the same in accordance with this Section and Article XVII. Upon receipt of a Combined Award, the payees shall also pay the same over to the Depositary which shall hold and invest the same in trust and shall not disburse any proceeds thereof until the Combined Award

is allocated as provided in Section 13.3 above. After receipt of the separate Awards or after the Combined Award is allocated and divided into a Commercial Award and Residential Award, the Depositary shall pay its expenses and then, prior to any other disbursements, shall promptly pay (i) out of the Residential Award, to the Residential Property Owner and its Recognized Mortgagees, their respective reasonable fees and expenses, and (ii) out of the Commercial Award, to the Fee Owner, the Commercial Property Owner and its Recognized Mortgagees, their respective reasonable fees and expenses. The Net Awards for the Property shall be held and disbursed in accordance with this Section 13.5 and Article XVII, except that the Commercial Award shall be disbursed in accordance with the terms of the Ground Lease so long as the Ground Lease remains in effect. The expenses of the Depositary shall be paid out of the Residential Award and the Commercial Award based on the ratio of each Owner's Award to the sum of the Commercial Award and the Residential Award.

(B) In connection with any REA Taking to which this Section 13.5 applies, the Owners shall cooperate to repair and restore the remainder of the Base Building (such repair and restoration being referred to herein as a "Condemnation Restoration") in accordance with the applicable provisions of Section 9.3 (except that (i) any deficiency shall be determined in accordance with Section 13.6(C) below) and (ii) all decisions to be made by the Owners in Section 9.3 shall be made by the Owners and the Fee Owner when applied to this Section 13.5. The plans and specifications shall provide for repair and restoration of the remainder of the Base Building to form an architectural and functional whole with such changes in the Base Building as shall be required by reason of the REA Taking. If, as a result of such REA Taking, any Easements under this Agreement are taken, materially impaired, or can no longer be located as they were prior to the REA Taking, then the Owners and the Fee Owner, with the reasonable approval of their respective Recognized Mortgagees, shall endeavor in good faith to relocate the Easement Facilities, Owned Facilities, Easement Areas and Easements so taken within the remaining portions of the Building as reasonably practical and to the extent possible in a manner that takes into account the physical and economic needs of both Owners (and their respective Subtenants and tenants, as the case may be). To the extent that one Owner (the "Accommodating Owner") loses additional leasable space (whether or not leased) in its Property in order to accommodate the relocated Easements or Easement Facilities or Owned Facilities (the "Condemnation Accommodation"), the other Owner shall compensate the Accommodating Owner for the fair market value of the lost leasable space (whether or not leased) (unless, however, if in connection with the determination of the Accommodating Owner's Award, the value of the lost leasable space (whether or not leased) was specifically and identifiably calculated and included in the Accommodating Owner's Award). For purposes of this paragraph (B), the term "lost leaseable space" shall mean leaseable space which either is actually taken or, if not actually taken, cannot be utilized economically as a result of the amount and/or location of the leasable space actually taken. If the Owners cannot agree as to the fair market value of the lost leasable space, such determination shall be deemed an Arbitrable Dispute.

(C) As soon as reasonably practical after an REA Taking governed by this Section 13.5, (i) a Certifying Professional shall be selected, (ii) the Certifying Professional shall prepare a reasonably detailed statement setting forth (a) a description of the condemned areas of the Base Building and Structural Supports, and (b) an estimate of the total costs of such repair or restoration, and shall deliver a copy of such

estimate to each Owner and the Fee Owner (which estimate shall be deemed the "Estimate") and (iii) the Certifying Professional shall determine and certify to the initial Architect Condemnation Ratio (as defined below). Each Owner shall be responsible for its share of the costs of restoration (including costs resulting from Unavoidable Delays) based on the Architect Condemnation Ratio. If the cost and expense to either Owner of performing its share of any repair and restoration pursuant to this Section 13.5 shall exceed the amount of its Net Award, the excess cost and expense shall be borne by such Owner as provided in Section 13.5(D) below. The term "Architect Condemnation Ratio" shall have the following meaning: the ratio reasonably determined by the Certifying Professional comparing (A) the relative cost of the restoration to be performed under this Section 13.5 as a result of the taking suffered by an Owner (including not only the restoration of an Owner's own portion of the Base Building, but the restoration of such Owner's Easements and Facilities, shared or owned, located in the other Owner's portion of the Building) to (B) initially, the Estimate, and, as and if the costs change during the course of the Restoration Work, the actual total costs. Notwithstanding the foregoing, (1) to the extent the additional costs incurred by an Owner result from the acts or omissions of the other Owner or optional changes requested by the other Owner, including a Condemnation Accommodation, such Owner requesting the changes or causing the delays shall be solely responsible for payment of the additional costs (which costs will be factored into an adjusted Architect Condemnation Ratio), and (2) if an Owner fails to carry any insurance required under Section 8.1 hereof, the Owner shall be responsible for the payment of any restoration costs that would have been paid from the proceeds of such insurance. Any dispute relating to the Architect Condemnation Ratio shall be deemed an Arbitrable Dispute. Notwithstanding the foregoing, the cost of any restoration of the Structural Supports in connection with an REA Taking shall be shared by the Owners based on the Owner Building Area Ratio.

(D) If with respect to either Owner, the portion of the Estimate allocated to such Owner based on the Architect Condemnation Ratio, or if the actual amount incurred in performing the repair or restoration for such Owner (based on the Architect Condemnation Ratio) exceeds the amount of such Owner's Net Award, if any, or if the Certifying Professional determines, in accordance with Section 17.4, that a deficiency exists with respect to such Owner, such Owner shall deposit with the Depositary, within thirty (30) days after receipt of the statement of the deficiency from the certifying party, or the other Owner or the Depositary, its deficiency as so determined in accordance with Section 17.4. If an Owner fails to contribute its deficiency, and such failure continues for a period of thirty (30) days after the Owner is given notice of such failure, the other Owner (who shall be a Creditor Owner) may, but shall not be obligated to, pay the share of the defaulting Owner (who shall be a Defaulting Owner) to the Depositary.

(E) At such time as there is (i) either (a) an executed fixed price or guaranteed maximum price construction contract for all the Restoration Work or (b) both an executed construction management agreement and signed trade contracts for not less than sixty percent (60%) of the Restoration Work and (c) payment and performance bonds covering (x) the construction contracts under a fixed price or guaranteed maximum price construction contract or (y) all trade contracts in excess of $1,000,000, in 2000 Equivalent Dollars, and (ii) the Certifying Professional certifies as to the foregoing and that with respect to an Owner, the Net Award of such Owner then held by the Depositary is more than 120% of the estimated cost of such Owner's share of remaining Restoration Work allocable to such

Owner based on such contracts and the Estimate as it may have been adjusted and the Architect Condemnation Ratio (any amount above 120%, the "Surplus Net Award"), then with respect to such Owner's Net Award, the Depositary, upon notice from an Owner accompanied by the foregoing certifications (which notice shall be sent to the other Owner and the Fee Owner and the Recognized Mortgagees)), shall disburse said Owner's Surplus Net Award in accordance with the disbursement provisions for excess Net Awards in Section 13.5(H) below (it being understood that any disbursement under Section 13.5(H) which is authorized by this Section 13.5(E) shall be in addition to, and not in lieu of, any subsequent distribution under Section 13.5(H) which shall occur upon the completion of the Condemnation Restoration the full payment of the costs thereof).

(F) If an Owner is required to deposit a deficiency under Section 13.5(D) above, and fails to do so (thus becoming the Defaulting Owner) and if the other Owner (the Creditor Owner) has no deficiency applicable to it, but elects not to deposit the deficiency of the Defaulting Owner, then (i) the Recognized Mortgagee of the Creditor Owner (but not the Recognized Mortgagee of the Commercial Property Owner if it is the Creditor Owner for so long as the Ground Lease is in effect), (ii) in the case of a Defaulting Commercial Property Owner, the Residential Property Owner, and (iii) in the case of a Defaulting Residential Property Owner and for so long as the Ground Lease is in effect, the Commercial Property Owner and the Fee Owner jointly, as the case may be (any such party, the "Notifying Party"), may send a notice to all Owners, the Fee Owner, and all other Recognized Mortgagees specifying (a) that the notice is being sent under this Section 13.5(F) and (b) demanding that the deficiency be deposited within sixty (60) days so that Restoration Work can proceed. If such deficiency is not so deposited (by anyone) within such sixty (60) day period, then, upon fifteen (15) days' prior notice to both Owners, the Fee Owner and all other Recognized Mortgagees, the Notifying Party may at any time thereafter request that the Depositary pay to it the Creditor Owner's Net Award then held by the Depositary in accordance with Section 13.5(H) below, and thus terminating the Creditor Owner's obligation to rebuild its portion of the Base Building. The Depositary shall continue to hold the Net Award of the Defaulting Owner pending final resolution of any claims by the Creditor Owner for failure to deposit the deficiency and thus enabling the restoration to proceed. Upon such final resolution, the amount owing to the Creditor Owner shall be paid first out of the Defaulting Owner's Net Award, and the balance, if any, shall be paid to the Defaulting Owner in accordance with applicable provisions of Section 13.5(H). Nothing herein shall be deemed to limit the amount of the Creditor Owner's claims to the Defaulting Owner's Net Award.

(G) Except to the limited extent provided in Sections 13.5(C) and (F) above, each Owner shall be obligated to repair and restore its portion of the Base Building regardless of whether or not its Net Award is sufficient. Furthermore, each Owner shall cooperate with the other Owner in connection with any repairs or restoration to the Building. If, however, one Owner defaults in the full, faithful and punctual performance of any obligation under this Section 13.5 or Article XVII (including, without limitation, preparing plans and specifications, selecting contractors, negotiating and executing contracts, and performing construction and submitting requisitions to the Depositary), then the other Owner shall have, in addition to all other remedies it may have hereunder or at law or in equity, upon the expiration of at least thirty (30) days' prior notice of such default, the right, but not the obligation, if the Defaulting Owner has not commenced the good faith cure of such default within said thirty (30) day period, (a) to make any decisions required in connection

with the performance of such obligation on behalf of the Defaulting Owner, (b) to actually perform the obligation on behalf of the Defaulting Owner, and (c) in accordance with the applicable provisions of Section 17.5, to use the Defaulting Owner's Net Award in connection with the performance of any such obligation. If any Owner defaults in the performance of its obligations under this Section 13.5, as aforesaid, the other Owner is hereby irrevocably appointed attorney-in-fact of the Defaulting Owner (such power of attorney being coupled with an interest) to take any and all steps necessary on behalf of Defaulting Owner to perform the Defaulting Owner's obligations as provided herein.

(H) If pursuant to this Section 13.5, there is any excess of the Net Award or Net Awards over an Owner's share of the costs of Condemnation Restoration (A) the excess Net Residential Award, if any, shall be paid to the Residential Property Owner, provided, however, that to the extent the Depositary has received a notice pursuant to Section 20.11(B), the portion of the Net Residential Award otherwise payable to the Residential Property Owner shall be paid to such Recognized Mortgagee(s) and (B) the excess Net Commercial Award, if any, shall be paid to the Ground Lease Depositary.

(I) For purposes of this Section 13.5, architects' and engineers' fees, attorneys' fees, consultants' fees, the fees of the Certifying Professional, title insurance premiums and other similar costs and expenses relating to repair or restoration shall be included in the costs and expenses of any such repair or restoration and be paid by the Depositary out of the Net Award(s). Such costs shall be borne by the Owners in accordance with the Architect Condemnation Ratio.

ARTICLE XIV

ALTERATIONS

14.1 Permitted Alterations.

(A) After substantial completion of the Building, an Owner (hereinafter in this Article XIV, the "Altering Owner") (subject to the approval, not to be unreasonably withheld, of such Altering Owner's Recognized Mortgagee if approval is required pursuant to the terms of the relevant Recognized Mortgage) may, at any time, at the Altering Owner's sole cost and expense, make (1) additions, improvements, installations, demolitions, restorations or alterations to its portion of the Building and, to the extent any of the aforesaid adversely affects any of the other Owner's (the "Affected Owner") portion of the Building, or its Easement Facilities, Owned Facilities, or Easements (including the Structural Supports, 26th floor or Core Structural Columns), then to such extent, the same shall be a "Building Alteration" and (2) additions, improvements, installations, demolitions, or alterations (but excluding Maintenance with respect to any of the foregoing) to its Easements, Easement Facilities, Owned Facilities, the Structural Supports, the 26th floor and the Core Structural Columns, and, to the extent any of the aforesaid adversely affects the Affected Owner's portion of the Building (outside of or other than the Altering Owner's Easements, Easement Facilities, or Owned Facilities, including the Structural Supports, the 26th floor and the Core Structural Columns) then, to such extent, the same shall be an "Easement Alteration" (and together with Building Alterations, collectively, "Alterations"). All Alterations shall comply with the applicable provisions of this Article XIV. If an Altering Owner (i) makes additions, improvements, installations, demolitions, restorations or alterations to its Building which

would not adversely affect the Affected Owner's Building, or its Easement Facilities, Owned Facilities or Easements in any way or (ii) makes additions, improvements, installations, demolitions, restorations or alterations to its Easements, Easement Facilities, or Owned Facilities, which does not adversely affect the other Owner's Building (other than the Altering Owner's Easements), then the same shall not be deemed "Alterations", and except as provided in Section 14.4, may be made without notice to or the consent of the other Owner.

(B) Alterations shall be divided into two categories and one sub-category: (1) "Notice Alterations" and (2) "Consent Alterations"; certain Consent Alterations shall be deemed "Major Alterations," all of which terms are defined as follows:

(1) Notice Alterations:

(x) any Building Alterations which:

(a) during their performance or upon their completion, either do not diminish or only minimally diminish the benefits afforded to the Affected Owner by an Easement and do not interrupt or only minimally or incidentally interrupt or interfere with the Affected Owner's use or enjoyment of any Easement; and

(b) during their performance or upon their completion, do not degrade or diminish or only minimally degrade or diminish services to the Affected Owner under Articles II, III, IV or V; and

(c) either do not increase costs or expenses or only minimally increase the costs or expenses which such Affected Owner would incur in maintaining its portion of the Property including its Facilities or for which such Affected Owner would be responsible; and

(d) if they affect the Core Structural Columns, Structural Supports or the 26th floor, only consist of drilling, coring, chopping, cutting or otherwise making any opening or hole into any Core Structural Column Structural Supports or the 26th floor which does not affect the load-bearing capability of the Core Structural Column Structural Supports or the 26th floor, as certified by the Architect pursuant to subsection 14.1(C) hereof.

(y) any Easement Alteration which:

(a) during its performance or upon its completion, does not interrupt or only minimally or incidentally interrupts or interferes with the Affected Owner's use or enjoyment of its portion of the Property, and either does not increase costs or expenses or only minimally increases the costs or expenses which such Affected Owner would incur in maintaining its portion of the Property or for which such Affected Owner would be responsible; and

(b) if they affect the Core Structural Columns, Structural Supports or the 26th floor only consist of drilling, coring, chopping, cutting or otherwise making any opening or hole into any Core Structural Column, Structural Supports or the 26th floor which does not affect the load-bearing capability of the Core Structural Column Structural Supports or the 26th floor.

(2) Consent Alterations - any Alterations which do not qualify as Notice Alterations.

(3) Major Alterations - any Consent Alterations which:

(a) affect any of the Structural Supports; or

(b) affect the electrical, plumbing, HVAC, storm or sanitary sewer, fire safety, or sprinkler systems in the Building.

(C) (1) If an Altering Owner intends to perform a Notice Alteration, the Altering Owner shall give the Affected Owner three (3) business days' prior notice describing the work to be performed, time of performance and impact of the Alteration, and (x) a statement of the Altering Owner that the Alteration constitutes a Notice Alteration under Section 14.1 of this Agreement and, (y) in the event of a Building Alteration which affects the Core Structural Columns, Structural Supports or the 26th floor, a certification from the Architect (or the architect selected by the Altering Owner for such design work if such architect had been approved by the other Owner, it being acknowledged that such approval shall not be unreasonably withheld) that such alteration only consists of drilling, coring, chopping, cutting or otherwise making any opening or hole into any Core Structural Columns, structural Supports or the 26th floor, which does not affect the load-bearing capacity thereof. The Affected Owner's consent to a Notice Alteration shall not be required. However, with respect to an Easement Alteration, the Affected Owner may impose reasonable restrictions on the time and manner of performance of such work to the extent it interferes with the use and enjoyment of the Affected Owner's Property. An Altering Owner may, in connection with a Notice Alteration, at any time request confirmation from the Affected Owner that it is a Notice Alteration and that the Affected Owner's consent is thus not required with respect to the proposed Alterations and, provided such Alterations are in fact Notice Alterations, such confirmation shall be given by the Affected Owner within ten (10) business days after the request is made therefor. A failure to respond during such ten day period shall be deemed confirmation. Such a request shall specifically reference this Article XIV and state that unless a response is given within ten (10) business days after its receipt, that the confirmation will be deemed given.

(2) If the Altering Owner intends to perform a Consent Alteration (other than a Major Alteration), the Altering Owner shall request the approval of the Affected Owner, which request shall be accompanied by a reasonably detailed description of the work to be performed (as more particularly described in Paragraph (D) below) and a statement of the Altering Owner that the Alteration constitutes a Consent Alteration that is not a Major Alteration under Section 14.1 of this Agreement. The Altering Owner may not perform such Consent Alteration without the Affected Owner's prior consent, which consent shall not be unreasonably withheld, conditioned or delayed.

(3) If the Altering Owner intends to perform a Major Alteration, the Altering Owner shall give the Affected Owner the same notice and description of work to be performed required for a Consent Alteration accompanied by a certificate from the Architect (hereinafter defined) certifying that the proposed Alteration will not adversely affect the structural integrity of the Building or the systems of the other Owner (or, if there is an adverse effect, then describing the scope thereof). The Altering Owner may not perform any Major Alteration without the other Owner's prior consent, which consent shall not be unreasonably withheld, conditioned or delayed.

(D) If an Owner proposes to make any Consent Alterations, then, at the time of requesting the Affected Owner's approval and before commencing or proceeding with such Alterations, the Altering Owner, shall deliver to the Affected Owner a copy of the plans and specifications showing the proposed Alterations to the extent the same are prepared, and if the same are not prepared, then such other descriptive materials as are reasonably necessary to detail the nature and scope of the Alteration, including a construction schedule. The Affected Owner will not unreasonably withhold its approval, bearing in mind the scope and complexity of the proposed Alterations and the material submitted, and in any event shall within fifteen (15) days after receipt of the request of the Altering Owner and receipt of the information hereinabove provided and within fifteen (15) days after receipt of such additional information as may have been reasonably requested by the Affected Owner within such fifteen (15) day period, approve or disapprove the request and, in the case of a disapproval, specify in reasonable detail the reasons therefor. If, however, the scope or nature of the Alteration is sufficiently complex or notwithstanding the fact that the Affected Owner receiving such plans or other materials has used good faith efforts to complete such review, then if the Affected Owner is unable to complete its analysis of the Alteration within the aforesaid fifteen (15) day period, such Affected Owner shall have the right, upon notice to the Altering Owner, to an additional fifteen (15) days to approve or disapprove the request. The aforesaid provisions shall apply to any resubmission of a request addressing the reasons for disapproval specified by the other Owner. If the Affected Owner consents to such Alterations or fails to respond within the aforesaid fifteen (15) day period (or thirty (30) day period if extended), the Altering Owner may proceed to make its Alterations substantially in accordance with said plans and specifications (or other description). The Altering Owner shall be obligated to reimburse the Affected Owner for the Affected Owner's actual, reasonable, out-of-pocket expenses incurred in connection with the review of the proposed Alterations by third party architects and/or engineers, not to exceed $5,000, in 2000 Equivalent Dollars.

(E) If the following criteria (where applicable) are all true with respect to a proposed Consent Alteration, then it shall be deemed unreasonable for an Affected Owner to withhold its consent to such proposed Consent Alteration: (i) the proposed Alteration will be performed with materials of equal or better quality than the existing materials, (ii) the extent to which the proposed Alteration will interrupt services is immaterial, or if greater than immaterial, an alternate source for such services will be provided at the Altering Owner's sole cost and expense during the construction period in order to maintain the original level of services, (iii) if a Building Alteration, the extent to which the proposed Alteration, upon completion, will impair or diminish the overall function or utility of any Facilities or Easements or the services provided by Facilities or the continuation of the Easement for the purpose for which it was created is immaterial, and the Consent Alteration does not otherwise adversely affect an Easement over which the Affected Owner has Operational Control, (iv) if an Easement Alteration, the extent to which the proposed Alteration, upon completion, will impair or diminish the overall function or utility of the Affected Owner's portion of the Property or its use thereof is immaterial, (v) in the case of an Easement Alteration, reasonable access to all areas of the Affected Owner's portion of the Property will be maintained throughout the course of and after performance of the Alteration, (vi) the proposed Alteration will not increase the cost of maintaining the Affected Owner's portion of the Property or any Easements or Facilities (unless, if such costs do not exceed $25,000, in 2000

Equivalent Dollars, per year, the Altering Owner agrees to pay such costs), (vii) if a Building Alteration, reasonable access to all Easement areas and Facilities will be maintained throughout the course of and after performance of the Building Alteration, (viii) the proposed Building Alteration will not adversely affect the structural integrity of the Building or the systems of the Affected Owner (ix) it does not otherwise violate any other provisions of this Agreement, and (x) if an Easement Alteration, the proposed Alteration, upon completion, will not materially adversely affect the aesthetic appearance of the leasable space (whether or not leased) of the Affected Owner's part of the Property. An Affected Owner may condition any required approval of a Consent Alteration upon compliance with reasonable restrictions as to the time and manner of performance of work that materially interferes with the use and enjoyment of any of its (x) Easements or Facilities by the Affected Owner and its Permittees in the case of a Building Alteration or (y) its portion of the Building in the case of an Easement Alteration. Any dispute regarding the reasonableness of an Owner's withholding any consent pursuant to this Section 14.1(E) shall be deemed an Arbitrable Dispute. If the Altering Owner provides a certificate from the Architect (or the architect preparing plans for the Alteration providing the Affected Owner has reasonably approved such architect) to the effect that (i) and (viii) are true, then such conditions shall be deemed satisfied for purposes of this Section 14.1(E); provided, however, that notwithstanding such certification, the Altering Owner shall remain liable to the Affected Owner for any loss, cost or expense relating to such conditions, if it performs the Alteration and either (i) or (viii) is thereafter determined to be untrue.

(F) No consent by an Affected Owner whose consent is requested (and no approval of any plans and specifications or other information submitted in connection with a request for consent) shall constitute an assumption by such Owner of any liability for the Alterations to which the same relates, the accuracy, suitability or soundness of such plans and specifications or other information or their conformity with applicable Laws or a limitation on the rights of such Affected Owner or the obligations of the Altering Owner, and the Altering Owner shall, except to the extent otherwise provided in Articles IX and XIII, remain solely responsible for such Alterations. Nothing contained herein shall be deemed to limit either party's rights of law, or in equity or otherwise.

(G) Each Altering Owner, in making any Alteration or other alteration which does not otherwise qualify as an Alteration, shall (i) perform all work with due diligence and in a good and workmanlike manner and in accordance with good construction practices, (ii) comply with all Laws, including, without limitation, the Building Code of New York City, (iii) promptly repair any damage to the Affected Owner's Property resulting from the performance of such Alterations, and (iv) comply with all other applicable provisions of this Agreement. No Alteration or other alteration to the Residential Tower (which does not otherwise qualify as an Alteration) shall adversely interfere with ingress and egress to and from the Commercial Building or adversely interfere with the visibility of any retail display windows on the ground floor of the Commercial Building permitted pursuant to the terms hereof. No Alteration or other alteration to the Commercial Building (which does not otherwise qualify as an Alteration) shall adversely interfere with ingress and egress to and from the Residential Tower. The Altering Owner, in making any Consent Alteration, shall cause the same to be performed by reputable contractors selected by the Altering Owner, and, if it is a Major Alteration, approved by the Affected Owner (which approval shall not be unreasonably withheld). Upon the request of the Affected Owner, the Altering Owner shall

advise the Affected Owner of the identity of contractors retained to perform the Alteration. The Altering Owner, in making any Consent Alteration (a) that is a Major Alteration, or (b) for which the Altering Owner has retained an architect, shall promptly after completion of the Alterations, deliver to the Affected Owner a record set of specifications showing the Alterations "as built", together with a certification of the Architect that such Alterations substantially conform thereto and to the plans and specifications, if any, required to be submitted to the Affected Owner pursuant to Section 14.1 of this Agreement or required to be prepared by Law. Neither Owner shall do or permit any act which would adversely affect the structural safety or integrity of any portion of the Building. Each Altering Owner shall, to the extent reasonably practicable, endeavor to make any and all Alterations in such a manner and at times so as to minimize interference with or inconvenience to the Affected Owner and its use of its portion of the Property (as well as its Subtenants, tenants, invitees and others) and so as to minimize any noise, vibrations, particulates and dust infiltration or other disturbance which would disturb an occupant or occupants of the Building, but such Altering Owner shall not be liable in any event for damages as a result of any such disturbance (as opposed to physical damage to property) normally incidental to construction. The foregoing restriction on damages shall not restrict an Affected Owner's right to seek and obtain injunctive relief from unreasonable disturbances, which shall not include normal construction activities in a mixed-use building. The Altering Owner shall promptly repair any damage to the Affected Owner's portion of the Property, Easements, Easement Facilities, or Owned Facilities caused by such entry and the Alterations and return same in broom-clean conditions.

(H) If, subject to Unavoidable Delays, the Altering Owner interrupts any of the Affected Owner's services or, in the case of an Easement Alteration, materially interferes with the Affected Owner's use and enjoyment of its portion of the Building and thereafter (i) fails to prosecute the Alteration with due diligence or (ii) ceases performing the Alteration, or (iii) otherwise fails to complete the Alteration substantially in accordance with the construction schedule provided by the Altering Owner, then, upon ten (10) days' prior notice to the Altering Owner, and provided the Altering Owner does not complete the Alteration within such ten (10) day period or provide reasonable assurance that it will complete the Alteration in an expedited manner, the Affected Owner shall have the right to enter upon the Property of the Altering Owner (in the case of a Building Alteration) and to proceed to complete the Alteration to the extent necessary to restore the Affected Owner's Facilities and/or Easements and/or services or use of its Building, as the case may be, and the Altering Owner (thus becoming a Defaulting Owner) shall promptly reimburse the Affected Owner for the actual costs incurred by the Affected Owner (thus becoming a Creditor Owner) as well as for any other losses caused by the default by the Altering Owner.

14.2 Building Permits. Applications for building permits to make any repair or restoration shall be filed and processed by the Altering Owner without the joinder of the Affected Owner in such application, unless the City of New York or other government agency having jurisdiction thereof requires joinder of the other Owner. An Altering Owner shall, with respect to Consent Alterations, send copies of any building or other required permits to the Affected Owner at the Affected Owner's request prior to commencement of the portion of the Alteration requiring such permit. If joinder by the Affected Owner is so required, such Affected Owner shall cooperate in executing such application or other instruments as may be necessary to obtain the building permit; provided, however, the

Altering Owner shall indemnify and hold harmless the Affected Owner from and against any and all loss, liability, claims, judgments, costs and expenses arising out of the Affected Owner's execution of the application, permit or other instrument. If an Affected Owner fails to execute an application or other similar instruments for an Alteration for which such Owner's consent has been obtained (or deemed obtained) or for which no such consent is required, the Altering Owner is hereby irrevocably appointed attorney-in-fact of the other Owner (such power of attorney being coupled with an interest) to execute said application or instruments on behalf of such other Owner.

14.3 Evidence of Required Funds. If an Owner is performing a Major Alteration and the estimated aggregate cost of such work (i.e., the work relating to the Major Alteration and not any other work, regardless of its complexity or cost, which is incidental to such Major Alteration) exceeds $500,000, in 2000 Equivalent Dollars, then the Altering Owner shall prior to the commencement of such work, provide assurance reasonably satisfactory to the Affected Owner that the performance of the Alteration will be completed and paid for.

14.4 Right to Inspect. During the performance of any Alterations, such Alterations shall be subject to inspection upon reasonable notice by the Affected Owner at all reasonable times (subject to rights of subtenants or tenants).

14.5 Building Facade and Signage.

(A) Commercial Building Facade. Subject to the provisions contained in this Section 14.5(A), the Commercial Property Owner shall have the exclusive right to make alterations to the facade of the Commercial Building along 55th Street and Broadway (the "Commercial Facade"), but excluding, however, the Residential Entry Facade and the balance of the street-level facade of the Commercial Building along 56th Street (the "56th Street Level Facade"). The Commercial Property Owner shall give the Residential Property Owner prior notice of any proposed alterations to the windows or entrances on the Commercial Facade, but the consent of the Residential Property Owner shall not be required (if it is not otherwise a Consent Alteration) and the consent of the Residential Property Owner to any other alteration to the Commercial Facade shall not be required if it would not otherwise be a Consent Alteration. With respect to any alterations to the 56th Street-Level Facade, the Commercial Property Owner shall not relocate any entrances or add any additional entrances at the 56th Street Level Facade. For any other alterations to the Commercial Facade or the 56th Street Level Facade, the Commercial Property Owner shall deliver to the Residential Property Owner a certification by the Architect (or the architect selected by the Commercial Property Owner for such design work if such architect had been approved by Residential Property Owner, it being acknowledged that such approval shall not be unreasonably withheld), that such alterations are not architecturally incompatible with the Residential Entry Facade and, in such event, no consent of the Residential Property Owner shall be required if it is not otherwise a Consent Alteration. If the aforesaid certification is not delivered, then the alteration shall be subject to the approval of the Residential Property Owner. The Commercial Property Owner shall have no right (other than the right provided in Section 14.1(H) to complete an Alteration) to make alterations to the Residential Entry Facade.

(B) Residential Entry Facade and Building Facade. Subject to the provisions contained in this Section 14.5, the Residential Property Owner shall have the right to make alterations to the Residential Entry Facade and to the

Residential Tower facades. The Residential Property Owner shall give the Commercial Property Owner prior notice of any proposed alterations to the windows or entrances on the Residential Entry Facade or the Residential Tower facade, and such alterations shall be subject to the consent, not to be unreasonably withheld, of the Commercial Property Owner. For any other alterations to the Residential Entry Facade or the Residential Tower facade, the Residential Property Owner shall deliver to the Commercial Property Owner a certification by the Architect (or the architect selected by the Owner for such design work if such architect had been approved by Commercial Property Owner, it being acknowledged that such approval shall not be unreasonably withheld), that such alterations are not architecturally incompatible with the design of the Building and in such event, no consent of the Commercial Property Owner shall be required if it is not otherwise a Consent Alteration. If the aforesaid certification is not delivered, then the alteration shall be subject to the approval of the Commercial Property Owner, which approval shall not be unreasonably withheld. The Residential Property Owner shall have no right (other than the right provided in Section 14.1(H) to complete an Alteration) to make alterations to the Commercial Facade.

(C) Signage. Subject to the provisions contained in this Section 14.5(C), either Owner shall have the right to make Alterations to signage on its portion of the Building, except, however, (i) the Commercial Property Owner shall have no right to place signs on the Commercial Building facade fronting 56th Street, (ii) the Commercial Property Owner shall have no right to place any signs on the Building other than (x) signs identifying the Commercial Property Owner, Random House, Inc. or its Affiliates, and any occupants of the Commercial Building, (y) retail signs which are located on the Commercial Facade within the area identified on Exhibit D attached hereto as the "Retail Signage Area" and which otherwise comply with the requirements hereof, and (z) signs required by Law, (iii) signs placed on the Building by the Commercial Property Owner shall comply with the minimum signage requirements set forth on Exhibit D, and shall otherwise be consistent with signage customarily found from time to time on first class office buildings in the City of New York, (iv) the Residential Property Owner shall have no right to place any signs on the Building other than signs required by Law and, if the Residential Premises are subjected to a condominium form of ownership, the name of the condominium and the condominium sponsor on the Residential Entry Facade, and (v) signs placed on the Building by an Owner shall comply with all Laws.

14.6 Structural Safety and Integrity and Leasable Space.

(A) Neither Owner shall do or permit any act which would adversely affect the structural safety or integrity of any portion of the Building.

(B) Reduction of Structural Support. Either Owner may request that the Architect and a contractor selected by the requesting Owner (and reasonably acceptable to the other Owner and the Recognized Mortgagees and Fee Owner) review the adequacy of the structural support of the Building. If for any reason the structural support for any portion of the Building is determined to be inadequate or is determined to have been reduced below the support required to maintain the structural safety or integrity of said portion of the Building, either or both Owners may request that the Architect and the contractor so selected review the adequacy of the support or extent of any such reduction and the need for, or adequacy of, any substitute or additional structural support. If the structural support is determined to be inadequate or is determined to have been so reduced, the

Owners shall attempt in good faith to determine which Owner (including such Owner's agents, contractors, engineers, architects and Permittees), if either, is responsible for such inadequacy or reduction.

(C) If substitute or additional structural support is required in a portion of the Building in which the structural support is inadequate or has been reduced, then, the Owner in whose portion of the Building the additional support is required shall promptly commence or cause to be commenced the construction of such substitute or additional support and shall proceed diligently to cause the completion of such construction, in accordance with plans and specifications therefor which have been prepared or caused to be prepared by the Owners and approved by the Architect and the other Owner (and the Recognized Mortgagees and Fee Owner), with a contractor reasonably acceptable to the other Owner.

(D) If only one (1) Owner is responsible for the reduction of support, the Owner who is responsible for such inadequacy or reduction shall pay all costs and expenses, including the Architect's and any other architectural fees, incurred in connection with construction of the substitute or additional support, including any ongoing increased Maintenance costs attributable thereto.

(E) If no one (1) Owner is at fault (e.g., if the inadequacy or reduction in structural support results from a defect in the original construction of any portion of the Building or from ordinary wear and tear, or if additional structural support is made necessary in order to comply with Laws), then both Owners shall jointly be responsible for substitute or additional structural support and shall share all costs and expenses as provided below. For purposes of this Section 14.6, a defect in the original construction of a portion of the Building does not include structural matters which arise out of improper day-to-day ordinary maintenance by the other Owner or which constitute required or ordinary maintenance responsibilities. If there is a responsible party other than an Owner, the Owners will jointly pursue appropriate legal and equitable remedies against the responsible party, provided, however, if joint action is not legally possible, then the Owner who has a remedy will pursue enforcement for the benefit of both Owners. Any sums recovered from third parties shall be applied by Owners in the following order of priority: first, to the costs of suit; second, to payment of costs and expenses of providing substitute or additional support; third, to damages suffered by the Owners as a result of such inadequacy or reduction in structural support, to each Owner in proportion to the damages suffered by such Owner to the total damages suffered by both Owners; and fourth, the balance, if any, to the Owners in the Owner Building Area Ratio. Each Owner, whether pursuing enforcement or not, shall share equally the costs and expenses (including any fees of the Architect for advice or preparation of plans and specifications), as incurred, of substitute or additional support and any enforcement action under this Section 14.6(E), to the extent such costs and expenses are not recovered from third parties, based on reasonable proof of such costs as evidenced by invoices, bills or otherwise.

(F) The provisions of Sections 9.3 and 9.4 of this Agreement, and not this Section 14.6, shall apply if the reduction or inadequacy in structural support results from a fire or other casualty.

(G) Leasable Space. Any and all alterations under this Section 14.6 shall be performed so as to have the least possible impact on the leasable space (whether or not leased)

available in the affected Owner's portion of the Building. If an alteration under this Section 14.6 results in a reduction of an affected Owner's total leasable space (whether or not leased) or adversely affects the marketability of such space (or, in the event any leasable space (whether or not leased) is not then being marketed, would affect the marketability of such leasable space (whether or not leased) had such leasable space (whether or not leased) then been marketed), the other Owner shall pay to the affected Owner the other Owner's share (based on the Owner Building Area Ratio) of the fair market value of the lost leasable space (whether or not leased) or its share of the reduction in fair market value of the affected space. Any dispute regarding the contribution contemplated by this Section 14.6(G) shall be deemed an Arbitrable Dispute.

ARTICLE XV

ESTOPPEL CERTIFICATES

15.1 Estoppel Certificates. Each Owner and Fee Owner shall, from time to time, within twenty (20) days after written request from the other Owner or Fee Owner, any prospective transferee (including the assignee of any equity interest in an Owner) of such Owner or any Recognized Mortgagee, tenant or Subtenant of the Commercial Property Owner or prospective mortgagee (including a Fee Owner mortgagee) which has complied with the notice provisions of Section 20.11(B) hereof, execute, acknowledge and deliver to the requesting party, a certificate ("Estoppel Certificate") stating:

(A) That the terms and provisions of this Agreement are unmodified and are in full force and effect or, if modified, identifying such modifications;

(B) Whether, to the knowledge (without investigation) of the Owner executing the Estoppel Certificate, there is any existing default under this Agreement (or grounds therefor after giving the requisite notice hereunder) by the requesting Owner and, if so, specifying the nature and extent thereof;

(C) Whether, to the knowledge of the Owner executing the Estoppel Certificate, there are any sums (other than those arising out of the normal course of operation of the Building within the previous ninety (90) days) which the Owner executing such Estoppel Certificate is entitled to be reimbursed by the requesting Owner, and if there is any such sum, specifying the nature and amounts thereof;

(D) Whether the Owner executing the Estoppel Certificate has performed or is performing work other than services pursuant hereto, the cost of which such Owner is or will be entitled to charge in whole or in part to the requesting Owner under the provisions hereof, but has not yet charged to such requesting Owner, and if there be any such work, specifying the nature and extent thereof and the projected amount to be paid by the requesting Owner;

(E) The nature and extent of any setoffs, claims, counterclaims or defenses then being asserted or to the knowledge (without investigation) of the Owner executing the Estoppel Certificate, capable of being asserted (after giving the requisite notice, if any, required hereunder), or otherwise known by such Owner, against the enforcement of the requesting Owner's rights hereunder;

(F) The total amount of all liens being asserted or capable of being asserted (after giving the requisite notice, if

any, required hereunder) by the Owner executing the Estoppel Certificate under the provisions of this Agreement describing the applicable provision or provisions and the details of any such lien claim;

(G) Whether the Owner executing the Estoppel Certificate has requested that a matter be submitted to arbitration, which matter has not been discharged, released or otherwise resolved (and if so, a copy of any such notice or notices shall be delivered with the Estoppel Certificate);

(H) Whether there has been any request for or recommendation of, reallocation of costs pursuant to Section 5.7, and if so, setting forth any such request or recommendation;

(I) The current address or addresses to which notices given to the Owner executing such Estoppel Certificate are required to be mailed under Article XIX hereof.

If the requesting party is a Recognized Mortgagee or prospective mortgagee, the Owner on whose property it holds or intends to hold a Mortgage will be deemed the "requesting Owner." If the requesting party is a prospective transferee of an Owner, such Owner will be deemed the "requesting Owner."

ARTICLE XVI

DEPOSITARY

16.1 Appointment of Depositary. The Depositary shall be appointed in the manner hereinafter provided to receive insurance proceeds and, to the extent provided in Article XIII with respect to an REA Taking, Awards; to hold such monies for the benefit of the Owners, the Fee Owner and any Recognized Mortgagees, as their interests may appear; and to disburse such monies and to act otherwise in accordance with the terms and provisions of this Agreement. Hypo is designated as the initial Depositary on the date hereof and shall continue to be the Depositary so long as it is a Recognized Mortgagee and thereafter until it is replaced pursuant to Section 16.5(B), unless (i) it elects, on not less than sixty (60) days' prior notice to the Owners and Fee Owner and any other Recognized Mortgagee, to resign pursuant to Section 16.5(A) or (ii), or fails to materially comply with its obligations as Depositary and is removed pursuant to the provisions of the Depositary Agreement. Thereafter, the Depositary shall be appointed by the Owners, subject to the reasonable consent of the Recognized Mortgagees and the Fee Owner and any dispute regarding the appointment of the Depositary shall be deemed an Arbitrable Dispute. The Depositary shall be entitled to receive from each of the Owners said Owner's equitable share of the Depositary's reasonable fees and expenses for acting as Depositary as provided in the Depositary Agreement, and may retain said fees and expenses, free of trust, from monies held by it. Any Depositary appointed to act hereunder shall execute an agreement (the "Depositary Agreement") with the Owners and Fee Owner accepting said appointment in substantially the form attached hereto as Exhibit E or such other form as is reasonably approved by the Owners, the Fee Owner and any Recognized Mortgagee.

16.2 Liability of Depositary. The Depositary shall not be liable or accountable for any action taken or disbursement made in good faith by the Depositary, except that arising from its own gross negligence or willful misconduct. The Depositary's reliance upon advice of independent competent counsel shall be conclusive evidence of good faith, but shall not be the only manner in which good faith may be shown. The Depositary shall

have no affirmative obligation to prosecute a determination of the amount of, or to effect the collection of, any insurance proceeds or Award or Awards unless the Depositary shall have been given an express written authorization from both Owners, provided that if only one Owner is entitled to said insurance proceeds or Award (as the case may be), then said Owner may authorize the Depositary to so proceed. In addition, the Depositary may rely conclusively on any certificate furnished by a Certifying Professional to the Depositary which appears on its face to have been properly furnished in accordance with the provisions of Article XIII or Article XVII hereof and shall not be liable or accountable for any disbursement of funds made by it in reliance upon such certificate or authorization. The Depositary shall have no liability to any mortgagee or other lender who is not a Recognized Mortgagee.

16.3 Interest on Deposited Funds. Unless otherwise specified in the Depositary Agreement, the Depositary shall purchase with any monies held by it pursuant hereto, to the extent feasible, negotiable United States Treasury bills or other United States Treasury obligations maturing within one (1) year from the date of purchase thereof, or such shorter period as, in the good faith judgment of the Depositary, would be necessary in order to have sufficient funds available for the disbursement of funds which may be required under this Agreement. The Depositary shall hold all funds paid or delivered to it pursuant hereto, including any securities or other investments, in trust to be applied, after deducting the Depositary's costs and expenses as provided in this Agreement. Funds constituting Restoration Funds shall be applied to the payment of the cost of the Restoration Work before using any portion of such funds for any other purpose, and then in accordance with the terms and provisions of this Agreement. Any interest paid or received by the Depositary on monies or securities held in trust, and any gain on the redemption or sale of any securities, shall be added to the monies or securities so held in trust by the Depositary. The monies received by the Depositary pursuant to any of the provisions of this Agreement shall not be commingled with the Depositary's own funds, unless otherwise agreed to by the Owners, and shall be held by the Depositary in trust for the uses and purposes herein provided. Each Award shall be held and accounted for separately by the Depositary.

16.4 Indemnification of Depositary. In consideration of the services rendered by the Depositary, the Owners jointly and severally hereby agree to indemnify and hold harmless the Depositary from any and all damage, liability or expense of any kind whatsoever (including, but not limited to, reasonable attorneys' fees and expenses) incurred in the course of Depositary's duties hereunder or in the defense of any claim or claims made against Depositary by reason of its appointment hereunder, except where due to the gross negligence or willful misconduct of the Depositary.

16.5 Appointment of Successor Depositary.

(A) The Depositary may resign by serving not less than sixty (60) days' prior notice on both of the Owners, the Fee Owner and the Recognized Mortgagees. Within such sixty (60) day period, the Owners jointly shall appoint a substitute who qualifies as a Depositary pursuant to Section 16.5(B), and the resigning Depositary shall transfer all funds, together with copies of all records, held by it as Depositary to such substitute, at which time its duties as Depositary shall cease. If the Owners are unable to agree upon a substitute within said sixty (60) days, such dispute shall be an Arbitrable Dispute. If a Depositary is not appointed within the sixty (60) day period, the resigning Depositary shall continue to hold, receive and

invest any funds payable to the Depositary hereunder but shall have no other duties or obligations as Depositary other than to invest the funds as herein provided and to transfer all funds and records to the new Depositary when selected. The Depositary may, after not less than twenty (20) days prior written notice to the Owners, (given no sooner than forty (40) days after the resignation notice referred to above), deposit such funds with either a court of competent jurisdiction or with a bank or trust company in New York, New York who qualifies as a Depositary.

(B) Pursuant to Section 16.1, Hypo shall serve as the initial Depositary. At such time as Hypo ceases to be a Recognized Mortgagee, the Owners, with the reasonable consent of the Fee Owner and all Recognized Mortgagees, may select a successor Depositary. Thereafter, the Owners jointly may replace the Depositary for any reason subject to the reasonable approval of the Recognized Mortgagees and the Fee Owner. Further, as to any successor Depositary, if any such Depositary fails to perform its obligations hereunder diligently and competently, or if any such Depositary ceases to meet the financial requirements set forth herein for a Depositary, then either Owner or Fee Owner may elect to remove and replace the Depositary upon notice to the other Owner, the Fee Owner and the Recognized Mortgagees. The notice shall set forth with specificity the respect or respects in which such Depositary shall have failed to perform diligently or competently or no longer meets the financial requirements for a Depositary set forth herein, and shall be accompanied by any available evidence supporting such claim. Any such removal of the Depositary shall be subject to the reasonable approval of the other Owner, the Fee Owner and the Recognized Mortgagees (other than any Recognized Mortgagee serving as the Depositary). If a party does not approve or disapprove the removal within ten (10) days after the aforesaid notice is given, such party's approval shall be deemed given. Any dispute shall constitute an Arbitrable Dispute. The Depositary sought to be replaced may give evidence or otherwise participate in the arbitration proceeding, but said proceeding shall not serve any purpose other than the purpose of determining whether an Owner is entitled to have the Depositary replaced.

ARTICLE XVII

DISBURSEMENTS OF RESTORATION FUNDS BY DEPOSITARY

17.1 Disbursement Requests.

(A) Each request pursuant to the provisions of this Agreement for disbursement of insurance proceeds, or any Net Awards deposited hereunder with the Depositary, including any interest or income earned thereon (the "Restoration Funds") for application to the cost of construction, repair, restoration or demolition including the non-construction costs related thereto, (the "Restoration Work") shall be accompanied by the certificates required hereunder and otherwise comply with the provisions of this Article.

17.2 Restoration Funds.

(A) Reimbursement of Depositary's Expenses. Before disbursing any Restoration Funds pursuant to the provisions of this Article XVII, the Depositary shall reimburse itself therefrom to the extent of the necessary and proper expenses (including, without limitation, reasonable attorneys' fees and disbursements) paid or incurred by the Depositary in the collection of such Restoration Funds. In the case of restoration

under Section 13.5, such expenses shall be paid by the Owners based on the Architect Condemnation Ratio.

(B) Disbursement of Restoration Funds.

(i) Application for Disbursement. Subject to the provisions of Sections 17.2(B)(ii) and (iii) and Section 17.2(C) and (D) below, the Depositary shall disburse the Restoration Funds in connection with the Restoration Work, from time to time, in installments as the Restoration Work progresses to the Owner(s) submitting the Restoration Funds Request (as hereinafter defined) in strict accordance with the provisions of this Section. If the Restoration Work is made pursuant to Section 9.1, the Owner submitting the Restoration Funds Request shall also provide a copy of such request to its Recognized Mortgagee(s), and, if such Owner is the Commercial Property Owner, then to the Fee Owner as well. If the Restoration Work is made pursuant to Section 9.3 or 13.5, then each Restoration Funds Request shall be sent to the other Owner, all Recognized Mortgagees and the Fee Owner. Each party entitled to receive a Restoration Funds Request shall also receive the accompanying documents set forth in Section 17.3. Advances by the Depositary shall be made not more than once a month after the Depositary's receipt of a written request therefor from the Owners (or if only one (1) Owner is responsible for the performance of the Restoration Work pursuant to Section 9.1, then such responsible Owner), addressed to the Depositary (each such request being herein called a "Restoration Funds Request"), provided that:

(a) such Restoration Funds Request shall be accompanied by a certificate of the Owner(s) (1) requesting payment of specified amounts of the Restoration Funds equal to the amounts then due and owing to contractors or other parties for performance of all or a portion of the Restoration Work under specific contracts or agreements in respect of the Restoration Work, or to an Owner as reimbursement for a cost of the Restoration Work paid by the Owner, (2) describing in reasonable detail the services or materials theretofore provided under such contracts or agreements, (3) stating that such payment does not exceed the amount then due and owing (or reimbursable) in respect of such services and materials under such contracts or agreements, (4) stating that all such services have theretofore been performed, and that all such materials have theretofore been incorporated into the Building (except for such materials specifically delineated as not yet being so incorporated into the Building), and (5) stating that the cost of such services and materials has not been previously made the basis of any Restoration Funds Request (such certificate being herein called the "Owner's Certificate");

(b) the Depositary receives any certificates and lien waivers required pursuant to Section 17.3;

(c) the requirement to provide any deposit under Section 17.4, if any, has been satisfied; and

(d) with respect to insurance proceeds, the Estimate shall have been determined hereunder pursuant to the provisions of Section 9.5, and the insurance claims in respect of the repair or restoration in question shall have been adjusted, and all amounts required to be deposited to the Depositary by both Owners pursuant to Section 9.5 hereof shall have been so deposited. With respect to an REA Taking to which Section 13.5 applies, the Depositary shall be holding the Net Awards, and all other amounts required to be deposited under Section 13.5(D) shall have been deposited.

(ii) Materials Not Incorporated. The Depositary shall not make any installment payment for materials (which term shall include all fixtures and equipment) purchased but not yet incorporated in the Building, unless (a) the Recognized Mortgagee of the Owner making such request consents, which consent shall not be unreasonably withheld, (b) there shall have been delivered to the Depositary certificates of insurance for such materials, fixtures and equipment naming the Depositary as "loss payee" and insuring against casualty, loss and theft for one hundred percent (100%) of the cost thereof, (c) the Certifying Professional shall state that in the opinion of the Certifying Professional (1) such materials are securely stored, properly inventoried and clearly marked to indicate that they are the property of the Owner(s), are in compliance with the Plans, are finally assembled, fully-fabricated Building materials and that the bills of sale therefor are acceptable, and (2) the Owner(s) owns such materials free and clear of all liens (excluding the lien of any Recognized Mortgagee) and encumbrances of any nature whatsoever, and (d) the aggregate amount of such disbursements for such stored materials shall not exceed $500,000 in 2000 Equivalent Dollars.

(iii) Minimum Required Retainage. There shall be retained from each advance of the Restoration Funds made on account of labor and materials an amount equal to the retainage under the applicable contract, but not less than that required under the Ground Lease or Recognized Mortgage. The retainage with respect to any trade contract for construction or materials (excluding any general contractor's fee, construction manager's fee or any general conditions set forth in such contracts) shall not be payable prior to the date that is thirty (30) days after the date upon which such contract shall be fully completed (that is, the date that 100% of all services and/or materials to be performed and/or provided thereunder shall have been fully performed and/or provided, including all "punchlist" items). For purposes of applying this Section 17.2(B)(iii), all contracts with the same contractor (and/or with a series of affiliated contractors) shall be treated as a single contract. A true and complete copy of each contract in respect of the Restoration Work shall be delivered upon request to the Depositary and the Certifying Professional, as well as the Fee Owner and Recognized Mortgagees.

(C) Restoration to a Single Building. If the Depositary receives a certificate from an Owner stating that, pursuant to Section 9.1(B), the Owner is entitled to receive the entire net proceeds of the insurance paid to the Depositary, the Depositary shall send a notice to the other Owner, the Fee Owner and those Recognized Mortgagees whose names and addresses have been given to the Depositary, enclosing a copy of the certificate received from such Owner and stating that unless an objection is received from a notified party within five (5) business days after receipt of the notice from the Depositary, the Depositary will be authorized to pay the amount requested to (i) with respect to the Residential Property Owner, to the Residential Property Owner, except that if the Depositary has received a notice pursuant to Section 20.11(B), then to such Recognized Mortgagee of the Residential Property Owner, and (ii) with respect to the Commercial Property Owner, to the Ground Lease Depositary.

(D) Disbursement of Surplus Net Award. The Depositary shall disburse such portions of Net Awards held pursuant to Section 13.5 constituting a Surplus Net Award to the extent provided in Section 13.5(E) at such time as and otherwise pursuant to such Section 13.5(E).

(E) Disbursement of Remaining Restoration Funds.

(i) Any Restoration Funds from insurance proceeds remaining after the completion of the Restoration Work, as certified by the Certifying Professional, shall be paid to the Owner(s) in accordance with Section 9.6, provided, however that (A) if the Depositary has received a notice from a Recognized Mortgagee pursuant to Section 20.11(B), then the portion of the Restoration Funds otherwise payable to the Owner of the Property securing a Recognized Mortgagee shall be paid to such Recognized Mortgagee (unless a notice has been given pursuant to clause (B) immediately below, in which event, clause (B) shall apply) and (B) if, during the term of the Ground Lease, the Depositary has received a notice from the Fee Owner of a default under the Ground Lease, the Depositary shall hold the remaining Restoration Funds allocable to the Commercial Property until otherwise directed by (x) the Commercial Property Owner and the Fee Owner, jointly, or (y) a court of competent jurisdiction.

(ii) Any Restoration Funds from an Award remaining after completion of the Restoration Work, as certified by the Certifying Professional, shall be paid in accordance with Section 13.5(H).

17.3 Conditions Precedent to Disbursement of Restoration Funds. The following are conditions precedent to each payment of Restoration Funds requested to be made pursuant to a Restoration Funds Request:

(A) Certificate of Certifying Professional. The Restoration Funds Request shall be accompanied by a certificate, dated not more than ten (10) days prior to such request of the Certifying Professional stating that based upon a site observation of the Building made not more than twenty (20) days prior to the Restoration Funds Request:

(i) The amount then requested to be paid either has been paid by the Owner(s), or is justly due to contractors, subcontractors, materialmen, engineers, architects or other Persons (whose names and addresses shall be stated), who have rendered or furnished services or materials for the Restoration Work pursuant to signed contracts approved in accordance with Section 9.1, 9.3 or 13.5, as applicable, based upon the Certifying Professional's estimated value of the work in place, giving a brief description of such services and materials and the principal subdivisions or categories thereof and the several amounts so paid or due to each of such Persons with respect thereto, any retainage, and stating, in reasonable detail, the progress of the Restoration Work in connection with the Restoration up to the date of the certificate.

(ii) No part of such expenditure has been or is being made the basis, in any previous or then pending request, for the payment of Restoration Funds, or has been paid out of any of the Restoration Funds.

(iii) The amount then requested does not exceed the cost of the services and materials described in the certificate, less the applicable retainage.

(iv) All the Restoration Work theretofore performed has been performed substantially in accordance with the plans and specifications for such Restoration Work required pursuant to Article IX or XIII, as the case may be.

(v) The materials for which payment is being requested are at least equal in quality to the items being restored or replaced and are in accordance with the plans and specifications for such Restoration Work.

(vi) Except in the case of the final request for payment by the Owner(s), the balance of the Restoration Funds held by the Depositary (including any funds or other security provided by the Owner(s) in accordance with Section 17.4 hereof) shall be sufficient, upon completion of the Restoration Work, to pay for such work in full, and estimating, in reasonable detail, the total and remaining costs to complete such Restoration Work.

(vii) In the case of the final request for payment by Owner(s), the Restoration Work shall have been fully completed (including "punchlist items") in accordance with the provisions of this Agreement.

(viii) If the Restoration Funds Request includes costs for materials not yet incorporated into the Building, the opinions required in Section 17.2(B)(ii) above.

(ix) That all permits and approvals required for the Restoration Work to date have been issued.

(x) That any lien waivers required pursuant to Section 17.3(C) have been obtained.

(xi) That the Builder's Risk insurance required pursuant to Section 8.1(A)(i) is in place to the extent necessary.

(xii) In connection with a request for the payment of any retainage, a certification that the work required to be performed has been fully completed (including any punchlist items) for a period of not less than thirty (30) days.

(B) Certificate of Title Insurance. The Restoration Funds Request shall be accompanied by a report, search or certificate, dated not more than five (5) days prior to such request, of a title insurance company reasonably satisfactory to the Owners and the Fee Owner, showing that there are no vendor's, mechanic's, laborer's or materialman's liens filed against the Building or the fee or any part thereof, created or caused to be created by the Owner(s) against Building or the fee, except such as will be discharged upon payment of the amount then requested to be disbursed.

(C) Lien Waivers. The Restoration Funds Request shall be accompanied by waivers of all mechanic's, materialmen's and other similar liens with respect to all of the Restoration Work for which a Restoration Funds Request has previously been made and funded.

17.4 Restoration Fund Deficiency. If, in connection with any Restoration Work, a determination that a deficiency exists has been made pursuant to Section 9.5, or Article XIII, or at any time during the prosecution of the Restoration Work, the Certifying Professional reasonably estimates that the cost to complete the Restoration Work exceeds the Restoration Funds then

being held by the Depositary, plus any funds or security previously deposited pursuant to the provisions of this Section 17.4, then (a) the Owner or Owners responsible for such deficiency as provided in Article IX or Article XIII, as applicable, shall deposit with the Depositary an amount equal to such deficiency and (b) no monies shall be disbursed by the Depositary for Restoration Work until the provisions of this sentence or the next sentence have been satisfied. In lieu of depositing its share of such deficiency, an Owner may deliver to the Depositary an irrevocable and unconditional letter of credit from an Institutional Lender with an office for presentation in New York in favor of the Depositary in the face amount of the share of the deficiency owed by such Owner or such other security as may be reasonably acceptable to the other Owner, provided the same is in a form reasonably satisfactory to the Recognized Mortgagee(s) and, if the damage involves the Commercial Property or Easements, or in connection with an REA Taking, the Fee Owner, and has an expiration date of no earlier than sixty (60) days beyond the estimated completion date for the Restoration Work. Any amounts or other security deposited hereunder shall be applied by the Depositary (i) to the cost of the Restoration Work after application of any insurance proceeds or Awards, as the case may be, and any interest or income earned thereon, to the cost of any Base Building Restoration Work or (ii) to the extent that the deficiency deposit was required or is being maintained for the cost of any Restoration Work attributable to any act or omission of, or change requested or required by, the depositing Owner, to such cost.

17.5 Disbursement Based on Partial Owner Certificate. If a Restoration Funds Request is submitted to the Depositary by only one of the Owners, together with such Owner's Certificate stating that the other Owner is obligated to execute the Owner Certificate but has failed to do so, and requesting that, pursuant to Section 9.7 or 13.5(F), the Owner's Certificate be accepted without the other Owner's execution of the Owner's Certificate, the Depositary shall promptly send a copy of the Owner's Restoration Funds Request and the accompanying certificate to the other Owner, the Fee Owner and those Recognized Mortgagees who have given their names and addresses to the Depositary, in writing, accompanied by a statement from the Depositary that, unless objection is received from any of the notified parties, the Depositary will only require that the Owner's Certificate in question be signed by the Owner that executed and submitted the Owner's Certificate. If no objection is received by the Depositary within ten (10) business days thereafter, the Depositary shall be authorized to accept the Owner's Certificate signed only by the Owner and to the extent that the other provisions of this Article XVII have been complied with, the Depositary shall pay the requested portion of the Restoration Fund as requested.

ARTICLE XVIII

ARCHITECT

18.1 Appointment of Architect. The Owners with the consent of Fee Owner have previously appointed Skidmore, Owings & Merrill LLP to serve under and pursuant to the terms and provisions of this Agreement (Skidmore, Owings & Merrill LLP or any replacement architect appointed pursuant to the provisions hereof, is herein referred to as the "Architect"). The Owners, subject to the consent of the Fee Owner and each Recognized Mortgagee, which consent shall not be unreasonably withheld, may jointly replace the Architect for any reason, provided that any such replacement Architect shall be a registered firm consisting of both architects and engineers (or a registered firm of

architects and a registered firm of engineers agreeing to act jointly hereunder) having not less than five (5) principals or partners and employing not less than twenty (20) persons, which is not an Affiliate, and is experienced in the design and operation in the City of New York of structures similar to the Building and has provided such services within not less than three (3) of the immediately preceding ten (10) years. Either Owner also may cause the Architect to be replaced for any reason but not more than once during any consecutive twelve (12) month period, subject to the approval of the Fee Owner, which approval shall not be unreasonably withheld, conditioned or delayed. If both Owners do not jointly desire to replace the Architect, then the Owner desiring replacement of the Architect shall serve notice upon the other Owner and the Recognized Mortgagee requesting the removal of the then-serving Architect. Any Architect acting hereunder shall have the right to resign at any time upon not less than ninety (90) days' prior written notice to the Commercial Property Owner, the Residential Property Owner and the Recognized Mortgagee.

18.2 Notice of Submission of Dispute to Architect. In any instance when the Architect serving pursuant to Section 18.1 hereof is authorized by this Agreement to advise the Owners concerning any dispute or matter, any Owner involved in such dispute or matter may submit the same to the Architect. The Owner submitting such dispute or matter shall simultaneously give notice of the submission of such dispute or matter to the other Owner involved in such dispute and the Recognized Mortgagees and the Fee Owner. The Architect shall, except in an Emergency Situation, afford each Owner and the Fee Owner involved in any dispute or matter, the Recognized Mortgagees and any attorney or other representative designated by such Owner or the Recognized Mortgagees, an opportunity to furnish information or data or to present such party's views. The Architect shall not be liable for any advice given by it hereunder, or for any other action taken by it hereunder, in good faith and in the absence of negligence. No advice given by the Architect under this Agreement shall be binding on the Owners, and an Owner may accept or reject such advice. Any advice, certificate or other information given by the Architect pursuant to the terms of this Agreement shall be based on the Architect's professional opinion.

18.3 Replacement of Architect. If any new Architect is appointed hereunder, and if the Architect being replaced is then engaged in the resolution of any dispute or matter theretofore submitted hereunder, or if the Architect being replaced is then engaged in the preparation of any plans and specifications or in the supervision of any work required hereunder or pursuant hereto, then, if the Owners so choose, subject to the consent of the Recognized Mortgagees, the Architect being replaced shall continue to act as Architect with respect, and only with respect, to such pending dispute or matter or the completion of such preparation of plans and specifications or supervision of any such work.

18.4 Architect's Fees. The Architect shall be paid a reasonable fee for any services rendered hereunder and shall be reimbursed for reasonable and necessary expenses incurred in connection therewith, and each Owner involved in the work shall pay its equitable share of such fees (unless otherwise specified herein). In this regard, in any instance when the Architect shall, in accordance with any of the provisions of this Agreement, render services in connection with the preparation of plans and specifications or the supervision of repair, restoration or demolition of the Building or any part thereof, the fees and expenses of the Architect shall be considered as costs and expenses of such repair, restoration or demolition, as the case may be, and shall be paid in the same manner as other

costs and expenses of repair, restoration and demolition under the provisions of this Agreement pursuant to which the Architect is performing such services. Nothing contained herein shall preclude any Owner from separately retaining the Architect for services not contemplated by this Article XVIII provided such services are separately paid for by such Owner. If any Owner shall fail to pay its allocable share of any fees or expenses of the Architect within ten (10) days after receipt of any invoice therefor from the Architect, then any other Owner may pay the same and the Owner failing to pay shall, within ten (10) days after written demand for reimbursement, reimburse the other Owner for any such payment.

ARTICLE XIX

NOTICES AND APPROVALS

19.1 Notice to Parties. All notices, demands, requests or other communications (collectively, "Notices") required to be given or which may be given hereunder shall be in writing and shall be sent by (i) certified or registered mail, return receipt requested, postage prepaid, or (ii) national overnight delivery service, (iii) facsimile transmission (provided that the original shall be simultaneously delivered by national overnight delivery service or personal delivery), or (iv) personal delivery, addressed as follows:

(A) in the case of Notices to the Fee Owner, to:

AMSI Investors
21 East 66 Street
New York, New York 10021
Attention: Douglas Oliver
Telephone: (212) 288-7318
Facsimile: (212) 288-2498

with copies to:

Earl Engel
57744 Hudson Avenue
Quebec, Canada H4W-2K6

Blank Rome Tenzer Greenblatt LLP
405 Lexington Avenue
New York, New York 10174-0208
Attention: Martin Luskin, Esq.
Telephone: (212) 885-5311
Facsimile: (212) 885-5003

and

Arthur S. Mantel, Esq.
Alter & Mantel, LLP
90 Park Avenue
New York, New York 10016
Telephone: (212) 953-5500
Facsimile: (212) 953-5061

(B) in the case of Notices to the Commercial Property Owner, to:

Bertelsmann 56th Street Commercial LLC
c/o The Related Companies, L.P.
625 Madison Avenue
New York, New York 10022

with copies to:

The Related Companies, L.P.
625 Madison Avenue
New York, New York 10022
Attention: Jeff T. Blau
Telephone: (212) 421-5333
Facsimile: (212) 421-4528

and

Bertelsmann, Inc.
1540 Broadway - 24th Floor
New York, New York 10036-4094
Attention: Robert J. Sorrentino, President
Telephone: (212) 782-1130
Facsimile: (212) 782-1103

and

Paul, Hastings, Janofsky & Walker LLP
75 East 55th Street
New York, New York 10020
Attention: Martin L. Edelman, Esq.
Telephone: (212) 318-6500
Facsimile: (212) 318-6936

and

all of the parties listed in subsection (A) of this Section 19.1.

(C) in the case of Notices to the Residential Property Owner, to:

56th Street Associates, L.L.C.
c/o The Related Companies, L.P.
625 Madison Avenue
New York, New York 10022
Attention: Jeff T. Blau
Telephone: (212) 421-5333
Facsimile: (212) 421-4528

with copies to:

Paul, Hastings, Janofsky & Walker LLP
75 East 55th Street
New York, New York 10022
Attn: Ann Shipley, Esq.
Telephone: (212) 318-6870
Facsimile: (212) 318-6929

and

all of the parties listed in subsection (A) of this Section 19.1.

(D) in the case of Notices to the Depositary, to the address set forth in the Depositary Agreement.

(E) in the case of Notices to a Recognized Mortgagee which has complied with the notice provisions of Section 20.11 hereof, then to the address provided in accordance therewith.

Any party may designate, by notice in writing, a new or other or additional addresses to which Notices shall thereafter be given.

Any Notice so sent by certified or registered mail, national overnight delivery service or personal delivery shall be deemed given on the date of receipt or refusal as indicated on the return receipt, or the receipt of the national overnight delivery service or personal delivery service. Any Notice sent by facsimile transmission shall be deemed given when received as confirmed by the telecopier electronic confirmation receipt. Notwithstanding the foregoing, whenever under this Agreement a Notice is (a) received on a day which is not a Business day or is required to be delivered on or before a specific day which is not a Business day, the day of receipt or required delivery shall automatically be extended to the next Business day and (b) delivered by hand (or so attempted, but refused) or by facsimile transmission, it shall be deemed given on the day of delivery unless delivery is made after 2:00 p.m. or not on a Business day, in which event delivery shall be deemed given on the next occurring Business day).

19.2 Multiple Owners.

(A) Notices. If at any time the interest or estate of the Commercial Property Owner or the Residential Property Owner or the Fee Owner shall be owned by more than three (3) Persons, such multiple owners shall give to the other Owners (and the Fee Owner, if applicable) and any Recognized Mortgagee a written statement, executed and acknowledged by all such multiple owners, in form proper for recording, which shall designate one (1) Person, having an address in the State of New York to whom shall be given, as agent for all such multiple owners, all Notices thereafter given to such multiple owners. If at any time the interest or estate of the Commercial Property Owner or the Residential Property Owner or the Fee Owner shall be owned by three (3) or fewer Persons, any Notice required to be given hereunder shall be delivered to each such Person as provided in Section 19.1 above. Notwithstanding anything to the contrary contained herein, if the Residential Property is subjected to a condominium regime, the Residential Property Owner shall cause the condominium documents to provide that the Board of Managers shall be agent for the purpose of receiving notices hereunder to the individual condominium unit owners.

(B) Consents. If at any time the interest or estate of the Commercial Property Owner or the Residential Property Owner or the Fee Owner shall be owned by more than one (1) Person, such multiple owners shall give to the other Owners (and the Fee Owner, if applicable) and any Recognized Mortgagee a written statement, executed and acknowledged by all such multiple owners, in form proper for recording, which shall (a) designate one (1) Person, as agent for the service of process in any action or proceeding, whether before a court or by arbitration, involving the determination or enforcement of any rights or obligations hereunder and (b) designate such Person, as agent for all such multiple owners, as having the authority to exercise all approval and consent rights of such Owner hereunder and to bind such multiple owners.

(C) Effect of Designation. If at any time any Owner (or Fee Owner) shall have designated a Person as its agent (whether pursuant to subsection (A) or (B) above, then thereafter, until such designation is revoked by Notice given by all of the multiple owners or their successors in interest, any Notice, and any summons, complaint or other legal process or notice given in connection with an arbitration proceeding (which such summonses, complaints, legal processes and Notices given in connection with arbitration proceedings are hereafter in this Article XIX collectively referred to as "legal process"), given to, or served upon, such agent shall be deemed to have been given to, or served upon, each and every one of the multiple owners at

the same time that such Notice or legal process is given to, or served upon, such agent. If the multiple owners shall fail so to designate in writing one (1) such agent to whom all Notices are to be given and upon whom all legal process is to be served, or if such designation shall be revoked as aforesaid and a new agent is not designated, then any Notice or legal process may be given to, or served upon, any one of the multiple owners as agent for all of the multiple owners and such Notice or legal process shall be deemed to have been given to, or served upon, each and every one of the multiple owners at the same time that such Notice or legal process is given to, or served upon, any one of them, and each of the multiple owners shall be deemed to have appointed each of the other multiple owners as agent for the receipt of Notices and the service of legal process as stated above.

(D) Designations. On the date hereof, AMSI and Lot 49 Landlord (i.e., the parties comprising the Fee Owner) hereby designate AMSI as the agent for the Fee owner for purposes of subsection (B) above. If 56th Street Associates submits the Residential Property to a condominium regime under New York law, then for so long as the Residential Property remains subject to a condominium regime, the condominium board of managers (or such other applicable governing body) shall be deemed the designated agent of the Residential Property Owner.

19.3 Required Consents. Any time either Owner gives any consent or approval requested to be given hereunder, the other Owner shall have the right to rely on such consent or approval and to presume that the party giving such consent or approval is authorized to give it and has obtained any and all approvals it may be required to obtain in connection with such consent or approval; provided, however, if the consent of a particular Recognized Mortgagee or the Fee Owner is specifically required for such consent or approval, then the consent or approval shall not be effective unless such consents shall have been obtained. Notwithstanding anything contained herein to the contrary, any time the consent of or other action by a Recognized Mortgagee is required pursuant to this Agreement, other than a consent to an amendment or modification to this Agreement, if there is more than one (1) Recognized Mortgagee with respect to either the Commercial Property or the Residential Property, then, unless such Recognized Mortgagees otherwise agree in writing (a copy of which shall be delivered to the Owners), as to such Property, such consent or action shall only be required from the Recognized Mortgagee holding a first mortgage lien secured by the interest of the Residential Property Owner or the Commercial Property Owner in the Property, as the case may be, or any other Recognized Mortgagee designated from time to time (and until withdrawn) by such first Recognized Mortgagee to give consent in place of the holder of the first Recognized Mortgagee; provided, however, the Owners may at any time agree that there may be more than one (1) designated Recognized Mortgagee with respect to a Property which shall have the right to grant consents or take other action pursuant hereto. Any designation made pursuant to this Section 19.3 shall be effective within ten (10) days after notice thereof is given to the Owners and the Depositary. Notwithstanding the foregoing, all Recognized Mortgagees shall be entitled to receive all notices hereunder to be given to a Recognized Mortgagee (unless the Recognized Mortgagee stipulates that it does not require such notice). Furthermore, any amendment or modification to this Agreement shall require the consent of any and all Recognized Mortgagees. As of the date hereof, the parties acknowledge that Bayerische Hypo-und Vereinsbank AG, New York Branch, as administrative agent for itself and other lenders, is the holder of the first mortgage lien on the entire Property (other than the fee estate of the Commercial Property) and is a Recognized Mortgagee, and its

address for notice is 150 East 42nd Street, New York, New York 10017, Attention: Robert Dowling.

ARTICLE XX

MISCELLANEOUS

20.1 Cooperation of Owners. In fulfilling obligations and exercising rights under this Agreement, each Owner shall cooperate with the other Owner to promote the efficient operation of each respective portion of the Building and the harmonious relationship among the Owners and to protect the value of each Owner's respective portion, estate or interest in the Building. To that end, each Owner shall share information which it possesses relating to matters which are the subject of this Agreement, except such information as such Owner may reasonably deem confidential or which may be the subject of litigation or which such Owner is prohibited from revealing pursuant to contractual agreement or court order. From time to time after the date hereof, each Owner shall furnish, execute and acknowledge, without charge (except where elsewhere provided herein) such other instruments, documents, materials and information as the other Owner may reasonably request in order to confirm to such requesting Owner the benefits contemplated hereby, but only so long as any such request does not restrict or abridge the benefits granted the other Owner hereunder.

20.2 Severability. The illegality, invalidity or unenforceability under law of any covenant, restriction or condition or any other provision of this Agreement shall not impair or affect in any manner the validity, enforceability or effect of the remaining provisions of this Agreement.

20.3 Headings. The headings of Articles and Sections in this Agreement are for convenience of reference only and shall not in any way limit or define the content, substance or effect of the Articles or Sections.

20.4 Amendments to Agreement. Except as otherwise provided in this Agreement, this Agreement may be amended or terminated only by an instrument signed by the then Commercial Property Owner and the then Residential Property Owner, and consented to in writing by the Recognized Mortgagees and the Fee Owner. Any amendment to or termination of this Agreement shall be recorded in the Register. The parties hereto agree that if (x) any actual or prospective Recognized Mortgagee requires any modification(s) of this Agreement or (y) any provision(s) of this Agreement (including but not limited to any restrictions on assignments) is (or are) required to be modified in connection with "off-balance Sheet" or other accounting or tax treatment of this Agreement by any Owner (or member thereof), then the parties hereto shall, at such Owner's request, promptly execute and deliver (as such requesting Owner's sole cost and expense) such instruments in recordable form as may be necessary to effectuate such modification(s) as such actual or prospective Recognized Mortgagee shall require, provided that such modification(s) do not adversely affect such party's rights hereunder (except to a de minimis extent).

20.5 Term. The covenants, conditions and restrictions contained in this Agreement shall be enforceable by the Owners and their respective successors and assigns for the term of this Agreement, which shall be perpetual (or if the law provides for a time limit on any covenant, condition or restriction, then such covenant, condition or restriction shall be enforceable for such shorter period), subject to amendment or termination as set forth in Section 20.4. If the law provides for such shorter period,

then upon expiration of such shorter period, said covenants, conditions and restrictions shall be automatically extended without further act or deed of the Owners, except as may be required by law, for successive periods of twenty (20) years, subject to amendment or termination as set forth in Section 20.4.

20.6 No Merger. There shall be no merger of this Agreement or of the estates or interests created by this Agreement or with any other estates or interests created by this Agreement by reason of the fact that this Agreement or the estates or interests created by this Agreement may be held, directly or indirectly, by or for the account of any person or persons who shall own the entire Property. No such merger shall occur unless and until all persons at the time having an interest in the Property and all persons having an interest in this Agreement or in the estates created by this Agreement shall join in a written instrument effecting such merger and shall duly record the same.

20.7 Abandonment of Easements. Easements created hereunder shall not be presumed abandoned by non-use or the occurrence of damage or destruction of a portion of the Building subject to an Easement unless the Owner benefitted by such Easement states in writing its intention to abandon the Easement provided the consent of the Recognized Mortgagees and Fee Owner (if with respect to the Commercial Building) shall also be required with respect to any such abandonment.

20.8 Applicable Laws. The parties hereto acknowledge that this Agreement and all other instruments in connection herewith have been negotiated, executed and delivered in the City, County and State of New York. This Agreement and said other instruments shall, in all respects, be governed, construed, applied and enforced in accordance with the laws of the State of New York, including without limitation, matters affecting title to all real property described herein.

20.9 No Third-Party Beneficiary. This Agreement is not intended to give or confer any benefits, rights, privileges, claims, actions or remedies to any Person as a third party beneficiary (except the Recognized Mortgagees) under any Laws or otherwise.

20.10 Incorporation. Each provision of the Recitals to this Agreement and each Exhibit and Appendix attached hereto is hereby incorporated in this Agreement and is an integral part hereof.

20.11 Notice to Recognized Mortgagees; Rights of Recognized Mortgagees.

(A) The term "Recognized Mortgage" as used herein shall mean a mortgage (whether recorded or unrecorded), as the same may be amended or modified from time to time, given to secure the repayment of money or other obligation owed by the Commercial Property Owner (or if the Ground Lessee submits its leasehold interest to condominium with not more than three units, a mortgage on any unit) or the Residential Property Owner (provided that in the event the Residential Property is subjected to a condominium regime, mortgages on individual residential condominium units shall not in any event be deemed to be Recognized Mortgage) (i) which shall comply with the provisions of this Section; (ii) which shall include express provisions acknowledging that the lien of such mortgage is subordinate to the Easements, covenants and restrictions contained in this Agreement and, subject to the Cap, is subordinate to the liens provided in Article X hereof, and (iii) a photostatic copy of which has been delivered to the other Owner, together with a

certification by such Owner and the mortgagee confirming that the photostatic copy is a true copy of the mortgage in question. In the event of any assignment of a Recognized Mortgage or in the event of a change of address of a Recognized Mortgagee or of an assignee of such Recognized Mortgage, notice of the new name and address shall be provided to the other Owner. The term "Recognized Mortgagee" as used herein shall mean the holder of a Recognized Mortgage from time to time.

(B) If a Recognized Mortgagee shall have served on the other Owner and the Depositary, in the manner required by Section 19.1 of this Agreement and by the Depositary Agreement, a notice specifying the name and address of such Recognized Mortgagee, such Recognized Mortgagee shall be given a copy of each and every notice, bill and statement and other information, correspondence and material provided for or required to be given by one party, including the Depositary, to the others at the same time as and whenever such notice shall thereafter be given by one party to the others, at the address last furnished by such Recognized Mortgagee. Any Recognized Mortgagee as of the date of this Agreement shall be deemed to have properly delivered to the Owners a notice specifying its name and address. After receipt of such notice from a Recognized Mortgagee, no notice, bill, etc. thereafter given by either party shall be deemed to have been given unless and until a copy thereof shall have been so given to the Recognized Mortgagee. If a Recognized Mortgage so provides or otherwise requires, and notice thereof is given by the Recognized Mortgagee as provided above:

(1) Any insurance proceeds or REA Award otherwise payable to the Residential Property Owner (and not the Depositary) hereunder shall, upon notice from a Recognized Mortgagee of the Residential Property Owner, be delivered instead to such Owner's Recognized Mortgagee. With respect to any insurance proceeds otherwise payable to the Commercial Property Owner (and not the Depositary) pursuant to Section 17.2(C), the same shall, upon notice from a Recognized Mortgagee of the Commercial Property Owner, be delivered instead to such Commercial Property Owner's Recognized Mortgagee to be held pursuant to the Ground Lease.

(2) If an Owner shall fail to appoint an arbitrator or otherwise take any action as may be required or permitted under this Agreement with respect to arbitration, such appointment or action as otherwise would have been permitted by that Owner may be taken by its Recognized Mortgagee and such appointment and action shall be recognized in all respects by the other Owner.

(C) If more than one (1) Recognized Mortgagee having a lien on the Commercial Property (or a condominium unit therein) or more than one (1) Recognized Mortgagee having a lien on the Residential Property has exercised any of the rights afforded by Section 20.11(B)(1) or (2), only that Recognized Mortgagee, to the exclusion of all other Recognized Mortgagees, whose Recognized Mortgage is most senior in lien with respect to the Commercial Property or the Residential Property, as the case may be, shall be recognized by the other Owner as having exercised such right, for so long as such Recognized Mortgagee shall be diligently exercising its rights under this Agreement with respect thereto, and thereafter only the Recognized Mortgagee whose Recognized Mortgage is next most senior in lien with respect to the Commercial Property or the Residential Property, as the case may be, shall be recognized by such other Owner, unless such Recognized Mortgagee has, pursuant to Section 19.3, designated a Recognized Mortgagee whose Recognized Mortgage is junior in lien to exercise such right. Notwithstanding the foregoing, if pursuant to Section 19.3, the Owners have agreed to

designate more than one (1) Recognized Mortgagee with respect to the Commercial Property or the Residential Property, as the case may be, then such Recognized Mortgagees exercising the rights afforded by this Section 20.11 shall be recognized, as the Recognized Mortgagees designated to exercise such rights.

(D) Each Owner shall give its Recognized Mortgagee prompt notice of any arbitration or legal proceedings between such Owner and the other Owner involving obligations under this Agreement. Each Recognized Mortgagee shall have the right to intervene in any such proceedings and be made a party to such proceedings, and the parties hereto do hereby consent to such intervention. In the event that any Recognized Mortgagee shall not elect to intervene or become a party to any such proceedings, each Owner shall give its Recognized Mortgagee notice of, and a copy of any award or decision made in any such proceedings, which shall be binding on such Recognized Mortgagee.

(E) Any Recognized Mortgagee shall have the right (but not the obligation), at its option, to cure or remedy any default or event of default hereunder, beyond any applicable notice and cure periods, on the part of the Owner of the Property which such Recognized Mortgage covers, and any rights and remedies of any other party hereto resulting from any such breach or default shall be suspended for such period of time as shall be necessary after notice to allow such Recognized Mortgagee to cure or remedy such default or event of default (including any time reasonably necessary to obtain possession of the Property covered by such Recognized Mortgage if possession is necessary to enable such Recognized Mortgagee to cure or remedy such default or event of default) provided that such Recognized Mortgagee proceeds with all due diligence to cure or remedy such breach or default and/or obtain possession. If such default or event of default is so cured or remedied, no other party hereto shall have any rights or remedies with regard thereto; and if such default or event of default, by its nature, cannot be cured or remedied by such Recognized Mortgagee, then such default or event of default shall be waived by the other parties hereto if such Recognized Mortgagee has, or shall promptly after notice take all steps necessary to obtain, possession as aforesaid.

(F) Any Person holding a mortgage encumbering the Fee Owner's interest in the Commercial Property, (i) shall be given any notices required to be given to the Fee Owner hereunder to the address provided by such mortgagee, (ii) shall be named (as its interest may appear) on any policies of insurance required hereunder, (iii) shall have the same rights under Article XIII as Recognized Mortgagees with respect to the Commercial Property and (iv) upon notice to the Owners and the Depositary, may be designated as the party to give all consents or approvals on behalf of the Fee Owner.

20.12 Coordination with Commercial Building Subtenants. Unless the Commercial Property Owner otherwise agrees in writing in each case, and except in an Emergency Situation, the Commercial Property Owner (or its designee) shall coordinate all requests and contacts between the Residential Property Owner and Subtenants of the Commercial Building relating to the enjoyment of any Easements or the exercise of any rights or benefits granted under this Agreement or with respect to any other matters arising under or pursuant to this Agreement; provided, however, any such coordination shall not render the Commercial Property Owner liable either to such Subtenants of the Commercial Building or to the Residential Property Owner for acts of any such party.

20.13 Binding Effect. The Easements, covenants and restrictions created under this Agreement shall be binding upon

and inure to the benefit of all parties having or acquiring any right, title or interest in or to any portion of, or interest or estate in, the Property, and each of the foregoing shall run with the land.

20.14 Provisions Regarding Mortgages and Ground Lease.

(A) Any mortgage or other financing documents (the "Financing Documents") shall be subject and subordinate to this Agreement, as amended pursuant to the terms hereof. With respect to Protective Advances, any Recognized Mortgagee's lien shall be subject only to the amount of the Cap as provided in Article X. The holder of any mortgage on the Property which predates this Agreement is concurrently executing a subordination agreement. As to Financing Documents executed on or after the date hereof, unless such subordination is contained in the Financing Documents, the Owner shall obtain from the holder of any Financing Documents an agreement pursuant to which such holder subordinates its interest in the Property to this Agreement, as amended pursuant to the terms hereof. Each Owner shall deliver a copy of its subordination agreement to the other Owner (or a copy of the Financing Document containing such subordination language). Either Owner's failure to comply with the provisions of this Section 20.15 shall in no way be deemed to affect the subordination of any Financing Document affecting the Property to this Agreement.

(B) The parties to the Ground Lease shall be bound by the terms of this Agreement as and to the extent specifically provided with respect to such party's covenants and agreements hereunder, and no action to enforce any rights of the Fee Owner or any other party to the Ground Lease, or any party claiming by, through or under the Fee Owner or under the Ground Lease, shall affect a termination of this Agreement.

20.15 Lollipop Provision. At any time after the date hereof until the twenty-first (21st) anniversary hereof, in the event that the Law shall require that the Residential Property Owner own fee title to a portion of the real property upon which the Building is constructed, the Residential Property Owner shall have the right to purchase (the "Lollipop Option") from the Fee Owner and the Commercial Property Owner and the Fee Owner and the Commercial Property Owner hereby agree to convey to the Residential Property Owner fee title to such portion of the Commercial Premises together with the column of air space directly above such portion of the Commercial Premises and running to and connecting with the Residential Tower (the "Lollipop Premises") free and clear of all liens and encumbrances (other than this Agreement) as is necessary to comply with the Law. The purchase price for the Lollipop Premises shall be paid by the Residential Property Owner as follows: One Dollar ($1.00) to the Commercial Property Owner and One Dollar ($1.00) to the Fee Owner. The location of the Lollipop Premises shall be mutually agreed upon by the Fee Owner and Commercial Property Owner on the one hand and the Residential Property Owner on the other hand; provided, however, that (i) the size of the Lollipop Premises shall be the minimum amount of Commercial Property required to comply with the Law, and (ii) the location of the Lollipop Premises (a) shall not affect any usable square footage in the Commercial Property, (b) shall not have any adverse economic impact on the Commercial Property or the Commercial Property Owner or the Fee Owner, (c) shall be located within an area through which the Residential Owner has already been granted a Residential Easement. The Fee Owner and the Commercial Property Owner hereby agree that any mortgage on their respective interests shall be subordinate to the Lollipop Option. In the event that the Residential Property Owner exercises the Lollipop Option, the Residential Property Owner, the Fee Owner and the

Commercial Property Owner shall, to the extent reasonable and necessary, amend this Agreement to reflect the conveyance of the Lollipop Premises to the Residential Property Owner, including, without limitation, the granting of additional Easements by the Residential Property Owner to the Commercial Property Owner on, over or through the Lollipop Premises, and (d) the Residential Property Owner shall pay all costs and expenses incurred or to be incurred by the Fee Owner and/or the Commercial Property Owner with respect to such transaction, including, without limitation, reasonable attorneys' fees and disbursements and fees of any mortgagees.

ARTICLE XXI

LIMITATION OF LIABILITY

21.1 Limitation of Liability. No liability of an Owner or Fee Owner under this Agreement shall be enforced by any action or proceeding wherein damages or any money judgment or any deficiency judgment establishing any personal obligation or liability shall be sought, collected or otherwise obtained against either Owner, or any past, present or future partner, member, officer, director or shareholder of either Owner, but shall rather be limited to and enforceable solely against, and each Owner agrees to look solely to, the assets of such other Owner constituting an interest in the Property or Owned Facilities (including rental insurance, condemnation and sales proceeds attributable to the Property and Owned Facilities, and, in the event such other Owner's portion of the Property is subjected to a condominium regime, (i) common charges, assessments and any other payments to such other Owner pursuant to the condominium documents), and (ii) with respect to the Residential Property, the individual condominium unit owners' respective percentage interests in the common elements of the residential condominium (which percentage interests shall equal one hundred (100) in the aggregate), and no other assets of such Owner or individual condominium unit owner, as the case may be.

21.2 Transfer of Ownership. If an Owner sells, assigns, transfers, conveys or otherwise disposes of its portion of the Property (other than as security), then (a) such Owner shall be entirely freed and relieved of any and all covenants and obligations arising under this Agreement which accrue under this Agreement from and after the date such Owner shall so sell, assign, transfer, convey or otherwise dispose of its interest in such portion of the Property (provided, however, that such Owner shall remain liable for its covenants and obligations arising under this Agreement which accrue under this Agreement prior to such sale, assignment, transfer, conveyance or other disposition), and (b) the Person who succeeds to Owner's interest in such portion of the Property shall be deemed to have assumed, subject to the terms of Article X, Section 21.1 and Section 21.3, any and all of the covenants and obligations arising under this Agreement of such Owner theretofore accruing or which accrue under this Agreement from and after the date such Owner shall so sell, assign, transfer, convey or otherwise dispose of its interest in such Property.

21.3 Limitation on the Fee Owner. Notwithstanding anything contained herein to the contrary, the Fee Owner shall have no obligation to initially construct or pay for any portion of the Building (or any deficiency related thereto) and shall not be responsible for any liens resulting from the failure to pay for the initial construction of any portion of the Building (or any deficiency related thereto) and thereafter, until a Succession, shall have no obligation to construct, repair, restore or pay for any portion of the Building (or any deficiency

related thereto), and joins in this Agreement only for the purpose of granting the Easements to the extent of its interest in the Commercial Property and subjecting its interest in the Commercial Property to this Agreement as set forth herein and complying with the agreements of Fee Owner specifically set forth in the Agreement (including, without limitation, Section 20.15). So long as the Ground Lease is in effect or until there is a Succession, the Residential Owner shall look only to Ground Lessee for performance of the Commercial Property Owner's obligations hereunder, except that (i) the foregoing shall not limit the Fee Owner's obligations to comply with the provisions hereof in granting or denying any consent to any matter hereunder and (ii) the foregoing shall not diminish the Residential Owner's lien pursuant to Section 10.2 (subject to the Cap).

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

AMSI INVESTORS

By:_____
Name: Douglas J. Oliver
Title: General Partner

_____
SHEILA ENGEL

1741 BROADWAY ASSOCIATES LP

By: 1741 GP Corp., its general partner

By:_____
Name: Earl Engel
Title: President

BERTELSMANN 56TH STREET COMMERCIAL, LLC

By: 56th Street Retail, L.L.C., its managing member

By:_____
Name: Jeff T. Blau
Title: Vice President

56TH STREET ASSOCIATES, L.L.C.

By:_____
Name: Jeff T. Blau
Title: Vice President

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

AMSI INVESTORS

By:_____
Name: Douglas J. Oliver
Title: General Partner

_____
SHEILA ENGEL

1741 BROADWAY ASSOCIATES LP

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Name: Earl Engel
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By: _____
Name: Earl Engel
Title: President

BERTELSMANN 56TH STREET COMMERCIAL, LLC

By: 56th Street Retail, L.L.C., its managing member

By: _____
Name: Jeff T. Blau
Title: Vice President

56TH STREET ASSOCIATES, L.L.C.

By: _____
Name: Jeff T. Blau
Title: Vice President

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 26 day of July, 2000 before me, the undersigned, a notary in and for said state, personally appeared, Douglas J. Oliver, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Mary Lynn Sekosky
Notary Public

MARY LYNN SEKOSKY
Notary Public, State of New York
No. 304681235
Qualified in Nassau County
Commission Expires March 30, 2002

PROVINCE ~~STATE~~ OF ONTARIO)
) ss.:
COUNTY OF RENFREW)

On the 20th day of July, 2000 before me, the undersigned, a notary in and for said ~~state~~ province, personally appeared, Sheila Engel, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF)

On the ____ day of July, 2000 before me, the undersigned, a notary in and for said state, personally appeared, Earl Engel, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF New York)

On the ____ day of July, 2000 before me, the undersigned, a notary in and for said state, personally appeared, Jeff T. Blau, personally known to me or proved to me on the basis of satisfactory evidence to be the individual

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the ____ day of July, 2000 before me, the undersigned, a notary in and for said state, personally appeared, Douglas J. Oliver, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF)
) ss.:
COUNTY OF)

On the ____ day of July, 2000 before me, the undersigned, a notary in and for said state, personally appeared, Sheila Engel, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her capacity and that by her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NY)

On the 21 day of July, 2000 before me, the undersigned, a notary in and for said state, personally appeared, Earl Engel, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

JANET B. COMPETELLO
Notary Public, State of New York
No. 01CO4906986
Qualified in Queens County
Commission Expires September 21, 20 01

Janet B Competello
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF)

On the 26 day of July, 2000 before me, the undersigned, a notary in and for said state, personally appeared, Jeff T. Blau, personally known to me or proved to me on the basis of satisfactory evidence to be the individual

whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

MARY LYNN SEKOSKY
Notary Public, State of New York
No. 304681235
Qualified in Nassau County
Commission Expires March 30, 2022

STATE OF NEW YORK)
) ss.:
COUNTY OF New York)

On the 26 day of July, 2000 before me, the undersigned, a notary in and for said state, personally appeared, Jeff T. Blau, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

MARY LYNN SEKOSKY
Notary Public, State of New York
No. 304681235
Qualified in Nassau County
Commission Expires March 30, 2022

EXHIBIT A

(Legal Description of Commercial Premises)

EXHIBIT A

Leasehold-Below-A-Plane Parcel

Agreement of Lease dated as of December 14, 1999 among AMSI Investors, Sheila Engel and 1741 Broadway Associates LP, collectively as landlord, and Bertelsmann 56th Street Commercial LLC, as tenant, (the "Ground Lease") demising the premises described below:

ALL THAT CERTAIN volume of space, situate, lying and being in the Borough of Manhattan, County, City and State of New York, which lies below a horizontal plane having an elevation of 448.6 feet above the datum level in use by the Department of Highways, Borough of Manhattan, which datum level is 2.75 feet above the National Geodetic Vertical Datum of 1929 (Sea Level at Sandy Hook), said volume is bounded by and lies within the vertical planes which are formed by projecting vertically downward from such horizontal plane the boundaries of all that plot or parcel described as follows:

BEGINNING at the corner formed by the intersection of the northerly side of West 55th Street and the westerly side of Broadway;

RUNNING THENCE westerly along the northerly side of West 55th Street at an interior angle with the westerly side of Broadway of 75 degrees 39 minutes 45 seconds, 175 feet 6 ½ inches;

RUNNING THENCE northerly at right angles to the said northerly side of West 55th Street 200 feet 10 inches to the southerly side of West 56th Street;

THENCE easterly at right angles to and along said southerly side of West 56th Street, 119 feet 9 ½ inches to its intersection with said westerly side of Broadway;

THENCE southerly along said westerly side of Broadway on a line which forms an interior angle of 111 degrees 42 minutes 10 seconds with the said southerly side of West 56th Street, 33 feet 4-3/8 inches to an angle point in said westerly side of Broadway;

THENCE continuing southerly along said westerly side of Broadway on a line which forms an interior angle of 172 degrees 38 minutes 05 seconds with the last course, 20 feet and 5/8 of an inch;

THENCE continuing southerly along said westerly side of Broadway, 155 feet 2 7/8 inches to the intersection of the northerly side of West 55th Street and the westerly side of Broadway, the point or place of BEGINNING.

For information only: Said premises are designated as Block 1027 Lots 12, 15, 48, 49 and 51 on the New York County Tax Map and have been designated as tentative new tax Lot 12.

EXHIBIT B

(Legal Description of Residential Premises)

EXHIBIT B

Fee-Above-A-Plane Parcel

ALL THAT CERTAIN volume of space, situate, lying and being in the Borough of Manhattan, County, City and State of New York, which lies above a horizontal plane having an elevation of 448.6 feet above the datum level in use by the Department of Highways, Borough of Manhattan, which datum level is 2.75 feet above the National Geodetic Vertical Datum of 1929 (Sea Level at Sandy Hook), said volume is bounded by and lies within the vertical planes which are formed by projecting vertically upward from such horizontal plane the boundaries of all that plot or parcel described as follows:

BEGINNING at the corner formed by the intersection of the northerly side of West 55th Street and the westerly side of Broadway;

RUNNING THENCE westerly along the northerly side of West 55th Street at an interior angle with the westerly side of Broadway of 75 degrees 39 minutes 45 seconds, 175 feet 6 ½ inches;

RUNNING THENCE northerly at right angles to the said northerly side of West 55th Street 200 feet 10 inches to the southerly side of West 56th Street;

THENCE easterly at right angles to and along said southerly side of West 56th Street, 119 feet 9 ½ inches to its intersection with said westerly side of Broadway;

THENCE southerly along said westerly side of Broadway on a line which forms an interior angle of 111 degrees 42 minutes 10 seconds with the said southerly side of West 56th Street, 33 feet 4-3/8 inches to an angle point in said westerly side of Broadway;

THENCE continuing southerly along said westerly side of Broadway on a line which forms an interior angle of 172 degrees 38 minutes 05 seconds with the last course, 20 feet and 5/8 of an inch;

THENCE continuing southerly along said westerly side of Broadway, 155 feet 2 7/8 inches to the intersection of the northerly side of West 55th Street and the westerly side of Broadway, the point or place of BEGINNING.

For information only: Said premises are designated as Block 1027 Lots 12, 15, 48, 49 and 51 on the New York County Tax Map and have been designated as tentative new tax Lot 9012.

EXHIBIT C

(List of Plans)

EXHIBIT C
TO
RECIPROCAL EASEMENT AGREEMENT

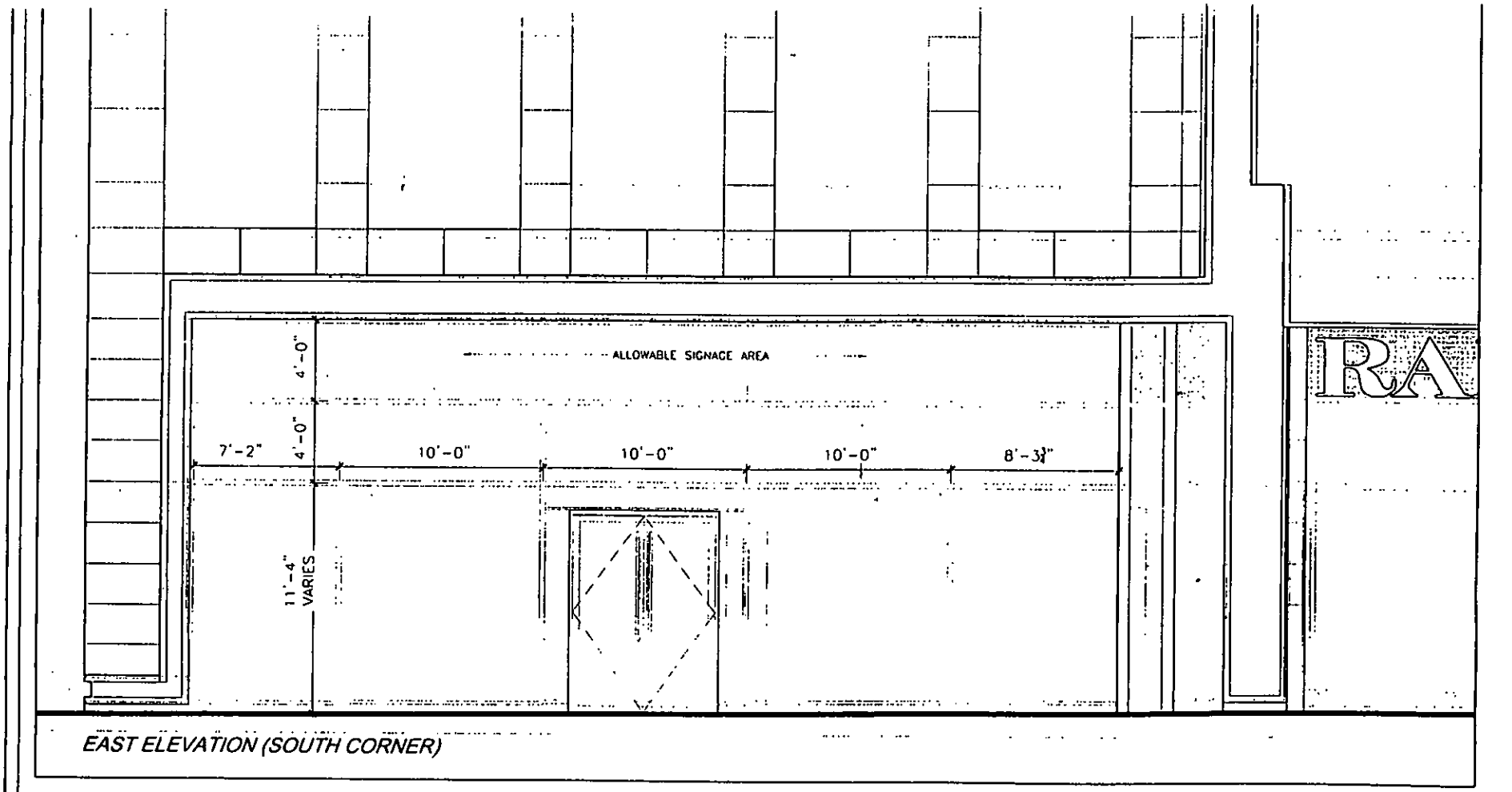
LIST OF DRAWINGS
July 8, 2000

ARCHITECTURAL DRAWINGS

Drwg #	Drawing Title	Date	Last Issue/Revision
A-B2	Subcellar Level Plan	7-8-00	REA Set
A-B1	Cellar Level Plan	7-8-00	REA Set
A-101	Ground Floor Plan	7-8-00	REA Set
A-102	1st Floor Mezzanine Plan	7-8-00	REA Set
A-103	2nd Floor Plan	7-8-00	REA Set
A-104	3rd - 5th Floor Plans	7-8-00	REA Set
A-105	6th Floor Plan	7-8-00	REA Set
A-106	7th - 13th Floor Plans	7-8-00	REA Set
A-107	14th Floor Plan	7-8-00	REA Set
A-108	15th Floor Plan	7-8-00	REA Set
A-109	16th Floor Plan	7-8-00	REA Set
A-110	17th-23rd Floor Plans	7-8-00	REA Set
A-111	24th - 25th Floor Plans	7-8-00	REA Set
A-112	26th Floor Plan	7-8-00	REA Set
A-113	26th Floor Mezzanine & Mezzanine 2 Plans	7-8-00	REA Set
A-114	27th – 35th Floor Plans	7-8-00	REA Set
A-114a	36 - 41 Floor Plans	7-8-00	REA Set
A-115	42nd - 49th Floor Plans	7-8-00	REA Set
A-116	50th Floor Plan	7-8-00	REA Set
A-117	50th Mezzanine Plan	7-8-00	REA Set
A-118	50th Mezzanine 2 Plan	7-8-00	REA Set
A-119	Roof Plan	7-8-00	REA Set
A-501	Base North Partial Elev., Section & Plan	7-8-00	REA Set

EXHIBIT D

(Retail Signage Area)



EAST ELEVATION (SOUTH CORNER)

487

RETAIL STOREFRONTS

RANDOM HOUSE
WEST 56th STREET & BROADWAY

SOM

NOT TO SCALE
1/20/00

SK#10

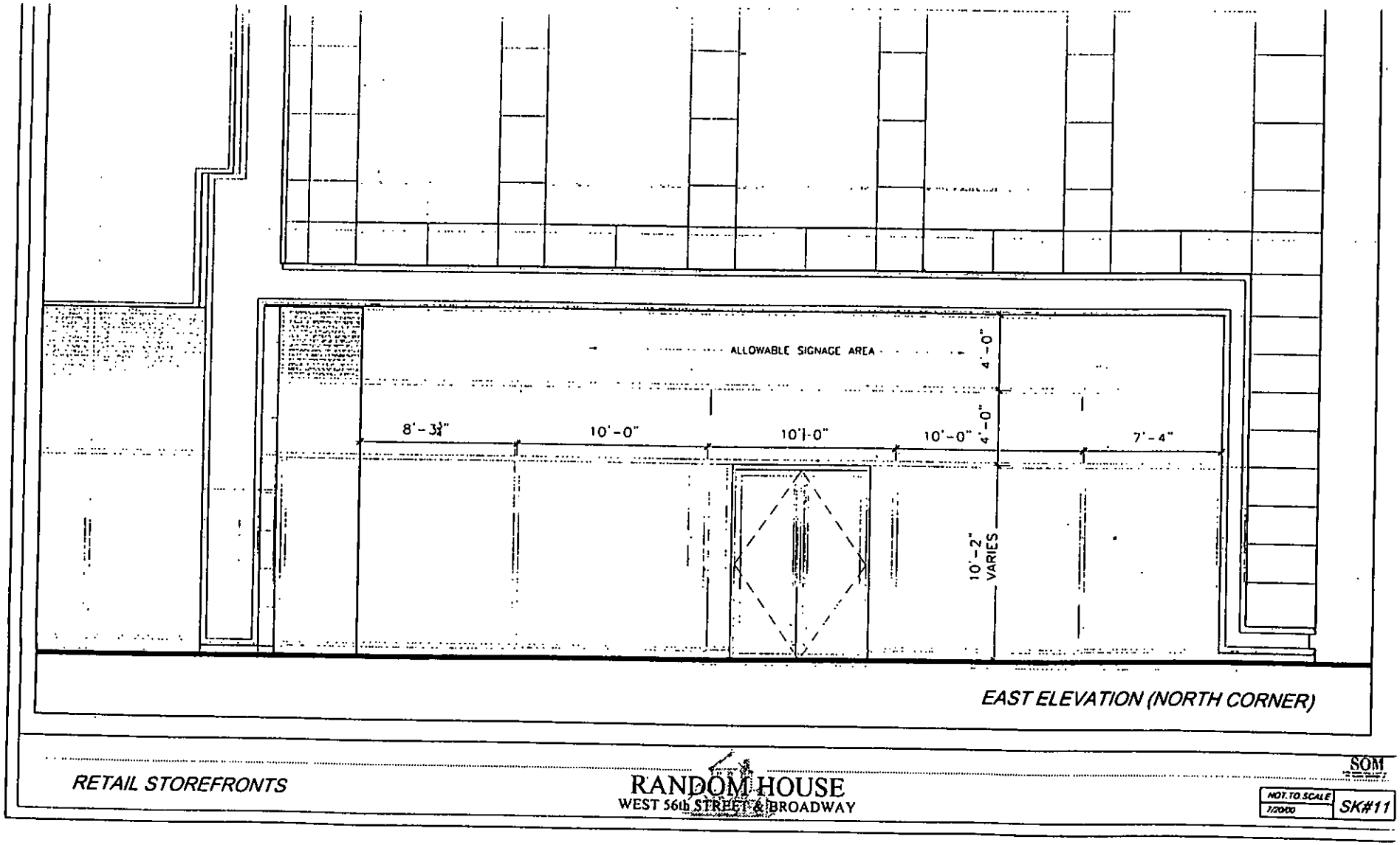

488
ALLOWABLE SIGNAGE AREA
4'-0"
4'-0"
8'-3½"
10'-0"
10'-0"
10'-0"
7'-4"
10'-2"
VARIES
EAST ELEVATION (NORTH CORNER)
RETAIL STOREFRONTS
RANDOM HOUSE
WEST 56th STREET & BROADWAY
SOM
NOT TO SCALE
1/2000
SK#11

EXHIBIT E

(Depositary Agreement)

EXHIBIT E

DEPOSITARY AGREEMENT

THIS DEPOSITARY AGREEMENT (this "Agreement") is made and entered into as of the ____ day of _____, __ by and among AMSI INVESTORS, a New York limited partnership having an office at c/o Douglas Oliver, 21 East 66th Street New York, New York 10021 ("AMSI"), SHEILA ENGEL("Engel"), an individual residing at [redacted] and 174 BROADWAY ASSOCIATES LP, a Delaware family limited partnership with an office at c/o Blank Rome Tenzer Greenblatt, 405 Lexington Avenue, New York, NY 10174 ("Oppenheim": Engel and Oppenheim, collectively, the "Lot 49 Landlord"), 56TH STREET ASSOCIATES, L.L.C., a Delaware limited liability company, with offices at c/o The Related Companies, L.P., 625 Madison Avenue, New York, New York 10022 ("56th Associates"), BERTELSMANN 56TH STREET COMMERCIAL LLC, a Delaware limited liability company, with offices at c/o The Related Companies, L.P., 625 Madison Avenue, New York, New York 10022("Bertelsmann 56th"), and BAYERISCHE HYPO-UND VEREINSBANK AG, New York Branch, with offices at 150 East 42nd Street, New York, New York 10017-4679 ("Hypo" or "Depositary").

RECITALS:

A. AMSI, Engel and Oppenheim (collectively, and together with their respective successors and assigns, the "Fee Owner") are the record legal title holders of those certain parcels of real estate situated in the City of New York, County of New York, State of New York, legally described on Exhibit A attached hereto and made a part hereof (collectively, the "Commercial Premises"). The Commercial Premises consists generally of all the space below the Residential Premises (as defined below).

B. Pursuant to that certain Agreement of Lease (as same may be amended from time to time, the "Ground Lease"), dated December 14, 1999, by and between the Fee Owner, as lessor, and Bertelsmann 56th, as lessee (the "Ground Lessee"), the Fee Owner is leasing to the Ground Lessee the Commercial Premises.

C. 56th Associates is the record legal title holder of that parcel of real estate situated in the City of New York, County of New York, State of New York, legally described on Exhibit B attached hereto and made a part hereof (the "Residential Premises"). The Residential Premises consists generally of all of the air space above the Commercial Premises.

D. The Commercial Premises and the Residential Premises together comprise the Project Site (as defined in the REA (as defined below)) which consists of certain real estate in the City of New York, County of New York, State of New York, bounded by 56th Street on the North, 55th Street on the South, Broadway on the East and private property on the West.

E. Bertelsmann 56th proposes to construct or cause to be constructed upon and within the Commercial Premises a building (the "Commercial Building"), containing approximately 617,427 square feet of gross floor area on twenty-six (26) floors above the grade and a cellar floor and subcellar floor below grade) substantially in accordance with the Plans (as defined in the REA). The Ground Lessee will own the Commercial Building during the term of the Ground Lease, and the Fee Owner will have a reversionary interest therein pursuant to the Ground Lease.

F. 56th Associates (together with its successors and assigns, the "Residential Property Owner") proposes to construct or cause to be constructed within the Residential Premises a building generally comprised of a twenty-four (24) story tower (the "Residential Tower") containing approximately 222,508 square feet, which Residential Tower will be located over, and supported by, the Commercial Building. The Residential Property Owner will construct the Residential Tower (or cause the same to be constructed) substantially in accordance with the Plans. The Residential Property Owner will own the Residential Tower.

G. Neither the Commercial Building nor the Residential Tower is or will be structurally or functionally independent of the other and each will depend upon the other, to some extent, for structural support, enclosure, ingress and egress, utility services and certain other facilities and components necessary for the operation and use of the Commercial Building and the Residential Tower. Upon completion of the construction of the Commercial Building and the Residential Tower, the two will comprise a single fifty (50) story building with a cellar and subcellar.

H. To provide for the efficient operation of and harmonious relationship among each respective portion, estate and interest in the Property (as defined in the REA), the Fee Owner, the Ground Lessee and 56th Associates have executed a Reciprocal Easement and Operating Agreement dated the date hereof, to be recorded in the Office of the Register of the City of New York, which creates certain easements, covenants and restrictions benefitting and burdening each of the Commercial Premises and the Commercial Building, on the one hand, and the Residential Premises and the Residential Tower, on the other hand (such agreement, as the same may be from time to time amended, the "REA"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the REA.

I. Article VIII of the REA (specifically, Section 8.1) provides for the Owners to purchase and maintain certain insurance insuring against damage to the Property on a joint basis covering the entire Property. In connection therewith, the REA provides for the appointment of a "Depositary" as defined therein to receive certain proceeds from the joint insurance policies as well as certain condemnation awards and to disburse said funds for the restoration of the Property in accordance with the REA or otherwise as specifically provided in the REA. The REA designates Hypo as the initial Depositary and contemplates the execution of a "Depositary Agreement" to confirm the appointment of the Depositary and such other matters as the parties determine.

J. Hypo is willing to accept the appointment and to serve as "Depositary" under and pursuant to the REA and this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Appointment of Depositary. The Fee Owner and the Owners hereby designate and appoint Hypo as the Depositary under and pursuant to the REA, and Hypo hereby accepts such appointment and agrees to perform the functions of the Depositary pursuant to and in accordance with the REA as and when required thereunder. All provisions in the REA applicable to the Depositary and its functions are hereby incorporated by reference herein and made a part hereof as if fully set forth herein.

2. Policies. Attached hereto as Exhibit C is a certificate of insurance identifying the policy or policies for which the Depositary is currently named as loss payee. (The Owners will provide the Depositary with the full policies and any replacement policies promptly upon receipt.)

3. Acceptance by Depositary; Terms and Conditions. The Depositary accepts its obligations as "Depositary" under the REA, upon the terms and conditions therein and herein, including, without limitation, the following:

(A) The Depositary shall receive, hold, invest and disburse insurance and condemnation proceeds delivered to it in trust strictly in accordance with the provisions of the REA and this Agreement. Proceeds shall be invested as provided in the REA, unless otherwise advised by the Owners, Fee Owner and any Recognized Mortgagee who has provided its name and address to the Depositary and who is entitled under the REA to consent to certain actions (the "Consenting Mortgagees"). (The Recognized Mortgagees and the Consenting Mortgagees on the date hereof (and their addresses) are identified on the signature page hereof. Interest on funds held by the Depositary shall be reported as provided in the REA. The tax ID number of the Residential Property Owner is 13-3930699. The tax ID number of the Commercial Property Owner is _____.

(B) The Depositary shall receive no fee for its services as Depositary under the REA and hereunder. However, the Depositary shall be reimbursed for the reasonable out-of-pocket expenses (including reasonable counsel fees) incurred by the Depositary in connection with the services rendered by it which the Depositary may deduct from the proceeds as provided in Section 17.2 (A) of the REA. If there are no proceeds from which to deduct such reimbursement, the Depositary shall be otherwise paid by the Owners promptly after Depositary's request therefor. Except for the right to deduct any out-of-pocket expenditures from the funds held by Depositary, the Depositary shall otherwise have no right of setoff with respect to any other liabilities of any of the Owners or Fee Owner to Depositary.

(C) During any period in which the Depositary is holding proceeds, it will provide to each Owner as well as the Fee Owner and any Recognized Mortgagee who has provided its name and address to the Depositary with a monthly report showing the total amount of proceeds received, earnings thereon, and amount disbursed during the previous month and in the aggregate.

(D) The Depositary may consult with one or more counsel satisfactory to it in its reasonable judgment and the written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or omitted to be taken or suffered by it hereunder in accordance with the opinion of such counsel.

(E) Absent gross negligence, willful misconduct or bad faith, the Depositary shall be protected and shall incur no liability for or in respect of any action taken or omitted to be taken or suffered by it in reliance upon any notice, direction, consent, certificate, affidavit, statement or other paper or document reasonably believed by the Depositary to be genuine and sufficient, and to have been signed by the proper parties.

(F) The Depositary shall be obligated to perform such duties and only such duties as are specifically set forth in the REA and this Agreement and no implied duties or obligations shall be read into the REA or this Agreement against the Depositary. The Depositary shall deal with the Owners fairly and impartially according to the intent of the parties as expressed in the REA, provided that it shall be a depositary only. Depositary shall have no duty to enforce any obligation of any other person to make any payment or delivery or to enforce any obligation of any person to perform any other act. The Depositary shall be under no liability to the Owners or to anyone else by reason of any failure on the part of either Owner to perform its obligations under the REA.

(G) To the extent that any Owner requests the Depositary to take any action that is contrary to the procedures, requirements or directives contained in the REA, the Depositary shall not act in accordance therewith unless it receives written consent thereto from the other Owner, Fee Owner and any Consenting Mortgagee.

(H) Depositary shall not be required to defend any legal proceedings which may be instituted against Depositary in respect of the REA or this Agreement unless requested to do so by one or more Owners and indemnified to the satisfaction of the Depositary against the cost and expense of such defense. Depositary shall not be required to institute legal proceedings of any kind. If Depositary shall become involved in any litigation or court action, it shall be reimbursed for all costs and expenses, including reasonable legal fees, out of the proceeds, if available, or otherwise by the Owners. Further, in the event of any disagreement or dispute among the parties hereto, or adverse demands or claims made by any of them upon Depositary, or if Depositary otherwise becomes involved in litigation or, any court action or proceeding with respect to the REA or this Agreement or the proceeds, on ten (10) days' notice to all Owners, the Fee Owner and any Consenting Mortgagee, Depositary may bring an appropriate action or proceeding for leave to deposit the proceeds in court pending the final determination of any of the foregoing matters. Additionally, Depositary shall be obligated to so deposit the proceeds in court pending the final determination of any of the foregoing matters upon the issuance, and delivery to Depositary, of a court order requiring such action.

4. Term; Resignation.

(A) Unless it is removed by the Owners as provided in Paragraph B below or Hypo resigns in accordance with the provisions of Section 16.5 of the REA, Hypo shall be entitled to be the Depositary under the REA and this Agreement until the date set forth in Section 16.1 of the REA. At such time as Hypo is no longer Recognized Mortgagee, then the Owners can remove Hypo as Depositary in accordance with §16.5(B) of the REA.

(B) (i) If at any time the Depositary shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or shall file a voluntary petition in bankruptcy or make an assignment for the benefit of its creditors, or consent to the appointment of a receiver of all or any substantial part of its property, or shall admit in writing its inability to pay its debts generally, or if an order of any court shall be entered approving any petition filed by or against either the Depositary under the United States Federal bankruptcy laws or any other similar Federal, State or other applicable law, or if a receiver of it or of all or any substantial part of its property shall be appointed, or if any public officer shall take charge or control of it or if its property or affairs, for the purpose of rehabilitation, conservation or liquidation, the Depositary shall be deemed automatically removed under the REA and hereunder, effective upon appointment by the Owners of a successor Depositary as provided in the REA.

(ii) (a) Other than pursuant to Paragraph (i) above, so long as Hypo is a Recognized Mortgagee of the Residential Property Owner, the Owners or Fee Owner (with the reasonable consent of the Consenting Mortgagees (other than Hypo) shall only have the right to remove Hypo as Depositary and appoint a successor if Hypo is negligent or has materially breached its obligations under the REA ("Removal Conditions"). The right of removal shall be exercisable only after one or more of the Owners or Fee Owner gives Hypo written notice describing the Removal Condition, and, if the Removal Condition is a material breach (not involving fraud), Hypo shall have failed to cure the breach within thirty (30) days or if the breach cannot be cured within thirty (30) days, Hypo shall have commenced curing and be diligently proceeding to cure, provided such breach is cured no later than ninety (90) days after the date Hypo shall have commenced curing.

If one or both Owners or Fee Owner believes that a Removal Condition exists, then prior to sending the default notice to Depositary, such Owner(s) shall first send the notice to the other Owner, if applicable, Fee Owner and all Recognized Mortgagees, describing the alleged Removal Conditions, and shall obtain the consent of the other Owner (if applicable), Fee Owner and Consenting Mortgagees (other than Hypo) prior to sending the default notice to Hypo. If a consenting party does not approve or disapprove the removal within ten (10) days after the aforesaid notice is given, such party's approval shall be deemed given. Any dispute shall constitute an Arbitrable

Dispute. Hypo may give evidence or otherwise participate in the arbitration proceeding, but said proceeding shall not serve any purpose other than the purpose of determining whether an Owner is entitled to have the Depositary replaced.

(C) Any successor Depositary shall be selected in accordance with REA, with the removal of Hypo effective upon selection of the new Depositary as provided in the REA.

(D) Upon its resignation or removal, the Depositary shall be entitled to the payment by the Owners for the reimbursement of all reasonable out-of-pocket expenses incurred in connection with the services properly rendered by such Depositary and not previously reimbursed.

5. Miscellaneous.

(A) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(B) Amendment. This Agreement may not be changed orally or modified, amended or supplemented without an express written agreement executed by the Owners, all Consenting Mortgagees and Fee Owner.

(C) Amendments to REA. The Owners shall not execute any amendment to the REA which adversely affects the rights or materially increases the obligations of the Depositary thereunder without the consent of the Depositary and no such amendment shall bind the Depositary unless it so consents. The Owners shall provide Depositary with copies of any other amendments to the REA which affect any of the insurance, condemnation or Depositary provisions.

(D) Notices. Each notice, demand, request, consent approval, disapproval, designation or other communication (all of the foregoing are herein referred to as a "notice") that a party is required, permitted or desired to give or make or communicate hereunder shall be in writing and shall be given or made or communicated by personal delivery, or by Federal Express or other reputable overnight national courier service in accordance with Section 19.1 of the REA with respect to all parties identified in such Section, and if to the Depositary, in accordance with such Section, to the following address (or such other address as it may provide from time to time in accordance with Section 19.1).

150 East 42nd Street
New York, New York 10017-4679
Attention: Robert Dowling

With respect to the Recognized Mortgagees, notices shall be given in accordance with §19.1 of the REA at the addresses shown on the signature page of this Agreement (or to such other address as any of them may provide in accordance with §19.1).

(E) Counterparts. This Agreement may be executed in separate counterparts and by each party separately on a separate counterpart, each such counterpart, when so executed and delivered, to be an original. Such counterparts shall together constitute but one and the same instrument.

(F) Successors and Assigns; No Third Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of each party's respective heirs, personal representatives, successors and assigns. This Agreement is intended to be for the sole benefit of the parties hereto, their respective successors and assigns, and none of the provisions of this Agreement are intended to be, nor shall they be construed to be, for the benefit of any third person. No other person shall acquire or have any rights under or by virtue of this Agreement.

(G) Constitutes "Depositary Agreement." This Agreement constitutes the "Depositary Agreement" required by the REA.

(H) Non-Recourse to Sheila Engel. Notwithstanding anything to the contrary contained in this Agreement, the obligations and liabilities of Engel hereunder shall be enforced only against the interest of Engel in the Commercial Premises, the Ground Lease and the REA.

REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK

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

AMSI INVESTORS
a New York limited partnership

By: _____
Name: Douglas J. Oliver
Title: General Partner

1741 BROADWAY ASSOCIATES LP

By: 1741 GP Corp., its general partner

By: _____
Earl Engel
President

_____
Sheila Engel, individually

BERTELSMANN 56TH STREET COMMERCIAL LLC, a Delaware limited liability company

By: 56th Street Retail, L.L.C., its managing member

By: _____
Name: Bruce Beal
Title: Vice President

56TH STREET ASSOCIATES, L.L.C., a Delaware limited liability company

By: _____
Name: Bruce Beal
Title: Vice President

BAYERISCHE HYPO-UND VEREINSBANK, AG, New York Branch

By: _____
Name:
Title:

By: _____
Name:
Title:

Recognized Mortgagees
who are Consenting Mortgagees:

Hypo:

Bayerische Hypo-und Vereinsbank, AG, New York Branch
150 East 42nd Street
New York, New York 10017-4679
Attention: Robert Dowling

EXHIBIT A

(Description of Commercial Premises)

EXHIBIT A

Leasehold-Below-A-Plane Parcel

Agreement of Lease dated as of December 14, 1999 among AMSI Investors, Sheila Engel and 1741 Broadway Associates LP, collectively as landlord, and Bertelsmann 56th Street Commercial LLC, as tenant, (the "Ground Lease") demising the premises described below:

ALL THAT CERTAIN volume of space, situate, lying and being in the Borough of Manhattan, County, City and State of New York, which lies below a horizontal plane having an elevation of 448.6 feet above the datum level in use by the Department of Highways, Borough of Manhattan, which datum level is 2.75 feet above the National Geodetic Vertical Datum of 1929 (Sea Level at Sandy Hook), said volume is bounded by and lies within the vertical planes which are formed by projecting vertically downward from such horizontal plane the boundaries of all that plot or parcel described as follows:

BEGINNING at the corner formed by the intersection of the northerly side of West 55th Street and the westerly side of Broadway;

RUNNING THENCE westerly along the northerly side of West 55th Street at an interior angle with the westerly side of Broadway of 75 degrees 39 minutes 45 seconds, 175 feet 6 ½ inches;

RUNNING THENCE northerly at right angles to the said northerly side of West 55th Street 200 feet 10 inches to the southerly side of West 56th Street;

THENCE easterly at right angles to and along said southerly side of West 56th Street, 119 feet 9 ½ inches to its intersection with said westerly side of Broadway;

THENCE southerly along said westerly side of Broadway on a line which forms an interior angle of 111 degrees 42 minutes 10 seconds with the said southerly side of West 56th Street, 33 feet 4-3/8 inches to an angle point in said westerly side of Broadway;

THENCE continuing southerly along said westerly side of Broadway on a line which forms an interior angle of 172 degrees 38 minutes 05 seconds with the last course, 20 feet and 5/8 of an inch;

THENCE continuing southerly along said westerly side of Broadway, 155 feet 2 7/8 inches to the intersection of the northerly side of West 55th Street and the westerly side of Broadway, the point or place of BEGINNING.

For information only: Said premises are designated as Block 1027 Lots 12, 15, 48, 49 and 51 on the New York County Tax Map and have been designated as tentative new tax Lot 12.

EXHIBIT B

(Description of Residential Premises)

EXHIBIT B

Fee-Above-A-Plane Parcel

ALL THAT CERTAIN volume of space, situate, lying and being in the Borough of Manhattan, County, City and State of New York, which lies above a horizontal plane having an elevation of 448.6 feet above the datum level in use by the Department of Highways, Borough of Manhattan, which datum level is 2.75 feet above the National Geodetic Vertical Datum of 1929 (Sea Level at Sandy Hook), said volume is bounded by and lies within the vertical planes which are formed by projecting vertically upward from such horizontal plane the boundaries of all that plot or parcel described as follows:

BEGINNING at the corner formed by the intersection of the northerly side of West 55th Street and the westerly side of Broadway;

RUNNING THENCE westerly along the northerly side of West 55th Street at an interior angle with the westerly side of Broadway of 75 degrees 39 minutes 45 seconds, 175 feet 6 ½ inches;

RUNNING THENCE northerly at right angles to the said northerly side of West 55th Street 200 feet 10 inches to the southerly side of West 56th Street;

THENCE easterly at right angles to and along said southerly side of West 56th Street, 119 feet 9 ½ inches to its intersection with said westerly side of Broadway;

THENCE southerly along said westerly side of Broadway on a line which forms an interior angle of 111 degrees 42 minutes 10 seconds with the said southerly side of West 56th Street, 33 feet 4-3/8 inches to an angle point in said westerly side of Broadway;

THENCE continuing southerly along said westerly side of Broadway on a line which forms an interior angle of 172 degrees 38 minutes 05 seconds with the last course, 20 feet and 5/8 of an inch;

THENCE continuing southerly along said westerly side of Broadway, 155 feet 2 7/8 inches to the intersection of the northerly side of West 55th Street and the westerly side of Broadway, the point or place of BEGINNING.

For information only: Said premises are designated as Block 1027 Lots 12, 15, 48, 49 and 51 on the New York County Tax Map and have been designated as tentative new tax Lot 9012.

EXHIBIT C

(Insurance Certificate)

DATE
12/20/99

ALLIED COVERAGE CORP.
BONDS • INSURANCE
390 NORTH BROADWAY, CS3016
JERICHO, NY 11753-2110
(516) 733-9200

CLIENT CODE	ORDER NO.
RELATEDCOS	10354

INSURANCE BINDER

New Line

INSURED:

56th Street Associates, L.L.C.
625 Madison Avenue
New York, NY 10022

EFFECTIVE DATE	EXPIRATION DATE	POLICY NUMBER	INSURER
12/13/99	12/13/02	3PQ00040200	American Protection Ins. Co

COVERAGE DESCRIPTION AND AMOUNTS/LIMITS

Workers Compensation Coverage

SCHEDULE OF NAMED INSUREDS:

Please see the attached Schedule of Named Insureds

SCHEDULE OF ADDITIONAL NAMED INSUREDS:

Please see the attached Schedule Additional Named Insureds:

LOCATION:

West 56th Street & Broadway Project located at:
1741 Broadway, New York, NY

WORKERS' COMPENSATION COVERAGE:

State of Operations; New York or any other State or Governmental Authority having jurisdiction over work performed on the project.
Workers' Compensation including Occupational Disease suject to laws of New York State.

Employer's Liability:
Unlimited in the State of New York (Statutory)
For all others States and for those specific catagories not covered by the NYS Workers' Comepsnation Law:

Bodily Injury by Accident: $1,000,000 each accident
Bodily Injury by Disease: $1,000,000 policy limit
Bodily Injury by Disease: $1,000,000 each employee

COVERAGE/ENDORSEMENTS/EXCLUSIONS:

Voluntary Compensation Coverage - Martime Endorsement, if exposure exits
Longshoremen's and Harborworkers' Act Endorsement, if exposure exists
Written Waiver of Subrogation Endorsement, where required

ALLIED COVERAGE CORP.
BONDS • INSURANCE
390 NORTH BROADWAY, CS9016
JERICHO, NY 11753-2110
(516) 733-9200

DATE
12/20/99

CLIENT CODE	ORDER NO
RELATEDCOS	10354

INSURANCE BINDER

COVERAGE DESCRIPTION AND AMOUNTS/LIMITS

Broad Form Other States Endorsement
Jones Act Endorsement, if exposure exists
Unintentional Failure to Disclosure Endorsement
Unintentional Error & Omissions Endorsement
90 Days Notice of Cancellation expect 15 days for Non-Payment Premium
Employees as Additional Insureds Endorsement
Broad Named Insured Endorsement
Sales Proprietor, Partner, Officers
Amendment of the Notice of Occurrence/Knowledge of Occurrence Endorsement
Designated Project Site Endorsement
Basket Aggregate $350,000 for Combined for General Liability and Workers' Comp
Premium Adjustment Credit
Experience Rating Modification Factor Endorsement
Sole Agent Endorsement

REMARKS:

Fixed Cost Rate:$3.76 per $100 of Payrolls including Electrical, for General Liability and Workers' Compensation Combined - Subject to audit and 100% minimum

Aggregate loss Estimated at $1,825,000 adjustable Based on a rate of $6.25 per $100 of Payroll including Electrical

Loss Handleing Charge: 7% of Total Losses

New York State Assessment: 20% of Total Incurred Workers' Comp Losses

Bound by: Jim Vinson, Allied Coverage Corp.
Bound with: Brian Gore, Kemper Insurance Companies
Prepared By: Marianne Iannone, Allied Coverage Corp., 12/20/99

Premium _____ Telephone Confirmation With whom _____	American Protection I Authorized Representative _____
At Allied Coverage Corp. Refer To:	Admitted ☐ Non Admitted ☐

56th Street Associates. L.L.C.
Owner Controlled Insurance Program
Schedule of Named Insureds
West 56th Street & Broadway Project

"Named Insured" means the organization, including any subsidiary thereof, Named in Item 1., in the Declarations and also includes any other subsidiary company which is acquired or formed by any Named Insured during the policy period and over which the Named Insured maintains ownership, Active Management, or financial control. Such insurance as may be afforded any newly acquired or formed company shall terminate within ninety days (90) of it's acquisition or formation unless reported in writing to the Company within said ninety days (90).

Item One:

56th Street Associates, L.L.C. and all enrolled contractors, as used herein shall mean contractors of all tiers who have been awarded a contract or have executed a Contract with the 56th Street Associates, L.L.C. and who perform operations at the Project Site.

And;
The Related Companies, L.P.

And;
The Related Companies, L.L.C.;

And;
Bertelsmann 56th Street Commercial LLC;

And:
The Related Group;

And;
Plaza Construction Corporation and their respective Parent Companies, Corporations and/or Partnerships, but only as respects their involvement in construction activities at and for the Project Site.

Excluded contractors are vendors, suppliers, fabricators, truckers, material dealers and others whose function is solely to supply or transport material, equipment or parts to or from the construction site.

Schedule of Additional Insureds

AMSI Investors;

And;
Sheila Engel;

And;
1741 Broadway Associates, LP;

And;
Bertelsmann, Inc.;

And;
Bayerische Hypo-Und Vereinsbank, AG, New York Branch;

And;
DKE Realty Corp.;

And;
Any other entity the First Named Insured has agreed by written contract to provide insurance.

T-438 P.06 F-160

Jul-24-00 15:19 From-

07/11/00 TUE 17:03 FAX

ALLIED COVERAGE CORP.
BONDS • INSURANCE
390 NORTH BROADWAY, CS9015
JERICHO, NY 11753-2110
(516) 733-9200

	07/11/00

RELATEDCOS	14442

INSURANCE BINDER

Endorsement

INSURED:

56th Street Associates, L.L.C.
625 Madison Avenue
New York, NY 10022

12/13/99	12/13/02	3PQ00040200	American Protection Ins. Co

Workers Compensation Coverage

Attn: Sharon Monk
Kemper Insurance Company

Please amend the above referenced Workers' Compensation Policy as follows:
*Amend the location to read:
West 56th Street & Broadway Project located at:
1741 Broadway, New York, NY
aka 1731-1737 Broadway, New York, NY
aka 1739 Broadway, New York, NY
aka 1743-1745 Broadway, New York, NY
aka 237-241 West 55th Street, New York, NY
aka 235 West 55th Street, New York, NY
aka 228-232 West 56th Street, New York, NY

*Amend the Schedule of Named Insureds to read as per the attached schedule.

Prepared by: Marianne Reardon 07/11/00
Allied Coverage Corp.

Premium _____ Telephone Confirmation With whom _____	American Protection I Authorized Representative _____
At Allied Coverage Corp. Refer To:	Admitted ☐ Non Admitted ☐

56th Street Associates, L.L.C.
Owner Controlled Insurance Program
Schedule of Named Insureds
West 56th Street & Broadway Project

"Named Insured" means the organization, including any subsidiary thereof, Named in Item 1., in the Declarations and also includes any other subsidiary company which is acquired or formed by any Named Insured during the policy period and over which the Named Insured maintains ownership, Active Management, or financial control. Such insurance as may be afforded any newly acquired or formed company shall terminate within ninety days (90) of it's acquisition or formation unless reported in writing to the Company within said ninety days (90).

Item One:
56th Street Associates, L.L.C. and all enrolled contractors, as used herein shall mean contractors of all tiers who have been awarded a contract or have executed a Contract with the 56th Street Associates, L.L.C. and who perform operations at the Project Site.

And;
The Related Companies, L.P.

And;
The Related Companies, L.L.C.;

And;
Bertelsmann 56th Street Commercial, LLC;

And;
The Related Group;

And;
The Related Realty Group, Inc.;

And;
M-Related, L.L.C.;

And;
56th Street Retail, L.L.C.;

And;
Plaza Construction Corporation and their respective Parent Companies, Corporations and/or Partnerships, but only as respects their involvement in construction activities at and for the Project Site.

Excluded contractors are vendors, suppliers, fabricators, truckers, material dealers and others whose function is solely to supply or transport material, equipment or parts to or from the construction site.

Schedule of Additional Insureds

AMSI Investors: a New York Limited Partnership;

And;
Sheila Engel;

And;
1741 Broadway Associates LP;

And;
Bertelsmann, Inc.;

And;
Bayerische Hypo-Und Vereinsbank, AG, New York Branch, as Administrative Agent for Lender;

And;
Bayerische Hypo-Und Vereinsbank, AG, New York Branch, Loss Payee, as Agent for Insureds;

And;
DKE Realty Corp.;

And;
Any other entity the First Named Insured has agreed by written contract to provide insurance.

ALLIED COVERAGE CORP.
BONDS - INSURANCE
390 NORTH BROADWAY, CS9016
JERICHO, NY 11753-2110
(516) 733-9200

DATE
12/20/99

CLIENT CODE	ORDER NO.
RELATEDCOS	10351

INSURANCE BINDER

New Line

INSURED:

56th Street Associates, L.L.C.
625 Madison Avenue
New York, NY 10022

EFFECTIVE DATE	EXPIRATION DATE	POLICY NUMBER	INSURER
12/13/99	12/13/02	GPQ00040100	American Protection Ins. Co

COVERAGE DESCRIPTION AND AMOUNTS/LIMITS

General Liability Coverage

SCHEDULE OF NAMED INSUREDS:

Please see the attached Schedule of Named Insureds

SCHEDULE OF ADDITIONAL NAMED INSUREDS:

Please see the attached Schedule of Additional Named Insureds

LOCATION:

West 56th Street & Broadway Project located at:
1741 Broadway, New York, NY

GENERAL LIABILITY COVERAGES:

Limits of Liability:
$250,000 Deductible -

General Aggregate Limit:	$4,000,000
Products/Completed Operations:	$4,000,000
Personal/Advertising Operations:	$2,000,000
Each Occurrence:	$2,000,000
Fire Damage Legal:	$1,000,000
Medical Expenses:	$ 10,000

COVERAGES/ENDORSEMENTS/EXCLUSIONS:

Broad Named Insured (See Named Insured Wording)
90 Days Notice of Cancellation Except 15 Days for Non-Payment of Premium
Premium Payment Endorsement
Sole Agent Endorsement
Notice of Occurrence Endorsement
Cross-Liability-Severability of Interests
Primary Coverage Stipulation
Failure to Disclosure Endorsement
Deletion of Fellow Employee Exclusion

ALLIED COVERAGE CORP.
BONDS • INSURANCE
390 NORTH BROADWAY, CS9016
JERICHO, NY 11753-2110
(516) 733-9200

DATE
12/20/99

CLIENT CODE	ORDER NO.
RELATEDCOS	10351

INSURANCE BINDER

COVERAGE DESCRIPTION AND AMOUNTS/LIMITS

Written Waiver of Subrogation Endorsement, where required
Extended Completed Operations Liability Extension - Three (3) years
after final acceptance by owner or 3 year after the entire project is
placed into operation, whichever occurs first
Personal and Advertising Injury - Deletion of the Contractual Exclusion
Definition of "Insured Contract" Amended to Include Coverage for
Construction or Demolition Operations on/or within 50 feet of a Railroad
Blanket Additional Insureds as required by contract
Knowledge of Occurence
Non-Owned Watercraft Amend to 50 Feet in Length
Designated Project Site Endorsement
Hostile Fire Extension Endorsement
Loading and Unloading of Vechiles
Modification of the Professional Liability Exclusion
State Mandatory Endorsements
Basket Aggregate $350,000 combined for General Liability and Workers' Comp
Employee as Additional Insureds
Blanket Explosion, Collapse & Underground Coverage
Broad Form Property Damage including Completed Operations
Blanket Contractual Liability

REMARKS

REFER TO THE WORKERS' COMPENSATION BINDER #10354 FOR PROGRAM PERAMITERS

Bound by: Jim Vinson, Allied Coverage Corp.
Bound with: Brian Gore, Kemper Insurance Companies
Prepared by: Marianne Iannone, Allied Coverage Corp. 12/20/99

Premium _____ American Protection I

Telephone Confirmation
With whom _____ Authorized Representative _____

At Allied Coverage Corp. Refer To:

Admitted ☐ Non Admitted ☐

56th Street Associates. L.L.C.
Owner Controlled Insurance Program
Schedule of Named Insureds
West 56th Street & Broadway Project

"Named Insured" means the organization, including any subsidiary thereof, Named in Item 1., in the Declarations and also includes any other subsidiary company which is acquired or formed by any Named Insured during the policy period and over which the Named Insured maintains ownership, Active Management, or financial control. Such insurance as may be afforded any newly acquired or formed company shall terminate within ninety days (90) of it's acquisition or formation unless reported in writing to the Company within said ninety days (90).

Item One:

56th Street Associates, L.L.C. and all enrolled contractors, as used herein shall mean contractors of all tiers who have been awarded a contract or have executed a Contract with the 56th Street Associates, L.L.C. and who perform operations at the Project Site.

And;
The Related Companies, L.P.

And;
The Related Companies, L.L.C.;

And:
Bertelsmann 56th Street Commercial LLC;

And;
The Related Group;

And;
Plaza Construction Corporation and their respective Parent Companies, Corporations and/or Partnerships, but only as respects their involvement in construction activities at and for the Project Site.

Excluded contractors are vendors, suppliers, fabricators, truckers, material dealers and others whose function is solely to supply or transport material, equipment or parts to or from the construction site.

Schedule of Additional Insureds

AMSI Investors;

And;
Sheila Engel;

And;
1741 Broadway Associates, LP;

And;
Berteismann, Inc.;

And;
Bayerische Hypo-Und Vereinsbank, AG, New York Branch;

And;
DKE Realty Corp.;

And;
Any other entity the First Named Insured has agreed by written contract to provide insurance.

56th STREET ASSOCIATES, L.L.C.
56TH STREET PROJECT

Program Cost/Payin- Kemper Primary Program		
Expenses		1,100,000
Loss Aggregate		1,825,000
Claim Handling (7%)		127,750
NY Assessments (20%)		292,000
Total	$	3,344,750

Premium Payment Schedule			
December 10-Inception Date		116,144.12	
March 1, 2000		116,144.12	
June 1, 2000		116,144.12	
July 1, 2000		124,846.56	
August 1, 2000		124,846.56	
September 1, 2000		124,846.56	
October 1, 2000		124,846.56	
November 1, 2000		124,846.56	
December 1, 2000		124,846.56	
January 1, 2001		124,846.56	
February 1, 2001		124,846.56	
March 1, 2001		124,846.56	
April 1, 2001		124,846.56	
May 1, 2001		124,846.56	
June 1, 2001		124,846.56	
July 1, 2001		124,846.56	
August 1, 2001		124,846.56	
September 1, 2001		124,846.56	
October 1, 2001		124,846.56	
November 1, 2001		124,846.56	
December 1, 2001		124,846.56	
January 1, 2002		124,846.56	
February 1, 2002		124,846.56	
March 1, 2002		124,846.56	
April 1, 2002		124,846.56	
May 1, 2002		124,846.56	
June 1, 2002		124,846.56	
Total Premium	$	3,344,750	(not including Umbrella)

Note: This excludes the $100 Million Excess Liability Coverage for $235,000 which will be due at inception.

Jul-24-00 15:21 From- T-438 P.14/40 F-160

07/11/00 TUE 17:02 FAX 002

ALLIED COVERAGE CORP.
BONDS • INSURANCE
390 NORTH BROADWAY, CS8018
JERICHO, NY 11753-2110
(516) 733-9200

DATE
07/11/00

CUSTOMER CODE	ORDER NO.
RELATEDCOS	14427

INSURANCE BINDER

Endorsement

INSURED:

56th Street Associates, L.L.C.
625 Madison Avenue
New York, NY 10022

EFFECTIVE DATE	EXPIRATION DATE	POLICY NUMBER	NAME OF INSURER
12/13/99	12/13/02	3PQ00040100	American Protection Ins. Co

General Liability Coverage

Atttn: Sharon Monk
Kemper Insurance Company

Please amend the above referenced General Liability Policy as follows:

*Amend the location to read:
West 56th Street & Broadway Project located at:
1741 Broadway , New York, NY
aka 1731-1737 Broadway, New York, NY
aka 1739 Broadway, New York, NY
aka 1743-1745 Broadway, New York, NY
aka 237-241 West 55th Street, New York, NY
aka 235 West 55th Street, New York, NY
aka 228-232 West 56th Street, New York, NY

*Amend the Schedule of Named Insureds to read as per the attached schedule

Prepared by: Marianne Reardon 07/11/00
Allied Coverage Corp.

Premium _____
Telephone Confirmation
With whom _____

American Protection I
Authorized Representative _____

At Allied Coverage Corp. Refer To:

Admitted ☐ Non Admitted ☐

56th Street Associates, L.L.C.
Owner Controlled Insurance Program
Schedule of Named Insureds
West 56th Street & Broadway Project

"Named Insured" means the organization, including any subsidiary thereof, Named in Item 1., in the Declarations and also includes any other subsidiary company which is acquired or formed by any Named Insured during the policy period and over which the Named Insured maintains ownership, Active Management, or financial control. Such insurance as may be afforded any newly acquired or formed company shall terminate within ninety days (90) of it's acquisition or formation unless reported in writing to the Company within said ninety days (90).

Item One:
56th Street Associates, L.L.C. and all enrolled contractors, as used herein shall mean contractors of all tiers who have been awarded a contract or have executed a Contract with the 56th Street Associates, L.L.C. and who perform operations at the Project Site.

And;
The Related Companies, L.P.

And;
The Related Companies, L.L.C.;

And;
Bertelsmann 56th Street Commercial, LLC;

And;
The Related Group;

And;
The Related Realty Group, Inc.;

And;
M-Related, L.L.C.;

And;
56th Street Retail, L.L.C.;

And;
Plaza Construction Corporation and their respective Parent Companies, Corporations and/or Partnerships, but only as respects their involvement in construction activities at and for the Project Site.

Excluded contractors are vendors, suppliers, fabricators, truckers, material dealers and others whose function is solely to supply or transport material, equipment or parts to or from the construction site.

Schedule of Additional Insureds

AMSI Investors: a New York Limited Partnership;

And;
Sheila Engel;

And;
1741 Broadway Associates LP;

And;
Bertelsmann, Inc.;

And;
Bayerische Hypo-Und Vereinsbank, AG, New York Branch, as Administrative Agent for Lender;

And;
Bayerische Hypo-Und Vereinsbank, AG, New York Branch, Loss Payee, as Agent for Insureds;

And;
DKE Realty Corp.;

And;
Any other entity the First Named Insured has agreed by written contract to provide insurance.

ALLIED COVERAGE CORP.
BONDS • INSURANCE
390 NORTH BROADWAY, CS9016
JERICHO, NY 11753-2110
(516) 733-9200

DATE
12/21/99

CLIENT CODE	ORDER NO.
RELATEDCOS	10383

INSURANCE BINDER

New Line

INSURED:

56th Street Associates, L.L.C.
625 Madison Avenue
New York, NY 10022

EFFECTIVE DATE	EXPIRATION DATE	POLICY NUMBER	INSURER
12/13/99	12/13/02	9SX12926200	Lumbermen's Mutual Casualty

COVERAGE DESCRIPTION AND AMOUNTS/LIMITS

Commercial Umbrella Coverage

SCHEDULE OF NAMED INSUREDS:

Please see the attached Schedule of Named Insureds

SCHEDULE OF ADDITIONAL NAMED INSUREDS:

Please see the attched Schedule of Addional Named Insureds

LOCATION:

West 56th Street & Broadway Project located at:
1741 Broadway, New York, NY

COMMERICIAL UMBRELLA:

Limits of Liability:
$50,000,000 Each Occurrence
$50,000,000 General Aggregate
$50,000,000 Products/Completed Operations Aggregate
$ 25,000 Self Insured Retention

UNDERLYING COVERAGE:

General Liability Coverages:
$4,000,000 General Aggregate
$4,000,000 Products/Completed Operations
$2,000,000 Personal/Advertising Operations
$2,000,000 Each Occurrence
$1,000,000 Fire Damage
$1,000,000 Medical Expenses

Employer's Liability:
$1,000,000 each accident
$1,000,000 policy limit

56th Street Associates. L.L.C.
Owner Controlled Insurance Program
Schedule of Named Insureds
West 56th Street & Broadway Project

"Named Insured" means the organization, including any subsidiary thereof, Named in Item 1., in the Declarations and also includes any other subsidiary company which is acquired or formed by any Named Insured during the policy period and over which the Named Insured maintains ownership, Active Management, or financial control. Such insurance as may be afforded any newly acquired or formed company shall terminate within ninety days (90) of it's acquisition or formation unless reported in writing to the Company within said ninety days (90).

Item One:

56th Street Associates, L.L.C. and all enrolled contractors, as used herein shall mean contractors of all tiers who have been awarded a contract or have executed a Contract with the 56th Street Associates, L.L.C. and who perform operations at the Project Site..

And;
The Related Companies, L.P.

And;
The Related Companies, L.L.C.;

And;
Bertelsmann 56th Street Commercial LLC;

And;
The Related Group;

And;
Plaza Construction Corporation and their respective Parent Companies, Corporations and/or Partnerships, but only as respects their involvement in construction activities at and for the Project Site.

Excluded contractors are vendors, suppliers, fabricators, truckers, material dealers and others whose function is solely to supply or transport material, equipment or parts to or from the construction site.

ALLIED COVERAGE CORP.
BONDS • INSURANCE
390 NORTH BROADWAY, CS9016
JERICHO, NY 11753-2110
(516) 733-9200

DATE
12/21/99

CLIENT CODE	ORDER NO.
RELATEDCOS	10383

INSURANCE BINDER

COVERAGE DESCRIPTION AND AMOUNTS/LIMITS

$1,000,000 each employee

TERMS AND CONDITIONS:

Per Policy From CC7000-8/94

Additional Exclusions:
- CC 7999 Employment Practices Liability
- CC 7999 ERISA
- CC 7567 Nuclear
- Professional Liability-Except Following Form Underlying GL Modifications
- Securities and Financial Interests Exclusion
- Automobile Liability Endorsement

Attachments:
- New York Amendatory
- 90 Day Notice of Cancellation
- Named Insured Endorsement
- Specific Job Endorsement
- 3 Year Completed Operations Extension Endorsement

Premium: $160,000 Flat

Bound by: Jim Vinson, Allied Coverage Corp.
Bound with: Nancy Curtis, Kemper Insurance Companies
Prepared by: Marianne Iannone, Allied Coverag Corp. 12/22/99

Premium _____	Lumbermen's Mutual Ca
Telephone Confirmation With whom _____	Authorized Representative _____
At Allied Coverage Corp. Refer To:	Admitted ☐ Non Admitted ☐

Schedule of Additional Insureds

AMSI Investors;

And;
Sheila Engel;

And;
1741 Broadway Associates, LP;

And;
Bertelsmann, Inc.;

And;
Bayerische Hypo-Und Vereinsbank, AG, New York Branch;

And;
DKE Realty Corp.;

And;
Any other entity the First Named Insured has agreed by written contract to provide insurance.

Jul-24-00 15:23 From- T-439 P.21/40 F-160

07/11/00 TUE 17:04 FAX

ALLIED COVERAGE CORP.
BONDS • INSURANCE
390 NORTH BROADWAY, CS9018
JERICHO, NY 11753-2110
(516) 733-9200

	07/11/00
RELATEDCOS	14444

INSURANCE BINDER

Endorsement

INSURED:

56th Street Associates, L.L.C.
625 Madison Avenue
New York, NY 10022

12/13/99	12/13/02	9SX12926200	Lumbermen's Mutual Casualty

Commercial Umbrella Coverage

Attn: Nancy Curtis
Lumbermen's Mutual Casualty

Please amend the above referenced Umbrella Liability Policy as follows:

*Amend the location to read:
West 56th Street & Broadway Project located at:
1741 Broadway, New York, NY
aka 1731-1737 Broadway , New York, NY
aka 1739 Broadway, New York, NY
aka 1743-1745 Broadway, New York, NY
aka 237-241 West 55th Street, New York, NY
aka 235 West 55th Street, New York, NY
aka 228-232 West 56th Street, New York, NY

*Amend the Schedule of Named Insureds to read as per the atttached schedule

Prepared by: Marianne Reardon 07/11/00
Allied Coverage Corp.

Premium _____ Telephone Confirmation With whom _____	Lumbermen's Mutual Co Authorized Representative _____
At Allied Coverage Corp. Refer To:	Admitted ☐ Non Admitted ☐

T-438 P.22/40 F-160

Jul-24-00 15:23 From-

56th Street Associates, L.L.C.
Owner Controlled Insurance Program
Schedule of Named Insureds
West 56th Street & Broadway Project

"Named Insured" means the organization, including any subsidiary thereof, Named in Item 1., in the Declarations and also includes any other subsidiary company which is acquired or formed by any Named Insured during the policy period and over which the Named Insured maintains ownership, Active Management, or financial control. Such insurance as may be afforded any newly acquired or formed company shall terminate within ninety days (90) of it's acquisition or formation unless reported in writing to the Company within said ninety days (90).

Item One:
56th Street Associates, L.L.C. and all enrolled contractors, as used herein shall mean contractors of all tiers who have been awarded a contract or have executed a Contract with the 56th Street Associates, L.L.C. and who perform operations at the Project Site.

And;
The Related Companies, L.P.

And;
The Related Companies, L.L.C.;

And;
Bertelsmann 56th Street Commercial, LLC;

And;
The Related Group;

And;
The Related Realty Group, Inc.;

And;
M-Related, L.L.C.;

And;
56th Street Retail, L.L.C.;

And;
Plaza Construction Corporation *and their respective* Parent Companies, Corporations and/or Partnerships, but only as respects their involvement in construction activities at and for the Project Site.

Excluded contractors are vendors, suppliers, fabricators, truckers, material dealers and others whose function is solely to supply or transport material, equipment or parts to or from the construction site.

Schedule of Additional Insureds

AMSI Investors: a New York Limited Partnership;

And;
Sheila Engel;

And;
1741 Broadway Associates LP;

And;
Bertelsmann, Inc.;

And;
Bayerische Hypo-Und Vereinsbank, AG, New York Branch, as Administrative Agent for Lender;

And;
Bayerische Hypo-Und Vereinsbank, AG, New York Branch, Loss Payee, as Agent for Insureds;

And;
DKE Realty Corp.;

And;
Any other entity the First Named Insured has agreed by written contract to provide insurance.

ALLIED COVERAGE CORP.
BONDS - INSURANCE
390 NORTH BROADWAY, CS9016
JERICHO, NY 11753-2110
(516) 733-9200

DATE
12/22/99

CLIENT CODE	ORDER NO.
RELATEDCOS	10432

INSURANCE BINDER

New Line

INSURED:

56th Street Associates, L.L.C.
625 Madison Avenue
New York, NY 10022

EFFECTIVE DATE	EXPIRATION DATE	POLICY NUMBER	INSURER
12/13/99	12/13/02	HXA6713840	Westchester Fire Insuranc C

COVERAGE DESCRIPTION AND AMOUNTS/LIMITS

Comm. Umbrella Excess Coverage

SCHEDULE OF NAMED INSUREDS:

Please see the attached Schedule of Named Insureds

SCHEDULE OF ADDITIONAL INSUREDS:

Please see the attached Schedule Additional Named Insureds

LOCATION:

West 56th Street & Broadway Project located at:
1741 Broadway, New York, NY

COMMERCIAL EXCESS UMBRELLA:

Limits of Liability are in excess of Lead Umbrella Limits of $50,000,000
$50,000,000 Per Occurrence
$50,000,000 Annual Aggregate Limit

COVERAGES/EXCLUSIONS/ENDORSEMENTS:

Asbestos Exclusion
Pollution Exclusion
Follow Form Endorsement
Employment Related Practices Exclusion
ERISA Exclusion
Professional Liability Exclusion (However, follow form underlying GL)
Securities and Financial Interests Exclusion
Auto Liability Exclusion
CCC Real & Personal Exclusion
Specific Job Endorsement
Three (3) Year Extended Completed Operations Endorsement (Aggregate applies one time for the entire extension period - no reinstatement)

UNDERLYING INFORMATION:

ALLIED COVERAGE CORP.
BONDS • INSURANCE
390 NORTH BROADWAY, CS9016
JERICHO, NY 11753-2110
(516) 733-9200

DATE
12/22/99

CLIENT CODE	ORDER NO.
RELATEDCOS	10432

INSURANCE BINDER

COVERAGE DESCRIPTION AND AMOUNTS/LIMITS

Lead Umbrella
Carrier: Kemper Insurance Company
Policy Number: 9SX12926200
Policy Period:12/13/99 to 12/13/02
Limits:
$50,000,000 Each Occurrence
$50,000,000 General Aggregate
$50,000,000 Products/Completed Operations Aggregate
$ 25,000 Self Insured Retention

Premium $75,000 - $25,000 Annual Minimum Premium

Bound with: Kathy Broschart, Atlantic Star Intermediaries
Bound by: Jim Vinson, Allied Coverage Corp.
Prepared by: Marianne Iannone, Allied Coverag Corp. 12/22/99

Premium _____
Telephone Confirmation
With whom _____

Westchester Fire Insu
Authorized Representative _____

At Allied Coverage Corp. Refer To:

Admitted ☐ Non Admitted ☐

Jul-24-00 15:24 From- T-438 P.26/40 F-160

56th Street Associates. L.L.C.
Owner Controlled Insurance Program
Schedule of Named Insureds
West 56th Street & Broadway Project

"Named Insured" means the organization, including any subsidiary thereof, Named in Item 1., in the Declarations and also includes any other subsidiary company which is acquired or formed by any Named Insured during the policy period and over which the Named Insured maintains ownership, Active Management, or financial control. Such insurance as may be afforded any newly acquired or formed company shall terminate within ninety days (90) of it's acquisition or formation unless reported in writing to the Company within said ninety days (90).

Item One:

56th Street Associates, L.L.C. and all enrolled contractors, as used herein shall mean contractors of all tiers who have been awarded a contract or have executed a Contract with the 56th Street Associates, L.L.C. and who perform operations at the Project Site.

And;
The Related Companies, L.P.

And;
The Related Companies, L.L.C.;

And;
Bertelsmann 56th Street Commercial LLC;

And;
The Related Group;

And;
Plaza Construction Corporation and their respective Parent Companies, Corporations and/or Partnerships, but only as respects their involvement in construction activities at and for the Project Site.

Excluded contractors are vendors, suppliers, fabricators, truckers, material dealers and others whose function is solely to supply or transport material, equipment or parts to or from the construction site.

Schedule of Additional Insureds

AMSI Investors;

And;
Sheila Engel;

And;
1741 Broadway Associates, LP;

And;
Bertelsmann, Inc.;

And;
Bayerische Hypo-Und Vereinsbank, AG, New York Branch;

And;
DKE Realty Corp.;

And;
Any other entity the First Named Insured has agreed by written contract to provide insurance.

07/11/00 TUE 17:05 FAX 011

ALLIED COVERAGE CORP.
BONDS • INSURANCE
380 NORTH BROADWAY, CS9016
JERICHO, NY 11753-2110
(516) 733-9200

Page 1 of 1

07/11/00

RELATEDCOS	14445

INSURANCE BINDER

Endorsement

INSURED:

56th Street Associates, L.L.C.
625 Madison Avenue
New York, NY 10022

12/13/99	12/13/02	HXA6713840	Westchester Fire Insuranc C

Comm. Umbrella Excess Coverage

Attn: Kathy Broschart
Atlantic Star Intermediaries

Please amend the above referenced Excess Liability Policy as follows:

*Amend the location to read:
West 56th Street & Broadway Project located at:
1741 Broadway, New York, NY
aka 1731-1737 Broadway, New York, NY
aka 1739 Broadway, New York, NY
aka 1743-1745 Broadway, New York, NY
aka 237-241 West 55th Street, New York, NY
aka 235 West 55th Street, New York, NY
aka 228-232 West 56th Street, New York, NY

*Amend the Schedule of Named Insureds to read as per the attached schedule

Prepared by: Marianne Reardon 07/11/00
Allied Coverage Corp.

Premium _____ Westchester Fire Insu

Telephone Confirmation
With whom _____ Authorized Representative _____

At Allied Coverage Corp. Refer To:

Admitted ☐ Non Admitted ☐

T-439 P.29/40 F-160

Jul-24-00 15:25 From-

56th Street Associates, L.L.C.
Owner Controlled Insurance Program
Schedule of Named Insureds
West 56th Street & Broadway Project

"Named Insured" means the organization, including any subsidiary thereof, Named in Item 1., in the Declarations and also includes any other subsidiary company which is acquired or formed by any Named Insured during the policy period and over which the Named Insured maintains ownership, Active Management, or financial control. Such insurance as may be afforded any newly acquired or formed company shall terminate within ninety days (90) of it's acquisition or formation unless reported in writing to the Company within said ninety days (90).

Item One:
56th Street Associates, L.L.C. and all enrolled contractors, as used herein shall mean contractors of all tiers who have been awarded a contract or have executed a Contract with the 56th Street Associates, L.L.C. and who perform operations at the Project Site.

And;
The Related Companies, L.P.

And;
The Related Companies, L.L.C.;

And;
Bertelsmann 56th Street Commercial, LLC;

And;
The Related Group;

And;
The Related Realty Group, Inc.;

And;
M.Related, L.L.C.;

And;
56th Street Retail, L.L.C.;

And;
Plaza Construction Corporation and their respective Parent Companies, Corporations and/or Partnerships, but only as respects their involvement in construction activities at and for the Project Site.

Excluded contractors are vendors, suppliers, fabricators, truckers, material dealers and others whose function is solely to supply or transport material, equipment or parts to or from the construction site.

Schedule of Additional Insureds

AMSI Investors: a New York Limited Partnership;

And;
Sheila Engel;

And;
1741 Broadway Associates LP;

And;
Bertelsmann, Inc.;

And;
Bayerische Hypo-Und Vereinsbank, AG, New York Branch, as Administrative Agent for Lender;

And;
Bayerische Hypo-Und Vereinsbank, AG, New York Branch, Loss Payee, as Agent for Insureds;

And;
DKE Realty Corp.;

And;
Any other entity the First Named Insured has agreed by written contract to provide insurance.

DISTINGUISHED PROGRAMS

Builders Risk

Jul-24-00 15:26 From- T-439 P.32/40 F-160

Distinguished
Properties
INSURANCE BROKERAGE CORP.
6 East 43rd Street New York, NY 10017-4609
Tel: (212) 297-3100 • Fax (212) 297-3130

Date: July 5th, 2000

INSURANCE BINDER REVISED
Named Insured/Location Description/
Mortgagee/Loss Payee Up-Date

56th Street Associates, L.L.C., etal
235 West 55th St. etc.
New York, NY

Effective Date	Expiration Date	Policy Number	Company
06/14/00	12/14/2002	IMA 649097	ACE USA/Westchester Fire

Coverage Description and Amounts/Limits

BUILDERS RISK : Effective: June 14th, 2000 Estimated Term of Project: 2 ½ years ending 12/14/2002
Add the following Builders Risk location per previously submitted application and quotations as follows:

Named Insured:	56th Street Associates, L.L.C., Bertelsmann 56th Street Commercial, LLC, The Related Companies, L. P., 56th Street Retail, L.L.C., M-Related, L.L.C., AMSI Investors, a New York Limited Partnership, 1741 Broadway Associates LP, Sheila Engel.
Additional Named Insured:	Plaza Construction Corporation, Inc. (With respect to its materials which are to become part of the building).
Covered Locations:	1731-1737 Broadway, 1739 Broadway, 1741 Broadway, 1743-1745 Broadway, 237-241 West 55th Street, 235 West 55th Street, 228-232 West 56th Street, and Tax block 1027, Lots 12, 15, 48, 49, and 51.
Mortgagees:	Bayerische Hypo-Und Vereinsbank AG, New York Branch, as Administrative Agent for Lenders.
Depository:	Bayerische Hypo-Und Vereinsbank AG, New York Branch, Loss payee, as Agent for Insureds.

Coverage Basis: "All Risk" including Flood & Earthquake (subject to policy terms, conditions, exclusions)

Deductibles:	All Risk: $25,000 Flood/Quake: $50,000 Soft Costs: 10 days	Valuation: Real & Personal Property: Time Element	Completed Value Form Replacement Cost Actual Loss Sustained
Hard Costs:	$171,000,000	Soft Costs:	$ 30,000,000
Business Income:	$ 10,000,000	Rental Value:	$ 2,000,000
[Includes Subsequent Loss of use of projected profit due to delay caused by covered loss as per form)		Flood & Earthquake:	$ 50,000,000 Annual Aggregate
Ordinance/Increased Cost of Construction/Demolition		$10,000,000	
Equipment Breakdown:	$ 5,000,000	Expediting Expenses: $2,500,000	
In Transit: $1,000,000/ Off Site	$ 1,000,000	Debris Removal: $500,000/ Pollution Cleanup	$250,000
Fire Dept. Fees: $100,000/ Sidewalks, curbs:	$100,000	Valuable Papers $100,000/ Civil Authority	30 Days
Rate for Term of Project:	.044	(2 ½ years)	
Annual Premium:	$93,000	Term Premium: $232,500	
Installments: Quarterly applicable to term premium:		$58,125 Due: 6/14/00; 09/14/00; 12/14/00; 03/14/01	

Premium _____

Telephone Confirmation with Christine Santiago

By Whom: Carole J. Mahon

Date _____

Distinguished Properties Insurance Brokerage Corp.

The undersigned company agrees, for its respectively interest only and to the extent respectively indicated, to effect insurance or changes as set forth. This agreement is binding for account of the Assured until acceptance of satisfactory policy and/or endorsement and/or term agreed to by Distinguished Properties Insurance Brokerage Corp. and/or its subsidiaries and affiliates. This Binder is issued for a period of 60 days and automatically will be extended for additional consecutive periods of 60 days until acceptance of the Policy, Bond and/or Endorsement by the Assured.

Name of Underwriter

(Print or Type) Christine Santiago

Signature

T-439 P.33/40 F-180
Jul-24-00 15:26 From-

ACE USA Builders Risk Soft Costs Coverage

General Policy Information

Named Insured:

Endorsement Number:

Policy Symbol:

Policy Number:

Policy Period: to

Effective date of Endorsement:

Issued by:
(Name of Insurance Company)

This Endorsement changes the policy - Please read it carefully
This endorsement changes your policy as follows:

1. Coverage

We will pay for those necessary expenses, referred to herein as *Soft Costs*, as defined below, which would not have been incurred if not for a delay in the *completion date* of the Covered Property described in the Declarations. This delay must be caused by or be the result of a Covered Cause of *Loss* under the Builders Risk Coverage Form. All Exclusions and Conditions applicable under the Builders Risk Coverage Form also apply to this coverage.

Soft Costs means those expenses relating to Covered Property consisting of:

a. Advertising and promotional expenses;
b. Architectural and/or engineering supervisory services and consulting fees;
c. Audit and bookkeeping services;
d. Commissions or fees for the renegotiation of leases;
e. Fees for licenses and permits;
f. Insurance premiums for the Builders Risk, Workers' Compensation and General Liability Insurance;
g. Interest on the construction loan;
h. Realty taxes and other assessments;
i. Rental or lease expense of construction equipment;
j. Legal and accounting fees.

2. Limits of Insurance

The most we will pay for *Soft Costs* is the applicable limit of insurance shown in the Builders Risk Policy Declarations.

3. Deductible

We will not pay a *loss* for *Soft Costs* until the adjusted claim exceeds the deductible. We will determine the amount to pay you by subtracting the amount of the deductible from the amount of adjusted claim. This is done separately for each occurrence of *loss*. The amount of the deductible is shown on the Declarations.

If the applicable deductible is shown as days, the number of days shown must expire before we will cover your *Soft Costs loss* and those days not counted are not part of the calculation of your *loss*.

4. Additional Exclusions

We will not cover *loss* caused by or resulting from:

a. Delay caused by strikers, or anyone else at a covered location, interfering with efforts to repair damage or resume business;
b. Damages for breach of contract, late or non-completion of orders, or for any penalties of any nature;
c. The suspension, lapse or cancellation of any lease, license, contract or order; or
d. The unavailability of funds for repair or reconstruction; or
e. The unavailability of subcontractors;
f. Faulty workmanship, defective materials, or faulty construction methods unless we pay for *loss* to the Covered Property at the scheduled location;
g. Errors, omissions, or defects in the design, drawings or planning of the building or structure.
h. The enforcement of any ordinance or law that:
(1) Regulates the construction, use or repair, or requires the tearing down of any property; or
(2) Requires any insured or others to test for, monitor, *clean-up*, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of *pollutants*.

DELETED

5. Additional Conditions

a. **YOUR RESPONSIBILITY FOR REDUCING YOUR *LOSS***
It is a condition of this coverage that you will make every attempt, in the event of a *loss*, to reduce the resultant start-up delay of business by:

(1) Making complete or partial use of the Covered Property or other properties at the scheduled location or another location;
(2) Making use of other machinery, equipment, supplies;
(3) Minimizing any interference with the construction schedule to avoid or reduce any resulting delay; or
(4) Doing everything you reasonably can to minimize the *loss*.

b. **EXPENSES FOR REDUCING YOUR *LOSS***
We will also pay any expenses you have that actually reduce your *loss* (except expenses for putting out a fire). But, the amount we pay for these expenses may not total more than the amount by which they reduce in *loss*.

5. Additional Comments
(Continued)

c. CIVIL AUTHORITY
We will pay for actual *Soft Costs loss* you sustain caused by action of civil authority that prohibits access to the location(s) described in the Declarations due to direct physical *loss* to property, other than at the location(s) described in the Declarations, caused by or resulting from a covered cause of *loss*. This coverage will apply for a period of up to two consecutive weeks from the date of that action.

d. AUTOMATIC REINSTATEMENT
It is agreed that the Limits of Insurance under *Soft Costs* Coverage will not be reduced by the sum paid in any one *loss* and will continue in the full amount during the term of this policy.

Definitions

1. *"Completion Date"* means the date the structure would have been completed if a *loss* had not occurred.

Authorized Agent

ACE USA Builders Risk Ordinance Or Law Coverage Endorsement

General Policy Information

Named Insured:

Endorsement Number:

Policy Symbol:

Policy Number:

Policy Period: to

Effective date of Endorsement:

Issued by:
(Name of Insurance Company)

This Endorsement changes the policy - Please read it carefully
This endorsement changes your policy as follows:

Endorsement Information

SCHEDULE

Description of Covered Property	
Coverage A	☐
Coverage B - Limit of Insurance	$
Coverage C - Limit of Insurance	$

Description of Covered Property	
Coverage A	☐
Coverage B - Limit of Insurance	$
Coverage C - Limit of Insurance	$

Endorsement Information
(continued)

Description of Covered Property	
Coverage A	☐
Coverage B - Limit of Insurance	$
Coverage C - Limit of Insurance	$

Each Coverage - Coverage A, Coverage B and Coverage C - applies only if that Coverage(s) is chosen by entry in the above Schedule and then only with respect to the Building property identified for that Coverage(s) in the Schedule.

I. Coverage

1. Coverage A - Coverage For Loss to the Undamaged Portion of the Building

If a Covered Cause of Loss occurs to covered Building property, we will pay under Coverage A for the loss in value of the undamaged portion of the building as a consequence of enforcement of any ordinance or law that is in force at the time of loss and that:

a. Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;

b. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises.

Coverage A is included within the Limit of Insurance shown in the Declarations as applicable to the covered Building coverage. Coverage A does not increase the applicable Limit of Insurance for covered Building property. Any payment under Coverage A will count against the Limit of Insurance for covered Building property.

2. Coverage B - Demolition Cost Coverage

If a Covered Cause of Loss occurs to covered Building property, we will pay the cost to demolish and clear the site of undamaged parts of the property caused by enforcement of building, zoning or land use ordinance or law that is in force at the time of loss.

The Coinsurance Agreement does not apply to Demolition Cost Coverage.

3. Coverage C - Increased Cost of Construction Coverage

a. If a Covered Cause of Loss occurs to the Covered Property, we will pay for the increased cost to:

(1) Repair or reconstruct damaged portions of that Building property; and/or

II. Loss Payment (Continued)

(2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the lesser of:

(1) The increased cost of construction at the same premises; or

(2) The applicable Limit of Insurance shown for Coverage C in the Schedule above.

c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C is the lesser of:

(1) The increased cost of construction at the new premises; or

(2) The applicable Limit of Insurance shown for Coverage C in the Schedule above.

III. Coverage Information

III. If this endorsement is attached to a policy which provides coverage on previously existing building(s) or structure(s) to which renovation, remodeling or other work is being done, this endorsement does not apply to the previously existing building(s) or structure(s).

IV. The terms of this endorsement apply separately to each building to which this endorsement applies.

V. Under this endorsement we will not pay for loss due to any ordinance or law that:

(1) You were required to comply with before the loss, even if the building was undamaged; and

(2) You failed to comply with such ordinance or law before the loss.

VI. We will not pay under this endorsement for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", including asbestos or asbestos containing materials.

Authorized Agent

II. Loss Payment
(Continued)

(2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the lesser of:

(1) The increased cost of construction at the same premises; or

(2) The applicable Limit of Insurance shown for Coverage C in the Schedule above.

c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C is the lesser of:

(1) The increased cost of construction at the new premises; or

(2) The applicable Limit of Insurance shown for Coverage C in the Schedule above.

III. Coverage Information

III. If this endorsement is attached to a policy which provides coverage on previously existing building(s) or structure(s) to which renovation, remodeling or other work is being done, this endorsement does not apply to the previously existing building(s) or structure(s).

IV. The terms of this endorsement apply separately to each building to which this endorsement applies.

V. Under this endorsement we will not pay for loss due to any ordinance or law that:

(1) You were required to comply with before the loss, even if the building was undamaged; and

(2) You failed to comply with such ordinance or law before the loss.

VI. We will not pay under this endorsement for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", including asbestos or asbestos containing materials.

Authorized Agent

EXHIBIT F

(Owner Building Area Ratio Certification)

SOM

21 July, 2000

AMSI Investors
21 East 66 Street
New York, New York 10021

Sheila Engel
[redacted]

1741 Broadway Associates LP
c/o Blank Rome Tenzer Greenblatt LLP
405 Lexington Avenue
New York, New York 10174

Bertelsmann 56th Street Commercial LLC
c/o The Related Companies, L.P.
625 Madison Avenue
New York, New York 10022

56th Street Associates, L.L.C.
c/o The Related Companies, L.P.
625 Madison Avenue
New York, New York 10022

Re: Owner Building Area Ratio -- West 55th and 56th Streets and Broadway
New York, New York

Ladies and Gentlemen:

Floor area schedule indicating the gross floor area of the residential and commercial spaces at the subject premises is as follows: The commercial space is approximately (649905sq. ft.) and is equal to 72.78% of the total area. The residential space is approximately (243012sq. ft.) and is equal to 27.22% of the total area.

Very truly yours

Hamid Kia
For Skidmore, Owings & Merrill LLp

Skidmore, Owings & Merrill LLP
14 Wall Street, New York, New York 10005
212 298-9300, Fax 212 298-9500, www.som.com

EXHIBIT F-1

(Owner Glass Area)

SKIDMORE, OWINGS & MERRILL LLP

RANDOM HOUSE July 19, 2000

GLASS AREA SUMMARY FOR RECIPROCAL EASEMENT AGREEMENT

RESIDENTIAL GLASS AREA

=123,718.87 sq. ft.
= 50.4% of the total glass area of the building

Notes:
1. All spandrel glass is included.
2. Area of glass at Health Club, although below the line, is included.

COMMERCIAL GLASS AREA

= 121,661.21 sq. ft..
= 49.6% of the total glass area of the building

Notes:
1. All vision and spanrel glass is included. Stone areas are not included.

EXHIBIT G

(Attached Plans)

EXHIBIT "9"

CERTIFICATION OF SPONSOR AND PRINCIPALS

CERTIFICATION OF SPONSOR AND PRINCIPALS

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

Re: Condominium Offering Plan
The Park Imperial
230 West 56th Street
New York, New York 10019

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 responsibilities 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 documents submitted hereafter by us which amend or supplement the offering plan will:

(i) set forth the detailed terms of the transaction and be complete, current and accurate;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;

(iii) not omit any material fact;

(iv) not contain any untrue statement of a material fact;

(v) not contain any fraud, deception, concealment, 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 I/we:

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the 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.

SPONSOR:

56th Street Associates, L.L.C.
By: Related 56th Street, LLC, Managing Member
By: The Related Companies, L.P. Managing Member
By: Related Realty Group, Inc., General Partner

By:_____
Name: Jeff T. Blau
Title: Vice President

Sworn to before me this
19th day of October, 2000

Notary Public

LINDA A. SHAY
NOTARY PUBLIC, State of New York
No. 4855772
Qualified in Suffolk County
Commission Expires August 25, 2002

SPONSOR'S PRINCIPALS:

Sworn to before me this
19th day of October, 2000
Linda A. Shay
Notary Public
LINDA A. SHAY
NOTARY PUBLIC, State of New York
No 4862312
Qualified in Suffolk County
Commission Expires August 25, 2002

Stephen M. Ross

Sworn to before me this
19th day of October, 2000
Linda A. Shay
Notary Public
LINDA A. SHAY
NOTARY PUBLIC, State of New York
No 4862312
Qualified in Suffolk County
Commission Expires August 25, 2002

David J. Wine

Sworn to before me this
19th day of October, 2000
Linda A. Shay
Notary Public
LINDA A. SHAY
NOTARY PUBLIC, State of New York
No 4862312
Qualified in Suffolk County
Commission Expires August 25, 2002

Jeff T. Blau

Sworn to before me this
19th day of October, 2000
Linda A. Shay
Notary Public
LINDA A. SHAY
NOTARY PUBLIC, State of New York
No 4862312
Qualified in Suffolk County
Commission Expires August 25, 2002

Bruce A. Beal, Jr.

EXHIBIT "10"

CERTIFICATION OF SPONSOR'S ARCHITECT

Certification of Developer's Architect Pursuant to
Section 20.4(c) of the Regulations Issued
Pursuant to General Business Law
Article 23-A, as Amended

New York State Department of law
120 Broadway
23rd Floor
New York, NY 10271

Attn: Real Estate Financing Bureau

Re: 230 West 56th Street

The Developer of the captioned property retained our firm to prepare a report disclosing the construction of the project when constructed (the "Report"). We prepared the architectural plans and outline specifications (excavation was approved on November 12,1999 and foundation was approved on February 14,2000 by the Department of Buildings; construction permit was issued on May 15, 2000) and prepared the Report dated October 1, 2000 a copy of which is intended to be incorporated into the Offering Plan so that prospective purchasers may rely on the Report.

I am a registered architect in the state in which the property is located.

I understand that I am 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 this report.
I 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 offer is made.

I certify the Report:

1) Sets forth in narrative form the description of the entire property as it will exist upon completion of construction provided construction is in accordance with the plans and specifications that I prepared;

2) in my professional opinion affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the description of the property, as it will exist upon completion of construction provided that construction is in accordance with the plans and specifications that I prepared

3) does not omit any material fact;

4) does not contain any untrue statement of material fact;

5) does not contain any fraud, deception, concealment, or suppression;

6) does not contain any promise or representation as to the future which is beyond reasonable expectation or

unwarranted by existing circumstances;

7) does not contain any representation or statement which is false, where I: (a) knew the truth (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representations or statement made.

I further certify that I am not owned or controlled by and have no beneficial interest in the Developer and that my compensation for preparing this report is not contingent on the conversion of the property to condominium ownership or the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

ALEX KARPINSKI
Notary Public, State of New York
No. 01KA526180
Qualified in New York County
Commission Expires May 31, 2002

Ismael Leyva, AIA

State of New York
County of New York
Subscribed and sworn (affirmed)
before me this 3 day of Oct 2000

L.S. Alex Karpinski

EXHIBIT "11"

CERTIFICATION OF SPONSOR'S EXPERT CONCERNING ADEQUACY OF BUDGET

Rose Associates, Inc.

200 Madison Avenue
New York, NY 10016-3998

October 2, 2000

EXPERT'S CERTIFICATION REGARDING ADEQUACY OF BUDGET

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

RE: The Park Imperial
230 West 56th Street

Gentlemen:

The Sponsor of the Condominium Offering Plan for the captioned property retained our firm to prepare Schedule B containing projections of income and expenses for the first year of Condominium operation. Our experience in this field includes the management of approximately 50 cooperatives and condominiums throughout Manhattan and we have been in business for over thirty five years.

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 Schedule B.

We have reviewed the Schedule and investigated the facts set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for this certification. We have also relied on our experience in managing residential buildings.

We certify that the projections in Schedule B 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 condominium operation.

We certify that the Schedule:

(i) sets forth in detail the projected income and expenses 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;

(2)

(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 statements 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 owner 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.

ROSE ASSOCIATES, INC.

By: _____
Jerry Morris
Managing Director

Sworn to before me this
2nd day of October, 2000

Mara Perry

Notary Public

MARA PERRY
NOTARY PUBLIC, State of New York
No. 01PE4863884
Qualified in New York County
Commission Expires June 23, 2002

EXHIBIT "12"

ESCROW AGREEMENT FOR OFFERING PLAN

ESCROW AGREEMENT FOR OFFERING PLAN

AGREEMENT made this ____ day of _____ 20__, between 56th Street Associates, L.L.C. ("SPONSOR") as sponsor of the Offering Plan (defined below) and Stroock & Stroock & Lavan LLP ("ESCROW AGENT") as escrow agent.

WHEREAS, SPONSOR is the sponsor of an offering plan for premises known as The Park Imperial, New York, New York (the "Offering Plan"); and

WHEREAS, Stroock & Stroock & Lavan LLP is authorized to act as an escrow agent hereunder in accordance with General Business Law ("GBL") Section 352-e(2-b) and the Attorney General's regulations promulgated thereunder; and

WHEREAS, SPONSOR desires that ESCROW AGENT act as escrow agent for deposits and payments by purchasers or subscribers, pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby agree as follows:

A. ESTABLISHMENT OF THE ESCROW ACCOUNT.

1. 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 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 Bayerische Hypo-und Vereinsbank AG, New York Branch, at its branch located at 150 East 42nd Street, New York, New York 10081 entitled Stroock & Stroock Escrow Account, Account #[redacted] (the "Master Escrow Account").

2. All Deposits will be placed initially in a non-interest bearing checking portion of the Master Escrow Account. At such time as ESCROW AGENT receives a completed and signed Form W-9 (Request for Taxpayer Identification Number) or Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding), as applicable, from a Purchaser, the Deposit of such Purchaser will be promptly transferred from the non-interest bearing checking portion of the Master Escrow Account into an individual interest bearing sub-escrow savings account in the name of such Purchaser. At such time as the Deposit is released, the Deposit will be transferred from the individual sub-escrow savings account to the non-interest bearing checking portion of the Master Escrow Account so that checks may be drawn thereon.

3. Partners or attorneys employed by ESCROW AGENT are the sole signatories on the Master Escrow Account.

4. The Master Escrow Account is not an IOLA account established pursuant to Judiciary Law Section 497.
5. All interest will be credited to Purchaser at such time as: (i) there is a closing under the Contract of Sale (defined below), or (ii) Purchaser is entitled to a return of the Deposit. All interest will be credited to SPONSOR only in the event Purchaser defaults.

B. DEPOSITS INTO THE ESCROW ACCOUNT.

1. All funds received from Purchasers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be deposited into the Master Escrow Account. All instruments to be deposited into the Master Escrow Account shall be made payable directly to the order of "Stroock & Stroock & Lavan LLP, as Escrow Agent." Endorsed instruments will not be accepted. Any instrument payable other than as required hereby, and which cannot be deposited into the Master Escrow Account, shall be returned to the Purchaser promptly, but in no event more than five (5) business days following receipt of such instrument by ESCROW AGENT. In the event of such return of funds, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.
2. Within ten (10) business days after tender of the Deposit submitted with the Agreement or subscription agreement ("Contract of Sale"), ESCROW AGENT shall notify the Purchaser of the deposit of such funds in the Master Escrow Account, provide the account number, and disclose the initial interest rate. If the Purchaser does not receive notification of such deposit within fifteen (15) business days after tender of the Deposit, the Purchaser may cancel the Contract of Sale and rescind within ninety (90) days after tender of the Deposit, or may apply to the Attorney General for relief. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit was timely deposited in accordance with the Attorney General's regulations and requisite notice was timely mailed to the Purchaser.

C. RELEASE OF FUNDS.

1. Consummation of the Offering Plan does not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.
2. ESCROW AGENT shall continue to hold the Deposit in escrow until otherwise directed in (a) a writing signed by both Sponsor and Purchaser or (b) a determination of the Attorney General or (c) a judgment or order of a court of competent jurisdiction or until released pursuant to the regulations of the Attorney General pertaining to release of escrowed funds.
3. SPONSOR shall not object and will be deemed to have agreed, without the need for a written agreement, to the release of the Deposit to: (a) a Purchaser who timely rescinds in accordance with an offer of rescission contained in the Offering Plan or an amendment to the Offering Plan, or (b) all Purchasers after an amendment abandoning the Offering Plan is accepted for filing by the Department of Law.
4. In the event SPONSOR and a Purchaser close title under the Contract of Sale, ESCROW AGENT shall be entitled to release the Deposit to SPONSOR without the need for a written agreement from Purchaser.

5. Except as otherwise set forth above, if there is no written agreement between the parties to release the Deposit, ESCROW AGENT shall not pay the funds to SPONSOR until ESCROW AGENT has given the Purchaser written notice of not fewer than ten (10) business days. Thereafter, the Deposit may be paid to SPONSOR unless the Purchaser has made application to the Department of Law pursuant to the dispute resolution provisions contained in the Attorney General's regulations and ESCROW AGENT has received notice from the Purchaser in accordance with such provisions.

D. RECORDKEEPING.

1. ESCROW AGENT shall maintain all records concerning the Master Escrow Account for seven years after release of the funds.
2. Upon the dissolution of ESCROW AGENT, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm or by the successor firm and shall notify the Department of Law of such transfer.
3. ESCROW AGENT shall make available to the Attorney General, upon request, all books and records of ESCROW AGENT relating to the funds deposited and disbursed hereunder.

E. GENERAL OBLIGATIONS OF ESCROW AGENT.

1. ESCROW AGENT shall maintain the Master Escrow Account under its direct supervision and control.
2. A fiduciary relationship shall exist between ESCROW AGENT and Purchasers, and ESCROW AGENT acknowledges its fiduciary obligations.
3. ESCROW AGENT shall not be liable to SPONSOR for any error in judgment, mistake of fact or law or for any act or omission on ESCROW AGENT'S part, including, without limitation, any act or omission which permits a Purchaser to rescind a Contract of Sale, unless taken or suffered in bad faith or in willful disregard of this Agreement or involving gross negligence on the part of ESCROW AGENT.
4. ESCROW AGENT shall be permitted to act as counsel for SPONSOR in any dispute as to the disbursement of the Deposit or any other dispute between SPONSOR and a Purchaser whether or not ESCROW AGENT is in possession of the Deposit and continues to act as ESCROW AGENT.
5. ESCROW AGENT may rely upon any paper or document which may be submitted to it in connection with its duties under this Agreement and which is believed by ESCROW AGENT to be genuine and to have been signed or presented by the proper party or parties and shall have no liability or responsibility with respect to the form, execution or validity thereof.
6. ESCROW AGENT may consult with legal counsel selected by it and the opinion of such counsel shall be full and complete authorization and protection to ESCROW AGENT in respect of any action taken or omitted in good faith by ESCROW AGENT hereunder in accordance with the opinion of such counsel.

F. RESPONSIBILITIES OF SPONSOR.

1. SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall deliver all Deposits received by them prior to closing of an individual transaction to a designated attorney who is a member of or employed by ESCROW AGENT within two (2) business days of tender of the Deposit by a Purchaser, using such transmittal forms as required by ESCROW AGENT from time to time.
2. SPONSOR agrees that it shall not interfere with ESCROW AGENT'S performance of its fiduciary duties and compliance with the Attorney General's regulations.
3. SPONSOR shall obtain or cause the selling agent under the Offering Plan to obtain a completed and signed Form W-9 or W-8BEN, as applicable, from each Purchaser and deliver such form to ESCROW AGENT together with the Deposit and Contract of Sale.

G. TERMINATION OF AGREEMENT.

1. This Agreement shall remain in effect unless and until it is canceled by either:

   (a) Written notice given by SPONSOR to ESCROW AGENT of cancellation of designation of ESCROW AGENT to act in said capacity, which cancellation shall take effect only upon the filing of an amendment to the Offering Plan with the Department of Law providing for a successor escrow agent; or

   (b) The resignation of ESCROW AGENT upon giving notice to SPONSOR of its desire to so resign. Such resignation shall take effect on the date set forth in the notice from ESCROW AGENT, except such resignation shall take effect only upon the filing of an amendment to the Offering Plan with the Department of Law providing for a successor escrow agent with respect to Deposits held in the Master Escrow Account on the date of such resignation; or

   (c) all shares or units offered by SPONSOR pursuant to the Offering Plan have been sold and no Deposits of Purchasers from SPONSOR remain in the Master Escrow Account.

2. Upon termination of the duties of ESCROW AGENT as described in paragraph 7.1 (a) or (b) above, ESCROW AGENT shall deliver any and all funds held by ESCROW AGENT in escrow and any and all contracts or documents maintained by ESCROW AGENT relating to such funds to the new escrow agent.

H. SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon SPONSOR and ESCROW AGENT and their respective successors and assigns.

I. GOVERNING LAW.

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

A. ESCROW AGENT'S COMPENSATION.

SPONSOR agrees to pay ESCROW AGENT for services rendered by its attorneys and paralegals and expenses incurred by ESCROW AGENT in connection with this Agreement, including, without limitation, disputes arising with respect to the Deposit. SPONSOR shall not be charged with any administrative costs for maintenance of the Master Escrow

Account. ESCROW AGENT'S fees and disbursements shall neither be paid by SPONSOR from the Deposit nor deducted from the Deposit by any financial institution under any circumstance.

B. SEVERABILITY.

If any provision of this Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

C. INDEMNIFICATION

SPONSOR agrees to defend, indemnify and hold ESCROW AGENT harmless from and against all costs, claims, expenses and damages incurred in connection with or arising out of this Agreement or the performance or non-performance of ESCROW AGENT'S duties under this Agreement, except with respect to actions or omissions taken or suffered by ESCROW AGENT in bad faith or in willful disregard of this Agreement or involving gross negligence of Escrow Agent. This indemnity includes, without limitation, disbursements and attorneys' fees either paid to retain attorneys or representing the hourly billing rates with respect to legal services rendered by ESCROW AGENT to itself.

D. ENTIRE AGREEMENT.

This Agreement, read together with GBL Section 352-e(2-b) and the Attorney General's regulations, constitutes the entire agreement between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first written above.

ESCROW AGENT

STROOCK & STROOCK & LAVAN LLP

By: /s/_____
Name:
Title:

SPONSOR

56th Street Associates, L.L.C.
By: Related 56th Street, LLC, Managing Member
By: The Related Companies, L.P., Managing Member
By: Related Realty Group, Inc., General Partner

By: _____
Title:
Name:

EXHIBIT "13"

FORM W-9

Form **W-9**
(Rev. November 1999)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give form to the requester. Do NOT send to the IRS.

Please print or type

Name (If a joint account or you changed your name, see Specific Instructions on page 2.)

Business name, if different from above. (See Specific Instructions on page 2.)

Check appropriate box: ☐ Individual/Sole proprietor ☐ Corporation ☐ Partnership ☐ Other ▶ _____

Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

City, state, and ZIP code

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). However, if you are a resident alien OR a sole proprietor, see the instructions on page 2. For other entities, it is your employer identification number (EIN). If you do not have a number, see **How to get a TIN** on page 2.

Note: *If the account is in more than one name, see the chart on page 2 for guidelines on whose number to enter.*

Social security number

OR

Employer identification number

List account number(s) here (optional)

Part II For Payees Exempt From Backup Withholding (See the instructions on page 2.)

▶

Part III Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

Certification Instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 2.)

Sign Here Signature ▶ Date ▶

Purpose of form. A person who is required to file an information return with the IRS must get your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9, if you are a U.S. person (including a resident alien), to give your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are an exempt payee.

If you are a foreign person, IRS prefers you use a Form W-8 (certificate of foreign status). After December 31, 2000, foreign persons must use an appropriate Form W-8.

Note: *If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.*

What is backup withholding? Persons making certain payments to you must withhold and pay to the IRS 31% of such payments under certain conditions. This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

If you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return, payments you receive will not be subject to backup withholding. Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester, or
2. You do not certify your TIN when required (see the Part III instructions on page 2 for details), or
3. The IRS tells the requester that you furnished an incorrect TIN, or
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 3 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the Part II instructions and the separate **Instructions for the Requester of Form W-9.**

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name. If you are an individual, you must generally enter the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage, without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first and then circle the name of the person or entity whose number you enter in Part I of the form.

Sole proprietor. You must enter your individual name as shown on your social security card. You may enter your business, trade, or "doing business as" name on the business name line.

Other entities. Enter your business name as shown on required Federal tax documents. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or "doing business as" name on the business name line.

Part I — Taxpayer Identification Number (TIN)

You must enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see **How to get a TIN** below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, using your EIN may result in unnecessary notices to the requester.

Note: *See the chart on this page for further clarification of name and TIN combinations.*

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get **Form SS-5,** Application for a Social Security Card, from your local Social Security Administration office. Get **Form W-7,** Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN or **Form SS-4,** Application for Employer Identification Number, to apply for an EIN. You can get Forms W-7 and SS-4 from the IRS by calling 1-800-TAX-FORM (1-800-829-3676) or from the IRS's Internet Web Site at **www.irs.gov.**

If you do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester. Other payments are subject to backup withholding.

Note: *Writing "Applied For" means that you have already applied for a TIN OR that you intend to apply for one soon.*

Part II — For Payees Exempt From Backup Withholding

Individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends. For more information on exempt payees, see the separate Instructions for the Requester of Form W-9.

If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding. Enter your correct TIN in Part I, write "Exempt" in Part II, and sign and date the form.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester a completed Form W-8 (certification of foreign status).

Part III — Certification

For a joint account, only the person whose TIN is shown in Part I should sign (when required).

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified state tuition program payments, IRA or MSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to give your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA or MSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia to carry out their tax laws.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account [1]
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor [2]
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee [1]
b. So-called trust account that is not a legal or valid trust under state law	The actual owner [1]
5. Sole proprietorship	The owner [3]
For this type of account:	**Give name and EIN of:**
6. Sole proprietorship	The owner [3]
7. A valid trust, estate, or pension trust	Legal entity [4]
8. Corporate	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

[1] List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

[2] Circle the minor's name and furnish the minor's SSN.

[3] You must show your individual name, but you may also enter your business or "doing business as" name. You may use either your SSN or EIN (if you have one).

[4] List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

Note: *If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.*

EXHIBIT "14"

FORM W-8BEN

Form **W-8BEN**
(October 1998)
Department of the Treasury
Internal Revenue Service

Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding

▶ Section references are to the Internal Revenue Code. ▶ See separate instructions.
▶ Give this form to the withholding agent or payer. Do not send to the IRS.

OMB No. 1545-1621

Do not use this form for: — **Instead, use Form:**

- A U.S. citizen or other U.S. person, including a resident alien individual W-9
- A foreign partnership (see instructions for exceptions) ..... W-8ECI or W-8IMY
- A foreign government, international organization, foreign central bank of issue, tax-exempt organization, or private foundation, claiming the applicability of section(s) 501(c), 892, 895, or 1443(b) ..... W-8ECI or W-8EXP
- A person acting as an intermediary W-8IMY
- A person claiming an exemption from U.S. withholding on income effectively connected with the conduct of a trade or business in the United States W-8ECI

Part I Identification of Beneficial Owner (See instructions.)

1 Name of individual or organization that is the beneficial owner

2 Country of incorporation or organization

3 Type of beneficial owner ☐ Individual ☐ Corporation ☐ Disregarded entity ☐ Partnership ☐ Trust ☐ Estate
☐ Foreign government ☐ International organization ☐ Foreign central bank of issue ☐ Foreign tax-exempt organization

4 Permanent residence address (street, apt. or suite no., or rural route). Do not use a P.O. box.

City or town, state or province. Include postal code where appropriate. | Country (do not abbreviate)

5 Mailing address (if different from above)

City or town, state or province. Include postal code where appropriate. | Country (do not abbreviate)

6 U.S. taxpayer identification number, if required (see instructions) ☐ SSN or ITIN ☐ EIN

7 Foreign tax identifying number, if any (optional)

8 Account number(s) (optional)

Part II Claim of Tax Treaty Benefits (if applicable)

9 **I certify that (check all that apply):**

a ☐ The beneficial owner is a resident of _____ within the meaning of the income tax treaty between the United States and that country.

b ☐ If required, the U.S. taxpayer identification number is stated on line 6 (see instructions).

c ☐ The beneficial owner is not an individual, derives the income for which the treaty benefits are claimed, and, if applicable, meets the requirements of the treaty article dealing with limitation on benefits (see instructions).

d ☐ The beneficial owner is not an individual, is claiming treaty benefits for dividends received from a foreign corporation or interest from a U.S. trade or business of a foreign corporation, and meets qualified resident status (see instructions).

e ☐ The beneficial owner is related to the person obligated to pay the income within the meaning of section 267(b) or 707(b), and will file Form 8833 if the amount subject to withholding received during a calendar year exceeds, in the aggregate, $500,000.

10 **Special rates and conditions** (if applicable — see instructions): The beneficial owner is claiming the provisions of Article _____ of the treaty identified on line 9a above to claim a _____ % rate of withholding on (specify type of income): _____.
Explain the reasons the beneficial owner meets the terms of the treaty article: _____

Part III Notional Principal Contracts

11 ☐ I have provided or will provide a statement that identifies those notional principal contracts from which the income is not effectively connected with the conduct of a trade or business in the United States. I agree to update this statement as required.

Part IV Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

- I am the beneficial owner (or am authorized to sign for the beneficial owner) of all the income to which this form relates,
- The beneficial owner is a foreign person,
- The income to which this form relates is not effectively connected with the conduct of a trade or business in the United States,
- For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions,
- Any income from a notional principal contract to which this form relates is not effectively connected with the conduct of a trade or business within the United States, and
- I am not a former citizen or long-term resident of the United States subject to section 877 (relating to certain acts of expatriation) or, if I am subject to section 877, I am nevertheless entitled to treaty benefits with respect to the amounts received.

Sign Here ▶ _____ (Signature of beneficial owner (or individual authorized to sign for beneficial owner)) _____ (Date) _____ (Capacity in which acting)

Instructions for Form W-8BEN

Department of the Treasury
Internal Revenue Service

(October 1998)

Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Form. Foreign persons are subject to U.S. tax at a 30% rate on income they receive from U.S. sources that consists of:

- Interest (including certain original issue discount (OID));
- Dividends;
- Rents;
- Royalties;
- Premiums;
- Annuities;
- Compensation for, or in expectation of, services performed;
- Substitute payments in a securities lending transaction; or
- Other fixed or determinable annual or periodical gains, profits, or income.

This tax is imposed on the gross amount paid and is generally collected by withholding on that amount. A payment is considered to have been made whether it is made directly to the beneficial owner or to another person, such as an intermediary, agent, or partnership, for the benefit of the beneficial owner.

If you receive certain types of income, you must provide Form W-8BEN to:

- Establish that you are a foreign person;
- Claim that you are the beneficial owner of the income for which Form W-8BEN is being provided; and
- If applicable, claim a reduced rate of, or exemption from, withholding as a resident of a foreign country with which the United States has an income tax treaty.

You may also be required to submit Form W-8BEN to claim an exception from domestic information reporting and backup withholding at a 31% rate, including for certain types of income that are not subject to foreign-person withholding. Such income includes:

- Broker proceeds.
- Short-term (183 days or less) original issue discount (OID).
- Bank deposit interest.
- Foreign source interest, dividends, rents, or royalties.
- Proceeds from a wager placed by a nonresident alien individual in the games of blackjack, baccarat, craps, roulette, or "big 6" wheel.

You may also use Form W-8BEN to certify that income from a notional principal contract is not effectively connected with the conduct of a trade or business in the United States.

A withholding agent or payer of the income may rely on a properly completed Form W-8BEN to treat a payment associated with the Form W-8BEN as a payment to a foreign person who beneficially owns the amounts paid. If applicable, the withholding agent may rely on the Form W-8BEN to apply a reduced rate of withholding at source.

Provide Form W-8BEN to the withholding agent or payer before income is paid or credited to you. Failure to provide a Form W-8BEN when requested may lead to withholding of a 30% or 31% amount from the payment.

Who must file. You must give Form W-8BEN to the withholding agent or payer if you are a foreign person and you are the beneficial owner of an amount subject to withholding. Submit Form W-8BEN when requested by the withholding agent or payer whether or not you are claiming a reduced rate of, or exemption from, withholding.

DO NOT use Form W-8BEN if:

- You are a U.S. citizen (even if you reside outside the United States) or other U.S. person (including a resident alien individual). Instead, use **Form W-9**, Request for Taxpayer Identification Number and Certification.
- You are a nonresident alien individual who claims exemption from withholding on compensation for independent or dependent personal services performed in the United States. Instead, provide **Form 8233**, Exemption from Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual, or **Form W-4**, Employee's Withholding Allowance Certificate.
- You are receiving income that is effectively connected with the conduct of a trade or business in the United States. Instead, provide **Form W-8ECI**, Certificate of Foreign Person's Claim for Exemption From Withholding on Income Effectively Connected With the Conduct of a Trade or Business in the United States. If any of the income for which you have provided a Form W-8BEN becomes effectively connected, this is a change in circumstances and Form W-8BEN is no longer valid. You must file Form W-8ECI. See **Change in status** on page 2.
- You are a tax-exempt organization, foreign government, international organization, or foreign central bank of issue claiming the applicability of section 501(c), 892, 895, or 1443(b). Instead, provide **Form W-8EXP**, Certificate of Foreign Government or Other Foreign Organization for United States Tax Withholding. However, you should use Form W-8BEN if you are claiming treaty benefits or are providing the form only to claim exempt recipient status for backup withholding purposes.
- You are a foreign partnership, other than a hybrid entity (see **Definitions** on page 2) claiming treaty benefits. Instead, provide **Form W-8IMY**, Certificate of Foreign Intermediary, Foreign Partnership, or Certain U.S. Branches for United States Tax Withholding. However, if you are a partner in a partnership and you are not yourself a partnership, you may be required to furnish a Form W-8BEN to the partnership.
- You are a reverse hybrid entity (see **Definitions** on page 2) transmitting beneficial owner documentation provided by your interest holders to claim treaty benefits on their behalf. Instead, provide Form W-8IMY.
- You are a withholding foreign partnership. A withholding foreign partnership is a foreign partnership that has entered into a withholding agreement with the IRS under which it agrees to assume primary withholding responsibility for each partner's distributive share of income subject to withholding that is paid to the partnership. Instead, provide Form W-8IMY.
- You are a disregarded entity with a single owner that is a U.S. person and you are not a hybrid entity claiming treaty benefits. Instead, provide Form W-9.
- You are acting as an intermediary (i.e., acting not for your own account, but for the account of others as an agent, nominee, or custodian). This includes a foreign person acting as a trustee or executor of a U.S. or foreign trust or estate. Instead, provide Form W-8IMY. However, see ***Trusts and estates*** on page 2.

Giving Form W-8BEN to the withholding agent. Give Form W-8BEN to the person who is requesting it from you. Generally, this will be the person from whom you receive the payment or who credits your account. Give Form W-8BEN to the person requesting it before the payment is made to you or credited to your account. If you do not provide this form, the withholding agent may have to withhold at a 30% (foreign-person withholding) or 31% (backup withholding) rate. If you receive more than one type of income from a single withholding agent for which you claim different benefits, the withholding agent may, at its option, require you to submit a Form W-8BEN for each different type of income. Generally, a separate Form W-8BEN must be given to each withholding agent.

Note: *If you own the income or account jointly with one or more other persons, the income or account will be treated by the withholding agent as owned by a foreign person only if Forms W-8BEN are provided by all of the owners. In that case, the withholding rate will be the highest applicable rate. If a withholding agent or payer does not receive a Form W-8BEN from all of the joint owners or if it receives a Form W-9 from any of the joint owners, the payment must be treated as made to a U.S. person.*

Trusts and estates. A foreign person that is a trustee or executor of a U.S. or foreign trust or estate must provide a Form W-8IMY. If the person is considered to be a nonqualified intermediary and is the trustee of a trust described in section 651(a) or a trust, all or a portion of which is treated as owned by the grantor or other person under sections 671 through 679, it must attach Forms W-8BEN, Forms W-8EXP, or, if required, Forms W-9, of the beneficiaries or grantors of the trust. In all other cases, the foreign trustee or executor must attach a Form W-8BEN, Form W-8EXP, or, if required, Form W-9, completed on behalf of the trust or estate. See the **Instructions for Form W-8IMY** for more information.

DO NOT send Form W-8BEN to the IRS.

Change in status. If a change in circumstances makes any information on the Form W-8BEN you have submitted incorrect, you must notify the withholding agent or payer within 30 days of the change in circumstances and you must file a new Form W-8BEN or other appropriate form.

If you use Form W-8BEN to certify that you are a foreign person, a change of address to an address in the United States is a change in circumstances. Generally, a change of address within the same foreign country or to another foreign country is not a change in circumstances. However, if you use Form W-8BEN to claim treaty benefits, a move to the United States or outside the country where you have been claiming treaty benefits is a change in circumstances. In that case, you must notify the withholding agent or payer within 30 days of the move.

If you become a U.S. citizen or resident after you submit Form W-8BEN, you are no longer subject to the 30% foreign-person withholding rate. You must notify the withholding agent or payer within 30 days of becoming a U.S. citizen or resident. You may be required to provide a Form W-9. For more information, see the **Instructions for the Requestor of Form W-9.**

Expiration of Form W-8BEN. Generally, a Form W-8BEN provided without a taxpayer identification number (TIN) will remain in effect for a period starting on the date the form is signed and ending on the last day of the third succeeding calendar year, unless a change in circumstances makes any information on the form incorrect. For example, a Form W-8BEN signed on September 30, 1999, remains valid through December 31, 2002. A Form W-8BEN furnished with a TIN will remain in effect until the status of the person whose name is on the form changes, or a change in circumstances makes any information on the form incorrect. A Form W-8BEN containing a TIN remains valid for as long as the filer's status and the information relevant to the filer's certification on the form remains unchanged (including a form provided solely to obtain an exception from domestic information reporting and backup withholding).

Definitions

Beneficial owner. The beneficial owner is the person who is the owner of the income for tax purposes and who beneficially owns the income. Thus, a person receiving income as a nominee, custodian, or agent for another person is not the beneficial owner of the income. Generally, a person is treated as the owner of the income to the extent it is required under U.S. tax principles to include the amount paid in gross income on a tax return. A person who is the owner of income is considered the beneficial owner of that income unless that person is a conduit entity whose participation in a transaction can be disregarded. Generally, the principles of section 7701(l) and Regulations section 1.881-3 apply to determine if a person is a conduit entity.

The beneficial owners of income paid to a partnership are those persons who, under U.S. tax principles, are the owners of the income for tax purposes in their separate or individual capacities and who beneficially own the income. Generally, the beneficial owners of income paid to a partnership are the partners, other than a partner that is itself a partnership or a conduit. (If a partner is a partnership or conduit, the beneficial owner is the first person in the chain of ownership that is not itself a partnership or a conduit. See Form W-8IMY.)

Note: *A payment to a person that a withholding agent or payer may treat as a U.S. partnership is treated as a payment to a U.S. payee. A payment to a U.S. partnership is not subject to 30% foreign-person withholding. A U.S. partnership should provide the withholding agent with a Form W-9.*

For more beneficial owner requirements applicable to claiming treaty benefits, see the **Specific Instructions for Part II.**

Foreign person. A foreign person includes a nonresident alien individual, a foreign corporation, a foreign partnership, a foreign trust, a foreign estate, and any other person that is not a U.S. person. It also includes a foreign branch or office of a U.S. financial institution or U.S. clearing organization if the foreign branch is a qualified intermediary. Generally, a payment to a U.S. branch of a foreign person is a payment to a foreign person.

Nonresident alien individual. Any individual who is not a citizen or resident of the United States is a nonresident alien individual. An alien individual meeting either the "green card test" or the "substantial presence test" for the calendar year is a resident alien. Any person not meeting either test is a nonresident alien individual. Additionally, an alien individual who is a resident of a foreign country under the residence article of an income tax treaty, or an alien individual who is a resident of Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, or American Samoa is a nonresident alien individual. See **Pub. 519,** U.S. Tax Guide for Aliens, for more information on resident and nonresident alien status.

Note: *Even though a nonresident alien individual married to a U.S. citizen or resident alien may choose to be treated as a resident alien for certain purposes (e.g., filing a joint income tax return), such individual is still treated as a nonresident alien for withholding tax purposes on all income except wages.*

Hybrid entity. A hybrid entity is any person (other than an individual) that is treated as fiscally transparent (see below) in the United States but is not treated as fiscally transparent (i.e., is treated as a taxable entity) by a country with which the United States has an income tax treaty. For example, an entity that is treated as a partnership or as a disregarded entity under U.S. tax principles but is treated as an entity equivalent to a U.S. corporation under the other treaty country's principles is a hybrid entity. A trust can be a hybrid entity if it is treated as a trust described in section 651(a) or sections 671 through 679 under U.S. tax principles but is not treated as a trust described under those sections under the other treaty country's principles. Hybrid entity status is relevant for claiming treaty benefits. See the **Specific Instructions for Part II.**

Reverse hybrid entity. A reverse hybrid entity is any person (other than an individual) that is not fiscally transparent under U.S. tax law principles (i.e., is a taxable entity) but that is fiscally transparent under the laws of a jurisdiction with which the United

States has an income tax treaty. For example, an entity that is treated as equivalent to a U.S. partnership by the other treaty country but is treated by the United States as a corporation is a reverse hybrid entity. See the **Specific Instructions for Part II.**

Fiscally transparent entity. An entity is treated as fiscally transparent to the extent that the interest holders in the entity must take into account separately their shares of items of income paid to the entity, and must determine the character of the items of income as if they were realized directly from the source from which realized by the entity. For example, partnerships are generally considered to be fiscally transparent. See Regulations section 1.894-1T(d)(4)(ii).

Disregarded entity. A business entity that has a single owner and is not a corporation under Regulations section 301.7701-2(b) is disregarded as an entity separate from its owner.

Amounts subject to withholding. This means amounts from sources within the United States that are fixed or determinable annual or periodical (FDAP) income. FDAP income is all income included in gross income, including interest (as well as OID), dividends, rents, royalties, and compensation. FDAP income does not include most gains from the sale of property (including market discount and option premiums). FDAP income also does not include items of U.S. source income that are excluded from gross income without regard to the identity of the holder, such as interest under section 103(a).

Withholding agent. Any person, U.S. or foreign, that has the control, receipt, custody, disposal, or payment of any amount subject to withholding is a withholding agent. The withholding agent may be an individual, corporation, partnership, trust, association, or any other entity, including (but not limited to) any foreign intermediary, foreign partnership, and U.S. branches of certain foreign banks and insurance companies. Generally, the person who pays (or causes to be paid) the amount subject to withholding to the foreign person (or to its agent) must withhold.

Specific Instructions

Note: An entity that is fiscally transparent under U.S. law should give Form W-8BEN to a withholding agent only if that entity is:

- *A hybrid entity and is claiming a reduced rate of withholding under an income tax treaty; OR*
- *A reverse hybrid entity using Part I for income for which no treaty benefit is being claimed.*

In all other cases, a fiscally transparent entity (other than a disregarded entity with a single U.S. owner) should give Form W-8IMY to the withholding agent. See the Specific Instructions for Part II.

Part I

Line 1. Enter your name. If you are a disregarded entity with a single owner that is a foreign person and you are not claiming treaty benefits as a hybrid entity, this form should be completed and signed by your foreign single owner. However, if you are a disregarded entity that is claiming treaty benefits as a hybrid entity, this form should be completed and signed by you.

Line 2. Enter the country of incorporation if you are a corporation. If you are another type of entity, enter the country under whose laws you are created, organized, or governed. If you are an individual, enter N/A (for "not applicable").

Line 3. Check the one box that applies. By checking a box, you are representing that you qualify for this classification. You must check the box that represents your classification (e.g., corporation, partnership, trust, estate, etc.) under U.S. tax principles. **Do not** check the box that describes your status under the law of the treaty country or the status of your single owner. If you are a partnership or disregarded entity receiving a payment for which treaty benefits are being claimed, you must check the Partnership or Disregarded entity box. If you are a sole proprietor, check the Individual box, not the Disregarded entity box.

Line 4. Your permanent residence address is the address in the country where you claim to be a resident for purposes of that country's income tax. If you are giving Form W-8BEN to claim a reduced rate of withholding under an income tax treaty, you must determine your residency in the manner required by the treaty. **Do not** show the address of a financial institution, a post office box, or an address used solely for mailing purposes. If you are an individual who does not have a tax residence in any country, your permanent residence is where you normally reside. If you are not an individual and you do not have a tax residence in any country, the permanent residence address is where you maintain your principal office.

Line 5. Enter your mailing address only if it is different from the address you show on line 4.

Line 6. A U.S. taxpayer identification number (TIN) is a social security number (SSN), employer identification number (EIN), or IRS individual taxpayer identification number (ITIN). Check the appropriate box for the type of taxpayer identification number you are providing.

Contact a Social Security Administration (SSA) office to find out if you are eligible to get an SSN. If you do not have an SSN but are eligible to get one, apply on **Form SS-5,** Application for a Social Security Card. If you do not have, and are not eligible to obtain, an SSN, you may apply for an ITIN using **Form W-7,** Application for IRS Individual Taxpayer Identification Number.

If you are other than an individual (including a foreign estate or trust), or you are an individual who is an employer or who is engaged in a U.S. trade or business as a sole proprietor, use **Form SS-4,** Application for Employer Identification Number, to obtain an EIN. If you are a disregarded entity claiming treaty benefits as a hybrid entity, enter your TIN.

You must provide a TIN if you are:

1. A foreign trust or estate, whether or not you are claiming relief under a tax treaty; or

2. Claiming benefits under an income tax treaty. However, a TIN is not required to be shown in order to claim treaty benefits on the following items of income:

- Dividends and interest from stocks and debt obligations that are actively traded;
- Dividends from any redeemable security issued by an investment company registered under the Investment Company Act of 1940 (mutual fund);
- Dividends, interest, or royalties from units of beneficial interest in a unit investment trust that are (or were upon issuance) publicly offered and are registered with the SEC under the Securities Act of 1933; and
- Income related to loans of any of the above securities.

Note: *You may want to obtain and provide a TIN on Form W-8BEN even though it is not required. A Form W-8BEN containing a TIN remains valid for as long as your status and the information relevant to the certifications you make on the form remain unchanged.*

Line 7. If your country of residence for tax purposes has issued you a tax identifying number, enter it here. For example, if you are a resident of Canada, enter your Social Insurance Number.

Line 8. List all account numbers with the same withholding agent or payer unless the withholding agent or payer requires you to submit a separate Form W-8BEN for each account.

Part II

Definitions for Part II

Beneficial owner. For treaty purposes, a person is the beneficial owner of income if the person is required to take the item of income into account in computing its tax liability in its country of residence and the person is not an agent, custodian, nominee, or conduit with respect to the income under U.S. tax principles. An interest holder in a fiscally transparent entity is the beneficial owner of the item of income received by the fiscally transparent entity if the interest holder is required to take its share of the income received by the entity into account in determining its tax liability and the interest holder is not an agent,

custodian, nominee, or conduit with respect to the income under U.S. tax principles.

Resident. For treaty purposes, a person is a resident of a treaty country if the person is a resident of that country under the terms of the treaty. A payment received by an entity is treated as derived by a resident of the treaty country only to the extent that the payment is required to be included in the gross income of a resident of that country.

Who May Claim Treaty Benefits

Individuals

An individual is entitled to benefits under an income tax treaty if he/she is a resident of a country with which the United States has an income tax treaty and meets all other requirements of the treaty.

Entities

Nonfiscally transparent entities. If an entity is not considered fiscally transparent under the laws of a treaty country, the entity may claim treaty benefits on its own behalf by filing Form W-8BEN provided that:

1. It derives the payment as a resident of the treaty country;
2. The entity is the beneficial owner of the income for treaty purposes; and
3. All other applicable requirements for benefits under the treaty are satisfied.

Fiscally transparent entities. If an entity is considered fiscally transparent in a treaty country where an interest holder is resident, the interest holder may file a claim for treaty benefits if:

1. The interest holder derives the income as a resident of a treaty country;
2. The interest holder is the beneficial owner of the income for treaty purposes;
3. The interest holder meets all other applicable requirements under the treaty;
4. The interest holder provides a completed Form W-8BEN to the entity; and
5. The entity provides a Form W-8IMY to the withholding agent to which the interest holder's Form(s) W-8BEN are attached.

Note: *An income tax treaty may not apply to reduce the amount of any tax on income received by an entity that is treated as a domestic corporation for U.S. tax purposes. Therefore, neither the domestic corporation nor its shareholders are entitled to the benefits of a reduction of U.S. income tax on income received from U.S. sources by the corporation.*

Dual Claims

An entity may simultaneously file claims for treaty benefits on its own behalf for a portion of the payment and on behalf of its interest holders for another portion of the same payment (dual claims). The entity must provide Form W-8BEN to claim benefits on its own behalf and provide Form W-8IMY to claim benefits on behalf of its interest holders. The entity generally must include a completed Form W-8BEN or other documentary evidence provided by the interest holders with its Form W-8IMY.

Example 1. Entity X, a business organization formed under the laws of Country A, is liable for tax in Country A. Entity X is a hybrid entity (i.e., is treated as fiscally transparent by the United States but as nonfiscally transparent by Country A). Entity X is owned equally by C, a Country A resident, and D, a Country B resident. Entity X receives from the withholding agent a U.S. source royalty payment and U.S. source interest income. There is an income tax treaty between the United States and Country A that reduces the rate on royalties to 5%. Entity X is the beneficial owner of the royalty income for treaty purposes. Entity X qualifies as a resident of Country A and meets all other requirements to claim a reduced rate on the royalty income under the Country A treaty. To claim the reduced rate, Entity X must file Form W-8BEN.

The interest income is potentially eligible for the portfolio interest exemption under sections 871(c) and 881(c). For the portfolio interest payment, Entity X must file Form W-8IMY, with the Forms W-8BEN of C and D attached, because Entity X is not the beneficial owner of the portfolio interest income since it is not required under U.S. tax principles to include the amount paid in gross income on a tax return.

Example 2. The facts are the same as in Example 1. Under Country B law, Entity X is considered fiscally transparent. There is an income tax treaty between the United States and Country B that reduces the rate on royalties to 0%. D qualifies as a resident of Country B and meets all other requirements to claim the zero rate under the Country B treaty. Entity X may also file a claim for benefits under the Country B treaty on behalf of D for the remaining portion of the royalty income by providing Form W-8IMY, with the Form W-8BEN of D attached. Entity X may submit a Form W-8BEN to claim benefits under the Country A treaty on its own behalf for the remaining portion of the royalty income.

Line 9a. Enter the country where you claim to be a resident for income tax treaty purposes.

Line 9b. If you are claiming benefits under an income tax treaty, you must have a TIN unless one of the exceptions listed in the instructions for Part I, line 6 applies.

Line 9c. If you are not an individual, you must meet the requirements of any "limitation on benefits" article in the applicable income tax treaty and you must be the person who derives the income as a resident of a treaty country.

Note: *If you are an entity that derives the income as a resident of a treaty country, you may check this box if the applicable income tax treaty does not contain a "limitation on benefits" article.*

Line 9d. ***Caution:*** *If you are claiming treaty benefits under an income tax treaty entered into force after December 31, 1986, do not use this box. Instead, use box c.*

If you are a foreign corporation claiming treaty benefits under an income tax treaty that entered into force before January 1, 1987 (and has not been renegotiated) on (a) U.S. source dividends paid to you by another foreign corporation, or (b) U.S. source interest paid to you by a U.S. trade or business of another foreign corporation, you must generally be a "qualified resident" of a treaty country. See section 884 for the definition of interest paid by a U.S. trade or business of a foreign corporation ("branch interest") and other applicable rules.

In general, a foreign corporation is a qualified resident of a country if one or more of the following applies:

- It meets a 50% ownership and base erosion test.
- It is primarily and regularly traded on an established securities market in its country of residence or the United States.
- It carries on an active trade or business in its country of residence.
- It gets a ruling from the IRS that it is a qualified resident.

See Regulations section 1.884-5 for the requirements that must be met to satisfy each of these tests.

Line 9e. Check this box if you are related to the withholding agent within the meaning of section 267(b) or 707(b) and the aggregate amount subject to withholding received during the calendar year exceeds $500,000. Additionally, you must file **Form 8833, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b).**

Line 10. Line 10 must be used only if you are claiming treaty benefits that require that you meet conditions not covered by the representations you make in lines 9a through 9e. However, this line should always be completed by foreign students and researchers claiming treaty benefits. See ***Scholarship and Fellowship Grants,*** on page 5 for more information.

Additional examples of persons who should complete this line are:

1. Exempt organizations claiming treaty benefits under the exempt organization articles of the treaties with Canada, Mexico, Germany, and the Netherlands;

2. Persons claiming an exemption under a personal services article that contains a monetary threshold;

3. Foreign corporations that are claiming a preferential rate applicable to dividends based on ownership of a specific percentage of stock.

4. Persons claiming treaty benefits on royalties if the treaty contains different withholding rates for different types of royalties.

This line is generally not applicable to claiming treaty benefits under an interest or dividends (other than dividends subject to a preferential rate based on ownership) article of a treaty.

Scholarship and Fellowship Grants.

A nonresident alien student (including a trainee or business apprentice) or researcher who receives scholarship or fellowship grant income may use Form W-8BEN to claim benefits under a tax treaty that apply to reduce or eliminate U.S. tax on such income. **No Form W-8BEN is required unless a treaty benefit is being claimed.** A nonresident alien student or researcher who receives compensation for personal services should use Form 8233 to claim any benefits of a tax treaty that apply to such compensation if the compensation is included in, or is additional to, the individual's scholarship or fellowship grant income.

Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on income from a scholarship or fellowship grant. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for scholarship or fellowship grant income even after the recipient has otherwise become a U.S. resident alien for tax purposes. Thus, a student or researcher may continue to use Form W-8BEN to claim a tax treaty benefit if the withholding agent has otherwise indicated an intention to withhold on a scholarship or fellowship grant.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the Protocol to the U.S.-China treaty dated April 30, 1984, allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States.

Completing lines 4 and 9a. Most tax treaties that contain an article exempting scholarship or fellowship grant income from taxation require that the recipient be a resident of the other treaty country at the time of, or immediately prior to, entry into the United States. Thus, a student or researcher may claim the exemption even if he or she no longer has a permanent address in the other treaty country after entry into the United States. If this is the case, you may provide a U.S. address on line 4 and still be eligible for the exemption if all other conditions required by the tax treaty are met. You must also identify on line 9a the tax treaty country of which you were a resident at the time of, or immediately prior to, your entry into the United States.

Completing line 10. You must complete line 10 if you are a student or researcher claiming an exemption from taxation on your scholarship or fellowship grant income under a tax treaty. You must identify the applicable treaty article. Additionally, if you are a U.S. resident alien and are relying on an exception contained in the saving clause of a tax treaty to claim exemption from taxation on your scholarship or fellowship income, you must specify the article number (or location) in the tax treaty that contains the saving clause and its exceptions.

Part III

Line 11. You must check this box and provide the withholding agent with the required statement for income from a notional principal contract that is to be treated as income not effectively connected with the conduct of a trade or business in the United States. You should update this statement as often as necessary. A new Form W-8BEN is not required for each update provided the form otherwise remains valid.

Part IV

Form W-8BEN must be signed and dated by the beneficial owner of the income, or, if the beneficial owner is not an individual, by an authorized representative or officer of the beneficial owner. If Form W-8BEN is completed by an agent acting under a duly authorized power of attorney, the form must be accompanied by the power of attorney in proper form or a copy thereof specifically authorizing the agent to represent the principal in making, executing, and presenting the form. **Form 2848,** Power of Attorney and Declaration of Representative, may be used for this purpose. The agent, as well as the beneficial owner, may incur liability for the penalties provided for an erroneous, false, or fraudulent form.

Certain individuals who expatriate are subject to special tax rules under section 877. You are considered to have expatriated if any of the following events occurs:

- You renounce your U.S. citizenship before a diplomatic or consular officer of the United States.
- You furnish to the U.S. Department of State a statement of voluntary relinquishment of U.S. nationality confirming an act of expatriation.
- The U.S. Department of State issues you a certificate of loss of U.S. nationality.
- A U.S. Federal court cancels your certificate of naturalization.

If you are a former long-term lawful permanent resident ("green-card" holder) for at least 8 of the 15 consecutive tax years ending with the year you ceased to be a resident, you may also be subject to these special tax rules. Also, if you expatriated after February 5, 1995, and a principal purpose of your expatriation was tax avoidance, you are generally not entitled to claim treaty benefits. For more information on figuring the tax under section 877, see the **Instructions for Form 1040NR.**

Broker transactions or barter exchanges. Income from transactions with a broker, or barter exchanges, is subject to reporting rules and backup withholding unless Form W-8BEN or a substitute form is filed to notify the broker or barter exchange that you are an exempt foreign person.

You are an exempt foreign person for a calendar year in which: **(1)** you are a nonresident alien individual or a foreign corporation, partnership, estate, or trust; **(2)** you are an individual who has not been, and does not plan to be, present in the United States for a total of 183 days or more during the calendar year; and **(3)** you are neither engaged, nor plan to be engaged during the year, in a U.S. trade or business that has effectively connected gains from transactions with a broker or barter exchange.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to provide the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping,** 5 hr., 59 min.; **Learning about the law or the form,** 2 hr., 41 min.; **Preparing and sending the form to IRS,** 2 hr., 54 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send Form W-8BEN to this office. Instead, give it to your withholding agent.

EXHIBIT "15"

APPLICATION TO THE ATTORNEY GENERAL FOR A DETERMINATION ON THE DISPOSITION OF DOWN PAYMENTS

APPLICATION TO THE ATTORNEY GENERAL FOR A DETERMINATION ON THE DISPOSITION OF DOWN PAYMENTS

(Send this application to the reviewing attorney assigned to the subject plan.)

Re: _____
Address of Building or
Name of Project

File Number: _____

Application is made to the Attorney General to consider and determine the disposition of down payments held pursuant to GBL Sections 352-e(2-b) and 352-h. The following information is submitted in support of this application:

1. Name of Applicant _____

2. Address of Applicant _____

3. Name, Address, and Telephone Number of Applicant's Attorney (if any) _____

4. This is an application for

   return of down payment.
   forfeiture of down payment.
   other: _____

5. The project is [ ] a conversion of occupied premises.
   [ ] newly constructed or rehabilitated.
   [ ] vacant (as is).

6. The project is structured as

[ ] a cooperative.
[ ] a condominium.
[ ] a homeowners association.
[ ] a time share.
[ ] other: _____

7. Name and Address of Sponsor: _____

_____

8. Name and Address of Escrow Agent: _____

_____

9. If down payments are maintained in an escrow account:

(a) Name of account _____

(b) Name and address of bank _____

(c) Account number (if known) _____

(d) Initial interest rate (if known) _____

10. If down payments have been secured by bonds:

(a) Name and address of bond issuer or surety: _____

_____

(b) Copy of bond included in this application. (DO NOT SEND ORIGINAL BOND.) If not included, explain:

_____

_____

_____

_____

11. If down payments have been secured by a letter of credit:

(a) Name and address of bank which issued the letter of credit:

_____

_____

_____

_____

(b) Date of expiration of the letter of credit, if known:

_____

12. Plan information:

(a) Date of filing of plan: _____

(b) Plan

[ ] has 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) Down payments are secured by

[ ] escrow account.

[ ] bonds.

[ ] letter of credit.

13. Contract information:

(a) Copy of contract and of all riders or modification letters are attached. (DO NOT SEND ORIGINALS.)

(b) Date on which subscription or Agreement was signed: _____

(c) Date(s) of down payment(s): _____

(d) Total amount of down payment(s): _____

(e) Names and addresses of subscribers or purchasers affected by this application:

_____
_____
_____
_____

14. State the basis for your claim. Please be as specific as possible. You may add additional sheets. Attach copies of any relevant documents.

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

15. I am contemporaneously sending a copy of this application to the following persons:

_____
_____
_____
_____

Note: You are required to mail a copy of this Application to all other affected parties.

In filing this application, I understand that the Attorney General is not my private attorney, but represents the public in enforcing laws designed to protect the public from unlawful business practices. I also understand that if I have any questions concerning my legal rights or responsibilities I may contact a private attorney. The above application is true and accurate to the best of my knowledge. False statements made herein are punishable as a Class A Misdemeanor under Section 175.30 and/or Section 210.45 of the Penal Law.

Signature: _____ Date _____

Name (Printed): _____

Telephone: (Home):_____ (Business) _____

Mailing Address: _____

_____

_____

EXHIBIT "16"

RPL §339-kk

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§ 3. The real property law is amended by adding a new section 339-kk to read as follows:

§ 339-KK. RENTS. (A) FOR THE PURPOSES OF THIS SECTION, "NON-OCCUPYING OWNER" SHALL MEAN A UNIT OWNER IN A CONDOMINIUM ASSOCIATION WHO DOES NOT OCCUPY THE DWELLING UNIT.

(B) IF A NON-OCCUPYING OWNER RENTS ANY DWELLING UNIT TO A RENTAL TENANT AND THEN FAILS TO MAKE PAYMENTS DUE FOR COMMON CHARGES, ASSESSMENTS OR LATE FEES FOR SUCH UNIT WITHIN SIXTY DAYS OF THE EXPIRATION OF ANY GRACE PERIOD AFTER THEY ARE DUE, UPON NOTICE IN ACCORDANCE WITH SUBDIVISION (C) OF THIS SECTION, ALL RENTAL PAYMENTS FROM THE TENANT SHALL BE DIRECTLY PAYABLE TO THE CONDOMINIUM ASSOCIATION.

(C) IF THE COMMON CHARGES, ASSESSMENTS OR LATE FEES DUE FOR ANY UNIT HAVE NOT BEEN PAID IN FULL, WITHIN SIXTY DAYS AFTER THE EXPIRATION OF ANY GRACE PERIOD OF THE EARLIEST DUE DATE, THE BOARD OF MANAGERS SHALL PROVIDE WRITTEN NOTICE TO THE TENANT AND THE NON-OCCUPYING OWNER PROVIDING THAT, COMMENCING IMMEDIATELY AND UNTIL SUCH TIME AS ALL PAYMENTS FOR COMMON CHARGES, ASSESSMENTS OR LATE FEES ARE MADE CURRENT, ALL RENTAL PAYMENTS DUE SUBSEQUENT TO THE ISSUANCE OF SUCH NOTICE ARE TO BE MADE PAYABLE TO THE CONDOMINIUM ASSOCIATION AT THE ADDRESS LISTED ON THE NOTICE. WHERE A MAJORITY OF THE BOARD OF MANAGERS HAS BEEN ELECTED BY AND FROM AMONG THE UNIT OWNERS WHO ARE IN OCCUPANCY, THE BOARD MAY ELECT NOT TO REQUIRE THAT RENTAL PAYMENTS BE MADE PAYABLE TO THE CONDOMINIUM ASSOCIATION. AT SUCH TIME AS PAYMENTS FOR COMMON CHARGES, ASSESSMENTS AND LATE FEES FROM THE NON-OCCUPYING OWNER ARE ONE AGAIN CURRENT, NOTICE OF SUCH FACT SHALL BE GIVEN WITHIN THREE BUSINESS DAYS TO THE RENTAL TENANT AND NON-OCCUPYING OWNER. THEREAFTER ALL RENTAL PAYMENTS SHALL BE MADE PAYABLE TO THE NON-OCCUPYING OWNER OR A DESIGNATED AGENT. A NON-OCCUPYING OWNER WHO DISPUTES THE ASSOCIATION'S CLAIM TO RENTAL PAYMENTS PURSUANT TO THIS SECTION SHALL BE ENTITLED TO PRESENT FACTS SUPPORTING SUCH OWNER'S POSITION AT THE NEXT SCHEDULED MEETING OF THE BOARD OF MANAGERS, WHICH MUST BE HELD WITHIN THIRTY DAYS OF THE DATE THAT 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.

§ 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.

§ 5. This act shall take effect immediately, and is applicable to all cooperative corporations and condominiums in existence on or after such date.

CHAP. 422

The Legislature of the STATE OF NEW YORK SS:

Pursuant to the authority vested in us by section 70-b of the Public Officers Law, we hereby jointly certify that this slip copy of this session law was printed under our direction and, in accordance with such section, is entitled to be read into evidence.

JOSEPH L. BRUNO
TEMPORARY PRESIDENT OF THE SENATE

SHELDON SILVER
SPEAKER OF THE ASSEMBLY

EXHIBIT "17"

SPECIMEN TITLE POLICY

ISSUED BY

Commonwealth.
Land Title Insurance Company

POLICY NUMBER

S P E C I M E N

OWNER'S POLICY OF TITLE INSURANCE

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, COMMONWEALTH LAND TITLE INSURANCE COMPANY, a Pennsylvania corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title, as insured, but only to the extent provided in the Conditions and Stipulations.

IN WITNESS WHEREOF, COMMONWEALTH LAND TITLE INSURANCE COMPANY has caused its corporate name and seal to be hereunto affixed by its duly authorized officers, the Policy to become valid when countersigned by an authorized officer or agent of the Company.

COMMONWEALTH LAND TITLE INSURANCE COMPANY

Attest: James J. D'Lynch Jr. Secretary

By: President

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the affect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:

   (a) created, suffered, assumed or agreed to by the insured claimant;

   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;

   (c) resulting in no loss or damage to the insured claimant;

   (d) attaching or created subsequent to Date of Policy; or

   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the Insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:

   (a) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or

   (b) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:

      (i) to timely record the instrument of transfer; or

      (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

SCHEDULE A

POLICY NO.: [Policy Number]

TITLE NO.: [Title Number]

AMOUNT: $ [Purchase price]

EFFECTIVE DATE: [Closing date]

1. **Name of Insured:** [Purchaser]

2. **The estate or interest in the land which is covered by this Policy is:**

Fee Simple

3. **Title to the estate or interest in the land is vested in the insured.**

Who/which acquired title by deed made by 56th Street Associates, LLC dated [Closing date] and recorded in Reel page .

4. **The land herein described is encumbered by the following mortgage or trust deed, and assignments:**

Mortgage made in the principal amount of $[mortgage amount] by [Purchaser] to [Lender] dated [Closing date] and to be recorded in the Office of the City Register of New York County in Reel page .

5. **The land referred to in this Policy is described on the description sheet annexed.**

_____

Authorized Signature

Policy Number: [Policy Number]

Title Number: [Title Number]

DESCRIPTION SHEET

THE CONDOMINIUM UNIT (hereinafter referred to as the "Unit") in the building (hereinafter referred to as the "Building") known as **The Park Imperial Condominium**, and by the Street Number, 1731-1745 Broadway a/k/a 226-232 West 56th Street and 237-241 West 55th Street, County of New York, State of New York, said Unit being designated and described as Residential Unit No. in a Declaration dated made by 56th Street Associates, LLC, pursuant to Article 9-B of the Real Property Law of the State of New York (hereinafter referred to as the "Condominium Act") establishing a Plan for condominium ownership of the Building and the Land (hereinafter referred to as the "land") upon which the building is situate (which land is more particularly described in Exhibit A annexed hereto and by this reference made a part hereof), which Declaration was recorded in the City Register's Office on , in Reel page , and has been amended as set forth on Schedule B annexed and by this reference made a part hereof (which Declaration and Amendments (if applicable) thereto are hereinafter collectively referred to as the "Declaration"). This Unit is also designated as Tax Lot in Block 1027 of the County of New York on the Tax Map of the Real Property Assessment Department and on the Floor Plans of the Building, Certified by , Architects, on and filed with the Real Property Assessment Department on as Condominium Plan No. and also filed in the City Register's Office on as Condominium Map No. .

TOGETHER with an undivided % interest in the Common Elements (as such term is defined in the Declaration).

TOGETHER with the appurtenances and all the estate and rights of the Grantor in and to the Unit.

TOGETHER with and **SUBJECT** to the rights, obligations, easements, restrictions and other provisions set forth in the Declaration, Floor plans and the By-Laws of **The Park Imperial Condominium**, as the same may be amended from time to time (herein after referred to as the "By-Laws"), all of which 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 recited and stipulated at length herein.

The land on which the building and unit is located is situated in the County of New York and State of New York and is more fully described in the Declaration of Condominium recorded in the City Register's Office on , in Reel page .

Policy Number: [Policy Number]

Title Number: [Title Number]

EXHIBIT A

ALL THAT CERTAIN volume of space, situate, lying and being in the Borough of Manhattan, County, City and State of New York, which lies above a horizontal plane having an elevation of 448.6 feet above the datum level in use by the Department of Highways, Borough of Manhattan, which datum level is 2.75 feet above the National Geodetic Vertical Datum of 1929 (Sea Level at Sandy Hook), said volume is bounded by and lies within the vertical planes which are formed by projecting vertically upward from such horizontal plane the boundaries of all that plot or parcel described as follows:

BEGINNING at the corner formed by the intersection of the northerly side of West 55th Street and the westerly side of Broadway;

RUNNING THENCE westerly along the northerly side of West 55th Street at an interior angle with the westerly side of Broadway of 75 degrees 39 minutes 45 seconds, 175 feet 6 1/2 inches;

RUNNING THENCE northerly at right angles to the said northerly side of West 55th Street 200 feet 10 inches to the southerly side of West 56th Street;

THENCE easterly at right angles to and along said southerly side of West 56th Street, 119 feet 9 1/2 inches to its intersection with said westerly side of Broadway;

THENCE southerly along said westerly side of Broadway on a line which forms an interior angle of 111 degrees 42 minutes 10 seconds with the said southerly side of West 56th Street, 33 feet 4-3/8 inches to an angle point in said westerly side of Broadway;

THENCE continuing southerly along said westerly side of Broadway on a line which forms an interior angle of 172 degrees 38 minutes 05 seconds with the last course, 20 feet and 5/8 of an inch;

THENCE continuing southerly along said westerly side of Broadway, 155 feet 2 7/8 inches to the intersection of the northerly side of West 55th Street and the westerly side of Broadway, the point or place of BEGINNING.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between 257 W. 55 Street Associates LLC, 936 8th Avenue Company LLC and 56th Street Associates LLC dated as of 1/14/98 and recorded 2/1/99 in the Office of the City Register of New York County in Reel 2810 page 1841.

continued.....

Policy Number: [Policy Number]

Title Number: [Title Number]

EXHIBIT A
(continued - page 2)

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between Abbeyside Realty Corp. and 56th Street Associates LLC dated as of 3/16/99 and recorded 4/16/99 in the Office of the City Register of New York County in Reel 2857 page 1308.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement made by and between Melvin M. Owen, Edwin A. Owen, Alese B. Pechter and 56th Street Associates LLC dated as of 11/1/97 and recorded 3/1/99 in the Office of the City Register of New York County in Reel 2828 page 1010.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between DKE Realty Corp. and 56th Street Associates LLC dated as of 8/4/98 and recorded 9/14/98 in the Office of the City Register of New York County in Reel 2705 page 854.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between Italia D'Angelo and 56th Street Associates LLC dated as of 12/16/98 and recorded 2/22/99 in the Office of the City Register of New York County in Reel 2822 page 1075.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between Paradise Realty Corp. and 56th Street Associates LLC dated as of 3/16/99 and recorded 4/9/99 in the Office of the City Register of New York County in Reel 2853 page 1706.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between Newridge Realty Corp. and 56th Street Associates LLC dated as of 3/18/99 and recorded 4/9/99 in the Office of the City Register of New York County in Reel 2853 page 1741.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between Knight Maintenance Corp. and 56th Street Associates LLC dated as of 6/12/98 and recorded 9/9/98 in the Office of the City Register of New York County in Reel 2703 page 31.

continued.....

Policy Number: [Policy Number]

Title Number: [Title Number]

EXHIBIT A
(continued - page 3)

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between West 55 Corp. and 56th Street Associates LLC dated as of 1/14/99 and recorded 3/5/99 in the Office of the Register of New York County in Reel 2831 page 77.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between 934 Realty Corp. and 56th Street Associates LLC dated as of 2/4/98 and recorded 1/29/99 in the Office of the City Register of New York County in Reel 2809 page 351.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between McDonalds Corporation and 56th Street Associates LLC dated as of 6/14/99 and recorded 7/21/99 in the Office of the City Register of New York County in Reel 2917 page 1795.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement between 939-941 Second Avenue Associates, Inc. and 56th Street Associates LLC dated as of 5/6/98 and recorded 8/12/98 in the Office of the City Register of New York County in Reel 2665 page 714.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement made between Harold Kozinn and Paul Kozinn and 56th Street Associates, LLC dated 2/11/2000 and recorded 3/13/2000 in the Office of the City Register of New York County in Reel 3064 page 783.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement made between East Boy Inc. and 56th Street Associates, LLC dated 1/28/2000 and recorded 3/2/2000 in the Office of the City Register of New York County in Reel 3059 page 52.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement made between Matthew J. Ferguson, Mary Moore Ferguson and Anita Ferguson and 56th Street Associates, LLC dated 2/18/2000 and recorded 3/2/2000 in the Office of the City Register of New York County in Reel 3059 page 146

continued.....

Policy Number: [Policy Number]

Title Number: [Title Number]

EXHIBIT A
(continued - page 4)

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement made between Azone Realty Corp. and 56th Street Associates, LLC dated 2/28/2000 and recorded 4/5/2000 in the Office of the City Register of New York County in Reel 3079 page 2108.

Together with those certain covenants in favor of premises described herein and as described in a certain Zoning Lot Development Agreement made by and between 56th Street Associates, LLC, AMSI Investors, Sheila Engel, 1741 Broadway Associates LP, and Bertelsmann 56th Street Commercial LLC dated 12/14/99 and recorded 12/27/99 in the Office of the City Register of New York County in Reel 3018 page 1558.

Policy Number: [Policy Number]

Title Number: [Title Number]

SCHEDULE B

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Terms and conditions set forth in the Declaration of Condominium and By-Laws dated recorded in the Office of the City Register of New York County in Reel page . Policy insures that a valid condominium has been created pursuant to Article 9B of the Real Property Law, as amended.

2. Restrictions and regulations as set forth in the By-Laws of the Condominium.

3. The easement(s) set forth in the Declaration of Condominium and By-Laws of the Condominium and the deed to the insured.

4. Any state of facts which an accurate survey and inspection of Unit would show, but policy insures that any encroachments by insured Unit upon adjoining Units or upon common elements may remain undisturbed.

5. Zoning Lot Development Agreement made between Italia D'Angelo and 56th Street Associates LLC dated 12/16/98 and recorded 2/22/99 in Reel 2822 page 1075. (Affects Block 1027 Lot 160 and premises described herein)

6. Zoning Lot Development Agreement made between West 55 Corp. and 56th Street Associates LLC dated 1/14/99 and recorded 3/5/99 in Reel 2831 page 77. (Affects Block 1027 Lot 102 and premises described herein)

7. Zoning Lot Development Agreement made between Alese B. Pechter, Edwin A. Owen and Melvin M. Owen and 56th Street Associates LLC dated as of 11/1/97 and recorded 3/1/99 in Reel 2828 Page 1010. (Affects Block 1027 Lot 6 and premises described herein)

8. Zoning Lot Development Agreement made between McDonalds Corporation and 56th Street Associates LLC dated 6/14/99 and recorded 7/21/99 in Reel 2917 page 1795. (Affects Block 1027 Lot 61 and premises described herein)

9. Zoning Lot Development Agreement made between Newridge Realty Corp. and 56th Street Associates LLC dated 3/18/99 and recorded 4/9/99 in Reel 2853 page 1741. (Affects Block 1027 Lot 62 and premises described herein)

continued.....

Policy Number: [Policy Number]

Title Number: [Title Number]

SCHEDULE B
(continued - page 2)

10. Zoning Lot Development Agreement made between 257 W. 55th Associates LLC, 936 8th Avenue Company LLC and 56th Street Associates LLC, dated 1/14/98 and recorded 2/1/99 in Reel 2810 page 1841. (Affects Block 1027 Lots 101 and 3 and premises described herein)

11. Zoning Lot Development Agreement made between Abbeyside Realty Corp. and 56th Street Associates LLC dated 3/16/99 and recorded 4/16/99 in Reel 2857 page 1308. (Affects Block 1027 Lot 4 and premises described herein)

12. Zoning Lot Development Agreement made between Knight Maintenance Corp. and 56th Street Associates LLC dated 6/12/98 and recorded 9/9/98 in Reel 2703 page 31. (Affects Block 1027 Lot 63 and premises described herein)

13. Zoning Lot Development Agreement made between 934 Realty Corp. and 56th Street Associates LLC dated 2/4/98 and recorded 1/29/99 in Reel 2809 page 351. (Affects Block 1027 Lot 103 and premises described herein)

14. Zoning Lot Development Agreement made between DKE Realty Corp. and 56th Street Associates LLC dated 8/4/98 and recorded 9/14/98 in Reel 2705 page 854. (Affects Block 1027 Lot 9 and premises described herein)

15. Zoning Lot Development Agreement made between 939-941 Second Avenue Associates, Inc. and 56th Street Associates LLC dated 5/6/98 and recorded 8/12/98 in Reel 2665 page 714. (Affects Block 1027 Lot 56 and premises described herein)

16. Zoning Lot Development Agreement made between Paradise Realty Corp. and 56th Street Associates LLC dated 3/16/99 and recorded 4/9/99 in Reel 2853 page 1706. (Affects Block 1027 Lot 60 and premises described herein)

17. Zoning Lot Development Agreement made between 236 West 56th St. Realty Corp. and 56th Street Associates, LLC dated as of 4/1/98 and recorded 1/10/2000 in the Office of the City Register of New York County in Reel 2853 page 1348. (Affects Block 1027 Lot 57 and premises described herein)

continued.....

Policy Number: [Policy Number]

Title Number: [Title Number]

SCHEDULE B
(continued - page 3)

18. Zoning Lot Development Agreement made between Harold Kozinn and Paul Kozinn and 56th Street Associates, LLC dated 2/11/2000 and recorded 3/13/2000 in the Office of the City Register of New York County in Reel 3064 page 783. (Affects Block 1027 Lot 58 and premises described herein).

19. Zoning Lot Development Agreement made between East Boy Inc. and 56th Street Associates, LLC dated 1/28/2000 and recorded 3/2/2000 in the Office of the City Register of New York County in Reel 3059 page 52. (Affects Block 1027 Lot 5 and premises described herein).

20. Zoning Lot Development Agreement made between Matthew J. Ferguson, Mary Moore Ferguson and Anita Ferguson and 56th Street Associates, LLC dated 2/18/2000 and recorded 3/2/2000 in the Office of the City Register of New York County in Reel 3059 page 146 (Affects Block 1027 Lot 2 and premises described herein).

21. Zoning Lot Development Agreement made between Azone Realty Corp. and 56th Street Associates, LLC dated 2/28/2000 and recorded 4/5/2000 in the Office of the City Register of New York County in Reel 3079 page 2108. (Affects Block 1027 Lot 1 and premises described herein).

22. Zoning Lot Development Agreement made by and between 56th Street Associates, LLC, AMSI Investors, Sheila Engel, 1741 Broadway Associates LP, and Bertelsmann 56th Street Commercial LLC dated 12/14/99 and recorded 12/27/99 in the Office of the City Register of New York County in Reel 3018 page 1558.

23. Proposed Reciprocal Easement and Operating Agreement by and among 56th Street Associates, LLC, AMSI Investors, Sheila Engel, 1741 Broadway Associates LP, and Bertelsmann 56th Street Commercial LLC dated and recorded in the Office of the City Register of New York County in Reel page .

Policy Number: [Policy Number]

Title Number: [Title Number]

CONDOMINIUM ENDORSEMENT

The company hereby insures against loss or damage by reason of:

1. The failure of the unit identified in Schedule A and its common elements to be part of a condominium within the meaning of the condominium statutes of the jurisdiction in which the unit and its common elements are located.

2. The failure of the documents required by said condominium statutes to comply with the requirements of said statutes to the extent that such failure affects the title to the unit and its common elements.

3. Present violations of any restrictive covenants which restrict the use of the unit and its common elements and which are contained in the condominium documents. Said restrictive covenants do not contain any provisions which will cause a forfeiture or reversion of title.

4. The priority of any lien for charges and assessments provided for in the condominium statutes and condominium documents over the lien of any insured mortgage identified in Schedule A.

5. The failure of the unit and its common elements to be entitled by law to be assessed for real property taxes as a separate parcel.

6. Any Obligation to remove any improvements which exist at date of policy because of any present encroachment or because of any future unintentional encroachment of the common elements upon any unit or of any unit upon the common elements or another unit.

7. The failure of title by reason of a right of first refusal to purchase the unit and its common elements which was exercised or could have been exercised at date of policy.

This endorsement is made a part of the policy and is subject to all the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and prior endorsements, if any, nor does it extend the effective date of the policy and prior endorsements or increase the face amount thereof.

CONDITIONS AND STIPULATIONS

1. DEFINITION OF TERMS.

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company would have had against the named insured, those who succeed to the interest of the named insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors.

(b) "insured claimant": an insured claiming loss or damage.

(c) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.

(d) "land": the land described or referred to in Schedule A, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule A, nor any right , title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(f) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge. With respect to Section 1(a) (iv) of the Exclusions From Coverage, "public records" shall also include environmental protection liens filed in the records of the clerk of the United States district court for the district in which the land is located.

(g) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE AFTER CONVEYANCE OF TITLE.

The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from the insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to the insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.

The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(a) below, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to the insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE.

(a) Upon written request by the insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of the insured for this purpose. Whenever requested by the Company, the insured, at the Company's expense, shall give the Company all reasonable aid (i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest as insured. If the Company is prejudiced by the failure of the insured to furnish the required cooperation, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

5. PROOF OF LOSS OR DAMAGE.

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the insured claimant to provide the required proof of loss or damage, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, the insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company , the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine , inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgement of the Company, it is necessary in the administration of the claim. Failure of the insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this paragraph shall terminate any liability of the Company under this policy as to that claim.

6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.

In case of a claim under this policy, the Company shall have the following options:

(a)To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations to the insured under this policy, other than to make the payment required, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (b)(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

Conditions and Stipulations Continued Inside Cover

7. DETERMINATION, EXTENT OF LIABILITY AND COINSURANCE.

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A; or,

(ii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the Amount of Insurance stated in Schedule A at the Date of Policy is less than 80 percent of the value of the insured estate or interest or the full consideration paid for the land, whichever is less, or if subsequent to the Date of Policy an improvement is erected on the land which increases the value of the insured estate or interest by at least 20 percent over the Amount of Insurance stated in Schedule A, then this Policy is subject to the following:

(i) where no subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that the amount of insurance at Date of Policy bears to the total value of the insured estate or interest at Date of Policy; or

(ii) where a subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that 120 percent of the Amount of Insurance stated in Schedule A bears to the sum of the Amount of Insurance stated in Schedule A and the amount expended for the improvement.

The provisions of this paragraph shall not apply to costs, attorneys' fees and expenses for which the Company is liable under this policy, and shall only apply to that portion of any loss which exceeds, in the aggregate, 10 percent of the Amount of Insurance stated in Schedule A.

(c) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. APPORTIONMENT.

If the land described in Schedule A consists of two or more parcels which are not used as a single site, and a loss is established affecting one or more of the parcels but not all, the loss shall be computed and settled on a pro rata basis as if the amount of insurance under this policy was divided pro rata as to the value on Date of Policy of each separate parcel to the whole, exclusive of any improvements made subsequent to Date of Policy, unless a liability or value has otherwise been agreed upon as to each parcel by the Company and the insured at the time of the issuance of this policy and shown by an express statement or by an endorsement attached to this policy.

9. LIMITATION OF LIABILITY.

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.

All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto.

11. LIABILITY NONCUMULATIVE

It is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy to the insured owner.

12. PAYMENT OF LOSS.

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(Continued)

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

13. SUBROGATION UPON PAYMENT OR SETTLEMENT.

(a) The Company's Right of Subrogation.

Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.

The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated to these rights and remedies in the proportion which the Company's payment bears to the whole amount of the loss.

If loss should result from any act of the insured claimant, as stated above, that act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(b) The Company's Rights Against Non-insured Obligors.

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

14. ARBITRATION

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance is $1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the Amount of Insurance is in excess of $1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.

(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

(c) No amendment of or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

16. SEVERABILITY.

In the event any provision of the policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

17. NOTICES, WHERE SENT.

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to Commonwealth Land Title Insurance Company, Eight Penn Center, Philadelphia, Pennsylvania 19103-2198.

American Land Title Association
Owner's Policy
(10-17-92)

POLICY

OF

TITLE

INSURANCE



Issued by

Commonwealth.
Land Title Insurance Company

Title Insurance Since 1876

HOME OFFICE
EIGHT PENN CENTER
PHILADELPHIA, PA 19103-2198

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