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CONDOMINIUM OFFERING PLAN

THE HEIGHTS CONDOMINIUM  
7902 15TH AVENUE  
BROOKLYN, NEW YORK 11219

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|                               |                |
|-------------------------------|----------------|
| Residential Units.....13      | \$3,775,000.00 |
| Total Amount of Offering Plan | \$3,775,000.00 |

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SPONSOR AND SELLING AGENT:

GARG DEVELOPMENT INC.  
8311 RIDGE BOULEVARD  
BROOKLYN, NEW YORK 11209

Approximate date of the first offering of this plan is 11/17/01  
This plan may not be used after 11/16/02 unless  
extended by a duly filed amendment.

THIS PLAN CONTAINS SPECIAL RISKS TO THE PURCHASER. SEE PAGE 1.

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

Prepared By:

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### SPECIAL RISKS

1) Projected monthly carrying costs for individual units for the first year of condominium operation includes an allowance for real estate taxes based on Sponsor's of anticipated benefits to be received pursuant to his application for abatement and exemption of taxes under 11-243 (formerly J51) of the New York City Administrative Code. Sponsor has made, and will pursue this application and shall make all filings necessary to obtain such benefits; however the cost of the application will be borne by unit purchasers through the reimbursement fee set forth in the CLOSING COSTS AND ADJUSTMENTS section of this Offering plan. Upon closing, the Sponsor will make all tax benefit documents available to the Condominium for inspection and copying for the life of the benefits. The Sponsor will timely file all applications and timely comply with all procedures required to properly process and maintain the benefits, and will use its best efforts to obtain the aforementioned real estate tax exemption and abatement benefits. The Sponsor has also included projections in the event tax benefits are not obtained.

The Sponsor's projection of tax due for the first year of operation is based on the figures and assumptions in the accompanying expert's opinion as to real estate tax benefits. However, it is not possible to accurately determine what the increase and actual assessed valuation will be. Moreover, it is equally impossible to predict any future increases in real estate tax rates which may affect the amount of tax due on the property.

NO WARRANTY IS OR CAN BE MADE THAT THE BENEFITS SET FORTH THEREIN WILL BE OBTAINED IN THE EVENT THE BENEFITS ARE NOT OBTAINED, OR IN THE EVENT THERE ARE INCREASES IN THE TAX RATE OR THE PROPERTY'S ASSESSED VALUATION OR IN THE STATUTES GOVERNING THE TAX BENEFITS, REAL ESTATE TAXES MAY BE HIGHER THAN SET FORTH ABOVE FOR THE FIRST YEAR OF OPERATION AND IN FUTURE YEARS HENCE INDIVIDUAL CARRYING COSTS FOR ALL UNITS WOULD ALSO BE HIGHER.

Prospective purchasers are urged most strongly to read the section entitled REAL ESTATE TAX BENEFITS OPINION included herein.

2) Closing will not take place, and no individual condominium apartment will be sold until a permanent or temporary Certificate of Occupancy has been obtained for the premises. In the event closing occurs after the issuance of a temporary Certificate of Occupancy, but prior to the issuance of permanent Certificate of Occupancy, then it will remain the obligation of the Sponsor to, at its own cost and expense, obtain such permanent Certificate, and the Certificate must be obtained within two (2) years from date of closing. Prior to obtaining the permanent Certificate of Occupancy, the Sponsor is required to either: a) maintain all deposits and funds in a special escrow account required by GBL-352e(2)(b) unless the Sponsor's engineer or architect certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain the permanent Certificate of Occupancy, in which case the sum exceeding the amount so certified may be released; or, b) deposit with an escrow agent an unconditional, irrevocable letter of credit, or post a surety bond, in the aforesaid specified amount, in accord with the regulations of the New York State Department of Law.

3) Due to the size of the building, it is contemplated that the building will be self-managing, and that no managing agent will be employed. Therefore, no amount has been included in the projected budget for the first year of operation for a management fee. In the event the Board of Managers determines that it is in the best interest of the Condominium to employ a managing agent, this item will represent an additional expense not included in the projected budget, and will require an increase in Common Charges of approximately six to ten percent. In addition, no amount is budgeted for a superintendent or custodian and, again, in the event the Board of Managers determines that it is in the best interest of the Condominium to employ a superintendent or custodian, this will also result in an increase in Common Charges. See footnotes 8 and 9 to Schedule B.

4) There are numerous time constraints imposed in the Purchase Agreement set forth in Part II of this Offering Plan. **Time is of the essence** as to all such time constraints. It should be specifically noted that while the Purchase Agreement is contingent on the Purchaser obtaining financing, if the Purchaser fails to make an application within five days after receipt of a fully executed copy of the Purchase Agreement or fails to notify the Seller within 40 days from the date of execution of his failure to obtain mortgage financing, then the protection of the mortgage contingency will be lost and the Purchaser may lose his downpayment. This means that if the Purchaser fails to perform within the applicable time frame, he may waive substantive rights, or incur a forfeiture of substantial sums of money. Purchasers are advised to consult with their attorney concerning all terms of this offering. Please see section of this Plan entitled PROCEDURE TO PURCHASE, and the PURCHASE AGREEMENT, set forth in Part II, for a statement of all applicable time limitations.

5) The terms of this Offering Plan transfer the statutory obligation to pay New York City Real Property transfer taxes (1% of purchase price for residential units, and New York State Documentary Stamp Taxes (\$4.00 per thousand) to the Purchaser, so that the cost of such taxes represent an additional closing cost to the Purchaser; and, insofar as such taxes will be considered part of the total consideration paid for the unit, transfer tax will be due on such additional taxes as well and will amount to a tax on a tax. Additionally, the Purchaser is responsible for paying to the Sponsor's attorney a document preparation fee of \$650.00, and may be responsible for certain other fees such as travel fees and default fees. See section of the Offering Plan entitled UNIT CLOSING COSTS AND ADJUSTMENTS.

6) While all residential units will be equipped for installation of washer/dryers, stoves, refrigerators and dishwashers, no such appliances will be provided by the Sponsor except for the stove as indicated on Page AR16. To the extent Purchaser elects to install any such additional appliances in his/her apartment, same will represent an additional cost of purchasing the apartment. See page AR16 of DESCRIPTION OF PROPERTY AND CONDITIONS included in Part II of this Offering Plan.

7) At the earlier of the second anniversary of the first closing date, or such time as less than fifty percent of the units of the Condominium constitute unsold units, control of the Condominium shall be transferred to a Board of Managers elected by unit owners other than Sponsor. Prior to that time, the Condominium will be controlled by a Board of Managers elected by the Sponsor. Until the earlier of five (5) years from the date of closing, or at the time at which the Sponsor or other Holder of Unsold Units owns units consisting of less than 25% of the common interest of the Condominium, Sponsor may exercise veto power over any expenses other than those described in Item 3 of the section entitled CONTROL BY SPONSOR in the offering plan. Additionally, so long as the sponsor retains ownership of at least one unit in the building, the By-Laws, Declaration, and Rules and Regulations of the Condominium, may not be amended or modified in any way so as to adversely affect the Sponsor without written consent by the Sponsor.

See section of the Offering Plan entitled CONTROL BY SPONSOR for a more complete explanation.

8) Sponsor is liable for all common charges, special assessments, and real estate taxes with respect to unsold units, and represents that Sponsor has financial resources to meet these obligations. However, no bond or other security has been furnished to secure the Sponsor's obligations. Please see section of the Offering Plan entitled SPONSOR'S OBLIGATIONS for a more detailed explanation.

9) Pursuant to existing law and regulation, the Sponsor may declare the plan effective by selling a minimum of fifteen (15%) percent of the apartments in the building. Even if the plan is declared effective with a minimum number of sales, it is possible that the Sponsor may be able to convert the building with fewer than the minimum number of sales, if purchasers counted towards effectiveness do not ultimately purchase an apartment.

10) Purchasers should note that in the current real estate market, banks and other lenders are imposing various restrictions on loans. Such restrictions include requiring that a certain percentage (such as 35% or 50%) of the apartments 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 after 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.

11) All funds received by the Sponsor for upgrades or extras must initially be placed in the escrow account set forth herein. However, Purchaser should note that such funds may be released from the escrow account by the escrow agent as long as the Sponsor uses the funds for such upgrades or extras. As a result, in the event the Purchaser is entitled to a rescission, the Purchaser will not receive a refund of any funds used for upgrades or extras. See PURCHASE AGREEMENT set forth in Part II of this Offering Plan.

12) The cost of providing heat and hot water for individual units is not included in the monthly Common Charges. Heat and hot water are separately provided to each unit by its own heat and hot water facility; and the cost of fuel for providing such heat and hot water will be separately billed for each unit. Thus, the cost of heat and hot water represent additional costs in addition to the monthly maintenance (see FOOTNOTES TO SCHEDULE B and SECTION B1).

13) Sponsor shall only be obligated to cure title exceptions raised in a title report prepared by Lighthouse Land Services. Purchaser will take subject to exceptions raised in a title report prepared by any other title or abstract company, unless Sponsor, at Sponsor's sole discretion, elects to cure same. See TERMS OF SALE and PURCHASE AGREEMENT set forth in Part II of this Offering Plan.

14) All deposits on contract set forth in this Offering plan will be placed in a non interest bearing IOLA escrow account. This account will be federally insured only up to the amount of \$100,000. Amounts in excess of \$100,000 will not be federally insured.

15) Units 1C and 1D include below-grade recreation space in the cellar of the building. This space is designated as a recreation room, and may not be used as bedrooms. Use of this recreation space as a bedroom may result in a violation being posted against the building. See DESCRIPTION AND PROPERTY BUILDING CONDITION in Part II of this Offering Plan.

## INTRODUCTION

This is an Offering Plan for the sale of condominium apartments at 7902 15th Avenue, Brooklyn, New York. The purpose of this plan is to fully set forth all material terms of the offer. This plan may be amended from time to time, if such amendment is filed with the New York State Department of Law. Any such amendments will be served on all prospective Purchasers who have executed a Purchase Agreement for any apartment, all unit owners, any commercial or professional tenant, and all other persons entitled to service pursuant to local law or statute.

The Sponsor of this offering is Garg Development Inc., and the principals of the sponsor are Michael Gargano and Gerardo Gargano.

The Sponsor acquired the property on October 11, 1996. Units will be conveyed free and clear of any mortgages, liens, or other encumbrances. Units will be conveyed by delivery of a UNIT DEED set forth in Part II of this Offering Plan.

The prices contained in this offering, as set forth in SCHEDULE A, are set by the Sponsors, and are not subject to approval by the New York State Department of Law, or any other governmental agency.

This Condominium will be subject to, and in compliance with, the New York State Condominium Act, Article 9-B of the New York Real Property Law.

This plan, including all schedules and exhibits submitted herewith, constitutes the entire offering plan. Copies of the plan and Parts A, B, C and D of the exhibits will be available for inspection to potential purchasers and their attorneys at the office of the Sponsor indicated on the front cover of this offering plan and at the office of the New York State Department of Law at 120 Broadway, New York, NY. The Plan will also be available for copying, at a reasonable fee, at both of the above locations.

The premises consists of a single building containing two stories, a basement and a cellar, and located in the Bensonhurst section of Brooklyn. The buildings will house thirteen residential units. There will be eleven on site parking spaces which will not be assigned but will be available for general use by unit owners. There are no recreational or laundry facilities; however, individual apartments have laundry hook-ups.

This offering is made only to individuals over the age of 18.

In accordance with the provisions of the Laws of the City of New York, the Sponsor represents that neither the Sponsor, nor the Condominium nor the Selling Agent will discriminate against any person because of his race, creed, color, sex, national origin, ancestry, or any other reason prohibited by civil rights law in the sale of apartments offered by this Plan, or in the leasing of any apartment in the Building. Unit owners have an unrestricted right to lease, sell or mortgage units. Use of units is limited to residential use, and appurtenant home office use.

This is a newly constructed building. Work on the building is scheduled for completion in May of 2001.

Ownership of a Condominium Unit resembles in many ways ownership of a private home. Basic aspects of condominium ownership include:

(1) Each purchaser owns his unit outright and is entitled to exclusive possession of his unit. Each purchaser also has an interest, and a right to use common elements and limited common elements of the building.

(2) Common elements are parts of the Property, in addition to his/her own Unit, which a Unit Owner owns in common with the owners of all other Units in the Condominium such as entry ways, stairways, hallways, utility areas, and similar elements of the building which may serve and benefit all Unit Owners, a Unit Owner will share the non-exclusive right to use the Common Elements, with all other unit owners.

Limited Common Elements are those areas appurtenant to a particular Unit or Units, the use of which is restricted to the owner(s) of such Unit or Units), but which are not owned by that unit owner. There are no limited common elements allocated to any units in this building.

(3) Each unit may be separately taxed and mortgaged; each unit owner may deduct from adjusted gross income for income tax purposes real estate taxes and mortgage interest;

(4) Each Unit Owner may vote for the members of the Board of Managers, which is the group elected by unit owners to operate the Condominium. The Board of Managers will set common charges based on cash needs of building operation, decide on special assessments, and, in general, make all decisions necessary to run the building.

(5) In accordance with the Condominium Act, Sections 339(i) and (m), the common charges payable under the By-Laws will be based strictly on the projected cash requirements of ownership and operation of the Property and may include a reserve for contingencies, replacements, and/or repairs. Furthermore, the Board of Managers may impose special assessments in order to meet emergencies, contingencies, or other unforeseen events, which will become the financial obligation of each purchaser of a Condominium Apartment. These assessments will be levied on a pro rata share basis. Each Purchaser must pay the common charges in accordance with the New York State Condominium Act.

(6) Individual purchasers should explore obtaining insurance coverage, which would be at their own cost and expense, to insure them for such risks as fire and casualty losses in their apartments to their personal contents therein, as well as liability insurance for each occurrence which might occur within their respective apartments. Unit owners are responsible for maintenance and repairs to their individual units.

The prices for individual units and estimated Common Charges for the first year of Condominium operation are set forth in SCHEDULE A. The projected budget for the first year of Condominium operation is set forth in SCHEDULE B.

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

## DESCRIPTION OF PROPERTY AND IMPROVEMENTS

The structure which is the subject of this offering plan consists of a single building containing a cellar, a basement and two stories, laid out as per the attached floor plans and containing in total thirteen residential units. There is no on-premises recreational or laundry facilities; but residential apartments will be equipped for installation of laundry appliances. All cabinetry and fixtures in kitchens and baths will be new. No appliances will be provided by the Sponsor. There will be eleven on site parking spaces which will not be assigned but will be available for general use by unit owners.

The Sponsor will complete the work set forth in this plan relating to the buildings, and the apartments contained therein, in conformity with all applicable New York City Administrative Code requirements, and subject to procurement of all applicable and proper permits which are required, if any. Sponsor will continue to maintain and operate the buildings in their present condition as described herein, subject to reasonable wear and tear, until closing. The Sponsor may make changes in design, layout, and arrangement of apartments, and substitute equipment and materials, except that the Sponsor may not (i) substitute materials or equipment of lesser quality or design; or, (ii) change the size, location, or value of any units, or of other improvements or public areas, if such changes adversely affect the public areas, or adversely affect the value of any unit to which title has been closed, or for which a Purchase Agreement has been fully executed and is in effect, unless any affected unit owners, and the Board of Managers consent in writing to the changes set forth in section "(ii)" above. This is a newly constructed building. Work on the building is scheduled for completion in May of 2001, and it is anticipated that all units will be completed as of that date.

The Sponsor hereby adopts the detailed description of property and building condition set forth in the section entitled DESCRIPTION OF PROPERTY, SPECIFICATIONS, and BUILDING CONDITION of this offering plan. With reference to such material, a licensed architect prepared the description of property and building condition contained therein. Prospective purchasers are urged to refer to said section for a more complete understanding of the physical condition of the subject property and building.

### LOCATION AND AREA INFORMATION

The premises are located in the Bensonhurst section of Brooklyn. This is a highly developed area essentially residential in character, but served by a rich and diverse assortment of shopping, recreational, medical, religious, and educational facilities, as well as a highly developed network both of streets and roads, and urban transportation. Police, Fire, Water, Sanitation, snow removal, and road maintenance are provided by the City of New York. Police Precinct serving the community is the 66<sup>th</sup> precinct which is located at 5822 16<sup>th</sup> Avenue, within 1 mile of the project. Medical centers include Maimonides Medical Center located at 4802 10<sup>th</sup> Avenue, and Lutheran Medical Center located at 150 55<sup>th</sup> Street, both of which are within 2 miles of the project. New Utrecht High School serves the local community and is located at 16<sup>th</sup> Avenue and 79<sup>th</sup> Street, which is within several blocks of the project.

Zoning of the site is residential. There is no landmark designation of the site. There are no adjoining undeveloped areas of the site. Neither the Sponsor, nor any principals of the Sponsor, own in whole or in part, or have an option of right to acquire in whole or in part, any adjacent areas which are not fully developed.

SCHEDULE A

**PURCHASE PRICE AND ALLOCATION OF COMMON INTEREST**  
**First Year of Operation**  
**June 1st, 2001 - May 31st, 2002**

| Unit   | Rms/<br>Bths       | % of<br>Common<br>Interest | Cash<br>Purchase<br>Price | Monthly<br>Common<br>Charges | With<br>Tax Ben.<br>Monthly<br>R.E.Tax<br>Taxes | With<br>Tax Ben.<br>Carrying<br>Charges | Without<br>Tax Ben.<br>Monthly<br>R.E.Tax | Without<br>Tax Ben.<br>Monthly<br>Carrying<br>Charges | Square<br>Ftg. |
|--------|--------------------|----------------------------|---------------------------|------------------------------|-------------------------------------------------|-----------------------------------------|-------------------------------------------|-------------------------------------------------------|----------------|
|        | (1)                | (2)                        | (3)                       | (4)                          | (5)                                             | (6)                                     | (7)                                       | (8)                                                   | (9)            |
| 1A     | 4/1                | 7.01 <sup>325</sup>        | \$265,000                 | \$78.87                      | \$71.57                                         | \$150.24                                | \$444.71                                  | \$523.58                                              | 662            |
| 1B     | 3/1                | 5.7 <sup>295</sup>         | \$215,000                 | \$63.73                      | \$58.19                                         | \$121.92                                | \$361.60                                  | \$425.33                                              | 597            |
| 1C     | 4/1                | 7.01 <sup>306</sup>        | \$265,000                 | \$78.87                      | \$71.57                                         | \$150.24                                | \$444.71                                  | \$523.58                                              | 840            |
| 1D     | 5/1                | 7.81 <sup>315</sup>        | \$295,000                 | \$87.32                      | \$79.74                                         | \$167.06                                | \$495.46                                  | \$582.78                                              | 1,035          |
| 1E     | 4/2                | 7.81 <sup>315</sup>        | \$295,000                 | \$87.32                      | \$79.74                                         | \$167.06                                | \$495.46                                  | \$582.78                                              | 1,093          |
| 2A     | 4/2                | 8.07 <sup>385</sup>        | \$305,000                 | \$90.22                      | \$82.39                                         | \$172.61                                | \$511.96                                  | \$602.18                                              | 917            |
| 2B     | 4/2                | 8.07                       | \$305,000                 | \$90.22                      | \$82.39                                         | \$172.61                                | \$511.96                                  | \$602.18                                              | 1,044          |
| 2C     | 4/2                | 8.07                       | \$305,000                 | \$90.22                      | \$82.39                                         | \$172.61                                | \$511.96                                  | \$602.18                                              | 1,044          |
| 2D     | 4/2                | 8.07                       | \$305,000                 | \$90.22                      | \$82.39                                         | \$172.61                                | \$511.96                                  | \$602.18                                              | 917            |
| 3A     | 4/2 <sup>378</sup> | 8.07 <sup>408</sup>        | \$305,000                 | \$90.22                      | \$82.39                                         | \$172.61                                | \$511.96                                  | \$602.18                                              | 917            |
| 3B     | 4/2                | 8.07                       | \$305,000                 | \$90.22                      | \$82.39                                         | \$172.61                                | \$511.96                                  | \$602.18                                              | 1,044          |
| 3C     | 4/2                | 8.07                       | \$305,000                 | \$90.22                      | \$82.39                                         | \$172.61                                | \$511.96                                  | \$602.18                                              | 1,044          |
| 3D     | 4/2                | 8.07                       | \$305,000                 | \$90.22                      | \$82.39                                         | \$172.61                                | \$511.96                                  | \$602.18                                              | 917            |
| TOTALS |                    | 100%                       | \$3,775,000               | \$1,117.87                   | \$1,019.93                                      | \$2,137.40                              | \$6,337.62                                | \$7,455.49                                            |                |

8336970  
 450

Parking spaces for  
 Bull at 10K  
 Deal

2390  
 6338

Notes:

- 1) Minor differences in the above calculations may be caused by "rounding off".
- 2) Floor Plans for individual units are set forth in Part II of this Offering Plan.
- 3) In addition to the purchase prices set forth above, there will be additional closing costs for which the Purchaser will be responsible. These are set forth in their portion of this Offering Plan entitled CLOSING COSTS AND ADJUSTMENTS.

### FOOTNOTES TO SCHEDULE A

1. The room count is based on the method suggested by the Real Estate Board of New York. See the section entitled DESCRIPTION OF PROPERTY AND BUILDING CONDITION, and FLOOR PLANS, both of which are included in part II of this Offering Plan, for a more complete description of each apartment.

2. The determination of percentages of Common Interest allocated to each unit is in the approximate proportion that the estimated fair market value of the unit as of the date of conversion to condominium status will bear to the then aggregate fair market value of all condominium units, as per Section 339-i(1)(i) of the New York State Real Property Law. The aforementioned fair market value were determined by a combination of factors as enumerated in the aforementioned section of the real property law including, but not limited to, floor space, uniqueness of each unit, overall dimensions of a particular unit, condition and amenities in each apartment, layout, location in the building, and any other factors which would have affected the relative desirability and marketability of each apartment.

3. Across-the-board changes in unit prices, advertised price changes, and increase in individual unit prices may be made by duly-filed amendments only; however, individually negotiated reductions in the purchase price of a unit may be made without prior amendment. Purchasers will also incur certain closing costs in connection with the purchase of their unit. See CHANGES IN PRICES IN UNITS and CLOSING COSTS sections of this Offering Plan..

4. Projected Common Charges for the first year of operation include only those expenses which are enumerated in SCHEDULE B. common charges do not include such expenses as repairs to the interior of the owner's unit, and the owner's individual gas, electricity, and telephone expenses; individual costs for heat and hot water for each apartment is set forth in SCHEDULE B1 of this Offering Plan. Moreover, if the purchaser should obtain financing for the purchase, the debt service on that loan will be an additional expense not covered by the Common Charges. Common Charges are arrived at by allocating to each unit a share of the Monthly Charges proportionate to the Common Interest which that unit bears in the condominium.

5. After the condominium is divided into individual tax lots, each lot will be separately taxed for New York City property tax purposes. A unit owner will not be responsible for the payment of, nor will the unit be subject to, any lien arising from the non-payment of taxes on other units. Sponsor, is applying for Real Estate Tax Benefits. This will result in an exemption of the building from increase in actual assessed valuation due to improvements to the premises for a period of fourteen (14) years, with the full assessment thereafter being phased in over a five (5) year period. Sponsor has obtained an opinion from Rottenstein and Associates as to the likely effects of Sponsor's application for Real Estate Tax Benefits; Purchasers are directed to the section of this Offering Plan entitled REAL ESTATE TAX BENEFITS OPINION for a complete explanation. Calculations of Real Estate Taxes in the event 11-243 (formerly J51) Tax Abatement and Exemption benefits are not obtained are based on the expert's estimate of a \$750,000.00 assessed valuation upon completion of construction, and a current tax rate of \$10.59 per \$100.00 of the assessed value. Unit owners shall be entitled to deduct real property taxes paid on the unit for income tax purposes. Additionally, abatement benefits will further reduce the taxes for the first twelve (12) years of condominium operation. See TAX OPINION hereinafter set forth for a more complete discussion.

6. Monthly carrying charges are composed of the monthly common charges and the monthly real estate taxes projected against each unit.

7. While Sponsor is applying for real estate tax benefits, and the expert's opinion included in this Offering Plan projects that such benefits are available and will be granted no guarantee can be, or is made, that said benefits will be obtained, or will continue to be available. Therefore, Sponsor has projected in Schedule A the real estate taxes in the event no such benefits are obtained.

8. Monthly carrying charges in the event benefits are not obtained are composed of the monthly common charges plus the monthly real estate taxes without benefits as set forth in column number 7. Unit owners who itemize their deductions should, for federal income tax purposes, be entitled to a deduction for real estate taxes in the year in which same are paid or accrued. Please see the TAX OPINION LETTER set forth in this Offering Plan for a more complete explanation.

9. The estimated square footage of each unit is based on the FLOOR PLANS and ARCHITECT'S DESCRIPTION OF PROPERTY set forth in Part II of this Offering Plan.

SCHEDULE B

BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION  
June 1, 2001 - May 31, 2002

INCOME

|                |           |
|----------------|-----------|
| Common Charges | \$13,417. |
|----------------|-----------|

EXPENSES

|                               |                 |
|-------------------------------|-----------------|
| Heat and Hot Water (1)        | \$ -0-          |
| Electricity (2)               | \$ 825.         |
| Water and Sewer (3)           | \$ 5,792.       |
| Repairs and Maintenance (4)   | \$ 1,000.       |
| Services and Supplies (5)     | \$ 1,000.       |
| Insurance (6)                 | \$ 2,300.       |
| Legal and Accounting Fees (7) | \$ 1,500.       |
| Franchise Taxes (8)           | \$ 521.         |
| Labor (9)                     | \$ -0-          |
| Management (10)               | \$ -0-          |
| Miscellaneous (11)            | <u>\$ 1,000</u> |
| Total                         | \$13,417.       |

Note: All figures are rounded to the nearest dollar.

IF THE ACTUAL OR ANTICIPATED DATE OF COMMENCEMENT OF CONDOMINIUM OPERATION IS TO BE DELAYED MORE THAN SIX (6) MONTHS BEYOND THE BUDGET YEAR PROJECTED IN THE OFFERING PLAN, THE PLAN WILL BE AMENDED TO INCLUDE A REVISED BUDGET DISCLOSING CURRENT PROJECTIONS. IF SUCH AMENDED PROJECTION EXCEEDS ORIGINAL PROJECTIONS BY 25% OR MORE, THE SPONSOR MUST OFFER ALL PURCHASERS THE RIGHT TO RESCIND THEIR PURCHASE AGREEMENT. PURCHASER SHALL HAVE NOT LESS THAN 15 DAYS TO EXERCISE SAID RIGHT OF RECISION, WHETHER OR NOT SPONSOR OFFERS TO GUARANTEE THE PREVIOUS BUDGET PROJECTION. SPONSOR MUST RETURN ANY DEPOSIT OR DOWN-PAYMENT WITHIN 10 DAYS AFTER NOTICE OF ELECTION TO RESCIND TO PURCHASERS WHO RESCIND.

ADDITIONALLY, PURCHASERS WILL BE OFFERED THE OPPORTUNITY TO RESCIND THEIR PURCHASE AGREEMENTS IN THE EVENT CLOSING DOES NOT OCCUR WITHIN 12 MONTHS OF THE ORIGINALLY PROJECTED COMMENCEMENT DATE OF THE BUDGET.

## FOOTNOTES TO SCHEDULE B

1. Heat and hot water for each unit is provided by separate facilities serving each unit. No heat is provided to the common areas of the building. Each unit owner will be responsible for paying the cost of heat and hot water for their unit. See SCHEDULE B1 hereinafter set forth for an estimate of individual heat and hot water charges.

2. The Sponsor's estimate of common area electrical usage for the first year of condominium operation is based on an estimate received from Apollo Electric Inc., 306 West 51<sup>st</sup> Street, New York, New York 10019, of a total of 16,000 kilowatt hours per year of electrical usage for the common area electricity at a combined winter/summer rate of approximately \$.15 per kilowatt hour. The projected figure includes a 10% inflation allowance for inflation and cost of all applicable sales taxes.

3. Projected water and sewer costs based upon a current New York City estimate of 350 gallons, or 560 cubic feet, per day per residential unit, current charges of \$1.01 per 100 cubic feet of water consumed, and sewer charges of \$1.37 per 100 cubic feet of water consumed. Projected figure also includes a 10% allowance for inflation.

4. Repairs and maintenance to building: The budgeted figure is based on normal maintenance and repairs to the common elements of the building and its systems and equipment. Individual unit owners will be responsible for the cost of interior repairs, and decorations, and painting of their respective apartments, including appliances.

5. Services and supplies: These include items expected to be consumed in the normal course of building operation, including light bulbs, cleaning supplies, paints, and hardware items.

6. Insurance: At closing, the Sponsor will deliver to the Condominium a special multi-peril insurance policy issued through Richard S. Rizzo, 6423 11<sup>th</sup> Avenue, Brooklyn, New York 11219 in the following coverage amounts per building:

|                |                                                           |
|----------------|-----------------------------------------------------------|
| Building.....  | \$1,050,000 "All Risk" agreed amount<br>Replacement Value |
| Liability..... | \$1,000,000                                               |
| Rent Loss..... | \$25,000                                                  |

Deductible.....\$1,000

Directors and Officers..\$1,000,000

The foregoing insurance, including the public liability coverage included therein will be in effect at the time of closing. The insurance company has advised the Sponsor that in its opinion, the amount of coverage is adequate to rebuild the building structure if totally destroyed by any insured peril; however, the policy does not guaranty the replacement of individual fixture and improvements installed by individual unit owners. This policy waives a standard co-insurance clause, so that no insured thereunder shall be a co-insurer. The policy will provide that:

- (i) each unit owner will be an additional insured;
- (ii) there will be no cancellation without notice to the board of managers and individual unit owners;
- (iii) will waive subrogation;
- (iv) will waive invalidity because of the acts of the insured and individual unit owners;
- (v) and, will waive pro rata reduction if individual unit owners obtain additional individual coverage.

The policy does not include umbrella coverage, or blanket fidelity, which can be provided at extra cost. Purchasers are advised of the desirability of obtaining additional insurance, at their own cost and expense, to cover such risk as fire and casualty losses to unit contents, replacements, additions, up-graded fixtures and improvements, and liability coverage for occurrences within the unit or, where applicable, on the limited common elements pertinent to the units.

7. Legal and Accounting Fees: This figure is based on the estimate received from Peter J. Amsterdam, 8714 3<sup>rd</sup> Avenue, Brooklyn, New York, a certified public accountant for preparation of a certified financial statement for the first year of operation and City, State and Federal tax returns, which estimate was \$750.00. The balance of the budgeted figure anticipates minor legal services of approximately \$750.00 during the first year of operation.

8. Due to the size of the buildings, no superintendent or custodian is required by applicable law. It is anticipated that superintendent and janitorial services will be provided by the unit owners. In the event the Board of Managers should, at any time, employ a superintendent or janitorial personnel, same will be an additional expense to the Condominium which may result in an increase in common charges.

9. Due to the size of the building, it is expected that the building will be self-managing. Should the Board of Managers at any time elect to employ the services of a managing agent, this will represent an additional cost of approximately 6% to 10% of the annual operating budget, which would require a concomitant increase in the common charges.

10. The miscellaneous budgeted item is intended to provide a cushion for unforeseen costs and an opportunity for the condominium to accrue a reserve for future expenses.

### SCHEDULE B1

Heat and hot water are provided to each individual unit by separate boilers and hot water heaters serving each such unit. The following projections are based on estimates for such cost received from Bridgewater Plumbing and Heating, 197 Court Street, Brooklyn, NY. The costs set forth below do not include domestic cooking gas.

| UNIT # | COST OF<br>HEAT | COST OF<br>HOT WATER | ESTIMATED<br>INFLATION<br>FACTOR | ESTIMATED<br>TAXES | TOTAL COST<br>OF HEAT AND<br>HOT WATER | THERMS |
|--------|-----------------|----------------------|----------------------------------|--------------------|----------------------------------------|--------|
| 1A     | \$590.00        | \$450.00             | \$104.00                         | \$85.80            | \$1229.80                              | 843    |
| 1B     | \$590.00        | \$450.00             | \$104.00                         | \$85.80            | \$1229.80                              | 843    |
| 1C     | \$590.00        | \$450.00             | \$104.00                         | \$85.80            | \$1229.80                              | 843    |
| 1D     | \$650.00        | \$450.00             | \$110.00                         | \$90.57            | \$1300.57                              | 929    |
| 1E     | \$650.00        | \$450.00             | \$110.00                         | \$90.57            | \$1300.57                              | 929    |
| 2A     | \$615.00        | \$450.00             | \$106.50                         | \$87.87            | \$1259.37                              | 879    |
| 2B     | \$615.00        | \$450.00             | \$106.50                         | \$87.87            | \$1259.37                              | 879    |
| 2C     | \$615.00        | \$450.00             | \$106.50                         | \$87.87            | \$1259.37                              | 879    |
| 2D     | \$615.00        | \$450.00             | \$106.50                         | \$87.87            | \$1259.37                              | 879    |
| 3A     | \$615.00        | \$450.00             | \$106.50                         | \$87.87            | \$1259.37                              | 879    |
| 3B     | \$615.00        | \$450.00             | \$106.50                         | \$87.87            | \$1259.37                              | 879    |
| 3C     | \$615.00        | \$450.00             | \$106.50                         | \$87.87            | \$1259.37                              | 879    |
| 3D     | \$615.00        | \$450.00             | \$106.50                         | \$87.87            | \$1259.37                              | 879    |

Notes:

1. The above estimate assumes the following:

- (a) Current Brooklyn Union gas rate of \$.70 per therm;
- (b) Estimate of 16 hours per day at 70 degrees;
- (c) Estimate of 8 hours per night at 60 degrees.

2. Taxes are based on current New York City and New York State sales taxes applicable to the sale of natural gas use for home heating purposes.

3. An inflation factor of 10% is assumed with regards to the heating costs.

4. The cost of providing hot water for domestic use (washing, bathing, etc..) is based on normal estimated usage for a family of 5, and is highly dependent both on the number of people located in the apartment, and their pattern of usage.

5. The above table includes only gas use for heating and hot water and does not include gas used for cooking or any other purpose.

### CHANGES IN PRICES AND UNITS

The offering prices, as set forth in SCHEDULE A, may only be increased or decreased by a duly filed amendment to the plan when the change in price is an across-the-board change affecting one or more lines of units, or unit models, or is to be advertised, or represents a price increase for any individual unit. However, prices are negotiable, and Sponsor may enter into an agreement with a purchaser to sell one or more units at prices lower from those set forth in SCHEDULE A without filing an amendment prior to entering such agreement, as per FOOTNOTES TO SCHEDULE A.

No change will be made in the size or number of units, and/or their respective percentage of common interest; and no material change will be made in the size or quality of common elements; except by amendment to the Plan and when applicable, to the Declaration. Unless an effected purchaser consents, no material change will be made in unit size, layout or percentage of common interest, if a Purchase Agreement has been executed and delivered to the Sponsor for that unit and the Purchaser is not in default. Unless all purchasers consent, no material change will be made in the size, and no material adverse change will be made in the quality, of common elements. No change of any type set forth in this paragraph shall be made except by amendment duly filed with the New York State Department of Law.

**SWIFT & HASS REALTY CORP.**  
**9114 THIRD AVENUE**  
**BROOKLYN, NEW YORK 11209**  
**Tel. (718) 630-5400 Fax (718) 680-1958**

**COMPLIANCE WITH REAL PROPERTY LAW 339-i (i) (i)**

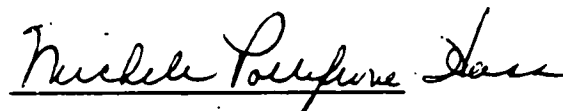
Garg Development Inc.  
8311 Ridge Boulevard  
Brooklyn, New York 11209

Dear Sirs:

You have requested an opinion from us with regards to your allocation of common interest to units in your proposed condominium at 7902 15th Avenue, Brooklyn, New York, with Section 339-i (i) (i) of the New York Real Property Law. You have informed us that the method of allocation chosen is to evaluate the approximate fair market value of the individual unit in proportion to the anticipated aggregate fair value of all units on the day the condominium Declaration will be filled. You have further informed us that, the factual basis of calculating the percentage of common interest consists of the size, layout, and location within the premises of each individual unit; and, the anticipated selling price of each unit. Based on our review of the foregoing factors, we have concluded that the proposed allocation of the common interest to individual units is in compliance with Section 339-i (i) (i) of the New York State Real Property Law.

I have been a licensed real estate broker for in excess of 20 years and have managed approximately 10 buildings in this area with extensive experience in the sale, management, and rental of cooperative and condominium units in Kings County. We have been licensed real estate brokers in excess of 20 years, and have managed approximately 10 buildings in this area. We have previously participated in the preparation of individual unit value appraisals for the purpose of inclusion in offering plans for the sales thereof. We are not, in any way, associated with you or any other participant in the project, and have no beneficial interest in your business, or in profitability of the project. This is an opinion only as to the relative value of each unit in relation to the value of the project as a whole; is strictly based on the information provided to us in such reasonable inquiries as to the validity thereof as we deemed appropriate under the circumstances; and, is not intended as a guarantee of the actual value of any individual unit. We consent to the inclusion of this letter in your offering plan.

Sincerely,



# HAROLD L. GRUBER, P.C.

ATTORNEY AT LAW

563 10TH STREET, SUITE 3  
BROOKLYN, NY 11215  
TEL: (718) 788-7722  
FAX: (718) 788-6988

50 NORTH BROADWAY  
RED HOOK, NY 12571  
TEL: (914) 758-0977  
FAX: (914) 758-3143

## COMPLIANCE WITH REAL PROPERTY LAW SECTION 339(i)(1)(i)

October 12, 2000

New York State Department of Law  
120 Broadway  
New York, NY 10271

Re: 7902 15<sup>th</sup> Avenue, Brooklyn, New York  
Condominium Offering Plan  
Compliance with Real Property Law Section 339(i)(1)(i)

Dear Sir/Madam:

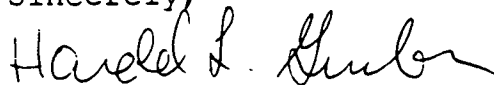
I am the attorney for the Sponsor and I have had 15 years of experience in preparing cooperative and condominium offering plans and preparing contracts of sale and closing title to the units in the respective offering plans and as such have the requisite experience to prepare this compliance letter. I am not the selling agent or managing agent for this property.

I have reviewed the pertinent data with respect to the floor area, relative values of the units, and other pertinent information with respect to the units. Based on these factors, and the annexed letter of Michelle Haas, the allocation of common interest is being made pursuant to Real Property Law section 339-i(1) subparagraph (i) which provides:

"(i) In the approximate proportion that the fair value of the unit at the date of the Declaration bears to the then aggregate fair value of all units."

I certify that I am not owned or controlled by and have no beneficial interest in the Sponsor and that my compensation for preparing this letter is not contingent on the conversion of the property to a condominium or on the profitability of the offering.

Sincerely,

  
Harold L. Gruber  
HLG/jf

### PROCEDURE TO PURCHASE

Persons desiring to purchase condominium units will be required to execute a Purchase Agreement and Transferee Affidavit in the form contained in Part II of this Plan and return it to the selling agent, together with a check in the amount of 10% of the purchase price, as a down-payment, drawn to the order of HAROLD GRUBER, ESQ., AS ATTORNEY. Sponsor reserves the right to accept a lesser downpayment to accommodate Purchasers, but in no case will downpayment be less than \$1,000.

The prospective purchaser must have the Offering Plan and all filed amendments in his possession at least three (3) business days prior to executing the Purchase Agreement. In the event Purchaser has not had said Offering Plan in his possession for at least three (3) business days prior to execution, Purchaser may rescind the Purchase Agreement by mailing Notice of Rescission to Sponsor or selling agent, or by hand delivering notice, within seven (7) days after executing same. Notice by mail will be effective if it postmarked within seven (7) days of executing Purchase Agreement. Purchase Agreement shall not be binding on any party until accepted by the Sponsor. Within twenty (20) days after the prospective purchaser has delivered to the selling agent a signed Purchase Agreement, together with the required downpayment, the Sponsor must either accept the Purchase Agreement and return a fully executed counterpart, or reject the Purchase Agreement and refund in full any downpayment taken. The Plan will expire twelve (12) months from the date of acceptance unless extended by a duly filed amendment.

All downpayments will be place in an account in conformity with the disclosure contained in this Plan.

The Sponsor will comply with the escrow and trust fund requirements of General Business Law Sections 352-3(2-b) and 352-h, and Lien Law section 71-a(3) 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 purchase. Purchasers shall not be obligated to pay any legal or other expense of the Sponsor in connection with the establishment, maintenance, or defense of obligations arising from the handling or disposition of trust funds.

All deposits, downpayments, or advances, made by purchasers prior to closing of each individual transaction, whether received before or after the date of consummation of the Plan, will be placed, within five (5) business days after the agreement is signed by all necessary parties, in a segregated special escrow account of Harold L. Gruber whose address is 563 10th Street, Brooklyn, New York 11215, and whose telephone number is (718) 788-7722. The signatory on this account authorized to withdraw funds is: HAROLD L. GRUBER, 563 10th Street, Brooklyn, New York 11215. The name of the account is HLG ESCROW - 7902, located in Citibank, N.A. at 114 Seventh Avenue, Brooklyn, New York 11215. This bank is covered by federal bank deposit insurance to a maximum of \$100,000.00. To the extent deposits in the account exceed \$100,000.00 they will not be federally insured. If the escrow agents are replaced or funds are transferred to a new escrow account, the Plan will amended to reflect same.

This account will be an IOLA account with no interest accrued to the benefit of either the purchaser or the Sponsor.

All instruments shall be made payable to or endorsed to the order of HAROLD L. GRUBER, ESQ., as escrow agent.

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

Since all contracts are contingent upon the Plan becoming effective, under no circumstances shall Sponsor apply for release of the escrowed funds of a defaulting purchaser until after consummation of the Plan.

The escrow agent will hold funds in escrow until other 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 escrowed funds, the escrow agent will not pay the funds to the Sponsor until the escrow agent has given the purchaser written notice of not fewer than ten (10) business days. Thereafter, the funds may be paid to the Sponsor unless the purchaser has already made application to the Department of Law pursuant to the dispute resolution provisions of the Attorney General regulations and has so notified the escrow agent in accordance with such provisions.

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

- (i) a purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan, or an amendment to the Plan;
- (ii) all purchasers after an amendment abandoning the plan is accepted for filing by the Department of Law.

Purchasers and escrow agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the downpayment and any interest thereon. The Sponsor must avail itself of this procedure if there is a dispute which needs to be resolved. A form for this purpose is included in Part II of this Offering Plan, and is also available at the New York State Department of Law, 120 Broadway, New York, NY. A party applying to the Department of Law for determination on the disposition of a downpayment must also contemporaneously send a copy of the application to all other parties.

Pending the determination of the Attorney General to grant or deny the application, the Sponsor, the purchaser, and the escrow agent shall abide by any interim directive issued by the Attorney General. If the application permitting release of funds is granted, the deposit and interest earned thereon shall be disposed of in accordance with the determination of the Attorney General, subject to any court action from which preliminary relief is granted. The Attorney General shall act on the application within 30 days after a submission to the Department of Law for either making a determination or notifying the parties that an extension of time in which to do so. If the application seeking release of funds is denied the escrow agent shall continue to hold the deposit and any interest earned thereon until: i) both the Sponsor and Purchaser direct payment to a specified party in accordance with the written direction signed by both Sponsor and Purchaser; or ii) judgment or order of a court of competent jurisdiction is served on the escrow agent; or iii) escrow agent deposits the disputed amount with the court.

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

Set forth in Part II of this Offering Plan is a copy of the escrow agreement between the Sponsor and the Escrowee which incorporates the terms of the Attorney General's regulations.

The escrow agent will maintain all records concerning the escrow account for seven years after the release of funds. The Department of Law may perform random reviews and audits of all such records involving escrow accounts to determine compliance with the statute and regulations.

The Sponsor may apply to the Attorney General to use security in the form of surety bonds or a letter of credit, in accordance with the regulations of New York State Department of Law, in lieu of escrow of such funds. In the event the Sponsor elects to use such alternative security, an amendment to that effect will be filed in the Offering Plan fully complying with all provisions of the Department of Law for proof of satisfactory insurance of said funds.

Risk of loss from fire or other casualty remains with the Sponsor until title has passed unless and until the purchaser is given the right of possession of that unit pursuant to a written agreement with the Sponsor.

Certain provisions of the Purchase Agreement are "time of the essence". This means that failure to strictly comply with the time requirements of said provisions, may result in the Purchaser losing his right to complete the purchase, and forfeiting his downpayment hereunder. Thus, a purchaser who fails to cure a default within thirty (30) days after notice of said default, will both have the Contract canceled, and lose his downpayment; however, Sponsor must make written demand for payment after default at least 30 days before forfeiture the deposit may be declared.. Similarly, a purchaser who fails to notify the Sponsor in the event he has failed to obtain mortgage financing within forty (40) days after executing the Purchase Agreement, will be required to proceed to closing, notwithstanding the fact that purchaser has failed to obtain mortgage financing; and, if such purchaser fails to proceed to closing, the down payment may be retained by the Sponsor.

After the Plan has been declared effective, the Sponsor will fix dates for closing title to all units for which Purchase Agreements have been executed by serving notice on each Purchaser stating the date of the first closing and setting such purchaser's closing date. Such notice will be served in compliance with the Attorney General's rules no less than 30 days prior to the closing date set therein. Purchasers may waive this 30 day provision if Sponsor has included such waiver in the Plan or in an amendment thereto.

The first closing of a Unit is expected to occur on or about March 1, 2000. If such closing is delayed more than twelve (12) months beyond the originally scheduled date, purchaser will be offered the right to rescind this contract. On closing, purchaser will be required to sign a Power of Attorney in favor of the Board of Managers as otherwise set forth in this Offering Plan.

The Purchase Agreement may not contain, or be modified to contain, a provision waiving purchaser's rights or abrogating Sponsor's obligations under the Offering Plan or Article 23-A of the General Business Law. Any conflict between the Purchase Agreement and the Offering Plan shall be resolved in favor of the Offering Plan. Sponsor will not permit the assignment or transfer of Purchase Agreements.

### EFFECTIVE DATE

The offer to sell embodied in this offering plan is contingent upon the Plan being declared effective in accord with its terms and conditions, and the terms and conditions imposed by law.

The Plan will only be declared effective by a duly filed amendment, or by personal service of notice to every Purchaser, or by regular, registered or certified mail to the Offeree at the last known residence address of such Offeree or any alternative address provided by the Offeree in writing, or the last known business or employment address of such Offeree if no residence address has been provided. If declared effective by notice, an amendment to that effect will be filed within five (5) days with the New York State Department of Law. No closing on any individual unit will be held prior to the acceptance for filing of such amendment by the New York State Department of Law.

The Plan may be declared effective upon sale of 15% of the Residential Units in the building to bona fide purchasers. A minimum of two residential units must be sold to declare the Plan effective. The count of Purchase Agreements towards the minimum number for effectiveness shall not include those: signed by Purchasers granted a right of rescission which has neither expired nor been waived; a Purchaser who has not been afforded the protections required by NYCRR 20.3(o)(10) with any Purchaser who is the Sponsor, Sponsor's selling agent, or the managing agent, or is a principal for the Sponsor, the selling agent, or the managing agent, or to any principal of the Sponsor, or the selling agent, or the managing agent by blood, marriage, or adoption, or as a business associate, employee, shareholder, or a limited partner; except that such Purchaser, other than the Sponsor or a principal of the Sponsor, may be included if the Sponsor has submitted proof satisfactory to the Department of Law establishing that the Purchaser is bona fide.

The Plan must be declared effective upon sale of 80% of the Residential Units. For the purposes of this Offering Plan, 10 units must be sold to constitute 80%. Prior to the sale of 80% of such Units, or prior to being declared effective, the Plan may be abandoned by the Sponsor at his option. In such case, the Sponsor will return all monies paid by Purchasers, together with interest earned, if any, within ten business days. In the event Sponsor abandons the Offering Plan, the Sponsor will file an amendment to that effect, and will also file with the New York State Department of Law a form RS-3, detailing why the Plan was abandoned, and explaining all disbursements of funds.

The Sponsor may not abandon the Plan after it has been declared effective for any reason other than: a defect in title which cannot be cured without substantial litigation, or expenditure of an amount in excess of one-half (1/2) of one percent (1%) of the total offering price, or work orders of a mortgagee, or violations, or substantial casualty damage, which cannot be cured for less than one-half (1/2) of one percent (1%) of the total offering price, or the taking of any material portion of the property by condemnation or eminent domain; however, such title defects, violations, work orders, or casualty losses, as are known to the Sponsor at time of presentation, shall be excluded from calculations under this section. Additionally, any dollar amount relied on as a basis for abandonment after effectiveness must exclude any attorney's fees.

### TERMS OF SALE

On closing, Sponsor will deliver to Purchaser a Bargain and Sale Deed with Covenants Against Grantor's Acts in the proper form for recording as set forth in Part II of this Offering Plan. Title, together with the appurtenant interest in the Common Elements will be conveyed at closing, free and clear of all liens, encumbrances, and title exceptions other than the easement set forth in the aforementioned Deed, the Condominium Declaration, and any state of facts an accurate survey may show, provided same does not render title unmarketable. Sponsor shall only be obligated to cure title exceptions raised in a title report prepared by Lighthouse Land Services, 16 Burgundy Drive, Holmdel, New Jersey. Purchaser will take subject to exceptions raised in a title report prepared by any other title company or abstract company.

Risk of loss from fire or other casualty remains with the Sponsor until title is passed, unless and until the Purchaser is given the right of possession of that unit pursuant to a written agreement with the Sponsor. Upon Purchaser acquiring right of possession of the unit, all risk of loss passes to Purchaser, and Sponsor shall not thereafter be responsible to repair any damage, which occurs before closing. No closing will occur unless and until a partial temporary or permanent Certificate of Occupancy for the unit to be closed has been issued.

All personal property located within the unit on the date the Purchase Agreement is signed, or located within the Common Elements on the date the Declaration is filed, which property is owned by the Sponsor or the Owner of the property, is included in the conveyance unless specifically excepted elsewhere in this Offering Plan.

The Declaration, By-Laws, and Floor Plans for the Condominium, and such other documents as are required by law, will be recorded with the New York City Register for the County of Kings in accordance with the New York Condominium Act prior to the first conveyance of title to a unit.

If existing mortgages or constructions loans encumbering the property will be not satisfied at or prior to closing of the first unit, each mortgagee will, at the time of the conveyance of the first unit, either consent to the formation of a Condominium, and acknowledge that its lien will be limited to Unsold Condominium Units; or subordinate the lien of its mortgage to the Declaration of the Condominium; or, release its lien upon the Condominium Unit being conveyed, and its interest in the Common Elements.

### CLOSING COSTS AND ADJUSTMENTS

As set forth in the Purchase Agreement, the purchaser will pay the following estimated closing costs at the time of Closing of Title for the purchaser's Unit. These estimates are based on current costs and charges, which are subject to change:

(a) If a purchaser elects to obtain fee title insurance, the purchaser will pay the premium thereof which will vary depending upon the Purchase Price of the Unit. Rates set by the New York Board of Title Underwriters are currently \$1,117.00 on a Purchase Price up to \$200,000.00 and approximately \$4.00 for each additional thousand dollars or fraction thereof; or alternatively, where a mortgage title policy is simultaneously issued, the reduced rate set by the title company. Title insurance will be provided through Lighthouse Land Services.

(b) Fees for recording the Deed and Power of Attorney are \$21.00 per document plus \$4.00 per page and a \$10.00 service charge per instrument. Additionally, there is a \$25.00 charge for recording the Real Property Transfer Tax Return along with the deed;

(c) If the purchaser obtains a mortgage loan, the purchaser will pay a mortgage tax of 1.75% of the principal of the mortgage. If a mortgage tax credit is or becomes available pursuant to Section 339-ee(2) of the Condominium Act, such credit will inure to the benefit of the Sponsor. Accordingly, at closing, the Purchaser will reimburse the Sponsor for any mortgage tax credit allowed; and will pay the balance of the mortgage recording tax as provided by law.

(d) All legal costs, fees and expenses charged by the purchaser's attorney will be the sole responsibility of each purchaser.

(e) New York City Real Property Transfer taxes, currently one (1%) percent of the Purchase Price of a Unit, will be the sole responsibility of the purchaser. Payment of the New York City Real Property transfer tax by the Purchaser is deemed an additional consideration to the Seller, and so is in it of itself taxable. Which will result in a "tax on a tax" effect.

(f) New York State Documentary Stamp taxes presently \$4.00 per \$1,000.00 of the Purchase Price of a Unit less existing and continuing mortgage, will be the sole responsibility of the purchaser. Payment of the New York State Documentary Tax Stamps by the Purchaser is deemed an additional consideration to the Seller, and so is in it of itself taxable. Which will result in a "tax on a tax" effect.

(g) Each purchaser will be required to make a contribution to the Working Capital Fund of \$200.00.

(h) All costs with regard to any mortgage that the purchaser will place on his/her Unit (i.e. loan origination, application fees, appraisal fees, commitment fees, credit reports, survey fees, bank attorney fees, tax service fees, bank document preparation fees, etc.) will be his own and sole responsibility.

**ALL COSTS FOR RECORDING CHARGES, MORTGAGE, TRANSFER, AND OTHER TAXES, ARE SUBJECT TO CHANGE. THESE CHARGES ARE NOT SET BY THE SPONSOR, AND SPONSOR SHALL NOT BE LIABLE ON ACCOUNT OF ANY INCREASE IN SUCH CHARGES.**

Purchasers shall pay to the Sponsor's Attorney at closing a fee of \$650.00 for the preparation of closing documents. If a purchaser fails to close on the date set for first closing, or adjourns a scheduled closing date on less than three (3) days notice, there shall be a late closing adjournment fee of \$150.00 added to the above. If purchaser obtains a title report from any agency other than Lighthouse Land Services, a charge of \$500.00 will be imposed for additional expenses incurred in coordinating with said title company. If closing, at the request of the purchaser, is held outside the office of the sponsor's attorney, there shall be an additional attendance fee of \$250.00 for the closings within New York City, and \$350.00 for closings outside New York City. In the event Purchaser fails to fulfill their terms of the Purchase Agreement and Sponsor's Attorney mails a Notice of Default, there will be a \$100.00 charge for such notice. Purchaser shall also provide the Sponsor partial reimbursement for the cost of obtaining tax exemption and abatement benefits and preparing and filing the Offering plan for the property which reimbursement will be in the amount of \$500.00. The above closing fees are cumulative to the extent applicable to an individual closing.

If the Units have not been separately assessed for real estate tax purposes prior to the Closing of Title to the first Unit, the Sponsor will place in escrow, in the name of the Board of Managers, an amount equal to the unpaid real estate taxes (or estimates thereof based on current assessments) due for the next ensuing six months (or until the Units are separately assessed, whichever is shorter), provided, however, that as closings occur, the portion of such funds held in escrow which represent the portion allocable to the Unit being sold shall be released; and interest accrued on such escrow, if any, shall inure to the benefit of, and belong to, the Sponsor. The Sponsor will pay the real estate taxes from the escrow account when taxes are due and payable and is entitled to reimbursement from Unit Owners.

Except as specifically set forth in herein, the Sponsor will pay all costs and expenses incurred in connections with this Plan, the creation of the Condominium and the initial sale of units.

A numerical example of closing costs allocable to a typical Unit are set forth below.

#### SAMPLE CLOSING COSTS

Unit 3A

\$305,000.00 Purchase Price  
\$244,000.00 Mortgage

|                                         |            |
|-----------------------------------------|------------|
| A. Title Insurance                      | \$1,867.00 |
| B. Deed and Power of Attorney Recording | \$ 76.00   |
| C. Mortgage Recording Tax               | \$4,270.00 |
| D. New York City Transfer Tax           | \$3,093.00 |
| E. New York State Documentary Stamp Tax | \$1,238.00 |
| F. Working Capital Fund Contribution    | \$ 200.00  |
| G. Document Preparation Fee             | \$ 650.00  |
| H. Reimbursement Fee                    | \$ 500.00  |

In addition to the foregoing, the purchaser will, of course, be responsible for any fees charged by his own bank; his own Attorney; and additional fees incurred because of Default or failure to close at the scheduled time or place.

### OBLIGATIONS OF SPONSOR

The Sponsor is using its own capital to complete the construction of the building as set forth herein.

The Sponsor will complete the work set forth in this Plan relating to the building and the apartments contained therein in conformity with and in accordance with the Building Plans and Specifications, and all applicable New York City Administrative Code requirements, and subject to procurement of all applicable and proper permits which are required, if any. Sponsor will continue to maintain and operate the building in its present condition as described herein until closing of shares hereunder. All housing, building, or fire department violations, if any, will be cured prior to closing. The Sponsor may make changes in design, layout, and arrangement of apartments, and substitute equipment and materials, except that the Sponsor may not (i) substitute materials or equipment of lesser quality or design, or (ii) change the size, location, or value of any units, or of other improvements or public areas, if such changes adversely effect the public areas, or effect the percentage of common interest, or adversely effect the value of, any unit to which title has been closed, or for which a Purchase Agreement has been fully executed and is in effect, unless all affected purchasers consent in writing to such change, and all affected contract vendees are given the opportunity to rescind their contracts and receive a refund of the deposit or downpayment given to the Sponsor. All representations under the Offering Plan, and all obligations pursuant to the GBL, and any additional obligations under the Offering Plan which are to be performed subsequent to the closing date, will survive delivery of the Deed.

Closing will not take place, and no individual condominium apartment will be sold until a permanent or temporary Certificate of Occupancy has been obtained for the premises. In the event closing occurs after the issuance of a temporary Certificate of Occupancy, but prior to the issuance of permanent Certificate of Occupancy, then it will remain the obligation of the Sponsor to, at its own cost and expense, obtain such permanent Certificate, and the Certificate must be obtained within two (2) years from date of closing. Prior to obtaining the permanent Certificate of Occupancy, the Sponsor is required to either: (a) maintain all deposits and funds in a special escrow account required by GBL-352e(2)(b) unless the Sponsor's engineer or architect certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain the permanent Certificate of Occupancy, in which case the sum exceeding the amount so certified may be released; or (b) deposit with an escrow agent an unconditional, irrevocable letter of credit, or post a surety bond, in the

aforesaid specified amount. In the event option "(b)" is employed, posting of the surety bond or letter of credit must be in compliance with the applicable laws and rules of the New York State Department of Law. Notwithstanding the foregoing, alterations or improvements to the common areas and public portions of the building will be completed before the closing of the first unit.

The Sponsor gives no warranty as to materials or workmanship that shall survive sale of a unit, except as required by the New York State Housing Merchant Implied Warranty Law. New York State General Business Law requires the builder of new dwelling consisting of five stories or less to provide a warranty to the Purchaser as follows:

(a) For one year, the home must be free from defects caused by workmanship or materials that do not meet the standards of the applicable building code; for the items not covered by code, the construction must be in accordance with locally accepted building practices.

(b) For two years, the plumbing, electrical, heating, cooling and ventilation systems must be free from defects caused by unskillful installation.

(c) For six years, the home must be free from physical defects in the structural elements (foundations, floors, walls, roof framing) which make it unsafe or unlivable.

Each prospective purchaser may have the building and apartments therein inspected by an architect or engineer of their own choosing, and at their own expense, to determine the quality of materials and workmanship.

The Sponsor will pay for the authorized and proper work involved in the conversion of the property that the Sponsor is obligated to complete under the Plan. All mechanic's liens that are lodged against the property by virtue of work done by the Sponsor, or in the Sponsor's behalf, will be promptly discharged or appropriately bonded. Sponsor guarantees payment of all common charges and assessments with respect to unsold units. Such guarantees will remain in effect until all units are sold. Sponsor warrants and represents that he has adequate financial resources to meet its obligations with respect to any unsold unit.

The Sponsor agrees to pay all common charges, special assessments, and real estate taxes with regards to unsold units, and has financial resources to meet its obligations with respect to such unsold units, which source of funding includes both proceeds of the sale of units and existing financial resources of the Sponsor. **No bond or other security has been furnished to secure Sponsor's obligations.** In the event of dissolution or liquidation of the Sponsor, or transfer of 20% or more of the total number of residential units in the condominium the principals of the Sponsor will provide financially responsible entities or individuals who will assume the status and all of the obligations of the Sponsor for those units under the Offering Plan, applicable laws, or regulations.

Any suits or proceedings instituted against the Sponsor, which may result in a lien against the property and any suits or proceedings against the condominium arising from the Sponsor's acts or omissions, which acts or omissions occurred prior to closing of title, will be defended by the Sponsor, and the Sponsor does hereby indemnify the condominium, the Board of Managers, and individual unit owners therefore. Nothing contained herein shall limit the rights of the condominium which are granted pursuant to law and statute.

In the event the work on the building as set forth herein is not fully completed at the time the building becomes occupied, the Sponsor will have the right to enter the premises to complete its obligations under this Plan. Such entry shall be conducted in such a manner so as to produce a minimum of discomfort to those purchasers already in possession.

In the event the Sponsor finds it necessary to enter the property after closing of title to complete work, then such work will be performed between 8 A.M. and 6 P.M. on weekdays and non-holiday weekends. Damage caused by such work will be repaired in a good and workmanlike manner.

Sponsor will secure, and provide at closing, an agreed amount replacement value multi-peril hazard policy which will prevent the Condominium from being a co-insurer. The cost of such policy will be paid by the Condominium, and is provided for in SCHEDULE B. Sponsor also agrees to deliver a set of "as built" plans to the Board of Managers upon election of the first Board of Managers after closing of the first unit. Sponsor will assign any manufacturer's warranties with respective equipment and appliances installed in any individual unit to the unit owner, and with respect to equipment and appliances installed in the common elements, same will be assigned to the Board of Managers.

The property will be conveyed free and clear of all liens. The Sponsor will not dissolve or liquidate for a minimum of six (6) years. Copies of the plans, exhibits and documents referred to herein shall be kept on file at the office of the Attorney for the sponsor for a period of six years after filing of the Declaration of Condominium. No bond or other security has been furnished to secure Sponsor's obligations hereunder. The Sponsor will repair any damage from a casualty or other cause that occurs prior to the closing of any unit; and no Purchaser shall be required to accept a damaged unit.

### CONTROL BY THE SPONSOR

The Sponsor's Control of the Board of Managers of the Condominium will be subject to the following:

The By-Laws are reproduced in Part II, beginning on page BL-1. A summary of certain pertinent provisions of these By-Laws is set forth below. The By-Laws limit the number of Board of Managers (hereinafter called "Managers") to not less than three (3). The first Board of Managers to be elected by the Unit Owners shall consist of three (3) members.

At the time of the First Closing there will be three Managers designated by the Sponsor. However, the Managers will resign in favor of Managers who will be elected by the purchasers at a meeting to be convened within 60 days after First Closing; they may, however, be re-elected at such time.

The By-Laws provide that at such time as the Unsold Units constitute less than Fifty (50%) percent of the Condominium, but in no event later than the second anniversary of the Closing Date, not less than a majority of Managers to be elected at all subsequent annual meetings of Unit Owners shall be elected by Unit Owners other than the Sponsor. A meeting to elect a new Board of Managers will be held within thirty (30) days of 50% of the units being sold, or within thirty (30) days of the second anniversary of the Closing Date, whichever is sooner.

So long as a majority of the Board of Managers consists of managers elected by the sponsor or holders of unsold units, the board:

1. Shall not eliminate or reduce the number of employees, insurance coverages or any service to a level less than that provided in Schedule B unless a majority of board members elected by bona fide unit purchasers vote in favor thereof.
2. Shall, to the extent of their authority as Board Members, use all reasonable efforts to cause the Building (including its equipment, services and installations) to be kept operational, clean, and, in a good state of repair and condition;
3. Shall not veto expenditures required to comply with applicable laws or regulations and/or expenses necessary to remedy notice of violations of law or of an insurance carrier.

Until the earlier of five years from the date of closing, or at the time at which the Sponsor or other Holder of Unsold Units owns units consisting of less than 25% of the common interest of the Condominium, Sponsor may exercise veto power over any expenses other than those described in Item 3 above. Additionally, so long as the Sponsor retains ownership of at least one unit in the building, the By-Laws, Declaration, and Rules and Regulations of the Condominium, may not be amended or modified in any way so as to adversely affect the Sponsor without written consent by the Sponsor.

All Board Members shall serve without compensation. Any member of the Board of Managers, who is a designee of the Sponsor, may contract or deal with Sponsor, or a partner, affiliate or entity controlled by the Sponsor, and no other member of the Board of Managers, or any Unit Owner may claim that such designee is self-dealing.

### BOARD OF MANAGERS

The Condominium shall be governed according to the By-Laws in Part II, beginning on page BL-1.

The By-Laws limit the number of Managers to not less than three (3) members. The first Board of Managers shall consist of three (3) members designated by the Sponsor. It is anticipated that the first Board members will be Michael Gargano, Gerardo Gargano and Harold Gruber. However, these Officers and Managers will resign in favor of Officers and Managers which will be elected by the Unit Owners at a meeting to be convened within 60 days after the First Closing; they may however, be re-elected at such time.

Managers shall be elected by a plurality of the votes at a meeting at which a quorum shall be present. When voting for Managers, each Unit Owner shall be entitled to cast one vote for each .01% of common interest in the condominium to such owner's Unit, which may be cast all for one nominated manager, or divided among any number of candidates. At such time as the Unsold Units constitute less than fifty percent of the Condominium, but in no event later than the second anniversary of the Closing Date, not less than a majority of Managers shall be residents of the Building and unrelated to the Sponsor. Members of the Board of Managers shall serve without compensation, except for reimbursement for expenses actually incurred in the course of any furtherance of business for the Board of Managers.

The Board of Managers shall meet at least annually, and at such regularly scheduled times as shall be adopted by resolution by the Board. Emergency meetings may be called on five (5) days written notice by any two Managers.

The Board Managers will be responsible for the operations of the affairs of the Condominium including, but not limited to, the fiscal operation, repairs and maintenance of the common areas of the Property, replacement and capital improvements to the common areas of the Property; the hiring, supervision and discharging of employees and Managing Agent (if any), and the enforcement of the provisions of the By-Laws, and shall have the powers and duties necessary for the administration of such affairs. The Managers shall serve without compensation or remuneration.

Any Manager may be removed from office at any time with or without cause upon the affirmative vote of the Unit Owners whose aggregate votes are at least 51% of the votes of the Condominium at a Unit Owner's meeting duly called for the purpose; provided, however, that the Manager(s) elected by the Holder(s) of Unsold Units can be removed only for cause by vote of a majority of the Unit Owners or without cause by the Holders of the Unsold Units.

The members of the Board of Managers shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for willful misconduct or bad faith. The Unit Owners shall severally indemnify the members of the Board of Managers against any liability or claims except those arising out of the bad faith or willful misconduct of a member of members of the Board of Managers. It is intended that the members of the Board of Managers shall have no personal liability with respect to any contract made by them on behalf of the Condominium. The original Board of Managers, who are designated by the Sponsor, may contract with the Sponsor and affiliated corporations without being charged with self-dealing. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Managers, or out of the aforesaid indemnity in favor of the members of the Board of Managers, shall be limited to such proportion of the total liability thereunder as his/her interest in the Common Elements of all Unit Owners.

The principal officers of the Condominium shall be the President and the Vice President, who are automatically Board Members, the Secretary and the Treasurer, all of whom shall be elected by the Board of Managers. The President and Vice-President, but no other officers, need be members of the Board of Managers. All officers shall serve without compensation or remuneration. The officers shall be elected annually by the Board of Managers; and, each officer shall hold office at the pleasure of the Board of Managers or until succession, resignation, or death. Upon the vote of a majority of the Board of Managers, any officer may be removed, with or without cause.

The President shall be the chief executive officer of the Condominium, and shall have all of the general powers and duties which are incident to the office of a president of a stock corporation organized under the Business Corporation Law of the State of New York.

The Vice-President shall take the place of the President and perform his/her duties whenever the President shall be absent or unable to act. The Vice President shall also perform such other duties as shall from time to time be imposed upon his/her by the Board of Managers or by the President.

The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Board of Managers, and shall have charge of such books and papers as the Board of Managers may direct; and shall, in general, perform all the duties incident to the office of a secretary of a stock corporation organized under the Business Corporation Law of the State of New York.

The Treasurer shall have the responsibility for Condominium funds and securities and shall be responsible for: keeping full and accurate financial records and books of account; and, deposit of all moneys and other valuable effects in the name of the Board of Managers, or the Managing Agent, in such depositories as may from time to time be designated by the Board of Managers. He shall, in general, perform all the duties incident to the office of treasurer of a stock corporation organized under the Business Corporation Law of the State of New York.

The Board of Managers, or the Secretary, shall keep detailed records of the actions and minutes of the meetings of the Board of Managers, minutes of the meetings of the Unit Owners, and, financial records and books of account of the Condominium. In addition, an annual audited financial statement of the Condominium, and an income tax deduction statement certified by an independent Certified Public Accountant, shall be rendered by the Board of Managers to all Unit Owners March 1 of each calendar year.

The Secretary shall mail a notice of each annual or special meeting to all Unit Owners of record. The notice shall state the purpose of the meeting as well as the time and place where it is to be held, and the notice will be given at least ten (10), but not more than forty (40) days prior to such meeting.

Each Unit Owner and each mortgagee of a Unit shall, upon prior request, be permitted 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.

Both the Declaration and the By-Laws may each be modified or amended by the vote of two-thirds (2/3) of the Unit Owners, as that term is defined in Article II, Section 8 of the By-Laws, at a meeting of Unit Owners duly held for such purpose. Anything herein contained to the contrary notwithstanding, so long as the Sponsor is the owner of one or more unsold units, the By-Laws may not be altered, amended, repealed, or added to, without the consent of the Sponsor.

The Board of Managers shall be required to maintain hazard and casualty insurance on the building in an amount sufficient to ensure that the condominium shall not be a co-insurer (which generally means that the policy must be retained at replacement value); and it shall also maintain liability insurance in an amount which it deems appropriate. The proceeds of the hazard and fire insurance policy shall be payable to the condominium Board in the event of a loss amounting to \$100,000 or less and to the insurance trustee, if the loss exceeds \$100,000. Such proceeds shall be applied to the repairing, restoring or rebuilding the building unless otherwise determined by unit owners. In no event shall the proceeds of any such insurance policy be paid to the holder of any mortgage on a unit unless there has been a determination by unit owners not to rebuild the building. The insurance trustee, if any, shall be a bank or trust company having an office in the city and state of New York.

The Condominium shall continue, unless terminated by reason of casualty, loss, or by condemnation, until such time as the Condominium shall be legally abandoned and terminated as a result of the vote of Unit Owners owning at least eighty (80%) percent of the total votes of the Condominium, at which time the Property shall be subject to an action for partition by any Unit Owner, or any lienor, as if owned in common, and the net proceeds of the sale resulting therefrom shall be divided among all Unit Owners in proportion to their respective interests in the Common Elements, after first applying the share of the net proceeds of such sale otherwise payable to each Unit Owner to the payment of any liens on his/her Unit in the order of the priority of such liens.

Copies of the Declaration and By-Laws are set forth in Part II of the Plan.

## RIGHTS AND OBLIGATIONS OF UNIT OWNERS

Unit Owners will have the right to sell, lease, or mortgage units, without restriction, except as set forth herein, subject to the requirements that all Common Charges are current. A Unit Owner may only sell or lease the entire Unit. A Unit Owner may not sell or rent only a portion of a Unit.

The By-Laws provide that the use of the Units shall be restricted to and be in accordance with the following provisions:

(a) A Unit Owner may only use his/her Unit for a purpose consistent with any applicable ordinance or statute, or regulation of a government authority that has jurisdiction over the Condominium, but in no event for a use that violates the By-Laws of the Condominium.

(b) The Common Elements shall be used for the furnishing of services and facilities for which they are reasonably suited and capable, and which are incident to the use and occupancy of Units.

(c) No nuisances shall be allowed on the Property, nor shall any use or practice be allowed which interferes with the peaceful possession, or use of the Property, by its residents or occupants.

(d) No improper, offensive, or unlawful use shall be made of the Property nor any part thereof. Violations of laws, orders rules, regulations, or requirements, of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be eliminated by, and at the sole expense of, the respective Unit Owners or by the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property, or comply with such laws.

(e) Each Unit Owner shall keep his Unit in a good state of cleanliness and repair in accordance with the provisions of the By-Laws, and the rules and regulations of municipal departments or agencies having jurisdiction thereof.

Each Unit Owner will have an undivided interest in the Common Elements in the respective percentages set forth in SCHEDULE A in Part I. Subject to the provisions of the By-Laws and Rules and Regulations the Common Elements are appurtenant to, serve and benefit each Unit to the extent of such Unit's percentage share of the Common Elements, and the Common Elements are for the common use of all Unit Owners.

Further restrictions on the use of Units are set forth in the By-Laws Rules and Regulations made in accordance with the By-Laws, which are set forth in Part II of the Plan. Rules and Regulations concerning the use of the Units may be promulgated and amended from time to time by the Board of Managers as provided in the By-Laws. Such restrictions include a restriction that the unit shall be used for private residents only, or any home occupation use permitted under applicable zoning law, ordinances, building codes or other governmental regulations. Units may also be used as a profession office by a resident thereof provided such professional use does not violate zoning regulations and that consent of Board of Managers has been obtained. Units may not be used for any unlawful purpose and any use which amounts to a violation of law or to rules, regulations or requirements of any governmental agency having jurisdiction thereover shall be eliminated at the sole expense of the unit owner.

The Board of Managers shall from time to time, but at least annually, prepare a budget for the Condominium determining the amount of the Common Charges payable by the Unit Owners. Common charges will be established by determining the operating budget for the coming year of condominium operation and allocating to each unit owner a percentage of that budget in accordance with their percentage of ownership for common interest in the condominium. The Common expenses include, among other things, the cost of all insurance premiums on all policies of insurance required to be, or which have been, obtained by the Board of Managers. The Common Expenses may also include such amounts as the Board of Managers may deem proper for the operation and maintenance of the Property including, without limitation, an amount of working capital and a general operating reserve. The Board of Managers shall advise all Unit Owners promptly, in writing, of the amount of Common Charges payable by each of them, and shall furnish copies of each budget on which such Common Charges are based to all Unit Owners and to their mortgagees of record, if requested.

Under the provisions of Section 339-z of the Condominium Act, the Board of Managers on behalf of the Unit Owners shall have a lien on each Unit for unpaid Common Charges assessed against such Unit by the Board of Managers, together with interest thereon. Such lien shall be subordinate only to liens for real estate taxes on the Unit and to any sums unpaid on the first mortgage or record of such Unit. Any lien for unpaid Common Charges against a Unit shall be effective from and after the filing of a notice thereof in the Kings County Office of the City Register, and until all sums secured thereby with the interest 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 may be earlier. Such lien may be foreclosed by a suit brought in the name of the Board of Managers acting on behalf of the Unit Owners in like manner as the foreclosure of a mortgage on real property, or an action may be brought by the Board of Managers to recover the Unpaid Common Charges without foreclosing the lien.

In the event the Sponsor is more than thirty (30) days in arrears on Common Charges for any unsold Unit during the time the Sponsor is in control of the Board of Managers, Sponsor will cause the Board of Managers to file a lien as provided for in section 339-aa of the Real Property law.

Under section 339-kk of the Real Property Law, the board of managers has the right to require the tenant in an apartment owned by a non-occupying owner to make rental payments directly to the board of managers where such non-occupying owner is in default on payments of common charges, assessments or late fees for such unit for a period of 60 days after the expiration of any grace period after they are due. Payments by such rental tenant to the condominium pursuant to this statute relieves such rental tenant from the obligation to pay such rent to such non-occupying owner, and is an absolute defense in any nonpayment proceeding commenced by such non-occupying owner. The procedures by which the board of managers may enforce this right, including required notice, means of protest, and termination are set forth in the aforementioned section which is recited at page RE1 of this Offering Plan.

No Unit Owner may exempt himself from liability for Common Charges or Expenses by waiver of the use, or enjoyment of any of the Common Elements, or by abandonment of his Unit. The liability of each Unit Owner for the payment of the Common Charges and Expenses thereafter assessed or becoming due against the Unit shall terminate upon a permissible sale, transfer or other conveyance of such Unit, and the appurtenant interests in the Common Elements. In addition, any Unit Owner may, subject to the terms and conditions specified in the By-Laws, convey his/her Unit together with the said appurtenant interests to the Board of Managers or its nominee on behalf of all other Unit Owners, and in such event be exempt from all Common Charges and Expenses thereafter assessed.

All maintenance or any repair to any Unit, ordinary or extraordinary, and to the doors and windows (except the painting and decoration of the side of the elevator doors and stairwell doors which do not face into a Unit, and the exterior side of windows), electrical (except Common Elements) within the Unit or belonging to the Unit Owner, shall be at the Unit Owner's expense, except for structural elements as specifically required herein. All maintenance, repairs, and replacements to the Common Elements (including the exterior walls of the Building and exterior sides of the windows) and the painting and decorating of the side of the elevator doors and stairwell doors which do not face into a Unit shall be made at the direction of the Board of Managers, and be proportionately charged to all the Unit Owners as a Common Expense, except to the extent that the same are necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner. Unit owners who enjoy use of a limited common element are responsible for regular repair and maintenance of such limited common element such as cleaning, painting, repair to surface damage, etc. Damage to the structural or mechanical systems serving such limited common element (except where directly caused by act or omission of the unit owner, their agents, employees or invitees) are the responsibility of the condominium through the Board of Managers.

No Unit Owner may make any structural addition, alteration or improvement in his Unit, or do any work which would jeopardize the soundness or safety of the Building, reduce the value thereof, or impair any easement or hereditament of the Property, without the prior written approval of the Board of Managers. As a condition of the granting of its consent to the above acts, the Board of Managers may require the Unit Owner to execute an agreement in form and substance satisfactory to the Board of Managers 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. No application shall be filed with any governmental authority for a permit covering an addition, alteration, or improvement to be made in a Unit, unless approved and executed by the Board of Managers; such approval, however, shall not result in liability on the part of the Board of Managers or any of them, to a contractor, subcontractor, materialman, architect or engineer, by reason of such addition, alteration, or improvement, 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 Unit, provided that any alterations to such Unsold Units

shall be in accordance with, and only as permitted, by the Condominium Act and all governmental regulations. Non-structural alterations and improvements to Residential Units that do not affect the exterior of the Building, or the value of other Units, may be made without prior approval of the Board of Managers.

Unit owners may perform all standard repair and maintenance items within their apartment and standard home improvements items without permission of the Board of Managers. Thus unit owners may repair or replace fixtures, equipment, cabinetry, flooring, sheetrock, etc.. without permission of the Board of Managers. However, unit owners may not relocate plumbing, heating, electric or other service lines effecting other units in the building during the course of such repairs or improvements without receiving Board permission.

The Board of Managers shall obtain and maintain, to the extent determined by them to be appropriate; (1) hazard insurance, with extended coverage, insuring the Building and Units (but not including furniture, furnishings or other personal property supplied to, or installed by, Unit Owners), together with all service machinery contained therein covering the interests of the Condominium, The Board of Managers, and all Unit Owners and their mortgagees, as their interest may appear, in an amount equal to the full replacement value of the insured property without deduction for depreciation;; (2) machinery insurance; (3) water damage legal liability insurance; (4) liability insurance for personal injury or property damage in an amount not less than one million dollars; (5) officer's and director's insurance covering the board of managers; and (6) such other insurance as the Board of Managers may determine. Each of the policies shall contain a New York standard mortgage clause in favor of each mortgagee of a Unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interests may appear, subject, however, to the loss payment provisions in favor of the Board of Managers in the event of casualty or condemnation. Unit Owners shall be entitled to carry casualty insurance protection for their furniture and the interior of their Units and for personal liability coverage for their own benefit at their own expense, provided that such policies contain waivers of subrogation, and further provided that the liability of the carriers issuing insurance procured by the Board of Managers shall not be affected or diminished by reason of any other insurance carried by a Unit Owner.

A Unit Owner by acceptance of a Deed for a Unit shall have granted a right of access to the Unit and storage areas and terrace, if any, to the Managing Agent and/or any other person authorized by the Board of Managers of the Managing Agent, for the purpose of performing installations, alterations or repairs to the mechanical or electrical services of other Common Elements in his/her Unit or elsewhere in the Building in which the Unit is located, to remove violations, cure defaults by a Unit Owner, and for any other purpose provided in the Plan, Declaration, or as may be required by law or governmental regulation, provided that requests for entry (except in emergency situations) is at a time reasonably convenient to the Unit Owner. In case of emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not. Provided reasonable care is exercised to safeguard the Unit Owner's property, such entry shall not render the Board of Managers or its authorized agents liable for damage incurred in connection with the exercise of such right of entry. Each Unit Owner will deposit with the President of the Board of Managers a key to his/her Unit to allow for entry in an emergency. The Board of Managers may designate responsible individual(s) to hold such keys.

Each Unit Owner shall be required to pay the Common Charges and Expenses levied by the Board of Managers. All Unit Owners, mortgagees, lessees and occupants of Units and their employees, and any other persons who may use the facilities of the Property in any manner, are subject to the By-Laws, the Declaration and the Rules and Regulations. A copy of the Declaration and By-Laws and Rules and Regulations appear in Part II of this Plan. The violation of any of the Rules and Regulations or the breach of any By-Laws or provision of the Declaration shall give the Board of Managers, in addition to other rights set forth in specific provisions of the By-Laws, the right to: (i) enter any Unit in which, or as to which, such violations or breach exists and to abate and/or remove same summarily, at the expense of the defaulting Unit Owner. The Board of Managers shall not thereby be deemed guilty or liable for trespass nor be liable for any damage to the Unit, nuisances or fixtures incurred in connection with such rights unless such damage is caused by negligence on the part of the Board of Managers; or (ii) enjoin, abate or remedy by appropriate legal proceedings, the continuance of any such violation or breach. The costs incurred by the Board by virtue of the exercise of its rights to correct such breaches or violations, including attorney's fees, shall be due upon demand from the Unit Owner in question, and shall constitute a Common Expense against his/her Unit.

As part of purchase of the Unit, Purchaser will be required to execute a broad Power of Attorney in favor of the Board of Managers of the Condominium. This Power of Attorney will give the board of Managers the right to acquire and otherwise administer defaulted, abandoned or foreclosed units in the name of the condominium. It will also give the board of Managers the right to execute amendments to the Condominium Declaration, Deeds conveying condominium property, filing for severance of tax lots and other functions reasonable or necessary to effectuate the purposes set forth in the Condominium Declaration, on behalf of all of the unit Owners. Please see the POWER OF ATTORNEY set forth in Part II of this Offering Plan.

### REAL ESTATE TAX BENEFITS

After the units are separately assessed, each Unit Owner will be taxed as a separate tax lot for real estate tax purposes, and no Unit Owner will be responsible for the payment of, nor subject to, any lien for non-payment of taxes on any other unit. Units will not be separately assessed for the first year of condominium operation. On closing, Sponsor shall deposit with the Board of Managers a sum sufficient to pay all taxes due for the balance of 2001/2002 tax year. The Board of Managers shall be authorized to pay such taxes as and when due from such escrow fund. As each subsequent individual condominium Unit is sold, the purchasers thereof, as a standard closing adjustment, shall reimburse the Sponsor for the portion of their tax liability paid by the Sponsor from the date of closing through the end of the 2001/2002 tax year. It is anticipated that Units will be separately assessed for the 2001/2002 tax year, and that individual Unit Owners (whether purchasers, holders of unsold shares, or the Sponsor) will pay the taxes thereof as set forth in the attached SCHEDULE A.

The Property is taxed by the City of New York which, through the Department of Finance, has assessed the property at a pre-construction value of \$253,800.00 for the 1999/2000 tax year, and imposes a tax rate of 10.15 %. The real estate taxes payable in SCHEDULE A are determined by applying the applicable tax rate to the non-exempt portion of the assessment as set forth in the attached letter from Ben Rottenstein Associates LLC, and then allocating the amount due in conformity with the allocation of Common Interests. The City of New York is not bound by the allocation of Common Interests, and may allocate on a different basis. All figures are estimates.

There are no tax certiorari proceedings currently pending. Individual owners may challenge the assessment of their property by filing a tax protest in accord with the rules of the New York City Tax Commission. The Board of Managers may also file a protest on behalf of all Unit Owners. While there is no specific section of the By-Laws dealing with review of real estate tax assessment, the general grant of power in the Board of Managers to operate the property in the best interest of unit owners is sufficient to delegate to the Board of Managers a right to file tax protests on behalf of all unit owners. The Building benefits from the limitations imposed by Sections 581 and 1805 of the Real Property Tax Law.

The Sponsor has applied for Real Estate Tax Exemption Benefits pursuant to Section 11-243 (formerly J51) of the New York City Administrative Code. The Sponsor must request a certificate of eligibility from HPD and such certificate of eligibility must be obtained before the Plan is declared effective. The benefits provided pursuant to this section are stated in more particularity in the letter, included in this offering plan from Ben Rottenstein Associates LLC, who have filed an application on behalf of the Sponsor. Briefly stated, however, the program provides an exemption from any increase in assessed value of the property for real estate tax purposes, to the extent that such increase results from the reasonable cost of alteration or improvement to the building, for a period of fourteen (14) years after granting of the exemption. Thereafter, the exemption declines by 20% per year until, after the eighteenth (18) year, real estate taxes will be based on the full assessed value of the property. The program also provides an abatement against existing taxes based on the certified reasonable cost of the alterations. Sponsor's tax exemption and abatement expert has projected that there will be a certified reasonable cost of \$200,000.00 and that therefore \$16,500.00 will be available for the first 12 years of condominium operation as an abatement against existing taxes. Sponsor has obtained an estimate from The Mazursky Group Inc., of the post rehabilitation assessed value of \$750,000.00 commencing in the July 2001 tax year. SCHEDULE A includes the estimated tax payments in the Tax Benefits are not obtained. The following table indicates the application and expiration of benefits:

| YEAR  | ASSESSED<br>VALUE | EXEMPTION | TAX      | ABATEMENT | NET TAX<br>DUE |
|-------|-------------------|-----------|----------|-----------|----------------|
| 1-12  | \$750,000         | \$466,700 | \$28,755 | \$16,500  | \$12,255       |
| 13-14 | \$750,000         | \$466,700 | \$28,755 | \$ 0      | \$28,755       |
| 15    | \$750,000         | \$373,360 | \$34,506 | \$ 0      | \$34,506       |
| 16    | \$750,000         | \$280,020 | \$41,407 | \$ 0      | \$41,407       |
| 17    | \$750,000         | \$186,680 | \$49,688 | \$ 0      | \$49,688       |
| 18    | \$750,000         | \$ 93,340 | \$59,626 | \$ 0      | \$59,626       |
| 19    | \$750,000         | \$ 0      | \$71,552 | \$ 0      | \$71,552       |

Sponsor has made, and will pursue this application, and will make all filings necessary to obtain such benefits, including a timely filing of all applications, and timely compliance with all procedures required to properly process and maintain the benefits. The Sponsor will use its best efforts to obtain the aforementioned real estate tax exemption and abatement benefits. Upon closing, the Sponsor will make all documents available to the Board of Managers for inspection and copying for the life of the benefits. Sponsor will keep all records required by HPD and will make them available to HPD whenever requested to do so. HPD routinely conducts audits the results of which can either be the reduction or revocation of benefits if proper documentation is not provided.

The explanation and projection prepared by the Sponsor's tax abatement expert, who prepared the 421-A application, is expressly adopted by the Sponsor and included as part of this offering plan.

September 22, 2000

Garg Development, Inc.  
83-11 Ridge Boulevard  
Brooklyn, N.Y. 11209

Re: 7902 15th Ave., Brooklyn, N.Y.  
Block: 6267 Lot: 39

Ladies and Gentlemen:

You have requested our opinion as to the eligibility of the above property for real estate tax abatement and tax exemption benefits under Section 11-243 of the Administrative Code of the City of New York (Sec. J51) and an estimate of what those benefits would be.

The real estate tax benefits which are available to eligible properties under Section J51 are as follows:

#### TAX EXEMPTION

In some instances some or all of any increase in a building's assessed valuation, resulting from the conversion, alteration, or improvement of such building or structure, performed pursuant to Section J51, except insofar as the gross cubic content of the building is increased thereby, may be exempt from taxation for a period of fourteen years. The land value shall not be exempt from any increase in assessed valuation.

#### TAX ABATEMENT

The taxes which are attributable to the nonexempt portion of the assessed valuation, may be abated and reduced by an amount no greater than 8 1/3% of the Certificate of Reasonable Cost to be issued by the Department of Housing Preservation and Development ("HPD") for a period of not less than 6 years and not to exceed 20 years.

All interested parties should note that the expiration date of Section 489 of the Real Property Tax Law, which is the enabling legislation for New York City's enactment of the J51 Statute, is December 31, 2003.

This legislation and other amendments to the Section 11-243 Program include the withdrawal of benefits for the conversion of Class B dwellings to Class A dwellings, restrictions of loft conversions, reduction of the "cap" on maximum abatement benefits and the removal of benefits for "luxury" conversions, among other changes. These provisions limit tax exemptions. In some cases, by creating a sliding scale for the exemption based on the post rehabilitation assessed valuation of the property. In addition, the Certificate of Reasonable Cost would be subject to a dollar limit of \$15,000 per dwelling unit (based on a unit of 3.5 rooms). This limitation will not apply in the case of the subject property.

You have advised us that you intend to rehabilitate the above building from a vacant 3 story synagogue to a thirteen (13) unit condominium containing no commercial space, that this conversion is "as of right" with no variance required, and that the net cubic content of the building will not be increased. The construction is being performed under Alteration Type 1 permit. You have advised us that the new Certificate of Occupancy is expected to be issued in March, 2001. Each condominium unit will be issued a tax lot number and the owner of each unit will be responsible for paying its own real estate taxes.

The history of assessed value is as follows:

|           | Actual Land | Actual Total |
|-----------|-------------|--------------|
| 1999/2000 | \$85,500    | \$253,800    |
| 2000/2001 | \$85,500    | \$253,800    |

The Mazursky Group, Inc. has estimated in an appraisal dated August 15, 2000 that the post-rehabilitation assessed value will be \$750,000 and that of the total actual increase approximately \$466,700 will be attributable to the alteration of the building. The Department of Finance will allocate the assessed value to the condominium units, usually based upon the percentage of common interest as listed in the Condominium Offering Plan.

Although the aforesaid estimate of the post-rehabilitation assessed valuation is a good faith estimate, it is not possible to estimate it with any degree of certainty, and thus such assessed valuation when actually made, may be lesser or greater than as estimated above. In no event will the firm of BEN ROTTENSTEIN ASSOCIATES, LLC., the Sponsor, the Sponsor's counsel, or any other person be liable if the assessed valuation when actually made, is lesser or greater than predicted above or if the Administrative Code and the applicable rules and regulations of the City of New York are in the future changed or if the facts as represented to the firm of BEN ROTTENSTEIN ASSOCIATES, LLC. prove to be untrue.

Based on the foregoing, it is our opinion that the Department of Housing Preservation and Development ("HPD") will consider the property eligible for real estate tax abatement benefits under Section 11-243.

We have estimated based upon information supplied to us by the sponsor and assuming that a substantial rehabilitation is done, that the Certificate of Eligibility and Reasonable Cost (CRC) to be issued pursuant to Section 11-243 of the NYC Administrative Code will be approximately \$200,000, with a maximum annual abatement of approximately \$16,500 until \$180,000 of the Certificate is used.

If a Certificate of Reasonable Cost is issued by April 25, 2001 it is estimated that abatement benefits will commence on July 2001, and exemption benefits will commence on July 1, 2001.

The J51 real estate tax exemption will commence on July 1st following issuance of the Certificate of Eligibility and Reasonable Cost (CRC). In order for the exemption to commence on July 1, 2001, the CRC must be issued by April 25, 2001. If the CRC is issued after April 25, 2001 the exemption will be delayed until July 1, 2002. The above estimated tax exemption of \$466,700 will run for 14 years, with 100% exemption for 10 years followed by a 20% phase-out of the exemption in each of the succeeding 4 years.

No assurance can be given that the assessed valuation and/or tax rate will remain the same for the duration of the benefits, and if either increases, the real estate taxes may increase. The ratio of exempt to non-exempt portions of the building's assessed value shall remain the same throughout the period of tax exemption, notwithstanding any subsequent increase in assessed value during this period.

Assuming that the post-rehab Actual Assessed Valuation is \$750,000 and assuming that a Certificate of Reasonable Cost of \$200,000 is issued by April 25, 2001, and that both J51 abatement and exemption benefits, as estimated above, commence on July 1, 2001 and that all of the foregoing assumptions are correct, it is estimated, but not guaranteed, that the real estate tax liability for the 2000/2001 tax year will be based on an assessed valuation of \$283,300. The J-51 abatement should reduce the tax from \$28,755 to \$12,255 per annum..

We have been advised that 9 parking units are in the cellar, and the J51 benefits will not apply to those parking units and owners of parking units will be liable for the real estate taxes attributable to their parking unit.

In general, to qualify for exemption and abatement benefits, an application must be submitted to HPD within forty-eight months of the commencement of the work [Regulations Section 2.4 (4)]. In addition, with respect to work commenced on or after July 1, 1977 the work must be completed within 36 months after it was begun or by December 31, 2003, whichever is sooner. Regulations Section 2.4(2) defines the date of completion, which includes the date of issuance or re-issuance of a Certificate of

Occupancy (including under certain conditions, a temporary Certificate). If none of the provisions of Regulations Section 2.4(2) are applicable, Section 2.4(3) sets forth the determination of the date of completion.

We also note that once J51 benefits are granted, certain subsequent events could cause their reduction or revocation. Under Section 6.5 of the Regulations, the Commissioner of HPD may reduce or revoke past or future tax exemptions or abatements if he finds that the J51 application contained a false statement as to a material matter or omits a material fact.

ALL INTERESTED PARTIES SHOULD BE AWARE THAT HPD ROUTINELY CONDUCTS AUDITS AND REQUIRES THAT, PURSUANT TO SECTION 5.2 OF THE REGULATIONS, ALL BOOKS, RECORDS AND DOCUMENTS BE KEPT AND RETAINED FOR THREE YEARS AFTER COMPLETION OF THE APPLICATION AND MADE AVAILABLE TO HPD SHOULD SUCH DOCUMENTATION BE REQUESTED. FAILURE TO COMPLY WITH AUDIT REQUIREMENTS CAN RESULT IN THE REDUCTION OR LOSS OF J51 BENEFITS.

Please note that, after the J51 application has been approved by HPD, benefits will not actually commence so long as previous real estate taxes, and water and sewer charges remain unpaid. J51 real estate tax abatement and exemption benefits are not retroactive. All real estate taxes which are due during the period of construction and up to the commencement of benefits must be paid in full.

In addition, once begun, tax abatement and exemption benefits can be revoked in the event that real estate taxes, water charges, or sewer charges remain unpaid for one year after they become due and payable to the City. Failure by one condominium owner to pay the taxes and/or charges applicable to its unit will not jeopardize the benefits of other unit owners.

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. However, no representation is made by this firm that the provisions of the law will apply at the time the alterations to the building are completed, and if they do apply, that HPD will hold that the property is entitled to the benefits conferred by Section 11-243.

NO WARRANTY IS OR CAN BE MADE BY THIS FIRM THAT HPD OR THE NEW YORK CITY REAL PROPERTY ASSESSMENT DEPARTMENT, OR ANY OTHER AGENCY WITH JURISDICTION WILL APPROVE SPONSOR'S APPLICATION FOR J51 TAX BENEFITS, AND THE WRITER OF THIS LETTER SHALL NOT BE LIABLE IF, BECAUSE OF CHANGES IN LAWS AND/OR REGULATIONS OR THE INTERPRETATIONS OF LAWS AND/OR REGULATIONS OR IF THE FACTS REPRESENTED BY SPONSOR PROVE INCORRECT, THE PROPERTY FAILS TO OBTAIN IN WHOLE OR PART J51 BENEFITS.

We consent to the use of this letter in the Offering Plan.

Very truly yours

BEN ROTTENSTEIN ASSOCIATES, LLC

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By: Ben Rottenstein

Please Note: J51 and 11-243 are used interchangeably

## DEDUCTIONS TO UNIT OWNERS, AND TAX STATUS OF CONDOMINIUM

Unit Owners who itemize their deductions should, for Federal Income Tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid, or accrued, under Sections 163 and 164 of the IRS Code. These deductions are subject, however, to certain exceptions and limitations that are more particularly discussed in the COUNSEL'S TAX OPINION LETTER. Each individual Unit Owner should, for New York State and New York City Income Tax purposes, be entitled to similar deductions for the mortgage interest and real estate taxes paid, or accrued, during the taxable year.

The Condominium will be governed by a Board of Managers. The Board of Managers will assess and collect Common Charges from the Unit Owners, and will have certain discretionary powers over the operating expenses and the application of the assessments. While there is presently no direct authority as to the tax status of the Condominium for Federal Income Tax purposes, Sponsor's Counsel is of the opinion that the Condominium will not be treated as an association taxable as a corporation, due to the fact that it will qualify as an exempt homeowner's association under section 528 of the IRS code. As a result, the condominium may not be subject to Federal corporate income tax on its taxable income, if any.

The statements set forth herein are based upon an analysis of the Internal Revenue Code of 1986, as amended (the "Code"), New York State Tax Law, the Administrative Code of the City of New York, the applicable regulations promulgated or proposed thereunder, the current position of applicable administrative agency, in particular, the position of the IRS stated in published Revenue Rulings and Revenue Procedures, and judicial decisions. It is emphasized, however, that legislative, judicial or administrative changes may be made which would require modification of such statements, or that, the IRS or other applicable administrative agency may disagree with Counsel's interpretations and conclusions. A more detailed statement of the tax factors involved may be found in the COUNSEL'S TAX OPINION; however, each purchaser should consult with his or her own attorney with regard to tax consequences of this transaction.

# HAROLD L. GRUBER, P.C.

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## COUNSEL'S TAX OPINION LETTER

October 2, 2000

GARG DEVELOPMENT INC.  
8311 Ridge Boulevard  
Brooklyn, New York 1121109

**Re: Offering Plan for the Conversion to  
Condominium Ownership of Premises:  
7902 15<sup>th</sup> Avenue, Brooklyn, New York**

Dear Sirs:

You have requested my opinion concerning (i) the availability of certain deductions for Federal, New York State, and New York City Income Tax purposes to persons who purchase units for residential use ("Unit Owners") under the Offering Plan for THE 7902 15<sup>TH</sup> AVENUE CONDOMINIUM (the "Plan"), and (ii) the Federal Income Tax Treatment of the Common Charges received by the condominium association of the condominium (the "Condominium").

In connection with rendering this opinion, I have reviewed the Plan, the Schedules and Exhibits thereto, the Declaration of the Condominium Plan (the "Declaration"), the By-Laws of the Condominium (the "By-Laws"), the relevant sections of the Internal Revenue Code of 1986, as amended (the "Code"), the Regulations promulgated thereunder by the Treasury Department (the "Treas. Regs."), the New York State Tax Law, the Administrative Code of the City of New York, revenue rulings, relevant case law and such other materials as I have deemed relevant.

## FACTS

You have advised me that, to the best of your knowledge, the following statements are an accurate summary of the relevant facts, and my opinion is conditioned upon the accuracy of such facts.

The Sponsor will apply to the Department of Law of the State of New York to establish the premises located at 7902 15<sup>th</sup> Avenue, Brooklyn, New York, as a condominium pursuant to the provisions of New York's Condominium Act. (See Article 9-B of the Real Property Law of the State of New York.)

This condominium shall consist of thirteen(13) Units, all of which are allocated for residential use. Each holder of a Unit will own his own Unit plus an interest in the elements common to all Units (the "Common Elements"). Each unit owner will be entitled to the exclusive ownership and possession of his unit and will receive a separate deed to the Unit.

The Condominium will be operated by a Board of Managers which, pursuant to the By-Laws, will act only as an agent of all Unit Owners. The Board of Managers will be comprised of at least three members, who shall each be elected by the Unit Owners. The primary function of the Board of Managers will be to supervise the maintenance and operation of the Common Elements, and collect charges (the "Common Charges") necessary to maintain and operate the Common Elements.

## DISCUSSION

### I. Deductibility of Mortgage Interest and Real Estate Taxes

Under the Condominium Act, each Unit Owner will own his/her Unit and its appurtenant interest in the Common Elements in fee simple, and each Unit will be taxed as a separate tax lot for real estate tax purposes. Each Unit Owner may mortgage his Unit and become individually liable for the payment of the principal and any finance charges or interest on such mortgage indebtedness. Failure to pay his or her share of the Common Charges will result in the Board of Managers having a lien on the Unit for the unpaid Common Charges.

The deductibility of the mortgage interest and real estate taxes paid or accrued by the Unit Owner during his or her taxable year will be governed by sections 163 and 164 of the I.R.S. Code. Section 163 of the Code allows a taxpayer to deduct all interest paid or accrued during the taxable year on Bona Fide indebtedness. Section 164 of the Code allows a taxpayer to deduct real estate taxes paid or accrued during the taxable year.

Since Sections 339-g and 339-y of the Condominium Act provide that each Unit and its common interest shall be taxed as a separate tax lot for real estate purposes, Unit Owners shall be entitled to deduct real estates tax paid or incurred on their Units during the taxable year.

The deduction under Section 163 of the Code for interest is subject to certain other provisions of the Code which may limit the amount of the deduction in any one taxable year. For example under Section 461(g) of the code, prepaid interest is not deductible by a cash basis taxpayer in the year of payment but must be allocated to the taxable year or years to which it is chargeable. However, the payment of "points" (bank origination fee) is deductible under certain circumstances in the year of payment, provided that the indebtedness was incurred by the taxpayer in connection with the purchase or improvement of his principal residence, and the other requirements of Code Section 461 (g) (2) are complied with.

I note that a taxpayer who purchases a Unit for investment may find his interest deduction limited by Code Section 163(d). Under this Section a taxpayer other than a corporation will be subject to a ceiling on his deduction for investment interest. Investment interest is defined as interest paid or accrued on indebtedness incurred or continued to purchase or carry property for investment. To the extent that the taxpayer has investment income (defined as the gross income from interest, dividends, rents, royalties, net short term capital gains and recapture income), he or she increases his or her ceiling on the deduction for investment interest. See generally Code Section 163(d).

I also note that Code Section 265(2) may impact on the interest deduction otherwise allowable to a taxpayer in the event that he/she incurs debt to finance his/her purchase of a Unit rather than liquidate his or her portfolio of tax exempt securities. Under these circumstances Code Section 265(2) may disallow the taxpayer's interest deduction since he or she would be deemed to have incurred the debt to "continue to carry" the tax exempt obligations. However, revenue rulings have made an exception for debt incurred to purchase the taxpayer's principal residence.

In Revenue Ruling 64-31, 1964-1 C.B. 300, the Internal Revenue Service (the "Service") considered the deductibility of mortgage interest and real estate taxes incurred by the owner of a condominium unit. The Service ruled the Sections 163 and 164 of the Code, respectively, permitted these deductions by the Condominium Unit Owner provided that he or she itemized his or her deductions in filing his or her Federal income tax returns.

In my opinion, under Code Sections 163 and 164 respectively, a Unit Owner will, for Federal Income Tax purposes, be entitled to a deduction for interest paid or accrued with respect to mortgage indebtedness and for real estate taxes paid or accrued with respect to his or her method of accounting.

It is also my opinion that each Unit Owner will, for New York State and New York City Income Tax purposes, be entitled to the same deduction which is allowed for Federal Income Tax purposes for the mortgage interest and real estate taxes paid or accrued during the taxable year. See Section 615 of the New York State Tax Law. It should be noted, however, that for New York City Income Tax purposes, the benefit of such deduction may be reduced if the Unit Owner has more than the specified amount of tax preference items. See Section 615, 622 and 623 of the New York State Tax Law; Section T46-115.00, T46-122.0 and T46-123.0 of the City Code.

The foregoing discussion applies primarily to residential unit owners. Referenced sections of the IRS code are not applicable to owners of commercial units. However, insofar as the owners of the commercial units will be using the unit for business purposes, other sections of the code may allow such deductions. Purchasers of commercial units are strongly urged to consult with their own accountants with regards to the deductibility of the mortgage interest and real estate taxes.

## II. Common Charges-Federal Income Taxation of the Condominium:

A condominium under New York law is not a corporation but an un-incorporated association.

The Treasury Regulations in Section 301.7701-2(a)(i) set forth six factors to be considered in determining whether an association will be treated as an un-incorporated association for Federal Income Tax purposes. Of these factors, the Condominium possesses five (an objective to carry on business, divide the gains, centralization of management, continuity of life, free transferability of interest). Since an un-incorporated organization will be treated as a corporation if it has more corporate characteristics than non-corporate characteristics, (see Treas. Regs. Section 301.7701-2(a)(3), Philip G. Larson, 66 T.C. 159 (1976) acq., Rev. Rul. 79-106, 1979-1 C.B. 448), it is my opinion that, although there exists no direct authority on this point, the condominium will be treated as an association taxable as a corporation for Federal Income tax purposes. In such event, and in the absence of any specific exception, the Condominium would be subject to Federal Corporate Income Tax.

Assuming that the Condominium is treated as an association taxable as a corporation, the receipt of substantially all of Common Charges, may be excluded from the income of the Condominium in the event that (i) the Condominium is acting as agent of the Unit Owners as to collection and receipt of such funds; or (ii) the Condominium is not acting as agent and receives the Common Charges as non-taxable contributions of capital, or receives the Common Charges as service income which is fully offset by the Condominium's service expenses; or (iii) the Condominium elects to be taxed under Code Section 528 and the Condominium has only "exempt function income" within the meaning of such Section.

In Revenue Ruling 75-370, 1975-2 C.B. 257 the shareholders of a condominium management corporation approved special accounts which were not commingled with the general funds of the condominium management association. The assessments could be used only to replace the roof and the elevators located in the common elements of the condominium property. The I.R.S. ruled that these special assessments were not includable in the Condominium's gross income since they did not benefit the condominium which had a fiduciary obligation to expend the funds collected in the manner approved by its unit owner-stockholders. The I.R.S. found that there was an agent and principal relationship between the condominium and its unit owner-stockholders insofar as the special assessments were concerned. However Rev. Rul. 75-370 specifically exempted funds

collected by a condominium management corporation to provide services for which it was formed such as the maintenance of the common elements. Thus, funds collected by the Board for painting, general repairs, gardening and janitorial services would constitute gross income to the Condominium.

The By-Laws provide that the Board of Managers will act as the agent of the Unit Owners. If Common Charges for special capital improvements are specifically designated for capital improvements, deposited in special accounts and not commingled with the general funds, then such Common Charges should not be included in the income of the Condominium, according to Revenue Ruling 75-370, supra. Common Charges for operational expenditures would not be excluded from the income of the Condominium, because the Board of Managers does not have mere ministerial powers with respect to the operations of the Condominium.

Under certain circumstances, special assessments for specific capital improvements may be considered non-taxable contributions to the capital of the association, pursuant to Code Section 118. In Revenue Ruling 75-371, 1975-2 C.B. 52, the condominium management collected special assessments which were assessed pro-rata upon each unit owner to replace outdoor furniture. The By-Laws required that any assessment had to be approved at a stockholder meeting by a majority vote of the unit owner-stockholders. The special assessment was approved and the proceeds were deposited in a special account and were not commingled with the general assessment funds. The assessment could only be used for the specific purpose intended. The Service held that the Special Assessment was a non-taxable contribution to the capital of the condominium management corporation. Id.; See also Rev. Rul. 74-563, 1974-2 C.B. 38 (special assessments to pave a parking lot of the homeowners association are contributions to the capital of the associations).

Under this Plan the Unit Owners must approve all special improvements. Therefore, as to such amounts of Common Charges which are specifically designated for capital improvements, deposited in special accounts and not commingled with the general funds, such Common Charges should not be characterized as income of the condominium, according to Revenue Ruling 75-371, supra, but would constitute contributions to the capital of the Condominium. Even if a special capital assessment is not specifically voted upon and approved by the Unit Owners of the Condominium, there is judicial authority which would support the characterization of such assessment as capital contribution. See, Concord Village, Inc., 65 T.C. 142 (1975).

It should be noted that if the special assessment are treated as contributions to the capital of the Condominium, the subsequent expenditure of these funds (together with any other funds accumulated by the Condominium) may be viewed by the Service as a distribution to the Unit Owners, taxable under Section 301 of the Code. Each Unit Owner may therefore be subject to tax on his pro-rata share of the amounts expended. Rev. Rul. 75-371 went on to distinguish special assessments from assessments collected for the purpose of normal operating expenses and excess assessments, which could be returned directly to the individual unit owner-stockholders. These general assessments and the excess assessments which are not credited to subsequent taxable years or returned to the unit-owners, were held to constitute gross income to the condominium under Section 61 of the Code. I note, however, that to the extent to which the Condominium will be deemed to have service income by virtue of its performance of its management functions, it will be entitled to deduct as business expenses its expenditures required to provide such services from its gross income. See Concord Village, Inc., 65 T.C. 142, 157 (1975); Park Place, 57 T.C. 767, 778 (1972). Thus, it will have taxable income only in the amount of the excess of its income from all sources over its allowable deductions.

Any net income attributable to over-assessments might constitute taxable income of the Condominium for the year of receipt, even if such excess is distributed or applied to the subsequent year's assessments. In effect, a management association will not earn income when it has no discretion as to the application of the excess, and, conversely, will have income where it does have such discretion. Since the Board of Managers will have discretion as to application of excess Common Charges, and does not intend to return excess Common Charges, if any, but intends to apply such excess to the next year's expenditures, it is possible that any excess Common Charges will constitute taxable income to the Condominium.

Code Section 528 provides a tax exemption for an organization that qualifies as a "homeowners association" which term includes a "condominium management association". A "condominium management association" is defined as an organization organized and operated to provide for the acquisition, construction, management, maintenance, and care of a condominium, provided substantially all of the units are used by individuals for residences. See Code Sections 528(c)(1)(A), and 528 (c)(2). "Substantially all" the units will be considered used by individuals for residences if at least 85% of the total square footage of all units within the project is used, or is intended to be used, by individuals for

residential purposes or purposes auxiliary to residential use, such as storage rooms, laundry and maintenance areas. See Treas. Regulations, Section 1.528-4(b). The organization itself will be considered "organized and operated" for the acquisition, construction, management, maintenance, and care of such condominium, if the facts and circumstances indicate such to be the case. See Treas. Regs. Section 1.528-2. However if the articles of the Condominium reflect that is the purpose of the association, then the condominium management association will be presumed to be operated for such purpose. See Treas. Regs. Section 1.528-2(a).

In addition to the organization and operation test, the tests set forth below must be satisfied under code Section 528(c)(1) in order for a condominium to qualify as a "homeowner's association".

(1) Sixty percent (60%) or more of the gross income of the organization must be "exempt function income," that is, income derived from the payment of dues or fees from the residential unit owners in their capacity as owner-members rather than in the capacity as customers for services. Code Section 528(c)(1)(A) and Treas. Regs. Section 1.528-5 and 1.528-9. "Exempt function income" includes income which is attributable to assessments that arise as a result of the members' ownership interest, either based on value or size of their units, and used for the purpose of enhancing or maintaining the value of the residences. See Treas. Regs., Section 1.528-9(a). For example, the regulations indicate that assessments for the purpose of paying real estate taxes, removing garbage, or removing snow is "exempt function income". See Treas. Regs. Section 1.528-9(b). Income attributable to the use of laundry machines and interest earned on sinking funds is not exempt function income; See Treas. Regs. Section 1.528-9(c). Any assessments attributable to special capital improvements, which are treated as capital contributions, are not included in gross income, and therefore, are not part of the calculation of the gross income test. See Treas. Regs. Section 1.528-9(a).

(2) Ninety percent (90%) or more of the expenditures of the organization for the taxable year must be used for the acquisition, construction, management, maintenance and care of the organization's property. See Code Section 528(c)(1)(C). These expenditures include operating and capital expenditures during the taxable year. Investments in reserve funds for future expenditures are not included in this calculation.

(3) No part of the net earnings of the organization may inure to the benefit of any individual. See Code Section 528(c)(1)(D). The Code expressly excludes benefits received by a unit owner attributable to the homeowners association performing its exempt function, such as the benefit from the homeowners association acquiring, constructing, managing, maintaining and taking care of the association property.

(4) The organization must properly and timely elect to have Code Section 528 apply for the taxable year. See Code Section 528(c)(1)(E).

Based upon my understanding of the matter it is my opinion that the Condominium will be eligible to qualify as a homeowners association within the meaning of Code Section 528(c)(1) and that, to the extent the condominium has income in excess of its expenses, that income will not be subject to federal income taxation.

### III. REAL ESTATE TAX BENEFITS:

I have reviewed the letter (heretofore set forth in this Offering Plan) from the sponsor's expert concerning the availability of real estate tax abatement and exemption benefits for this project. Based on existing statutes and practices, the opinions expressed therein appear to be correct, and I hereby adopt said opinion as my own. This adoption is, of course, subject to the accuracy of the facts supplied to said expert in rendering his determination and also subject to any change in existing statutes which may affect my evaluation and interpretation of the availability of such benefits.

This is not a warranty that such benefits will be obtained but only an opinion based on the existing laws, regulations, and facts, this condominium project will qualify for such benefits.

### IV. Compliance With RPL Section 339 (i):

I have received and reviewed the letters heretofore set forth from the sponsor's expert concerning allocation of the common interest to the units in the premises. The allocation appears to have been made based on the fair market value each of the units bear to the fair market value of all units, pursuant to section 1(i) of Section 339-i of the RPL. While analysis of the fair market value of the units is beyond the scope of this letter or the expertise of this letter writer, assuming the factors set forth in the aforementioned expert's opinion letter to be accurate, the method employed is permissible pursuant to the RPL and is in compliance therewith.

### CONCLUSION

I express no views as to any Federal, New York State and/or New York City tax consequences or as to any aspects of the Plan other than those tax consequences and aspects explicitly discussed in this opinion, or as to the tax consequences of the Plan under the laws of any other State or foreign jurisdiction. This opinion does not discuss the tax consequences which may result from the ownership or the leasing of a Unit to another, in connection with a Unit Owner's trade or business, for purposes of investment, or for the production of income, or tax consequences which may result to a foreign Unit Owner by reason of his foreign status.

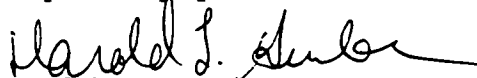
This opinion also does not consider the tax consequences which may arise if Units are acquired and/or leased by the Board of Managers, or the issue of whether a Unit Owner may be deemed to be a resident of New York State due to ownership of a Unit. I, therefore, advise each person contemplating the purchase of a Unit to consult his/her own tax advisor as to all such tax matters, as well as with respect to the tax matters discussed in this opinion.

The opinions expressed herein are based solely upon my current understanding and interpretation of the existing law, regulations, decided cases and rulings of administrative agencies and upon information set forth herein. If there has been any misstatement of a fact or omission of any fact which may be material, or any amendment or exchange in the By-Laws or the Plan, we should be notified, since any such omission, misstatement or change may require modification of part or all of this opinion. Moreover, it should be specifically noted that this opinion is not binding on the Service, the New York State Department of Taxation and Finance, or the New York City Department of Taxation, and that such entities may not agree with any or all of the views stated above. Further, the Federal and State Tax Laws and Regulations and the rulings and decisions thereunder may change and thereby effect the views stated above in whole or in part.

In my opinion, the condominium will be eligible for tax exempt status, if it elects such status, and unit owners will be entitled to income tax deductions, and the real estate tax benefits described above. However, this opinion is not a guaranty; it is based on existing rules of law applied to the facts and documents referred to above. No assurances can be given that the tax laws upon which counsel bases this opinion will not change. In no event will the Sponsor, Sponsor's counsel, Board of Managers, Selling Agent, or any other person be liable if there are changes in the facts on which counsel relied in issuing this opinion, or if there are changes in the applicable statutes, regulations, decisional law, or Internal Revenue Service rulings on which counsel relied, which caused the condominium to cease to meet the requirements of Section 528 of the Internal Revenue Code of 1986 as amended; or the New York State Tax Law as amended, and cause unit owners not to be, or to cease to be, entitled to the benefits, or the level or duration of benefits, described above.

I hereby authorize the use of this opinion, or a reproduction thereof, in the Plan.

Very truly yours,

  
Harold L. Gruber

HLG/jf

### RESERVE FUND

No fund will be created on closing as a reserve for capital expenditures. In the event a need arises for capital expenditures such as renewal or replacement of building components or systems, or to remedy major building defects, it will be necessary to raise needed capital either by assessing individual unit/owners for the cost of such expenditures. However, in the Sponsor's estimation, and in view of the fact that all building systems and components are new, it is anticipated that there will be no needed capital expenditures within the five (5) years immediately following the first closing of a condominium unit under the offering plan.

### WORKING CAPITAL FUND

At closing of title to each Unit, the Unit Owner for such Unit will contribute the amount equal of \$200.00 to the capital of the Condominium as a Working Capital Fund (see CLOSING COSTS AND ADJUSTMENTS). Thus, there will be a working capital fund of \$2,600.00. Sponsor will make the required contribution for all unsold units at the time of the closing of the first unit, and will be reimbursed therefor on each subsequent closing of a unit by the unit purchaser. This Working Capital Fund will be used to make repairs and improvements, and for other appropriate purposes as determined by the Board of Managers, particularly to meet emergencies not budgeted for in SCHEDULE A. While the Sponsor controls the Board of Managers (see CONTROL BY SPONSOR), the Working Capital Fund will not be used to reduce estimated Common Charges.

The Working Capital Fund will not be reduced by any closing adjustments to the Sponsor. All closing adjustments to the Sponsor will be paid in equal monthly installments over the 12 month period following closing. All adjustments represent reimbursement for prepayment of expenses already included in the budget set forth herein as Exhibit B, and therefore do not represent an additional expense to condominium Purchasers.

No representation is made that the Working Capital Fund will be adequate to cover current or future expenses. If additional funds are required over and above the Working Capital Fund, it may be necessary to increase Common Charges or separately assess all Unit Owners. Neither the Department of Law nor any other government agency has passed upon the adequacy of the Working Capital Fund.

### IDENTITY OF PARTIES

SPONSOR: The Sponsor of the conversion is Garg Development Inc., a New York Corporation formed September 16, 1996, with offices at 8311 Ridge Boulevard, Brooklyn, New York. The Principals of the Sponsor are Michael Gargano and Gerardo Gargano. Gerardo Gargano is a licensed real estate salesperson. Both principals are in the building and construction trade. Neither the Sponsor nor the principals of the Sponsor have previously been the Sponsor or principal of the Sponsor of an Offering plan for condominium or cooperative conversion for property in or from the State of New York during the preceding five years.

COUNSEL: Sponsor has engaged Harold Gruber, Esq., 563 10th Street, Brooklyn, New York, 11215, to represent him in all phases pertaining to the conversion of the premises to condominium ownership. Mr. Gruber prepared the Offering Plan. Mr. Gruber represents the Sponsor, not the Condominium, which is not represented by counsel.

ARCHITECT: The architect, Douglas Pulaski, principal of Bricolage Designs, A.I.A. has offices at 1333 60th Street, Brooklyn, New York, has examined the physical condition of the property and has rendered his report thereof as set forth in PART II starting at Page ER1. He has varied experience in preparing such reports, and has prepared a number of such reports. The architect has no financial interest in the property, Sponsor, condominium, selling agent, or any other party interested in this transaction, except for his fee for services rendered in connection with his report.

SELLING AGENT: The Sponsor is the selling agent for the plan. Neither the Sponsor nor Principals of the Sponsor have been previously been the selling agent for any other Offering plan and have no experience as selling agents.

### GENERAL

The Plan does not knowingly omit any material fact or contain any untrue statement of any material fact. Exact copies are contained in Part II hereof of the Condominium Declaration, Purchase Agreement, Condominium By-Laws, and form of Unit Deed.

There are no lawsuits or other proceedings now pending, or any judgments outstanding, either against the Sponsor or any other person or persons which might become a lien against the Property or which may materially affect this offering, the Property, Sponsor's capacity to perform all obligations under the Plan, the Condominium, or the operation of the Condominium.

The Property has not been the subject of any prior cooperative or condominium offerings. There are no preliminary binding agreements entered with any purchasers, nor has any money been collected from any prospective purchasers. There has been no market test pursuant to Cooperative Policy Statement No. 1.

In accordance with the provisions of the laws of the State and City of New York, the Sponsor represents that the Sponsor, and the Selling Agent will not discriminate against any person because of race, creed, color, sex, disability, age, marital status, national origin or ancestry in the sale of the units offered by the Plan, or in the leasing of any apartment in the building.

If there is a material amendment to the offering plan that adversely affects a purchaser, purchaser shall have the right to rescind his purchase agreement within fifteen (15) days after the date of presentation by the Sponsor, which rescission shall be made by CERTIFIED MAIL - RETURN RECEIPT REQUESTED, and shall be deemed made on the date when notice of rescission is deposited with the United States Post Office. Sponsor shall return the deposit on contract to any purchaser who validly rescinds.

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

### DOCUMENTS ON FILE

Sponsor shall keep copies of the offering plan, all documents referred to in the offering plan, and all exhibits submitted to the Department of Law in connections with the offering plan on file and available for inspection without charge, and for copying at a reasonable charge, at the Sponsor's office as set forth in this offering plan, or at the office of the Sponsor's attorney, for a period of six (6) years from the date of first closing. The Sponsor shall deliver to the Board of Managers of the Condominium, a copy of all documents filed with the appropriate recording office at the time of the first closing of a condominium unit.

### REPORT TO UNIT OWNERS

The Board of Managers of the Condominium shall give annually to each and every Unit Owner:

1) On or before May 15th of each year a financial statement. During the period the Sponsor is in control of the Board of Managers, there shall be a certified financial statement prepared by a certified public accountant.

2) Prior notice of the annual Unit Owners meeting.

3) A copy of the proposed annual budget of the Condominium, no less than thirty (30) days prior to the date set for adoption thereof by the Board of Managers. During the time the Board is controlled by the Sponsor, this statement shall be certified by a qualified budget expert.

### SPONSOR'S STATEMENT OF BUILDING CONDITION

The Sponsor hereby adopts the DESCRIPTION OF PROPERTY set forth in Part II of this offering plan. With reference to such material, a licensed architect prepared the description of property and building condition contained therein.

The Sponsor represents that it does not know of any defect or need for major repairs except as hereinafter set forth, and that, to the best of the Sponsor's knowledge, the following description accurately states the condition of the building and its equipment (see DESCRIPTION OF PROPERTY AND BUILDING CONDITION in Part II of the Plan).

The Property will be offered in its present condition as described in this plan. Neither the Sponsor nor the Condominium will have any obligation to make repairs or improvements except as set forth in this plan. The Sponsor will cure, or cause to be cured, all violations of record against the Property on the closing date and eliminate all known dangerous or hazardous conditions, and comply with all work orders from mortgagees.



**PART II**



**PURCHASE AGREEMENT**

Purchaser(s) \_\_\_\_\_

Address \_\_\_\_\_

Home Telephone \_\_\_\_\_ Business Telephone \_\_\_\_\_

Purchaser's S.S.No \_\_\_\_\_

Attorney \_\_\_\_\_

Attorney's Address \_\_\_\_\_

Attorney's Telephone No \_\_\_\_\_

Broker \_\_\_\_\_ Telephone No \_\_\_\_\_

Unit \_\_\_\_\_ Common Interest \_\_\_\_\_ % Common Charges \$ \_\_\_\_\_

Cash Purchase Price \$ \_\_\_\_\_

Down Payment (herewith) \$ \_\_\_\_\_

Balance Due on Closing \$ \_\_\_\_\_

**I RECEIVED THE PLAN, AS AMENDED, AT LEAST THREE FULL BUSINESS DAYS AND HAVE READ BOTH PARTS I AND II OF THE PLAN BEFORE EXECUTION HEREOF BY ME.**

1. **OFFERING PLAN READ.** As Purchaser, I have received and read the Offering Plan of Condominium Organization (the Plan) with respect to premises 7902 15th Avenue, Brooklyn, New York.

Said premises, including all documents set forth in Part II thereof, and any amendments thereof are incorporated herein by reference with the same effect as if set forth at length. I hereby accept and approve the Plan (and all of said amendments thereto, if any) and agree to abide and be bound by the terms and conditions thereof. The terms used herein shall have the same meanings as ascribed thereto in the Plan.

2. **AGREEMENT TO PURCHASE.** I hereby agree to purchase the above apartment and a \_\_\_\_\_ percent of undivided appurtenant interest in the Common Elements of the Condominium in said premises.

3. DOWN PAYMENT AND BALANCE. Submitted herewith is my check to the order of "HAROLD L. GRUBER, AS ATTORNEY" for the amount of the above stated Down Payment. I agree that if after the Plan becomes effective, as therein provided, I will pay the above-stated balance of said Cash Purchase Price on closing. The payment due on closing shall be by certified check or official check drawn on a New York City bank which is a member of the New York City Clearing Housing System to the order of "HAROLD L. GRUBER, ATTORNEY". The check shall be delivered to the seller.

The Seller will give me prompt written notice thereof when the Plan either becomes effective or is abandoned, unless same has already been declared effective by a duly filed amendment to the Plan submitted to me.

4. MANNER OF PAYMENT AND BALANCE. Provided that I shall have paid the full Cash Purchase Price for said apartment, as provided herein, and shall not be in default hereunder, I am to receive a Deed for the apartment, promptly after the Closing to this apartment. The date of the commencement of my obligations under such Deed, including the payment of Common Charges, shall be the date on which I acquire title to such apartment. At the time the deed is delivered, I shall execute the Power of Attorney to the Board of Managers of the Condominium in the form contained in the Plan and whatever other documents are reasonably necessary to convey the Unit to me, such as real property transfer tax forms.

5. PAYMENTS HELD IN TRUST AT NAMED BANK. The Seller will hold all monies received by it directly or through its agents, employees or escrow agent, in trust, in compliance with the trust fund provisions of section 352-h and section 352-e(2)b of the General Business Law, until actually employed in connection with the consummation to the Offering Plan. All such monies will be deposited with Citibank N.A., 114 Seventh Avenue, Brooklyn, New York 11215, under the name of "HLG ESCROW-7902". The funds so deposited will be released by the escrow agent, an attorney at law, only for the purposes of, and in conformity with the consummation of this Plan, or returned to me as herein provided. I shall be entitled to any interest earned on the sums deposited by me. However, it is not anticipated that any interest will be earned.

6. ACCEPTANCE OF CONDITION. My signing of this Purchase Agreement shall constitute my acceptance of said apartment "As Is", except for those matters which are the responsibility of the Sponsor as stated in the Plan.

7. THIS AGREEMENT IS CONTINGENT. It is agreed that this Purchase Agreement is contingent upon the Plan being declared effective.

8. ABANDONMENT OF PLAN. The Plan may be abandoned by and thereafter only for reasons hereto set forth in the plan, the Seller at any time prior to its being declared effective and shall be abandoned by amendment duly filed with the Department of Law of the State of New York and upon notice to all prospective purchasers who have signed the Purchase Agreement.

9. REFUND AND LIMITATION ON CLAIMS. If the Plan is abandoned or does not become effective within twelve (12) months from the date of presentation and is not extended, or, if after being declared effective, the Plan shall not be consummated for any reason within 180 days thereafter, this Agreement shall be deemed canceled and the Plan terminated and I am to receive back, not later than ten (10) days thereafter, in full, all monies paid by me hereunder. Upon such payment no party shall have any claim against any other party or person, the Sponsor, the Seller, or the agent, and all parties shall be released from all obligations hereunder and under the Plan.

10. DEFAULT AND LIQUIDATED DAMAGES. I agree that if I shall fail to pay the balance of the Cash Purchase Price when due, as herein provided, or, if I am otherwise in default hereunder as such term is defined herein, the Seller may elect to cancel this Agreement by written notice to me at my residence or at the address stated above, by certified mail, and at the expiration of 30 days after the date of mailing thereof (unless I shall have theretofore paid the balance of the Cash Purchase Price in full) said notice shall be effective and this Agreement shall be deemed canceled and all rights of the parties thereunder shall terminate except that the amount of my Down Payment shall be paid over to the Seller as liquidated damages, such liquidated damages not to exceed 10% of the Cash Purchase Price plus the cost of any special work in the apartment ordered by me, together with any interest earned thereon. However, it is not anticipated that any interest will be earned. TIME IS OF THE ESSENCE TO REMEDY SUCH DEFAULT WITHIN SAID THIRTY (30) DAY PERIOD. The notice of default is hereby deemed a notice to vacate as well if I occupy the apartment under the terms of an Interim Lease. In the event of such cancellation, the Seller shall have the right to sell said Units to another purchaser as though this Agreement had never been made and without accountability to me for the proceeds received on any sale to another.

11. In the event Purchaser elects to obtain title insurance; or, in the event Purchaser obtains mortgage financing and is required to obtain title insurance; then, in such event, Purchaser agrees that the title insurance shall be ordered through Lighthouse Land Services. Seller shall not be obligated to cure any exceptions raised by any company other than the foregoing; and, in the event Purchaser orders title insurance through any other agency, and sponsor elects to cure such exceptions, there will be a charge as set forth in the CLOSING COST section of this offering plan for review of the title report prepared by such other abstract company.

12. CLOSING DATE AND PLACE. The closing of title shall occur on the date and at the time and place in the City and State of New York as Sponsor shall designate to Purchaser on not less than thirty(30) days' prior written notice. Sponsor shall have the right, from time to time, to adjourn such time and date for closing on written notice to Purchaser. If adjourned, Sponsor shall fix a new date and time for title closing and shall give Purchaser not less than ten(10) business days-prior written notice of the new scheduled date and time for closing.

In the event that a Purchaser does not close on the Closing Date set forth in the Notice of Closing, the Sponsor elects not to cancel the Purchase Agreement or if the Sponsor approves the Purchaser's request to adjourn the Purchaser's Closing to his apartment, interest shall accrue on the unpaid amount of the purchase price from the Closing Date until such amount is paid. The interest rate shall be ten percent (10%) per annum. This rate shall be in effect for as long as there is any unpaid amounts owing towards the full purchase price.

13. APPORTIONMENT OF CHARGES. At the Closing, the parties shall apportion, as of the day preceding the date of actual closing, the Common Charges, real estate taxes and other charges under the By-Laws, utility charges (if any) due to the Condominium and the use and occupancy charge, if any, to the Apartment. Assessments will not be apportioned and will be payable by the party who is the owner of the Unit when the same became due and payable. A letter from the Condominium or its Managing Agent as to status of Common Charges, utility or other charges shall be sufficient for purposes of determining the adjustments as herein described.

In the event a mortgage recording tax credit becomes available pursuant to Section 339-ee(2) of the New York Condominium Act, it is specifically understood that such credit will inure to the benefit of the Sponsor. Accordingly, on the Closing Date, I will pay the full amount (but not in excess thereof) of the mortgage recording tax chargeable on the entire amount financed, if any. The Sponsor will be reimbursed to the extent of any mortgage tax credit allowed.

14. CLOSING COSTS Purchaser shall be responsible for paying all costs as outlined in the Section of this Offering Plan entitled Closing Costs and Adjustments.

15. ENTIRE AGREEMENT, OPPORTUNITY TO EXAMINE, NON-ASSIGNABILITY. The entire contract between the parties hereto as set forth herein and in the Plan and as the Plan may be amended from time to time. The only representations made to me are those contained herein and in the Plan, as may be amended. I have not relied upon any representations, statements or warranties, written or oral, as to any matter or estimate, that is not set forth herein and in the Plan. I have had at least three days to read and review the Offering Plan and all amendments and have had the opportunity to examine all the documents filed as Exhibits, volume A, B and C to the Plan. This Agreement is not assignable by me without prior written consent of the Seller and shall bind and apply to the parties hereto and their personal legal representatives, successors and assigns and may not be amended, changed or discharged orally.

16. CONFLICTS WITH THE PLAN. Conflicts between this Agreement and the Plan shall be resolved in favor of the Plan.

17. CONDITIONS FOR BINDING AGREEMENT. This Agreement shall not be binding on me or on the Seller until a fully executed copy thereof shall have been delivered to me. If this Agreement shall not be accepted within twenty (20) days of the date hereof by the delivery to me of such endorsed and fully signed copy, this Purchase Agreement shall be deemed to be rejected and canceled and my deposit shall be promptly refunded to me.

18. CONDITIONS FOR CLOSING. It is a condition of this closing that:

- (a) There shall be no claims or liens against the Unit at the time of the Closing, except for Permitted Encumbrances as described in the Plan; and
- (b) The Seller has full right and authority to sell and transfer the Units.

19. WHEN TITLE PASSES. I shall acquire no right, title or interest in the aforesaid Unit until (i) the entire Cash Purchase Price has been paid in accordance with the terms hereof, and (ii) I have otherwise performed, observed and complied with the terms and conditions of this Agreement.

At the Closing of Title the Seller shall deliver to me a bargain and sale deed, with covenants against the grantor's acts, conveying the Unit to me such deed to be in the form contained in Part II of the Plan, executed and acknowledged by the Seller in form for recording.

20. IDENTIFICATION OF PURCHASER. I represent that I am a person over 18 years of age. The term "I" shall read as "we" and "purchaser" shall be read as "purchasers" if more than one person are purchasers, in which case our obligations shall be deemed joint and several. I further represent to the Condominium and to all of the persons to who are Unit Owners that I am purchasing the Unit for my own account and that Sponsor will have no interest, direct or indirect, in the Unit being purchased hereunder.

21. BONA FIDE PURCHASER. I certify that I have agreed in good faith to purchase the above-described Apartment with no discriminatory re-purchase Agreement or other discriminatory inducement.

22. NOTICES. Notices hereunder shall be delivered or mailed as follows:- To the Purchaser(s), at the address stated above; and, to the Seller at the office of the Seller's attorney. The date on which personal delivery is affected, or the date of mailing, as the case may be, shall be deemed the date of giving of notices.

23. AGREEMENT SUBJECT TO MORTGAGES. I agree that all terms and provisions of this Agreement are and shall be subject and subordinate to the lien of any building loan mortgage or development loan mortgage heretofore or hereafter made and any advances heretofore or hereafter made thereon and any payments or expenses already made or incurred or which may hereafter be made or incurred, pursuant to the terms thereof, incidental thereto, or to protect the security thereof, to the full extent hereof without the execution of any further legal documents by me. The subordination shall apply whether such advances are voluntary or involuntary and whether made in accordance with the building loan schedule of payments or accelerated thereunder by virtue of lender's right to make advances before they become due in accordance with the schedule of payments. Notwithstanding anything to the contrary contained in this paragraph, however, on the Closing Date the only mortgage to which the Unit will be subject will be the mortgage(s) obtained by me.

24. MORTGAGE FINANCING. In the event Purchaser applies for a mortgage loan from \_\_\_\_\_, this Contract will be conditional on Purchaser obtaining such loan in an amount not less than \$ \_\_\_\_\_ at the rate of \_\_\_\_\_ interest offered by said finance company. Purchaser shall apply for said loan within five (5) days after receipt of a fully executed copy of this Contract, and shall have forty (40) days from the signing of said Contract to obtain said mortgage commitment. Purchaser agrees to accept any commitment offered by the aforementioned lending institution provided same is in at least the amount set forth above. In the event Purchaser fails to obtain such commitment within forty (40) days from the date of execution of the Contract, either party may cancel this Purchase Agreement on five (5) days written notice to the other party, whereupon this Purchase Agreement shall become null and void, and the down payment shall be returned to the Purchaser. **IN THE EVENT THAT SPONSOR'S ATTORNEY DOES NOT RECEIVE SUCH NOTICE OF FAILURE TO OBTAIN FINANCING WITHIN FIVE DAYS AFTER EXPIRATION OF THE FORTY-DAY-PERIOD SET FORTH ABOVE (OR ANY EXPIRATION THEREOF), PURCHASER SHALL BE REQUIRED TO CLOSE WHETHER OR NOT PURCHASER RECEIVES FINANCING.**

Purchaser's failure to provide information to the lender promptly upon request therefor, or failure to accept a commitment offered, shall be a default for which the Seller shall have the right to cancel this Purchase Agreement and retain the down payment. Once a bank commitment is issued, Purchaser will be required to use due diligence in obtaining any and all extensions necessary to maintain such commitment in force, notwithstanding that such extension may be at a higher interest rate or require payment of additional fees, or include other changes. Failure to maintain such commitment will constitute a default under the Purchase Agreement, except that if the bank refuses to extend such commitment on any rates or terms, Purchaser may cancel the Contract, and receive return of his down payment hereunder.

Purchaser has the right to apply to other lending institutions for financing, that this Contract shall not be contingent upon Purchaser obtaining such financing.

25. AMENDMENTS. After acceptance of my Purchase Agreement and so long as I am not in default hereunder, there shall be no change in the amount of the Cash Purchase Price, size or layout of the apartment I intend to purchase, without my written consent first being obtained. If there is a material change in the size or quality of common areas, I shall be given written notice thereof by certified mail, return receipt requested, and I shall have fifteen (15) days therefrom to rescind my Purchase Agreement and obtain return of my Down Payment by so notifying the Sponsor or Selling Agent in writing by certified mail, return receipt requested.

26. CAPTIONS. The captions used herein are inserted only as a matter of convenience and for reference and in no way define, limit or described the scope of this Purchase Agreement or the intent of any provision hereof.

27. RECORDING OF DEED AND POWER OF ATTORNEY. At the Closing of Title, I will deliver the executed deed received from Seller and an executed and acknowledged power of attorney to the representative of the title company, if any, or to Seller for recording in the Office of the Register of the City of New York, County of Kings. Such deed and power of attorney will be in the form set forth in the Plan.

28. JURY WAIVER. I hereby waive trial by jury in any action, proceeding, or counterclaim involving any matter whatsoever arising out of, or in any way connected with this Purchase Agreement or the relationship of the parties as purchaser and seller, or my right to any statutory relief or remedy.

29. SURVIVAL. The Closing of Title to the Unit and the delivery and the delivery of the deed thereto shall be deemed full compliance by the Seller with each and every term of this Purchase Agreement, except as to any item specifically listed and excepted therefrom.

30. EXECUTION OF FORMS. It shall be a conditions of this contract that I shall execute and deliver to the Sponsor's attorney all forms and papers required by the State of New York and City of New York in connection with the purchase of the Unit including but not limited to the "RPT" form and gains tax transferee form.

31. LAWS. The laws of the State of New York shall govern this transaction.

32. PURCHASER'S REMEDIES. In the event that the Sponsor shall for any reason (except for willful default) be unable to convey and deliver the apartment in accordance with terms of the Purchase Agreement, (except for any failure to perform any obligation imposed by applicable statute or regulation, or a failure to perform Sponsor's obligations under the Offering Plan) the sole remedy of the Purchaser shall be to rescind the Purchase Agreement and be refunded the entire downpayment with interest plus the cost of title searches, if any.

Any conflict between the plan and the Purchase Agreement shall be resolved according to the terms of the plan.

Nothing contained in the Purchase Agreement or the Plan shall be construed to waive a Purchaser's right to abrogate Sponsor's obligations under Article 23-A of the GBL.

33. APPLIANCES AND EQUIPMENT. The Unit is being sold unfurnished, without window blinds or shades and will contain only the appliances and equipment described above and in the Plan. Furniture, wall coverings, furnishings, decorations and the like in or about any model Unit are for display purposes only and are not included in this sale. Residential Units will be offered with their walls and ceiling primed and covered with one coat of finished paint in a light, neutral color: Purchaser will be responsible for any repainting and touch-ups necessitated from moving in. Any floor plans or sketches shown to Purchaser (including those contained in the Plan) are only approximations of the Units dimensions and arrangement, and Purchaser should not rely thereon. Sponsor shall not be liable for minor variations from any floor plans or sketches.

B. There will be no modifications or extras unless agreed to in writing by the parties. All modifications and alterations must be approved by Sponsor in writing and, if approved, shall be performed by Sponsor at Purchaser's expenses (payable in the manner to be set forth in addendum to this Agreement or separate agreement).

34. CONSTRUCTION.

A. The construction of the building and the Unit, including the materials, equipment and fixtures to be installed therein, shall be substantially in accordance with the Plan and the architectural "plans and specifications" (defined in the Plan), subject to the right reserved by Sponsor to modify and amend the Plan and the "plans and specifications" in order to substitute materials, equipment or fixtures of equal or better quality and design, provided only the approval of any governmental authorities having jurisdiction thereover and the construction lender are first obtained (if required). The issuance of a Certificate of Occupancy for the Building shall be deemed presumptive evidence that the Building and the Unit have been fully completed in accordance with the Plan and the "plans and specifications". However nothing herein contained shall excuse Sponsor from its obligations to correct any defects in construction in accordance with the conditions set forth in the Plan in the section entitled "Rights and Obligations of the Sponsor."

B. The construction of the Building and the Unit and the correction of any defects in construction to the extent required under the Plan are the sole responsibility of the Sponsor. Purchaser acknowledges and agrees that Sponsor will not be liable for, and will have no obligation to correct, certain variations from the Plan and "plans and specifications" as indicated in the Plan in subparagraph 2(b) of "Rights and Obligations of Sponsor-Construction Obligations" and will only be responsible to correct any construction defects to the extent, and on the terms and conditions, set forth in subparagraph 5 of "Rights and Obligations of Sponsor: Construction Obligations."

35. INSPECTION OF UNIT. At least ten (10) days before the Balance is to be paid, the Selling Agent shall notify the Purchaser that the Unit is ready for inspection. Upon receipt of the notice, Purchaser shall promptly arrange an appointment with the Selling Agent to inspect the Unit before the lapse of such ten(10) day period. Purchaser or his duly authorized agent shall attend such inspection and shall complete, date and sign the Inspection Statement (in the form set forth as Exhibit C to this Agreement) and deliver same to the Selling Agent at the conclusion of the inspection. Failure of Purchaser either to arrange such appointment or to inspect the Unit within ten (10) days of receipt of said notice or to so sign and deliver the completed inspection Statement, shall not excuse Purchaser from paying the Balance when due and shall constitute Purchaser's full acceptance of the Unit. However, nothing herein shall relieve Sponsor of its obligations as set forth in the "Rights and Obligations of Sponsor-- Construction Obligations."

36. NOTICES. All notices, elections, consents, demands and communications (collectively called "notices" or individually called "notice") shall be delivered personally or given in writing by registered or certified mail, return receipt requested, postage prepaid, and, if sent to Purchaser, addressed to Purchaser at Purchaser's address given in the preamble to this Agreement and, if sent to Sponsor, addressed to the Sponsor, C/O Harold L. Gruber, P.C., 563 10th Street, Brooklyn, New York 11215. Either party may, by written notice to the other, change the address to which notices are to be sent. Unless otherwise provided herein, all notices shall be deemed given when personal delivery is effected or when deposited in any branch station or depository maintained by the U.S. Postal service in the City and State of New York, except that a notice of change of address shall be deemed given when actually received.

37. BROKER. Purchaser represent to Sponsor that the Selling Agent is the only broker or sales agent with who Purchaser has dealt in connection with this transaction. Sponsor agrees to pay the commission due the Selling Agent pursuant to separate agreement. Purchaser agrees that should any claim be made against Sponsor for commissions by any broker, other than Selling Agent, on account of any acts of Purchaser or of Purchaser's representatives, Purchaser will indemnify and hold Sponsor free and harmless from any and all liabilities and expenses in connection therewith, including (without limitation) reasonable legal fees and disbursements. The provisions of this Paragraph 26 shall survive the Closing.

38. NO LIEN. No lien or encumbrances shall arise against the Property or the Unit as a result of this Agreement or any monies deposited hereunder. This Agreement shall not be recorded and any purported recordation hereof by Purchaser shall constitute an Event of Default.

39. Invalidity or unenforceability of any portion or portions of this Agreement shall not effect the validity or enforceability of the other portions, which shall all be deemed valid and enforceable to the fullest extent of the law.



UNIT DEED

THIS INDENTURE made the            day of  
between GARG DEVELOPMENT INC., 8311 Ridge Boulevard, Brooklyn, New  
York, (hereinafter "Grantor"), and  
(hereinafter "Grantee");

W I T N E S S E T H:

That the Grantor, in consideration of Ten (\$10.00) Dollars and  
other valuable consideration paid by the Grantee, does hereby  
grant and release unto the Grantee, and the heirs or successors  
and assigns of the Grantee, forever:

The Unit known as and described on the attached Schedule A.

TOGETHER with any strips or gores adjoining the above described  
premises on any of the sides thereof;

TOGETHER with an undivided            percent interest in the Common  
Elements of the Property described in said Declaration  
(hereinafter called the "Common Elements");

TOGETHER with an easement for the continuance of all encroachments  
by the Unit on any adjoining Units or Common Elements now existing  
as a result of construction of the Buildings, or which may come  
into existence hereafter as a result of settling of the Buildings,  
or as a result of repair or restoration of the Buildings, or the  
Unit, after damage by fire or other casualty, or after taking in  
condemnation or eminent domain proceedings, or by reason of an  
alteration or repair to the Common Elements made by or with the  
consent of the Board of Managers, so that any such encroachments  
may remain so long as the Buildings shall stand;

TOGETHER with an easement in common with the Owners of other Units  
to use any pipes, wires, ducts, cables, conduits, public utility  
lines, and other Common Elements located in any of the other Units  
or elsewhere on the Property, and serving the Units;

TOGETHER with the appurtenances and all the estate and rights of  
the Grantor in, and to, the Unit;

TOGETHER with and subject to all easements of necessity in favor  
of the Unit, or in favor of other Units, or the Common Elements;

SUBJECT to easements in favor of adjoining Units and in favor of the Common Elements for the continuance of all encroachments of such adjoining Units or Common Elements on the Unit, now existing as a result of construction of the Buildings, or as a result of repair or restoration of the Buildings, or any adjoining Unit, or of the Common Elements, after damage, condemnation, or eminent domain proceedings, or by reason of an alteration or repair to the Common Elements made by, or with the consent of, the Board of Managers so that any such encroachments may remain so long as the Buildings shall stand. Each Unit shall be subject to the aforesaid easements in favor of all other Units.

TOGETHER with and subject to easements, rights of way, restrictions and encumbrances created by the Declaration for THE HEIGHTS CONDOMINIUM.

SUBJECT to the provisions of the Declaration, By-Laws, and Floor Plans of the Condominium recorded simultaneously with and as part of the Declaration, as the same may be amended from time to time by instruments recorded in the Kings County Office of the Register of the City of New York, which provisions, together with any amendments thereto, shall constitute covenants running with the land and shall bind any person having time, any interest, or estate in the Unit, as though such provisions were recited and stipulated at length herein;

AND the Grantor covenants that the Grantor has not done or suffered anything whereby the said premises have been encumbered in any way whatsoever, except as aforesaid;

TO HAVE AND TO HOLD the same unto the Grantee, and the heirs or successors and assigns of the Grantee, forever.

The use for which the Unit is intended is that of a residence and/or professional office as permitted by the By-Laws and the Declaration.

If any provision of the Declaration or the By-Laws is invalid under, or would cause the Declaration or the By-Laws to be insufficient to submit the Property to, the provisions of the Condominium Act, or if any provision that is necessary to cause the Declaration and the By-Laws to be sufficient to submit the Property to the provisions of the Condominium Act is missing from the Declaration or the By-Laws, or if the Declaration and the By-Laws are insufficient to submit the Property to the provisions of the Condominium Act, the applicable provisions of the Condominium Act shall control.

The Grantor, in compliance with Section 13 of the Lien Law, covenants that the Grantor will receive the consideration for this conveyance, and will hold the right to receive such consideration as a trust fund for the purpose of paying the cost of the improvements, and will apply the same first to the payment of the cost of the improvements before using any part of the same for any other purpose.

IN WITNESS WHEREOF, the Grantor has duly executed this Deed the day and year first above written.

GARG DEVELOPMENT INC.

-----

STATE OF NEW YORK     )  
COUNTY OF             )

SS.:

On the        day of                    ,        , before me, the undersigned, personally appeared                    , 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 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

POWER OF ATTORNEY

THE UNDERSIGNED, the Owner of Unit No.        in the Condominium known as THE HEIGHTS CONDOMINIUM, consisting of the property submitted to the provisions of Article 9-B of the Real Property Law of the State of New York pursuant to Declaration recorded the        day of        ,        in the Kings County Office of the Register at Reel        , Page        in the floor plan of file as Map No.        , do hereby nominate, constitute, and appoint persons who may from time to time constitute the Board of Managers of THE HEIGHTS CONDOMINIUM jointly, true and lawful attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, to acquire in their own name, as members of the Board of Managers, or in the name of their designee, corporate, or otherwise, on behalf of all Owners of Units whose Owner in said Property, in accordance with their Common Interests, any Unit whose Owner desired to abandon or sell the same, the undivided interest in the Common Elements appurtenant thereto, the interest of such Unit Owner in any other Units theretofore acquired by the Board of Managers, or its designee, on behalf of all Unit Owners, or in the proceeds of sale of such Unit Owner in any other Units theretofore acquired by the Board of Managers, or its designee, on behalf of all Unit Owners in all other assets of the Condominium as defined in the aforementioned Declaration, or any Unit, which shall be the subject of a foreclosure or other judicial sale, or to lease any Unit whose Owner desires to rent the same, at such price or on such rental, as the case may be, and on such terms as said attorneys-in-fact may determine, granting to such attorneys-in-fact the power to do all things in the said premises which the undersigned could do, if the undersigned were personally present. In more particular delineation of, but not in derogation or limitation of, the power set forth above, the Board of Managers, notwithstanding bankruptcy of any Unit Owner, specifically has the power to do any act or thing, and execute any document necessary to effectuate the purposes set forth in the Declaration referenced above including, but not limited to, Amendment of said Declaration, execution of the Deed conveying condominium property, filing for a severance of tax lots, and any other document or thing reasonable or necessary to effectuate the aforementioned purposes.

The acts of majority of such persons shall constitute the acts of said attorneys-in-fact.

The Power of Attorney shall be irrevocable.

IN WITNESS WHEREOF, the undersigned, has executed this Power of Attorney this        day of        ,        .

\_\_\_\_\_  
STATE OF NEW YORK        )  
COUNTY OF KINGS        )        s.s.:

On the        day of        ,        , before me, the undersigned, personally appeared        , 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 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

## TAX ESCROW AGREEMENT

**AGREEMENT** made this 11 day of October, 2000, by and between GARG DEVELOPMENT INC., (hereinafter "Sponsors"), and THE BOARD OF MANAGERS OF THE HEIGHTS CONDOMINIUM (hereinafter "The Board");

### W I T N E S S E T H:

WHEREAS, Sponsors for the conversion to condominium ownership of the land and building located at 7902 15th Avenue, Brooklyn, New York; and,

WHEREAS, The Board is The Board of Managers charged with governing the operation of said condominium; and,

WHEREAS, the individual condominium units located at the aforementioned property have not been separately assessed for real estate tax purposes prior to the closing of the first unit located thereat; and,

WHEREAS, pursuant to the terms of the offering plan for said condominium conversion Sponsors desire to secure their obligation to pay real estate taxes for the unsold units;

NOW, THEREFORE, the parties agree as follows:

1. On the first closing of a unit at the premises, Sponsors will deposit in escrow with The Board in a special segregated escrow account to be maintained by The Board in their own name, an amount equal to real estate taxes attributable to the unsold units for the six month period immediately following such closing.

2. The Board is irrevocably authorized to pay such real estate taxes as are assessed against the premises from the escrow account when such taxes are due and payable.

3. The funder of the escrow account will be entitled to reimbursement from unit owners to the extent of the actual assessment.

4. Upon each subsequent closing of the units, the Sponsors may collect the estimated amount of taxes attributable to such unit for the balance of the six month period from the purchaser thereof.

5. If the escrow was kept in an interest-bearing account, the interest earned thereon such belong to the Sponsors.

6. The escrow account shall be maintained in accord with all laws, rules, and regulations of the State of New York, specifically including, but not limited to, the General Business Law; and, shall be deemed held for the benefit of the condominium.

IN WITNESS WHEREOF, the parties set their hands the date above first written.

GARG DEVELOPMENT INC.

BY:

-----*Michael J. Garg*-----

THE BOARD OF MANAGERS OF  
THE 7902 15TH AVENUE CONDOMINIUM

by:-----*Michael J. Garg*-----

## ESCROW AGREEMENT FOR CONTRACT DEPOSIT

**AGREEMENT** made this 11 day of October, 2000, between GARG DEVELOPMENT INC., ("Sponsor") as Sponsor of the offering plan, and HAROLD L. GRUBER ("Escrow Agent") as escrow agent.

WHEREAS, GARG DEVELOPMENT INC., is the Sponsor of an offering plan to convert to condominium ownership the premises located at 7902 15th Avenue, Brooklyn, New York, which premises are known as THE HEIGHTS CONDOMINIUM; and,

WHEREAS, HAROLD L. GRUBER is authorized to act as an Escrow Agent hereunder in accordance with General Business Law ("GBL") Section 352-3(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 and 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:

### 1. ESTABLISHMENT OF THE ESCROW ACCOUNT.

1.1 Sponsor and Escrow Agent hereby establish an escrow account with Escrow Agent for the purpose of holding deposits or payments made by purchasers or subscribers. The escrow account has been opened with CITIBANK, N.A., at its branch located at 7th Avenue and Carroll Street, Brooklyn, New York. The account number is

1.2 The name of the account is HLG ESCROW - 7902 Escrow Account.

1.3 Escrow Agent is the sole signatory on the account.

1.4 The escrow account shall be an interest-bearing account as disclosed in the offering plan.

1.5 The escrow account is an IOLA established pursuant to Judiciary Law Section 497.

## 2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All funds received from prospective purchasers or subscribers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be deposited in the escrow account. All instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser or subscriber to the order of HAROLD L. GRUBER as Escrow Agent for THE HEIGHTS CONDOMINIUM offering plan. Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser or subscriber promptly, but in no event more than five (5) business days following receipt of such instrument by Escrow Agent. In the event of such return of funds, the instrument shall be deemed not to have been delivered to Escrow Agent pursuant to the terms of this Agreement.

2.2 Within ten (10) business days after tender of the deposit submitted with the subscription or purchase agreement, Escrow Agent shall notify the purchaser of the deposited of such funds in the bank indicated in the offering plan, provide the account number, and disclose the initial interest rate. If the purchaser does not receive notification of such deposit within fifteen (15) business days after tender of the deposit, the purchaser may cancel the purchase and rescind within ninety (90) days after tender of the deposit, or may apply to the Attorney General for relief. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited in accordance with these regulations and requisite notice was timely mailed to the subscriber or purchaser.

## 3. RELEASE OF FUNDS.

3.1 Escrow Agent shall not release the escrowed funds of a defaulting purchaser until after consummation of the plan as defined in the Attorney General's regulations. Consummation of the plan shall not relieve Sponsor of its fiduciary obligations pursuant to GBL Section 352-h.

3.2 Escrow Agent shall continue to hold the funds in escrow until other 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 release pursuant to the regulations of the Attorney General pertaining to release of escrow funds.

## 2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All funds received from prospective purchasers or subscribers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be deposited in the escrow account. All instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser or subscriber to the order of HAROLD L. GRUBER as Escrow Agent for THE 7902 15TH AVENUE CONDOMINIUM offering plan. Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser or subscriber promptly, but in no event more than five (5) business days following receipt of such instrument by Escrow Agent. In the event of such return of funds, the instrument shall be deemed not to have been delivered to Escrow Agent pursuant to the terms of this Agreement.

2.2 Within ten (10) business days after tender of the deposit submitted with the subscription or purchase agreement, Escrow Agent shall notify the purchaser of the deposited of such funds in the bank indicated in the offering plan, provide the account number, and disclose the initial interest rate. If the purchaser does not receive notification of such deposit within fifteen (15) business days after tender of the deposit, the purchaser may cancel the purchase and rescind within ninety (90) days after tender of the deposit, or may apply to the Attorney General for relief. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited in accordance with these regulations and requisite notice was timely mailed to the subscriber or purchaser.

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3.1 Escrow Agent shall not release the escrowed funds of a defaulting purchaser until after consummation of the plan as defined in the Attorney General's regulations. Consummation of the plan shall not relieve Sponsor of its fiduciary obligations pursuant to GBL Section 352-h.

3.2 Escrow Agent shall continue to hold the funds in escrow until other 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 release pursuant to the regulations of the Attorney General pertaining to release of escrow funds.

3.3 Sponsor shall not object to the release of the escrowed funds to (a) a purchaser who timely rescinds in accordance with an offer of rescission contained in the plan or an amendment to the plan, or (b) all purchasers after an amendment abandoning the plan is accepted for filing by the Department of Law.

3.4 If there is no written agreement between the parties to release the escrowed funds, Escrow Agent shall not pay the funds to Sponsor until Escrow Agent has given the purchaser written notice of not fewer than ten (10) business days. Thereafter, the funds may be paid to Sponsor unless the purchaser has made application to the Department of Law pursuant to the dispute resolution provisions contained in the Attorney General's regulations and has so notified Escrow Agent in accordance with such provisions.

#### 4. RECORDKEEPING.

4.1 Escrow Agent shall maintain all records concerning the escrow account for seven (7) years after release of the funds.

4.2 Upon the dissolution of a law firm which was Escrow Agent, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm, or by the successor firm and shall notify the Department of Law of such transfer.

4.3 Escrow Agent shall make available to the Attorney General, upon his request, all books and records of Escrow Agent relating to the funds deposited and disbursed hereunder.

#### 5. GENERAL OBLIGATIONS OF ESCROW AGENT.

5.1 Escrow Agent shall maintain the accounts called for in this Agreement under the direct supervision and control of Escrow Agent.

5.2 A fiduciary relationship shall exist between Escrow Agent and purchasers, and Escrow Agent acknowledges its fiduciary obligations.

## 6. RESPONSIBILITIES OF SPONSOR.

6.1 Sponsor agrees that Sponsor and its agents, including any selling agents, shall immediately deliver all deposits and payments received by them prior to closing of an individual transaction to Escrow Agent.

6.2 Sponsor agrees that it shall not interfere with Escrow Agent's performance of its fiduciary duties and compliance with the Attorney General's regulations.

## 7. TERMINATION OF AGREEMENT.

7.1 This Agreement shall remain in effect unless and until it is canceled, by either:

(a) Written notice given by Sponsor to Escrow Agent of cancellation of designation of Escrow Agent to act in said capacity, which cancellation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor Escrow Agent; or,

(b) The resignation of Escrow Agent upon giving notice to Sponsor of its desire to so resign, which resignation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor Escrow Agent; or,

(c) All shares or units offered pursuant to the plan have been sold and all sales transactions have been consummated.

7.2 Upon termination of the duties of Escrow Agent as described in Paragraph 7.1 above, Escrow Agent shall deliver any and all funds held by its in escrow, and any and all contracts or documents maintained by Escrow Agent to the new Escrow Agent.

## 8. SUCCESSORS AND ASSIGNS.

8.1 This Agreement shall be binding upon Sponsor and Escrow Agent and their successors and assigns.

9. GOVERNING LAW.

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

10. ESCROW AGENT'S COMPENSATION.

10.1 Sponsor agrees that Escrow Agent's compensation shall not be paid from escrowed principal, nor from any interest accruing thereon, and that compensation to Escrow Agent, if any, shall not be deducted from escrowed funds by any financial institution under any circumstance.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first written above.

ESCROW AGENT

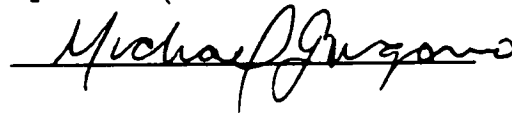
by:

  
HAROLD L. GRUBER

SPONSOR

GARG DEVELOPMENT INC.

by:



**APPLICATION TO THE ATTORNEY GENERAL  
FOR A DETERMINATION ON THE  
DISPOSITION OF DOWNPAYMENTS**

[Send this application to the reviewing attorney assigned to the subject plan.]

Re: 7902 15th Avenue, Brooklyn, NY  
Address of Building or Name of Project

File Number: \_\_\_\_\_

Application is made to the Attorney General to consider and determine the disposition of down payments held pursuant to GBL Sections 352-e(2-b) and 352-h. The following information is submitted in support of this application:

1. Name of Applicant \_\_\_\_\_
2. Address of Applicant \_\_\_\_\_
3. Name, Address, and Telephone Number of Applicant's Attorney (if any) \_\_\_\_\_  
\_\_\_\_\_
4. This is an application for  

|     |                            |
|-----|----------------------------|
| [ ] | return of downpayment.     |
| [ ] | forfeiture of Downpayment. |
| [ ] | other: _____               |
5. The project is  

|     |                                     |
|-----|-------------------------------------|
| [ ] | a conversion of occupied premises.  |
| [ ] | newly constructed or rehabilitated. |
| [ ] | vacant (as is).                     |
6. The project is structured as  

|     |                           |
|-----|---------------------------|
| [ ] | a cooperative.            |
| [ ] | a condominium.            |
| [ ] | a homeowners association. |
| [ ] | a timeshare.              |
| [ ] | other: _____              |

2/6/92

7. **Name and Address of Sponsor:** \_\_\_\_\_  
\_\_\_\_\_
8. **Name and Address of Escrow Agent:** \_\_\_\_\_  
\_\_\_\_\_
9. **If downpayments 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 downpayments have been secured by bonds:**
- (a) **Name and address of bond issuer or surety:** \_\_\_\_\_  
\_\_\_\_\_
  - (b) **Copy of bond included in this application. (DO NOT SEND ORIGINAL BOND). If not included, explain:**  
\_\_\_\_\_  
\_\_\_\_\_
11. **If downpayments have been secured by a letter of credit:**
- (a) **Name and address of bank which issued the letter of credit:** \_\_\_\_\_  
\_\_\_\_\_
  - (b) **Date of expiration of the letter of credit, if known:**  
\_\_\_\_\_
12. **Plan information:**
- (a) **Date of filing of plan:** \_\_\_\_\_

(b) **Plan**

- ☐ has been declared effective. Approximate date: \_\_\_\_\_  
☐ has not been declared effective.

(c) **If effective, the plan**

- ☐ has closed or the first unit has closed. Approximate date: \_\_\_\_\_  
☐ has not closed.  
☐ don't know.

(d) **Downpayments are secured by**

- ☐ escrow account.  
☐ bonds.  
☐ letter of credit.

13. **Contract information:**

(a) **Copy of contract and of all riders or modification letters are attached. (DO NOT SEND ORIGINALS.)**

(b) **Date on which subscription or purchase agreement was signed:** \_\_\_\_\_

(c) **Date(s) of downpayment(s):** \_\_\_\_\_

(d) **Total amount of downpayment(s):** \_\_\_\_\_

(e) **Names and addresses of subscribers or purchasers affected by this application:**

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14. **State the basis for your claim. Please be as specific as possible. You may add additional sheets. Attach copies of any relevant documents.**

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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: \_\_\_\_\_  
\_\_\_\_\_

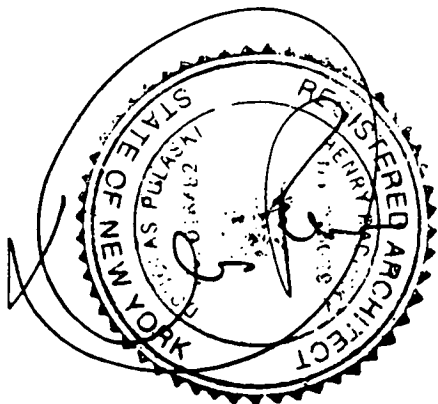
2/6/92

## ARCHITECT'S REPORT

PREMISES KNOWN AS THE 7902 15<sup>TH</sup> AVENUE CONDOMINIUM

7902 15<sup>th</sup> Avenue  
Brooklyn, New York

Tax Block Number 6269  
Tax Lot Number F/K/A 39



### Prepared By:

Bricolage Designs, A.I.A.  
1333 60th. Street  
Brooklyn, N.Y. 11219  
718-435-9000  
August 22<sup>nd</sup>, 2000

This "Report" describes the structure know as THE 7902 15<sup>TH</sup> AVENUE CONDOMINIUM, located in the Borough of Brooklyn, County of Kings, City and State of New York. The building is located on the Northwesterly corner of 15<sup>th</sup> Avenue and 79<sup>th</sup> Street, in the Bensonhurst Section of Brooklyn, located in Tax Block 7902 and designated as Tax Lot 39.

### ZONING AND PERMISSIBLE USE

The site is located in an R6 Zone as designated on Map 17a of the 1961 Zoning Resolution (ZR). This zone permits residential use as-of-right.

### STATUS OF CONSTRUCTION

The existing building is being renovated under Plans filed with, and approved by, the Brooklyn Office of the New York City, Department of Buildings, application # 300822439. The building will be a complete gut renovation. The Class of Construction will be fireproof construction class I D as described under the 1968 Administrative Building Code. When the structure is completed to the satisfaction of the Department of Buildings a new Certificate of Occupancy will be issued.

### SITE

The site is Northwesterly corner of 15<sup>th</sup> Avenue and 79<sup>th</sup> Street. It is more particularly described as follows:

BEGINNING at a point on the Northerly side of 15<sup>th</sup> Avenue, distance 87'-0" Westerly from the corner formed by the intersection of the Westerly side of 79<sup>th</sup> Street and the Northerly side of 15<sup>th</sup> Avenue;

RUNNING thence Northerly, at right angles to 15<sup>th</sup> Avenue, 100'-0";

RUNNING thence Easterly, to the previous course, 87'-0";

RUNNING thence Southerly, and along the Westerly side of 97<sup>th</sup> Street, 100'-0";

RUNNING thence Westerly to the previous course, along the Northerly side of 15<sup>th</sup> Avenue, 87'-0", to the point or place of BEGINNING.

SAID SITE has an area of 8,700 square feet.

SAID PREMISES BEING KNOWN AS THE 7902 15<sup>TH</sup> AVENUE CONDOMINIUM:

7902 15<sup>TH</sup> AVENUE, BROOKLYN, NEW YORK.

### STREETS

15<sup>th</sup> Avenue is an 80'-0" wide, two way street and 79<sup>th</sup> Street is a 60'-0" wide one way Street. The existing concrete sidewalk and curb will be repaired, as necessary.

The streets beyond the lot lines are New York City sidewalks, curbs and roadways.

The roadway is asphalt paved. Catch basins are located in the street to catch the storm run-off, into the existing New York City Sewer System. They are located on 15<sup>th</sup> Avenue. Lighting is provided by the City of New York, and consists of vertical stanchions surmounted with mercury arc lamps.

## UTILITIES

Water, will be provided by the City of New York, and water consumption will be a common charge.

Natural Gas, will be provided by the Keyspan Energy Delivery Company; for cooking and heating, and each unit will be separately metered and billed directly.

Electricity, will be provided by the Consolidated Edison Company, and each unit will be separately metered and billed directly.

Telephone service, will provided by the Verizon Company, and each unit will be billed directly.

The entire sanitary waste and some of the storm water runoff will be carried from the building into the New York City Sewer System.

## SUB-SOIL CONDITIONS

No unusual water conditions such as flooding, ponding, or wetness were observed in the area, and no water was apparent on the surface.

## BUILDING SIZE

The structure will consist of a sub-cellar, cellar, basement and two (2) stories. The structure will have a total height of approximately 30'-0" measured from the adjoining grade to the roof above the second floor. The lowest level will be the sub-cellar and cellar levels, each with a floor to ceiling height of approximately 8'-0". There will be three (3) floors above the cellar level; the basement floor with a floor to ceiling height of approximately 9'-2" and the first and second floors, each with a floor to ceiling height of approximately 8'-8". The approximate measurements; (gross square footages) are as follows:

|              |               |                      |
|--------------|---------------|----------------------|
| Sub-Cellar   | approximately | = 434 square feet.   |
| Cellar       | approximately | = 4,680 square feet. |
| Basement     | approximately | = 4,680 square feet. |
| First floor  | approximately | = 4,680 square feet. |
| Second floor | approximately | = 4,680 square feet. |

## STRUCTURAL SYSTEM

The structural system for the building is classified mainly as a bearing wall type. The interior of the building will be gutted and new, metal joists and concrete floors installed. There will also be new lines of intermediate steel columns and girders installed. The metal joists, which will support the floors at the upper levels, span between masonry bearing walls at each end, and intermediate steel column and girders.

The existing foundation, consists of spread footings of concrete on earth, for the bearing walls. The existing foundation walls shall be underpinned, with new poured concrete foundation walls, to lower the level of the existing cellar floor and to create the basement level, which will become accessible from the exterior grade level.

The existing bearing walls are of load bearing masonry blocks. The interior floor of the sub-cellar shall be a concrete slab on grade. The interior floor at the cellar will be a concrete slab on grade and also concrete on corrugated metal decking and metal joists (above the sub-cellar). The interior floor assembly at the upper floors will be concrete on corrugated metal decking supported by metal joists, which in turn will be supported by masonry bearing walls and intermediate steel girders at the ends. The roof area will be a built up roofing assembly on concrete on corrugated metal decking and supported by metal joist rafters. The construction classification of the entire building will be non-combustible construction class I D as designated by the N.Y. City Building Code.

## EXTERIOR OF BUILDING

The exterior walls are of load bearing masonry and are in good condition. The interior surfaces of the masonry walls will be finished with batt insulation with an R value of 11, and gypsum wall boards. The exterior wall composition shall have a maximum thermal performance value ( $U_o$ ) of 0.20 to comply with Table 4-1 of the New York State Energy Conservation Construction Code.

## WINDOWS

All windows shall be new and shall be double-glazed, and of the casement and double hung type as manufactured by Andersen, with an air infiltration rate of approximately 0.04 cfm/ft and a U/R value of 0.31/3.2. The manufacturer guarantees one year parts and hardware and five years glazing.

Windowsills and lintels above window openings shall be of masonry construction. Windowsills and lintels are in good condition and shall be repaired or replaced as necessary.

There are no lot line windows in the building.

The sponsor reserves the right to provide windows by different manufacturers, which are equal to or better than those listed above.

## AREAWAYS

There will be two new areaways, one in each side yard area of the property to the westerly and northerly sides of the building.

The areaway to the westerly side of the building accessible from 15<sup>th</sup> Avenue, will be excavated to the cellar floor level and will contain a driveway ramp and open area at the cellar level. The ramp will provide access to the cellar floor level and to an open area for the parking of two cars. The areaway will be approximately 9'-0" in width perpendicular to the facade of the building and will run approximately the length of the building. The areaway to the northerly side of the building will contain steps to the cellar floor level. This areaway will be approximately 3'-6" in width perpendicular to the face of the building and 20'-0" in length parallel to the face of the building.

Areaways shall be of reinforced concrete construction and shall be drained.

## EXTERIOR ENTRANCES

There will be three (3) exterior entrances to the building, one located on the facade facing 79<sup>th</sup> Street, at the basement floor level, and the other two at the cellar floor level.

The main entrance located at the basement floor level, to the center of the facade facing 79<sup>th</sup> Street will provide access to the units on all floors. The other entrances to the sides of the building, will provide access to the cellar floor level

### MAILBOXES

U.S. Approved type mailboxes will be provided for each unit at a central location in the common entry vestibule at the basement floor level.

### ROOF AND ROOF STRUCTURES

There will be a flat roof area located above the second floor level. The roof covering will be a new built up roofing assembly, manufactured by G.A.F., with a N.Y. City approval number (M.E.A. 105-80-M), on concrete on corrugated metal decking and supported by metal joist rafters.

There will also be a new stair bulkhead at the roof above the second floor level which shall be of non-combustible construction. The bulkhead shall be constructed of load bearing masonry.

Penetration of ducts, pipes, skylights, etc. shall be properly flashed and waterproofed. Batt insulation, with an R value of 19, shall be provided at the underside of the roof in the space between the rafters. The expected life span of the roof is ten (10) to fifteen (15) years. No bond or guarantee other than the one (1) year warranty on all construction materials and workmanship will be furnished.

### ROOF DRAINAGE

The roof area shall be pitched and drained to new vertical cast iron leaders. The runoff from the roof area shall be transported via the leaders and horizontal drains to the existing combined street sewer located in the roadway beneath 15<sup>th</sup> Avenue.

### SKYLIGHTS

The building will have seven (7) new skylights, one located above the common stair bulkhead and the others located at the roof above the second floor.

The skylight above the common stair bulkhead shall be of plain glass with a wire mesh screen on both sides of the glass and equipped with a ridge ventilator as per the New York City Building Code. The other skylights may be plain glass or a minimum 1/8" thick slow burning plastic.

### INTERIOR STAIRS

All interior stairs will be new construction. Interior stairs within the public stair halls and at the common areas, shall be of metal pan construction with metal handrails. Interior stairs within units may be of wood construction.

### INTERIOR DOORS AND FRAMES

All interior doors to mechanical spaces, electrical meter rooms and residential unit entrance doors, shall be new and are to be fireproof self-closing metal doors with metal frames and with a minimum fire rating of one and one half (1 ½) hours. All other doors inside the units may be wood doors.

Exterior entrance doors to the building located at the first floor and cellar levels do not have to be fire rated.

### EXTERIOR STAIRS

There will be one (1) new exterior stair in the building.

The stair will be located in the yard area to the northerly side of the building and will provide access to the cellar floor level from grade. The exterior stair shall be of concrete construction. The stair shall have wrought iron guardrails to a minimum height of 3'-6", around the open sides of the landings and areaways; and metal handrails between 2'-6" and 2'-10" above the nosing of treads.

### ELEVATORS

There will be no elevator in the building.

### YARDS

There are four existing yard areas, two to the front and two to the sides of the building.

The existing front yards facing 15<sup>th</sup> Avenue and facing 79<sup>th</sup> Street are approximately 3'-0" in depth. The yard area to the side of the building, accessible from 79<sup>th</sup> Street is approximately 7'-0" in width. The other existing side yard area accessible from 15<sup>th</sup> Avenue is 52'-0" in width. Yard areas will be partially paved and partially of compacted earth.

### COMMON AREAS

The main common areas in the structure will be the entrance vestibule (located at the basement floor level) and the interior public stair halls. There will also be a common mechanical room located at the sub-cellar floor level.

### LAUNDRY AREAS

There will be a laundry closet provided in each unit with hookups for a stackable washing machine and dryer, which will be provided by the individual unit owner.

### PLUMBING AND DRAINAGE

Water will be supplied to the units through connections from the structure to the New York City Water Distribution System. There will be a minimum 2" copper water main conveying the water into the building. Each unit is to be supplied with cold water from new 1" copper piping. Each unit will have its own hot water heating unit. This building relies on normal New York City water pressure for raising the water to the second floor level so that no water tanks will be required.

### DOMESTIC HOT WATER

Domestic hot water will be provided for each residential unit by new gas-fired, domestic hot water heaters, located within a common mechanical room at the sub-cellar floor level. The heater for the units will be Model # PGC 50 manufactured by A.O. Smith, with an input rating of approximately 40,000 B.T.U. Per Hour and a N.Y.City M.E.A. # (180-78-E). Each heater will operate at an efficiency rate of approximately eighty (80 %) which will be adequate to provide hot water for each unit.

The sponsor reserves the right to provide heaters by different manufacturers, which are equal to or better than those listed above.

### HEATING

Heating of each unit will be provided by new gas fired, boilers, located in the mechanical room at the sub-cellar floor level. The boiler for each unit will be Model #HE 3 as manufactured by Weil McLain, with a N.Y. City approval number (M.E.A. # 157-81-E). Each boiler has an input rating of approximately 67,000 B.T.U. per hour and an efficiency rating of approximately eighty (80 %) percent, which will be adequate to provide heat for each unit.

The Sponsor reserves the right to provide boilers by different manufactures which are equal to or better than those listed above.

### CHIMNEYS

There is an existing vertical masonry flue located in the building, for the ventilation of boiler room equipment. The flue shall be repaired as necessary and shall be maintained in good working condition.

The Sponsor reserves the right to provide flues by different manufactures which are equal to or better than those listed above.

### COOLING

Cooling of each unit may be achieved by portable through the wall air conditioning units, which shall be installed as necessary by each unit owner. Air conditioning sleeves shall be provided at the exterior walls to allow for the installation of the air conditioning equipment.

Air conditioning equipment installed should be N.Y. City M.E.A. or B.S.A. approved.

### VENTILATION

The spaces that require mechanical ventilation in the units are interior bathrooms, toilet rooms and kitchenettes. These spaces shall be equipped with vertical ducts with a fan, which terminates to the outside air. The minimum rate of exhaust ventilation shall be 50 cfm for bathroom and toilet room areas as required by the New York City Building Code. Exhaust equipment shall be New York City M.E.A. or B.S.A. approved.

#### SANITARY SEWAGE SYSTEM

The sanitary waste will be conveyed to the New York City sewer system via extra heavy cast iron, sewer pipes in the structure, leading to a house trap of extra heavy cast iron in its own concrete pit. The house trap will be located at the cellar floor level, towards the front of the building. Beyond the house trap there will be an extra heavy cast iron pipe conveying the sewage to the existing combined sewer located in the roadway beneath 15<sup>th</sup> Avenue.

All sanitary waste piping shall be of cast iron and shall be new.

#### STORM DRAINAGE SYSTEM

The storm drainage system will consist of vertical leaders and horizontal drains; which will convey the storm water runoff from the roof areas, via the existing house storm sewer, to the existing combined sewer, located in the roadway beneath 15<sup>th</sup> Avenue.

All storm drainage piping shall be of cast iron and shall be new.

#### REFUSE DISPOSAL

Refuse disposal shall be the responsibility of each individual unit occupant. They will collect their own garbage and carry it to the outside, where it will be collected by the New York City Sanitation Department.

#### GAS SUPPLY

Gas service, will be provided by the Keyspan Energy Delivery Company. This gas will be used for domestic cooking and for heating equipment.

All gas piping shall be of black iron and shall be new.

### ELECTRICAL SYSTEM

The electrical service to the structure will be brought in from the terminal point of the Consolidated Edison Co. The service to the structure will be 220V, triple phase and will provide approximately 100 Amps for each unit.

The entire building will be rewired, with new electrical wiring and outlets provided throughout. The main feed will bring the service to a minimum of fourteen (14) separate meters, one (1) each for service to the individual, units and one (1) for the common areas. There will be a minimum of fourteen (14) main panels, one (1) for each residential unit and one (1) for the common spaces. There will be approximately six (6) circuits equipped with circuit breakers for each residential unit; which will separate air conditioning equipment, laundry equipment, dishwasher, kitchen appliances, lights and outlets.

### INTERCOM

The building will be equipped with an intercom system at the entrance connected to unit panels, which permits voice contact between the residential units and the entrance at the first floor level. An electric door release in the first floor entry door activated by the unit occupant will release the door for entrance into the building. The intercom system shall be manufactured by Leedan.

The sponsor reserves the right to provide an intercom system by a different manufacturer, which is equal to or better than those listed above.

### TELEVISION RECEPTION FACILITIES

There will be no central television antenna in the building. Each unit owner, will be responsible for providing their own antenna.

### PUBLIC AREA LIGHTING

Lighting fixtures shall be provided in public stairways and hallways on all floors. Fixtures shall be capable of providing illumination of at least ten (10) watts per twenty five (25) square feet of floor area. Each lighting fixture shall be provided with one or more lights of a total of not less than sixty (60) watts. In addition, lighting fixtures shall be provided at the front entranceway providing an aggregate illumination of one hundred and fifty (150) watts incandescent illumination or its equivalent. There shall also be provided (in the yard areas to the side of the building) at least one light of at least forty (40) watts incandescent illumination. The above requirements shall be in compliance with the New York City Housing Maintenance Code and Multiple Dwelling Laws.

### GARAGES AND PARKING AREA

There are will be nine enclosed parking spaces and two open parking spaces, provided in the condominium.

There will be nine enclosed parking spaces located at the cellar floor level and two open spaces located at the side yard area (accessible from 15<sup>th</sup> Avenue) at the cellar floor level. Parking spaces shall be of poured concrete on gravel and compacted fill.

### UNITS

The building will have thirteen (13) residential units located at the basement through second floor levels. There will be five units at the first floor and four units at each of the first and second floors

#### Unit 1A will consist of:

Two (2) bedrooms, one (1) bathroom, living/ dining room, kitchen and laundry closet.

#### Unit 1B will consist of:

One (1) bedroom, one (1) bathroom, living/ dining room, kitchenette and laundry closet.

#### Unit 1C will consist of:

One (1) bedroom, one (1) bathroom, living/ dining room, kitchenette, recreation room and laundry closet.

#### Unit 1D will consist of:

Two (2) bedrooms, one (1) bathroom, living/ dining room, kitchen, recreation room and laundry closet.

#### Unit 1E will consist of:

Three (3) bedrooms, two (2) bathrooms, living/ dining room, kitchen and laundry closet.

Unit 2A will consist of:

Three (3) bedrooms, two (2) bathrooms, living/ dining room, kitchen and laundry closet.

Unit 2B will consist of:

Three (3) bedrooms, two (2) bathrooms, living/ dining room, kitchen and laundry closet.

Unit 2C will consist of:

Three (3) bedrooms, two (2) bathrooms, living/ dining room, kitchen and laundry closet.

Unit 2D will consist of:

Three (3) bedrooms, two (2) bathrooms, living/ dining room, kitchen and laundry closet.

Unit 3A will consist of:

Three (3) bedrooms, two (2) bathrooms, living/ dining room, kitchen and laundry closet.

Unit 3B will consist of:

Three (3) bedrooms, two (2) bathrooms, living/ dining room, kitchen and laundry closet.

Unit 3C will consist of:

Three (3) bedrooms, two (2) bathrooms, living/ dining room, kitchen and laundry closet.

Unit 3D will consist of:

Three (3) bedrooms, two (2) bathrooms, living/ dining room, kitchen and laundry closet.

## UNIT SIZES

The approximate, net square footages for each unit are as follows:

|                |                |                   |
|----------------|----------------|-------------------|
| <u>Unit 1A</u> | Basement floor | 662 square feet   |
| <u>Unit 1B</u> | Basement floor | 597 square feet   |
| <u>Unit 1C</u> | Basement floor | 840 square feet   |
| <u>Unit 1D</u> | Basement floor | 1,035 square feet |
| <u>Unit 1E</u> | Basement floor | 1,093 square feet |
| <u>Unit 2A</u> | First floor    | 917 square feet   |
| <u>Unit 2B</u> | First floor    | 1,044 square feet |
| <u>Unit 2C</u> | First floor    | 1,044 square feet |
| <u>Unit 2D</u> | First floor    | 917 square feet   |
| <u>Unit 3A</u> | Second floor   | 917 square feet   |
| <u>Unit 3B</u> | Second floor   | 1,044 square feet |
| <u>Unit 3C</u> | Second floor   | 1,044 square feet |
| <u>Unit 3D</u> | Second floor   | 917 square feet   |

## UNIT INTERIORS

The residential units will be finished as described herein.

The floors of all living, dining and bedroom areas in the units shall be of concrete. Thereafter the unit owners may finish with carpet or another material of their choice.

The walls and ceilings shall be of gypsum wallboard, primed and painted.

Kitchens shall have vinyl tile composition, covering the floors and gypsum wallboard walls and ceilings.

Full bathrooms shall be equipped with a washbasin, medicine cabinet, water closet and a combination bathtub/ shower or a shower. Toilet rooms shall be equipped with a water closet and washbasin. Bathrooms and toilet rooms shall have ceramic tile floors and walls to a height of approximately 3'-6". Partitions above the tiles shall be of moisture-resistant gypsum wallboards. Bathroom ceilings shall also be of moisture-resistant gypsum wallboards.

The following interior finishes shall be installed.

| <u>Location</u>    | <u>Floors</u> | <u>Base</u>  | <u>Walls</u>   | <u>Ceilings</u> |
|--------------------|---------------|--------------|----------------|-----------------|
| 1. Living Room     | Concrete      | Wood         | G.W.B. Painted | G.W.B. Painted  |
| 2. Bedroom         | Concrete      | Wood         | G.W.B. Painted | G.W.B. Painted  |
| 3. Kitchen         | Vinyl Tile    | Rubber       | G.W.B. Painted | G.W.B. Painted  |
| 4. Recreation room | Concrete      | Wood         | G.W.B. Painted | G.W.B. Painted  |
| 5. Bathroom        | Ceramic Tile  | Ceramic Tile | G.W.B. Painted | G.W.B. Painted  |
| 6. Mechanical Room | Concrete      | Masonry      | Masonry        | G.W.B. Painted  |
| 7. Storage Room    | Concrete      | Wood         | G.W.B. Painted | G.W.B. Painted  |
| 8. Stair Hall      | Concrete      | Metal        | G.W.B. Painted | G.W.B. Painted  |

### Note:

G.W.B: (Gypsum Wallboard)

1. All gypsum wallboard, walls and ceilings are to be primed and painted.
2. All appliances not specified within this report are to be supplied by the unit occupant.

## FIXTURE SCHEDULE

- A. Water Closets: shall be manufactured by Kohler, model # K3420 and shall be of vitreous china, floor mounted and with syphon flushing action. Water closets shall also be equipped with a vacuum breaker and shall meet water saving performance standards as per New York City Local Law 29/89.
- B. Countertop lavatories: shall be manufactured by Kohler, model # K2916 or K2032 and shall be of enameled cast iron or vitreous china with Kohler faucet, set in a plastic laminate finished, particle board, vanity countertop.
- C. Bathtubs: are manufactured by Kohler, model # K715 and shall be of cast iron with enameled finish, with flow outlet and Kohler showerhead and trim.

The Sponsor reserves the right to provide fixtures of different manufacturers which are equal to or better than those listed above.

#### KITCHEN EQUIPMENT

The kitchens shall be provided with the following fixtures, appliances and equipment:

1. Laminated plastic, wall-cabinets and base cabinets, and laminated counter tops.
2. Enameled steel sinks manufactured by Kohler or equal.
3. One, Four burner gas range manufactured by Amana, Model #AGS 740, or equal.

The Sponsor reserves the right to provide equipment by different manufacturers which are equal to or better than those listed above.

#### HANDICAPPED ACCESS

The structure provides for the handicapped, in that the units located at the basement floor shall be handicapped accessible and adaptable as required by the N.Y. City Building Code.

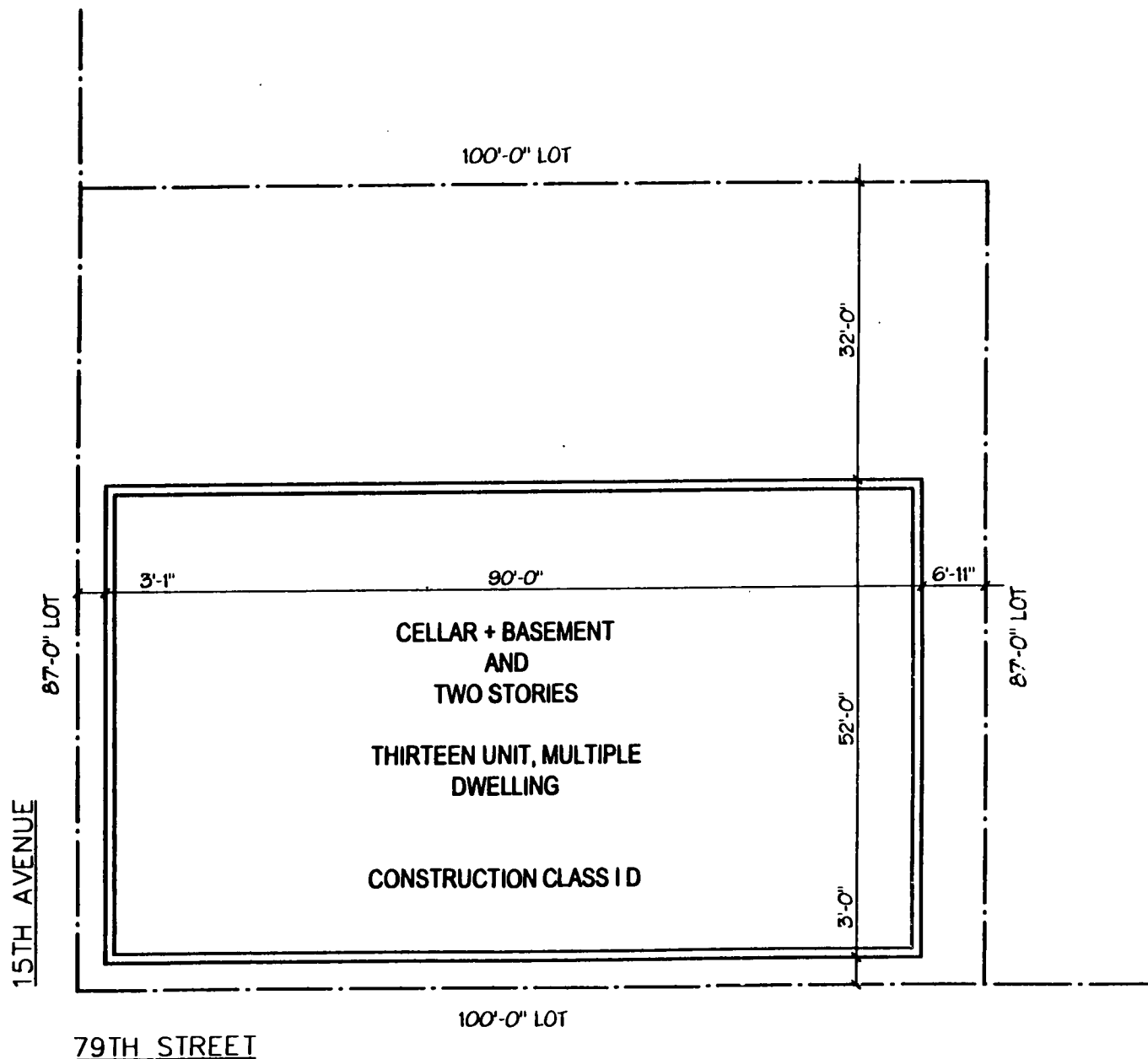
#### VIOLATIONS AND PERMITS

There are no violations currently on the building and the sponsor shall obtain a Certificate of Occupancy prior to closing.

#### LANDSCAPE

There will be no landscaping. All yard areas shall be paved or of compacted earth.

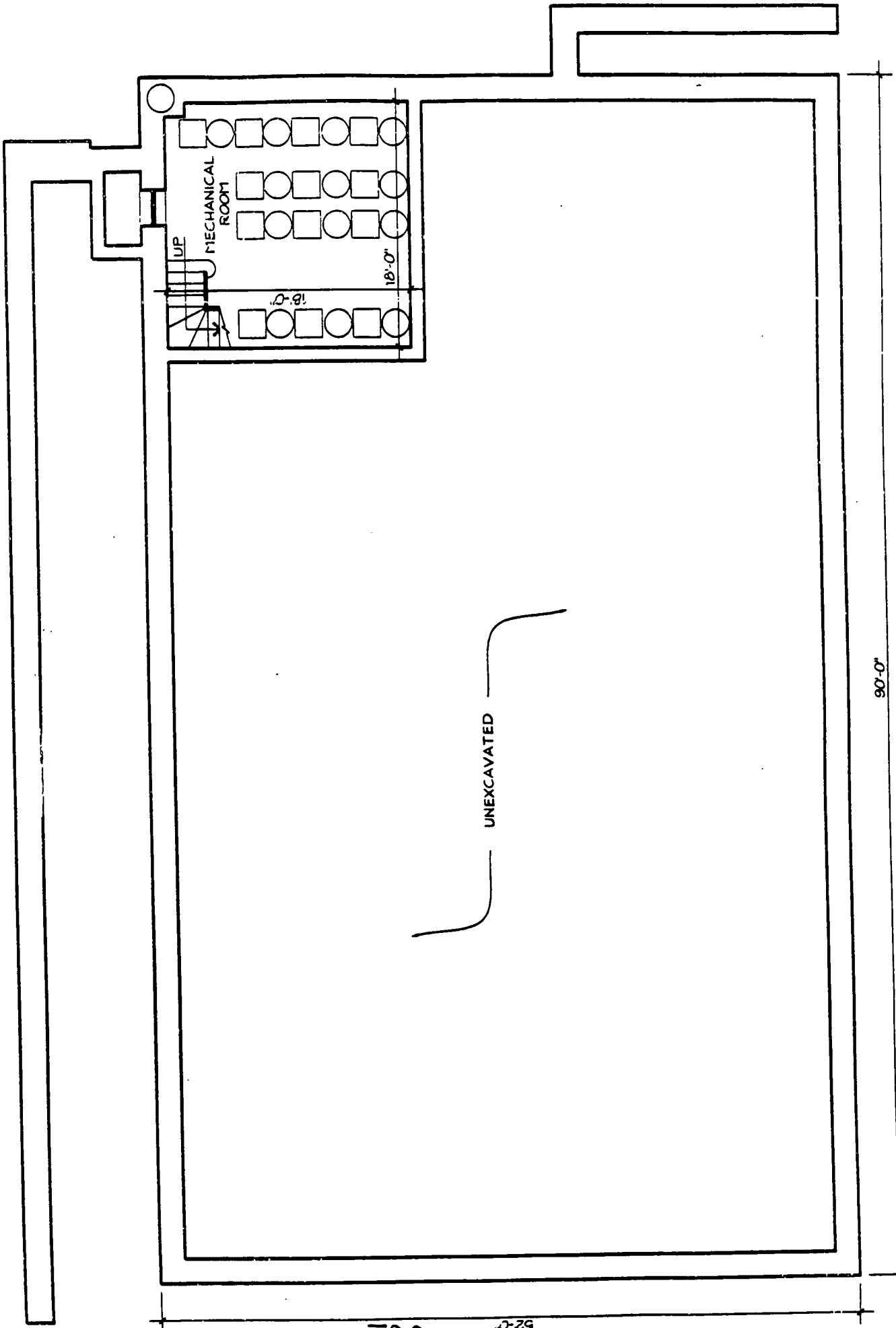
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## PLOT PLAN

BLOCK : 6269

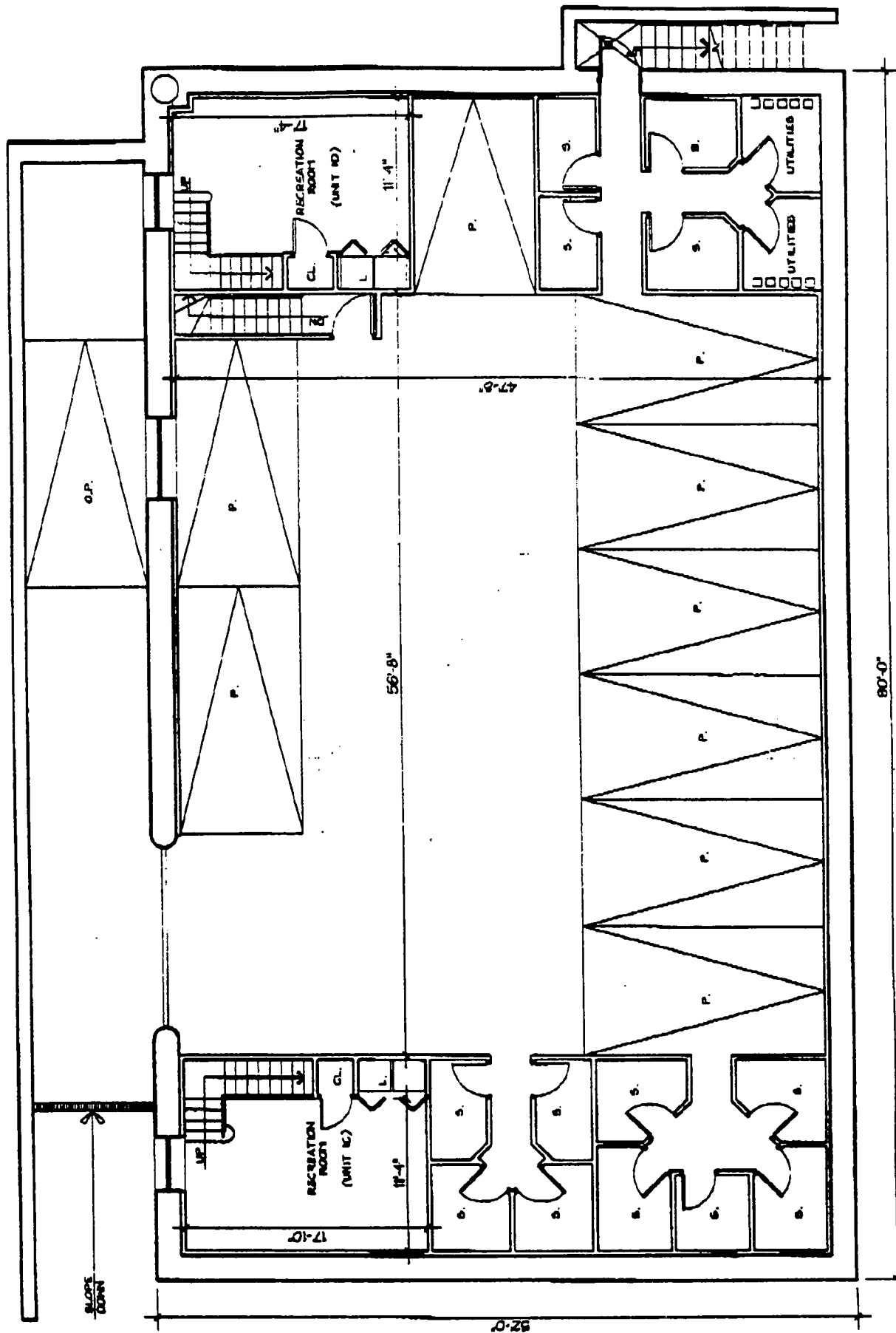
LOT : F/A 39



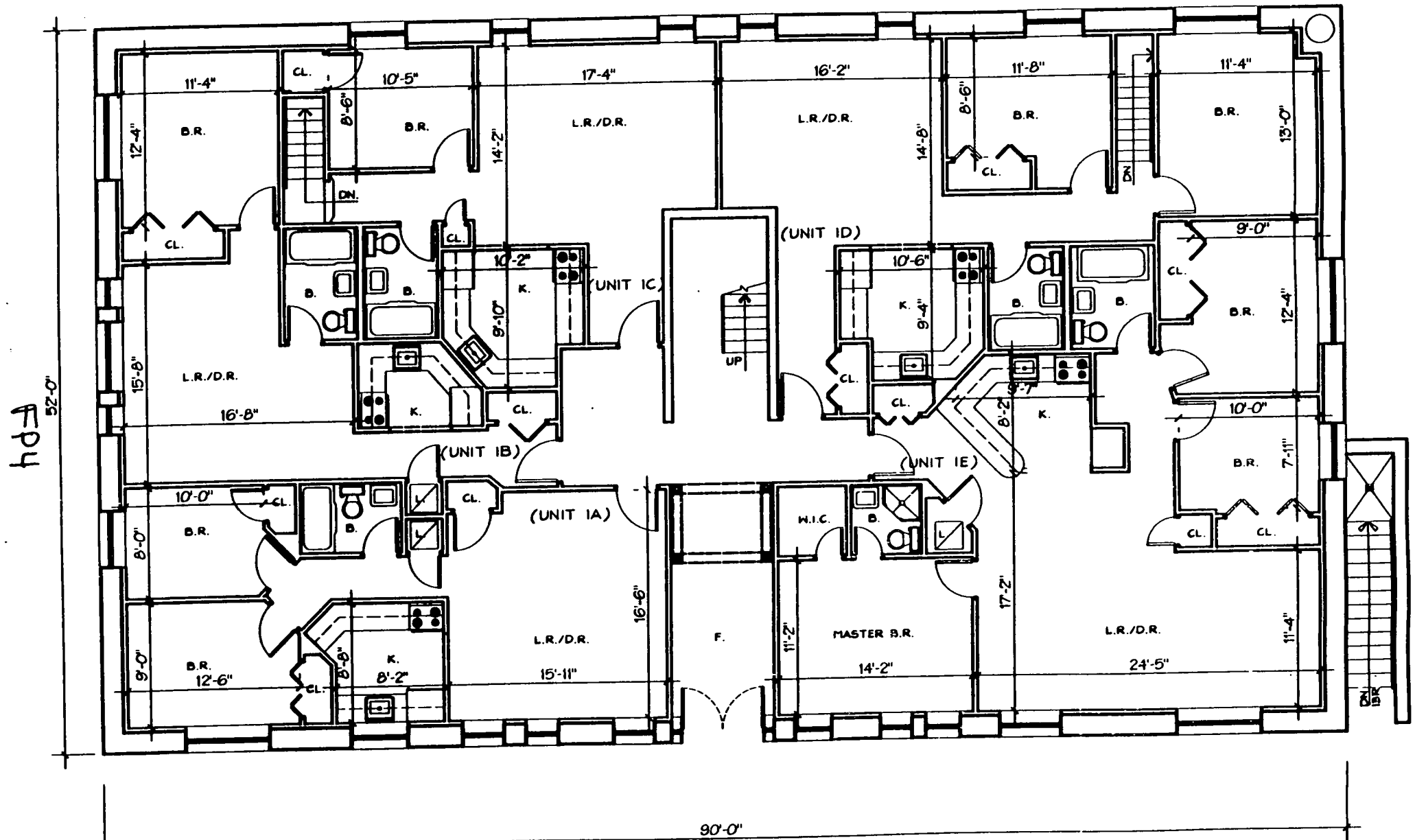
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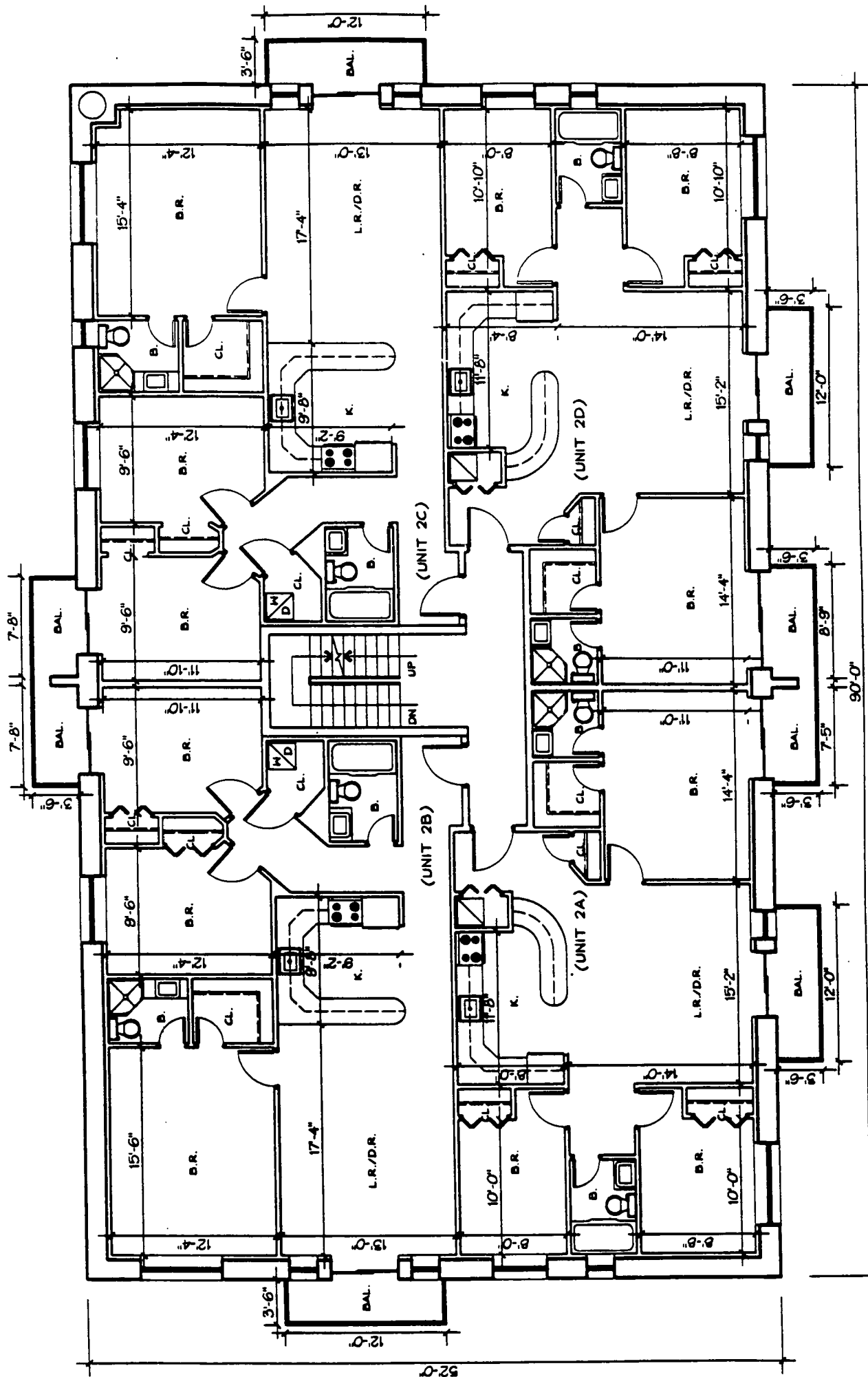
90'-0"



F93



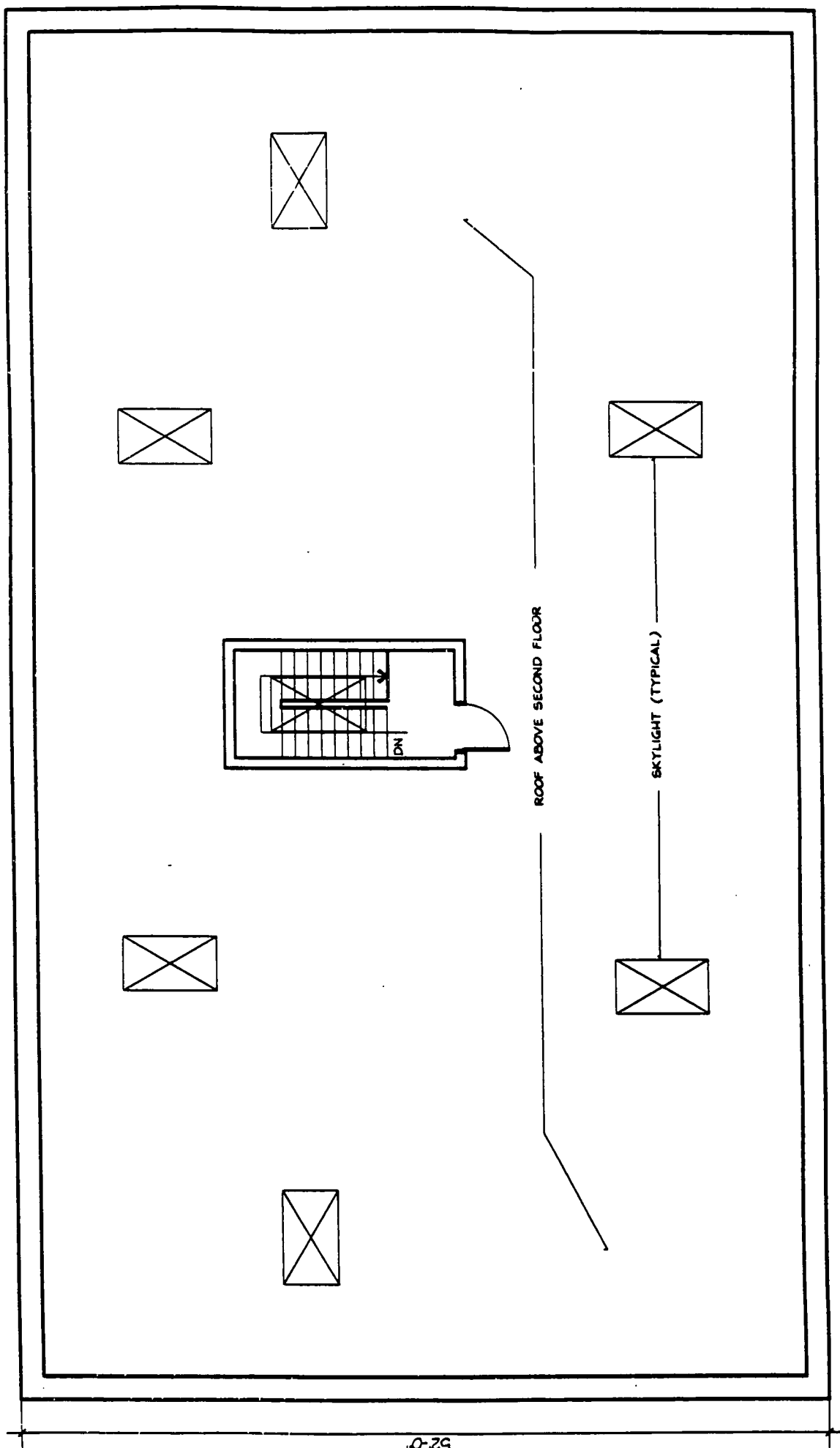
BASEMENT FLOOR PLAN



52'-0"  
FP5

FIRST FLOOR PLAN





52'-0"

FP7

90'-0"

SKYLIGHT (TYPICAL)

ROOF ABOVE SECOND FLOOR

ROOF PLAN

**GENERAL BUSINESS LAW-CIVIL PRACTICE LAW AND  
RULES-NEW HOMES--SALES-WARRANTIES**

We ACT to amend the general business law and civil practice law and rules, in relation to warranties on sales of new homes

Approved September 6, 1988, effective as provided in S 3.

The people of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The general business law is amended by adding a new article S 1 thirty-six B to read as follows:

ARTICLE 36-B

Section 777. Definitions.

777-a. Housing Merchant Implied Warranty.

777-b. Exclusion or modification of warranties.

Section 777. Definitions. As used in this article, the following terms shall have the following meanings:

1. "Builder" means any person, corporation, partnership or other entity contracting with an owner for the construction or sale of a new home.

2. "Building Code" means the uniform fire prevention and building code promulgated under section three hundred seventy-seven of the executive law, local building code standards approved by the uniform fire prevention and building code of the City of New York, as defined in title twenty-seven of the administrative code of the City of New York.

3. "Constructed in a skillful manner" means the workmanship and material meet or exceed the specific standards of the applicable code. When the applicable building code does not provide a relevant specific standard, such term means that workmanship and materials meet or exceed the standards of locally accepted building practices.

4. "Material defect" means actual physical damage to the following load-bearing portions of the home caused by the failure of such load-bearing portions which affects their load-bearing functions to the extent that the home becomes unsafe, unsanitary or otherwise unliveable: foundation systems and footing, beams, girders, lintels, columns, walls and partitions, floor systems and roof framing systems.

5. "New home" or "home" means any single family house forsale unit in a multi-unit residential structure of five stories or less in which title to the individual units is transferred to owners under condominium or cooperative regime. Such terms do not include dwellings constructed solely for lease, mobile homes as defined in section seven hundred twenty one of this chapter, or any house or unit in which the builder has resided or leased continuously for three years or more following the date of completion of construction, as evidenced by a certificate of occupancy.

6. "Owner" means the first person to whom the home is sold and, during the unexpired portion of the warranty period, each successor in title to the home and any mortgagee in possession. Owner does not include the builder of the home or any firm under common control of the builder.

7. "Plumbing, electrical, heating, cooling and ventilation systems" shall mean:

- a. in case of the plumbing systems: gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; water, gas and sewer service piping, and their extensions to the tie-in of a public utility connection, or on-site well and sewage disposal system;
- b. in the case of electrical systems: all wiring, electrical boxes, switches, outlets and connections up to the public utility connections; and
- c. in the case of heating, cooling and ventilation systems: all duct work, steam, water and refrigerant lines, registers, convectors, radiation elements and dampers.

8. "Warranty date" means the date of the passing of title to the first owner for occupancy by such owner or such owner's family as a residence, or the date of first occupancy of the home as a residence, whichever first occurs.

Section 777-a. Housing merchant implied warranty.

1. Notwithstanding the provisions of section two hundred fifty-one of the real property law, a housing merchant implied warranty is implied in the contract or agreement for the sale of a new home and shall survive the passing of title. A housing merchant implied warranty shall mean that:

- a. one year from and after the warranty date the home will be free from defects due to a failure to a failure to have been constructed in a skillful manner;
- b. two years from and after the warranty date the plumbing, electrical, heating, cooling and ventilation systems of the home will be free from defects due to a failure by a builder to have installed such systems in a skillful manner; and
- c. six years from and after the warranty date the home will be free from material defects.

2. Unless the contract or agreement by its terms clearly evidences a different intention of the seller, a housing merchant implied warranty does not extend to:

- a. any defect that does not constitute (I) defective workmanship by the builder or by the agent, employee or subcontractor or the builder, (ii) defective materials supplied by the builder or by an agent, employees or subcontractor of the builder, or (iii) defective design provided by a design professional retained exclusively by the builder; or
- b. any patent defect which an examination ought in the circumstances to have revealed, when the buyer before taking title or accepting construction as complete has examined the home as fully as the buyer desired, or has refused to examine the home.

3. In the case of goods sold incidentally with or included in the sale of the home, such as stoves, refrigerators, freezers, room air conditioners, dishwashers, clothes washers and dryers, a housing merchant implied warranty shall mean that such goods shall be from defects due to failure by the builder or any agent, employee or subcontractor of the builder to have installed such systems in a skillful manner. Merchantability, fitness and all other implied warranties with respect to goods shall be governed by part three of article two of the uniform commercial code and other applicable statutes.

4. a. Written notice of a warranty claim for breach of a housing merchant implied warranty must be received by the builder prior to the commencement of any action under paragraph b of this sub-division and no later than thirty days after the expiration of the applicable warranty period.' as described in subdivision one of this section. The owner and occupant of the home shall afford the builder reasonable opportunity to inspect, test and repair the portion of the home to which the warranty claim relates.

b. An action for damages or other relief caused by the breach of a housing merchant implied warranty may be commenced prior to the expiration of one year after the applicable warranty period, as described in subdivision one of this section, or within four years after the warranty date, whichever is later.

In addition to the foregoing, if the builder makes repairs in response to a warranty claim under paragraph a of this subdivision, an action with respect to the last date on which such repairs are performed. The measure of damages shall be the reasonable cost of repair or replacement and property damage to the home proximately caused by the breach of warranty, not to exceed the replacement cost of home exclusive of the value of the land, unless the court finds that, under the circumstances, the diminution in value of the home caused by the defect is a more equitable measure of damages.

5. Except as otherwise provided in section seven hundred-seven-b of this article, any provision of a contract or agreement for the sale of a new home which excludes or modifies a housing merchant implied warranty shall be void as contrary to public policy.

6. Except as otherwise provided in section seven hundred seventy-seven-b of this article, other implied warranties may arise from the terms of the contract or agreement from course of dealing or usage of trade.

S 777-b. Exclusion or modification of warranties.

1. Except in the case of a housing merchant implied warranty, the builder or seller of a new home may exclude or modify all warranties by any clear and conspicuous terms contained in the written contract or agreement of sale which call the buyer's attention to the exclusion or modification of warranties and make the exclusion or modification plain.

2. Except in the case of a housing merchant implied warranty, the builder or seller of a new home may exclude or modify warranties with respect to particular defects by any clear and conspicuous terms contained in the written contract or agreement of sale which identify such defects, call the buyer's attention to the exclusion or modification of warranties and make the exclusion or modification plain.

3. A housing merchant implied warranty may be excluded or modified by the builder or seller of a new home only if the buyer

is offered a listed warranty in accordance with the provisions of this subdivision.

- a. A copy of the express terms of the limited warranty shall be provided in writing to the buyer for examination prior to the time of the buyer's execution of the contract or agreement to purchase the home.
- b. A copy of the express terms of the limited warranty shall be included in, or annexed to and incorporated in, the contract or agreement.
- c. The language of the contract or agreement for sale of the home must conspicuously mention the housing merchant implied warranty and provide that the limited warranty, excludes or modifies the implied warranty. Language to exclude all implied warranties is sufficient if it states, for example, that "There are no warranties which extend beyond the face hereof".
- d. The limited warranty shall meet or exceed the standard provided in subdivision four and five of this section.

4. A limited warranty sufficient to exclude merchant implied warranty must be written in plain English and must clearly disclose:

- a. that the warranty is limited which limits implied warranties on the sale of the home; the words "limited warranty" must be clearly and conspicuously captioned at the beginning of the warranty document;
- b. the identification of the names and addresses of all warrantors;
- c. the identification of the party or parties to whom the warranty is extended and whether it is extended to subsequent others; the limited warranty must be extended to the first owner of the home and survive the passing of title but may exclude any or all subsequent owners;
- d. a statement of the products or parts covered by the limited warranty;
- e. the clear and conspicuous identification of any parts or portions of the home or premises that are excluded from warranty coverage, and the standards that will be used to determine whether a defect has occurred, provided, however, that:
  - i. any exception, exclusion or standard which does not meet or exceed relevant specific standard of the applicable building code, or in the absence of such relevant specific standard a locally accepted building practice, shall be void as contrary to public policy and shall be deemed to establish the applicable building code standard or locally accepted building practice as the warranty standard; and

- ii. any exception, exclusion or standard that fails to ensure that the home is habitable, by permitting conditions to exist which render the home unsafe, shall be void as contrary to public policy.
  - f. what the builder and any other warrantor will do when a defect covered by the warranty does arise, and the time within which the builder and any other warrantor will act;
  - g. the term of the warranty coverage and when the term begins, provided, however, that such term shall be equal to or exceed the warranty periods of a housing merchant implied warranty, as defined in subdivision one of section seven hundred-seventy-seven-a of this article;
  - h. step-by-step claims procedures required to be undertaken by the owner, if any, including directions for notification of the builder and any other warrantor; an owner shall not be required to submit to binding arbitration or to pay any fee or charge for participation in nonbinding arbitration or any mediation process;
  - i. any limitations on or exclusions of consequential or incidental damages, and any limitations on the builder's and other warrantor's total liability, conspicuously expressed on the first page of the warranty. Notwithstanding the foregoing, a limited warranty shall not be construed to permit any limitation on or exclusion of property damage to the home proximately caused by a breach of the limited warranty, where the court finds that such limitation or exclusion would cause the limited to fail of its essential purpose, except that such property damage may be limited by an express limitation on the builder's or other warrantor's total liability in accordance with the provisions of this paragraph.
5. a. This article shall not be construed to authorize or validate any covenant, promise, agreement or understanding which is void and unenforceable under section 5-322.1 of the general obligations law.
- b. This article shall pre-empt any local law inconsistent with the provision of this article. This article shall not pre-empt any builder subject to its provisions from complying with any local law with respect to the regulation of home builders except as expressly provided herein.

- c. Nothing in this article shall be construed to repeal, invalidate, supersede or restrict any right, liability or remedy provided by any other statute of the state, except where such construction would, as a matter of law, be unreasonable.

Section 2. Subdivision two of the section two hundred thirteen of the civil practice law and rules, as amended by chapter four hundred three of the laws of nineteen hundred eighty-three, is amended to read as follows:

2. an action upon a contractual obligation of liability, express or implied, except as provided in section two hundred thirteen-a of this article or article 2 of the uniform commercial code or article 36-B of the general business law;

Section 3. This act shall take effect on the first day of March next succeeding the date on which it shall have become a law and shall apply to new homes for which contractors of sale are entered into on or after such effective date.

LAWS OF NEW YORK, 1998

CHAPTER 422

AN ACT to amend the general business law and the real property law, in relation to cooperatives and condominiums where non-occupying owners default on payments due; and to repeal subdivision 2-d of section 352-e of the general business law, relating thereto

Became a law July 22, 1998, with the approval of the Governor.

Passed by a majority vote, three-fifths being present.

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Subdivision 2-d of section 352-e of the general business law is REPEALED.

2. The general business law is amended by adding a new section 352-1 to read as follows:

352-L. COOPERATIVE CORPORATIONS.

1. FOR THE PURPOSES OF THIS SECTION, "NON-OCCUPYING OWNER" SHALL MEAN THE OWNER OF SHARES IN A COOPERATIVE CORPORATION WHO DOES NOT OCCUPY THE DWELLING UNITS TO WHICH HIS OR HER SHARES ARE ALLOCATED.

2. IF A NON-OCCUPYING OWNER RENTS ANY DWELLING UNIT TO A TENANT AND THEN FAILS TO MAKE PAYMENTS DUE FOR MAINTENANCE, ASSESSMENTS OR LATE FEES FOR SUCH UNIT WITHIN SIXTY DAYS OF THE EXPIRATION OF ANY GRACE PERIOD AFTER THEY ARE DUE, UPON NOTICE IN ACCORDANCE WITH SUBDIVISION THREE OF THIS SECTION, ALL RENTAL PAYMENTS FROM THE TENANT SHALL BE DIRECTLY PAYABLE TO THE COOPERATIVE CORPORATION.

3. IF THE MAINTENANCE, ASSESSMENTS OR LATE FEES DUE FOR ANY UNIT HAVE NOT BEEN PAID IN FULL WITHIN SIXTY DAYS AFTER THE EXPIRATION OF ANY GRACE PERIOD OF THE EARLIEST DUE DATE, THE BOARD OF DIRECTORS SHALL PROVIDE WRITTEN NOTICE TO THE RENTAL TENANT AND THE NON-OCCUPYING OWNER PROVIDING THAT, COMMENCING IMMEDIATELY AND UNTIL SUCH TIMES AS ALL PAYMENTS FOR MAINTENANCE, ASSESSMENTS OR LATE FEES ARE MADE CURRENT, ALL RENTAL PAYMENTS DUE SUBSEQUENT TO THE ISSUANCE OF SUCH NOTICE ARE TO BE MADE PAYABLE TO THE COOPERATIVE CORPORATION AT THE ADDRESS LISTED ON THE NOTICE. WHERE A MAJORITY OF THE BOARD OF THE DIRECTORS HAS BEEN ELECTED BY AND FROM AMONG THE OWNERS WHO ARE IN OCCUPANCY, THE BOARD MAY ELECT NOT TO REQUIRE THAT RENTAL PAYMENTS BE MADE PAYABLE TO THE COOPERATIVE CORPORATION. AT SUCH TIME AS PAYMENTS FOR MAINTENANCE, ASSESSMENTS AND LATE FEES FROM THE NON-OCCUPYING OWNER ARE ONCE AGAIN CURRENT, NOTICE OF SUCH FACT SHALL BE GIVEN WITHIN THREE BUSINESS DAYS TO THE RENTAL TENANT AND NON-OCCUPYING OWNER. THEREAFTER ALL RENTAL PAYMENTS FOR SUCH UNIT SHALL BE MADE PAYABLE TO THE NON-OCCUPYING OWNER OR TO A DESIGNATED AGENT. A NON-OCCUPYING OWNER WHO DISPUTES THE COOPERATIVE CORPORATION'S CLAIM TO RENTAL PAYMENTS PURSUANT TO THIS SECTION SHALL BE ENTITLED TO PRESENT FACTS SUPPORTING SUCH OWNER'S POSITION AT THE NEXT SCHEDULED MEETING OF THE BOARD OF DIRECTORS, WHICH MUST BE HELD WITHIN THORTY DAYS EXPLANATION-Matter in ITALICS is new; matter in brackets [-] is old law to be omitted. OF THE DATE THAT SUCH BOARD RECEIVES NOTICE THAT SUCH OWNER TO DISPUTE SUCH CLAIM.

4. NOTHING IN THIS SECTION SHALL LIMIT ANY RIGHTS OF SHAREHOLDERS OR OF THE BOARD OF DIRECTORS EXISTING UNDER ANY OTHER LAW OR AGREEMENT.

5. PAYMENT BY A RENTAL TENANT TO THE COOPERATIVE CORPORATION MADE IN CONNECTION WITH THIS SECTION SHALL RELIEVE THAT RENTAL TENANT FROM THE OBLIGATION TO PAY SUCH RENT TO THE NON-OCCUPYING OWNER AND SHALL BE AN ABSOLUTE DEFENSE IN ANY NON-PAYMENT PROCEEDING COMMENCED BY SUCH NON-OCCUPYING OWNER AGAINST SUCH TENANT FOR SUCH RENT.

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 RENTED ANY DWELLING UNIT TO A RENTAL TENANT AND THEN FAILS TO MAKE PAYMENTS DUE FOR COMMON CHARGES, ASSESSMENTS OR LATE FEES FOR SUCH UNIT WITHIN SIXTY DAYS OF THE EXPIRATION OF ANY GRACE PERIOD AFTER THEY ARE DUE, UPON NOTICE IN ACCORDANCE WITH SUBDIVISION (C) OF THIS SECTION, ALL RENTAL PAYMENTS FROM THE TENANT SHALL BE DIRECTLY PAYABLE TO THE CONDOMINIUM ASSOCIATION.

(C) IF THE COMMON CHARGES, ASSESSMENTS OR LATE FEES DUE FOR ANY UNIT HAVE NOT BEEN PAID IN FULL, WITHIN SIXTY DAYS AFTER THE EXPIRATION OF ANY GRACE PERIOD OF THE EARLIEST DUE DATE, THE BOARD OF MANAGERS SHALL PROVIDE WRITTEN NOTICE TO THE TENANT AND THE NON-OCCUPYING OWNER PROVIDING THAT, COMMENCING IMMEDIATELY AND UNTIL SUCH TIME AS ALL PAYMENTS FOR COMMON CHARGES, ASSESSMENTS OR LATE FEES ARE MADE CURRENT, ALL RENTAL PAYMENTS DUE SUBSEQUENT TO THE ISSUANCE OF SUCH NOTICE ARE TO BE MADE PAYABLE TO THE CONDOMINIUM ASSOCIATION AT THE ADDRESS LISTED ON THE NOTICE. WHERE A MAJORITY OF THE BOARD OF MANAGERS HAS BEEN ELECTED BY AND FROM AMONG THE UNIT OWNERS WHO ARE IN OCCUPANCY, THE BOARD MAY ELECT NOT TO REQUIRE THAT RENTAL PAYMENTS BE MADE PAYABLE TO THE CONDOMINIUM ASSOCIATION. AT SUCH TIME AS PAYMENTS FOR COMMON CHARGES, ASSESSMENTS AND LATE FEES FROM THE NON-OCCUPYING OWNER ARE ONCE AGAIN CURRENT, NOTICE OF SUCH FACT SHALL 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 WHO DISPUTES THE ASSOCIATION'S CLAIM TO RENTAL 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 SEEMS 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.

6. This act shall take effect immediately, and is applicable to all cooperative corporations and condominiums in existence on or after such date.

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

# DECLARATION

Establish a Plan for Condominium Ownership of Premises located at 7902 15th Avenue, Brooklyn, New York, County of Kings, City and State of New York Pursuant to Article 9-B of the Real Property Law of the State of New York.

NAME: THE HEIGHTS CONDOMINIUM

SPONSOR: GARG DEVELOPMENT INC.  
8311 Ridge Boulevard  
Brooklyn, New York 11209

DATE OF DECLARATION:

The land affected by the within instrument lies in Section Block , N/K/A Lots (F/K/A Lot ) on the Tax Map of the Borough of Brooklyn, County of Kings, City and State of New York.

Record and Return:

HAROLD L. GRUBER  
Attorney for Sponsor  
563 10th Street  
Brooklyn, New York 11215

**DECLARATION ESTABLISHING A PLAN FOR CONDOMINIUM OWNERSHIP** of Premises to be known as **THE HEIGHTS CONDOMINIUM**, located at 7902 15th Avenue, Brooklyn, New York, Borough of Brooklyn, County of Kings, City and State of New York, pursuant to Article 9B of the Real Property Law of the State of New York.

Garg Development Inc., located at 8311 Ridge Boulevard, Brooklyn, New York, hereinafter referred to collectively as "the Sponsor", does hereby declare:

1. SUBMISSION OF PROPERTY: Sponsor hereby submits the land hereinafter described, together with the Building and improvements thereon erected ("the Property") to the provisions of Article 9-B of the Real Property Law of the State of New York.

2. AREA AND LOCATION OF LAND: The land ("Land") consists of all that certain tract, plot, piece and parcel of land situate, lying and being in the County of Kings, City and State of New York, more particularly described on Schedule A annexed hereto and made a part hereof. The Land is owned by the Sponsor in fee simple absolute.

3. NAME OF CONDOMINIUM: The Condominium shall be known as **THE HEIGHTS CONDOMINIUM**.

4. DESCRIPTION OF THE BUILDING: The premises consists of one building with an entrance at 7902 15th Avenue, Brooklyn, New York. The building is composed of two stories, a basement and a cellar, and will contain thirteen dwelling units and thirteen parking units. The legal occupancy of the building will match the proposed occupancy hereunder. The building complies with Class Two (2) non-fireproof masonry construction requirements.

5. THE UNITS: SCHEDULE B annexed hereto and made a part hereof sets forth the following data with respect to each Unit necessary for the proper identification thereof; Unit designation; tax lot number; approximate square foot area; location; number of rooms; the portion of the Common Elements, including Limited Common Elements to which the Unit has immediate access (if any) and the percentage of interest in the Common Elements. The location of each Unit, and any Limited Common Elements appurtenant thereto, is more clearly designated on the Floor Plans (as hereinafter defined) and reference should be made thereto for the statement of the location of each Unit.

6. FLOOR PLANS: As shown on the Floor Plans of the Buildings (the "Floor Plans"), certified by DOUGLAS PULASKI Architect, and intended to be filed in the Kings County Office of the register of the City of New York, simultaneously with the recording of this Declaration, the approximate physical dimensions of the Units are from the inside face of blockwork at the exterior walls of the building, approximately to the apartment side of the blockwork at walls and partitions dividing the apartment from corridor, stairs, elevators, and other mechanical spaces.

7. COMMON ELEMENTS: The Common Elements of the Condominium consists of the entire Property, including parts of the Buildings and improvements thereon other than the Units. Common Elements are comprised of General Common Elements and Limited Common Elements. They include, without limitation, the following:

a) General Common Elements:

(i) The land on which the Buildings are physically erected;

(ii) All foundations, columns, girders, beams, supports, bearing walls; those portions of the exterior walls and insulation beyond the exterior face of the Buildings those portions of the walls and partitions dividing the Units from corridors, lobby and stairs located beyond the exposed face of the dry walls enclosing the Unit; the subfloor and framing joists, including any framing attached to such joists from which the dry wall ceiling of the Unit below is attached; roofs (excluding terraces), corridors, halls, stairs and stairway areas located beyond the unexposed face of the dry walls enclosing the Residential Unit; lobby; storage and utility areas located beyond the unexposed face of the dry walls and the entrances to and exits from the Buildings;

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

(iv) All sewer pipes and drainage pipes outside units;

(v) The boiler room and meter areas, and janitor's closet(s), if any, as shown and delineated on the Floor Plans;

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

b) Limited Common Elements:

Each Unit Owner, his guests, invitees, lessees and residents of his Unit shall have the exclusive use of the following portions of the building denominated as limited common elements on the floor plans thereof and on Schedule B attached hereto. Each Unit Owner shall be solely and only responsible for repair and maintenance of the Limited Common Element appurtenant to their Unit including, but not limited to, painting, cleaning, patching, and surface repair; and, in the case of the balconies structural maintenance. In the event a Unit Owner fails to properly maintain his Limited Common Element, the Condominium Board of Managers may take such steps as in its exclusive judgment are necessary to maintain the areas and the cost thereof shall be assessed against the Condominium Unit to which such Limited Common Elements are appurtenant. To the extent that any damage to a Limited Common Element is caused by building condition, or by other condition for which the Condominium carries insurance, the cost of repair of such damage shall be borne by the Condominium.

8. DETERMINATION OF PERCENTAGES IN COMMON ELEMENTS: The percentage of Common Interest allocated to each Unit is in the approximate proportion that the estimated fair market value of the Unit as the date of the Declaration will bear to the then aggregate fair market value of all the Units.

9. USE OF UNITS: Any Unit may be used for private residential use, or for any home occupation use permitted under applicable zoning laws and ordinances, building code, or other rules and regulations of governmental authorities having jurisdiction thereof. Such Units may also be used as professional offices by a resident thereof, provided such professional use does not violate any zoning law and ordinance, and provided further that prior written consent of the Board of Managers for such professional use is obtained. Notwithstanding the foregoing, the Sponsor may, without the permission of the Board of Managers, retain ownership of one or more Units for use as rental units, models, sales and/or offices. in connection with the sale or rental of the Units.

10. ENCROACHMENTS: If any portion of the Common Elements encroach upon any Unit, or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements, or if any encroachment shall occur hereafter as a result of (a) settling or shifting of the Buildings, or (b) alteration or repair to the Common Elements made by or with the consent of the Board of Managers, or (c) as a result of repair or restoration of the Buildings or a Unit after damage by fire or other casualty, or (d) as a result of condemnation or eminent domain proceedings; a valid easement shall exist for such encroachments and for the maintenance of the same so long as the Buildings shall stand.

11. EASEMENTS:

a) Each Unit Owner shall have an easement in common with the owners of all other Units to use all pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements located in any of the other Units and serving his Unit. Each Unit shall be subject to an easement in favor of the Owners of all other Units to use the pipes, ducts, cables, wires, conduits, public utility lines and other Common Elements serving such other Units and located in such Unit. The Board of Managers shall have a right to access to each Unit and any Limited Common Elements appurtenant thereto to inspect the same, to remove violations therefrom and/or to maintain, repair or replace the Common Elements contained therein or elsewhere in the Building.

b) The Sponsor and its designees, their successors, assigns, invitees, licensee, contractors, employees and tenants, shall have an easement in, on, over and across the Property for (i) construction, installation and development thereon and for the construction and installation, ingress to and egress from, and use of (including the right to connect with) all pipes, conduits, ducts, cables, wires, storm drainage facilities, water, sewer and other utility lines and (ii) construction and installation, ingress to and egress from and the right to use (in common with Unit Owners) all storm drainage facilities, water, sewer and other utility lines, pipes, conduits, flues, ducts, wires and cables, and (iv) ingress to and egress from all land areas of the Property and the use of said land areas (in common with Unit Owners) for any lawful purpose.

c) The Sponsor, its designees and their successors, assigns, invitees, licensees, contractors, employees and tenants (i) shall have an easement to erect, maintain, repair and replace from time to time one or more signs on the Property for the purposes of advertising the sale of Units and the leasing of space in any Unit as well as an easement in the access to Units and Common Elements consistent with the purposes of the Offering Plan for the Property as same may be amended, and Sponsor's rights and obligations thereunder, including, without limitation, the right to develop, renovate, maintain, repair, refurbish, offer, sell and lease Units and Common Elements, and (ii) reserve the right to establish, grant and create easements for any additional underground electric, transformer, amplifier, gas, cable television, telephone, water, storm drainage, sewer or other utility lines and appurtenances in, under and through the Property, including, without limitation, an easement or easements for the benefit of any property adjacent to the Property, to relocate any existing utility easements in any portion of the Property and to dedicate any or all of such facilities to any governmental body, public benefit corporation or utility company if the Sponsor or designee shall deem it necessary or desirable for the proper operation and maintenance of the Property or any portion thereof, or the residents of any property adjacent to the Property, or users of the Recreation Facilities, 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 dwelling purposes. Any utility company or public benefit corporation furnishing services to the Property, and the employees and agents of any such company or corporation, shall have the right to access of any Unit, to the Common Elements or the Limited Common Elements in furtherance of such easements, provided such right to access is exercised in such a manner as not unreasonably to interfere with the use of the Units.

d) The user of any easement granted by Sub-paragraphs "b" and "c" of this Paragraph 10 shall have the responsibility of repairing any damage resulting therefrom.

12. PERSON TO RECEIVE SERVICE: For the period during which Sponsor is in control of the Board of Managers, Garg Development Inc., 8311 Ridge Boulevard, Brooklyn, N.Y. is hereby designated to receive notice of process in any action which may be brought against the Condominium. After Sponsor relinquishes control of the Board of Managers notice of process in any action which may be brought against the Condominium shall be served on the President of the Condominium at the office of the Condominium located at 7902 15th Avenue, Brooklyn, New York.

13. UNITS SUBJECT TO DECLARATION, BY-LAWS AND RULES AND REGULATIONS: All present and future Owners, tenants, subtenants and occupants of Units shall be subject to and shall comply with the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time. The acceptance of a deed or conveyance or the entering into a lease or the entering unto occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time, are accepted and ratified by such Owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease thereof.

14. AMENDMENT TO DECLARATION: This Declaration may be amended, modified, added to or deleted from by vote of Unit Owners representing at least 66-2/3% of the Common Interest of all Unit Owners, cast in person or by proxy at a meeting duly held in accordance with the provisions of the By-Laws, or in lieu of a meeting, any amendment may be approved, in writing by vote of Unit Owners representing at least 66-2/3% of the Common Interest of all Unit Owners; provided however,

a) No amendment, modification, addition or deletion which shall adversely affect the lien or any mortgage may be made without the written consent of the mortgagee;

b) No amendment which shall change the percentage of Common Interests allocated to any Unit or Units may be made without the written consent of such Owner;

c) No amendment, modification, addition or deletion of or to this Declaration will be effective in any respect against the Sponsor, its designee, or any Unsold Unit until the Sponsor or such designee shall consent thereto in writing.

The Sponsor hereby reserves to itself and its designee(s) the right to amend this Declaration at any time without the requirements of a vote and without the approval or consent of any Unit Owners or mortgagees for the sole purpose of filing the Floor Plans required by the New York Real Property Law Section 339-p for any portion or portions of the Buildings and appurtenances which are incomplete upon the original filing of the Declaration provided that the verified statement of a registered architect or licensed professional engineer certifying that the plans being filed simultaneously with such amendment, fully and fairly depicting the layout, location, unit designations and approximate dimensions of the particular Unit or Units as built, as provided in said Section 339-p will be filed with such amendment.

No such amendment shall be effective until recorded in the Kings County Office of the Register of the City of New York.

15. CHANGES IN UNSOLD UNITS: For any Unit owned by the Sponsor or its designee(s), if not prohibited by the New York Condominium Act (as the same may be amended), the Sponsor or its designee(s) shall have the right, without the vote or consent of the Board of Managers, other Unit Owners or the holders of Unit Mortgages, to (i) make alterations, additions, or improvements in, to and upon the Unit; (ii) change the layout or number of rooms in the Unit; (iii) change in and size and/or number of such Units by subdividing a Unit, combining separate Units (including those resulting from any subdivision or otherwise) into one or more Units, altering the boundary walls between any Unit or otherwise; and (iv) reapportion among such Units affected by such change in size or number, subdivision, combination or alteration, appurtenant interests in the Common Elements; provided, however, that the Sponsor or its designee(s) shall comply with all rules, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Board of Managers and all other Unit Owners harmless from any liability arising therefrom. In accordance with law, the Common Elements appurtenant to each Unit as expressed in this Declaration shall have a permanent character and shall not be altered without the consent of all Unit Owners affected. Written consent will be obtained from Unit Owners, if any, who are adversely affected as a result of the above changes. Contract vendees, if any, pursuant to Purchase Agreements with the Sponsor or its designees for a Unit adversely affected as a result of the above changes, will be given the right to rescind their Purchase Agreements and receive a refund of any disclosed in an amendment to the Offering Plan for the Property. The provisions of this Paragraph 16 may not be added to, amended or deleted without the prior written consent of the Sponsor or its designee(s). In the event of any such change in an Unsold Units, Sponsor shall amend the Declaration and Floor Plans to reflect same.

In the event the Sponsor or its designee, exercising its rights pursuant to this Article so requires, the Board of Managers shall promptly amend the Declaration at the expense of the Sponsor or its designee, to reflect any such alteration, addition, improvements, changes or reapportionments and shall record such amendment in the Office of the Register of Kings County.

Unit Owners in the Condominium hold title to their respective Units subject to the benefits, rights, privileges, easements, burdens, covenants, and restrictions as described herein, in the By-Laws of the Condominium and any agreement of record recorded prior or subsequent to this Declaration.

16.        INVALIDITY:

a) If any provision of this Declaration or of the By- Laws is invalid under, or would cause this Declaration or the By-Laws to be insufficient to submit the Property to, the provisions of the Condominium Act, such provision shall be deemed deleted from this Declaration or the By-Laws, as the case may be, for the purpose of submitting the Property to the provisions of the Condominium Act, but shall nevertheless be valid and binding upon, and shall inure to the benefit of, the owners of the Property and their heirs, executors, administrators, legal representatives, successors and assigns, as covenants running with the Land and with every part thereof and interest therein under other applicable law with the same force and effect as if, immediately after the recording of this Declaration or the By-Laws, all Unit Owners had signed and recorded an instrument agreeing to each such provision as a covenant running with the Land. If any provision that is necessary to cause this Declaration or the By-Laws to be sufficient to submit the Property to the provisions of the Condominium Act is missing from this Declaration or the By-Laws, then such provision shall be deemed included;

(b) Subject to the terms of Paragraph "a" above, if this Declaration or the By-Laws are insufficient to submit the Property to the provisions of the Condominium Act, this Declaration and By-Laws shall nevertheless be valid and binding upon, and shall inure to the benefit of, the owners of the Property and their heirs, executors, administrators, legal representatives, successors and assigns, as covenants running with the Land and with every part thereof and interest therein under other applicable law to the extent permitted under such applicable law with the same force and effect as if, immediately after the recording of this Declaration and the By-Laws, all Unit Owners had signed and recorded an instrument agreeing to each such provisions as a covenant running with the Land.

17.        TERMINATION OF CONDOMINIUM: The Condominium may be terminated by casualty loss, condemnation or eminent domain, in accordance with the provisions of the By-Laws, or by withdrawing the Property from the provisions of the New York Condominium Act if authorized by an affirmative vote of Unit Owners who own not less than eighty (80%) percent in Common Interest of the Units. The Sponsor or its designees will not vote its interests appurtenant to any Unsold Units for such withdrawal unless at least eighty (80%) percent in Common Interest of all other Unit Owners have elected for such withdrawal, in which event the Sponsor may choose to vote in favor of or against such withdrawal. In the event said withdrawal is authorized as aforesaid, the Property shall be subject to an action for partition by any Unit Owner or lienor as if owned in common, in which event the net proceeds of sale shall be divided among all

the Unit Owners in proportion to their respective Common Interests, provided however, that no payment shall be made to a Unit Owner until all lienors have first been paid off out of his share of such proceeds.

18. COMMON EXPENSE: Common Expenses of the Condominium mean and include all expenses of operation of the Property and all sums designated Common Expenses by or pursuant to the provisions of Article 9-B of the Real Property Law of the State of New York, the Declaration or the By-Laws.

19. DEFINITION OF "SPONSOR-DESIGNEE": The term "Sponsor-Designee" as used in this Declaration shall mean any person or entity designated by the Sponsor to acquire title to a Unit, other than a good faith Purchaser for value purchasing pursuant to a validly executed Purchase Agreement. A "Sponsor-Designee" shall have the right to designate a person or entity to succeed to its rights and any such designee shall also be deemed a "Sponsor-Designee."

20. 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.

21. CAPTIONS: The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Declaration nor the intent of any provision thereof.

22. GENDER: The use of the masculine gender in this Declaration shall be deemed to refer to the plural, and vice versa, whenever the context so requires.

IN WITNESS WHEREOF, the parties have caused this Declaration to be executed by its duly authorized representatives this

GARG DEVELOPMENT INC.  
by:

-----  
STATE OF NEW YORK )  
COUNTY OF KINGS )

ss.:

On the \_\_\_\_\_ day of \_\_\_\_\_, 2000, before me, the undersigned, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the within instrument and acknowledged to me that he/she/they executed same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument.

SCHEDULE "B" TO THE DECLARATION OF CONDOMINIUM

PREMISES KNOWN AS THE 7902 15<sup>TH</sup> AVENUE CONDOMINIUM  
7902 15<sup>th</sup> Avenue  
Brooklyn, New York

Tax Block Number 6269  
Tax Lot Number F/K/A 39

| UNIT | TAX LOT | LOCATION     | PERCENTAGE<br>OF COMMON<br>INTEREST | SQ. FT. | ROOMS/BATHS | LIMITED COMMON<br>AREAS: SQ. FT. |
|------|---------|--------------|-------------------------------------|---------|-------------|----------------------------------|
| 1A   |         | Basement     |                                     | 662     | 4/1         |                                  |
| 1B   |         | Basement     |                                     | 597     | 3/1         |                                  |
| 1C   |         | Cellar/Bsmt. |                                     | 840     | 4/1         |                                  |
| 1D   |         | Cellar/Bsmt. |                                     | 1,035   | 5/1         |                                  |
| 1E   |         | Basement     |                                     | 1,093   | 4/2         |                                  |
| 2A   |         | First        |                                     | 917     | 4/2         |                                  |
| 2B   |         | First        |                                     | 1,044   | 4/2         |                                  |
| 2C   |         | First        |                                     | 1,044   | 4/2         |                                  |
| 2D   |         | First        |                                     | 917     | 4/2         |                                  |
| 3A   |         | Second       |                                     | 917     | 4/2         |                                  |
| 3B   |         | Second       |                                     | 1,044   | 4/2         |                                  |
| 3C   |         | Second       |                                     | 1,044   | 4/2         |                                  |
| 3D   |         | Second       |                                     | 917     | 4/2         |                                  |

**NOTE:**

b : DENOTES BALCONY AREA.  
c : DENOTES CELLAR STORAGE AREA.  
p : DENOTES PARKING AREA.

SCHEDULE "A" TO THE DECLARATION OF CONDOMINIUM  
PREMISES KNOWN AS THE 7902 15<sup>TH</sup> AVENUE CONDOMINIUM

7902 15<sup>th</sup> Avenue  
Brooklyn, New York  
Tax Block Number 6269  
Tax Lot Number F/K/A 39

BEGINNING at a point on the Northerly side of 15<sup>th</sup> Avenue, distance 87'-0"  
Westerly from the corner formed by the intersection of the Westerly side of 79<sup>th</sup>  
Street and the Northerly side of 15<sup>th</sup> Avenue;

RUNNING thence Northerly, at right angles to 15<sup>th</sup> Avenue, 100'-0";

RUNNING thence Easterly, to the previous course, 87'-0";

RUNNING thence Southerly, and along the Westerly side of 97<sup>th</sup> Street, 100'-0";  
RUNNING thence Westerly to the previous course, along the Northerly side of  
15<sup>th</sup> Avenue, 87'-0", to the point or place of BEGINNING.

SAID SITE has an area of 8,700 square feet.

SAID PREMISES BEING KNOWN AS THE 7902 15<sup>TH</sup> AVENUE CONDOMINIUM:  
7902 15<sup>TH</sup> AVENUE, BROOKLYN, NEW YORK.

**BY-LAWS**  
**of**  
**THE HEIGHTS CONDOMINIUM**

**ARTICLE I**

**Purpose of Business**

Section 1. Unit Ownership: The property located in the Borough, County of Kings, City and State of New York at 7902 15th Avenue, Brooklyn, New York (hereinafter called the "Property") has been submitted pursuant to the provisions of Article 1-1 of the Real Property Law of the State of New York by the Declaration recorded in the Kings County office of the Register of the City of New York, simultaneously herewith. The Condominium thereby created shall hereinafter be known as THE HEIGHTS CONDOMINIUM.

Section 2. Applicability of By-Laws: The provisions of these By-Laws are applicable to the Property of the Condominium and to the use and occupancy thereof. The term "Property" as used herein shall include the land, the Buildings, and all other improvements thereon (including the Units, the Common Elements and the Limited Common Elements), owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, all of which are intended to be submitted to the provisions of said Article 9-B of the Real Property Law of the State of New York. The Condominium Units are hereinafter sometimes referred to as "Unit" or "Units".

Section 3. Application: All present and future owners, mortgagees, lessees and occupants of Units and their employees, and any other persons who may use the facilities of the Property in any manner are subject to these By-laws, the Declaration and the Rules and Regulations attached hereto as Schedule A.

The acceptance of a deed or conveyance or the entering into of a lease for a Unit or the act of occupancy of a Unit shall constitute an agreement that these By-Laws, the Rules and Regulations and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.

Section 4. Office: The office of the Condominium and of the Board of Managers shall be located at the Property.

## ARTICLE II

### Meetings of Unit Owners

Section 1. Annual Meeting: The Annual Meeting of the Unit Owners of the Condominium for the election of the Board of Managers and for such other business as may properly come before such meeting, shall be held in the Borough of Brooklyn, City of New York, at such time and place, each year as may be designated by the Board. The notice of the meeting shall be in writing and signed by the President or a vice President or the Secretary or an assistant Secretary. Such notice shall state the time when and the place within the state where it is to be held, and the Secretary shall cause a copy thereof to be delivered personally or mailed to each Unit Owner of record of the Condominium entitled to vote at such meeting not less than ten (10) nor more than forty (40) days before the meeting. If mailed, it shall be directed to each such Unit Owner at his or her address as it appears in the records of the Condominium, unless he or she shall have filed with the Secretary of the Condominium a written request that notices intended for the him or her be mailed to some other address, in which case it shall be mailed to the address designated in such request.

Section 2. Special Meetings: Special meetings of Unit Owners, other than those the calling of which is regulated by statute, may be called at any time by the President or Secretary or by a majority of the Board of Managers. It shall also be the duty of the Secretary to call such meetings whenever requested in writing so to do by Unit Owners owning at least twenty-five per cent (25%) of the votes of the Condominium. The Secretary shall cause a notice of such Special Meeting stating the time, place and object thereof and the officer or other person or persons by whom the meeting is called, to be delivered personally or mailed as provided in Section 1 of this Article to each Unit Owner of record of the Condominium entitled to vote at such meeting not less than ten (10) nor more than forty (40) days before such meeting. No business other than that stated in such notice shall be transacted at such Special Meeting unless the holders of all the Units of the Condominium be present thereat in person or by proxy. Except that there shall be a meeting commenced within sixty days after the closing of the First Unit to be sold to elect a Board of Managers.

Section 3. Waiver of Notices: The notice provided for in the two foregoing sections is not Indispensable, but any Unit Owners' meeting whatever shall be valid for all purposes if all the Unit Owners of the Condominium are represented thereat in person or by proxy, or if a quorum is present, as provided in the next succeeding section, and waiver of notice of the time, place and objects of such meeting shall be duly executed in writing either before or after said meeting by such Unit Owners as are not so represented and were not given such notice.

Section 4. Quorum: At each meeting of Unit Owners, except where otherwise provided by law, Unit Owners representing, in person or by proxy, 51% of the votes of the Units shall constitute a quorum; in case a quorum shall not be present at any meeting, the holders of a majority of the Units represented may adjourn the meeting to some future time and place. Only those Unit Owners who, if present at the adjourned meeting, would have been entitled to vote thereat, shall be entitled to vote at any such adjourned meeting.

Section 5. Voting: At each meeting of Unit Owners, each Unit Owner present in person or by proxy shall be entitled to cast the votes appurtenant to his/her Unit at the time of service of notice of such meeting or at such prior date, not more than forty (40) days before such meeting, as may be prescribed by the Board of Managers as the date for determining which Unit Owners of record are entitled to notice of and to vote at such meeting. The proxies shall be in writing duly signed by the Unit Owner but need not be acknowledged or witnessed, and the person named as proxy by any Unit Owner need not himself be a Unit Owner of the Condominium. Voting by Unit Owners shall be viva voce unless any Unit Owner present at the meeting, in person or by proxy, demands a vote by written ballot, in which case the voting shall be by ballot, and each ballot shall state the name of the Unit Owner voting and the number of votes appurtenant to her/her Unit, and in addition, the names of the proxy of such ballot if cast by a proxy.

Section 6. Title to Units: Title to Units may be taken in the name of an individual or in the name of two (2) or more persons, as tenants in common or as joint tenants or as tenants by the entirety or in the name of a corporations or partnership, or in the name of a fiduciary or trust, estate, un-incorporated association, syndicate, joint venture, organization, government or any department or agency thereof, or any other entity. The term "Unit Owner" as used in these By-Laws shall include any person, group of persons, association or entity taking title as set forth in this Section.

Section 7. Number of Votes: Any or all of such Owners (including the Sponsor or Sponsor-designee, if the Sponsor or its designee shall then own one or more Units) shall be entitled to cast one vote for each .001% of interest in the Common Elements attributable to the Unit or Units owned by them on all matters put to the vote at all meetings of Unit Owners; except that, when voting for the election of members of the Board of Managers, each Unit Owner: (i) shall be entitled to one vote for each .001% of Common Interest attributable to his Unit per member to be elected. If Units are owned by more than one person as joint tenants, tenants by the entirety, or as tenants in common or by a partnership, corporation or other entity, the persons owning said Unit shall agree among themselves and cast the votes for their Unit as a single vote. A fiduciary shall be the voting member with respect to any Unit in a fiduciary capacity. Any Unit or Units owned by the Board of Managers or its designee shall not be entitled to vote.

Section 8. Majority of Unit Owners: As used in these By-Laws the term "majority of Unit Owners" shall mean those Unit Owners having greater than 50% of the total authorized votes of all Unit Owners present in person or by proxy and voting at any meeting of the Unit Owners, determined in accordance with the provisions of Section 7 of this Article II. Two thirds of Unit Owners shall mean those Unit Owners having greater than 66-2/3% of the total authorized vote of all Unit Owners present in person or by proxy and voting at any meeting of the Unit Owners. A vote of a majority of Unit Owners shall be sufficient for any action of any meeting, except where otherwise provided herein or required by statute.

Section 9. Inspectors of Election: Inspectors of election shall not be required to be appointed at any meeting of Unit Owners unless requested by a Unit Owner present (in person or by proxy) and entitled to vote at such meeting and upon the making of such request inspectors shall be appointed or elected as provided in Section 610 of the Business Corporation Law.

## ARTICLE III

### OFFICERS

Section 1. Designation: The principal officers of the Condominium shall be the President, the Vice-President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Managers. The Board of Managers may appoint such other officers as in its judgment may be necessary. The President and Vice-President, but no other officers, need be members of the Board of Managers.

Section 2. Election of Officers: The officers of the Condominium shall be elected annually by the Board of Managers at the organization meeting of each new Board of Managers and shall hold office at the pleasure of the Board of Managers and until their successors are elected, their resignation or death.

Section 3. Removal of Officers: Upon the affirmative vote of a majority of the members of the Board of Managers, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Managers, or at any special meeting of the Board of Managers called for such purpose.

Section 4. President: The President shall be the chief executive officer of the Condominium. He shall preside at all meetings of the Unit Owners and of the Board of Managers. He shall have all of the general powers and duties which are incident to the office of president of a stock corporation organized under the Business Corporation Law of the State of New York, including but not limited to the power to appoint committees from among the Unit Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Condominium.

Section 5. Vice-President: The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Managers shall appoint some other member of the Board of Managers to act in the place of the President, on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Managers or by the President.

Section 6. Secretary: The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Board of Managers; he shall have charge of such books and papers as the Board of Managers may direct; and he shall in general perform all the duties incident to the office of secretary of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 7. Treasurer: The Treasurer shall have the responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. He shall be responsible for the deposit of all moneys and other valuable effects in the name of the Board of Managers, or the Managing Agent, in such depositories as may from time to time be designated by the Board of Managers, and he shall, in general, perform all the duties incident to the office of treasurer of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 8. Compensation of Officers: No officer shall receive any salary or other compensation from the Condominium for acting as such or for services rendered in an official capacity.

Section 9. Liability of Officers: No officer shall be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for willful misconduct or bad faith. The Unit Owners shall severally indemnify each officer against any liability or claims except those arising out of the bad faith or willful misconduct of an officer. It is intended that each officer shall have no personal liability with respect to any contract made by him on behalf of the Condominium. It is and shall be permissible for each officer who is appointed by the original Board of Managers (designees of the Sponsor), to contract with the Sponsor and affiliated corporations without fear of being charged with self-dealing. It is also intended that the liability of any Unit Owner arising out of any contract made by an officer or out of the aforesaid indemnity in favor of each officer shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the aggregate interest in the Common Elements of all the Unit Owners. Every agreement made by an office on behalf of the Condominium shall provide that each officer is acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners, except for willful misconduct or bad faith), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the aggregate interest in the Common Elements of all Unit Owners.

## ARTICLE IV

### Managers

Section 1. Number: The number of Managers of the Corporation shall not be less than three (3) nor more than seven (7), as may from time to time be herein provided and, in the absence of such provision shall be three (3). Commencing with the first election of Managers by Unit Owners of the Condominium, and until changed by amendment of this By-Law provision, and hereinafter provided, the number of Managers shall be five (5). The number of Managers shall not be decreased to a number less than the number of Managers then in office except at any Annual Meeting of

Unit Owners. However, during the period the Sponsor, its Successor Offeror(s) or Designees(s) continue to own 50% or more of the Condominium the number of Managers shall remain fixed at five (5).

Section 2. Powers and Duties: The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Condominium, as agent of all Unit Owners.

Section 3. Nomination and Election: The Managers shall be elected for a term of one year at the Annual Meeting of Unit Owners or at a Special Meeting called for that purpose as provided by law. Each Condominium Unit shall be entitled to cast one vote for each .01% of Common Interest in the Condominium appurtenant to the Unit, which be cast all for one nominated Manager, or divided among any number of candidates. Their term of office shall be until their respective successors are elected and qualify.

Section 4. Quorum: A majority of the Managers then authorized by these By-Laws shall constitute a quorum.

Section 5. Vacancies: Vacancies in the Board of Managers resulting from death, resignation or otherwise may be filled without notice to any of the Unit Owners by a vote of a majority of the remaining Managers present at the meeting at which such election is held for that purpose promptly after the occurrence of any such vacancy even though no quorum is present. Each person so elected shall be a member of the Board of Managers until a successor shall be elected at the next annual meeting of Unit Owners to serve the remaining term. In the event of the failure to hold any election of Managers at the time designated for the

annual election of Managers or in the event that the Board of Managers shall not have filled any such vacancy, a Special Meeting of Unit Owners shall be called to elect a new Board of Managers. Any vacancy created by amendment of these By-Laws shall be filled in the manner provided in the resolution adopting such amendment. In case of a reduction of the authorized number of Managers by amendment of these By-Laws, the Manager, if any, whose term of office shall cease, shall be determined in the manner provided in the resolution adopting such amendment.

Section 6. Meetings: The Board of Managers shall meet immediately after the Annual Meeting of Unit Owners without notice and also whenever called together by any Manager of the Condominium or upon the written request of any three Managers then holding office, upon notice given to each Manager, by delivering personally, mailing or telegraphing the same to him at least two days prior to such meeting at the last address furnished by him to the Condominium. Regular meetings may be held without notice at such times and places as the Board of Manager may determine. Any meeting of the Board at which all the Managers shall be present, or of which notice shall be duly waived by all absentees, either before or after the holding of such meeting, shall be valid for all purposes provided a quorum be present. Meetings of Managers may be held either at the principal office of the Condominium or elsewhere within the State of New York as provided in the notice calling the meeting, unless the Board of Managers by resolution adopt some further limitation in regard thereto. At all meetings of the Board of Managers, each Manager shall be entitled to one vote. The vote of a majority of the Board of Managers present at the time of a vote of a duly constituted meeting shall be the act of the Board of Managers.

Section 7. Resignation and Removal: Any Manager may resign at any time by written notice delivered in person or sent by certified registered mail to the President or Secretary of the Condominium. Such resignation shall take effect at the time specified therein, and unless specifically requested acceptance of such resignation shall not be necessary to make it effective. Any Manager may be removed from office at any time with or without cause upon the affirmative vote of the Unit Owners whose aggregate vote is at least 51% of the votes of the Condominium at a Unit Owners' meeting duly called for the purpose; provided, however, that the Manager(s) elected by the Holders of "Unsold Units" can be removed only for cause by a vote of a majority of the Unit Owners or without cause by the Holders of Unsold Units.

Section 8. Annual Cash Requirements: The Board of Managers shall, from time to time determine the cash requirements as defined in the Condominium's By-Laws, and fix the terms and manner of payment of Common Charges as more specifically set forth in Article VI. The Board of Manager shall have discretionary power to prescribe the manner of maintaining and operating the Building, to be paid as aforesaid by the Unit Owners. Every such determination by the Board of Managers shall be final and conclusive as to all Unit Owners and any expenditures made by the Condominium's officers or its agent under authority of, or with the approval of, the Board of Managers of the Condominium shall, as against the Unit Owners, be deemed necessarily and properly made for such purpose. Until the earlier of (i) the second anniversary of the First Closing or (ii) such time as the Holders of Unsold Units hold less than 50% of the outstanding votes of the Residential Units, the Board of Managers of the Condominium will not take any of the following actions unless Unit Owners owning at least 51% of the votes of Residential Units of the Condominium approve in writing or by vote, in person or by proxy, at a duly constituted meeting called for such purpose:

a) Increase the number or change the type of employees from that described in the NOTES TO SCHEDULE B of the offering plan;

b) Provide for new or additional services from indicated in the NOTES TO SCHEDULE B, unless the annual cost of such new or additional services, when added to the annual cost of all other services, being provided, is no greater than that provided in said notes;

c) Establish any reserve other than the Reserve and/or Working Capital Funds set forth in the offering plan.

However, notwithstanding anything contained herein to the contrary, the Sponsor, as Holder of Unsold Units, or other Holder(s) of Unsold Units, shall not veto the expenses set forth in SCHEDULE B of the offering plan, or expenditures required to comply with applicable laws or regulations.

Section 9. Rules and Regulations: The Board of Managers may from time to time adopt and amend such rules and regulations as it may deem necessary in respect to the Building of the Condominium for the health, safety and convenience of the Unit Owners. Copies thereof and of changes therein shall be furnished to each Unit Owner.

Section 10. Compensation: No Member of the Board of Managers shall receive any compensation from the Condominium for acting as such.

Section 11. Liability of the Board of Managers: The Members of the Board of Managers shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board of Managers against all contractual liability to others arising out of contracts made by the Board of Managers on behalf of the Condominium unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these By-Laws. It is intended that the members of the Board of Managers shall have no personal liability with respect to any contract made by them on behalf of the Condominium within the scope of their authority. It is understood and permissible for the original Board of Managers, who are designated by the Sponsor, to contract with the Sponsor and affiliated corporations without fear of being charged with self-dealing. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Managers shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interest of all the Unit Owners in the Common Elements. Every agreement made by the Board of Managers, or the Managing Agent, or the Manager, on behalf of the Condominium shall provide that the members of the Board of Managers, or the Managing Agent, or the Manager as the case may be, are acting only as agent for the Unit Owners in the Common Elements. Every agreement made by the Board of Managers or by the Managing Agent or by the Manager on behalf of the Condominium shall provide that the members of the Board of Managers, or the Managing Agent, or the Manager, as the case may be, are acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements.

## ARTICLE V

### NOTICES

Section 1. Definitions: Whenever under the provisions of the Declaration or of these By-Laws, notice is required to be given to the Board of Managers, any Manager, Unit Owner or mortgagee, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same in a post office or letter box, in a postpaid sealed wrapper, addressed to the Board of Managers, such Managers or Unit Owner or mortgagee in such address as appears on the books of the Condominium.

Sections 2. Service of Notice Waiver: Whenever any notice is required to be given under the provisions of the Declaration or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

## ARTICLE VI

### OPERATION OF THE PROPERTY

Section 1. Determination of Common Expenses and Fixing of Common Charges: The Board of Managers shall from time to time, and at least annually, prepare a budget for the operation of the Condominium, determine the amount of the Common Charges payable by the Unit Owners to meet the Common Expenses, and allocate and assess such Common Charges and Expenses among the Unit Owners in proportion to their respective Common Interests. The Common Expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Managers pursuant to the provisions of these By-Laws and the fees and disbursements of the Insurance Trustee. The Common Expenses may also include such amount as the Board of Managers may deem proper for the operation and maintenance of the Common Elements including, without limitation, an amount for working capital of the Condominium, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the common expenses for any prior year. The Common Expenses may also include such amounts as may be required for the purchase or lease of any Unit whose Owner has elected to sell or lease such Unit, or any Unit which is to be sold at a foreclosure or other judicial sale. The Board of Managers shall advise all Unit Owners promptly, in writing, of the amount of Common Charges and Expenses payable by each of them, respectively, as determined by the Board of Managers, as aforesaid, and shall furnish copies of each budget on which such Common Charges and Expenses are based, to all Unit Owners. Any dispute relating to the expenses to be borne by the Unit Owners shall be submitted to arbitration in accordance with theses By-Laws.

The Sponsor or Sponsor-designee shall be responsible for the Common Charges assessed against a Unit owned by it from the date of the First Unit Closing until such Unit is sold to a bona fide purchaser.

Section 2. Insurance: The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance: (1) fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring the Buildings containing the Units (including all of the Units and the fixtures initially installed therein by the Sponsor or by prior construction and any other property usual to the servicing and general occupancy, but not including furniture, furnishings, or other personal property supplied or installed by Unit Owners) together with all service machinery and equipment contained therein and covering the interests of the Condominium, the Board of Managers and all Unit Owners and their mortgagees with certificates of insurance, as their interests may appear, in an amount to be determined by the Board of Managers.

Section 3. Payment of Common Charges: All Unit Owners shall be obligated to pay the Common Charges assessed by the Board of Managers pursuant to the provisions of Section 1 of Article VI at such time or times as the Board of Managers shall determine.

No Unit Owner shall be liable for the payment of any part of the Common Charges assessed against his Unit subsequent to a sale, transfer or other conveyance by him.

Section 4. Collection of Common Charges and Assessments: The Board of Managers shall assess Common Charges against Unit Owners from time to time at least annually and shall take prompt action to collect any Common Charge due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. The Board of Managers shall also take prompt action to collect any assessment due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date thereof.

Section 5. Default in Payment of Common Charges or Assessments: In the event of default by any Unit Owner in paying to the Board of Managers the Common Charges or any assessment as determined by the Board of Managers, such Unit Owners shall be obligated to pay interest at the highest legal rate on such Common Charges or assessments from the due date thereof, together with all expenses, including attorney's fees, incurred by the Board of Managers in any proceeding brought to collect such unpaid Common Charges or assessments. The Board of Managers shall have the right and duty to attempt to recover such Common Charges or assessments, together with interest thereon, and the expenses of the proceeding, including attorney's fees, in an action to recover the same brought against such Unit Owner, or by

foreclosure of the lien on such Unit granted by Section 339-z of the Real Property Law of the State of New York, in the manner provided in Section 339-aa thereof. A Unit Owner defaulting in payment of Common Charges or assessments shall not be permitted to vote at any regular or special meeting of Unit Owners.

Section 6. Foreclosure of Liens for Unpaid Common Charges: In any action brought by the Board of Managers to foreclose a lien on a Unit because of unpaid Common Charges, the Unit Owner shall be required to a reasonable rental for the use of his Unit and the plaintiff in such foreclosure action shall be entitled the the appointment of a receiver to collect the same. The Board of Managers, acting on behalf of all Unit Owners, shall have the power to purchase such Unit at foreclosure sale and to acquire, hold, lease, mortgage (but not to vote the votes appurtenant to), convey, or otherwise deal with same. A suit to recover a money judgment for unpaid Common Charges shall be maintainable without foreclosing or waiving the lien securing the same. The proceeds from the sale of any Unit pursuant to this Section shall be used first to pay the unpaid Common Charges and/or assessments, plus reasonable attorney's fees and administrative costs and any other lawful liens on the defaulting Unit. Amounts above this, if any, will be the property of the defaulting Unit Owner. If after the sale of Unit for the nonpayment of Common Charges and/or assessments, the sale does not recover the full amount due and owing, the Board o Managers has the right to assess all the Unit Owners as a Common Expense for the difference between the amount received by the Condominium from the sale of the Unit and the amount owed to the Condominium.

Section 7. Statement of Common Charges and Assessment: The Board of Managers shall promptly provide any Unit Owner so requesting the same in writing, with a written statement of all unpaid Common Charges due from such Unit Owner.

Section 8. Abatement and Enjoinment of Violations by Unit Owners: The violation of any rule or regulation adopted by the Board of Managers, or the breach of any By-Law contained herein, or the breach of any provision of the Declaration, shall give the Board of Managers the right, in addition to any other right set forth in these By-Laws; (a) upon reasonable notice to the Unit Owner, to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof (provided, however, that no prior notice shall be required in the event the Board of Managers shall deter

mine that action is immediately necessary for the preservation or safety of the Property of the Condominium or for the safety of residents of the Condominium or other persons or required to avoid the suspension of any necessary service to the Condominium); or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Section 9. Maintenance and Repairs:

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

b) All maintenance, repairs and replacements to the General Common Elements as defined in the Declaration, and the painting and decorating of the exterior side of Unit entrance doors and windows shall be made by the Board of Managers as a Common Expense, excepting to the extent that the same are necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner. Maintenance, repair and replacements in or to the Limited Common Elements as defined in the Declaration will be performed as per the Declaration.

Section 10. Restrictions on Use of Units: In order to provide for congenial occupancy of the Property and for the protection of the values of the Units, the use of the Property shall be restricted to and shall be in accordance with the following:

a) The Units shall be used for private residences only, except that a Unit Owner may use his Unit for any home occupation use permitted under applicable zoning law and ordinances, building code or other rules and regulations of governmental authorities having jurisdiction. Any Unit may also be used as a professional office by a resident thereof provided such professional use does not violate zoning regulations and provided further that the prior consent of the Board of Managers to such professional use is obtained. Notwithstanding the foregoing, the

Sponsor or Sponsor-Designee shall have the right, without charge, (i) to maintain general and sales offices in one or more Units or elsewhere on the Property, to use one or more Units as models and for other promotional purposes and to erect and maintain signs on the Property; (ii) to have its employees, contractors and sales agents present on the Property; (iii) to do all things necessary or appropriate, including the use of the Common Elements, to sell or lease Units and to complete construction of the Building and to comply with its obligations.

b) The Common Elements shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of Units.

c) No nuisances shall be allowed on the Property nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Property by its residents.

d) No unlawful use shall be made of the Property of any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be eliminated, by and at the sole expense of the Unit Owners, or the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.

e) No portion of a Unit or other Limited Common Elements appurtenant thereto (other than the entire Unit including the Limited Common Elements appurtenant thereto), may be separately rented.

Section 11. Additions, Alterations or Improvements by Unit Owners: No Unit Owner shall make any structural addition, alteration or improvement in or to his Unit, or which affects the exterior of the Building's Units, without prior written consent thereto of the Board of Managers. The Board of Managers shall have the obligation to answer in writing any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's Unit, within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of

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

In the event the Board of Managers grants its consent, either affirmatively or by its inaction, to any structural addition, alteration or improvement to be made by a Unit Owner, the consent shall provide that any such work shall be at the Unit Owner's sole cost and expense, that work shall be done in accordance with all governmental or quasi-governmental laws, rules, regulations, codes and ordinances, that all work shall be done by reputable contractors with adequate liability, property damage and worker's compensation insurances (certificates for which shall be delivered to the Board of Managers prior to the commencement of construction), that any additions, alterations or improvements, shall be maintained in their entirety by said Unit Owner who shall also be responsible for any repairs, including structural repairs, to such area in any event, and to the Unit and any Common Elements where such repairs become necessary due to additional stresses caused by the structural alteration, addition or improvement, or due to improper design or construction of the structural alteration, addition or improvement, and such approval shall further provide that the Unit Owner shall reimburse the Board of Managers any out-of-pocket expenses incurred by the Board of Managers in connection with the granting of such approval and in connection with any services provided to such alteration, addition or improvement; such expenses may include, but shall not be limited to, any fees of an attorney and/or fees of an architect consulted in connection with any request by a Unit Owner for approval of such work.

The provisions of this Section 11 which requires the consent of the Board of Managers in connection with a structural addition, alteration or improvement shall not apply to Units owned by the Sponsor or its designee. All other provisions of this Section 11 shall apply to all Units.

Non-structural alterations and improvements to Units that do not affect the exterior of the Buildings may be made without the prior approval of the Board of Managers.

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Section 12. Use of Common Elements and Facilities: A Unit Owner shall not place or cause to be placed in the lobby, public halls, stairways or other common areas or common facilities, any furniture, packages or objects of any kind. The public halls and stairways shall be used for no purpose other than for normal transit through them. The Sponsor and any Sponsor-Designee shall have the right to use of the Common Elements, without charge, for the purpose set forth in Section II of this Article VI.

Section 13. Right of Access: A Unit Owner shall grant a right of access to his Unit, to the Manager and/or any other person authorized by the Board of Managers, the Manager or the Managing Agent, for the purpose of making inspections or for the purpose of correcting any condition originating in his Unit and threatening another Unit or a Common Element, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in his Unit or elsewhere in the Building in which the Unit is located, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not. In the event of the exercise of the right of access provided in this Section 13, any costs for repairs shall be borne in accordance with the provisions of Section 10 of this Article VI. Each Unit Owner will be required to give a copy of his/her keys to his/her Unit to the President of the Board of Managers who shall designate an authorized person or persons to keep the keys and use them in case of an emergency.

Section 14. Rules of Conduct: Rules and Regulations concerning the use of the Units and the Common Elements may be promulgated and amended by the Board of Managers. A majority vote of Unit Owners at a meeting may overrule the Board. Copies of such rules and regulations shall be furnished by the Board of Managers to each Unit Owner prior to the time when the same shall become effective. Initial rules and regulations, which shall be effective until amended by the Board of Managers are annexed hereto and made a part hereof as Schedule A.

Section 15. Water Charges and Sewer Rents: Water shall be supplied to all of the Units and the Common Elements through one or more building meters or pursuant to a frontage charge and, the Board of Managers shall pay, as a Common Expense except for the Commercial Unit which shall be separately metered and billed, all charges for water consumed on the Property and in the Units, together with all related sewer rents arising therefrom, promptly after the bills for the same shall have been rendered. In the event of a proposed sale of a Unit by the Owner thereof, the Board of Managers, on request of the selling Unit Owner, shall execute and deliver to the purchaser of such Unit or to the purchaser's title insurance company, a letter agreeing to pay all charges for water and sewer rents affecting the Property as of the date of closing of title to such Unit promptly after such charges shall have been billed. The Commercial Unit or Units shall be entitled to a credit against common charges for the portion of such common charges allocable to water/sewer charges for residential Units.

## ARTICLE VII

### Mortgages

Section 1. Notice to Board of Managers: A Unit Owner who mortgages his Unit shall notify the Board of Managers of the name and address of his mortgagee and shall file a confirmed copy of the note and mortgage with the Board of Managers; the Board of Managers shall maintain such information in a book entitled "Mortgages of Units".

Section 2. Notice of Unpaid Common Charges: The Board of Managers, when so requested in writing by a mortgage of a Unit, shall promptly notify any mortgagee of a Unit, of such Unit Owner's default, including non-payment of Common Charges, in the obligations of such Unit Owner under the Declaration, By-Laws, Rules and Regulations, as the same are amended from time to time, or in any order of the Board of Managers issued with respect thereto.

Section 3. Notice of Default: The Board of Managers, when giving notice to a Unit Owner of a default in paying Common Charges or other default, shall send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has heretofore been furnished to the Board of Managers.

Section 4. Examination of Books: Each Unit Owner and each mortgagee of a Unit shall be permitted to examine the books of account of the Condominium at reasonable times, on business days.

## ARTICLE VIII

### Condemnation and Termination

Section 1. Condemnation: In the event of a taking in condemnation or by eminent domain of part or all of the Common Elements, the award made for such taking shall be payable to the Board of Managers, if such award amounts to \$50,000.00 or less, and to the Insurance Trustee if such award amounts to more than \$50,000.00. If seventy-five (75%) percent or more of the Unit Owners duly and promptly approve the repair and restoration of such Common Elements, the Board of Managers or the Insurance Trustee, as the case may be, shall arrange for the repair and restoration of such Common Elements, and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event that seventy-five (75%) percent or more of the Unit Owners do not duly and promptly approve the repair and restoration of such Common Element, the Board of Managers shall disburse the net proceeds of such award in the same manner as they are required to distribute insurance proceeds where there is no repair or restoration of the damage, as provided in Section 3 of Article VI of these By-Laws. As used in this Section, the words "promptly approve" shall mean not more than sixty (60) days from the date of such taking.

Section 2. Termination: The Condominium may be terminated by the casualty loss, condemnation or eminent domain, in accordance with the provisions of the By-Laws, or by withdrawing the Property from the provisions of the New York Condominium Act if authorized by an affirmative vote of Unit Owners who own not less than eighty (80%) percent in number and in Common Interest of the Units. Sponsor or its designees will not vote its interests appurtenant to any Unsold Units for such withdrawal unless at least eighty (80%) percent in number and in Common Interest of all other Unit Owners have elected for such withdrawal, in which event the Sponsor may choose to vote in favor of or against such withdrawal. In the event said withdrawal is authorized as aforesaid, the Property shall be subject to an action for partition by any Unit Owner or lienor as if owned in common, in which event the net proceeds of sale shall be divided among all the Unit Owners in proportion to their respective Common Interests. However, no payment shall be made to a Unit Owner until all liens to which his/her Unit are subject are paid off.

## ARTICLE IX

### Arbitration

Section 1. Procedure: Any matter required or permitted to be determined by arbitration pursuant to the terms of the Condominium Documents shall be submitted for resolution by a single arbitrator in a proceeding held in New York City, New York, in accordance with the then existing rules of the American Arbitration Association or any successor organization thereto. In the event that the American Arbitration Association shall not then be in existence and has no successor organization, any such arbitration shall be held in New York City, New York before one arbitrator appointed, upon the application of any party by the Real Estate Board of New York.

Section 2. Variation by Agreement: The parties to any dispute required or permitted to be resolved by arbitration pursuant to the terms of the Condominium Documents may, by written agreement, vary any of the terms of Section 1 hereof with respect to the arbitration of such dispute or may agree to resolve their dispute in any manner, including, without limitation, the manner set forth in Section 3031 of the New York City Practice Law and Rules and known as "New York Simplified Procedure for Court Determination of Disputes".

Section 3. Binding Effect: The decision in any arbitration conducted pursuant to the terms of Section 1 and 2 hereof shall be binding upon all of the parties thereto and may be entered in any court of appropriate jurisdiction.

Section 4. Cost and Expenses: (a) The fees, costs and expenses of the arbitrator shall be borne by the losing party in the arbitration or, if the position of neither party to the dispute shall be substantially upheld by the arbitrator, such fees, costs and expenses shall be borne equally by the disputants. Each disputant shall also bear the fees and expenses of his counsel and expert witnesses.

All costs and expenses paid or incurred by Condominium board in connection with any arbitration held hereunder, including, without limitation, the fees and expenses of counsel and expert witnesses, shall constitute Common Expenses.

## ARTICLE X

### Conflicts

Section 1. Conflicts: These By-Laws are set forth to comply with the requirements of Article 9-B of the Real Property Law of the State of New York. In case any of these By-Laws conflict with the provisions of said statute or of the Declaration, the provisions of said statute or of the Declaration, as the case may be, shall control.

## ARTICLE XI

### Amendments to the By-Laws

Section 1. Amendment to By-Laws: These By-Laws may be modified or amended by the vote of two-thirds (as that number is defined in these ByLaws) in Common Interests of all Unit Owners at a meeting of Unit Owners duly held for such purpose.

For as long as there are of one or more Unsold Units, these By-Laws, including the Rules and Regulations of the Condominium attached hereto, may not be altered, amended, repealed or added to without the consent of the Holder(s) of Unsold Residential Units and the Sponsor.

## ARTICLE XII

### Records

Section 1. Invalidity: The invalidity of any part of the By-Laws shall not impair or affect in any manner the valid enforceability or effect of the balance of these By-Laws.

Section 2. Captions: The captions herein are inserted only by matter of convenience and or reference, and in no way define, limit, or describe the scope of these By-Laws, or the intent of any provision therein.

Section 3. Gender: The use of the masculine gender in the By-Laws shall be deemed to include the feminine gender and the use of singular shall be deemed to include the plural, whenever the context requires.

Section 4. Waiver: No restriction, condition, obligation or provision contained in these By-Laws, shall be deemed to have abrogated or waived by reason of any failure to enforce the same, respective of the number of violations or breaches thereof which may occur.

Section 5. Insurance Trustee: The Insurance Trustee selected, shall be a bank, trust company or savings and loan association in the State of New York, designated by the Board of Managers (with approval of the holders of five (5) or more Unit first mortgages). In the event the Insurance Trustee shall resign, the new insurance Trustee shall also be a bank, trust company, or savings and loan association in the State of New York, designated by the Board of Managers (with the approval of the holders of five (5) or more Unit first mortgages). The Board of Managers shall pay fees and disbursements of any Insurance Trustee, and such fees or disbursements shall constitute a Common Expense of the Condominium.

**CERTIFICATION OF SPONSOR AND SPONSOR'S PRINCIPALS PURSUANT TO  
SECTION 20.4 OF THE REGULATIONS ISSUED PURSUANT TO GENERAL  
BUSINESS LAW ARTICLE 23-A, AS AMENDED**

**RE: 7902 15TH AVENUE  
BROOKLYN, NEW YORK**

WE, GARG DEVELOPMENT INC., MICHAEL GARGANO and GERARDO GARGANO, being the sponsor and principals of the Sponsor of the Offering Plan to convert the above captioned property to condominium ownership, jointly and severally certify as follows:

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Attorney General in Part 20.4, and such other laws and regulations as may be applicable;

We have read the entire offering plan, and have investigated the facts therein set forth, and the underlying facts. We have exercised due diligence in forming a basis for this certification. We jointly and severally certify that the offering plan does, and that all documents hereafter submitted to amend or supplement the Plan will:

1. Set forth the detailed terms of the transaction and be complete, current, and accurate;
2. Afford potential purchasers, investors, and participants an adequate basis on which to found their judgment;
3. Not omit any material fact;
4. Not contain any untrue statement of a material fact;
5. Not contain any fraud, deception, concealment, suppression, false pretense, or fictitious or pretended purchase or sale;
6. Not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

7. Not contain any representation or statement which is false where we:

- a) knew the truth;
- b) with reasonable effort could have known the truth;
- c) made no reasonable effort to ascertain the truth; or
- d) did not have knowledge concerning the representation or statement made.

This certification is made under the penalty of perjury for the benefit of all persons to whom this offering is made. We understand that violations are subject to the Civil and Criminal penalties of the General Business Law and the Penal Law.

GARG DEVELOPMENT INC.

By:

*x Michael Gargano*  
Michael Gargano

SWORN TO BEFORE ME THIS  
11 DAY OF October, 2000.

*[Signature]*  
NOTARY PUBLIC

JUDITH FISCHER  
NOTARY PUBLIC, State of New York  
No. 01F150550  
Qualified in Kings County  
Commission Expires Jan. 20 2002

*x Michael Gargano*  
MICHAEL GARGANO

SWORN TO BEFORE ME THIS  
11 DAY OF October, 2000.

*[Signature]*  
NOTARY PUBLIC

*x Gerardo Gargano*  
GERARDO GARGANO

SWORN TO BEFORE ME THIS  
11 DAY OF October, 2000

*[Signature]*  
NOTARY PUBLIC

JUDITH FISCHER  
NOTARY PUBLIC, State of New York  
No. 01F150550  
Qualified in Kings County  
Commission Expires Jan. 20 2002

CRT 2

JUDITH FISCHER  
NOTARY PUBLIC, State of New York  
No. 01F150550  
Qualified in Kings County  
Commission Expires Jan. 20 2002



CERTIFICATION BY SPONSOR'S ARCHITECT  
PURSUANT TO PART 20.4 OF THE REGULATIONS  
ISSUED PURSUANT TO GENERAL BUSINESS LAW,  
ARTICLE 23-A, AS AMENDED

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

Re: 7902 15<sup>th</sup> Avenue  
Brooklyn, New York

The Sponsor of the Offering Plan to convert the captioned property to condominium ownership has retained our firm to prepare a report describing the construction and/or renovation of the property (hereinafter "the Report"). I visually inspected existing portions of the renovated property, if any on January 3<sup>rd</sup>, 1999. In addition to preparing the building plans and specifications, dated November 4<sup>th</sup>, 1999, we also prepared the Report dated, August 22<sup>nd</sup>, 2000, a copy of which is intended to be incorporated into the Offering Plan, so that prospective purchasers may rely thereupon. I am a licensed Architect, registered 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 Department of Law in Part 20, insofar as they are applicable to this "Report".

I have read the entire Report and investigated the facts set forth therein and the facts underlying it with due diligence in order to form a basis for this certification. This certification is made for the benefit of all persons to whom this offer is made. I certify that the Report does:

- (i) set forth in narrative form the description and/or physical condition of the entire property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications which I examined.
- (ii) in our professional opinion, afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the description and/or physical condition of the property as it will exist upon completion of construction provided that construction is in accord with the plans and specifications which I examined.
- (iii) not omit any material fact;
- (iv) not contain any untrue statement of a material fact;
- (v) not contain any fraud, deception, concealment, or suppression;

(vi) 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 statement or representation as to the future 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 representation or statements made.

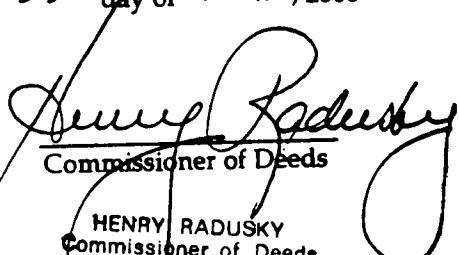
I further certify that I am not owned or controlled by, and have no beneficial interest, in the Sponsors, and that my compensation for preparing the Report is not contingent on the conversion of the property to condominium ownership, or on the profitability or price of the Offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

  
DOUGLAS PULASKI, R.A.  
N.Y.S. LIC. # 016482

BRICOLAGE DESIGNS  
1333 60TH. STREET  
BROOKLYN, N.Y. 11219  
Phone # (718) 435-9000

Sworn to before me this

23<sup>RD</sup> day of AUG. , 2000

  
Commissioner of Deeds

HENRY RADUSKY  
Commissioner of Deeds  
City of New York # 4-4596  
County of Queens  
Commission Expires 3-1-01

CRT 4

**SWIFT & HASS REALTY CORP.**  
**9114 THIRD AVENUE**  
**BROOKLYN, NEW YORK 11209**  
**Tel. (718) 630-5400 Fax (718) 680-1958**

**CERTIFICATION OF SPONSOR'S EXPERT ON ADEQUACY OF BUDGET**  
**PURSUANT TO SECTION 20 OF THE REGULATIONS ISSUED PURSUANT TO**  
**GENERAL BUSINESS LAW, ARTICLE 23-A, AS AMENDED**

**RE: 7902 15TH AVENUE, BROOKLYN, NEW YORK**

The Sponsor of the condominium offering plan for the above captioned property retained me to review SCHEDULE B and SCHEDULE B-1, the projections of income and expenses for the first year of condominium ownership. Our experience in the field includes being a licensed real estate broker for over 20 years; and, the management of approximately 10 buildings; and the sale of numerous condominium and rental properties. We are familiar with prices, practices, and procedures in the area of this condominium.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General, Part 20 thereof, insofar as they are applicable to SCHEDULE B and SCHEDULE B-1. We have reviewed the SCHEDULES and investigated the facts set forth in the SCHEDULES, 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 and SCHEDULE B-1 appear responsible 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 this certification and all documents prepared by us hereafter that concern the SCHEDULES does:

1. Set forth the projected income and expenses for the first year of condominium operation;
2. Afford potential investors, purchasers and participants an adequate basis on which to found their judgment concerning the first year of condominium operation;
3. Not omit any material fact;

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4. Not contain any untrue statements of a material fact;
5. Not contain any fraud, deception, concealments, or suppression;
6. Not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
7. Not contain any statement or representation 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 representations or statements made.

We certify that we are not owned or controlled by the Sponsor, and have no beneficial interest in the Sponsor, and that my compensation for preparing this certification is not contingent on the conversion of this property to a condominium, or on the profitability, or the price of the offering. We understand that a copy of this certification is intended to be included in the offering plan for the benefit of prospective purchasers. This statement is not intended as a guarantee or warranty of the income and expenses of the first year of condominium operation. This certification is made under the penalty of perjury for the benefit of all persons to whom this offering is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

By: Michelle Leupold-Hess  
Licensed Real Estate Broker

SWORN TO BEFORE ME ON THIS

01 DAY OF Sept.

George P. Lynch  
NOTARY PUBLIC

GEORGE P. LYNCH  
Notary Public, State of New York  
01LY5008988  
Qualified in Kings County  
Commission Expires March 8, 2001