

CONDOMINIUM OFFERING PLAN

PERLA'S PUEBLO CONDOMINIUM

LOCATION:

71-75 Avenue D
New York, New York 10009

TOTAL OFFERING \$10,365,680.

(24 Residential Units and 1 Commercial Unit)

NAME AND ADDRESS OF
SPONSOR AND SELLING
AGENT:

FALDAN REALTY CO.
33 FARM LANE
GREAT NECK, NEW YORK 11020

THE APPROXIMATE DATE OF THE FIRST OFFERING TO THE PUBLIC IS February 28, 2001. THE OFFERING PLAN MAY NOT BE USED AFTER February 27, 2002, UNLESS EXTENDED BY AMENDMENT.

SEE PAGE i FOR SPECIAL RISKS TO PURCHASERS.

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 GOVERNMENT AGENCY HAS APPROVED THIS OFFERING.

This Plan Has been Amended

See Inside Cover

TABLE OF CONTENTS

PART I

	<u>PAGE</u>
SPECIAL RISKS	i
INTRODUCTION	1
DEFINITIONS	8
DESCRIPTION OF PROPERTY AND IMPROVEMENTS	10
LOCATION AND AREA INFORMATION	13
Schedule A - OFFERING PRICES AND RELATED INFORMATION	14
Schedule B - PROJECTED BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION	18
Schedule B-1 PROJECTED BUDGET FOR INDIVIDUAL ENERGY COSTS	22
COMPLIANCE WITH REAL PROPERTY LAW SECTION 339(i)	24
COMMERCIAL UNITS	25
CHANGES IN PRICES AND UNITS	26
PROCEDURE TO PURCHASE	28
FINANCING FOR QUALIFIED PURCHASERS	34
ASSIGNMENT OF PURCHASE AGREEMENTS	36
EFFECTIVE DATE OF THIS OFFERING PLAN	37
TERMS OF SALE -CLOSING OF TITLE TO UNITS	39
UNIT CLOSING COSTS AND ADJUSTMENTS	43
RIGHTS AND OBLIGATIONS OF SPONSOR	48
CONTROL BY SPONSOR, BOARD OF MANAGERS	55
RIGHTS AND OBLIGATIONS OF UNIT OWNERS	57
RIGHTS AND OBLIGATIONS OF BOARD OF MANAGERS/SUMMARY OF DECLARATIONS AND BY-LAWS	64

TABLE OF CONTENTS

PART II (Cont'd)

	<u>PAGE</u>
REAL ESTATE TAX EXEMPTION BENEFITS	
Sec. 421-a Real Property Tax Law	69
INCOME TAX - DEDUCTIONS TO UNIT OWNERS AND TAX STATUS OF CONDOMINIUM	71
WORKING CAPITAL FUND AND RESERVE FUND	73
IDENTITY OF PARTIES	74
GENERAL	78
Reports to Unit Owners	79
Documents on file general	79

PART II

PAGE

Description of Property and Specifications including floor plans	(Exhibit A)	80
Purchase Agreement	(Exhibit B)	95
Residential Unit Deed	(Exhibit C)	105
Declaration of Condominium	(Exhibit D)	108
Condominium By-Laws	(Exhibit E)	122
Unit Power of Attorney	(Exhibit F)	146
Attorney's Income Tax Opinion	(Exhibit G)	147
Section 241-A Real Estate Tax Exemption Benefits Opinion	(Exhibit H)	152
Unit Owner's Specimen Title Policy	(Exhibit I)	158
Form w-9 (Request for Taxpayer Identification Number)	(Exhibit J)	165

TABLE OF CONTENTS

PART II (Cont'd)

	<u>PAGE</u>
Application to the Attorney General for a Determination of the Disposition of Down Payments (Exhibit K)	166
Escrow Agreement (Exhibit L)	171
Certification of Sponsor and Principals (Exhibit M)	178
Certification of Engineer (Exhibit N)	180
Certification of Budget Expert (Exhibit O)	182
Certification of Budget Expert Concerning Adequacy of Common Charges Payable by Commercial Unit Owners (Exhibit P)	184
Note - For Sponsor Financing (Exhibit Q)	186
Mortgage - For Sponsor Financing (Exhibit R)	191
Section 339-jj - Real Property Law (Exhibit S)	205

SPECIAL RISKS

1. The purchase of a condominium unit has many significant legal and financial consequences. The Attorney General of the State of New York strongly urges you to read this offering plan carefully and to consult with an attorney before signing an agreement to purchase a condominium unit.

2. At the time a Purchase Agreement is executed, a Purchaser is required to make an initial Deposit in an amount equal to 10% of the purchase price. In the event a Purchaser defaults under his Purchase Agreement, time being of the essence with regard to the obligations of the Purchaser thereunder, and does not cure such default within 30 days after Sponsor gives notice to the Purchaser of such default, Sponsor may, at its option, either (i) cancel such Purchase Agreement and retain, as liquidated damages, the entire Deposit together with interest earned thereon, if any or (ii) bring an action against such Purchaser for specific performance, in which event Purchaser could be compelled to complete the transaction.

If a Purchaser fails for any reason to close title to his Unit on the originally scheduled Closing Date ("Scheduled Closing Date") and Sponsor elects not to cancel the Purchaser's Purchase Agreement as a result of the same, (a) the apportionments to be made at the Closing will be made as of midnight of the day preceding the Scheduled Closing Date, and not as of midnight of the day preceding the actual Closing Date, and (b) the Purchaser will be required to pay to Sponsor an amount equal to 0.03% of the purchase price of his Unit per day commencing with the Scheduled Closing Date through the actual Closing Date. (See the section entitled "Procedure to Purchase" for further discussion.)

The signing of the Purchase Agreement signifies the Purchaser's acceptance of the condition of the Property (as represented by Sponsor in the Plan) including the Building, the Unit and all facilities contained therein. Sponsor has no obligation to make any repairs, improvements or decorations in or to the Property, the Building, the Unit or the facilities, except as may otherwise be set forth in the Plan.

A Purchaser may obtain financing from any lending institution or other source, but the Purchaser's obligation to purchase a Unit pursuant to a Purchase Agreement shall not be contingent on the Purchaser obtaining such financing, so that a

Purchaser will remain obligated under the Purchase Agreement whether or not such Purchaser has been able to obtain financing. Neither Sponsor nor Selling Agent makes any representations as to the terms or availability of an institutional mortgage financing. Prospective Purchasers should be aware that even if a loan commitment is obtained, its terms may be limited, and it could expire before the Closing Date. (See the Section of the Plan entitled "Procedure to Purchase" for more details).

However, Sponsor will offer each qualified Purchaser mortgage financing in an amount up to 80% of the Purchase Price under terms and conditions set forth in the Section entitled "Financing for Qualified Purchasers".

3. The Sponsor may exercise voting control of the board of managers for more than two (2) years after the closing of the first unit or whenever the unsold units constitute less than fifty percent (50%) of the common interest, whichever is sooner. A meeting will be held to elect new board members unrelated to the Sponsor within thirty (30) days of the expiration of the control period. (See the Section of the Plan entitled "Control by Sponsor" for further details).

Sponsor may not exercise veto power over expenses described in Schedule B, or over expenses required:

- (i) to comply with applicable laws or regulations; or
- (ii) to remedy any notice of violation; or
- (iii) to remedy any work order by an insurer.

Sponsor may exercise veto power over expenses other than those described in subsection (2) above, for a period ending not more than five (5) years after the closing of the first unit or whenever the unsold units constitute less than twenty-five per cent (25%) of the Common Interest, whichever is sooner.

4. Sponsor has elected not to provide for a reserve fund to be used for capital replacements or repairs, because the Building, upon completion of the construction to be performed by Sponsor as described herein, will be entirely new construction. The Condominium Board, in its discretion, and subject to certain restrictions contained in the By-Laws, may decide in the future to create a reserve fund by special assessment or by increases in Common Charges.

A Purchaser of a Unit shall be required to make a contribution at the Closing of title to his Unit to the Working Capital Fund of the Building (See Section of the Plan entitled "Working Capital Fund and Apportionments" for further details).

5. Sponsor will apply for partial exemption from real estate taxes attributable to the Residential Units pursuant to Section 421-a of the New York Real Property Tax Law and should obtain a preliminary Certificate of Eligibility. Nevertheless, there can be no assurance that a Certificate of Eligibility will be granted. If for any reason the aforementioned application is not granted, there will be no exemption from real estate taxes on the Residential Units. Such exemption, if granted, will be for a limited period of ten (10) years and will decrease progressively during such period. (See "421-a Real Estate Tax Exemption Benefits Opinion" set forth in Part II of the Plan for further details). Neither Sponsor, Sponsor's counsel, the Managing Agent or any other person makes any warranty that the partial exemption from real estate taxes under Section 421-a will be granted or as to the amount, if any, of the minimum tax that will be assessed against the Units or the amount of real estate taxes payable at any time by any Unit Owner.

6. No representation is made with respect to the continued ownership by Sponsor of all or any portion of the Commercial Units or as to who the tenants of any portion of any of the Commercial Units may be at any time or as to the uses to which any portion of the Commercial Unit may be put at any time except that the Retail Commercial Units may be used for any lawful purpose. The Condominium will contain two (2) Commercial Units. The Commercial Unit on the second floor is being offered for sale. The First Floor Retail Commercial Unit is not being offered for sale and will be retained by Sponsor. It is intended that the Commercial Unit located on the second floor of the building will be used for some medical purpose, as, for example, a physician's office. It is intended that the Retail commercial Unit will be occupied by a supermarket.

7. The Retail Commercial Unit may be subdivided by the Sponsor or any subsequent Retail Commercial Unit Owner into two or more separate commercial condominium units without prior notice and without amendment to the Plan. The Retail Commercial Unit or any separate commercial condominium unit or units created as a result of a subdivision of the Retail Commercial Unit may be offered for sale at any time by a duly filed amendment to the Plan.

8. An Owner of a condominium unit may sell, mortgage or otherwise dispose of his unit without restriction. The Condominium Board will not have and does not retain a right of first refusal to acquire the condominium unit.

CONDOMINIUM OFFERING PLAN

INTRODUCTION

Sponsor and Offer to Sell

Faldan Realty Co. (the "Sponsor"), with this Offering Plan (the "Plan"), offers for sale 24 Residential Units (each a "Residential Unit" and collectively, the "Residential Units") and 1 Commercial Unit (the "Commercial Unit") to be constructed on the property owned by Sponsor located at 71-75 Avenue D, New York, New York. The Condominium will be known as "Perla's Pueblo Condominium" ("Condominium"). The Condominium will also consist of a retail commercial unit ("Retail Commercial Unit") on the first floor, street level, which will not be offered for sale and will be retained by Sponsor. The land, appurtenances and the units of the Condominium are sometimes referred to as the "Property". The Condominium will be governed by its individual Condominium Association, Declaration, By-Laws and Board of Managers.

The Condominium is located at 71-75 Avenue D, in the Borough of Manhattan, City of New York, on the southwest corner of Avenue "D" and East 6th Street. The lot has a frontage of 76 feet on Avenue D and 89 feet on East 6th Street. The Building has approximately 40,702 square feet. Sponsor acquired fee title to the property on or about July 25, 1984.

There will be five (5) basic Residential Unit models as described in the Section entitled "Description of Property" on page 10. In addition, the Commercial Unit located on the second floor will be offered for sale. The Retail Commercial Unit located on the first floor, street level, will not be offered for sale and will be retained by the Sponsor.

This Offering Plan sets forth all the terms of the offer to sell the Condominium Units described herein. The Plan may be amended from time to time by the filing of an amendment with the New York State Department of Law. An amendment so filed will be served on all purchasers and Unit Owners.

The Plan, including all schedules and Part II consisting of the Exhibits constitute the entire offering of the Sponsor.

Copies of the Plan and Exhibits will be available for inspection by prospective purchasers without charge at the building site whenever the on-site office is open and at the office of the Sponsor. The Plan is also available for inspection and copying at the Department of Law, 120 Broadway, New York, New York upon payment of reasonable copying charges.

The Units to be located on the property are under construction and the Sponsor anticipates completion of the building in late 2000. The building will be constructed as per NYC Building Department New Building Application # 102092227. Plans have been approved on 5/12/99 and permit issued.

The sale of the Units will be made exclusively by Sponsor and its agents. The Purchaser may pay all cash or, if he qualifies, pay cash for part and execute a mortgage for the balance of the purchase price from an institutional lender or from Sponsor. Sponsor is offering financing in an amount of up to 80% for qualified Purchasers, as more fully described in the Section entitled "FINANCING FOR QUALIFIED PURCHASERS" on page 34. The prices for the Units, as set forth on Schedule A, are determined by the Sponsor alone and are not subject to review or approval by the Department of Law or any other governmental agency.

Submission of Property to Condominium Statute

A Declaration submitting the property to Article 9-B of the Real Property Law of the State of New York (hereinafter referred to as the "New York Condominium Act") and By-Laws will be substantially similar to those set forth in this Offering Plan and will not be changed so as to adversely affect the Purchaser. THIS OFFERING PLAN AND THE ACCOMPANYING DOCUMENTATION SHOULD BE CAREFULLY STUDIED BY PROSPECTIVE PURCHASERS AND THEIR ATTORNEYS PRIOR TO THE PURCHASE OF A UNIT.

Number and Type of Units Offered for Sale

There are twenty-four (24) Residential Units consisting of five (5) model types in the Property and one (1) Commercial Unit being offered for sale. In addition, there is a first floor Retail Commercial Unit which is not being offered for sale and will be retained by Sponsor. The model types, percentage of common interest of each model, prices for each Unit, number of rooms and the estimated cost of operation are set forth on

Schedule A, page 14. The estimate of annual common expenses based on full occupancy operating budget for the first year of operation is set forth on Schedule B, page 18. THE PRICES HEREIN HAVE BEEN SET BY THE SPONSOR ALONE AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY ANY GOVERNMENTAL AGENCY OR BY THE DEPARTMENT OF LAW.

Features of Condominium Ownership

The ownership of a Unit is similar in many respects to the ownership of a private home in the case of a Residential Unit, and a commercial building in the case of the Commercial Unit. Each Unit Owner owns fee title to his Unit and is entitled to the exclusive possession thereof. Each Unit Owner also owns, in common with the owner of all other Units an undivided interest in (and right to use) the Common Elements. The Common Elements are comprised of: (i) portions of the Property serving and benefitting all Units generally (including the Retail Commercial Unit) including, for example, the Land upon which the Building stands, the roof, exterior walls and foundations and supports of the Building, these Common Elements being more specifically designated as "Common Elements", (ii) portions of the Building serving and benefitting the Residential Units and Commercial Unit, exclusively, including, for example, the first floor lobby, the hallways, corridors, stairwells, and elevators, and meter rooms, these Common Elements being more specifically designated as "Residential and Commercial Unit Common Elements", and (iii) portions of the Building serving and benefitting the Residential Units exclusively, including, for example, the residential storage and tenant's laundry, these Common Elements being more specifically designated as "Residential Common Elements".

A Unit Owner may decorate and construct the interior of his Unit in any way he desires, subject to compliance with the By-Laws, the Rules and Regulations and Law, and will be solely responsible for the cost of maintenance and interior repairs to his Unit after Closing.

Each Unit Owner will have a right, with all other Unit Owners, to the use of all common areas and the obligation with all Unit Owners to repair and maintain such common areas for the mutual benefit of all Unit Owners.

The Unit can be purchased for all cash or may be purchased partly for cash and partly by mortgage. If Purchaser desires but

cannot obtain a mortgage from an institutional lender, then Sponsor is offering financing in an amount up to 80% for qualified Purchasers. See discussion in Section entitled "FINANCING FOR QUALIFIED PURCHASERS" on page 34.

There is no restriction upon ownership of a Unit. Occupancy of a Unit, however, may only be for uses permitted by local zoning law purposes. Units can be sold or leased by a Unit Owner, provided that he is not in arrears on the payment of common charges (except where the payment of such unpaid common charges is paid by the Grantee or provided for from the proceeds of the sale). A Purchaser is free to make a gift of his Unit to anyone during his lifetime or to devise his Unit by will, or to have it pass by intestacy without any restriction. No Unit can be sold without a simultaneous sale of the undivided interest in the common elements.

The Unit Owner may mortgage his Unit at any time after he acquires title to the Unit in whatever amount and under whatever terms he can obtain. Any Unit owner may, however, upon the resale of his Unit, grant a purchase money mortgage to a Purchaser of his Unit. A Unit Owner may mortgage his Unit only if all arrears for common charges, if any, are provided for at the closing of the mortgage.

Each Unit will be taxed separately for real estate tax purposes, and therefore, each Unit Owner is liable for the payment of real estate taxes on his Unit only. A Unit Owner is presently entitled to deductions for income tax purposes for his payments for real estate taxes and interest on the mortgage of his Unit. (See page 72)

EACH UNIT OWNER CAN SELL HIS UNIT TO WHOMEVER HE DESIRES, WITHOUT REGARD TO THE WISHES OF OTHER UNIT OWNERS. NO RIGHT OF FIRST REFUSAL OR SIMILAR PROVISION AS TO PROSPECTIVE PURCHASERS OF UNITS HAS BEEN INCLUDED IN THE DECLARATION OF BY-LAWS OF THE CONDOMINIUM. THE CONDOMINIUM BOARD DOES NOT HAVE NOR HAS IT RETAINED A RIGHT OF FIRST REFUSAL TO A UNIT INTENDED TO BE SOLD BY A UNIT OWNER.

Generally, the cost of operating the Building will be borne entirely by the Unit Owners in proportion to their respective Common Interests. As more particularly set forth in the By-laws, the Board of Managers of the Condominium ("Board of Managers"), which will be elected by the Unit Owners, will determine the

amount of Common Expenses. On a monthly basis or at such other times as the Board of Managers determines, the Board of Managers will assess Unit Owners for Common Charges to meet Common Expenses. Common Expenses shall be allocated among the various Units as follows: 94.28% to the Residential and Commercial Unit and 5.72% to the Retail Commercial Unit. Such charges will be assessed against the Residential Unit Owners and the Commercial Unit Owner, as the case may be, in proportion to their respective Common Interests, in accordance with Section 339-i and 339-m of the Condominium Act. The estimated Common Charges for each Unit for the first year of Condominium operations are set forth in Schedule A on page 14. Assessments against the Retail Commercial Unit will be made on the basis of services rendered to such Unit. At present, it is contemplated that only charges for insurance, management, legal and audit and miscellaneous charges will be levied against the Retail Commercial Unit.

The undivided percentage interest of each Unit in the Common Elements (the "Common Interest" of each Unit) has been determined on the basis of such Unit's floor space, location, uniqueness, overall dimensions and similar factors of relative value to other space in the Condominium pursuant to the terms of the Condominium Act. The Residential and Commercial Common Interest of each Residential Unit and the Commercial Unit has been determined upon the basis of such Unit's floor space, location, uniqueness, overall dimensions and similar factors of relative value to the residential space in the Condominium. The cost of operating the Condominium will be borne entirely by Unit Owners in proportion to their respective Residential Common Interests in the case of the Residential Units and in proportion to its Common Interest in the case of the Commercial Unit. Unit Owners will have no interest in any rents, net profits or reserves derived from the rental or use of any Unit owned by another. The aggregate Common Interest of all Units equal 100%. The aggregate Residential Common Interest of all Residential Units equals 83.79%. The Residential Common Interests are the basis of determining a Residential Unit Owner's liability for his share of Common Charges. The Common Interest of the Commercial Unit is 3.71% and because of the similarity of area and location will be treated together with the Residential units for purposes of allocating liability for a share of Common Charges. The Common Interest allocable to the Retail Commercial Unit is 12.5% but because of its unique location and the fact that it will supply many of its own services, it will be liable only for a proportionate share of insurance, management, legal and audit and miscellaneous charges

payable by the Owner of each Unit during the first year of condominium operation of the Property subsequent to the Closing are set forth in "Schedule A" of the Plan.

After the closing of title to a Unit, a Unit Owner will be solely responsible for maintaining casualty insurance with respect to the fixtures, equipment and personal property situated within his Unit, as well as liability insurance with respect to occurrences in or about the Unit. The Board of Managers will be solely responsible for maintaining casualty and liability insurance with respect to the Common Elements, in accordance with the provisions of the By-laws. See the Section entitled "Rights and Obligations of the Board of Managers" for a more complete discussion of the foregoing.

In addition to the payment of Common Charges, each Unit Owner will be responsible for the payment of real estate taxes which will be separately assessed against his Unit, interest and amortization payments on the mortgage, if any, which such Purchaser may, at his option, obtain.

In addition, each Unit Owner is responsible for certain items including, but not limited to, the cost of electricity and gas (for heat and hot water) consumed within his Unit, the cost of decorating his Unit, and for any interior maintenance and repairs of this Unit.

A Condominium Unit may be owned by an individual, two or more individuals, a corporation, a partnership, an association, a trust or any other entity which is permitted to take title pursuant to New York law. A Unit Owner will have the right to vote annually for the election of members of the Board of Managers, which will supervise the property and manage the affairs of the Condominium. (See By-Laws, Article II and III).

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

PAGE 7 INTENTIONALLY LEFT BLANK

DEFINITIONS

Some important terms used in the Plan, and in the New York Condominium Act, Section 339-e, are defined as follows:

(a) **Condominium** - A building or group of buildings containing apartments or dwelling Units which are individually owned, each owner receiving a deed enabling him to sell, mortgage or engage his Unit independent of the owners of the other Units in the building or buildings.

(b) **Unit Owner** - means the person or persons owning a Unit in fee simple absolute.

(c) **Common Elements** - means and includes the land on which the buildings are located; the foundations, all exterior walls and roofs; central installations for services such as the sewage line, light, power, gas, water and all apparatus and installations existing for common use and all other parts of the property normally in common use (such as walkways, driveways, et cetera).

(d) **Residential Unit** - shall mean any space designated as a Residential Unit in the Declaration together with its Common Interest and Residential Common Interest. All such Residential Units, are collectively referred to as the "Residential Units".

(e) **Commercial Unit** - refers to the Unit located on the 2nd floor of the Building and is shown in Floor Plan, page 94.

(f) **Retail Commercial Unit** - refers to the street level Unit which is not being offered for sale under this Plan.

(g) **Purchase Agreement** - means the agreement to purchase a Unit (Residential or Commercial) the form of which is set forth in Part II of the Plan.

(h) **Common Interest** - means the proportionate undivided interest in fee simple absolute, as expressed in the Declaration.

(i) **Common Charges** - means each Unit's proportionate share of the common expenses in accordance with its common interest.

(j) **Common Expenses** - means and includes the expenses of operation of the property and any other expenses so designated by the New York Condominium Act, the Declaration to be filed or the By-Laws of the Condominium.

(k) **Declaration** - means the instrument by which the property is submitted to the provisions of the New York Condominium Act.

(l) **Board of Managers** - the managing or governing body of the Condominium.

(m) **Closing or Closing Date or Scheduled Closing Date** - shall mean the date upon which Sponsor will convey a Unit and its appurtenant Common Interest to a Purchaser by the delivery of a deed upon payment to Sponsor of the balance of the purchase price for the Unit.

DESCRIPTION OF PROPERTY AND IMPROVEMENTS

Location

The Property is located at 71-75 Avenue D, in the Borough of Manhattan, City of New York. It is located on the southwest corner of Avenue "D" and East 6th Street. The lot has a frontage of 76 feet on Avenue "D" and 89 feet on East 6th Street. The building fronts on a public street having an asphalt surface. The sidewalk will be new concrete and the curb will be new steel. The street is provided with a combined city sewer and has storm water catch basins. Street illumination is provided with a bright light on a pole situated on the same side of the street. Off-site parking for Building occupants is not provided. Electric and gas utilities are provided by the Consolidated Edison Company. Telephone service is provided by the NYNEX, New York Telephone Company.

Units

The Property contains Twenty-four (24) Residential Units, One (1) Commercial Unit to be used for medical purposes only and one (1) Retail Commercial Unit on the street level of the Building. There are Five (5) basic residential unit models. The A, B, C and D Units are two-bedroom apartments and contain one (1) living room, two (2) bedrooms, one (1) kitchenette/dining area, and two (2) bathrooms. The square footage of these Units are approximately 970 (Unit A), 756 (Unit B), 709 (Unit C), and 1185 (Unit D). There is one of each of these Units on each of the 2nd, 3rd, 4th, 5th, and 6th floors of the Building.

The E Unit is a one-bedroom apartment and contains (1) living room, one (1) bedroom, one (1) kitchen, one (1) dining room, one (1) bathroom and one (1) powder room. The total area of this Unit is approximately 975 square feet. There is one Unit E on each of the 3rd, 4th, 5th and 6th floors of the Building.

Commercial Unit

The Commercial Unit is located on the 2nd floor of the Building. Its total area is approximately 960 square feet.

See Floor Plans for Unit A at page 89, Unit B at page 90, Unit C at page 91, Unit D at page 92, and Unit E at page 93. See Floor Plan for the Commercial Unit at page 94.

There will be no front or rear yards in the Building.

A new twelve (12) passenger automatic elevator will be provided. The elevator will be an electrically operated type. The elevator will service the cellar floor, the first floor lobby and floors two through sixth.

A laundry room will be located in the cellar and will contain three (3) washers and three (3) gas dryers.

Mailboxes will be located in the vestibule in the first floor Building entrance. There will be a separate locked mailbox for each Residential Unit and a mailbox for the Commercial Unit. The Retail Commercial Unit located on the first floor will receive its mail directly to its separate entrance.

Zoning

The site is zoned to permit construction of the condominium. The Units and properties will be constructed in accordance with all applicable zoning and building laws, regulations, codes and other government requirements.

It is anticipated that the Units will be completed in late 2000.

Land Under Unit

The land which is located directly beneath the Building will be part of the General Common Elements and will not be owned by any Unit Owner. Such land will, however, be restricted in use to the Unit Owners, including the Retail Commercial Unit.

Easements

Each Unit Owner will have an easement in common with all other Unit Owners for the use, maintenance and repair of pipes, wires, conduits and public utility lines located in the Common Elements or located in other Units and servicing his Unit. Further, each Unit Owner will have an easement for the continuance of any encroachment by his Unit on any adjoining Unit or common element now existing or which may come into existence hereafter as a result of the settling of the Building or repair or alteration of the Units by the Board of Managers, after damage by fire or other casualty or as a result of condemnation or

eminent domain proceedings, or by reason of an alteration made by the Board to the Common Elements so that any such encroachment may remain undisturbed as long as the Building stands. Each Unit will be subject to such encroachments and easements in favor of all other Units. The Board of Managers, its agents and employees, shall have a right of access to the Units and to the Common Elements (irrespective of the restricted nature of such common element) to inspect, maintain or repair the Common Elements or to make repairs to the Unit to prevent damage to the Common Elements or any other Unit. (Declaration, Article Sixth).

Party Wall Agreements

The property is subject to existing Party Wall Agreements as follows:

- a) Party Wall Agreement recorded in Liber 1022 page 178.
- b) Party Wall Agreement recorded in Liber 1024 page 39.
- c) Party Wall Agreement recorded in Liber 2008 page 88.

LOCATION AND AREA INFORMATION

The Property is located in the Borough of Manhattan, also known as New York County in the City and State of New York. It is located in that area of Manhattan known as The East Village.

Primary shopping for the area is located on 1st and 2nd Avenues and on 14th Street. Many restaurants and retail vendors are located along Avenues A, B, C and D. A supermarket will be located on the street level of the building described in this Plan.

Transportation is readily available in the general vicinity of the property. The M-14 bus runs along Avenue D and north and south along 14th Street. The M-21 bus runs across Houston Street and north along Avenue C. The Independent F train has a station stop at Houston Street and 1st Avenue. The L train has a station stop at 14th Street and 1st Avenue.

There are several schools in the immediate area of the property. Elementary schools are P.S.15 at 333 East 4th Street, P.S.64 at 600 East 6th Street, P.S.97 at 525 East Houston Street and P.S.63 at 121 East 3rd Street.

Junior High Schools are JHS 60 at 420 East 12th Street, The Leadership School at 111 Columbia Street, and The Learning Project One Model School at 420 East 12th Street.

High Schools in the vicinity of the property are: East Side Community High School at 420 East 12th Street, High School for Health Professions and Human Services at 345 East 15th Street, Seward Park High School at 350 Grand Street and Washington Irving High School at 40 Irving Place.

Police, fire, water, sanitation, snow removal, etc. are provided by the City of New York. The closest police precinct is the 9th Precinct located at 321 East 5th Street (between 1st and 2nd Avenues).

SCHEDULE A

**OFFERING PRICES AND RELATED INFORMATION-PROJECTED COMMON CHARGES AND REAL ESTATE TAXES
FOR THE FIRST YEAR OF CONDOMINIUM OPERATION JANUARY 1, 2001 - DECEMBER 31, 2001**

Unit No	No. of Rooms & Baths (1)	Approx Total Area (2)	Offering Price (3)	Percent of Common Interest (4)	Maximum Mortgage (80% of Purchase Price) (5)	Maximum Monthly Mortgage Charges (6)	Projected Monthly Common Charges (7)	Projected Monthly Real Estate Taxes Under Section 421a Assuming (8)		Projected Monthly Total Carrying Charges Under Section 421a Assuming (9)	
								Partial Exempt.	No Partial Exemption	Partial Exemption	No Partial Exemption
2A	4-2	970	\$436,500.	3.69	\$349,200.	\$2,685.05	\$214.00	\$31.55	\$347.60	\$2,932.00	\$3,245.65
2B	4-2	756	\$340,200.	2.89	\$272,160.	\$2,092.67	\$167.60	\$24.71	\$272.24	\$2,285.00	2,532.51
2C	4-2	709	\$319,050.	2.71	\$255,240	\$1,962.57	\$157.20	\$23.17	\$255.28	\$2,143.00	\$2,375.05
2D	5-2	1185	\$533,250.	4.51	\$426,600.	\$3,280.18	\$261.60	\$38.56	\$424.84	\$3,580.00	\$3,966.62
3A	4-2	970	\$436,500.	3.69	\$349,200.	\$2,685.05	\$214.00	\$31.55	\$347.60	\$2,932.00	\$3,246.65
3B	4-2	756	\$340,200	2.89	\$272,160.	\$2,092.67	\$167.60	\$24.71	\$272.24	\$2,285.00	\$2,532.51
3C	4-2	709	\$319,050.	2.71	\$255,240	\$1,962.57	\$157.20	\$23.17	\$355.28	\$2,143.00	\$2,375.05
3D	5-2	1185	\$533,250.	4.51	\$426,600.	\$3,280.18	\$261.60	\$38.56	\$424.84	\$3,580.00	\$3,966.62
3E	4-1.5	975	\$438,750.	3.71	\$351,000	\$2,698.89	\$215.20	\$31.72	\$349.48	\$2,946.00	\$3,263.57
4A	4-2	970	\$436,500.	3.69	\$349,200.	\$2,685.05	\$214.00	\$31.55	\$347.60	\$2,932.00	\$3,246.65
4B	4-2	756	\$340,200.	2.89	\$272,160.	\$2,092.67	\$167.60	\$24.71	\$272.24	\$2,285.00	\$2,532.51
4C	4-2	709	\$319,050.	2.71	\$255,240	\$1,962.57	\$157.20	\$23.17	\$255.28	\$2,143.00	\$2,375.05
4D	5-2	1185	\$533,250.	4.51	\$426,600.	\$3,280.18	\$261.60	\$38.56	\$424.84	\$3,580.00	\$3,966.62
4E	4-1.5	975	\$438,750.	3.71	\$351,000	\$2,698.89	\$215.20	\$31.72	\$349.48	\$2,946.00	\$3,263.57
5A	4-2	970	\$436,500.	3.69	\$349,200.	\$2,685.05	\$214.00	\$31.55	\$347.60	\$2,932.00	\$3,246.65
5B	4-2	756	\$340,200.	2.89	\$272,160.	\$2,092.67	\$167.60	\$24.71	272.24	\$2,285.00	\$2,532.51
5C	4-2	709	\$319,050.	2.71	\$255,240	\$1,962.57	\$157.20	\$23.17	\$255.28	\$2,143.00	\$2,375.05
5D	5-2	1185	\$533,250.	4.51	\$426,600.	\$3,280.18	\$261.60	\$38.56	\$424.84	\$3,580.00	\$3,966.62
5E	4-1.5	975	\$438,750.	3.71	\$351,000	\$2,698.89	\$215.20	\$31.72	\$349.48	\$2,946.00	\$2,946.00

SCHEDULE A (CONTINUED)

Unit No	No. of Rooms & Baths (1)	Approx Total Area (2)	Offering Price (3)	Percent of Common Interest (4)	Maximum Mortgage (80% of Purchase Price) (5)	Maximum Monthly Mortgage Charges (6)	Projected Monthly Common Charges (7)	Projected Monthly Real Estate Taxes Under Section 421a Assuming (8)		Projected Monthly Total Carrying Charges Under Section 421a Assuming (9)	
								Partial Exempt.	No Partial Exemption	Partial Exempt.	No Partial Exemption
6A	4-2	970	\$436,500.	3.69	\$349,200.	\$2,685.05	\$214.00	\$31.55	\$347.60	\$2,932.00	\$3,246.65
6B	4-2	756	\$340,200.	2.89	\$272,160.	\$2,092.67	\$167.60	\$24.71	\$272.24	\$2,285.00	\$2,532.51
6C	4-2	709	\$319,050.	2.71	\$255,240	\$1,962.57	\$157.20	\$23.17	\$255.28	\$2,143.00	\$2,375.05
6D	5-2	1185	\$533,250.	4.51	\$426,600.	\$3,280.18	\$261.60	\$38.56	\$424.84	\$3,580.00	\$3,966.62
6E	4-1.5	975	\$438,750.	3.71	\$351,000	\$2,698.89	\$215.20	\$31.72	\$349.48	\$2,946.00	\$3,263.57
Floor 2 Commercial (10)		960	\$465,600.	3.71	-0-		\$215.20	\$35.53	\$349.48	\$ 251.00	\$3 263.57
Street level Retail (11)		5986	-0-	12.5	-0-		\$725.00	\$119.70	\$1,177.49	\$ 845.00	
TOTALS		28,946	10,365,680	100%							

FOOTNOTES TO SCHEDULE A

(1) Prospective Purchasers should refer to the Floor Plans included in Part II of the Plan for an approximation of the dimensions and typical layouts of the Units. Each Unit should be inspected to determine its actual dimensions, layout and physical condition prior to Closing.

(2) The square foot area and dimensions of the Units listed in Schedule A or in the Declaration are approximate and may vary and were obtained by using the method customarily used in New York City to measure condominium apartments.

(3) Sales prices will not be increased or decreased except by a duly filed amendment to the Offering Plan. The right of Sponsor to change purchase prices is more particularly discussed in the Section entitled "Changes in Prices and Units" In addition to the payment of the purchase price, each Purchaser will be responsible for the payment of certain closing costs and expenses at the time of Closing, as explained in the Section entitled "Closing Costs and Adjustments." If Purchaser obtains a mortgage loan from Sponsor or elsewhere, Purchaser will be responsible for the payment of additional closing costs and expenses related to such loan, as explained in the Section entitled "Unit Closing Costs and Adjustments". There will be an apportionment of certain charges relating to the Unit at the time of Closing. THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENT AGENCY.

(4) The percentage interest of each Unit in the Common Elements, in accordance with the provisions of Section 339-i 1 (ii) of the Condominium Act, is based upon the approximate proportion that the floor area of the Unit at the date of the Declaration bears to the then aggregate floor area of all the Units, but such proportion reflects the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements.

(5) In the event a Purchaser desires financing from Sponsor, Sponsor will offer financing to qualified Purchasers in an amount of up to 80% of the offering price of the Unit, as more particularly discussed in the Section entitled "Financing For Qualified Purchasers".

(6) The mortgage to be offered by Sponsor to qualified Purchasers will be based on a 30 year payment schedule but will only have a five year term with a balloon payment due at the expiration of the five year term. The mortgage rate for the term

of the loan will be fixed at one point below the Prime Rate at the time of the signing of a Purchase Agreement. Currently, the mortgage rate is 8.5%. It is anticipated that a Purchaser, during the five year term of the loan, will make arrangements for a long term institutional financing.

(7) The estimated monthly Common Charges for each Unit are based on Schedule B - "Projected Budget for First Year of Condominium Operation" prepared by Sponsor for Condominium operation for the year from January 1, 2001 through December 31, 2001. The actual first year of Condominium operation may be earlier or later than such year. In addition to these estimated payments, each Unit Owner will be responsible for real estate taxes on his Unit, mortgage payments under a loan, if any, obtained to finance the purchase of his Unit, the cost of electricity supplied to his Unit which will be separately metered and paid directly to the utility company, the cost of any liability and personal property insurance which he may wish to obtain for his Unit (and which Sponsor strongly urges each Unit Owner to obtain) and the cost of interior repairs and decorations to his Unit. See the Section entitled "Schedule B-1 - Projected Budget for Individual Energy Costs" concerning estimates of certain electric costs for the Units.

(8) The aggregate real estate taxes for the first year of Condominium operation are expected to be approximately \$10,464.71 (assuming an exemption under section 421-a of the New York Real Property Tax Law), as more particularly discussed in the letter from New York Advisory Services, Inc., dated October 17, 2000 set forth as Exhibit H in Part II of this Plan. The aggregate real estate taxes for the first year of Condominium operation is expected to be approximately \$113,095.72 (assuming no exemption under section 421-a of the New York Real Property Tax Law).

(9) The amount per Unit listed in this column equals the total of the amounts per Unit in columns (6), (7), and (8). Reference should be made to Note (7) of these Notes for certain other "home ownership" costs that may be incurred by Unit Owners.

(10) The Commercial Unit on Floor 2 will be offered at \$465,600.00. Sponsor offers no financing for this Unit. A Purchaser will have to secure its own financing.

(11) Retail area at ground level will not be offered for sale and will be retained by Sponsor.

(12) The basement of the Building will have an area of 6,586 square feet and will be allocated among the Residential and

Commercial Units. The area will be devoted to laundry facilities, meter room and storage for the residential areas and for storage for the Retail Commercial Unit. The Residential Units and second floor Commercial Unit will occupy or have the use of not less than 2500 square feet.

SCHEDULE B

PROJECTED BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION

Beginning January 1, 2001

Income

Common Charges (1)	Residential	\$ 69,593.50
	Retail Commercial Unit	<u>4,215.00</u>
	Total	\$ 73,631.00

Expenses

<u>Item</u>		<u>Residential & Commercial Units</u>	<u>Retail Commercial Unit</u>	<u>Total</u>
Labor	(2)	\$ 3,600.00	-0-	\$3,600.00
Fuel	(3)	13,860.00	-0-	13,860.00
Utilities	(4)	12,738.00	-0-	12,738.00
Water & Sewer	(5)	6,715.00	-0-	6,715.00
Repair & Maint.	(6)	5,000.00	-0-	5,000.00
Service Contracts	(7)	4,800.00	-0-	4,800.00
Insurance	(8)	10,173.00	\$ 1,795.00	11,968.00
Management	(9)	6,120.00	1,080.00	7,200.00
Audit & Legal	(10)	2,337.50	412.50	2,750.00
Other	(11)	<u>4,250.00</u>	<u>750.00</u>	<u>5,000.00</u>
Totals		\$ 69,593.50	\$ 4,215.00	\$ 73,631.00

FOOTNOTES TO SCHEDULE B

(1) The annual Common Charges are an estimate of the total amount of common charges, based upon full occupancy, which all of the Unit Owners will have to pay during the first year of operation. The estimates are based upon the information presently available, but because of uncontrollable variables, these estimates cannot be construed as an assurance and they might turn out to be either too high or too low.

The Common Charges have been allocated 94.5% to the Residential Units and the Commercial Unit, and 5.5% to the Retail Commercial Unit based on the cost of shared services.

(2) The Condominium will employ a part-time Superintendent at a cost of \$250.00 per month plus payroll taxes of \$50.00 per month. It is anticipated that the Superintendent will work 35 hours per month. This complies with all applicable housing and labor laws. The Superintendent will not be a union member. The wages paid to the Superintendent will meet state minimum wage laws.

The entire Labor Expense will be allocated to the Residential and Commercial Units as the services of the superintendent will only be provided to the Residential Unit Owners and the Commercial Unit Owner. The Retail Commercial Unit on the first floor, street level, will be maintained by the occupant thereof and will not utilize the services of the superintendent.

(3) The Fuel Cost is an estimate of the cost of gas heat to the Residential Units and the Commercial Unit, as well as to the Residential and Commercial Common Elements for the first year of operation. This estimate is based on a letter from Rand Engineering, P.C., 159 West 25th Street, New York, New York 10001 ("Rand"), dated August 10, 2000. This estimate is based on a base cost of \$.90/Therm and a base cost plus 10% of \$.99/Therm at an estimated used of 14,000 Therms.

Heating for each Unit and the Commercial Unit will be provided by a central gas fired boiler located in the cellar. The boiler will supply hot water to Volcan baseboard units in each room in the Unit, as will to the baseboard heaters in the Commercial Unit. The Retail Commercial Unit will provide its own heat. Air conditioner units will not be provided to each room in the Units. Air conditioner sleeves will have through wall grills. Electricity for cooling to be provided by tenant.

Gas service for cooking to all the apartments will be monitored by a single meter and distributed with all connections to each apartment. Each apartment will have a 4 burner gas range. Gas will be supplied from the main in the street by Con Edison. All gas piping will be schedule 40 black iron.

(4) The Utilities Cost is an estimate of the cost of electricity for the public halls, the elevator, the exterior, the heat pumps and cooking gas for the Residential Units and the Commercial Unit and for the washers and dryers in the laundry facility for the first year of operation. This estimate is based on a letter from Rand dated August 10, 2000, and is based on a base cost of \$.90/Therm and a base cost plus 10% of \$.99/Therm at an estimated use of 2,200 Therms.

The Retail Commercial Unit will provide its own electricity and gas, if desired.

Each Residential and Commercial Unit will be separately metered and will be responsible for its own electricity. See Schedule B-1 (page 22) for an estimate of annual Utility Operating Costs. This estimate is based on a letter from Rand dated August 17, 2000.

(5) The Water and Sewer Charges are based on an estimated use of 180,000 cf for the first year of operation (which includes meter

reading costs) at a base cost of \$3.39/100 cf, as provided by Rand in a letter dated August 10, 2000.

The Retail Commercial Unit will have a separate water meter and pay for its usage.

(6) The Repairs and Maintenance Expense includes repairs to public areas only, supplies, window and apartment door repairs, and to that equipment not covered under "service contracts".

The Retail Commercial Unit will maintain its space.

(7) The Service Contracts include the following: (a) Metro Pest Control for exterminating at a cost of \$60.00 per month as per the proposal; (b) elevator monthly service estimated at a cost of \$300.00 per month, as per Slade Industries, Inc. proposal; and (c) a boiler service contract at a cost of \$600.00 per annum, as per proposal from Calray Gas Heat Corp.

The Retail Commercial Unit will not utilize these service contracts.

(8) The Insurance Cost was supplied by Kaye Insurance Group, pursuant to letter dated October 25, 2000 and includes the following:

Physical Damage: Replacement cost (with limit of
\$7,000,000.00 as the agreed building
value)

Liability Damage:

General Aggregate Limit	\$2,000,000. per location
Personal and Advertising	
Injury Limit	\$1,000,000.
Each Occurrence Limit	\$1,000,000. per location
Production - Competed	
Operations Agg.	\$1,000,000.
Fire Damage Legal Liability	\$ 100,000. any one fire
Employee Benefits Liability	\$1,000,000.
Deductible	\$ 1,000. per claim

The Insurance Cost was allocated 85% to the Residential and Commercial Units and 15% to the Retail Commercial Unit based on floor area.

The Sponsor believes that the foregoing insurance coverage and the projected cost will be sufficient to cover the first full year of operation of the Condominium.

The Sponsor believes that the cost of replacement of the structures (excluding foundations) in the event of total

destruction will be less than the amount of insurance provided. Accordingly, the Condominium will not be a co-insurer in the event of such casualty. All policies of physical damage insurance will contain waivers of subrogation, waivers of any reduction of pro rata liability of the insurer as a result of any insurance carried by Unit Owners, and waivers of invalidity because of acts of the Unit Owners.

No mortgage lender has imposed any conditions at this time on the amount of insurance required by it. It is believed that if such condition is later imposed, it will not require insurance coverage in excess of that provided for in this schedule.

The insurance will provide that each Unit Owner will be an insured party. There will be no cancellation without notice to the Board of Managers.

The insurance provided does not include the following insurance which may be available at extra cost - rent insurance, water damage, excess liability and fidelity bond.

Each Unit Owner is urged to consider purchasing insurance coverage (at cost to the Unit Owner) for fire and casualty losses to Unit contents, replacements, additions, upgraded fixtures and improvements, and Unit Owners' liability coverage for occurrences with the Unit.

(9) The Management Fee is based on a management agreement with General Property Management Associates, Inc., 250 W. 57th Street, New York, New York 10107-2332 at an annual cost of \$7,200.00 for the first year of operation. This expense has been allocated 85% to the Residential and Commercial Units and 15% to the Retail Commercial Unit, based on floor area. The Management Company is not affiliated with Sponsor.

(10) The audit and legal expense is based on an accounting proposal from Mel Savitz, CPA, at a cost of \$1,750.00 per annum to file annual statements and Association tax returns. An allowance for legal fees in an amount of \$1,000.00 per annum has been provided for and attorneys will be retained on an "as needed" basis. This expense has been allocated 85% to the Residential and Commercial Units and 15% to the Retail Commercial Unit, based on floor area.

(11) The "Other" Expense includes permits and fees, fines, reimbursables to the managing agent, compliance costs, annual inspections, and other items that are not ascertainable at this time. This expense has been allocated 85% to the Residential and Commercial Units and 15% to the Retail Commercial Unit, based on floor area.

SCHEDULE B-1

PROJECTED BUDGET FOR INDIVIDUAL ENERGY COSTS

All Models will have utility costs estimated by Rand Engineering, P.C. ("Rand"), 159 West 25th Street, 12th floor, New York, New York 10001, as follows:

<u>Apartment Line</u>	<u>Lighting KWHR</u>	<u>Appliances KWHR</u>	<u>Air Conditioning KWHR</u>	<u>Total Annual KWHR</u>	<u>Total Annual Cost Electricity Per Unit</u>
A	1,678	821	4,088	6,588	\$1,594.
B	1,108	821	4,088.	6,017	\$1,456.
C	1,080	821	4,088	5,990	\$1,449.
D	1,410	821	4,088	6,320	\$1,529.
E	1,402	548	2,993	4,942	\$1,196.

Anthony C. Szabo, P.E., Chief Engineer of Rand has advised that the aforesaid estimated annual Kilowatt-Hours (KWHR) consumed for lighting, appliances, and air condition, and the annual cost of electricity per unit is based on the Con Edison rate of \$0.22 per KWHR, plus a 10% increase to a final cost of \$0.242 per KWHR. The costs are estimated for full year usage.

In view of the fact that these averages may include the use of energy by persons of varying need, with different standards of comfort, or with families of different sizes, the amount of energy used by the Purchaser may vary substantially from the average estimates herein provided. In addition, the effect of inflation, fuel shortages and other factors may raise the cost of electricity substantially higher than the current or projected rate.

Although the Sponsor is under obligation to provide accurate information to prospective purchasers, factors beyond its control may substantially effect the cost of heating and cooling after the purchase of a Unit in subsequent years. Sponsor represents however that it has followed the plans and specifications provided by the manufacturer of the heating, hot water and air conditioning units together with the recommendation of the utility company and other experts to enable these items of equipment to operate at optimum efficiency at the lowest cost. Further, that it has not been induced to select the heating

system described herein on the basis of any financial inducement other than the cooperative advertising and price of the system made to it by the manufacturer or distributor of the system or by

the supplier of energy to be used in connection therewith or by any of their agents or employees.

BROADWAY WEST ENTERPRISES, LTD.

**REAL ESTATE
234 WEST 56TH STREET
NEW YORK, NY 10019
TEL: (212) 541-6050 FAX: (212) 541-7613**

COMPLIANCE WITH REAL PROPERTY LAW SECTION 339(i)

**Faldan Realty Co.
33 Farm Lane
Great Neck, NY 11020**

October 23, 2000

**Re: 71-75 Avenue D,
New York, New York 10009**

Gentlemen:

This firm is a licensed real estate that has been in business for over nineteen years. We are familiar with the sale of cooperatives and condominiums as well as the management of these buildings.

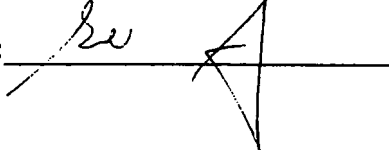
We are neither the Selling Agent nor the Managing Agent for the captioned property. We have no financial or other beneficial interest in the Sponsor, nor will we participate in the profits derived from this condominium conversion.

The percentage of each unit's common interest was calculated pursuant to Real Property Law 339-I-(2)(iv) and is based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the unit, the availability of common elements for exclusive or shared use, and the overall dimensions of the particular unit.

You have advised us of your intention to incorporate this letter in the Plan and we hereby consent to such inclusion.

Very truly yours

Broadway West Enterprises, Ltd.

By: 

COMMERCIAL UNITS

There will be two Commercial Units located in the Building. The Retail Commercial Unit located on the first floor, street level, is not being offered for sale. The Commercial Unit located on the second floor is the equivalent of a "Unit E" located on floor 3 through 6, but will be rented for a commercial use permitted by Zoning laws of New York City. It is anticipated that the rental of the Unit will be by some medical professional person.

The Commercial Unit Owner will not be permitted the right to subdivide the Commercial Unit.

It is believed that the Common Charges payable by the Commercial Unit Owner and the Retail Commercial Unit Owner will be sufficient to cover the expenses fairly attributable to such Unit. See the Section entitled "Features of Condominium Ownership" for a discussion of the allocation of expenses to the Commercial Units.

The Commercial Unit Owner will have no rights or obligations which differ from those of Residential Unit Owners.

CHANGES IN PRICES AND UNITS

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 changes will be made in the size or number of Units, their respective percentage of common interest or in the amount or quality of Common Elements except by amendment to the Plan and to the Declaration. Such amendment to the Declaration must be made with the consent of all Unit Owners directly affected if the Declaration was filed prior to such change.

Where a Purchase Agreement has been executed for a Unit, and the Purchaser is not in default, no change will be made without the consent of such Purchaser, in writing, to the size, layout, percentage of common interest or the amount or quality of the Common Elements directly affecting or servicing the Unit.

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

Sponsor reserves the right to negotiate with each Purchaser the following terms and conditions of the Purchase Price: the amount of the Deposit; financing and other contingencies; the availability of financing; the payment of Purchaser's financing fees and other closing costs; the availability of Common Charge rebates, Purchase Price rebates and subsidies payable as a credit against the Purchase Price on a periodic basis; extensions of time periods within which to perform obligations under the Purchase Agreement; the availability of Use and Occupancy Agreements and the amount of interim rent thereunder; and the application of interim rent towards the Purchase Price.

Sponsor reserves the right from time to time to add and/or delete negotiable terms from the list set forth above for all or some Purchasers by duly filed amendment to the Plan. No Purchaser will benefit from any terms and conditions negotiated with any other Purchaser, and a Purchaser's failure to so benefit will not give rise to any right of rescission under a Purchase Agreement.

PROCEDURE TO PURCHASE

A Purchaser is required to execute a Purchase Agreement. A form of Purchase Agreement is set forth in Part II of this Plan. The agreement in triplicate should be delivered to Sponsor who will have an office in the building, together with a check equal to 10% of the Purchase Price of the desired Unit as set forth in Schedule A, page 14. Checks should be drawn to the order of Ross & Ross, LLP, 71-75 Avenue D Escrow Account.

The Sponsor will deliver all checks received by it to Ross & Ross, LLP for deposit into an escrow account at Fleet Bank, Central Avenue, Lawrence, New York 11559, entitled Ross & Ross, LLP, 71-75 Ave D Escrow Account. Disbursement from that account will be made only by MARVIN ROSS or SETH ROSS of Ross & Ross, LLP on the date of closing. The bank is covered by Federal Bank Deposit Insurance to a maximum of One Hundred Thousand (\$100,000.00) Dollars per individual deposit.

Sponsor shall comply with the escrow and trust fund requirements of GBL, Sections 352(e) (2-b) and 352-h and the Regulations of the Attorney General issued pursuant to such Sections.

All interest earned on said escrow account will be credited to a Purchaser at closing, unless Purchaser defaults. Interest credited will be the prevailing rate of such escrow accounts. The current interest rate is approximately 3%. Interest will accrue as of the date of deposit which will be not later than 5 days from delivery of Purchaser's check to Sponsor. No fees will be deducted from the account principal or any interest earned thereon.

The Escrow Agent is the firm of Ross & Ross, LLP, attorneys with offices at 290 Central Avenue, Lawrence, New York 11559. Their telephone number is (516)239-3900.

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 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. 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 Generals's regulations.

Since all contracts are contingent upon the Plan's becoming effective, under no circumstances shall the 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 otherwise directed by:

- (i) a writing signed by both the Sponsor and Purchaser;
- (ii) a determination of the Attorney General pursuant to the disputed 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 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 recission 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.

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

Included in Part II of this Plan is a copy of the Escrow Agreement which incorporates the terms of the Attorney General's regulations. The Escrow Agent will maintain all records concerning the escrow account for seven (7) years after the release of funds.

Any provision of any contract or agreement by which a Purchaser purports to waive or indemnify any obligation of the Escrow Agent holding trust funds is void. The provisions of the Attorney General's regulations shall prevail over any conflicting or inconsistent provision in this Plan or in a Purchase Agreement.

Attorney General Regulations require that this Plan must comply with Lien Law Section 71-a(3). That section requires that Sponsor will cause all deposits received by it directly or by its agents or employees to be promptly deposited and held in accordance with the procedures set forth in this Section of the Plan.

After the Plan has been declared effective, Sponsor will fix dates for closing of title to Units for which Purchase Agreements have been executed. Sponsor will serve notice on each Purchaser stating the date of the first closing and setting each Purchaser's closing and place of closing date. Such notice shall be served no less than 30 days before the date set for closing of a Unit. Purchasers shall have the right to inspect their Units and the Building's Common Areas at least 5 days prior to closing.

The notice to be served on a Purchaser setting a closing date may be served by personal delivery or by mailing by regular mail or registered or certified mail with or without return receipt requested, addressed to Purchaser at Purchaser's address

as set forth in the Purchase Agreement. Service by mail shall be presumed complete on the fifth day after mailing.

Sponsor expects the first closing of a Unit to occur on or about June 1, 2001. In the event such date is delayed twelve (12) months or more, Purchaser's may rescind their Purchase Agreement.

A Prospective Purchaser may obtain the Plan upon payment of a \$100 deposit, which amount will be fully refunded upon either (i) the prompt return of the Plan in good condition, or (ii) the execution by the Prospective Purchaser of a Purchase Agreement subsequently accepted by Sponsor.

A Purchaser will be afforded seven (7) business days after delivering an executed Purchase Agreement together with the required deposit to rescind the Purchase Agreement and to have the full deposit refunded promptly. A Purchaser must either personally deliver a written notice of rescission to the Sponsor within the seven (7) day period.

After a Purchaser executes a Purchase Agreement and tenders the Down Payment thereunder, the Sponsor, within twenty (20) days thereafter, must either accept the executed Purchase Agreement and return a duly executed counterpart to the Purchaser, or reject the Purchase Agreement. In the event the Sponsor rejects the Purchase Agreement, the Sponsor shall be required to return the full contract deposit previously tendered. The failure of the Sponsor to execute a Purchase Agreement which has been duly delivered with twenty (20) days of receipt thereof shall be deemed a rejection of the Purchase Agreement. The Down Payment will be returned within ten (10) days after such rejection.

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

TIME IS OF THE ESSENCE AS TO PURCHASER'S OBLIGATIONS PURSUANT TO THE PURCHASE AGREEMENT, INCLUDING, WITHOUT LIMITATION, FOR THE PAYMENT OF ALL DEPOSITS AND THE BALANCE OF THE PURCHASE PRICE. FUNDS DRAWN ON FOREIGN BANKS WILL NOT BE ACCEPTED IN PAYMENT OF THE PURCHASE PRICE.

In the event of any default by Purchaser under his Purchase Agreement, and if Purchaser does not cure such default within 30 days after Sponsor give notice to Purchaser of default, Sponsor may, at its option, either (a) cancel the Purchase Agreement and retain the Deposit together with any interest earned thereon, as liquidated damages, in which event all rights, obligations and liabilities of Sponsor and Purchaser shall wholly cease and terminate or (b) bring an action against Purchaser for specific performance. Purchaser will receive at least 30 days prior notice of the Closing Date and in the event Purchaser fails to close on the Closing Date, then Purchaser will have a 30 day period after notice within which to cure such default, time being of the essence, following which Sponsor shall have the remedies set forth above.

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

Sponsor is obligated to provide only the equipment, fixtures and furnishing set forth in the "Description of Property and Building Condition: set forth in Part II of the Plan. If a person desiring to purchase a Unit requests that Sponsor perform special or additional work on such Unit or provide extra furnishings, including, but not limited to, any deviation from the material or specifications described in the Description of Property and Building Condition set forth in Part II of the Plan, and Sponsor agrees to perform such work and/or provide such furnishing, then Sponsor may require such person to deposit an amount greater than the Deposit required under the Purchase Agreement.

SPONSOR SHALL IN NO WAY BE OBLIGATED TO PERFORM ANY SPECIAL OR ADDITIONAL WORK TO A UNIT OTHER THAN AS REQUIRED BY THE TERMS OF THE PLAN AND THE DESCRIPTION OF PROPERTY AND BUILDING CONDITION SET FORTH IN PART II OF THE PLAN.

Each Purchaser of a Unit shall be given a reasonable opportunity to examine his Unit prior to the Closing of Title and is urged to make a careful inspection thereof. At the Closing, each Purchaser shall be required to sign and deliver to Sponsor an Inspection Statement in substantially the form set forth in Part II of the Plan wherein the Purchaser acknowledges the condition in which he has received his Unit. Under no circumstances shall any item included on an Inspection Statement constitute grounds for a Purchaser to postpone or otherwise delay the date scheduled for the Closing of Title to his Unit.

Risk of loss to the property by fire or other casualty shall remain with Sponsor until legal title has passed to Purchaser of the Unit.

Any conflict between the Plan and the Purchase Agreement will be resolved according to the terms of the Plan.

FINANCING ARRANGEMENTS FOR QUALIFIED PURCHASERS

Commercial and savings banks, as well as savings and loan associates, are permitted to make loans up to ninety-five (95%) percent of the cash purchase price to help Purchasers finance the purchase of their Units. Most of these institutions are willing to make self-liquidating loans at interest rates which will vary from time to time, for a period of up to thirty (30) years. Each institution has its own lending policies and credit requirements.

Interest payable for institutional financing is tax deductible and is in addition to the estimated income tax deduction set forth on Schedule A.

Each Purchaser has the right to secure financing of the purchase price from any source of his own choosing. Persons interested in making financial arrangements with any commercial bank, savings bank or savings and loan association should communicate with the lenders of their preference who will assist them in processing their loan.

PURCHASER'S OBLIGATION TO PURCHASE A UNIT PURSUANT TO THE PURCHASE AGREEMENT IS NOT CONTINGENT ON PURCHASER'S OBTAINING FINANCING FOR SUCH PURCHASE.

Notwithstanding the foregoing, Sponsor has agreed to offer to qualified purchasers Unit mortgages in a sum not to exceed 80% of the Unit Purchase Price, for a term of five (5) years, at an interest rate which will be one (1) percentage point less than the prevailing prime rate at the date of execution of the Purchase Agreement. The prime rate is currently 8.5%.

Payments on the mortgage must be made monthly on the first day of each month, and will be applied first to the payment of interest and the balance to the reduction of the principal balance. Payments will be calculated on the basis of a twenty-five (25) year mortgage term.

A mortgagor will have the right to prepay the mortgage in whole or in part at any time, without penalty and without any advance notice to the holder of the mortgage that a prepayment is being made. If a partial prepayment is made, there will be no change in the due date or in the amount of the required monthly payment.

A borrower will be required to maintain hazard insurance to cover improvements that will be located in the Unit. The insurance must include a standard mortgage clause for the benefit of the mortgagee. The amount of the insurance must be equal to or greater than the amount of the mortgage.

The mortgage will not require any escrow or reserve deposits. A Unit Owner will be obligated to pay his/her taxes, water and sewer charges, if any, directly to the taxing authority.

The term of the commitment for a mortgage to be held by the Sponsor will be for the term of the Purchase Agreement and will terminate on closing of title to the Unit.

In the event a monthly mortgage payment is not received by the mortgagee by the end of 15 days following the date on which the payment is due, the mortgagee will charge a late fee of 2% of the amount of the payment. Only one such charge may be made on a late payment.

In the event a Unit Purchaser closes title to the Unit and requests Sponsor financing, the charge to the Purchaser will be a fee payable to Sponsor's attorney for services rendered in the preparation of the mortgage documents and closing of the mortgage loan. Such fee will be the sum of \$350.00 payable at closing of title to the Unit. There will be no processing fee, application fee or appraisal fee. The Unit Purchaser will, however, pay for recording of the mortgage, representing a basic charge of \$77.00 plus \$5.00 for each page after the first nine pages. The Purchaser will also be required to pay the simultaneous mortgage insurance fee to the closing title company in an amount calculated as set forth in Unit Closing Costs and Adjustments. (page 43).

The mortgage will not contain any restrictions on a Unit Owner to alter, improve, sell, lease, purchase, own, occupy, finance or otherwise acquire, use or dispose of a Unit. The mortgage will contain a provision that if the mortgagor fails to keep any promise or agreement in the instrument, including failure to make the mortgage payments when due, the holder of the mortgage will have the right to declare the mortgagor in default and to require payment of the entire balance due under the mortgage. In order to take such action, the holder of the

mortgage must give notice of default and the right to correct the default within ten (10) days of the date of the notice.

Purchasers who seek such Sponsor financing must submit a mortgage application in the form set forth in Part II of the Plan together with any further information and documentation which Sponsor may reasonably request. Sponsor will have a period of fifteen (15) days from the date of submission of the mortgage application and additional documentation as may be requested to issue its commitment for a requested mortgage loan.

In the event Sponsor agrees to a Purchaser's request for mortgage financing under the conditions set forth herein, Sponsor shall notify Purchaser of its determination by notice in writing.

In the event Sponsor rejects Purchaser's application, for any lawful reason in its sole and exclusive discretion, any deposit paid pursuant to the Purchase Agreement shall be refunded in full to Purchaser and upon such refund the Purchase Agreement shall be deemed cancelled and void.

NO REPRESENTATION OR WARRANTY IS MADE THAT SPONSOR FINANCING WILL BE AVAILABLE TO A PURCHASER EXCEPT UNDER THE TERMS AND CONDITIONS SET FORTH.

ASSIGNMENT OF PURCHASE AGREEMENTS

A Purchaser does not have the right to assign the Purchase Agreement without the prior written consent of Sponsor, which consent may be unreasonably withheld or delayed. Any purported assignment by a Purchaser in violation of the Purchase Agreement will be voidable at the option of Sponsor. Sponsor's refusal to consent to an assignment will not entitle a Purchaser to cancel the Purchase Agreement or give rise to any claim for damages against Sponsor. Under no circumstances will Sponsor consent to an assignment of the Purchase Agreement in which the Purchaser will receive consideration. If Sponsor, in its sole discretion consents to a Purchaser's request for an assignment of the Purchase Agreement, the assignee of the Purchase Agreement shall be required to close title to the Unit on the originally scheduled Closing Date set forth in the Purchase Agreement.

EFFECTIVE DATE

The Sponsor's offer to sell is contingent upon the Plan being declared effective and in compliance with all relevant conditions and time periods.

The Plan may be declared effective by

(a) an amendment to the Plan, or

(b) personal service of a notice on each Purchaser, or

(c) by commencement of service by mail stating that the Plan is declared effective and submitting an amendment to the Department of Law within five (5) days confirming that the Plan was declared effective on a specified date. The closing of the first unit will not occur until the Plan is declared effective and the effectiveness amendment is accepted for filing by the Department of Law. Service by mail is presumed complete on the fifth day after mailing. Completion of service is the latest date on which service on all offerees is deemed complete.

Sponsor will conform to the requirement of the applicable regulations with regard to post-closing amendments.

The Plan will not be declared effective based on Purchase Agreements:

(1) signed by Purchasers who have been granted a right of rescission that has not yet expired or been waived. A Purchaser is afforded a right of rescission for a period of seven (7) days after delivery of an executed Purchase Agreement, as more fully described on page 31 of the Plan;

(2) or with a Purchaser who is the Sponsor, selling agent, or managing agent, or is a principal of Sponsor, selling agent or managing agent or related to Sponsor, selling agent or managing agent by blood, marriage or adoption or as a business associate, employee, shareholder or a limited partner; except that such Purchaser (other than Sponsor or a principal of Sponsor) may be included if Sponsor has submitted satisfactory proof to the Department of Law establishing that the purchaser is bona fide.

The Plan will not be declared effective unless bona fide Purchasers, including investors, have signed Purchase Agreements for at least fifteen percent (15%) of the Units under this Plan. The Plan must be declared effective when purchase agreements have been accepted by Sponsor for eighty percent (80%) or more of the Units offered under this Plan. Closing of title of the first Unit may not occur before the Plan is declared effective.

The Plan may be abandoned by Sponsor, at its option, before it is declared effective. Within five (5) days following abandonment of the Plan, all monies paid by Purchasers shall be refunded, in full, with interest to the date of refund, if any. In the event of abandonment, Sponsor shall promptly file an amendment of the Plan to the Department of Law confirming such abandonment and simultaneously file Form RS-3 with the Department of Law. The reason for the abandonment shall be set forth in such notice and information shall be included in such notice of the disposition of all funds received.

Once the Plan has been declared effective, Sponsor will not abandon the Plan for any reason other than (1) a defect in title which cannot be cured without litigation or cannot be cured for less than Fifty Two Thousand (\$52,000.00) Dollars, or (2) substantial damage or destruction of the Building by fire or other casualty which cannot be cured for less than Fifty Two Thousand (\$52,000.00) Dollars, or (3) the taking of any material portion of the property by condemnation or eminent domain. The above stated amounts relied upon by Sponsor as a basis for abandonment of the effectiveness exclude any attorneys fees or any such title defects or determinations of any authority or regulatory association which exist on the date this Plan is accepted for filing and are either known to the Sponsor or are a matter of public record.

Sponsor shall submit to the Department of Law, if requested, copies of all purchase agreements, including any amendments or modifications, within five (5) business days after such request is made.

TERMS OF SALE

CLOSING OF TITLE TO UNITS

"Closing" means that procedure by which the parties meet for the purpose of effecting the transfer of title. At closing the Purchaser will pay the balance of the purchase price and will receive a deed conveying title to the Unit Purchaser.

The closing will take place only after the Plan is declared effective. It shall take place at an office to be designated by Sponsor, or if the Purchaser will have mortgage financing, at the Purchaser's lending institution.

The closing will take place only concurrently with or following:

- (a) Issuance of a temporary or permanent certificate of occupancy for the projects in its entirety, or alternatively, issuance of a partial, temporary or permanent certificate of occupancy for the Unit closed or the building in which the Unit is located;
- (b) Recording and filing of the respective condominium declaration, by-laws, floor plans in accordance with the New York Condominium Act or other applicable law and such other documents as may be required by law;
- (c) Discharge or partial release duly recorded of all liens affecting the Unit to be closed and its undivided common interest as required by New York Condominium Act, Section 339-r;
- (d) The Purchaser has been served with a written notice of the closing date not less than thirty (30) days prior to such date advising that the Purchaser has the opportunity to inspect the Unit and other Plan subject to the Declaration; (see page 30 for a discussion of notice requirement prior to closing)
- (e) Sponsor has declared the Plan effective and confirms that any Units to be closed have been constructed in accordance with any applicable plans and specifications.
- (f) 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, that is owned by the Sponsor or the owner of the Plan, is included in the conveyance unless specifically excepted in the Offering Plan;

(g) Sponsor assigns any manufacturers' warranties with respect to equipment and appliances installed in the Unit to the Unit Purchaser and assigns any warranties with respect to equipment and appliances installed in Common Elements to the Board of Managers.

(h) The Purchaser shall execute an instrument (a Power of Attorney) in the form contained in Part II of this Plan designating the Board of Managers as his attorneys in fact, coupled with an interest, for the sole purpose of managing, selling, mortgaging, leasing, voting or otherwise dealing with any Units acquired by the Board of Managers in accordance with any of the provisions of the By-Laws. The Power of Attorney shall also include a provision which shall appoint the Sponsor as an attorney in fact, coupled with an interest, for the sole purpose of performing any acts necessary for the purpose of developing the Condominium in accordance with either the Sponsor's present intention as set forth in the Plan, or as such intentions may be modified in accordance with the approval of the government agency having jurisdiction.

(i) If so requested by the Purchaser, a title insurance company licensed to do business in New York State, or another title insurance company so licensed, shall agree to insure that such Purchaser has good and marketable fee title in the Unit free and clear of all liens and encumbrances except those set forth on page 42 of this Offering Plan, subject to the provisions of the Declaration and By-Laws and any mortgage executed by the Purchaser, and that the Condominium was validly formed pursuant to Article 9-B of the Real Estate Law. Such title insurance may be purchased by the Unit Owner at his own expense. See page 43 for the cost of such insurance.

(j) The Purchaser shall pay in full the balance of the purchase price, either in cash or, if by mortgage, with the closing of the Purchaser's mortgage loan.

At the closing of title, the Unit Owner will receive a bargain and sale deed with covenants against grantor's acts and containing the provisions set forth in Section 13-5 of the Lien Law, which will convey good and marketable title of fee ownership in the Unit and the percentage of common interest in the Common Elements as is set forth in Schedule A, free and clear of all liens and encumbrances other than:

1. The state of facts of the Plan as shown on a survey to be made, which Sponsor represents do not render title unmarketable, and any additional state of facts which an inspection of the premises might show, provided such additional state of facts would not render title unmarketable, and any state of facts which an accurate survey of the Unit would show, provided that such state of facts would not render title unmarketable;

2. All of the terms, covenants and conditions of the Declaration, the By-Laws and the building plans as they are presently or subsequently filed or recorded and the Offering Plan;

3. Current real estate taxes not yet due and payable;

4. Franchise taxes of the Sponsor or of any corporation in the chain of title provided that a title company licensed to do business in the State of New York is willing to insure that such taxes will not be collected out of the Unit or the Common Elements;

5. Zoning regulations and ordinances and any amendments thereto now or hereafter adopted, provided they do not prohibit the structure contemplated and its anticipated use. The Sponsor has been advised by its counsel that in counsel's opinion, neither the Units nor their proposed uses violate any such zoning regulations and ordinances; (see Legal Opinion, Part II).

6. Covenants and restrictions, agreements and declarations pertaining to sewer, water, electric, plumbing, heating, telephone, cable-television and other utility easements and consents, if any, now or hereafter recorded, including the right to repair, maintain and operate lines, wires, cables, pipes, conduits, poles and distribution boxes, in, over, under and upon the Plan and the Building;

7. All easements set forth in the By-Laws and Declaration as they are subsequently recorded and in the Offering Plan and Purchase Agreement, including:

(a) Easements in favor of the Owners of other Units to use the pipes, wires, conduits and public utility lines located in the Common Elements or in the Unit itself servicing such other Units and easements of necessity in favor of other Units and/or the Common Elements;

(b) Easements in favor of the Board of Managers to have a right of access to the Units and to the Common Elements to inspect, maintain or repair or to make repairs to the Unit to prevent damage to the Common Elements or any other Unit;

(c) Easements in favor of those Units having restricted use to portions of the Common Elements

(d) Easements for the continuance of encroachments on the Unit and on the Common Elements by other Units or portions of the Common Elements, now existing by reason of the construction of the Units, or hereafter occurring by reason of the settling or shifting of the Building, or by reason of the repair and/or restoration by the Board of Managers of the Units or such other Units or such Common Elements, after damage by fire or other casualty or after taking by condemnation or eminent domain proceedings, or by reason of an alteration to the Common Elements made by the Board of Managers, so that any such encroachments may remain as long as the Building stands.

8. Party Wall Agreements,

- a) Party Wall Agreement recorded in Liber 1022 page 178.
- b) Party Wall Agreement recorded in Liber 1024 page 39.
- c) Party Wall Agreement recorded in Liber 2008 page 88.

UNIT CLOSING COSTS AND ADJUSTMENTS

The Purchaser shall be obligated to pay the following expenses and Closing costs, if applicable:

(a) Fee title insurance, if ordered, in accordance with the schedule of rates currently set by the title company and filed with the N.Y.S. Department of Insurance, for example, as follows:

<u>Purchase Price</u>	<u>Title Policy Premium</u>
\$319,050.00	\$1,194.00
\$340,200.00	\$1,683.00
\$436,500.00	\$2,070.50

(b) Where fee title and mortgage policies are issued pursuant to the same Closing, the premium for mortgage title insurance that does not exceed the fee policy will be calculated at a discounted rate of 30% of the standard mortgage policy rates.

For example, simultaneous mortgages will bear the following costs:

<u>Mortgage Amount</u>	<u>Policy Premium</u>
\$255,240.	\$342.
\$272,160.	\$355.
\$349,200.	\$433.

(c) Recording fees are as follows:

- | | |
|--|---|
| 1. Deeds | \$ 85.00 |
| 2. Mortgage | \$ 77.00 plus \$5.00 per page after the first nine pages. |
| 3. Power of Attorney | \$45.00 |
| 4. Endorsement Pages | \$25.00 each |
| 5. NYC Real Property Transfer Tax Return | \$25.00 |

(d) Fees of the Sponsor's Closing attorneys, Ross & Ross, LLP, in the sum of \$500.00. If Closing is held in some other location than the Counties of New York, Kings or Queens, an additional fee of \$200.00 will be payable to Sponsor's attorneys.

If through no fault of Sponsor, Purchaser fails to close on the date scheduled for Closing, then Purchaser shall pay to Ross & Ross, LLP, an additional fee of \$250.00 for each rescheduled Closing to help defray the cost of preparing and coordinating the Closing and recalculating The Closing apportionments.

If a Unit Purchaser elects to accept sponsor financing, the Purchaser will pay a fee to Sponsor's attorney of \$350 for services rendered in the preparation of the mortgage documents and the closing of the mortgage loan.

(e) New York State Real Estate Transfer Tax ("State Transfer Tax") currently equal to \$2.00 per \$500.00 of Purchase Price plus, if applicable, a Special Additional Tax of 1% where the Purchase Price equals One (1) Million Dollars or more and the New York City Real Property Transfer Tax ("RPT Tax") currently equal to 1% of the Purchase Price where the Purchase Price is more than Five Hundred Thousand (\$500,000.00) Dollars and 1.425% of the Purchase Price where the Purchase Price is more than Five Hundred Thousand (\$500,000.00) Dollars.

The City of New York, Department of Finance has taken the position that where the Purchaser of Property assumes the obligation for the State Transfer Tax and the RPT Tax, the amount of the tax which would otherwise be payable if the Seller were to pay such taxes, will be treated as additional consideration for the transaction subject to tax. Consequently, the amount of the RPT Tax must be re-computed and for Purchase Prices of Five Hundred Thousand (\$500,000.00) Dollars or less, the effective RPT Tax is approximately 1.014% of the Purchase Price.

A similar position has been taken by the NYS Department of Taxation and Finance and as a result the effective tax rate for the State Transfer tax is \$4.06 per thousand dollars of the Purchase Price of a Unit.

(f) If Purchaser obtains a mortgage loan, Purchaser will be responsible for the payment of all mortgage recording tax, mortgage recording fees, origination, appraisal and Closing costs and other expenses in connection therewith (including legal fees) in amounts determined by governmental authorities and such lender. Currently, the mortgage recording tax for mortgages under Five Hundred Thousand (\$500,000.00) Dollars is 2% of the

face amount of the mortgage. Of the total tax due, the mortgagee pays an amount equal to 0.25% of the face amount of the mortgage. In additions, there is a \$25.00 exemption for residential property. No representation or warranty is made with respect to the amounts of such Closing costs and expenses or the availability or cost of mortgage loans from any sources.

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

In the event Purchaser shall obtain private institutional financing or Sponsor financing, Purchaser shall be solely responsible for the payment of any and all forms of fees, charges and taxes, including but not limited to origination, credit report, survey and processing fees, bank attorney fees and mortgage taxes associated with obtaining such mortgage.

All real estate taxes and any common charges assessed during the month in which title closes or established as a reserve shall be adjusted as of the Closing date based upon the last bill rendered for such taxes or charges.

Each Purchaser shall be responsible for the payment of fees of his attorney.

The Sponsor anticipates that the only items which will be apportioned at the Closing of Title to Units will be real estate taxes and Common Charges, if they have been declared by the Board of Managers. There will be no other apportionments. If the Units have not been separately assessed for real estate tax purposes prior to Closing of Title to the first Unit, Sponsor will place in escrow with the Board of Managers an amount equal to the unpaid real estate taxes which will be levied against the property for the six (6) month period following the first Closing or until the Units are separately assessed, whichever is shorter. The Board of Managers will pay the real estate taxes from said

escrow account when taxes are due and payable and Sponsor shall be entitled to reimbursement from the Unit Owners to the extent of the actual assessment.

Working Capital Fund

In addition to the Closing costs set forth, each Purchaser shall contribute \$150.00 to the Condominium as its initial Working Capital Fund at the time of Closing of title to the Unit, which will be deposited into an account in the Fleet Bank, Lawrence, New York, and thereafter turned over, intact, to the successor Board of Managers. Sponsor may not deplete this fund to supplement or reduce the common charges. Sponsor will make a contribution in the amount of \$10,000.00 to this fund at the time of the Closing of title to the first unit. There is no provision for a separate reserve fund .

IF THE PURCHASER SHALL ADJOURN THE CLOSING FOR MORE THAN FIVE (5) DAYS FROM THE DATE SET FORTH IN THE NOTICE OF CLOSING SENT TO PURCHASER PURSUANT TO PARAGRAPH 2 OF THE PURCHASE AGREEMENT, THEN THE PURCHASER SHALL PAY TO THE SELLER THE FOLLOWING AMOUNT TO REIMBURSE THE SELLER FOR OUT-OF-POCKET EXPENSES RESULTING FROM THE ADJOURNMENT: INTEREST EQUAL TO THE PRIME RATE. THE CURRENT PRIME RATE IS 9.5% AND IS SUBJECT TO CHANGE. The AMOUNT OF INTEREST MAY BE AN "OUT OF POCKET" EXPENSE DEPENDING UPON WHETHER SPONSOR HAS A MORTGAGE ON THE PROPERTY AT THE TIME OF CLOSING. IN ADDITION, ALL ADJUSTMENTS FOR TAXES AND MAINTENANCE SHALL BE AS OF THE ORIGINAL CLOSING DATE SET BY SPONSOR. IF PURCHASER REQUESTS AN ADJOURNMENT, SELLER AGREES TO MAKE AVAILABLE AS AN ALTERNATIVE CLOSING DATE AND TIME, THE EARLIEST UNBOOKED TIME AND DATE THEN AVAILABLE TO ITS CLOSING ATTORNEY. IF THE PURCHASER IS OBTAINING FINANCING, THEN THE SELLER AGREES TO MAKE AVAILABLE THE EARLIEST UNBOOKED TIME AND DATE AVAILABLE TO ITS ATTORNEY WHICH IS ALSO AVAILABLE TO THE BANK'S ATTORNEY.

PAGE 47 INTENTIONALLY LEFT BLANK

RIGHTS AND OBLIGATIONS OF SPONSOR

The Sponsor will diligently and expeditiously complete construction of the Condominium and all the Units at its own cost and expense, in accordance with the plans and specifications referred to herein. The Sponsor will diligently perform all of its obligations as set forth in this Offering Plan.

The Sponsor will bear and pay all costs and expenses incurred by the creation of the Condominium whenever incurred or in connection with the sale of the Units held or owned by Sponsor and will pay all selling expenses including, but not limited to, advertising and printing costs, architects, attorneys, engineers, appraisals and surveying fees and costs of all other organization costs relating to the Condominium.

The Sponsor does not undertake any obligation to defend any suits arising out of any act which occurs prior to the recording of the declaration except claims arising out of the acts, representations and omissions of the Sponsor and shall indemnify the Boards of Managers and Unit Owners against such claims.

The Sponsor will pay all contractors, sub-contractors and material men and all others involved in the construction of the Condominium for work performed and fixtures, materials and equipment supplied or installed in the construction of the Condominium and will cause all mechanics' liens arising out of the construction of the Condominium or the furnishing or installation of fixtures or equipment, to be discharged or bonded promptly after the liens are filed.

Any obligations of Sponsor which cannot be completed until after closing shall survive delivery of the deed and if such inability relates to the Common Elements, shall survive delivery of the last deed to be delivered to any of the Units sold as to each Unit. Sponsor reserves the right to enter upon the property at any reasonable time and on not less than five (5) days notice to the Unit Owner affected or as to the Common Elements, to the Board of Managers, to repair any damage or to make any repair required to be made by Sponsor under this Plan. Sponsor shall not, however, interfere with or adversely affect the quiet enjoyment of any Unit by any Unit Owner.

Sponsor reserves the right to substitute equipment or materials and make modifications of layout or design of Units, provided, however, that Sponsor may not:

- (i) substitute equipment or materials of lesser quality or design; or
- (ii) change the size, location of buildings or Units other improvements or Common Elements if such changes affect the percentage of common interest or adversely affect the value of any Unit to which title has closed or for which a purchase agreement has been executed and is in effect, unless all affected Unit Owners and Contract Vendees consent in writing to such change.

Other than as set forth in this Part, no bond or other security will be furnished by Sponsor to insure Sponsor's obligations, including Sponsor's obligation to complete construction of the Condominium.

Inasmuch as the first Unit closing may occur prior to the issuance of a permanent Certificate of Occupancy for the property, Sponsor shall maintain all deposits in a special escrow account (required by General Business Law Section 352-e(2) (b)) or unless the Sponsor's engineer certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain a permanent Certificate of Occupancy, in which case the sum exceeding the amount so certified by the Sponsor's engineer or architect may be released from the special escrow account.

With respect to Unsold Units, Sponsor shall pay all common charges and special assessments levied by the Board of Managers as well as all real estate taxed allocable to or assessed against such Unit. Sponsor expects to have the financial resources to meet the aforesaid obligations with respect to Unsold Units and to fund same from income from projected sales.

Sponsor will initially procure and the annual budget reflects the cost of fire and casualty insurance in an amount sufficient to avoid co-insurance by the Unit Owners.

Pursuant to Section 352-e (9) of the General Business Law, copies of the Offering Plan and all Exhibits and documents referred to in this Plan, are and will be kept on file at the

office of the Sponsor for six (6) years from the date of recording the Declaration for examination by any person who has purchased a condominium interest offered by this Plan or otherwise has participated in this Offering.

The Sponsor agrees to pay for the authorized and proper work involved in the construction and establishment and sale of the Condominium that Sponsor is obligated to complete under this Plan and will cause all mechanics' liens with respect to such construction to be promptly discharged or bonded.

The Sponsor is a partnership organized and existing under the Laws of the State of New York. As such the Sponsor can be dissolved and liquidated at any time; however, no dissolution or liquidation of Sponsor will be made for at least six (6) months following sale and delivery of title to the last Unit sold. In the event of dissolution and liquidation, the partners of Sponsor will succeed to all obligations of Sponsor set forth in this Plan and may be held responsible for discharging any of Sponsor's obligations existing at the time of such dissolution and liquidation.

Article 36-B of the New York General Business Law ("Housing Merchant Implied Warranty Law") does not apply to this offering. Sponsor will correct, repair or replace any and all defects relating to construction of the Building, or in the installation or operation of any appliances, fixtures, or equipment therein, or will cause the same to be corrected, repaired, or replaced, but only if:

(1) such defects are due to substantially improper workmanship or construction practices or the use of materials that are substantially and materially at variance with the Plans and Specifications for the same; and

(2) Sponsor is notified of the same in accordance with the following, which notice shall be by certified mail, return receipt requested:

(i) with respect to any latent defect (that is, a defect that is not visually ascertainable) in the construction of an Unsold Unit, within 6 months of the first occupancy of such Unsold Unit;

(ii) with respect to any patent defect in the construction of an Unsold Unit within 3 months of the first occupancy of such Unsold Unit, provided such patent defect is not caused by the use of the Unit Owner.

The method of correcting any defect will be selected by Sponsor in its sole discretion. The quality of construction as to any such correction will be comparable to local standards customary in the particular trade or trades involved and will be in accordance with the Plans and Specifications.

Sponsor will be conclusively considered to have discharged any obligation that it may have with respect to any defects whether patent or latent, if:

- a. Sponsor is not notified of the existence of such defect, in the manner and within the appropriate time period specified above;
- b. The Condominium Board and/or the Managing Agent and/or the Unit Owner fails to allow prompt access to the Unit in question by Sponsor or Sponsor's contractors; or
- c. Sponsor has corrected, or caused the correction of, the defect in accordance with the practice of the industry, as determined by Sponsor's general contractor, architect, or engineer, in their sole judgment.

Sponsor will not be obligated to correct, and will not be liable to the Condominium Board or any Unit Owner as a result of any defects in construction, or in the installation or operation of any mechanical equipment, appliances, other equipment, finishes, materials or fixtures (including appliances and bathroom fixtures):

- a. with respect to which assignable warranties or other undertakings (however denoted) from manufacturers, contractors, material men, or others which are assigned to the Condominium Board and/or any Unit Owner.
- b. resulting from normal wear and tear, natural deterioration, normal settling, deflection, or shifting of the Building, or

c. that are not of a material nature, which include, without limitation:

(i) protruding dry wall fastenings, nail pops, ridging on gypsum board, slight variations in gypsum board taping visible only under certain lighting conditions, walls not square, lumber shrinkage, painting defects, electrical plates not straight, slight separation between base and floor, variations in floor and ceiling levels, carpet or floor discoloring or stretching, variations in width, length, thickness, finish, or color range of wood floors, ceiling imperfections, and stains, runs, lumps, shags, or imperfections in weave in fabric panels;

(ii) variations in wood floor stains and finishes caused by normal foot traffic during construction and sales periods;

(iii) normal plumbing, heating, air-conditioning, ventilating, and floor noises and creaking;

THE ITEMS AND CONDITIONS DESCRIBED ABOVE IN (iii) ARE NOT DEFECTS AND MAY BE FOUND IN ANY NEWLY CONSTRUCTED BUILDING. PURCHASERS WHO PURCHASE A UNIT IN THE BUILDING OR IN ANY OTHER NEWLY CONSTRUCTED BUILDING MAY EXPERIENCE SOME OR ALL OF THESE ITEMS AND CONDITIONS IN THEIR UNITS OR THE COMMON ELEMENTS. SPONSOR HAS NO OBLIGATION TO CORRECT OR REPAIR ANY OF SUCH ITEMS AND CONDITIONS AND SHALL NOT BE LIABLE TO ANY PURCHASER OR CONDOMINIUM BOARD THEREFOR. IF PURCHASER OR CONDOMINIUM BOARD DESIRES TO CORRECT OR REPAIR ANY SUCH ITEMS OR CONDITIONS, TO THE EXTENT THEY CAN BE CORRECTED OR REPAIRED, THE PURCHASER OR CONDOMINIUM BOARD WILL HAVE TO PROCEED AT ITS SOLE COST AND EXPENSE AND/OR ANY WARRANTIES OR UNDERTAKINGS ASSIGNED TO IT BY SPONSOR.

NOTHING CONTINUED IN THIS SECTION WILL BE CONSTRUED SO AS TO RENDER SPONSOR LIABLE FOR CONSEQUENTIAL DAMAGES (WHETHER BASED ON NEGLIGENCE, BREACH OF CONTRACT, BREACH OF WARRANTY, OR OTHERWISE), IT BEING INTENDED THAT SPONSOR'S SOLE OBLIGATION UNDER THIS SECTION WILL BE TO REPAIR OR REPLACE ANY DEFECTIVE ITEM OF CONSTRUCTION UPON, AND SUBJECT TO, THE TERMS AND CONDITIONS SET FORTH ABOVE. ADDITIONALLY, EXCEPT AS EXPRESSLY

SET FORTH ABOVE, SPONSOR WILL HAVE NO OBLIGATION TO CORRECT OR REPAIR ANY DEFECTIVE OR OTHER CONDITIONS IN THE BUILDING (INCLUDING IN THE UNSOLD UNITS AND THE COMMON ELEMENTS) OR IN, OR WITH RESPECT TO, ITS APPURTENANCES. ASIDE FROM ANY SPONSOR WARRANTIES AND UNDERTAKINGS WITH RESPECT TO THE CONSTRUCTION AND COMPLETION OF THE BUILDING CONTAINED IN THIS SECTION, NO OTHER WARRANTIES OR UNDERTAKINGS SHALL BE IMPLIED.

Except for those warranties or guaranties provided to Sponsor by contractors, manufacturers or suppliers, which Sponsor will assign to the Condominium Board and/or Unit Owners, as necessary, Sponsor does not make any warranty of any kind, express or implied, and Sponsor hereby discloses any and all warranties, including but not limited to, implied warranties or merchantability and fitness for a particular purpose, with respect to the construction for the Unsold Units, the Common Elements and with respect to the personal property located within the Unsold Units, the Common Element, and the Unit Owners assume all risk and liability from the use of this property.

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

No Closing of an Unsold Unit will occur prior to the issuance of a temporary certificate of occupancy for the Unit. Sponsor will perform any work and/or supply and material necessary to obtain a permanent certificate of occupancy for the Unsold Units no later than the expiration of the temporary certificate of occupancy, unless extended.

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

Sponsor will deliver to the Condominium Board copies of all of the mechanical, electrical and plumbing drawings for the Building.

In accordance with Section 339-p of the Condominium Act, a registered architect or licensed professional engineer shall certify within reasonable tolerances that the Floor Plans are an accurate copy of portions of the plans of the Building as filed

with and approved by the municipal or other governmental authority having jurisdiction over the issuance of permits for the construction of the Building, and, in addition, such architect or professional engineer shall make periodic inspections at various stages of construction to determine that the Building is built in accordance with such plans.

Sponsor will pay all Common Charges, special assessments and real estate taxes allocated to any Unsold Units in accordance with the provisions of the By-Laws. Sponsor expects to have the financial resources to meet the aforesaid obligations with respect to Unsold Units and to fund same from income from projected sales, the rental or leasing of Unsold Units and Sponsor's other financial resources. No bond or other security will be posted by Sponsor with respect to this obligation.

Sponsor will initially procure on behalf of the Condominium Board the insurance relating to the Condominium which is required to be maintained by the Condominium Board in accordance with the provisions of the By-Laws (see the Section entitled "Rights and Obligations of the Condominium Board/Summary of By-Laws") the cost of which insurance has been reflected in the First Year's Budget.

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

Pursuant to the provisions of Section 352-e of the New York General Business Law, copies of the Plan and all exhibits or documents referred to herein shall be available for inspection, by prospective Purchasers and by any person who shall have purchased a Unit offered by the Plan or shall have participated in the offering of such Unit, at Sponsor's office and shall remain available for such inspection for a period of 6 years from the date of the recording of the Declaration. "In addition, a set of Floor Plans showing the layout, location and approximate dimensions of each Unit and its unit number designation and tax lot number, certified by the appropriate governmental authority of The City of New York as conforming to the official tax lot number for each such Unit, will be filed in the City Register's office when the Declaration is recorded, and an additional set will be furnished to the Condominium Board.

CONTROL BY THE SPONSOR

The Sponsor, as owner of unsold Units, will have voting control in the Board of Managers for a period of two (2) years after closing of title to the first Unit or whenever the unsold Units constitute less than fifty percent (50%) of the common interests, whichever is sooner. The Sponsor during this period, will have control of maintenance, facilities and services to be provided and will determine the common charges to be paid by all Unit Owners, including the Sponsor. However, Sponsor will not veto any expense described in Schedule B, or other expenses required (i) to comply with applicable laws or regulations, or (ii) to remedy any notice of violation, or (iii) to remedy any work order by an insurer. Sponsor shall have the right, however, to transfer control of the Board of Managers to the Unit Owners prior to the expiration of the two (2) year period described in this section.

Sponsor may exercise veto power over some actions of the Condominium Board. So long as Sponsor owns any Unsold Unit, but in no event later than 5 years after the First Closing, the Condominium Board may not take any of the following actions without Sponsor's prior written consent: (a) make any addition, alteration or improvement to the Common Elements or to any Unit, unless the same are required by Law or (b) assess any Common Charges for the creation of, addition to, or replacement of, all or part of a working capital, reserve, contingency or surplus fund, or (c) increase or decrease the number, or change the kind of, employees initially employed for the Condominium, or (d) enter into any service or maintenance contract for work or otherwise provide services in excess of those initially contracted for the Condominium, except as is required to reflect normal annual increases in operating services, or (e) borrow money on behalf of the Condominium, or (f) exercise a right of first refusal to lease or purchase a Unit; provided, however, that Sponsor's written consent is not necessary to perform any function or take any action described in clauses (a) through (f) above, if, and only if, the performance of such function or the carrying out of such an action is necessary (and no other alternative is available) to enable the Condominium Board to comply with Law, remedy any notice of violation or remedy any work order of the Condominium's insurer.

BOARD OF MANAGERS

The first Board of Managers of the Condominium will be three (3) persons designated by Sponsor. The first members of the Board of Managers and Officers will be Daniel Perla and Faleh Hamden, partners of Sponsor and Ira Taubman, a person related to Daniel Perla in other business ventures. Within sixty (60) days of the closing of title to the first Unit, Sponsor will, at a duly called meeting of the Board, elect two (2) Unit Owners, who are independent of the Sponsor, to the Board, to serve on the Board until the first Board of Managers resigns. All members of the Board of Managers will serve without compensation.

The members of the Board of Managers designated by Sponsor and the elected Unit Owner will call for a special meeting of the Unit Owners to elect a new Board within thirty (30) days prior to the expiration of the period described in the first paragraph of this section. Upon the election of the new Board, the members of the first Board will resign. Thereafter, annual meetings shall be held on the anniversary of such date in each succeeding year. The Sponsor will vote for the election of the new Board under the same rights as accorded other Unit Owners. Each Unit Owner (including the Sponsor and the Board of Managers, if the Sponsor or the Board of Managers, shall then own or hold title to one or more units) shall be entitled to cast one (1) vote at all Unit Owners' meetings for each Unit or Units owned by such Unit Owner, but the Board of Managers shall not cast any of its votes for the election of any member of the Board.

Unit Owners will each be entitled to one vote in all matters relating to the operation of the Condominium.

The detailed provisions for the management of the Condominium are set forth in the By-Laws attached. The By-Laws contain provisions, among others, dealing with the election of the Board of Managers and Condominium officers, powers of the Board of Managers, voting rights of Unit Owners, assessment of common charges, management of the Condominium and the use of the Units. The By-laws also contain a provision requiring the President to call a special meeting of the Unit Owners as directed by the Board of Managers or upon a petition signed by a majority of the Unit Owners and having been presented to the Secretary.

Any officer, manager or managing agent appointed by the Board of Managers shall be employed for such period and on such terms and conditions as the Board may determine. Accordingly, any such person so employed may be discharged for any reason if the Board of Managers determines that such action will serve the interest of the Condominium. The By-laws provide that members of the Board of Managers and Officers of the Condominium will

be indemnified by the Condominium against judgments, fines and amounts paid in settlement plus reasonable attorneys' fees, unless it is established that the member of the Board of Managers of officer acted in bad faith, or dishonestly, or that he personally gained a financial profit or other advantage to which he was not legally entitled.

Board Members may be removed for cause by an affirmative vote of a majority of the Unit Owners. No Board Member shall continue to serve on the Board if, during his term of office, he shall cease to be a Unit Owner.

Any officer elected or appointed by the Board of Managers may be removed, with or without cause, at any time, by the affirmative vote of a majority of the whole Board of Managers. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Managers. All officers and members of the Condominium Board will be insured at all times from and after appointment on the Board of Managers. The limit of insurance is One Million (\$1,000,000.00) Dollars per occurrence with an aggregate of One Million (\$1,000,000.00) Dollars. The amount and cost of insurance has been provided for in the first year's budget.

The By-Laws may be altered, amended or added to at any duly called Unit Owner's meeting; provided: (1) that the notice of the meeting shall contain a full statement of the proposed amendment; (2) that the amendment shall be approved by sixty-six and two-thirds (66 2/3%) percent of the Unit Owners in number and common interest; and (3) that said amendment shall be set forth in a duly recorded amendment to the Declaration. However, no amendment will affect or impair the validity of priority of the Unit Owners' interests and the interests of holders of a mortgage encumbering a Unit or Units.

Any officer, manager or managing agent appointed by the Board of Managers shall be employed for such period and on such terms and conditions as the Board may determine. Accordingly, any such person so employed may be discharged for any reason if the Board of Managers determines that such action will serve the interests of the Condominium.

All officers and members of the Condominium Board will be insured at all times from and after appointment on the Board of Managers. The limit of insurance is One Million (\$1,000,000.00) Dollars per occurrence with an aggregate of One Million (\$1,000,000.00) Dollars. The amount and cost of insurance has been provided for in the first year's budget.

RIGHTS AND OBLIGATIONS OF UNIT OWNERS

Sale or Lease of Units

There is no restriction upon ownership of a Unit. Occupancy of a Residential Unit, however, must be used for residential purposes by a single family. Units can be sold or leased by a Unit Owner, provided that he is not in arrears on the payment of Common Charges (except where the payment of such unpaid Common Charges is paid by the grantee or provided for out of the proceeds of the sale or lease.) No right of first refusal or similar provisions to prospective Purchasers has been included in the Declaration or By-Laws of this Condominium. (See Condominium By-Laws, Article XI.) The Board of Managers may not impose any further restrictions on a Unit Owner's right to lease a Unit except pursuant to an amendment to the By-Laws made by the Unit Owners in accordance with Article X of the By-Laws.

Restrictions on Occupancy and Use of Commercial Units

Neither the Plan nor the By-Laws of the condominium impose any restrictions on the use of the premises as to any of the following - pets, aesthetic controls, ownership of units by corporations or partnerships or fiduciaries, guest privileges and utilization of the Common Elements. The Property is located in a residence zone under the building zone ordinance of the City of New York. Said zone is a multiple dwelling zone and permits the construction of the Units provided for in this Offering Plan. Limitations as to additional uses of the units are found in the zoning ordinances of the City of New York.

Mortgage of Units by Unit Owners

The Unit Owner may mortgage his Unit at any time after he acquires the Unit in whatever amount and under whatever terms he can obtain, provided that the mortgage can only be taken from a bank, savings and loan association, life insurance company, pension fund, trust company or other institutional lender. Any Unit Owner may, however, upon the resale of his Unit, grant a purchase money mortgage to a Purchaser of his Unit. If a Unit Owner mortgages a Unit, he must provide for payment of any arrearage of Common Charges at or before the closing of the mortgage.

Common Charges-Assessment and Collection

Each Board of Managers will prepare and furnish its budget to the Unit Owners annually. Based upon each budget and any modification thereof approved by the Board of Managers, the Unit Owners will be charged for the cost of the operation of the Condominium, in accordance with their percentage interest in the Common Elements. The charges which are proportionately assessed by the Board of Managers in accordance with the Unit Owners' percentage interest as shown in Schedule A. These Common Charges cover the cost of repairing and maintaining the Common Elements including, but not limited to, plumbing repairs of the Common Elements, insurance premiums, and other normal operational costs; the Common Charges may also include, in the discretion of the Board of Managers, reserves, working capital and other sums necessary to carry on the affairs of the Condominium.

If a Unit is damaged by casualty and the proceeds of insurance are not sufficient to cover the repair of the damage, the amount necessary to restore the Unit over and above the proceeds from any fire insurance on the Units would be a Common Charge to all Unit Owners. In order to minimize the possible imposition of such Common Charges, the Board of Managers determines the amount of blanket casualty insurance covering all Units (the cost of such insurance is part of the Common Charges) and reviews the amount of such coverage annually.

Common Charges, which will be collected monthly and other costs of maintenance of the Units are set forth on Schedule B. Additional services which the Unit Owners may desire or factors can increase these charges.

Upon the closing of title to Units, each Unit Owner shall contribute \$150 to the Working Capital Fund of the Condominium. Said fund will be delivered intact to the successor Board of Managers. Sponsor will contribute \$10,000 to said fund upon the closing of title to the first Unit.

The Board of Managers will commence the collection of common charges upon the closing of title to the first Unit in such amounts as will be necessary to carry out the duties of the Board of Managers. Such Common Charges shall be paid by Unit Owners, and the Sponsor as Owner of the Unsold Units, in accordance with the common interests set forth herein. The Common Charges and working capital funds will be placed in separate accounts in the

names of the Board of Managers in the Fleet Bank, Lawrence branch.

The Sponsor shall be liable for the monthly Common Charges actually assessed as to all Units, title to which has not been transferred to a bona fide Purchaser, commencing with the closing of title to the first Unit unless waived by the Sponsor as to all such Purchasers.

Under the provisions of Section 339-Z of the New York Real Property Law and the By-Laws, the Condominium Board, on behalf of all Unit Owners, will have a lien on each Unit for unpaid Common Charges, together with interest thereon, assessed against such Unit in proportion to the respective Common Interest of the Units. All such liens, however, to the extent permitted by Law, will be subordinate to the lien of any Mortgage of record and to liens for real estate taxes on the particular Unit. Pursuant to Section 339-11 of the Real Property Law, any lien for unpaid Common Charges against a Unit will be effective from and after filing of a verified notice thereof in the New York County Clerk's Office until all sums secured thereby with interest accrued thereon shall have been fully paid, or until six years from the date of filing (unless foreclosure of such lien is started within such six-year period), whichever shall occur sooner.

Obligation to Repair and Maintain Units
and Common Elements

Each Unit Owner will be responsible for the maintenance of and repairs to his Unit. Thus, for example, all interior painting, internal plumbing, interior electrical repairs, heating system repairs, care and maintenance of furniture and furnishings (e.g. carpeting, electrical fixtures, et cetera), and all interior maintenance will be performed by the Unit Owner.

As to the Common Elements, see section "Repairs, Alterations and Improvements to Common Elements", page 64.

Inasmuch as the elements on the exterior of the Building are Common Elements, the Unit Owner will not have the right to alter, add to or improve such elements.

Interior modifications to the Unit shall be the obligation of the Unit Owners who shall have the same rights and obligations as the interior modifications to his Unit as if his Unit were a detached one-family dwelling. However, a Unit Owner may not make structural modifications or other alteration to the Unit which would affect the structural soundness of the Unit or the Property without the written consent of Unit Owners holding the majority of the common interest, By-Laws, Article VIII, Section 7. Thus, if a Unit Owner desires to make interior plumbing repairs, or a structural change to the Unit interior, which would not impair the structural soundness of the Unit, he would be obligated to submit plans and specifications to the City of New York in request for a building permit and would have to comply with all rules, regulations and requirements of the City of New York, but would not need the permission of other Unit Owners. While structural changes affecting structural soundness may be made with consent as provided for above, such change may not, after completion jeopardize the soundness or safety of the Property, reduce the value thereof, or impair any easement or hereditament.

Insurance

The Board of Managers shall obtain and maintain, to the extent obtainable, fire insurance with extended coverage, water damage, vandalism and malicious mischief endorsements insuring the Building, including all of the Units and the bathroom and kitchen initially installed therein by the Sponsor (but not including furniture, furnishing or other personal property supplied or installed by Unit Owners), together with all air-conditioning equipment and other service machinery contained therein, covering the interest of the Condominium, the Board of Managers and all Unit Owners and their mortgagees, as interest may appear, pursuant to an Agreed Value Endorsement. It is Sponsor's opinion that the budget for insurance will be sufficient to cover the first full year of the condominium. Each of such policies shall contain a New York Standard Mortgagee clause in favor of each mortgagee of a Unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee of a Unit which shall provide that the loss, if any, appear, subject, however, to the loss payment provision in favor of the Board of Managers and such other insurance as the Board of Managers may determine.

In addition to the insurance provided by the Board of Managers of the Condominium, the Purchaser may desire to insure his personal effects and the interior of the Unit itself for fire

and liability. Such insurance, if taken by the Purchaser, will be payable by the Purchaser directly.

The proceeds of all policies of physical damage insurance carried by the Board shall be payable to the Board of Managers to be applied for the purpose of restoring, repairing or rebuilding the Building unless otherwise determined by the Unit Owners, as hereinafter set forth.

All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro-rata liability of the insurer as a result of any insurance carried by Unit Owners or of the invalidity arising from any acts of the insured or any Unit Owners and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days' prior written notice to all of the insured, including all mortgagees of Units. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums shall be delivered to all mortgagees of Units, at least ten (10) days prior to expiration of the then current policies.

The cost of all such insurance shall be paid by the Board of Managers and shall constitute a common expense.

The Board of Managers may also obtain and maintain, to the extent it determines: (1) fidelity insurance covering all employees of the Condominium who handle Condominium funds; (2) workmen's compensation insurance; and (3) in order to limit the liability of Unit Owners for personal injury and tort, public liability insurance covering each member of the Board of Managers and each Unit Owner, in such limits as the Board of Managers may deem proper. The Board of Managers shall review such limits once each year.

The public liability insurance policy to be maintained until the first meeting of the Board of Managers following the first annual meeting of the Unit Owners, will be a limit of \$1,000,000 for each Condominium covering all claims for bodily injury or Property damage arising out of any one occurrence in the Common Elements. The public liability insurance shall also cover cross liability claims for one insured against another.

The Board will arrange for repair of the Units in the event of casualty loss. In the event the insurance proceeds are not sufficient to cover the cost of repairs to the Units, the balance

of the cost of such repairs will be assessed against all Unit Owners. For further provisions regarding repair or construction of Units, after fire or casualty and condemnation provision, see Articles VII and XII of the Condominium By-Laws. In the event of a casualty loss, the Unit Owner will continue to pay the common charges on his Unit.

Although there is no requirement for annual appraisals to ascertain whether the insurance coverage is adequate, such appraisals may be desirable prior to renewal of any fire policy.

Access to Units

The Board of Managers and its designees shall have the right of access to any Unit for the purposes of inspection, removal of violations, the making of repairs, curing defaults and for such other purposes as permitted by the By-Laws.

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

Ownership of a Unit in the Condominium subjects the Unit Owner to compliance with the provisions of the Declaration and By-Laws as well as any rules and regulations contained in the Declaration or By-Laws or established by the Condominium pursuant thereto.

In the event of default by a Unit Owner in performing any of the Obligations of Unit Owners as set forth in the Declaration or By-Laws, the Board of Managers shall have the following rights:

(a) if default is as to the payment of any sum, charge or assessment, and such sum remains unpaid for ninety (90) days after written notice to the Unit Owner, the Board may foreclose the lien resulting from such non-payment.

(b) in cases of default other than the payment of money, in the event such default shall continue for a period of ten (10) days after written notice, the Board shall have the right to take such action, including legal proceedings, necessary to cure such default.

(c) in all cases of default, the Unit Owner shall be liable for the Condominium's reasonable costs and expenses,

including attorney's fees, incurred incident to the collection or enforcement of the Unit Owner's obligation.

RIGHTS AND OBLIGATIONS OF BOARD OF MANAGERS;
SUMMARY OF DECLARATION AND BY-LAWS

Board of Managers

Primary responsibility for operating the Condominium shall rest with the Board of Managers. The first Board of Managers for the Condominium will be selected in accordance with the procedure set forth below. The Board of Managers, Officers and Unit Owners shall have the rights, liabilities and responsibilities as set forth in the By-Laws and Declaration, copies of which are set forth in Part II.

Compensation of Board of Managers, elections, et cetera

The By-Laws and Declaration provide that the Board shall consist of three (3) members, all of which shall be Unit Owners (Except the first Board). By-Laws, Article III, Section 1. No compensation will be paid to members of the Board of Managers.

Board members shall be elected at an annual meeting of the owners. Provision is made for the annual expiration of the terms of office of the Board members. By-Laws, Article III, Section 3.

Board members may be removed for cause by an affirmative vote of a majority of the Unit Owners. By-Laws, Article III, Section 3.

Officers of the Condominium

Officers of the Condominium shall be chosen by the Board of Managers and shall consist of a president, secretary and treasurer and such other officers as the Board may deem necessary. All officers must be Unit Owners. By-Laws, Article III, Section 3. No compensation will be paid to officers.

Repairs, Alterations and Improvements to Common Elements

All maintenance, repairs and replacements to the Common Elements of the property including but not limited to exterior walls, roof as well as all maintenance, repairs and replacements to any pipes, wires, ducts, cables, conduits and public utility lines located in and servicing the same Unit or any portion of which is regarding repair or construction of Units, located in

one (1) Unit and services another Unit or more than one (1) Unit or so much of any pipes, wires, ducts, cables, conduits and public utility lines as are located in the Common Elements whether or not it serves one or more Units shall be made by the Board of Managers and the cost thereof shall be made by the Board of Managers and the cost thereof shall be a common expense. The Board of Managers shall repair all exterior plumbing stoppages and exterior electrical repairs and shall maintain, repair or replace all windows and doors whether in the Units or the common area (except that maintaining, repairing and replacing doors and windows abutting a Unit caused by the Unit Owner's negligence shall be done by the Unit Owner at his own Expense). The Board of Managers shall have a right of access to any Unit and to all portions of the Common Elements for the purpose of carrying out any of its obligations under this Offering Plan, the By-Laws or the Declaration of the Condominium.

The Retail Commercial Unit on the first floor, street level, will provide for snow removal for the sidewalks and driveways on the property at its expense.

Repairs and Restoration after Fire or Other Casualty

The Board will arrange for repair of the Units in the event of casualty loss. In the event the insurance proceeds are not sufficient to cover the cost of repairs to the Units, the balance of the cost of such repairs will be assessed against all Unit Owners. For further provisions regarding repair or construction of Units, after fire or casualty and condemnation provisions, see Article VII and XII of the By-Laws. In the event of a casualty loss, the Unit Owner will continue to pay the common charges on his Units.

Insurance Provided by Board

Insurance which is required to be carried by the Board includes:

(i) fire insurance with extended coverage, water damage, vandalism and malicious mischief endorsement, insuring the Building, including all the Units and fixtures initially installed by Sponsor (but not including furniture, furnishings of personal property of the Unit Owner.) Such insurance shall cover the interest of the Condominium, the Board of Managers, Unit Owners and mortgagees as their interest may appear, and shall be

in an amount equal to the full replacement value of the Building with no deduction for depreciation. Based on the Sponsor's cost of the Building, such insurance is fixed at Seven Million (7,000,000) Dollars for the initial period of Condominium Operation, pursuant to an agreed value endorsement.

Although there is no requirement for annual appraisals to ascertain whether the insurance coverage is adequate, such appraisals may be desirable prior to renewal of any fire policy.

(ii) public liability insurance - the initial coverage is fixed at Two Million (\$2,000,000) Dollars.

Liability of Board of Managers and Unit Owners

In order to limit the liability of the Unit Owners, any contract, agreement or commitment made by the Board of Managers shall state that it is made by the Board of Managers as agent for the Unit Owners as a group only and that no member of the Board of Managers nor individual Unit Owner shall be liable for such contract, agreement or commitment except that every Unit Owner shall be liable to the extent that his proportionate interest in the Common Elements bears to the total liability under such commitment. The Board of Managers shall have no liability to the Unit Owners in the management of the Condominium except for willful misconduct or bad faith and the Unit Owners shall severally indemnify all members of the Board of Managers in accordance with their duties as such except acts of willful misconduct or acts made in bad faith. Such several liability of the Unit Owner shall, however, be limited to the extent that his proportionate interest in the Common Elements bears to the total liability of all the members of the Board of Managers. By-Laws, Article III, Section 12.

Examination of Books and Records

Every Unit Owner and mortgagee shall be entitled to examine the books and records of the Condominium on reasonable notice to the Board. By-Laws, article XIII, Section 5.

Amendments to Condominium Documents

The Declaration and By-Laws of the Condominium may only be amended as provided in the provisions of the Declaration of Condominium and may be modified or amended by an instrument executed by the Board of Managers upon a vote of Sixty-six and two-thirds (66 $\frac{2}{3}$ %) percent of the Unit Owners in number and in

common interest held at a duly called meeting of the Unit Owners, provided however, that:

(i) No amendment shall alter the percentage interest in the Common Elements appurtenant to any Unit without the consent of all the affected Unit Owners and the first mortgagee, if any, of such Units, which consent shall be expressed on the instrument of amendment.

(ii) No amendment shall add any parcel of land or divest any parcel of land from the Condominium properties unless: (a) 66 $\frac{2}{3}$ % of the Unit Owners in number and common interest and the first mortgagee, if any, of each of these same Units agree to such change on the instrument of amendment; and (b) a title insurance company insures title to any such additional parcel.

(iii) No amendment shall be passed which shall impair or prejudice the rights and priorities of any mortgagee of any Unit.

The Sponsor, however, reserves the right to amend the Declaration at any time without the requirement of a vote and without the approval or consent of any Unit Owner or mortgagee in order to file or amend the Floor Plans required by Section 339-p of the New York Real Property Law for the portion or portions of the Building and appurtenances which are incomplete at the time the Declaration is recorded. No such amendment to the Declaration will change the percentage interest of the respective Units in Common Elements set forth in Schedule A.

The By-Laws of the Condominium may be amended or added to at any meeting of the Unit Owners by a vote of sixty-six and two-thirds (66 $\frac{2}{3}$ %) percent of the Unit Owners who may vote in person or by proxy.

Termination of Condominium

The Condominium will not be terminated or the property withdrawn from Condominium ownership unless One-Hundred (100%) percent of the Unit Owners excluding Sponsor, in number and common interest and the first mortgagees of each Unit agree to such termination or withdrawal by duly recorded instruments.

The Sponsor cannot vote to revoke or abandon the Condominium after the Plan has been declared effective:

Position of Common Elements

The Common Elements shall remain undivided and no Unit Owner shall bring any action for partition or division unless otherwise provided by law. Declaration, Article Eighth.

Reserves

There is no limitation or restriction against the Board of Managers assessing, collecting and accumulating reserves for capital replacement or otherwise.

Non-Occupying Owners

Section 339-kk entitled "Rents" deals primarily with Units in the Condominium owned by an Owner who does not occupy the dwelling unit. In substance that section provides that if a non-occupying owner fails to make payments due for common charges, assessments or late fees within 60 days of the expiration of any grace period after they are due, upon notice as provided in the section, the Board may demand that rental payments from the occupying tenant shall be made payable directly to the Condominium. In the event payment is made directly to the Condominium the occupying tenant is relieved from the obligation to pay rent to the non-occupying owner.

Right To Incur Debt

Pursuant to Section 339-jj of the Real Property Law, the Board of Managers may, on behalf of the Unit Owners, incur debt to effectuate the purposes of the Condominium. Limitations on the right to incur debt and repayment of such debt are set forth in that section. See page 205 for text of Section 339-jj of the Real Property Law.

REAL ESTATE TAX EXEMPTION BENEFITS
Section 421-a Real Property Tax Law

There is annexed hereto a Tax Exemption Benefits Opinion Letter set forth in Part II of the Plan which describes New York City's program for partial real estate tax exemption under Section 421-a of the Real Property Tax Law of the State of New York. "Section 421-a" provides that the Units will qualify for the benefits of Section 421-a. Sponsor will apply to the New York City Department of Housing Preservation and Development ("HPD") for preliminary approval of Section 421-a benefits for the Residential Units. Upon completion of the Residential Units, Sponsor will apply to HPD for final approval. Sponsor anticipates but does not represent or guarantee that such final approval will be obtained. If such approval is not obtained, Purchasers will have no right to rescind their Purchase Agreements even though Section 421-a benefits would not be available to the Residential Units. In connection with HPD's enforcement of the Section 421-a program, all prospective Purchasers are advised that HPD may conduct an audit which may result in Modification or Revocation of Section 421-a benefits if all documents required to be filed with HPD are not so filed.

In connection with its application to HPD to obtain Section 421-a benefits for the Residential Units, Sponsor will (i) keep all records required by HPD and make such records available to HPD whenever requested by HPD to do so and (ii) in a timely fashion file all applications required to be submitted to HPD in connection with the Section 421-a benefits and otherwise comply with all procedures required by HPD to properly procure and maintain the Section 421-a benefits. In addition, Sponsor will make available to the Condominium Board all Section 421-a documents for inspection and copying for so long as the Residential Units receive any Section 421-a benefits.

It should be noted that increases in a property's assessed valuation resulting from changes in its market value (other than changes resulting from new construction or alteration of an existing improvement) are phased in over five fiscal tax years in annual increments of twenty percent each. Further increases in assessed valuation during such five-year period resulting from a still higher market value is similarly phased in over an additional five year period from the date of such increase. Full increased assessed valuation targeted to be in effect after the end of the five-year period is called the "actual" assessed

valuation, and the amount of the incremental assessed valuation upon which taxes are actually computed for each fiscal tax year during such five-year period is called the "transitional" assessed valuation. Prospective Purchasers should note that, assuming the partial exemption from real estate taxes pursuant to Section 421-a is maintained, the real estate taxes payable by the Residential Unit Owners will in any event increase periodically over the ten years of condominium ownership as part of the Section 421-a program. The tax exemption program provides that the increase in a newly constructed building's assessed valuation over such property's assessed valuation for the fiscal year before construction began is partially exempted up to a maximum of 100% for two (2) years (plus the period of construction, not to exceed three years), up to 80% for the next two (2) years, up to 60% for the next two (2) years, up to 40% for the next two (2) years and up to 20% for the last two (2) years of a ten (10) year period.

Neither Sponsor; Sponsor's Counsel, the Selling Agent; the Managing Agent, nor any other person makes any warranty that the partial exemption from real estate taxes under Section 421-a will be granted in whole or in part, or if granted, will not be later reduced or revoked, or as to the amount of the tax which will be assessed against any Unit or the amount of real estate taxes payable at any time by any Residential Unit Owner.

The tax projections found in Schedule A are merely estimates and cannot be construed as an assurance of the actual amount of real estate taxes that will be assessed or the actual amount of any Section 421-a benefit.

INCOME TAX DEDUCTIONS TO UNIT OWNERS
AND
TAX STATUS OF CONDOMINIUM

The following discussion of certain income tax consequences of the ownership of a Unit as a personal residence is based, in part, upon the income tax opinion of Ross & Ross, LLP, counsel to Sponsor, a copy of which is set forth in Part II of the Plan.

ROSS & ROSS, LLP IS COUNSEL TO SPONSOR AND NOT THE UNIT OWNERS. EACH PURCHASER SHOULD CONSULT HIS OWN TAX COUNSEL AS TO THE TAX CONSEQUENCES OF UNIT OWNERSHIP UNDER THE PLAN.

Income Tax Deductions to Unit Owners

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

It is the opinion of Ross & Ross, LLP that a Unit Owner who uses his Unit as a personal residence will, under present Law, for Federal, New York State and New York City income tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid in the case of cash basis taxpayers or accrued in the case of other taxpayers, subject to certain exceptions and limitations which are more particularly discussed in the Attorney's Income Tax Opinion. Purchasers should note that mortgage interest is deductible generally only with respect to (1) secured debt used to acquire, construct or substantially improve a principal or second residence (or which constitutes a refinancing of such debt) (up to a total indebtedness of \$1 million), plus (2) other debt (not in excess of \$100,000) secured by a principal or second residence. Interest on home mortgage debt in excess of these limitations would not be deductible. In addition, Unit Owners should note that special limitations may apply to the deductibility of points and prepaid interest, if any, on their mortgage loans and to the overall allowance of itemized deductions.

Section 458 of the New York State Real Property Tax Law, entitled "Veterans" provides that real property purchased by a veteran, by the spouse or unmarried surviving spouse, or other family members of a veteran of the United States Armed Forces, with proceeds received from a bonus, pension, insurance or dividends from insurance, may be entitled to an exemption from real property assessment, on an amount not to exceed \$5,000.00.

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

It is the opinion of counsel to Sponsor that the Condominium will not qualify as a "homeowners association" under Internal Revenue Code Section 528 and accordingly will be taxable as a corporation for Federal and New York State purposes. As such it will remain liable for Federal Income tax and New York State Income tax on every taxable income it may have from sources such as interest earned on any reserve fund, less expenses directly connected with the production of such income.

See "Attorney's Income Tax Opinion" set forth in Part II of the Plan for a more detailed discussion of the taxability of the Condominium as a corporation.

WORKING CAPITAL & RESERVE FUND

WORKING CAPITAL FUND AND APPORTIONMENTS

The Purchaser of a Unit shall be required to make a contribution of \$150.00 at the Closing of his Unit to the Working Capital fund of the Building ("Working Capital Fund"). The Sponsor will contribute \$10,000.00 to the Working Capital Fund at the Closing of the First Unit.

Sponsor has elected not to provide a reserve fund to be used for capital replacements or repairs, because the Building, upon completion of the construction to be performed by Sponsor as described herein, will be new construction. The Condominium Board, in its discretion, and subject to certain restrictions contained in the By-Laws, may decide in the future to create a reserve fund by special assessment or by increases in Common Charges.

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

The Condominium Board will be able to utilize the funds in the Working Capital Fund at any time and, accordingly, no representation or warranty can be made and no assurance can be given as to the exact amount of funds available at any specific item. However, in no event shall any portion of the Working Capital Fund be used to pay any Common Charges attributable to Unsold Units. In addition, within three months following the end of the first year of operation Sponsor shall deliver to the Condominium Board a statement from an officer of Sponsor, certifying in reasonable detail as to any changes in the amount of the Working Capital Fund which have occurred since the first Closing.

No representation or warranty is made that the Working Capital Fund will be, or is intended to be, adequate to cover current or future expenses, including repairs, replacements or major improvements, for the first or any subsequent year of Condominium operation. If additional funds are required over and above the Working Capital Fund to cover expenses of the Building operation, it may be necessary to increase Common Charges or make special assessments. Neither the Department of Law nor any other government agency has passed upon the adequacy of the Working Capital Fund.

IDENTITY OF PARTIES

SPONSOR

FALDAN REALTY COMPANY is a New York Partnership with offices at 33 Farm Lane, Great Neck, New York 11020. Partners are Daniel Perla and Faleh Hamdan. None of the said Partners has been a Sponsor or associated with a Sponsor of a condominium or cooperative development for the five (5) year period prior to the date of this Offering Plan.

Daniel Perla was a principal of the Sponsor of Chelsea Eights Condominium for the property located at 158 8th Avenue, New York, pursuant to a plan filed in or about the year 1986.

None of the Sponsor, the principals of Sponsor or entities in which the principals of Sponsor were principals have filed bankruptcies, suffered convictions, injunctions or judgments which may be material or have any relevance to the Plan.

Attorneys for Sponsor

ROSS & ROSS, LLP of 290 Central Avenue, Suite 115, Lawrence, New York 11559, Telephone (516)239-3900, are attorneys who represent Sponsor. MARVIN ROSS is the attorney who prepared this Offering Plan. Ross & Ross, LLP will serve as Escrow Agent and will represent Sponsor in connection with the Closing of Units.

Sponsor's Licensed Engineer

Sponsor's Licensed Engineer is Susan M. Melamud, d/b/a Real Estate & Architectural Services, with offices at 15 Aldbury Drive, Upper Saddle River, New Jersey 07458. Her New York State License Number is 059927-1.

Ms. Melamud graduated from the City University of New York as a Chemical Engineer in 1971. She has been a licensed Professional Engineer in New York since 1984 and in New Jersey since 1990 and is fully familiar with New York State Building Codes and construction requirements as they relate to the premises, the subject of this offering plan.

Managing Agent for the Condominium

The Condominium will be managed by General Property Management Associates, Inc., a corporation having offices at

250 W. 57th Street, (Suite 2332), New York, N.Y. 10107. Its principal is Jeffrey Brown who is a licensed real estate broker and has been in the business of managing and selling cooperative and condominium apartments for more than 20 years. At present the managing agent manages approximately 20 cooperative and condominium properties.

Neither the Engineer nor the managing agent have any relationship with the Sponsor other than in their professional capacities.

Management Agreement

The Management Agreement, dated as of January 1, 2001, appoints GeneralProperty Management Associates, Inc. as Managing Agent to perform general services for the Condominium, including but not limited to the following:

- a) to hire and supervise personnel to operate and maintain the property;
- b) to collect all common charges, assessments and late fees from Unit Owners;
- c) to comply promptly with all orders or requirements of federal, state and municipal governments;
- d) to contract for all utility services and to order equipment to properly maintain the property;
- e) to do all things necessary for the proper operation of the property, to keep accurate records, maintain files, send notices to Board Members and Unit Owners.

The term of the Agreement shall be for 1 year and shall continue thereafter unless cancelled by other party.

The compensation payable by the Condominium is the sum of \$7,200.00 for the first year of the agreement and \$8,000.00 for the second year of Condominium operation.

PAGES 76 AND 77 INTENTIONALLY LEFT BLANK

GENERAL

Pending Litigation

At the date of this Offering Plan, there is no litigation pending against the Condominium or the Sponsor or any other party which would affect their ability to perform their obligations relating to this offering, or which would be in any way affect this offering.

Prior Offering

This Property has not been the subject of any prior public offerings.

Non-Discrimination

In accordance with the provisions of the laws of the State of New York, the Sponsor represents that it and its agents will not discriminate against any person because of his or her race, creed, age, sex, color, disability, marital status, national original or other grounds prohibited by law in the sale of Units under this Plan.

Plan as Fair Summary

This Plan contains a fair summary of the pertinent provisions of the various documents referred to herein and does not knowingly omit any material fact relating to this offering. Any information or representation made, not contained in this Offering Plan must not be relied upon.

The Plan may be amended at any time and from time to time provided that, if the amendment is a material and substantial modification of the Plan which adversely affects Purchasers, then anyone who has thereto fore executed a Purchase Agreement shall be given not less than fifteen (15) days after a copy of the duly filed amendment is mailed or otherwise delivered to them written notice to the Sponsor to cancel the Purchase Agreement and to obtain a refund, if any. No person has been authorized to make any representation which is not expressly contained herein. This Plan may not be changed or modified orally.

Reports to Unit Owners

It is the obligation of the board of managers of the condominium to give all Unit Owners annually:

(1) a financial statement of the Condominium for the previous calendar year prepared by a certified public accountant or public accountant by March 15th of the succeeding year. Such statement shall be certified while the Sponsor is in control of the Board of Managers.

(2) prior notice of the annual unit owners' meeting; and

(3) a copy of the proposed annual budget of the condominium by not less than fifteen (15) days prior to the date set for adoption thereof by the Board of Managers; which the Sponsor is in control of the Board of Managers such budget shall be certified as required by the Regulation of the Department of Law.

Documents on File

Sponsor shall keep copies of the Plan, all documents referred to in the Plan and all exhibits submitted to the Department of Law in connection with the filing of the Plan, on file and available for inspection without charge and copying at a reasonable charge at a specified location for six years from the date of first closing. State that the Sponsor shall deliver to the Board of Managers a copy of all documents filed with the appropriate recording office at the time of the closing of the first Unit.

PERLA'S PUEBLO CONDOMINIUM

By Daniel Perla
Partner

Dated: February 7, 2001

PART II

EXHIBIT A

DESCRIPTION OF PROPERTY AND SPECIFICATIONS

There is annexed hereto the report of Real Estate and Architectural Services. Said report sets forth the General Construction details and a description of the character of work, materials and construction of the Building.

The Sponsor reserves the option to substitute materials, fixtures and equipment of equal or better quality.

Modifications of the plans and specifications of the Building and Units, if made in accordance with the right of Sponsor to make such modifications shall govern, if inconsistent with any details set forth in the General Construction details.

ENGINEER'S REPORT

- I. **PREMISES:** 71-75 Avenue "D"
Borough of Manhattan
City of New York
- II. **GENERAL:** Block: 375 Lot: 36
Zoning: R7-2 with C1-5 overlay
Construction Class: Class 1C
Non-combustible
(New Code)
Masonry Walls, Steel
Joists, Beams, Concrete
Floors and Roof Slabs

III. **PRESENT STATUS:**

Building will be constructed as per NYC Building Department New Building Application # 102092227. Plans have been approved on 5/12/99, and permit issued. The work is scheduled to be completed in late 2000, at which time a certificate of occupancy will be required. There is no asbestos in the building and no asbestos will be used in the improvements.

IV. **SITE:**

The building is located on the southwest corner of Avenue "D" and East 6th Street. The lot has a frontage of 76 feet on Avenue "D" and 89 feet on East 6th Street. The building fronts on a public street having an asphalt surface. The sidewalk will be new concrete and the curb will be new steel. The street is provided with a combined city sewer and has storm water catch basins. Street illumination is provided with a bright light on a pole situated on the same side of the street. Off-site parking for building occupants is not provided. Electric and gas utilities are provided by the Consolidated Edison Company. Telephone service is provided by the NYNEX, New York Telephone Company.

The soil conditions on this site below the fill layer can be considered to be poor from a foundation-bearing standpoint. There is a layer of mixed rubble fill approximately 8 ft. deep, including what appears to be remnants of a former concrete slab, and other debris from demolished building formerly occupying the site. These materials are, in turn, underlain by layers of mixed sand/ silt/ gravel fill formation to the deepest depth drilled. The area of Boring was explored using portable equipment.

Ground water was encountered at depths ranging from 8'-6" to 9'-4" below existing grade.

Water supply, for domestic use, is from the city water main. The water pressure is adequate. Potable water is of excellent quality.

V. GENERAL DESCRIPTION:

Six new stories will be constructed. They will consist of retail on the first floor and community facility on partial second floor, and 24 apartments, each occupying plus or minus 1,000 square feet of floor area. The walls fronting the streets will be brick veneers over steel stud, rear walls of masonry, all construction with concrete floors. The apartments will be heated by hot water baseboard and air-conditioned with individual through the wall units.

VI. BUILDING SIZE:

The building has 6 floors and a cellar, which is below grade. The height of the building is approximately 60'0" from the curb level to the top of the main roof. Parapets will be a minimum of 3'-6" high. The building dimensions are 74'x 89' at the first floor. The cellar is same. Total of 13,172 s.f. 2nd thru 6th floors, 27,530 s.f. Total building area is 40,702 s.f. Gross, including the cellar area. The floor to ceiling heights are as follows: 9' - 0" in the cellar, 12' - 0" in the first floor; 8'-1" in floors 2 through 6.

VII. OCCUPANCY:

At the conclusion of the work indicated a new certificate of occupancy will be issued. It will show the cellar for: the lower level of commercial use, electrical meters room, gas meters, boiler room; laundry room and storage, and the first floor as retail store with a small lobby for the upper floors. Floors 3 through 6 will have five apartments per floor, and the second floor will have 4 apartments and Community Facility, for a total of 24 apartments. The 6th floor will have a stair to a bulkhead with access to the roof.

VIII. UNIT INFORMATION:

There are (2) basic unit models. (1) Bedroom apartment and (2) Bedroom apartment. All (1) Bedroom apartments, located on 3rd, 4th, 5th, 6th floors only, contain: (1) livingroom, (1) bedroom, (1) kitchenette / dining area, (1) bathroom, (1) powder room. Total square feet of the (1) bedroom apartment - 960s.f., there is only (1) unit per floor.

All (2) bedroom apartments, located on 2nd, 3rd, 4th, 5th, 6th floors, contain: (1) livingroom, (2) bedrooms, (1) kitchenette / dining area, (2) bathrooms. Total square feet of the (2) bedrooms apartments are: (unit / floor), 740 s.f., 759 s.f., 966 s.f., 1149.5 s.f. There are (4) units per floor.

IX. STRUCTURAL SYSTEM:

The building is classified as being Class IC construction per New Code classification. All exterior side bearing wall are of steel and masonry. All floors and roof slab are constructed of steel "C" joists with reinforced concrete slabs. Steel beams support the

building. All steel supporting masonry is fire protected. Exterior walls of the building are of brick veneer over steel studs and block construction, 8" and 12" thick. The foundation construction is reinforced concrete over piles and grade beams. Foundation walls are 12" reinforced concrete. The foundation walls are in good condition. Interior stairs are steel pan type with cement filled treads. Elevator walls are masonry. Bulkhead walls are stucco finish.

X. BUILDING EXTERIOR:

Side walls except concrete cellar walls will be constructed of brick veneer over steel studs, along with other areas exposed to view, including inside parapets. The fronts of the building at the first floor will be finished with steel and glass (store front). Exterior walls will be insulated with a minimum rating of R-11.

All sashes will be aluminum clad wood with insulated glass. All windows and doors will be finished with paint. Windows will be manufactured by Anderson or equivalent and come with a 2 year manufacturer's warranty against manufacturer's defects. There are no lot-line windows. Window sills will be made of cast concrete. Lintels will be of steel. The windows will be double glazed and caulking will be provided around all windows.

Cast concrete coping will be provided at the front, side and back roof parapet.

Exterior lights will be provided at the building entrance. Building intercom and directory will be provided in recess at the first floor entrance.

XI. ROOF AND ROOF STRUCTURES:

Main building, roof and roof terrace at 2nd floor will be finished with a single ply membrane roofing. Base flashing will be provided. Bulkhead roofs will be finished with single ply membrane and aluminum gravel stop.

Roof drainage at main roof consists of two (3) 5" roof drains, Bulkheads drain to main roof by leaders and gutters to splash blocks. Terrace at 2nd floor to one 3" roof drain. Roofs will not be bonded or guaranteed by the manufacturer.

XII. YARDS:

There will be no front or rear yards in the building.

XIII. INTERIOR STAIRS:

A new steel stair will be constructed throughout the building from the cellar to the roof. The stair shall be constructed of steel channel stringers and metal pan with cement filled treads. Handrails and banisters will be of steel pipe. A roof bulkhead will be constructed with a door to the main roof. Public stair halls will have concrete block walls painted and exposed steel stairs painted.

XIV. ELEVATOR:

A new 12 passenger automatic elevator will be provided. The elevator will be an electrically operated type. It is designed to travel at 100 feet per minute with a maximum capacity of 2,000 lbs. The equipment will be located in the elevator machine room at the roof bulkhead. The elevator will service the cellar floor, the first floor lobby and the floors two through sixth. The elevator door is an automatic double sliding type. At each floor. A new cab will be approximately 4'-3" deep x 5'-8" wide inside and will have Formica panels at wall, 3/16 rubber tile floor and a plastic ceiling panel "Deco Round #33".

XV. REFUSE DISPOSAL:

Compactor will be provided in the cellar, disposal opening will be provided from each floor except first floor. The superintendent will remove the bags and place the refuse on the street on designated days for sanitation pickup. Refuse will be stored in a separate room in the cellar.

XVI. LAUNDRY FACILITIES:

Washers and Dryers will have electrically operated washers and gas dryers and the necessary utility connections for it.

XVII. INTERIOR DOORS AND FRAMES:

All the interior doors in apartments will be masonite. All the entrance doors to apartments and doors in the cellar hallway will be new one and half rated doors and frames.

XVIII. PLUMBING AND DRAINAGE:

The entire plumbing system: waste, water drainage, sprinklers system and water supply will be new. The waste piping shall be cast iron (hubless) service weight, with Clamp-All joints for piping above ground. All new underground piping will be cast iron. All drainage is connected to a combined City sewer.

New 1 1/2" main will provide the domestic water. All hot and cold water piping shall be copper type L and shall be insulated. Hot water piping for apartments shall be provided by a central gas-fired hot water heater located in the boiler room. The hot water heater will be natural gas fired atmospheric type, as manufactured by PVI Industries (or equivalent) - gas input of 140,000 BTU with a recovery rate of 146 gallons per hour and storage capacity of 90 gallons.

XIX. HEATING AND AIR CONDITIONING:

Heating for each apartment, and community facility will be provided by a central gas-fired boiler located in the cellar. The boiler will supply hot water to Volcan baseboard units in each room in the apartment, as will to the baseboard heaters in the community facility. Heating and Air conditioning is not provided for the retail unit. Air conditioners units will not be provided to each room in the apartments. Air conditioner sleeves will have through wall grills. Electricity for cooling to be provided by tenant.

Boiler: Weil Mclain cast iron
Section Natural Gas Boiler
Model
Capacity: 1,000,000 BTU/Hr. gross output

Heating, Hot water systems provide adequate capacity.

XX. GAS SUPPLY:

A new gas service will be provided for the building. A single meter in the cellar will be provided for all of the apartments and public areas for metering heat, and hot water usage.

Gas service to all the apartments used for cooking will be monitored by a single meter and distributed with all connections to each apartment. Each apartment will have 4 burner gas range.

Gas will be supplied from the main in the street by Con Edison. All gas piping will be schedule 40 black iron.

XXI. VENTILATION:

Bathroom and kitchen areas that are located in the interior of the building will be provided with mechanical exhaust systems which will extend to the roof. All the ducts will be fire retarded throughout their total risc, and each register will be provided with a fusible link damper.

Cellar public hall, boiler room, laundry room, and gas meter rooms will be ventilated by ducts to outside exterior walls and heat accordingly.

XXII. PEST CONTROL:

The building will be serviced by a pest control outfit on a monthly basis.

XXIII. ELECTRICAL:

The entire electrical system, both lighting and power, will meet all the applicable Code standards and Underwriter's requirements. The new incoming electrical service will be of 1200 amps, 3 phase, 4-wire 120/208 volt.

The retail unit will have three-phase 120/220 volt, 600-amp service with a 24-position panel. The Community Facility unit will have three-phase 120/220 volt, 60-amp service with a 24-position panel. The retail and community facility will be metered separately.

The apartments will have a single-phase 120/208-volt, 70-amp service with a 24-position panel. Each apartment will be metered separately. Convenience outlets in each room, space, kitchen, etc. will be above the minimum Code requirements and baths will have outlets with ground fault breakers.

The entrance vestibule door locks will be operable remotely by a low voltage system from each apartment. In addition, each apartment will be connected to the front vestibule with an intercom system. A television monitoring security system will be installed in the entire building, with a camera in the lobby and individual monitoring screens in each apartment.

Each apartment will be wired for cable T.V., Telephone and Computer access lines.

XXIV. PLUMBING FIXTURES:

The following fixtures will be provided in each apartment:

Master Bath: Lavatory - Gerber or Equivalent Lavatory
Toilet - Gerber or Equivalent Toilet
Tub - Cast Iron

Bath #2: Lavatory - Gerber or Equivalent Lavatory
Toilet - Gerber or Equivalent Toilet
Tub - Cast Iron

Kitchen: Sink - Stainless Steel 18 gauge with Faucets

In the event of substitutions, equivalent fixtures will be provided.

XXV. KITCHEN APPLIANCES:

Kitchen appliances to be provided in each apartment are:

Refrigerator - 18.6 cu. Ft. (white)

Range - 4 Burner, Gas, Slide-in Range with self-cleaning oven (white)

Dishwasher - (white)

If changes are made, equivalent equipment will be substituted.

XXVI. LAUNDRY APPLIANCES:

Washer - 3 (white)

Dryer - 3 (white)

If changes are made, equivalent equipment will be substituted.

XXVII. FINISH SCHEDULE:

<u>ROOM</u>	<u>FLOOR</u>	<u>WALLS</u>	<u>CEILING</u>
Livingroom	Oak	5/8" GWB 2 coats paint	5/8" GWB 2 coats paint
Kitchen	Ceramic Tile	Same	Same
Powder room	Ceramic Tile	Same	Same
Bedrooms	Oak	Same	Same
Dining Area	Oak	Same	Same
Bathroom	Ceramic Tile	5/8" GWB & Waterproof around Tub.	Same

XXVIII. HANDICAPPED ACCESS:

Building complies with requirements of L.L. 58 (Handicapped Access Law).

XXIX. FIREPLACES:

Not Provided

XXX. SMOKE DETECTORS:

Each apartment will be equipped with a hard wire (120V) smoke detectors, which will be located in the hallway near the bedroom entrance doors.

XXXI. ENTRANCE AND MAILBOXES:

The building entrance and vestibule doors will be custom made of wood frame with glazing and a key operated lock will be installed. There are no service entrances to the building. The apartment entry doors will be 1 1/2 hour fire rated steel doors and will be provided with mortise lock, security chain and peephole.

The mailboxes will be provided in the vestibule. There will be a separate locked mailbox for each residential apartment unit, as well as one mailbox for the community Facility unit. The Retail unit will receive their mail directly to their separate entrance.

71-75 Avenue "D"
Block: 375 Lot: 36

<u>Floor</u>	<u>Aggregate Floor Area</u>
Cellar.	6,586.00 sf
1 st Fl.	6,586.00 sf
2 nd Fl.	5,506.00 sf
3 rd Fl.	5,506.00sf
4 th Fl.	5,506.00 sf
5 th Fl.	5,506.00sf
6 th Fl.	<u>5,506.00sf</u>
Total	40,702.00 sf

Cellar Use: Commercial storage, residential storage, Tenants laundry, meter rooms.

1st fl. Use: Commercial store

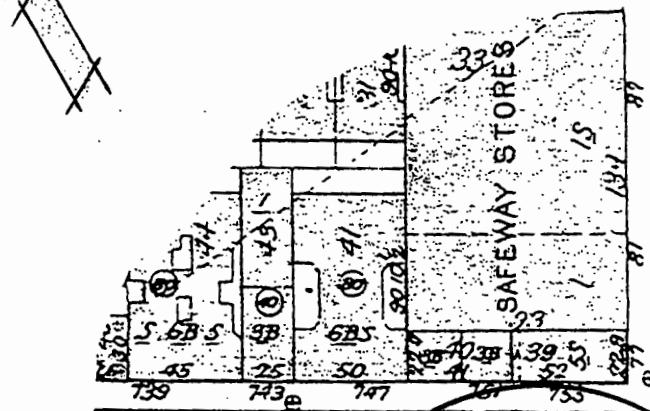
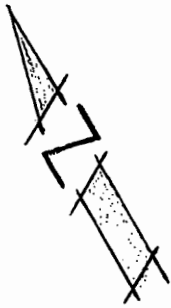
2nd fl. Use: Community facility, Residential apartments.

3rd fl. Use: Residential.

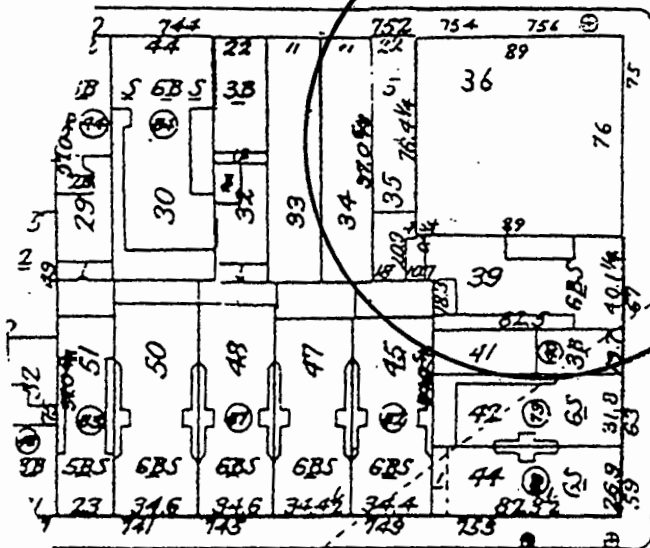
4th fl. Use: Residential.

5th fl. Use: Residential.

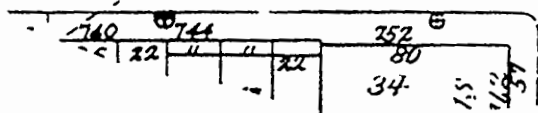
6th fl. Use: Residential.



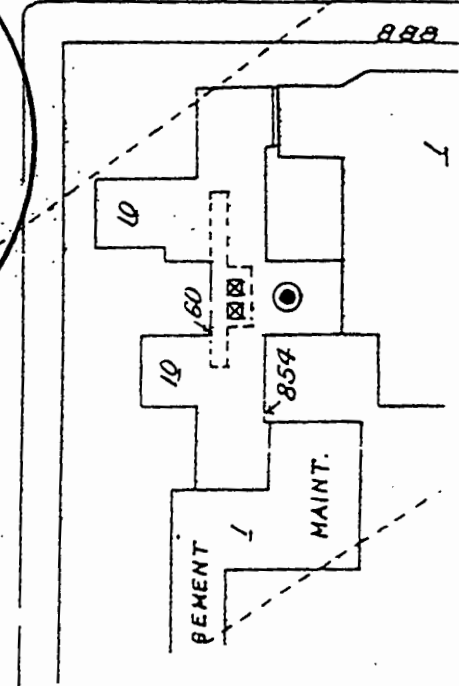
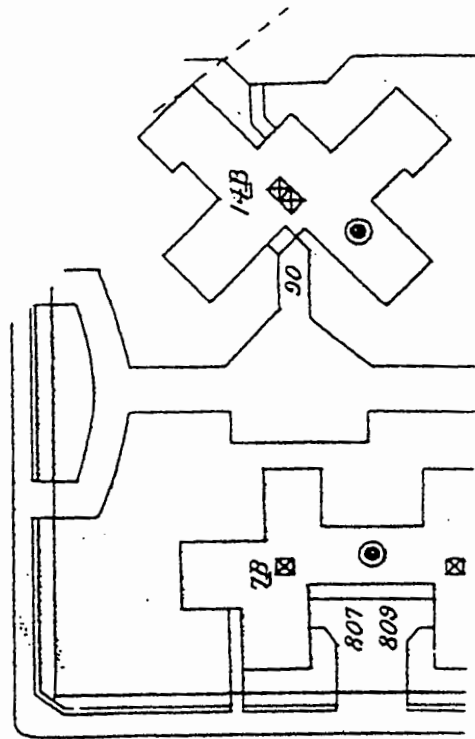
EAST 6TH STREET



EAST 5TH STREET



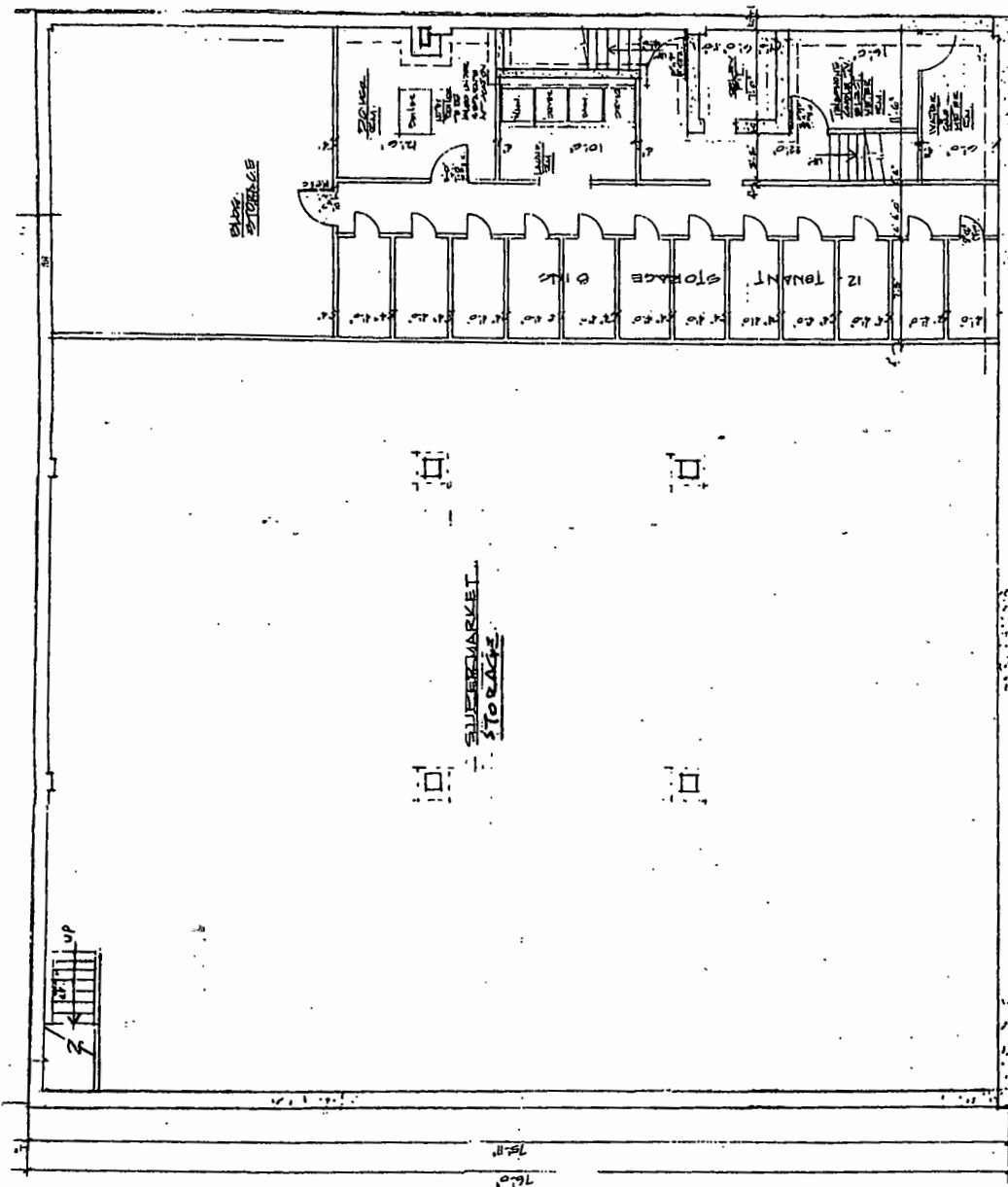
AVENUE "D"



SITE PLAN
71-75 Avenue "D"

-8B-
88B





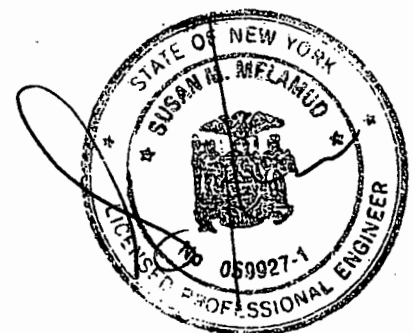
EAST 6TH STREET

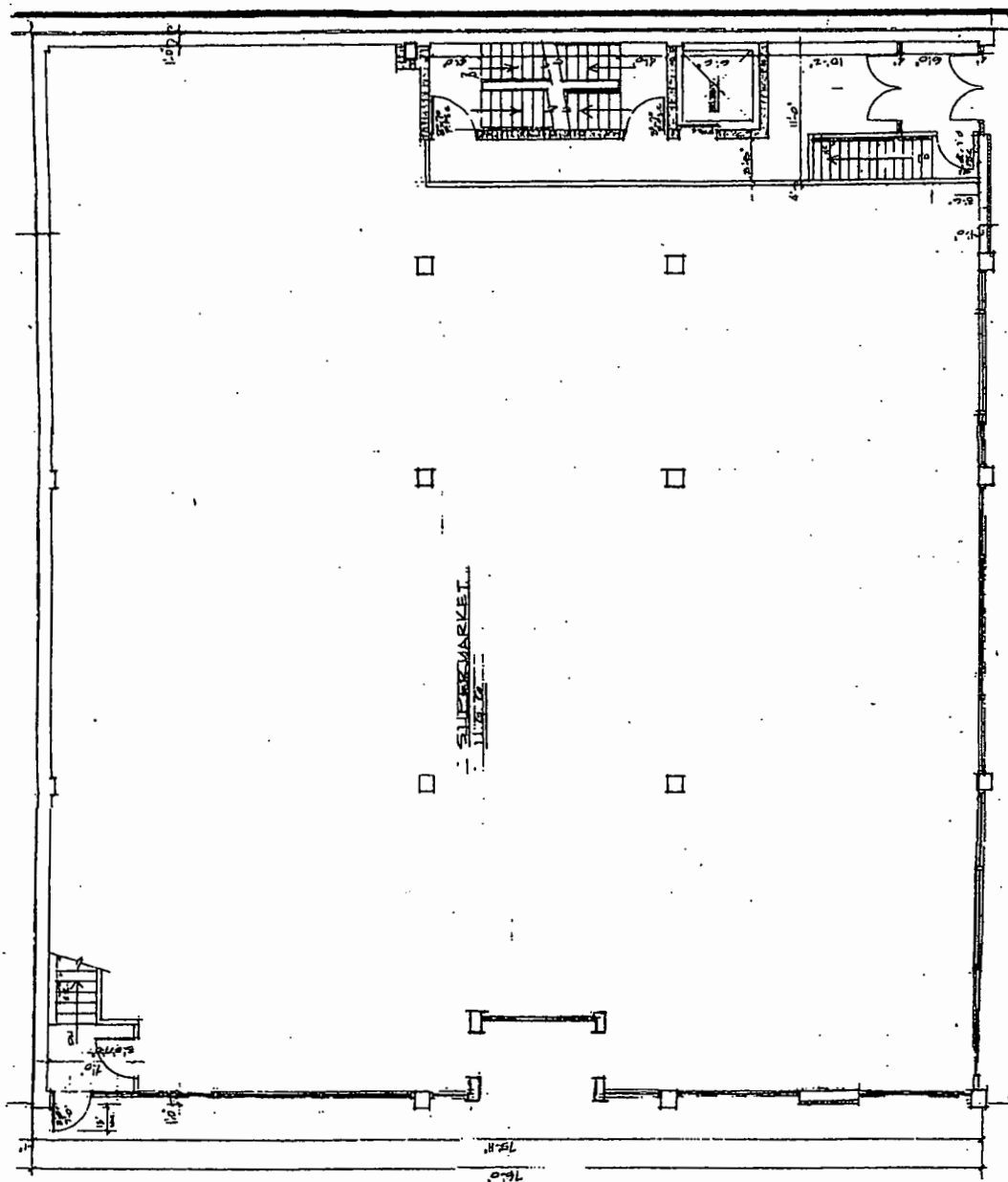
AVENUE "D"

CELLAR FLOOR

71-75 Avenue "D"

-8C-
88C





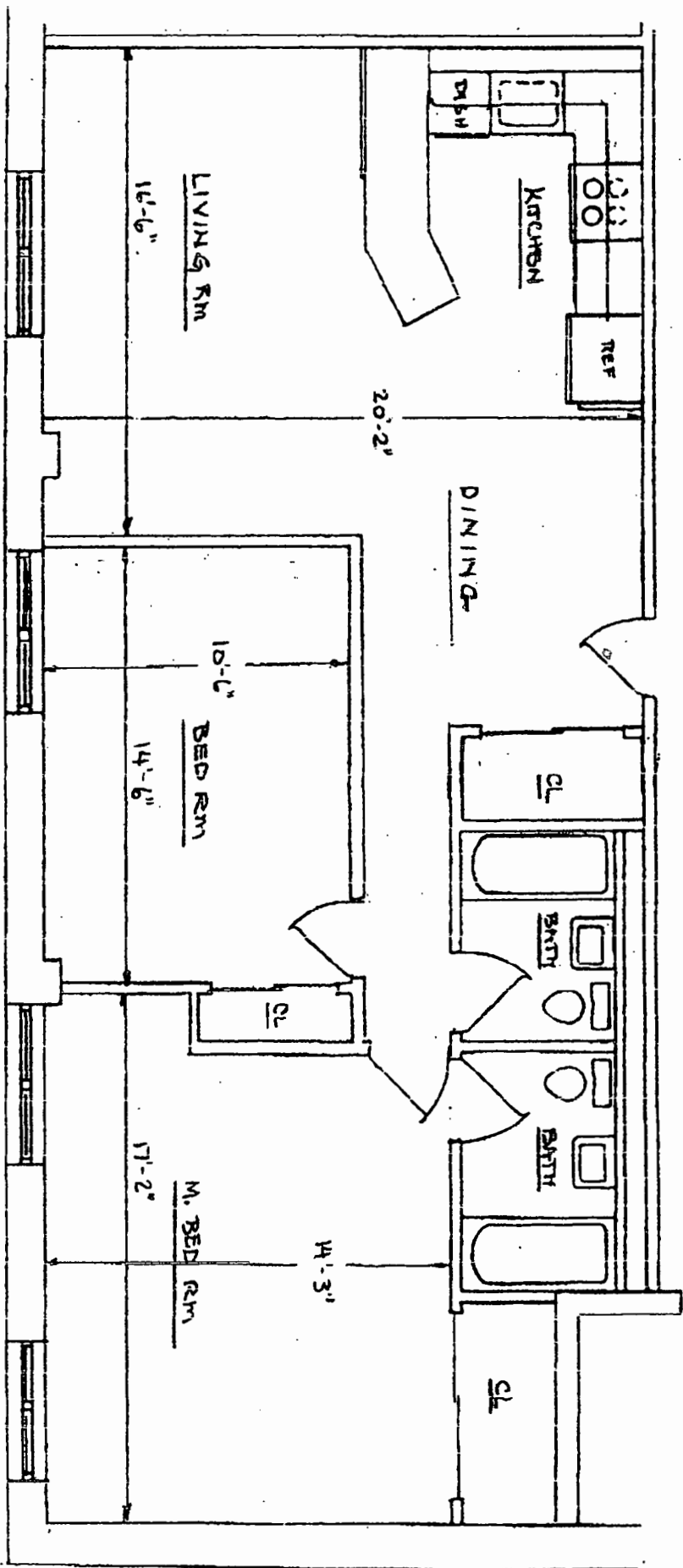
EAST 6TH STREET

AVENUE "D"

1ST FLOOR
71-75 Avenue "D"

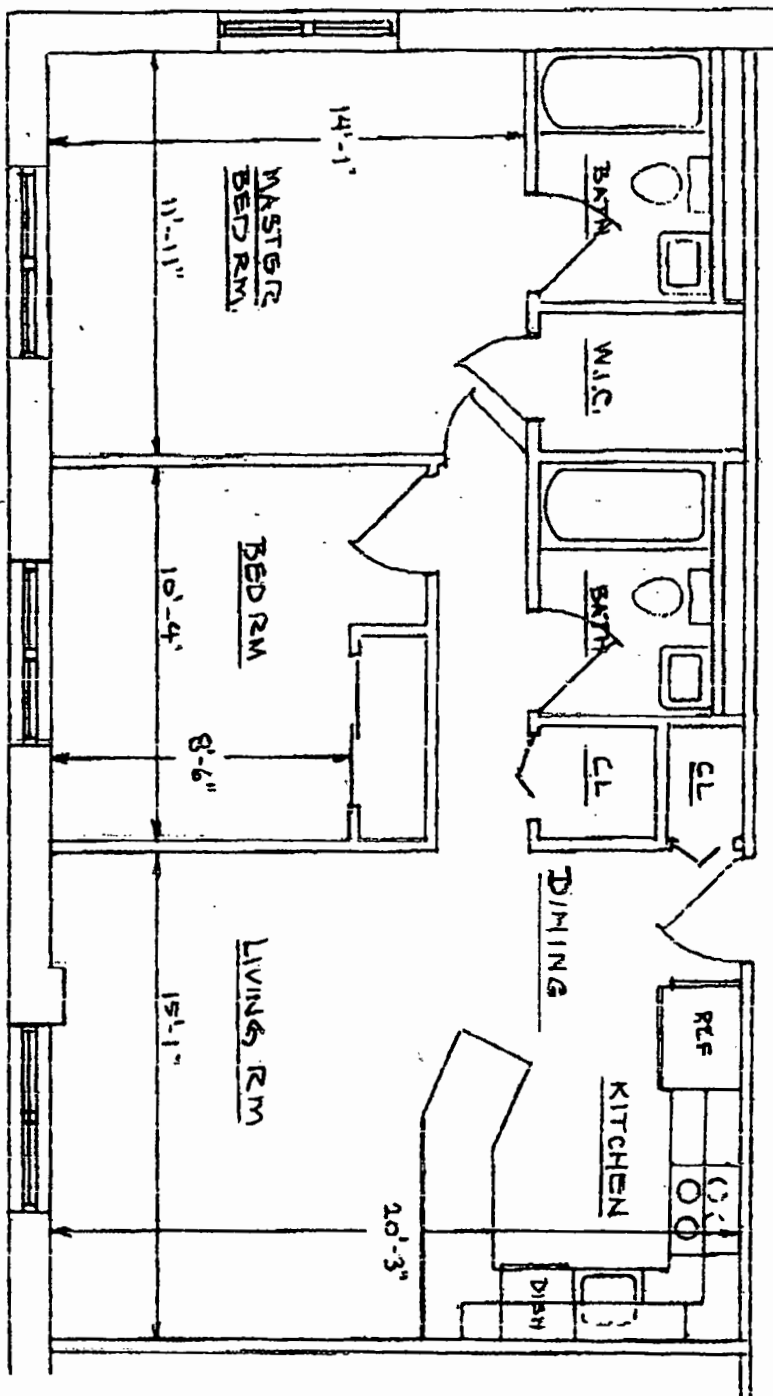
-8D-
88D



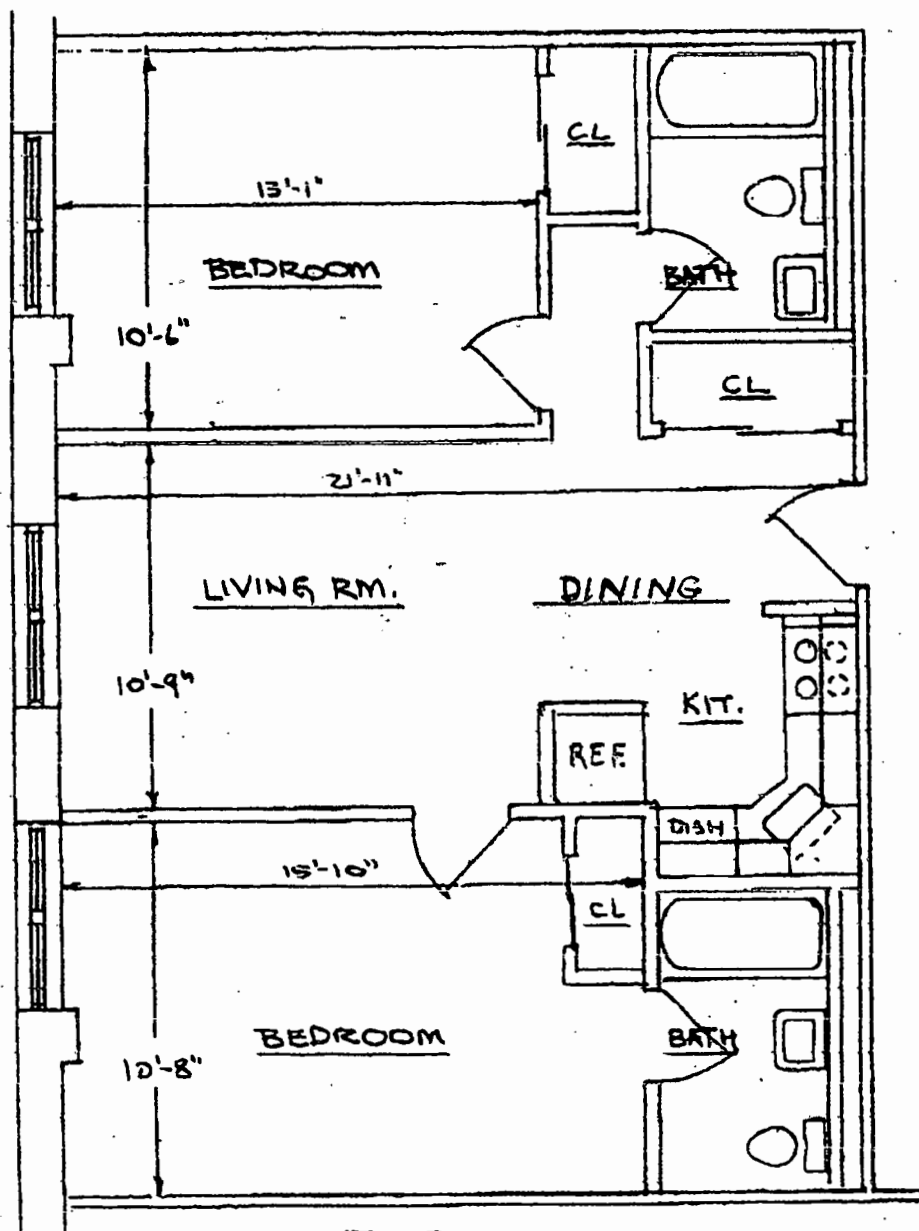


970 sq. ft.

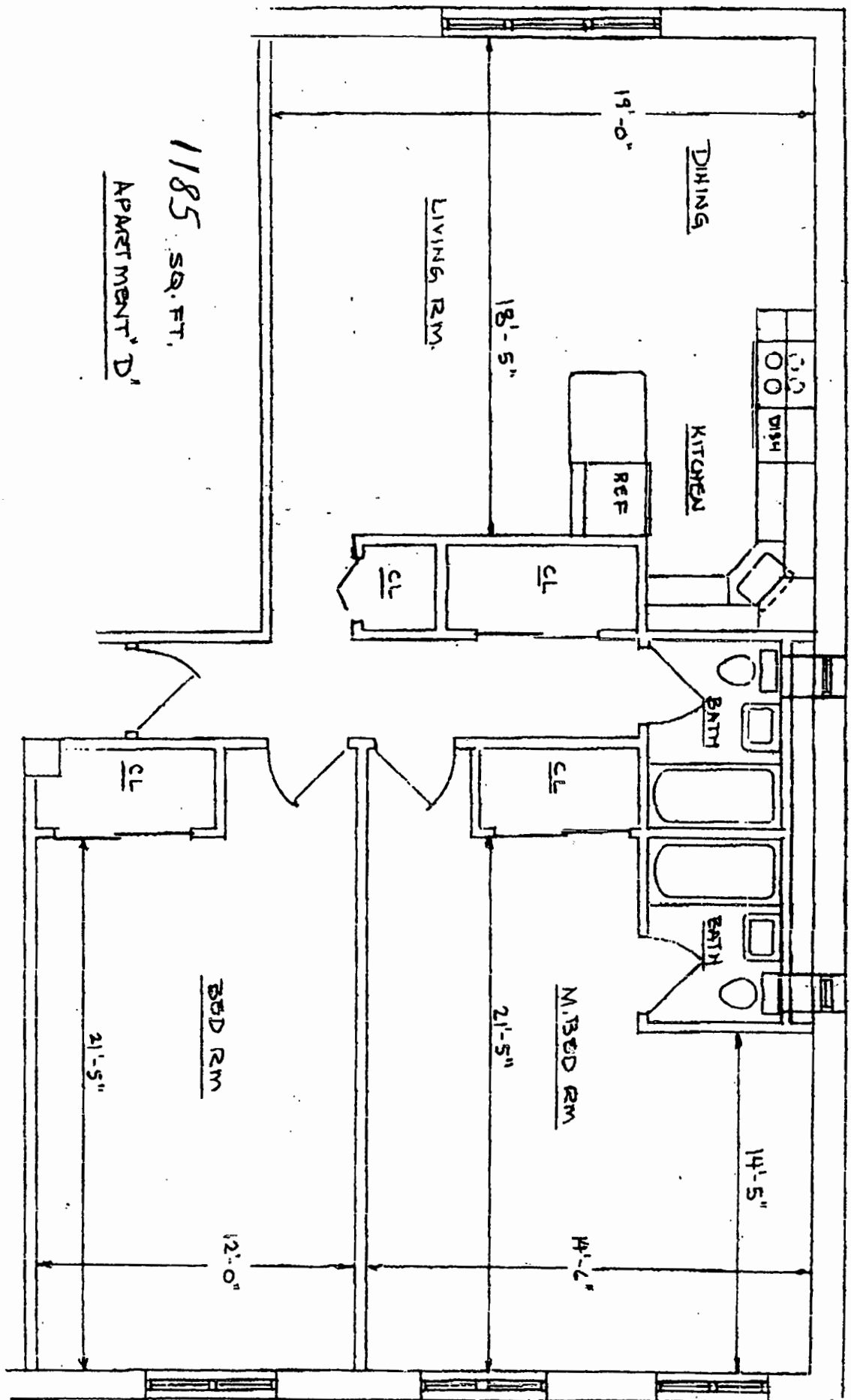
Apartment "A"



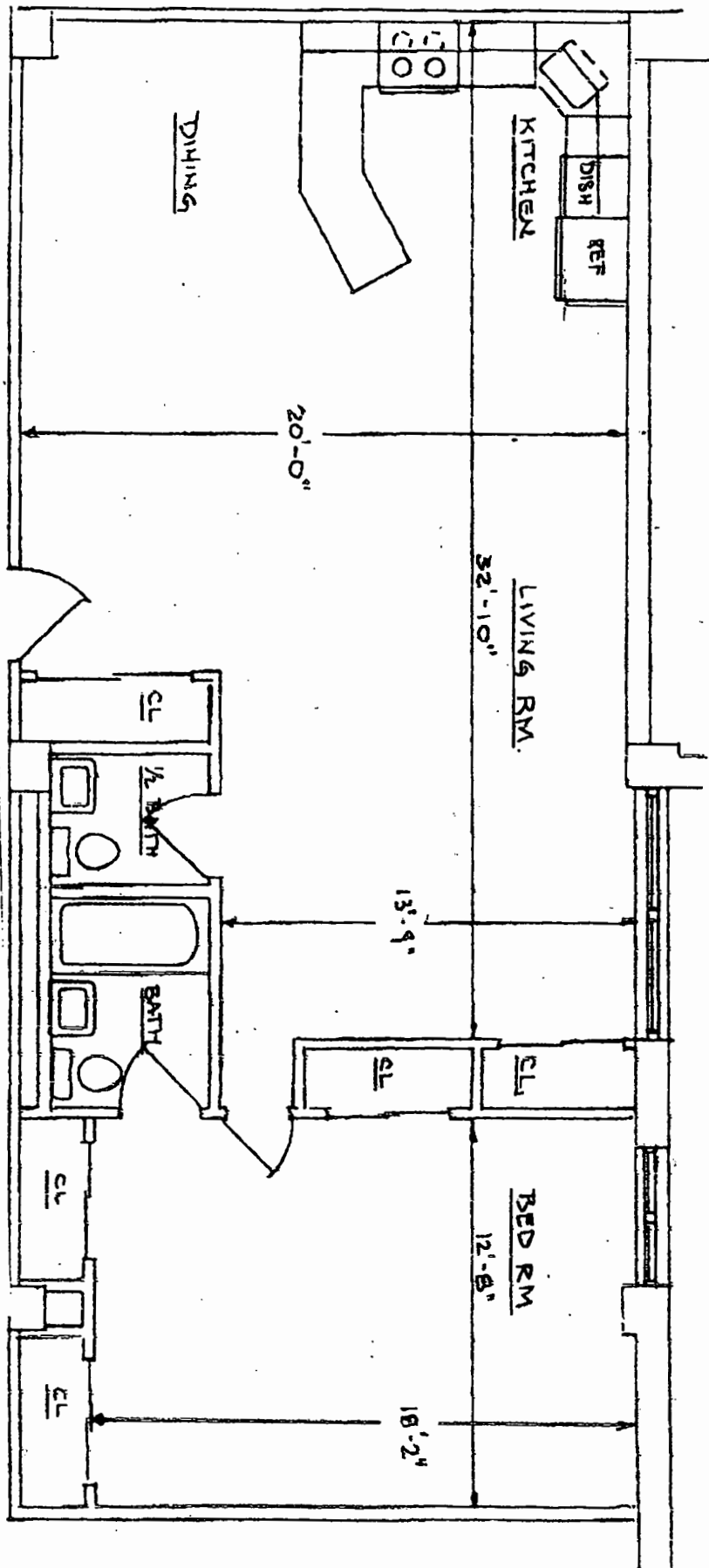
756 sq. ft.
APARTMENT "B"



709 SQ. FT
APARTMENT 'C'

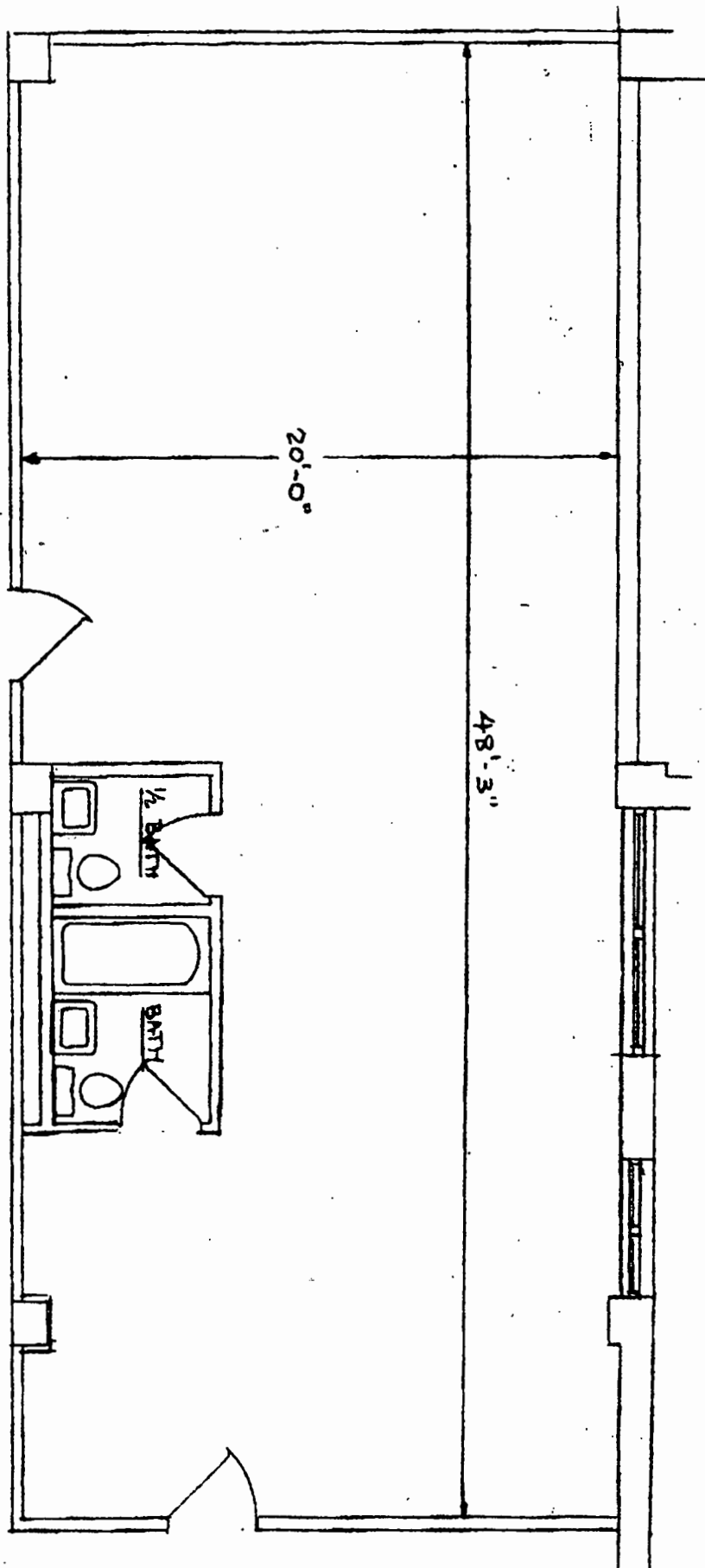


1185 SQ. FT.
APARTMENT "D"



975 SQ. FT.

APARTMENT "E"



960 SQ. FT.

2ND FLOOR - MEDICAL

NOTES:

RE: 71-75 Avenue "D"

The reference made to Community Facility is: Doctors' Offices. Certificate of occupancy will classify it: Doctors Offices, Use Group 4.

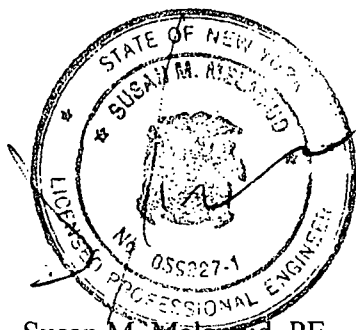
Retail unit will be heated with its own H.V.A.C, system. No heat will be provided from any other unit. All pipes are insulated against freezing.

Makes, Models and related specifications for Elevator, Appliances, Compactor and Intercom are enclosed.

In reference to water seepage into basement, please be advised that the substantial water flows under the whole district, and therefore under the property. Sponsor will install three (3) sump pumps in three (3) separate pits locations. In our opinion the pumps will be adequate to control water seepage into the basement.

Sump Pumps:

Make: Liberty Pump
Model: 287
Capacity: ½ hp 50.-60 Gal./ Min.



Susan M. Melanud, PE

NOTES:

RE: 71-75 Avenue "D"

The reference made to Community Facility is: Doctors' Offices. Certificate of Occupancy will classify it: Doctors' Offices, Use Group 4.

Retail unit will be heated with its own H.V.A.C. system. No heat will be provided from any other unit. All pipes are insulated against freezing.

Makes, Models and related specifications for Elevator, Appliances, Compactor and Intercom are enclosed.



RE: 71-75 Avenue "D"

Elevator:

Manufactured by: Hollister Whitney 640 H
Motor by: Imperial 40 H.P. SN 1247
Controller by: O. Thompson Tricon EL 100
Cab by: Park Avenue
Model: Fleetwood

Appliances:

Refrigerator:	General Electric,	Gas Range:	General Electric
Model:	GBX 14SY	Model:	JGBF20WEAWW
Capacity:	14 c.f.	Features:	Electric Ignition
Color:	Brown		
Dishwasher:	General Electric	Intercom:	ELVOX (See Attached)
Model:	GSD2635FWW	Model:	5601 (Video intercom)

Compactor:

Manufactured by: Wilkinson (See Attached)
Model: Blue Max

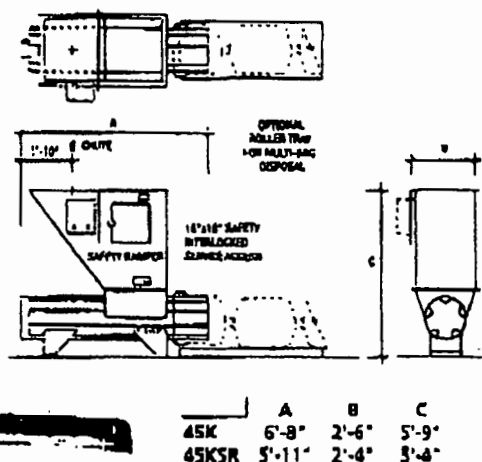
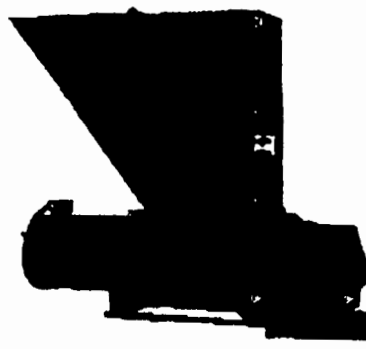


12/29/00 23:34 FAX

02

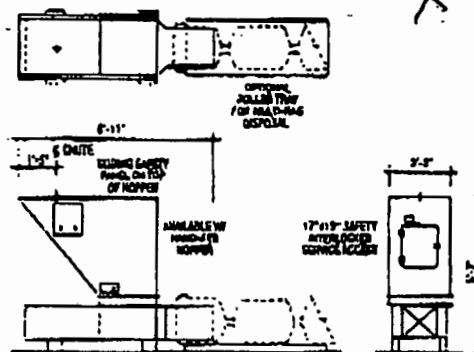
Extruder and Bulkhead Compactors

800-686-6726

111721115
BuyLine 9302

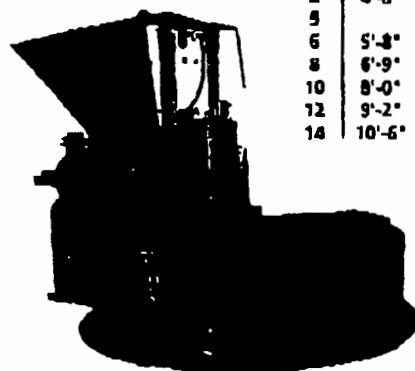
45K/45KSR When using an extruder compactor, the custodian must separate the extruded tube of refuse into individual bags. The 45K has a unique fluted throat which produces a tube of waste that is easily separated, saving valuable time and labor. The 45KSR provides the same features as the 45K but has a slightly smaller charging chamber and is shorter in length.

- Indexable hopper rotates in 90° increments
- 45KSR designed for small rooms
- Ram retract switch and emergency stop
- Single or multi-bag operation
- Fire control and additional roller track (optional)
- Custom build models for specific operations (optional hand fed hopper)
- Tamper resistant safety switch on access door
- Roller track information below

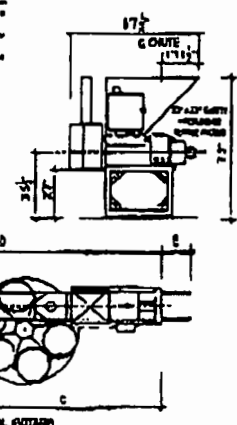


BLUE MAX This economical extruder compactor is specifically designed for safe, simple operation. A 50° sloped impact plate reduces clogs and blockages. With a large 24" x 24" infeed opening, the extruder forces the refuse through the tapered nose of the compactor, resulting in a reduced volume.

- Indexable hopper rotates in 90° increments
- Ram retract switch and emergency stop
- Single or multi-bag operation
- Fire control and additional roller track (optional)
- Custom build models for specific operations (optional hand fed hopper)
- Tamper resistant safety switch on access door
- Can be converted into a container packer
- Roller track information below



# OF CON.	ROTARY			LINEAR	
	A	B	C	D	E
3				11'-4"	0'-0"
4	4'-8"	3'-3"	9'-1"	12'-11"	0'-0"
5				15'-0"	1'-7"
6	5'-3"	4'-2"	10'-0"		
8	6'-9"	5'-1"	11'-0"		
10	8'-0"	6'-3"	12'-2"		
12	9'-2"	6'-8"	13'-5"		
14	10'-6"	7'-10"	14'-7"		



24KAL/24KAR This compactor compacts into a heavily reinforced chamber to form a neat "slug" of refuse. Once the refuse reaches the desired weight, it is ejected into the container bag. Both weight and compaction ratio can be adjusted. The 24 KAL works by moving an empty container forward in a linear fashion to replace a full container while the 24 KAR's containers are on a turntable that rotates an empty container to replace full containers.

- Neat slugs of refuse
- Adjustable compaction ratio
- Automatic increasing and loading
- 24 KAL for narrow rooms/24 KAR for large capacity
- 14 bag unit unloaded twice a day will compact a total daily output of a 560 unit apartment building.

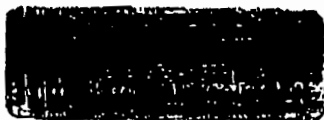
Model	Chamber Capacity Cu. Yd.	Displacement Per Hour Cu. Yd.	Cycle Time In Seconds	Packing Force Normal lbs.	Chamber Opening	Overall Dimensions
45K/45KSR	35	15	32	38,500psi	(45K) 24"W x 24"L (45KSR) 21"W x 24"L	80"L x 70 1/4"W
BLUE MAX	48	28	22	21,000psi	24"W x 24"L	81"L x 67 1/2"W x 29 1/2"W
24KAR/KAL	35	21	29	29,000psi	24"W x 24"L	see chart above

*Straight and curved sections of roller tracks are available in standard lengths of 5' and 10', or can be sized to fit location upon request. Also available in 90° diverting sections. All specifications subject to change without notice.

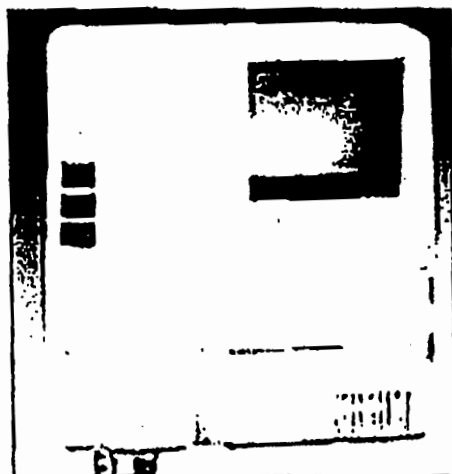
1-03-2001 9:36AM

FROM

P. 1



Engineering Data



VIDEO INTER-COMUNICATION AND RELEASE SYSTEM

The Elvox® 5601/000 apartment house series monitors are designed to meet virtually any requirement for low-rise and high-rise apartment video-inter-com security. These attractive monitors surface mount right onto the wall, by means of a steel back-plate (supplied) or onto standard electrical backbox. All 5601/000 monitors feature a crystal clear, hi resolution 625 lines, 4.50" (114.3mm) black and white monitor (measured diagonally), electronic tone signaling, heavy duty coiled cord, momentary door release button, monitor activation/remote control button, contrast and brightness control and handset with electret microphone, providing simultaneous Talk and Listen functions.

General Information

- ☐ Low Profile Design
- ☐ 4.50" (diagonal) Crystal Clear 625 lines Resolution Black & White video screen
- ☐ Convenient Duplex Voice Operation
- ☐ Easy Surface Wall Installation utilizes Steel Wall Plate
- ☐ Quick Wall Plate Connect/Disconnect
- ☐ Clear Voice Fidelity
- ☐ Rugged and Reliable.
- ☐ Simple to Operate
- ☐ Pleasant Electronic Call Tone Signal from Entrance Panel(s)
- ☐ Low profile Monitor protrudes only 3.50" from wall
- ☐ Monitors may activated with built-in Monitor Button
- ☐ Monitors may adjust tilt of Model 554/00R Camera

Specifications

Video Tube:	4.50" (114.3mm) (measured diagonally)
CRT:	High Brightness Black and White
Horizontal Resolution:	Better than 600 lines
Controls:	Door Release Button, Monitor On/Remote Control Button, Contrast/Brightness Control, 1 Auxiliary switch.
Handset:	Duplex Handset with Electret Microphone and heavy duty coiled cord.
Construction:	Molded High Impact ABS Plastic
Finish:	Soft White color with Black Imprinting.
Supply Voltage:	18 to 20 Volt DC
Power Consumption:	1.8 Watt Standby, 24 Watt ON
Terminations:	Plug-In Wall Mounting Plate
Dimensions:	8.75" W., 8.00" H., 3.50" D. (222X203X89mm). All dimensions shown are outside dimensions, less the coiled cord.
Net Weight:	5 Lbs (2.4 Kg)

Architects and Engineers Specifications

The apartment monitor station shall be Elvox model 5601/000. Monitor shall be surface mounted. Monitor shall include a high quality 4.50" (114.3mm) (measured diagonally). High resolution 625 lines. Monitor handset shall feature duplex communication and electret microphone for exceptional voice fidelity. Handset shall include a heavy duty coiled cord. Monitor shall include a door release button, monitor on/remote control button, contrast/brightness control switch, one (1) auxiliary switches and steel back-plate connector (model # 1/550). Monitor shall be constructed of high impact ABS plastic in a soft white color with black imprint. Monitor shall feature electronic call tone signaling from lobby entrance station(s). Monitor can be used

5601/000

EXHIBIT B

FALDAN REALTY CO.

PURCHASE AGREEMENT

(To be executed in Triplicate)

Agreement made and dated _____, 200 , between FALDAN REALTY CO., a New York Partnership having its office at 33 Farm Lane, Great Neck, New York 11020, hereinafter called Seller, and _____ residing at _____ hereinafter called Purchaser.

WHEREAS, Seller desires to offer for sale, pursuant to Article 9-B of the Real Property Law of the State of New York, Condominium Units to be situated on the land owned by it, located in the City of New York, New York County, at 71-75 Avenue D, New York, New York, and the Purchaser desires to purchase a Unit in such Condominium; and the Purchaser desires to purchase a Unit in such Condominium.

NOW THEREFORE, in consideration of mutual promises set forth herein, parties agree as follows:

1. The Offering Plan. Purchaser acknowledges having received and read a copy of the Offering Plan for the Perla'a Pueblo Condominium and all amendments thereto, if any, filed with the Department of Law of the State of New York (hereinafter, collectively, referred to as the "Plan") at least 3 days prior to Purchaser's signing this Agreement. If Purchaser has not received and read the Plan and all amendments thereto at least 3 full days prior to Purchaser's signing this Agreement, Purchaser shall have the right to rescind this Agreement, by sending written notice of such rescission to Sponsor by certified or registered mail, return receipt requested, or by personal delivery, in either case within 7 days from the date Purchaser delivers an executed Purchase Agreement together with the required Deposit to the Sponsor. The Plan is incorporated herein by reference and made a part hereof with the same force and effect as if set forth at length. In the event of any inconsistency between the provisions of this Agreement and the Plan, the provision of the Plan will govern and be binding. Purchaser hereby adopts, accepts and approves the Plan (including, without limitation, the Declaration, By-laws and Rules and Regulations contained therein) and agrees to abide and

be bound by the terms and conditions thereof, as well as all amendments to the Plan duly filed by Sponsor.

2. Sale of Unit. Purchaser agrees to purchase and Seller agrees to sell the Condominium Unit in PERLA'S PUEBLO CONDOMINIUM, designated as Unit No. __, as shown on the Schedule A which forms a part of the Offering Plan together with a _____ (____%) percent undivided interest in the Common Elements appurtenant thereto.

3. Closing of Title: Adjustments. The Closing of Title shall take place at an office to be designated by Seller at _____ o'clock on or about _____ 2000, or at such other date and time designated by Seller upon thirty (30) days written notice mailed to Purchaser at his address hereinabove set forth. Seller shall be entitled to a reasonable adjournment in the closing of title in the event of delay by reason of weather conditions, strikes or material requirements. If Purchaser is not ready to close title at the date and time fixed pursuant to the contract, any adjournment exceeding five (5) days granted at the request of Purchaser shall be upon the condition that Purchaser shall pay to Seller the prime rate charged by Fleet Bank on the unpaid balance of the purchase price for the period of the adjournment. In addition, all adjustments for taxes and maintenance shall be as of the original closing date set by Sponsor. Nothing herein contained shall be construed to require Seller to grant any adjournment not reasonable in duration. In no event shall Purchaser take possession of the Unit prior to the date of closing of title. If Sponsor consents to close at any other location as an accommodation to Purchaser, Purchaser shall pay to Sponsor's attorneys at closing an extra fee as set forth herein. Sponsor may, from time to time, adjourn the date and hour for closing on not less than 5 business days notice to Purchaser, which notice shall fix a new date, hour and place for the closing of title.

The term "Closing Date" or "closing of title" or words of similar import, whenever used herein, shall mean the date designated by Sponsor on which the deed to the Unit is delivered to Purchaser, or any adjourned date filed by Sponsor pursuant to subsection 6.1 hereof.

4. Purchase Price. The purchase price is \$ _____ payable as follows:

\$ on the signing of this Agreement, the receipt whereof is hereby acknowledged;

\$ certified or bank cashier's check on closing of title;

\$ by executing to Seller a first mortgage loan in that amount.

Any payment made by check is accepted by Seller, subject to collection.

Notwithstanding anything to the contrary, Purchaser's performance under this contract will not be contingent upon obtaining financing if Purchaser does not accept Seller's financing.

5. Closing Costs and Adjustments. Purchaser agrees to pay to Seller, at the closing of title actual cost of title examination, New York State and New York City transfer taxes, recording and filing charges, fees and charges associated with Purchaser obtaining a mortgage from a lender including Sponsor but not limited to credit report fee, cost of mortgage insurance, attorneys' fees, appraisal fee, credit report fee, a survey fee and origination fee and mortgage taxes and other governmental charges assessed on the loan or on the transfer of title. Purchaser also agrees to pay \$150.00 to the Condominium at the closing of title representing Purchaser's share of the initial working capital of the Condominium. Purchaser will adjust with Seller such real estate taxes and common charges based upon the last bill rendered for such charges.

6. Contract Not Conditional on Mortgage Financing.
PURCHASER'S OBLIGATION TO PURCHASE A UNIT PURSUANT TO THE PURCHASE AGREEMENT IS NOT CONTINGENT ON PURCHASER'S OBTAINING FINANCING FOR SUCH PURCHASE.

Notwithstanding the foregoing, Sponsor has agreed to offer to qualified purchasers Unit mortgages in a sum not to exceed 80% of the Unit Purchase Price, for a term of five (5) years, at an interest rate which will be one (1) percentage point less than the prevailing prime rate at the date of execution of the Purchase Agreement. The prime rate is currently 9 ½%.

Purchasers who seek such Sponsor financing must submit a mortgage application in the form set forth in Part II of the Plan together with any further information and documentation which

Sponsor may reasonably request. Sponsor will have a period of fifteen (15) days from the date of submission of the mortgage application and additional documentation as may be requested to issue its commitment for a requested mortgage loan.

In the event Sponsor agrees to a Purchaser's request for mortgage financing under the conditions set forth herein, Sponsor shall notify Purchaser of its determination by notice in writing.

In the event Sponsor rejects Purchaser's application, for any lawful reason in its sole and exclusive discretion, any deposit paid pursuant to the Purchase Agreement shall be refunded in full to Purchaser and upon such refund the Purchase Agreement shall be deemed cancelled and void.

NO REPRESENTATION OR WARRANTY IS MADE THAT SPONSOR FINANCING WILL BE AVAILABLE TO A PURCHASER EXCEPT UNDER THE TERMS AND CONDITIONS SET FORTH.

Sponsor shall have a period of ten (10) days from signing of this contract to reject Purchaser's application for a mortgage commitment in the event Purchaser makes application for Sponsor financing.

7. Escrow of Deposit. The Escrow Agent described in the Plan will hold all monies received hereunder, in trust, until the closing of title. Such funds will be held as trust funds pursuant to Section 352-h and 352-e (2)b of the GBL, in a special account in Fleet Bank, Lawrence, New York entitled "Perla's Pueblo Condominium Escrow Account". Monies will be released from such account only upon signature of Marvin Ross or Seth Ross. The funds existing in the trust account will be payable to Seller after closing of title to the Unit covered by this Purchase Agreement. If Purchaser defaults and such default continues for ten (10) days after notice of default from Seller to Purchaser, the down payment, of ten (10%) percent of the total purchase price and the actual cost of optional items ordered, shall be released to Seller from such account as liquidated damages and thereafter neither party shall have any rights or obligations against or to the other.

In the event Seller cannot convey title to the Unit, on or before six (6) months from the date of this Purchase Agreement, all monies advanced by Purchaser hereunder shall be returned to Purchaser with interest if any. Seller will not record the

Declaration until it has Purchase Agreement from at least one (1) in number of all the Units. If the Declaration is not recorded within eighteen (18) months of the date of the Offering Plan, all monies advanced by Purchaser will be returned promptly thereafter with interest, if any.

8. Subordination of Purchase Agreement to Building Loan Mortgage. Purchaser agrees that all terms and provision of this Agreement are and shall be subject and subordinate to the lien of any building loan mortgage on the condominium property hereto for 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, to the full extent thereof without the execution of any further legal documents by the Purchaser. This subordination shall apply whether made in accordance with the building loan schedule of payments or accelerated thereunder by virtue of the lender's right to make advances before they become due in accordance with the schedule of payments. Seller shall satisfy all such mortgages at or prior to the closing date, or will provide at Closing a release of the Purchaser's Unit from the lien of such building loan mortgage.

9. Recording of Condominium Declaration. The Declaration and By-Laws will be recorded by Seller in the Office of the Registrar of the County of Nassau prior to the conveyance of the first Condominium Unit as set forth in the Offering Plan. The Seller shall file with the Declaration when it is recorded verified statement of a registered architect or licensed professional engineer certifying that the plans theretofore filed fully and fairly depict the layout, location, Condominium Unit designation and approximate dimensions of th Condominium Units as built. The Declaration and By-Laws when recorded by Seller, will be substantially in the form and substance of the Declaration and By-Laws delivered to Purchaser and any changes therein will not substantially adversely affect Purchaser.

10. Personal Property Included to Sale; Excluded Items. All articles of personal property, fixtures and equipment as set forth in the Offering Plan for the Model Type Condominium Unit referred to herein are included in this sale, and same will be delivered free and clear of all liens and encumbrances, except the lien of the mortgage applied for the Purchaser herein. Decorative lighting fixtures, special wood and ceramic tiles, paints, carpeting, built ins, special landscaping, wallpapers,

furniture, furnishings, burglar alarm system exhibited in the model homes, excepting those specifically set forth herein or in the Offering Plan, are for display purposes only and are not included in this sale.

11. Selection of Colors. It is agreed that wherever Purchaser has the right to make a selection of colors, fixture and/or materials as set forth in the Offering Plan, he shall do so within seven (7) days after written demand therefor and same shall be made from samples made available by Seller. In the event Purchaser fails to make such selection within such period, Seller shall have the right to use its own judgment in the selection of colors, fixtures and materials and Purchaser shall accept the same. Such written demand shall be ordinary mail addressed to Purchaser at the address herein set forth.

12. Sellers Right to Make Changes in Materials, etc. Seller reserves the right to (a) make changes or substitutions of materials or construction for items as set forth in the offering Plan or Building Plan, provided any such changes are of comparable value and quality and are required and/or approved by the lending institution; (b) determine the grading, elevation and design (including reversal of the building layout) of all plots, dwellings and patios to fit into the general pattern of the community; and (c) determine elevation and location of foundations, walkways and streets to conform with topographical conditions; (d) determine the location of the meter panel and circuit breaker panel; (e) locate the various components of the air conditioning system outside the home; (f) box out around duct work wiring or plumbing even though it may cause a protrusion; (g) determine the design, style, color and materials of the arcades of each home to fit into the general aesthetic design of the Condominium.

13. Closing Deed; Power of Attorney. The closing deed shall be a Bargain and Sale with covenants against grantor's acts, shall be duly executed and acknowledged by the Seller at the Seller's expense. Same shall be delivered to Purchaser in form for recording, excluding the New York State Transfer Tax, and any other transfer taxes which are payable by Purchaser; and shall contain such a description of the premises as shall be acceptable and approved by the lending institution or the title company insuring said lender so as to validly convey under the Condominium Act, the Unit and the undivided interest in the Common Elements referred to herein. At the closing of title Purchaser agrees to execute and deliver to Seller a Power of Attorney in the form set forth in Part II of the Plan, and

such other documents which are reasonably necessary or customary in connection with the conveyance of a Condominium Unit.

14. Purchaser Bound by Offering Plan. Purchaser acknowledges receipt of the Offering Plan at least three (3) full business days prior to the execution of this Purchase Agreement, and Purchaser has read and agrees to be bound by the proposed Declaration, By-Laws and Offering Plan of the said Condominium (and the Schedules, Plans and Exhibits attached thereto) all of which are incorporated by reference and made a part of this Agreement with the same force and effect as if set forth in full herein. Purchaser acknowledges that he is purchasing a Condominium Unit in a Condominium to be formed, and that except as stated in this Agreement (and as set forth in the Declaration, By-Laws and Offering Plan), he has not relied on any representations or other statements of any kind or nature made by Seller or otherwise, including but not limited to any relating to the description, size or dimensions of the Unit or rooms therein, and the estimated common charges or other expense in connection therewith.

15. Seller's Failure to Convey. Seller's liability under this Agreement for failure to complete and/or deliver title for any reasons other than Seller's willful default, shall be limited to the return of the money paid hereunder, and upon the return of said money, this Agreement shall be null and void and the parties hereto released from any and all liability hereunder.

The Seller has the option not to close title to the Condominium Unit described herein if less than seventy-five (75%) percent of all of the Condominium Units to be constructed as part of the Condominium are sold within one (1) year after the date of the initial filing of the Offering Plan so long as the Plan has not been declared effective, title to any Condominium Unit has not been conveyed and the Declaration has not been recorded at such time. In the event Seller exercises such option, it shall forthwith return the Purchaser's down payment with interest if any.

16. Acceptance of Deed - Full Compliance by Seller; Waiver of Jury Trial. Anything to the contrary herein contained notwithstanding, it is specifically understood and agreed by the parties hereto that the acceptance of the delivery of the deed at the time of the closing of title hereunder shall constitute full compliance by Seller with the terms of this Agreement and none of the terms hereof, except as otherwise herein expressly provided, shall survive the delivery and acceptance of the deed. All

representations contained in the Offering Plan shall survive delivery of the deed. The parties hereto do hereby agree that trial by jury in any action, proceeding or counterclaim arising out of or from this Agreement is hereby waived.

17. Limited One Year Warranty. At the closing of title Seller will deliver the certificates and warranties delivered to them and transferable to Purchaser or to the Condominium and it is further agreed that title will not close without Purchaser's consent until a temporary or permanent Certificate of Occupancy has been issued covering the Building in which the Units is located. Seller's liability pursuant to the manufacturers' warranties covering heating, air conditioning systems, appliance, electric, plumbing and roofing are limited solely to the extent that such warranties are delivered to Seller, transferable to Purchaser or to the Condominium and then only as against such manufacturer. In addition, however, Seller will promptly correct any defects in the construction of the Condominium Unit or the building containing such Unit on in the installation or operation of any mechanical equipment therein due to materials or improper workmanship substantially at variance with the plans and specifications, provided only that it is notified of such defects in writing by certified mail within one (1) year from the date of closing of title to such Unit in which the alleged defect exists. The provisions of this paragraph shall survive the closing of title and the deliver of the deed.

18. Lack of Labor/Materials; Seller's Right to Cancel. The parties hereto do hereby agree that Seller may cancel this Agreement by forwarding its check in the full amount paid by Purchaser, with interest, if any, together with a notice in writing, addressed to Purchaser, at their addresses hereinabove set forth in the event of the occurrence of either of the following: (1) that any governmental bureau, department or subdivision thereto shall impose restriction on the manufacturers, sale, distribution and/or use of materials necessary in the construction of residential housing and such restriction shall prevent Seller from obtaining such materials from its regular suppliers or from using same in the construction and/or completion of the dwelling; or (2) that Seller is unable to obtain materials from its usual sources due to strikes, lockouts, war, military operations and requirements, national emergencies or the installation of public utilities is restricted or curtailed.

19. Lien of Deposit; Risk of Loss. All sums paid on account of this Agreement and the reasonable expense of the

examination of the title to the Unit are hereby made liens hereon, but such liens shall not continue after default by Purchasers under this Agreement. The risk of loss or damage to the Unit by fire or any other cause until the delivery of the deed is assumed by the Seller.

20. Execution of Required Documents. Purchaser agrees to deliver to Seller all documents and to perform all acts required by the Seller to carry out the provisions of the Offering Plan, establish the Condominium and conform to the provisions of all applicable laws and regulations. This paragraph shall survive delivery of the deed.

21. Options Ordered by Purchaser. Any extras or changes ordered by Purchaser shall be signed by Purchaser and must be paid for in full within seven (7) days of the order. If for any reason Sponsor fails to install said extras in accordance with the work order, the limit of Sponsors liability in a refund of the amount of the charge.

22. Breach of Purchase Agreement. Should Purchaser violate, repudiate or fail to perform any of the terms of this Agreement, Seller may, at its option, retain ten (10%) percent of the purchase price plus the cost of extras as liquidated damages, in which event the parties shall be discharged of all further liability hereunder. In such event, Seller will seek no further remedy against Purchaser. This provision shall apply whether or not construction has commenced and regardless of any sale of the Unit subsequent to Purchaser's default.

23. Binding Nature Agreement; Non-Assignability; Notice. The parties agree that the Stipulations and Agreement herein contained shall be binding upon them, their respective heirs, executors, administrators and/or assigns. Purchaser agrees that he will not record or assign the Agreement or any of their rights hereunder without the written consent of Seller. Any notice to be given hereunder shall be in writing and sent by certified mail to the parties at the address above given or at such address as either party may hereafter designate to the other in writing.

24. Broker. The parties agree that no broker brought about this sale and Purchaser agrees to indemnify Seller against any claim brought for brokerage based upon Purchaser's Act in dealing with any third party broker.

25. Purchasers - Agents for Each Other. If two or more persons are named as Purchaser herein, any one of them is hereby made agent for the other in all matters of any and every kind or nature affecting the premises herein or this Agreement.

26. Real Property Transfer Gains Tax. In order to facilitate Seller's obligation to pay the State of New York transfer gains tax, Purchaser agrees to execute simultaneously with the execution of this Purchase Agreement, three (3) copies each of the Real Property Gains Tax, Form No. TP-584 (annexed hereto as an exhibit) promulgated by the New York State Department of Taxation and Finance. Purchaser further agrees to fully cooperate with the Sponsor by completing any and all documents or providing any information required by the New York State Department of Taxation and Finance in connection with the New York State Real Property Transfer Gains Tax. This paragraph shall survive the closing.

27. Entire Agreement. This Agreement states the entire understanding of the parties and the Seller shall not be bound by any oral representations and/or Agreements.

FALDAN REALTY CO.

By: _____ (L.S.)
Seller Purchaser

EXHIBIT C

DEED

THIS INDENTURE made this day of , 200 , between Faldan Realty Co., a partnership existing under the laws of the State of New York, having a place of business at 33 Farm Lane, Great Neck, New York 11020, party of the first part, and , party of the second part;

W I T N E S S E T H :

That the party of the first part, in consideration of () Dollars, lawful money of the United States, and other good and valuable considerations, paid by the party of the second part, does hereby grant and release unto the party of the second part, the heirs or successors and assigns of the party of the second part forever.

ALL that certain piece or parcel of real property, with the improvements therein contained, situate and being a part of Perla's Pueblo Condominium in the City, County and State of New York, known and designated as Unit No. _____ together with a _____% undivided interest in the common elements of the Condominium hereinafter described as the same is defined in the Declaration of Condominium hereinafter referred to.

The real property above described is a Unit shown on the plans of a Condominium prepared and certified by and filed in the Office of the Clerk of the County of New York on the day of , 200 as Map No. defined in the Declaration of Condominium entitled, "Perla's Pueblo Condominium." made by , under Article 9-B of the New York Real Property Law dated , 200 , and recorded in the Office of the Clerk of the County of New York on the day of , 200 in Liber of Conveyances, at page covering the property therein described. The land area of the property is described as set forth in Schedule A, annexed hereto and made a part hereof.

SUBJECT TO: The provisions of the Declaration, By-Laws, site plan and floor plans of the Condominium recorded or filed simultaneously with and as part of the Declaration, as the same may be amended from time to time by instruments recorded or filed in the Office of the Clerk of the County of New York, which provisions, together with any amendments thereto, shall bind any person having at any time any interest or estate in the unit, as thought such provisions were recited at length herein.

SUBJECT TO:

- a) Party Wall agreement recorded in Liber 1022 page 178.
- b) Party Wall agreement recorded in Liber 1024 page 39.
- c) Party Wall agreement recorded in Liber 2008 page 88.

TO HAVE AND TO HOLD the premises herein granted unto the party of the second part, the heirs or successors and assigns of the party of the second part forever.

AND the party of the first part covenants that the party of the first part has not done or suffered anything whereby the said premises have been encumbered in any way whatever, except as aforesaid.

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

The use for which the Unit is intended is that of a residential occupancy and professional office use, subject to the applicable governmental regulations and the restrictions contained in the Declaration.

This conveyance has been made in the regular course of business actually conducted by the party of the second part.

The word "party" shall be construed as if it read "parties" whenever the sense of this indenture so requires.

IN WITNESS WHEREOF, the party of the first part has duly executed this deed and the party of the second part has duly assumed the mortgage therein referred to, the day and year first above written.

In presence of:

FALDAN REALTY CO.

By: _____
Party of the first part

STATE OF NEW YORK

)

) ss:

COUNTY OF

)

On the _____ day of _____ in the year 200 ,
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 they/ he /she executed the
same in their/ his /her capacity(ies) and that by/ their/ his
/her signature(s) on the instrument, the individual(s), or the
person upon behalf of which the individual(s) acted, executed the
instrument.

Notary Public

EXHIBIT D

DECLARATION OF CONDOMINIUM

Establishing a Plan for Condominium Ownership of Premises located at 71-75 Avenue D, New York, New York 10009, County of New York, City of New York, State of New York Pursuant to Article 9-B of the Real Property Law of the State of New York.

NAME: PERLA'S PUEBLO CONDOMINIUM

SPONSOR: Faldan Realty Co.
33 Farm Lane
Great Neck, New York 11020

DATE OF DECLARATION:

The land affected by the within instrument lies in Block 375, Lot 36 on the Tax Map of the Borough of Manhattan, County, City and State of New York.

Record and Return to:

ROSS & ROSS, LLP
290 Central Avenue, Suite 115
Lawrence, New York 11559

EXHIBIT D

TABLE OF CONTENTS

	<u>Page</u>
Article 1 Submission of Property	1
Article 2 Area and Location of Land	1
Article 3 Name of Condominium	1
Article 4 Description of the Building	1
Article 5 The Units	1
Article 6 Common Elements	2
Article 7 Use of Units	3
Article 8 Easements	4
Article 9 Service of Process	4
Article 10 Common Interest	4
Article 11 Administration	5
Article 12 Amendment and Withdrawal	5
Article 13 Subject to Declaration, By-Laws, etc.	7
Article 14 Common Charges	7
Article 15 Units Acquired By the Board	9
Article 16 Encroachments	9
Article 17 Unit Ownership	9
Article 18 Conveyance of a Unit	10
Article 19 Covenants and Restrictions	10
Article 20 Utilities	11
Article 21 Invalidity	11

DECLARATION

Establishing a Plan for Condominium Ownership of Premises to be known as PERLA'S PUEBLO CONDOMINIUM, located at 71-75 Avenue D, New York, New York 10009, Borough of Manhattan, County, City and State of New York, Pursuant to Article 9B of the Real Property Law of the State of New York.

FALDAN REALTY CO., whose principal office 33 Farm Lane, Great Neck, New York, New York, 10020 hereinafter referred to as "the Sponsor", does hereby declare:

1. SUBMISSION OF PROPERTY: Sponsor hereby submits the land hereinafter described, together with the Building and improvements thereon erected (the "Property") to the provisions of Article 9-B of the Real Property Law of the State of New York.
2. AREA AND LOCATION OF LAND: The land ("Land") consists of all that certain tract, plot, piece and parcel of land situate, lying and being in the County of New York, 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 Perla's Pueblo Condominium.
4. DESCRIPTION OF THE BUILDING: The Condominium will consist of twenty-four (24) Residential Units and two (2) Commercial Units. The Building is considered a Class 1C Building, non-combustible under the New Code R7-2 with C1-5 overlay District.
5. THE UNITS: Schedule B annexed herto 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 and the percentage of interest in the Common Elements. The location of each Unit is more clearly designated on the Floor Plans (as hereinafter defined) and reference should be made thereto for the statement of the location of each Unit.

As shown on the Floor Plans of the Building (the "Floor Plans"), approximate physical dimensions of each Residential Unit consists of the area enclosed horizontally by the interior face of the masonry dividing the doors and windows which open from the border of a Unit shall be deemed part of the Unit. The Floor Plans referred to in this statement are the Floor Plans certified by Susan M. Melamud, d/b/a Real Estate and Architectural Services, Licensed Professional Engineer, with an office at 15 Aldbury Drive, Upper Saddle River, New Jersey 07458, and intended to be filed in the New York County Office of the Register of the City of New York, simultaneously with the recording of this Declaration.

No residential Unit Owner shall be deemed to own the supporting columns, pipes, wires, conduits or other public lines running through the Residential Unit which were utilized for or serve more than one Residential Unit.

6. COMMON ELEMENTS: The Common Elements of the Condominium consist of the entire Property, including all parts of the Building and improvements thereon other than the Units. Common Elements include, without limitation, the following:
- A. The land on which the Building is physically erected;
 - B. All foundations, columns, girders, beams, supports, bearing walls; those portions of the exterior walls beyond the exterior face of the Building or, where applicable, those portions of the exterior walls beyond the interior face of the exterior wall; those portions of the partitions dividing the Units from corridors, lobby, and stairs located beyond the unexposed face of finished walls enclosing the Unit; the sub-floor and structural supports, corridors, halls, stairs and stairway areas located beyond the unexposed face of the dry walls enclosing the Unit; lobby; storage and utility areas located beyond the unexposed face of the dry walls enclosing the Unit and the entrances to and exits from the Building;
 - C. All installations outside the Units for services such as gas, power, light, telephone and water;
 - D. All sewer pipes and drainage pipes;

E. Public halls, lobby, a portion of the cellar, boiler and meter rooms, elevator machine rooms, janitors closet, utility areas and mechanical areas as shown and delineated on the Floor Plans;

F. All other apparatus and installations existing in the Building or including the roof members for common use or necessary or convenient to the existence, maintenance or safety of the Building.

7. USE OF UNITS:

A. Each of the Residential Units may be used for private residential use, except that a Residential Unit Owner may use his/her Unit for any home occupation use permitted under applicable zoning law and ordinances, building code or other rules and regulations of governmental authorities having jurisdiction. Such Residential Units may also be used as professional offices by a resident thereof provided such professional use does not violate any zoning law and ordinances and provided further that the prior written consent of the Board of Managers to such professional use is obtained. Notwithstanding the foregoing, the Sponsor or its designee may, without the permission of the Board of Managers, retain ownership of one or more Residential Units for use as rental units, models, sales and/or production offices in connection with the sale or rental of the Residential Units. The Units may be used for any use permitted under applicable zoning laws and ordinance, building codes or other rules and regulations of governmental authorities having jurisdiction. The Sponsor or its designee may also retain the Residential Units or any of them and sublet same without the approval of the Board of Managers.

B. The Commercial Unit shall be restricted in use to a medical purpose, including but not limited to a physician's or dentists office.

The Owner of the Commercial Unit acknowledges and agrees that, in connection with the limited uses, the

Owner of the Commercial Unit may need to install improvements which mitigate the extent to which odors, fumes and/or noise may emanate from the Premises in order to comply with the provisions hereof, such improvements to be made in compliance with all applicable laws. The Owner of the Retail Commercial Unit shall be required to clean and maintain sidewalks adjacent to the Building, any handicapped ramps, the vaults and any portion of the basement not set aside solely for use by Unit Owners of Units above the first floor. This obligation shall extend to the defense and/or payment of any fines or violations which may be imposed by virtue of the cleanliness or condition of any of these areas, as well as to the payment of vault tax.

8. EASEMENTS. All pipes, wires, conduits and public utility lines servicing an individual Unit shall be owned by such Unit Owner. Any portion of such pipes, wires, conduits and public utility lines located in the Common Elements servicing more than one (1) Unit will be owned in common by the Unit Owners. Every Unit Owner shall have an easement in common with the Owners of other Units to maintain and use all pipes, wires, conduits and public utility lines located in other Units and servicing such Unit Owner's Unit. Each Unit shall be subject to an easement in favor of the Unit Owners of other Units to maintain and use the pipes, wires, conduits and public utility lines servicing such other Units and located in the Common Elements abutting such Unit. The Board of Managers shall have a right of access upon reasonable notice, except in cases of emergency to each Unit for maintenance, repair or improvements to any pipes, wires, conduits and public utility lines located in any Unit which services any other Unit. The cost of such repairs shall be a Common Expense. The Board of Managers shall have a right of access to all Common Elements for maintenance, repair or improvement.
9. SERVICE OF PROCESS. Service of process on the Unit Owners in any action with relation to the Common Elements shall be made upon the Board of Managers.
10. COMMON INTEREST. Each Unit Owner shall have such percentage interest in the Common Elements as is set forth on Exhibit A

attached hereto and shall bear such percentage of the Common Expenses of the Condominium. Each Unit Owner shall have one (1) vote for all voting purposes at any meeting of the Unit Owners. Sponsor shall have one (1) vote for each unsold

Unit. Each Unit will have a pro rata share in the Common Elements on the date of the filing of this Declaration.

11. ADMINISTRATION. The administration of the Condominium, the Community and parcel of land described herein shall be in accordance with the provisions of this Declaration and with the provision of the By-Laws which are made a part of this Declaration and are attached hereto as Exhibit B.
12. AMENDMENT AND WITHDRAWAL. The dedication of the property to Condominium Ownership herein shall not be revoked or the property withdrawn from Condominium Ownership, or any of the provisions herein amended unless at least eighty (80%) percent of the Unit Owners, in number and eighty (80%) percent in Common Interest, and the first Mortgages, if any, or each of those same Units agree to such revocation or amendment or removal of the property from the Plan by duly recorded instruments. The Sponsor cannot vote to revoke or abandon the Condominium after the Plan has been declared effective. Sponsor may cause the Plan to be abandoned under the conditions set forth in the Offering Plan in the section entitled "Effective Date of Offering Plan" and the Plan will be deemed abandoned upon the happening of either of the following events:

(a) The Plan is not declared effective within fifteen (15) months following the filing of the Declaration; or

(b) The first closing of title to a Unit does not take place on or before fifteen (15) months from the filing of the Declaration.

The provisions of this Declaration may be modified or amended by an instrument executed by the Board of Managers upon a vote of eighty (80%) percent of the Unit Owners in number and in Common Interest held at a duly called meeting of the Unit Owners, provided that:

(i) No Amendment shall alter the percentage interest in the Common Elements appurtenant to any Unit without the consent of all the affected Unit Owners and the first mortgagee, if any of such Units, which consent shall be expressed on the instrument of Amendment.

(ii) No Amendment shall add any parcel of land to or divest any parcel of land from the Condominium properties unless: a) eighty (80%) percent of the Unit Owners in number and Common Interest and the first mortgagee, if any, of each of these same Units agree to such change on the instrument of amendment; and b) a title insurance company insures title to any such additional parcel.

(iii) No Amendment shall be passed which shall impair or prejudice the rights and priorities of any mortgagee of any Unit.

There shall be a presumption for a period of sixty (60) days subsequent to the recording of the amendment that the vote of the Unit Owners was made at a duly called meeting and that the requisite voting percentage was obtained. After the sixty (60) day period such presumption will be deemed conclusive. Any amendment to this Declaration shall not take effect until it is recorded in the office of the Clerk for the County within which the property is located.

Notwithstanding anything to the contrary contained herein, the Sponsor hereby reserves the right to amend this Declaration at any time without the requirement of a vote and without the approval or consent of any Unit Owner or mortgagee in order to file or amend the Floor Plans required by the New York Real Property Law Section 339-p for the portion or portions of the Building and appurtenances which are incomplete at the time the Declaration is recorded and the filing (along with said amendment to the Declaration and the Floor Plans) of the verified statement of a registered architect or licensed professional engineer certifying that the plans being filed simultaneously with such amendment, fully and fairly depict the layout,

location, Unit designations and approximate dimensions of the particular Unit or Units as build, as provided in said Section 339-p.

By accepting title to a Unit in the Condominium, or placing a mortgage thereon, the Unit Owner and Unit Mortgagee do thereby grant an irrevocable power of attorney, coupled with an interest, to the Sponsor to

record such amendments to the Declaration and By-Laws as may be necessary to carry out the intent and terms of this paragraph, as well as develop the adjoining parcels intended to be part of the overall development of the Property. This power of attorney shall include but shall not be limited to the right of the Sponsor to make application to the governmental authorities having jurisdiction to carry out the overall development of the Property.

13. SUBJECT TO DECLARATION, BY-LAWS, et cetera. All present or future Unit Owners, tenants, future tenants, or any other person that might use the facilities of the Property in any manner, are subject to this Declaration, the By-Laws and Rules and Regulations of the Condominium and the Association and the mere acquisition or rental of any of the Units shall signify that the provisions of this Declaration and the By-Laws and Rules and Regulations of the Condominium are accepted and ratified and all of such provisions shall be deemed and taken to be covenants running with 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, conveyance or lease thereof.

14. COMMON CHARGES. All sums assessed as Common Charges by the Board of Managers of the Condominium, but unpaid, together with interest at the maximum permissible rate, chargeable to any Unit Owner shall constitute a lien on his Unit prior to all other liens except:

(a) tax or assessment liens on the Unit by the taxing subdivision of any governmental authority, including, but not limited to, State, County, Village and School District taxing agencies, and

(b) all sums unpaid on any first mortgage of record encumbering any Unit.

Such lien may be foreclosed when past due in accordance with the laws of the State of New York, by the Condominium in like manner as a mortgage on real property, and the Condominium shall also have the right to recover all costs incurred including reasonable attorney's fees (but such right shall not be a lien against the Unit). In the event the proceeds of the foreclosure sale are not sufficient to pay such unpaid Common Charges, the unpaid balance shall be charged to all Unit Owners as a Common Expense. However, where the holder of an institutional mortgage of record, or other Purchaser of a Unit at a foreclosure sale are not sufficient to pay such unpaid Common Charges, the unpaid balance shall be charged to all Unit Owners as a Common Expense. However, where the holder of an institutional mortgage of record, or other Purchaser of a Unit at a foreclosure sale of an institutional mortgage, obtains title to the Unit as a result of foreclosure or the institutional mortgage holder obtains title by conveyance in lieu of foreclosure, such acquirer of title, his successors or assigns, shall not be liable and the Unit shall not be subject to a lien for the payment of Common Charges chargeable to such Unit which were assessed and became due prior to the acquisition of title to such Unit by such acquirer. In such event, the unpaid balance of Common Charges shall be charged to all other Unit Owners as a Common Expense. The term "institutional mortgage" herein used shall mean a first mortgage granted by a Federal or State Savings and Loan Association, Savings Bank or Commercial Bank, a Life Insurance Company, Union Pension Funds Agency of the United States Government or agency of the State of New York, FHA or VA approved lender or a mortgage granted by the Owner to a Purchaser of a Unit.

Every Unit Owner shall pay the Common Charges assessed against him when due and a Unit Owner may not exempt himself from liability for the payment of Common Charges assessed against him by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Unit. However, no Unit Owner shall be liable for the payment of any Common Charges

accruing subsequent to a sale, transfer or other conveyance by him of such Unit made in accordance with Section 339-x of this Real Property Law or in accordance with the provisions of this Declaration and By-Laws.

15. UNITS ACQUIRED BY THE BOARD. In the event any Unit Owner shall convey his Unit to the Board of Managers in accordance with Section 339-x of the Real Property Law or in the event the Board of Managers shall purchase any Unit at a foreclosure sale in accordance with Article IX of the By-Laws, title to such Unit or the rights to the lease of such Unit shall be held by the Board of Managers or its designee on behalf of all of the other Unit Owners.

In order to carry out the provisions of this paragraph, each Unit Owner shall, upon becoming such, grant as irrevocable power of attorney, coupled with an interest to the Board of Managers and their successors to acquire title or lease any such Unit under whatever terms the Board may in its sole discretion deem proper and to sell, lease, sublease, mortgage, vote or otherwise deal with such Units under such terms as the Board in its sole discretion shall deem proper.

16. ENCROACHMENTS. The Unit Owners agree that if any portion of a Unit or the Common Elements encroaches upon another or shall hereinafter encroach upon another as a result of original construction or settling of the Building are partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings and are rebuilt, the Unit Owner agrees that encroachments of any portion of the Unit or the Common Elements as afore-described due to construction, shall be permitted, and that a valid easement for such encroachment and the maintenance thereof shall exist so long as the Building shall stand.

17. UNIT OWNERSHIP. Upon the closing of title to a Unit, a Purchaser shall automatically become a Unit Owner in the Condominium and shall remain such until such time as he ceases to own the Unit for any reason.

18. CONVEYANCE OF A UNIT. In any conveyance of a Unit, either by voluntary instrument, operation of law or judicial proceeding in accordance with this Declaration or the By-Laws, the Grantee of the Unit shall be jointly and severally liable with the Grantor for any unpaid Common Charges against the latter assessed and due up to the time of the grant or conveyance without prejudice to the Grantee's right to recover from the Grantor the amounts paid by the Grantee therefore. Any such Grantee shall be entitled to a statement from the Board of Managers setting forth the amount of the unpaid common charge against the Grantor and such Grantee shall not be liable for, nor shall the Unit conveyed be, subject to a lien for any unpaid Common Charge against the Grantor in excess of the amount set forth in such statement. Grantee as used herein shall not include either the holder of an institutional mortgage of record or other Purchaser of a Unit at a foreclosure sale of an institutional mortgage.

19. COVENANTS AND RESTRICTIONS. The use of the Unit Owner or other occupant shall be subject to the rules, regulations and provisions of this Declaration, the By-Laws and Rules and Regulations of the Board of Managers, and the following covenants and restrictions:

(a) The Unit and area restricted to the Unit Owner's use shall be maintained in good repair and overall appearance.

(b) No structural alterations to the Unit or other alterations which would affect the structural soundness of the Building may be made without the written consent of the Board of Managers. Consent may be requested through the Manager, if any, or through the President of the Board of Managers, if no Manager is employed. The Board of Managers shall have the obligation to answer within thirty (30) days and failure to do so within the stipulated time shall mean that there is not objection to the proposed modification or alteration. In any event no Unit Owner shall do any work which would jeopardize the soundness or safety of the project, reduce the value of the Property or impair any easement or hereditament.

(c) Any Unit Owner who mortgages his Unit shall notify the Board of Managers providing the name and address of his mortgagee.

(d) The Board of Managers shall, at the request of the mortgagee of the Unit, report any unpaid Common Charges due from the Unit Owners of such Unit.

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

(f) No immoral, improper, offensive or unlawful use shall be made of the Property nor any part thereof and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed.

(g) Regulations promulgated by the Board of Managers concerning the use of the Property shall be observed by the Unit Owners, provided however, that copies of such regulations are furnished to each Unit Owner prior to the time the said regulations become effective.

(h) The Common Charges shall be paid when due.

(i) Occupancy of the Units shall be restricted to One family Occupancy and such uses as permitted by applicable zoning laws.

20. UTILITIES: The water consumed by the Common Elements, as well as refuse removal shall be a Common Expense. Each Unit shall be individually metered for electricity and gas consumption.

21. INVALIDITY. Invalidation of any of the covenants, limitations or provisions of th Declaration by judgment

or court order shall in no way affect any of the remaining part or parts hereof, and the same shall continue in full force and effect.

FALDAN REALTY CO.

By: _____
a Partner

STATE OF NEW YORK)
) ss:
COUNTY OF NASSAU)

On the ____ day of _____ in the year 200 , 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 they/ he /she executed the same in their/ his /her capacity(ies) and that by/ their/ his /her signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

EXHIBIT E

BY-LAWS

OF

PERLA'S PUEBLO CONDOMINIUM

ROSS & ROSS, LLP
Attorneys for the Sponsor
290 Central Avenue, Suite 115
P.O. Box 599
Lawrence, New York 11559
(516) 239-3900

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I. Plan of Apartment Unit Ownership	1
Section 1. Apartment Unit Ownership	1
Section 2. By-Laws Applicability	1
Section 3. Personal Application	1
ARTICLE II. Condominium, Voting, Quorum and Waivers	1
Section 1. Condominium	1
Section 2. Voting	1
Section 3. Quorum	2
Section 4. Vote Required to Transact Business	2
Section 5. Right to Vote	2
Section 6. Proxies	2
Section 7. Waiver and Consent	2
Section 8. Place of Meetings	3
Section 9. Annual Meetings	3
Section 10. Special Meetings	3
Section 11. Notice of Meetings	3
Section 12. Order of Business	3
ARTICLE III. Board of Managers	4
Section 1. Number and Term	4
Section 2. Vacancy and Replacement	4
Section 3. Removal	4
Section 4. First Board of Managers	4
Section 5. Powers	5
Section 6. Repairs and Maintenance	7
Section 7. Compensation	7
Section 8. Meetings	7
Section 9. Annual Statement	8
Section 10. Fidelity Bonds	8
Section 11. Management Agent	9
Section 12. Liability of the Board of Managers and Unit Owners	9
Section 13. Indemnification of Board Members and Officers	9
ARTICLE IV. Officers	10
Section 1. Elective Officers	10
Section 2. Election	11
Section 3. Appointive Offices	11
Section 4. Term	11
Section 5. The President	11
Section 6. The Secretary	11
Section 7. The Treasurer	11
Section 8. Agreements, et cetera	12

TABLE OF CONTENTS (Continued)

	<u>Page</u>
ARTICLE V. Notices	12
Section 1. Definition	12
Section 2. Service of Notice - Waiver	12
ARTICLE VI. Finances	12
Section 1. Checks	12
Section 2. Assessments	
Section 3. Foreclosure of Liens for Unpaid Common Charges	13
Section 4. Statement of Common Charges	14
Section 5. Liability for Water, Electric and Refuse Removal	14
Section 6. Operating Account	14
Section 7. Other Accounts	14
ARTICLE VII. Insurance and Insurance Trustee	14
Section 1. Insurance to be Carried by the Board	14
Section 2. Restoration or Reconstruction After Fire or Other Casualty	15
ARTICLE VIII. House Rules	16
ARTICLE IX. Default	18
ARTICLE X. Amendments	18
ARTICLE XI. Selling, Mortgaging and Leasing Units	18
Section 1. Selling and Leasing Units	18
Section 2. Waiver of Partition Rights	19
Section 3. Mortgaging of Units	19
Section 4. Gifts, et cetera	19
ARTICLE XII. Condemnation	19
ARTICLE XIII. Miscellaneous	20
Section 1. Insurance	20
Section 2. Severability	20
Section 3. Notice to Condominium	20
Section 4. Notice of Unpaid Assessments	20
Section 5. Examination of Books and Records	20
Section 6. Construction	20
Section 7. Compliance with Article 9-B	21

BY-LAWS

OF

PERLA'S PUEBLO CONDOMINIUM

ARTICLE I. PLAN OF APARTMENT OWNERSHIP

Section 1. Apartment Unit Ownership. The property, located in the City, County and State of New York, as specifically set forth in the Declaration and more commonly known as "Perla's Pueblo Condominium" has been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York.

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Condominium. The term "Condominium" as used herein shall include the land and all buildings and improvements thereon including the Apartment Units (hereinafter referred to as "Units"), and the common elements and the use and occupancy thereof. The term "Building" as hereinafter used shall be defined as the exterior walls and roof of a number of Units all of which are constructed under a continuous roof.

Section 3. Personal Application. All present and future Unit Owners, mortgagees, and lessees, or their employees, or any other person that might use the facilities of the Community in any manner, are subject to these By-Laws, the Declaration and any Rules and Regulations established by the Board of Managers. The mere acquisition or rental of any of the Units or the mere act of occupancy of any of said Units will signify that these By-Laws, the Declaration and the Rules and Regulations are accepted, ratified, and will be complied with.

ARTICLE II. CONDOMINIUM, VOTING, QUORUM,
PROXIES AND WAIVERS.

Section 1. Condominium. The Condominium shall be limited to Unit Owners. "Unit Owner" as referred to herein shall mean an individual, two or more individuals, a corporation, a partnership or trust, who is or who are the record owners of each Unit.

Section 2. Voting. Each Unit Owner (including the Sponsor and the Board of Managers, if the Sponsor or the Board of Managers, shall then own or hold title to one or more Units) shall be entitled to cast one (1) vote at all Unit Owners' meetings for each Unit or Units owned by such Unit Owner, but

the Board of Managers shall not cast any of its votes for the election of any member of the Board.

Section 3. Quorum. So many Unit Owners as shall represent at least sixty-six & two thirds (66 2/3%) percent of the total authorized votes of all Unit Owners present in person or represented by written proxy shall be requisite to and shall constitute a quorum at all meetings of the Unit Owners for the transaction of business, except as otherwise provided by Statute, by the Declaration, or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the Unit Owners, the Unit Owners entitled to vote thereat, present in person or represented by written proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

Section 4. Vote Required to Transact Business. When a quorum is present at any meeting, the vote of a majority of the Unit Owners present in person or represented by written proxy shall decide any question brought before such meeting and such vote shall be binding upon all Unit Owners, unless the question is one upon which, by express provision of the Declaration, Statute, or of these By-Laws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 5. Right to Vote. At any meeting of Unit Owners, every Unit Owner having the right to vote shall be entitled to vote in person or by proxy. Such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof.

Section 6. Proxies. All proxies shall be in writing and shall be filed with the Secretary prior to the meeting at which the same are to be used. A notation of such proxies shall be made in the minute of the meeting.

Section 7. Waiver and Consent. Whenever the vote of Unit Owners at a meeting is required or permitted by any provision of Declaration, Statutes or of these By-Laws to be taken in connection with any action of the Condominium, the meeting and vote of Unit Owners may be dispensed with if all Unit Owners who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken.

Section 8. Place of Meetings. Meetings shall be held at such suitable place convenient to the Unit Owners as may be designated by the Board of Managers.

Section 9. Annual Meetings. Within thirty (30) days after title to the last Unit is conveyed by the Sponsor, but in any event no later than one (1) year after the recording of the Declaration, the Sponsor shall call the first annual Unit Owners meeting. At such meeting, a new Board of Managers shall be elected by the Unit Owners and the former members of the Board shall thereupon resign. Thereafter, annual meetings shall be held on the anniversary of such date each succeeding year. At such meetings, there shall be elected by ballot of the Unit Owners, a Board of Managers in accordance with the requirements of Article III of these By-Laws. The Unit Owners may also transact such other business of the Condominium as may properly come before them.

Section 10. Special Meetings. It shall be the duty of the President to call a special meeting of the Unit Owners as directed by the Board of Managers or upon a petition signed by a majority of the Unit Owners and having been presented to the Secretary.

Section 11. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Unit Owner of record, at least five (5), but not more than ten (10) days prior to such meeting. The mailing of a notice in the manner provided in these By-Laws shall be considered notice served.

Section 12. Order of Business. The order of business at all meeting shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Report of officers.
- (e) Reports of committees.
- (f) Election of inspectors of election (in the event there is an election).
- (g) Election of Board Members (in the event there is an election).
- (h) Unfinished business.
- (i) New business.

ARTICLE III. BOARD OF MANAGERS.

Section 1. Number and Term. The number of Board Members which shall constitute the whole Board shall be Three (3) members. Until succeeded by the Board Members elected at the first annual meeting of Unit Owners, Board Members need not be Unit Owners; thereafter, all Board Members shall be Unit Owners.

At the expiration of the initial term of office of each respective Board Member, his successor shall be elected to serve a term of one (1) year. The Board Members shall hold office until their successors have been elected and hold their first meeting.

Section 2. Vacancy and Replacement. If the office of any Board Member or Board Members becomes vacant by reasons of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Board Members duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect to which such vacancy occurred.

Section 3. Removal. Board Members may be removed for cause by an affirmative vote of a majority of the Unit Owners. No Board Member shall continue to serve on the Board if, during his term of office, he shall cease to be a Unit Owner.

Section 4. First Board of Managers. The first Board of Managers shall consist of _____.

Within sixty (60) days of the closing of title to the first Unit, the Sponsor will, at a duly called meeting of the Board, elect one (1) Unit Owner, who is independent of the Sponsor, to the Board to serve on the Board until the Board of Managers resigns. Within thirty (30) days following the expiration of two (2) years after closing of title to the first unit, or when sixty-six & two thirds (66 2/3%) percent of the units have been closed, or two (2) years from the date of recording the declaration whichever shall first occur, a special meeting or the unit owners will be called to elect a new Board.

Upon the election of the new Board, the members of the first Board will resign. Any or all of said Board members shall be subject to replacement in the event of resignation or death in the manner set forth in Section 2 of this Article.

Section 5. Powers.

(a) 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 and may do all such acts and things except as by law or by the Declaration or by these By-Laws may not be delegated to the Board of Managers, which shall include, but shall not be limited to, the following:

(1) To determine and levy monthly assessments ("common charges") to cover the cost of common expenses payable in advance. The Board of Managers may increase the monthly assessments or vote a special assessment in excess of that amount, if required, to meet any additional necessary expenses, but said increases can only be assessed among the Unit Owners pro-rata according to their respective common interests:

(2) To collect, use and expend the assessments collected to maintain, care for and preserve the Units, Buildings and other common elements; To incur debt in accordance with and subject to the limitations contained in Sec. 339-jj of the Real Property Law;

(3) To make repairs, restore or alter any Units or the common elements after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings;

(4) To enter into and upon the Units when necessary and at as little inconvenience to the Unit Owner as possible in connection with the maintenance, care and preservation of the property, for the purpose of inspection, to remove violations, make repairs, cure defaults and such other purposes as set forth in these By-Laws.

(5) To open bank accounts on behalf of the Condominium and to designate the signatories to such bank accounts;

(6) To insure and keep insured the common elements and Units in accordance with Article VII of these By-Laws;

(7) To collect delinquent assessments by suit or otherwise, to abate nuisances and to enjoin or seek damages from the Unit Owners of the property for violation of the house rules or rules and regulations herein referred to;

(8) To purchase any Unit at a foreclosure sale on behalf of all the Unit Owners;

and amendments shall be binding upon the Unit Owners when the Board has approved them in writing. A copy of such rules and all amendments shall be delivered to each Unit;

(10) To employ workmen, janitors and gardeners and to purchase supplies and equipment, to enter into contracts, and generally to have the powers of manager in connection with the matters hereinabove set forth;

(11) To bring and defend actions by or against more than one (1) Unit Owner and pertinent to the operation of the Condominium;

(12) To acquire Units in foreclosure or as a result of abandonment and to take any and all steps necessary to repair or renovate any Unit so acquired and to vote as Unit Owner, offer such Unit for sale or lease or take any other steps regarding such Unit as shall be deemed proper by the Board of Managers.

(13) To maintain, repair, manage, construct, reconstruct and perform all other acts necessary pertaining to the recreation area facilities.

(14) Whenever in the judgment of the Board of Managers the Common Elements shall require the judgment of the Board of Managers the Common Elements shall require additions, alterations or improvements (but not maintenance) costing in excess of \$5,000.00, and the making of such additions, alterations or improvements shall have been approved by a majority of the Unit Owners, the Board of Managers shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a Common Charge. Any additions, alterations or improvements costing \$5,000.00 or less may be made by the Board of Managers without approval of the Unit Owners and the cost thereof shall constitute part of the Common Expenses.

(b) The Board of Managers, may, by resolution or resolutions, passed by a majority of the whole Board, designate one or more committees, each of such committees to consist of at least two (2) Board Members or Unit Owners, one of whom shall be a Board Member, which, to the extent provided in said resolution or resolutions, shall have and may exercise the powers of the Board of Managers in the management of the business and affairs of the Condominium and may have power to sign all papers which may be required, provided the said resolution or resolutions shall specifically so provide. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Managers. Committees established by resolution of the Board of Managers shall keep

regular minutes of their proceeding and shall report the same to the Board as required.

Section 6. Repairs and Maintenance. All maintenance, repairs and replacement to the common elements of the property, including but not limited to exterior walls, fences, roof and roof members, as well as all maintenance, repairs and replacements to any pipes, wires, conduits and public utility lines, any portion of which is located in one Unit and services another Unit, or more than one Unit or so much of any pipes, wires, conduits and public utility lines as are located in the common elements but serve one or more Units shall be made by the Board of Managers and the cost thereof shall be a common expense. All maintenance (including painting and decorating of Units), repairs and replacements to the Units, including windows and doors (except painting of the exterior surface of windows and doors which open from a Unit which painting is performed by the Board of Managers) abutting a Unit and repairs to pipes, wires and conduits located in and servicing the same Unit other than set forth above shall be made by the respective Unit Owners at their own expense. All irrevocably restricted common elements including the pool (all of its structural components and the attendant equipment) servicing a unit, and excepting the parking spaces, shall be supplied, maintained and repaired by the Unit Owner to whom such common element is restricted in use. However, the Board of Managers shall repair and replace the outside of the privacy patio fences, any pipes, wires, conduits and public utility lines located underground or overhead of any irrevocably restricted common element except where such repair or replacement is necessitated because of the negligence or misuse or neglect of the Unit Owner to which the common element is restricted in use, in which event such Unit Owner shall make repairs or replacements at his own expense. The Board of Managers shall make all exterior plumbing stoppages and exterior electrical repairs.

The Board of Managers shall have a right to access to any Unit and to all portions of the common elements for the purpose of carrying out any of its obligations under these By-Laws or the Declaration of the Condominium. The Board of Managers will provide snow removal for the sidewalks, parking spaces and driveways on the property.

Section 7. Compensation. Board Members and officers, as such, shall receive no compensation for their services.

Section 8. Meetings.

(a) The first meeting of each Board newly elected by the Unit Owners shall be held immediately upon the adjournment of

the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board of Managers shall be held at the same place as the Unit Owners' meeting, and immediately after the adjournment of same, at which time the dates, places and times of regularly scheduled meetings of the Board shall be set.

(b) Regularly scheduled meeting of the Board may be held without special notice.

(c) Special meetings of the Board may be called by the President on two (2) days' notice to each Board Member either personally or by mail or telegram. Special meetings shall be called by the President or Secretary in a like manner and on like notice on the written request of at least one (1) Board Member.

(d) At all meetings of the Board, a majority of the Board Members shall be necessary and sufficient to constitute a quorum for the transaction of business, and an act of the majority of Board Members present at any meeting at which there is a quorum shall be the act of the Board of Managers, except as may be otherwise specifically provided by Statute or by the Declaration or by these By-Laws. If a quorum shall not be present at any meeting of Board Members, the Board Members present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(e) Before or at any meeting of the Board of Managers, any Board Member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board Member at any meeting of the Board, no notice shall be required and any business may be transacted to such meeting.

Section 9. Annual Statement. The Board of Managers shall furnish to all Unit Owners, their mortgagees and the Department of Law of the State of New York, and shall present annually (at the annual meeting) and, when called for by a vote of the Unit Owners at any special meeting of the Unit Owners, a full and clear statement of the business conditions and affairs of the Condominium, including a balance sheet and profit and loss statement verified by an independent public accountant and a statement regarding any taxable income attributable to the Unit Owners and a notice of the holding of the annual Unit Owners meeting.

Section 10. Fidelity Bonds. The Board of Managers shall require that all officers and employees of the Condominium

handling or responsible for Condominium funds shall furnish adequate fidelity bonds. The premium on such bonds shall be a common expense.

Section 11. Management Agent. The Board of Managers may employ for the Condominium a management agent or manager under a term contract or otherwise at a compensation established by the Board, to perform such duties and services as the Board shall authorize including, but not limited to all of the delegable duties of the Board listed in this Article.

Section 12. Liability of the Board of Managers and Unit Owners. Any contract, agreement or commitment made by the Board of Managers shall state that it is made by the Board of Managers as agent for the Unit Owners as a group only and that no Member of the Board of Managers nor individual Unit Owners shall be liable for such contract, agreement or commitment. The Unit Owners shall be liable as a group under such contract, agreement or commitment, but the liability of each Unit Owner shall be limited to such proportion of the total liability thereunder as his common interest bears to the common interest of all Unit Owners. The Board of Managers shall have no liability to the Unit Owners in the management of the Community, except for willful misconduct or bad faith and the Unit Owners shall severally indemnify all Members of the Board of Managers against any liabilities or claims arising from acts taken by a Member of the Board of Managers in accordance with his duties as such Member, except acts of willful misconduct or acts made in bad faith. Such several liability of the Unit Owners shall, however, be limited to such proportion of the total liability thereunder as such Unit Owners' common interest of all Unit Owners.

Section 13. Indemnification of Board Members and Officers

(a) Any person made, or threatened to be made, a party to an action of proceeding (other than one by or in the right of the Corporation to procure a judgement in its favor), whether civil or criminal, including an action by or in the right of the Condominium, which any member of the Condominium Board or an officer of the Condominium served in any capacity at the request of the Condominium, by reason of the fact that he, his testator or intestate, was a member of the Condominium Board or an officer of the Condominium, shall be indemnified by this Condominium, against judgments, fines, amounts paid in settlement and reasonable expenses including attorneys' fees actually and necessarily incurred by him in defense of such action or as a result of such action or proceeding, or any appeal therein, except that no indemnification shall be made to or on behalf of any member of the Condominium Board or an officer if a judgment

or other final adjudication adverse to the member of the Condominium Board or an officer establishes that his acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled.

(b) Insurance for Indemnification of Board Members and Officers. Subject to Section 13(c) below, the Condominium Board shall have power to purchase and maintain insurance:

(i) To indemnify the Condominium for any obligation which it incurs as a result of the indemnification of members and officers under the provision of this Article, and

(ii) To indemnify the members and officers in instances in which they may be indemnified by the Condominium under the provisions of this Article, and

(iii) To indemnify members and offices in instances in which they may not otherwise be indemnified by the Condominium under the provisions of this Article, provided the contract of insurance covering such members and officers provides, in a manner acceptable to the superintendent of insurance, for a retention amount and for co-insurance.

(c) No insurance under this Section above may provide for any payment, other than cost of defense, to or on behalf of any member or officer.

(i) If a judgment or other final adjudication adverse to the insured member or office establishes that his acts of active and deliberate dishonesty were material to the cause of action so adjudicated, or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled, or

(ii) In relation to any risk the insurance of which is prohibited under the Insurance Law of the State of New York.

ARTICLE IV. OFFICERS

Section 1. Elective Officers. The officers of the Condominium shall be chosen by the Board of Managers and shall be a president, a secretary and a treasurer. The Board of Managers may also choose one or more assistant secretaries and assistant treasurers and such other officers as in their judgment may be necessary. All officers must be Unit Owners. Two or more

offices may be held by the same person, except that the president shall not also be the secretary.

Section 2. Election. The Board of Managers, at its first meeting after each annual Unit Owners' Meeting, shall elect a president, a secretary and a treasurer. Only the president must be a Member of the Board.

Section 3. Appointive Offices. The Board may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 4. Term. The officers shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Managers may be removed, with or without cause, at any time, by the affirmative vote of a majority of the whole Board of Managers. If the office of any office becomes vacant for any reason, the vacancy shall be filled by the Board of Managers.

Section 5. The President. The President shall be the chief executive officer of the Condominium; he shall preside at all meetings of the Unit Owners and Board Members, shall be ex-officio member of all standing committees, shall have general and active management of the business of the Condominium, shall see that all orders and resolutions of the Board are carried into effect and shall have such other powers and duties as are usually vested in the office of President of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 6. The Secretary. The Secretary and/or Assistant Secretary shall attend all sessions of the Board and all Unit Owners' meetings and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all Unit Owners meetings and special meetings of the Board of Managers, and shall perform such other duties as may be prescribed by the Board of Managers or by the President, under whose supervision he shall be.

Section 7. The Treasurer. The Treasurer shall have the custody of the Condominium funds and securities and shall keep fully and accurate chronological accounts of receipts and disbursements in books belonging to the Condominium including the vouchers for such disbursements, and shall deposit all monies and

other valuable effects in the name and to the credit of the Condominium in such depositories as may be designated by the Board of Managers.

He shall disburse the funds of the Condominium as he may be ordered by the Board, making proper vouchers for such disbursements, and shall render to the President and the Board Members, at the regular meeting of the Board or whenever they may require it, an account of all his transactions as Treasurer, and of the financial condition of the Condominium.

He shall keep detailed financial records and books of account of the Condominium, including a separate account for each Unit, which, among other things, shall contain the amount of each assessment of common charges against such Unit, the date when due, the amounts paid thereon and the balance remaining unpaid.

Section 8. Agreements, et cetera. All agreements and other instruments shall be executed by the President or such other person as may be designated by the Board of Managers.

ARTICLE V. NOTICES

Section 1. Definition. Whenever under the provisions of the Declaration or of these By-Laws, notice is required to be given to the Board of Managers, any Board Member or Unit Owner, it shall 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 Board Member or Unit Owner at such address as appears on the books of the Condominium.

Section 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. FINANCES

Section 1. Checks. All checks or demands for money and notes of the Condominium shall be signed by the President and Treasurer, or by such other officer or officers or such other person or persons as the Board of Managers; from time to time, designate.

Section 2. Assessments. The Board of Managers shall, from time to time, but at least annually, fix and determine the budget

representing the sum or sums necessary and adequate for the continued operation of the Condominium and shall send a copy of the budget and any supplement to the budget to every Unit Owner and mortgagee. They shall determine the total amount required, including the operational items such as insurance, repairs, reserves, betterments, maintenance of the common elements and other operating expenses, as well as charges to cover any deficits from prior years. The total annual requirements shall be assessed as a single sum against all Units and prorated against each of said Units according to the respective interests appurtenant to such Units. The proration of assessments shall remain constant regardless of the percentage of the building square footage included in each Unit or the common elements restricted to the use of the Unit Owners of said Unit. Said assessments shall be payable monthly in advance as ordered by the Board of Managers. Special assessments, should such be required, shall be levied and paid in the same manner as hereinabove provided for regular assessments. The Unit Owner agrees to pay promptly when due the monthly and all special assessments assessed against his own Unit. Any Unit Owner who fails to pay the monthly assessments imposed by the Condominium to meet any community expense shall be liable for any expenses incurred by the Condominium in collecting said monthly assessment, including interest at the rate of six (6%) percent per annum and reasonable attorneys' fees. The Board shall take action to collect any common charges due from any Unit Owner which remain unpaid ninety (90) days from its due date by way of foreclosure of the lien of such Unit in accordance with Section 339 of the Property Law or otherwise.

No Unit Owner shall be liable for any common charges which accrue against his Unit subsequent to a sale, transfer, or other conveyance by him of his Unit in accordance with these By-Laws and the Declaration. A purchaser of a Unit (other than a mortgagee or a purchaser at a foreclosure sale) shall be liable for the payment of all common charges assessed against the Unit and unpaid at the time of the purchase.

Section 3. Foreclosure of Liens for Unpaid Common Charges. The Board shall have the power to purchase any Unit at a foreclosure sale resulting from any action brought by the Board to foreclose a lien on the Unit because of unpaid common charges. In the event of such purchase, the Board shall have the power to hold, lease, mortgage, vote, sell or otherwise deal with the Unit. A suit to recover a money judgment for unpaid common charges shall also be obtainable separately without waiving the lien on the Unit.

Section 4. Statement of Common Charges. Upon the written request of any Unit Owner or his mortgagee, the Board shall promptly furnish such Unit Owner or his mortgagee with a written statement of the unpaid common charges due from such Unit Owner.

Section 5. Liability for Refuse Removal. The cost of all refuse removal shall be a common expense.

Section 6. Operating Account. There shall be established and maintained a cash deposit account to be known as the "Operating Account" into which shall be deposited the operating portion of all monthly and special assessments as fixed and determined for all Units. Disbursements from said account shall be for the general needs of the operation, including, but not limited to, wages, repairs, betterments, maintenance and other operating expenses of the common elements and for the purchase, lease, sale or other expenses resulting from the purchase or lease of Units.

Section 7. Other Accounts. The Board shall maintain any other accounts it shall deem necessary to carry out its purposes.

ARTICLE VII. INSURANCE AND INSURANCE TRUSTEE

Section 1. Insurance to be carried by the Board. The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance: fire insurance with extended coverage, water damage, vandalism and malicious mischief endorsements, insuring the Buildings, including all of the Units, and the bathroom and fixtures initially installed therein by the Sponsor (but not including furniture, furnishing or other personal property supplied or installed by the Unit Owners), together with all air-conditioning and other service machinery contained therein, covering the interests of the Condominium, the Board of Managers and all Unit Owners and their mortgagees, as interest may appear, in an amount equal to the full replacement value of the Buildings, exclusive of basements, with no deduction for depreciation. Each of such 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 interest may appear, subject however, to the loss payment provisions in favor of the Board of Managers hereinafter set forth; and such other insurance as the Board of Managers may determine. All such policies shall provide that adjustment of loss shall be made by the Board of Managers.

The fire insurance will be placed at the time of closing of title and simultaneously with the filing of the Declaration as set forth in Schedule B.

All policies of physical damage insurance shall contain waivers of subornation and of any reduction of pro-rata liability of the insurer, as a result of any insurance carried by Unit Owners or of the invalidity arising from any acts of the insured or any Unit Owners, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days' prior written notice to all of the insured, including all mortgagees of Units. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all mortgagees of Units at least ten (10) days prior to expiration of the then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Managers shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the Buildings, including all of the common elements appurtenant thereto for the purpose of determining the amount of fire insurance to be effected pursuant to this Section.

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Board of Managers may from time to time determine, covering each member of the Board of Managers, the manager and each Unit Owner. Such public liability coverage shall also cover cross liability claims if one insured against another. Until the first meeting of the Board of Managers following the first annual Unit Owners meeting, such public liability insurance shall be a single limit of \$1,000,000.00, covering all claims for bodily injury arising out of one occurrence. Such public liability insurance shall commence on the closing of title to the first Unit. Property damage insurance shall be provided in the sum of _____ (\$ _____) Dollars for Perla's Pueblo Condominium.

Unit Owners shall not be prohibited from carrying other insurance for their own benefit, provided that such policies contain waivers of subornation 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 such additional insurance carried by any Unit Owner.

Section 2. Restoration or Reconstruction After Fire or Other Casualty. In the event of damage to or destruction of a Building or the Buildings as a result of fire or other casualty the Board of Managers shall arrange for the prompt repair and restoration of the Buildings (including any damaged Units, and any kitchen or bathroom fixtures initially installed therein by the Sponsor, but not including any wall, ceiling or door decorations or coverings or other furniture, furnishings,

fixtures or equipment installed by Unit Owners in the Units), and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a common expense and the Board of Managers may assess all the Unit Owners for such deficit as part of the common charges.

ARTICLE VIII. HOUSE RULES

Section 1. In addition to the other provisions of these By-Laws, the following house rules and regulations together with such additional rules and regulations as may hereafter be adopted by the Board of Managers shall govern the use of the Units and the conduct of all residents thereof.

Section 2. All Units shall be used for single family residence purposes as such term is defined in the Declaration. Units may also be used for such other purposes as permitted under applicable zoning law and other applicable ordinances.

Section 3. Owners of Units shall not use or permit the use of the premises in any manner which would be disturbing or a nuisance to other said Owners, or in such a way as to be injurious to the reputation of the Condominium.

Section 4. The common elements shall not be obstructed, littered, defaced or misused in any manner.

Section 5. Every Unit Owner shall be liable for any and all damage to the common elements and the property of the Condominium, which shall be caused by said Unit Owner or such other person for whose conduct he is legally responsible.

Section 6.

(a) Every Unit Owner must perform promptly all maintenance and repair work to his own Unit, which, if omitted, would affect the Community in its entirety or in a part belonging to other Unit Owners, he being expressly responsible for damages and liabilities that his failure to do so may engender.

(b) All the repairs to internal installations of the Unit located in and servicing only that Unit, such as gas power, telephone and sanitary installations (except plumbing stoppages and electrical defects) shall be at the Unit Owner's expense.

Section 7. An Owner shall not make structural modifications to the Unit or other alteration which would impair the structural soundness of the Unit without the written consent of a majority in common interest of the Unit Owners. Consent may be requested through the manager, if any, or through the President of the Board of Managers, if no manager is employed. The Unit Owners shall have the obligation to answer within thirty (30) days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

Section 8.

(a) No resident of the Community shall post any advertisement or posters of any kind in or on the Community except as authorized by the Board of Managers, except a sign no larger than 12 inches by 18 inches containing the name of a professional tenant or unit owner, the designation of his profession and the word "office", which sign must be attached to the exterior of that owner's unit.

(b) It is prohibited to hang garments, rugs, et cetera from the windows or from any of the Buildings or to string clothes lines on or over the common elements.

(c) No fence shall be erected in the Community without the prior written consent of the Board of Managers, except those fences erected by Southfield Corp. as Sponsor.

(d) No television antennae shall be erected on the exterior of Units or the common elements without the prior written consent of the Board of Managers.

(e) No Unit Owner shall move, remove, add or otherwise change the landscaping in the Community, (except in courtyards [patios]) without the prior written consent of the Board of Managers.

(f) No Unit Owner shall paint the exterior surfaces of the windows and doors opening out of his Unit or the exterior courtyard (patio) fence appurtenant to this Unit, but shall paint and repair the interior of the patio privacy fence.

(g) No person shall be permitted to use the recreation area facilities except in accordance with the rules and regulations established by the Board of Managers.

ARTICLE IX. DEFAULT

In the event a Unit Owner does not pay any sums, charges or assessments required to be paid when due, the Board of Managers, or Member of the Board, acting on behalf of the Board shall notify the Unit Owner and the mortgagee, if any, of such Unit. If such sum, charge or assessment shall remain unpaid for ninety (90) days after the giving of such notice, the Board may foreclose the lien encumbering the Unit as a result of the non-payment of the required monies as set forth in the Declaration (subject to the lien of any first mortgage), in the same manner as the foreclosure of a mortgage. In the event the Owner of a Unit does not pay the assessment required to be paid by him within ninety (90) days of its due date, said sum shall bear interest at the rate of twelve (12%) percent per annum from its due date and said Unit Owner shall be liable for the Condominium's reasonable costs and a reasonable attorney's fee incurred by it incident to the collection or enforcement of such lien.

Each Unit Owner, for himself, his heirs, successors and assigns, agrees to the foregoing provisions relating to default, regardless of the harshness of the remedy available to the Condominium and regardless of the availability of other, equally adequate legal procedures. It is the intent of all Unit Owners to give the Condominium a method and procedure which will enable it at all times to operate on a businesslike basis, to collect those monies due and owing it from the Unit Owners and to preserve each Unit Owner's right to enjoy his Unit free from unreasonable restraint.

ARTICLE X. AMENDMENTS

These By-Laws may be altered, amended or added to at any duly called Unit Owner's meeting; provided: (1) that the notice of the meeting shall contain a full statement of the proposed amendment; (2) that the amendment shall be approved by sixty-six and two-thirds (66 2/3%) percent of the Unit Owners in number and common interest; and (3) that said amendment shall be set forth in a duly recorded amendment to the Declaration. However, no amendment will affect or impair the validity of priority of the Unit Owners' interests and the interests of holders of a mortgage encumbering a Unit or Units.

ARTICLE XI. SELLING, MORTGAGING AND LEASING UNITS

Section 1. Selling and Leasing Units. Any Unit may be conveyed or leased by its Unit Owner free of any restrictions except that no Unit Owner shall convey, mortgage, pledge,

hypothecate, sell or lease his Unit unless and until all unpaid common charges assessed against his Unit shall have been paid to the Board of Managers. However, such unpaid common charges can be paid out of the proceeds from the sale of a Unit, or by the grantee. Further, a Unit Owner may convey his common interest appurtenant thereto, to the Board of Managers on behalf of all Unit Owners free of any cost to the Board or the Unit Owners and upon such conveyance such Unit Owner shall not be liable for any common charges thereafter accruing against such Unit. Any sale or lease of any Unit in violation of this Section shall be voidable at the election of the Board of Managers.

The provisions of this Section shall not apply to the acquisition or sale of a Unit by a mortgagee who shall acquire title to such Unit by foreclosure or by deed in lieu of foreclosure. Such provisions shall, however, apply to any purchaser from such mortgagee.

Whenever the term "Unit" is referred to in this Section, it shall include the Unit, the Unit Owner's undivided interest in the common elements and the Unit Owner's interest in any Units acquired by the Board of Managers.

Section 2. Waiver or Partition Rights. The Unit Owners waive all of their voting rights concerning partition respecting any Unit acquired by the Board of Managers in accordance with this Article.

Section 3. Mortgaging of Units. No Unit Owner shall mortgage his Unit except by a mortgage loan granted by a federal or state savings and loan association, savings or commercial bank, life insurance company, union pension fund, agency of the United States Government or agency of the State of New York or a purchase money mortgage loan granted by the Seller.

Section 4. Gifts, et cetera. Any Unit Owner may convey or transfer his Unit by gift during his lifetime or devise his Unit by will or pass the same by intestacy, without restriction.

ARTICLE XII. CONDEMNATION

In the event all or part of the common elements are taken in condemnation or eminent domain proceedings, the award from such proceedings shall be paid to the Insurance Trustee if the award is more than \$20,000.00 and to the Board of Managers if the award is \$20,000.00 or less, to be distributed in accordance with Section 3 of Article VII, but in the following amounts:

(a) so much of the award as is applicable to unrestricted common elements, to the Unit Owners pro-rata according to the respective common elements appurtenant to the Units owned by such Unit Owners.

(b) so much of the award as is applicable to irrevocably restricted common elements to the Unit Owner having general use of such common element.

In such eminent domain or condemnation proceeding, the Board shall request that the award shall set forth the amount allocated to unrestricted common elements and to each irrevocably restricted common element. In the event the award does not set forth such allocation, then the question of such allocation shall be submitted to arbitration in accordance with the Arbitration Statutes of the State of New York.

ARTICLE XIII. MISCELLANEOUS

Section 1. Insurance. Under no circumstances shall a Unit Owner permit or suffer anything to be done or left in his Unit which will increase the insurance rates on his Unit or any other Unit or on the common elements.

Section 2. Severability. Should any of the covenants, terms or provisions herein imposed be void or be or become unenforceable at law in equity, the remaining provisions of these By-Laws shall, nevertheless, be and remain in full force and effect.

Section 3. Notice to Condominium. A Unit Owner who mortgages his Unit, shall notify the Condominium through the Manager, if any, or the President of the Board of Managers in the event there is no Manager, of the name and address of his mortgagee and the Board of Managers shall maintain such information in a book entitled "Mortgagees of Units."

Section 4. Notice of Unpaid Assessments. The Board of Managers shall at the request of a mortgagee of a Unit, report any unpaid assessments due from the Unit Owners of such Unit.

Section 5. Examination of Books and Records. Every Unit Owner or his representative and mortgagee shall be entitled to examine the books and records of the Condominium on reasonable notice to the Board.

Section 6. Construction. Wherever the masculine singular form of the pronoun is used in these By-Laws, it shall be

construed to mean the masculine, feminine or neuter; singular or plural; wherever the context so requires.

Section 7. Compliance with Article 9-B. These By-Laws are set forth to comply with the requirements of Article 9-B of the Real Property Laws 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 the Statute or of the Declaration, whichever the case may be, shall control.

EXHIBIT F

POWER OF ATTORNEY

I (We), _____, residing at _____, the owner of Condominium Unit No. _____ in the Condominium known as Perla's Pueblo Condominium, covering the property located in the City and State of New York, do hereby nominate, constitute and appoint the members of the Board of Managers of said Condominium and their successors, jointly, my true and lawful attorneys-in-fact, coupled with an interest in power of substitution, in my name and on my behalf to acquire, in their own name or in the name of their designee by deed on behalf of all owners of Condominium Units in said property, any Condominium Unit whose owner desires to abandon the same, or which shall be the subject of a foreclosure sale or in lieu of a foreclosure sale, at such price and on such terms as my said attorneys-in-fact shall, in their sole discretion, deem proper and thereafter to convey, sell, lease, sublease, mortgage, vote or otherwise deal in such Condominium Unit so acquired, at such terms as my attorneys-in-fact may, in their sole discretion, determine, granting to my said attorneys-in-fact the power to do all things in the said premises which I could do if I were personally present.

I (We), do hereby further irrevocably nominate, constitute and appoint Daniel Perla and his successors, my true and lawful attorneys-in-fact, coupled with an interest in my name and on behalf to vote at any Unit Owners' meeting for and to file an Amendment to the Declaration of Perla's Pueblo Condominium and the Declaration of Perla's Pueblo Condominium permitting the certification by a registered architect or professional engineer, certifying that the floor plans filed as part of an Amended Declaration are an accurate copy of portions of the plans of the building and fully and fairly depict the layout, location, designation and approximate dimensions of the Units, as built, or amending such Declaration to create any utility easements or to carry out any of the provisions of the Offering Plan of such Condominium.

IN WITNESS WHEREOF, I have hereunto set my hand and seal(s)

On the ___ day of _____ in the year 200 , 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 they/ he /she executed the same in their/ his /her capacity(ies) and that by/ their/ his /her signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

146 a

**ROSS & ROSS, LLP
ATTORNEYS AT LAW**

**290 CENTRAL AVENUE
SUITE 115
P.O. BOX 599
LAWRENCE, NEW YORK 11559-0599**

**516 239-3900
FAX 516 239-3083**

**MARVIN ROSS
SETH ROSS**

**OF COUNSEL
JUDY GOLDBERG**

October 25, 2000

Faldan Realty Co.
33 Farm Lane
Great Neck, New York 11020

Re: Offering Plan for Condominium Ownership
Perla's Pueblo Condominium

Gentlemen:

You have requested our opinion with respect to the deductibility for Federal and New York State income tax purposes of mortgage interest and real estate taxes paid by a person ("Unit Owner") who, under the above referenced Offering Plan (the "Plan") purchases a Unit (as defined in the Plan).

In connection with this opinion, we have reviewed the Plan (including the schedules and exhibits thereto).

The opinions expressed herein are based upon the assumptions that the Plan becomes effective and is consummated in accordance with its terms, Condominium Ownership of the premises described and is established upon the filing of a Condominium Declaration and the legal consequences of the Plan are as described therein, specifically that under the Plan:

- A. a Unit Owner will own fee title to a Unit including an undivided interest in the Common Elements (as defined in the plan);
- B. each Unit together with the related interest in the Common Elements will be a separate tax lot for purposes of New York real estate taxes, and the Unit Owner will be directly liable for the real estate tax assessment with respect to that Owner's Unit, but not with respect to any other Unit;
- C. subject to certain restrictions, a Unit Owner may mortgage the Unit as the Owner wishes, and the Unit will not be subject to the lien of any mortgage placed on other Units; and
- D. a Unit Owner may separately transfer that Owner's Unit subject, with certain exceptions, to certain rights of the Condominium Board (defined below) described in the Plan.

Under the Plan, the Condominium will be managed by a managing agent on behalf of the Board of Managers (the "Condominium Board"), whose members will be elected by the Unit Owners (as defined in the Plan) and by the Sponsor, to the extent that it owns Units (as defined in the Plan). We also understand that the Condominium will initially be an unincorporated association under New York Law. The Plan and the By-Laws provide that certain expenses incurred in the operation and maintenance of the Condominium exclusive of the Units themselves shall be borne by the Unit Owners and assessed (in accordance with the By-Laws) and collected by the Condominium Board on behalf of the Condominium.

Deductibility of Mortgage Interest and Real Estate Taxes

Under the Tax Reform Act of 1986, as amended by The Revenue Act of 1987, limitations are placed on the deductibility of residential interest, subject to phase-in rules. Such interest is deductible if paid or accrued during the taxable year on indebtedness which is secured by either the taxpayer's principal residence, as defined for purposes of exclusion of gain on sale under Internal Revenue Code ("Code") Section 121, or on certain designated second homes. However, a ceiling is placed on the amount of indebtedness which may be taken into account for purposes of this deduction. In general, with respect to indebtedness incurred in purchasing a Residential Unit, this ceiling is \$1 million, or \$500,000.00 in the case of a married individual filing a separate return. In addition, an individual may deduct interest on an additional \$100,000.00 of indebtedness in excess of the \$1 million limit mentioned above as interest on home equity indebtedness.

It is also our opinion under present law that real estate taxes assessed against a Unit Owner's Residential Unit which is paid or accrued by such Unit Owner will be deductible for federal income tax purposes in the appropriate year according to his method of accounting, provided that he itemizes his deductions.

We note that in some cases the amount of mortgage interest deductible by an individual Residential Unit Owner subject to the alternative minimum tax may be less than the amount deductible by a Residential Unit Owner subject to the regular income tax and that no deduction is allowed for real estate taxes paid by a taxpayer subject to the alternative minimum tax.

We are also of the opinion that Unit Owners will be entitled to the same deductions for interest and real estate taxes paid or accrued for New York State and New York City income tax purposes. New York State Tax Law, Section 615. However, for purposes of calculating New York City income, the benefit of such deductions may be reduced if the Unit Owner has more than a specified amount of tax preference items. See Sections T-46 -122.0 and T-46-1230 of the New York City Code.

Federal Income Taxation of the Condominium - Common Charges

Common Charges paid by Unit Owners and assessed are collected by the Board of

Managers. Common Charges will be used to pay annual operational costs and capital improvements or to establish and maintain reserve funds. In determining whether Common Charges will be included in income of the Condominium and taxable to it, it is necessary to consider the tax status of the Condominium and its exemption from Federal income taxation.

A condominium under New York law is not a corporation but an unincorporated association. See General Associations Law of the State of New York; Section 339-v of the Condominium Act. Such an unincorporated association may be treated as a partnership or as an association taxable as a corporation for Federal income tax purposes.

Treasury Regulations in Section 301.7701-2(a)(i) set forth the factors to be considered in determining whether an association will be treated for Federal income tax purposes as a partnership or as a corporation. Of the six factors enumerated therein as characteristic of a corporation having associates, an objective to carry on business and divide the gains, two of them are shared by both partnerships and corporations.

The remaining four characteristics of centralization of management, continuity of life, free transferability of interest and limited liability, the condominium possesses three of such characteristics, continuity of life pursuant to the By-Laws, and a form of free transferability of interest and centralized management. Since an unincorporated organization will be treated as a corporation if it has more corporate characteristics than non-corporate characteristics, Treas. Regs. Section 77012(a)(3). It is our opinion that, although there is no immediate authority on this point, that 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, New York State Corporation Franchise Tax and the New York City General Corporation Tax to the extent of its taxable income. Additional assessments to meet such taxes might be required. The additional amount received through this treatment may itself be subject to tax. *Old Colony Trust v. Commissioner*, 279-16(1029), cf Revenue Ruling 74-75 1974-1 C.B. 19.

Assuming that the Condominium is treated as an association taxable as a Corporation, substantially all of the Common Charges received may be excluded from the income of the Condominium in the event that (a) the Condominium is acting as agent of the Unit Owners as to collection and disbursement of such funds; (b) 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 activities; or (c) the Condominium elects to be taxed under Code Section 528 and the condominium has only "exempt function income" within the meaning of such term.

Revenue Ruling 75-370, 1985-2, C.B. 257 is pertinent. The IRS ruled that where shareholders of a condominium corporation approved special accounts to be used only to replace a roof and elevators located in the Common Elements and funds were not co-mingled with general funds, the special assessments were not included in the Condominium's gross income. The IRS held that there was an agent and principal relationship between the Unit Owners and the Condominium as to such special assessments. To the contrary, that Revenue Ruling exemplified funds collected by such management to provide service for which it was formed. Accordingly, funds collected for painting, general repairs, gardening and janitorial services would be treated as gross income of the Condominium.

Article III, Section 5(a) of the By-Laws for this Condominium provides that the Board of Managers will act as agent for the Unit Owners. Article III Section 5 (a)(14) provides that all capital improvements in excess of \$5,000.00 be approved by vote of the Unit Owners. Thus, if Common Charges for special capital improvements are held in separate accounts and not co-mingled with the general funds of the Condominium, such Common Charges should not be included in the income of the Condominium. Assessments of less than \$5,000.00 or receipts for the operation of the Condominium would not be excluded from the income of the Condominium. The reasoning, according to the Revenue Ruling is that the Condominium acts as agent of the Unit Owners as to such changes; that the Board of Managers does not merely have immaterial powers with respect to the operation of the Condominium.

In certain situations, special assessments for specified capital improvements may be deemed non-taxable contributions to capital. Sec. IRC 118. See Rev. Rul 75-371 1975-2C.B.52 where the Service dealt with collection of special assessments from Unit Owners to replace outdoor furniture and held, that the Special assessments were non-taxable contributions to the capital of the Condominium. The conclusion was based on (a) the By-Laws required that assessments had to be approved at a stockholders meeting; (b) the proceeds were deposited in a special account and not co-mingled with Condominium General Funds; (c) the assessment could be used only for the specific purpose intended.

We conclude that under the Plan, special assessments, in excess of \$5,000.00, specifically designated for Capital Improvements, not co-mingled with the General Funds of the Condominium will not be deemed income of the Condominium but would be considered contributions to capital.

It should be noted that as to funds received by the Condominium and which are treated as income as a result of receipt for performance of required management functions, it will have the right to deduct expenditures to provide such services as business expenses. Accordingly, it will have taxable income only to the extent of income received over all permitted deductions. Permitted deductions would include taxes, interest, insurance, management services and other expenditures for the operation of the Building.

Section 277 of the Internal Revenue Code limits the deduction for expenses incurred in providing services to tenant shareholders. The deductible expenditures (i.e. membership expenses) are deductible only to the extent that the Condominium has received income from its Unit Shareholders (i.e. membership income). Excess expenses over income are not allowable as losses to offset commercial income. Treasury Regulations provide for loss of carry forward losses in the taxable year but must be applied against membership income in succeeding years. The objective in this limitation is to prevent the Condominium from using such losses to offset commercial income. Treasury Regulations provide for loss of carryforward losses should the membership organization fail to qualify in any taxable year. Reg. 1.277-1(e)(2)(proposed).

The Condominium will have commercial income by virtue of the Commercial Unit and the Retail Commercial Unit and accordingly the treatment of receipts as described above will be applicable to the extent that commercial income exceeds the expenses attributable to earning such income. Similarly interest earned from the investment of any Working Capital or Reserve Fund will be taxable.

In the event any income of the Condominium is taxable, it is possible that maintenance charges for the Unit Owners may be subject to increase to cover such taxes.

Internal Revenue Code Section 528 provides tax exemption for a Homeowners Association which covers a condominium management association. However, it is our opinion that Section 528 is not available to this Condominium because it fails to meet the test that "substantially all" of the units will be considered as used by individuals as residences if at least 85% of the total square footage is used by individuals for residential purposes.

We have examined the Declarations and By-Laws pertaining to the proposed Condominiums. It is our opinion that the Declaration and By-Laws of each Condominium, when recorded will validly create a Condominium in accordance with Article 9-B of the Real Property Law of the State of New York.

Very truly yours,

ROSS & ROSS, LLP

By: 
Marvin Ross

MR:EEK

EXHIBIT H

NEW YORK ADVISORY SERVICES, INC.

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

October 17, 2000

Mr. Daniel Perla
33 Farm Lane
Great Neck, NY 11020

Re: 75 Avenue D, Manhattan
Block 375 Lot 36
421-a Partial Tax Exemption

Dear Mr. Perla:

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

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

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

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

NEW YORK ADVISORY SERVICES, INC.

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

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

1st and 2nd years	100%
3rd and 4th years	80%
5th and 6th years	60%
7th and 8th years	40%
9th and 10th years	20%
11th year	0%

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

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

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

There are no known factors which will change the Tentative Assessments for the existing tax lots which are to be apportioned. We do not know at this time what the tax rate will be for tax year 2000/2001, but based on the last several years, the change in the applicable tax rate will be minimal.

NEW YORK ADVISORY SERVICES, INC.

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

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

1. Based upon information received from you, one building will be constructed containing a total of 22 apartments. There will be 18 apartments, each containing 4.5 zoning rooms, and 4 apartments each containing 4 zoning rooms. Plans have been approved by the New York City Department of Buildings.
2. Construction has commenced pursuant to the issuance of new building permits by the Department of Buildings, based upon architectural, plumbing and structural plans approved by the Department of Buildings, on which excavation and the construction of initial footings and foundations has commenced in good faith, for the footprint of the new building, the entirety of which will be vacant, as certified by an architect or professional engineer licensed in the State of New York, and provided that such installation is similarly certified to have been completed without undo delay, after such commencement, by such architect or engineer.
3. The Temporary and Final Certificates of Occupancy, and the Preliminary and Final Certificates of Eligibility, will be filed with the appropriate New York City agencies during the appropriate time periods.
4. An application for Preliminary Certificate of Eligibility for 421-a benefits will be filed after the commencement of construction but prior to the issuance of either a Temporary Certificate of Occupancy for all residential areas or a Permanent Certificate of Occupancy upon prescribed forms and applications prepared by the New York City Department of Housing Preservation and Development.
5. An application for Final Certification of Eligibility for 421-a benefits will be filed prior to the occupancy of the building, but no earlier than the date of the application for a Preliminary Certificate of Eligibility. Additionally, the application must be completed within ninety (90) days following the issuance of the Permanent Certificate of Occupancy or the Temporary Certificate of Occupancy covering all the houses.
6. Construction will be completed no later than December 31, 2003.

NEW YORK ADVISORY SERVICES, INC.

7. The premises shall not be used in whole or in part for single-room occupancy.
8. The premises will not be receiving tax exemption or tax abatement concurrently under any other provisions of New York State or New York City law for rehabilitation, conversion or new construction.
9. The premises shall not be used in whole or in part as a hotel.
10. The premises, or any portion thereof, is not located on land utilized for ten or more years immediately prior to October 1, 1971, as a private park as defined in the regulations.
11. The premises does not result from the conversion of a private dwelling.
12. The premises does not result from the conversion or rehabilitation of any building or structure.
13. The premises is not situated on land which is mapped as a public park.
14. There will be no real estate taxes, water or sewer charges or payments in lieu of taxes due and owing as of the last day of the tax quarter preceding the submission date of the application to the Department of Finance, or at any time during the application process or the benefit period.
15. HPD must have determined that the property was "underutilized" within the meaning of Section 421-a for the three year period prior to the commencement of construction.
16. A prospectus for condominium formation which covers all of the apartments shall be accepted for filing by the Attorney General of the State of New York. Additionally, if the condominium is not declared effective within fifteen (15) months of the granting of the final Certificate of Eligibility by HPD, or if the condominium plan is withdrawn, the owner will register the residential dwelling units with the New York State Division of Housing and Community Renewal, since the apartments will be eligible for rent stabilization protection. In the event condominium ownership has not been completed, application will be made to HPD to establish initial monthly rentals for each dwelling unit.
17. All filing fees shall be paid during the appropriate time periods.

NEW YORK ADVISORY SERVICES, INC.

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

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

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

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

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

Very truly yours,

New York Advisory Services, Inc.

by:

Arnold H. Chernoff, President

71-75 Avenue D - 421-a
M / 375 / 36

						Est. Assessment & Real Estate Taxes Before Exemption		Est. Assessment & Real Estate Taxes After Exemption	
Unit	Rooms		Sq. Feet	Offering Price	Comm. % Int.	Assessment	Annual	Assessment	Annual
2A	4	2.0	970	\$ 436,500.00	3.69	\$ 41,711.46	\$ 4,171.15	\$ 3,785.94	\$ 378.59
2B	4	2.0	756	\$ 340,200.00	2.89	\$ 32,668.33	\$ 3,266.83	\$ 2,965.14	\$ 296.51
2C	4	2.0	709	\$ 319,050.00	2.71	\$ 30,633.62	\$ 3,063.36	\$ 2,780.46	\$ 278.05
2D	5	2.0	1,185	\$ 533,250.00	4.51	\$ 50,980.68	\$ 5,098.07	\$ 4,627.26	\$ 462.73
3A	4	2.0	970	\$ 436,500.00	3.69	\$ 41,711.46	\$ 4,171.15	\$ 3,785.94	\$ 378.59
3B	4	2.0	756	\$ 340,200.00	2.89	\$ 32,668.33	\$ 3,266.83	\$ 2,965.14	\$ 296.51
3C	4	2.0	709	\$ 319,050.00	2.71	\$ 30,633.62	\$ 3,063.36	\$ 2,780.46	\$ 278.05
3D	5	2.0	1,185	\$ 533,250.00	4.51	\$ 50,980.68	\$ 5,098.07	\$ 4,627.26	\$ 462.73
3E	4	1.5	975	\$ 438,750.00	3.71	\$ 41,937.54	\$ 4,193.75	\$ 3,806.46	\$ 380.65
4A	4	2.0	970	\$ 436,500.00	3.69	\$ 41,711.46	\$ 4,171.15	\$ 3,785.94	\$ 378.59
4B	4	2.0	756	\$ 340,200.00	2.89	\$ 32,668.33	\$ 3,266.83	\$ 2,965.14	\$ 296.51
4C	4	2.0	709	\$ 319,050.00	2.71	\$ 30,633.62	\$ 3,063.36	\$ 2,780.46	\$ 278.05
4D	5	2.0	1,185	\$ 533,250.00	4.51	\$ 50,980.68	\$ 5,098.07	\$ 4,627.26	\$ 462.73
4E	4	1.5	975	\$ 438,750.00	3.71	\$ 41,937.54	\$ 4,193.75	\$ 3,806.46	\$ 380.65
5A	4	2.0	970	\$ 436,500.00	3.69	\$ 41,711.46	\$ 4,171.15	\$ 3,785.94	\$ 378.59
5B	4	2.0	756	\$ 340,200.00	2.89	\$ 32,668.33	\$ 3,266.83	\$ 2,965.14	\$ 296.51
5C	4	2.0	709	\$ 319,050.00	2.71	\$ 30,633.62	\$ 3,063.36	\$ 2,780.46	\$ 278.05
5D	5	2.0	1,185	\$ 533,250.00	4.51	\$ 50,980.68	\$ 5,098.07	\$ 4,627.26	\$ 462.73
5E	4	1.5	975	\$ 438,750.00	3.71	\$ 41,937.54	\$ 4,193.75	\$ 3,806.46	\$ 380.65
6A	4	2.0	970	\$ 436,500.00	3.69	\$ 41,711.46	\$ 4,171.15	\$ 3,785.94	\$ 378.59
6B	4	2.0	756	\$ 340,200.00	2.89	\$ 32,668.33	\$ 3,266.83	\$ 2,965.14	\$ 296.51
6C	4	2.0	709	\$ 319,050.00	2.71	\$ 30,633.62	\$ 3,063.36	\$ 2,780.46	\$ 278.05
6D	5	2.0	1,185	\$ 533,250.00	4.51	\$ 50,980.68	\$ 5,098.07	\$ 4,627.26	\$ 462.73
6E	4	1.5	975	\$ 438,750.00	3.71	\$ 41,937.54	\$ 4,193.75	\$ 3,806.46	\$ 380.65
CM	n/a	n/a	975	\$ 463,185.00	3.71	\$ 41,937.54	\$ 4,193.75	\$ 4,263.24	\$ 426.32
Ret.	n/a	n/a	5,986	n/a	12.50	\$ 141,289.00	\$ 14,129.90	\$ 14,364.00	\$ 1,436.40
28,961					100.00	\$ 1,130,957.20	\$ 113,095.72	\$ 104,647.08	\$ 10,464.71



Owner's Policy of Title Insurance

Fidelity National Title Insurance Company
of New York
A Stock Company

POLICY
NUMBER

SAMPLE

OWNER'S POLICY OF TITLE INSURANCE

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, FIDELITY NATIONAL TITLE INSURANCE COMPANY OF NEW YORK, a New York corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

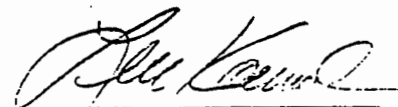
- 1. Title to the estate or interest described in Schedule A being vested other than as stated therein;*
- 2. Any defect in or lien or encumbrance on the title;*
- 3. Unmarketability of the title;*
- 4. Lack of a right of access to and from the land.*

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title, as insured, but only to the extent provided in the Conditions and Stipulations.

IN WITNESS WHEREOF, FIDELITY NATIONAL TITLE INSURANCE COMPANY OF NEW YORK has caused this policy to be signed and sealed by its duly authorized officers as of Date of Policy shown in Schedule A.

FIDELITY NATIONAL TITLE INSURANCE COMPANY
OF NEW YORK

Countersigned



Authorized Signature
(PLEASE PRINT NAME)



By



President

Attest

Charles H. Wimer

Secretary

OWNER TITLE INSURANCE POLICY

SCHEDULE A

Policy No. T.B.A.

Title No. 10304
(FNT10304NY)

Date of Policy: T.B.A.

Amount of Insurance:
\$ T.B.A.

1. Name of Insured:

T.B.A.

SAMPLE

2. The estate or interest in the land described herein and which is covered by this policy is:

Fee Simple

3. The estate or interest referred to herein is at date of policy vested in:

T.B.A. who acquired title by virtue of a deed from FALDEN REALTY CO., dated T.B.A. and to be recorded in the Office of the Register, County of NEW YORK, State of New York.

4. The land referred to in this policy is described as follows:

See Attached Legal Description

SCHEDULE A (Description)

Policy No. T.B.A.

Title No. 10304
(FNT10304NY)

The Condominium Unit (hereinafter referred to as the "Unit") known as Unit No. ____ in the building (hereinafter referred to as the "Building") known as ____ and by the street number 75 Avenue D a/k/a 754-756 East 6th Street, Borough of Manhattan, County of New York, City and State of New York, said Unit being designated and described as Unit No. ____ in a certain declaration made by Declarant pursuant to Article 9-B of the Real Property Law of the State of New York (hereinafter referred to as the "Condominium Act"), establishing a plan for condominium ownership of the building and the land hereinafter referred to as the "Land") upon which the Building is situate, (which Land is more particularly described below and by this reference made a part hereof), which declaration was dated ____ and recorded ____ in the New York Office of the Register of the City of New York on ____ in Reel ____ page ____, (which declaration is hereinafter referred to as the "Declaration"). This Unit is also designated as Tax Lot ____ in Block ____ of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of the Building, certified by ____ and filed with the Real Property Assessment Department on ____ as Condominium Plan No. ____ and also filed in the City Register's Office on ____ as Map No. ____.

TOGETHER with an undivided ____ percent interest in the common elements as defined in the Declaration of Condominium.

ALL THAT CERTAIN PLOT, PIECE OR PARCEL OF LAND, WITH THE BUILDINGS AND IMPROVEMENTS THEREON ERECTED, SITUATE, LYING AND BEING in the Borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of East 6th Street and the westerly side of Avenue D;

RUNNING THENCE southerly along the westerly side of Avenue D, 76 feet;

THENCE westerly and parallel with the southerly side of East 6th Street and part of the distance to party wall 89 feet;

THENCE northerly and parallel with the westerly side of Avenue D, 76 feet to the southerly side of East 6th Street;

THENCE easterly along the southerly side of East 6th Street, 89 feet to the corner aforesaid at the point or place of BEGINNING.

SAID PREMISES also known as 75 AVENUE D, NEW YORK, NEW YORK.

Section , Block 375, Lot 36, UNIT ____

CC

OWNER TITLE INSURANCE POLICY

SCHEDULE B

Policy No. T.B.A.

Title No. 10304
(FNT10304NY)

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorney's fees or expenses) which arise by reason of:

1. EASEMENTS:

- a) Party Wall agreement recorded in Liber 1022 page 178.
- b) Party Wall agreement recorded in Liber 1024 page 39.
- c) Party Wall agreement recorded in Liber 2008 page 88.

2. Any state of facts which a accurate survey might show.

3. Policy will except any additional water and sewer charges that may be reimposed as a result of an actual reading from date of the last reading.



Fidelity National Title Insurance Company
OF NEW YORK

STANDARD NEW YORK ENDORSEMENT
(OWNER'S POLICY)

Title No. 10304
(FNT10304NY)

Attached to and forming a part of Policy No. T.B.A.
of **FIDELITY NATIONAL TITLE INSURANCE COMPANY OF NEW YORK**

1. The following is added to the insuring provisions on the face page of this policy:

"5. Any statutory lien for services, labor or materials furnished prior to the date hereof, and which has now gained or which may hereafter gain priority over the estate or interest of the insured as shown in Schedule A of this policy."

2. The following is added to Paragraph 7 of the Conditions and Stipulations of this policy:

"(d) If the recording date of the instruments creating the insured interest is later than the policy date, such policy shall also cover intervening liens or incumbrances, except real estate taxes, assessments, water charges and sewer rents."

Nothing herein contained shall be construed as extending or changing the effective date of the policy unless otherwise expressly stated.

This endorsement is made a part of the policy and is subject to the Exclusions from Coverage, Schedules, Conditions and Stipulations therein, except as modified by the provisions hereof.



Fidelity National Title Insurance Company
OF NEW YORK

NEW YORK, NEW YORK
CONDOMINIUM ENDORSEMENT
NEW YORK

Title No. 10304
(FNT10304NY)

Attached to and forming a part of Policy No.
of **FIDELITY NATIONAL TITLE INSURANCE COMPANY OF NEW YORK**

The Company insures the insured against loss or damage sustained by reason of:

1. The failure of the unit identified in Schedule A and its common elements to be part of a condominium within the meaning of the condominium statutes of the State of New York.
2. The failure of the documents required by the condominium statutes to comply with the requirements of the statutes to the extent that such failure affects the title to the unit and its common elements.
3. Present violations of any restrictive covenants which restrict the use of the unit and its common elements and which are created by the condominium documents, except violations relating to environmental protection unless a notice of a violation thereof has been recorded or filed in the public records and is not excepted in Schedule B. The restrictive covenants do not contain any provisions which will cause a forfeiture or reversion of title.
4. The priority of any lien for charges and assessments at Date of Policy provided for in the condominium statutes and condominium documents over the lien of any insured first mortgage identified in Schedule A.
5. The failure of the unit and its common elements to be entitled by law to be assessed for real property taxes as a separate parcel.
6. Any obligation to remove any improvements which exist at Date of Policy because of any present encroachments or because of any future unintentional encroachments of the common elements upon any unit or of any unit upon the common elements or another unit.
7. The failure of title by reason of a right of first refusal to purchase the unit and its common elements which was exercised or could have been exercised at Date of Policy.

THIS ENDORSEMENT is made a part of the policy and is subject to all the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the amount of insurance.

This endorsement shall not be valid or binding until countersigned by an authorized signatory as designated below.

Dated: January, 1900

Countersigned

SAMPLE

BY _____

Authorized Signatory



Owner's Policy of Title Insurance

Fidelity National Title Insurance Company
of New York
A Stock Company

POLICY
NUMBER

SAMPLE

OWNER'S POLICY OF TITLE INSURANCE

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, FIDELITY NATIONAL TITLE INSURANCE COMPANY OF NEW YORK, a New York corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

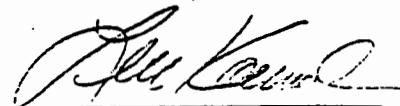
- 1. Title to the estate or interest described in Schedule A being vested other than as stated therein;*
- 2. Any defect in or lien or encumbrance on the title;*
- 3. Unmarketability of the title;*
- 4. Lack of a right of access to and from the land.*

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title, as insured, but only to the extent provided in the Conditions and Stipulations.

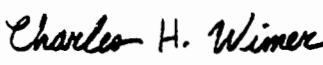
IN WITNESS WHEREOF, FIDELITY NATIONAL TITLE INSURANCE COMPANY OF NEW YORK has caused this policy to be signed and sealed by its duly authorized officers as of Date of Policy shown in Schedule A.

**FIDELITY NATIONAL TITLE INSURANCE COMPANY
OF NEW YORK**

Countersigned


Authorized Signature
(PLEASE PRINT NAME)



By 
President
Attest 
Secretary

Form **W-9**
(Rev. April 1990)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give this form
to the requester. Do
NOT send to IRS.

Please print or type	Name (If joint names, list first and circle the name of the person or entity whose number you enter in Part I below. See instructions under "Name" if your name has changed.)																					
	Address (number and street)	List account number(s) here (optional)																				
	City, state, and ZIP code																					
Part I Taxpayer Identification Number (TIN)		Part II For Payees Exempt From Backup Withholding (See Instructions)																				
Enter your taxpayer identification number in the appropriate box. For individuals and sole proprietors, this is your social security number. For other entities, it is your employer identification number. If you do not have a number, see <i>How To Obtain a TIN</i>, below. Social security number <table style="margin: 0 auto; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> </tr> </table> OR Employer identification number <table style="margin: 0 auto; border-collapse: collapse;"> <tr> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> <td style="border: 1px solid black; width: 20px; height: 20px;"></td> </tr> </table>																						Requester's name and address (optional)
Note: If the account is in more than one name, see the chart on page 2 for guidelines on whose number to enter.																						

Certification.—Under penalties of perjury, I certify that:

- (1) The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- (2) I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

Certification Instructions.—You must cross out item (2) above if you have been notified by IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return. For real estate transactions, item (2) does not apply. For mortgage interest paid, the acquisition or abandonment of secured property, contributions to an individual retirement arrangement (IRA), and generally payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (Also see *Signing the Certification under Specific Instructions*, on page 2.)

Please
Sign
Here

Signature ►

Date ►

Instructions

(Section references are to the Internal Revenue Code.)

Purpose of Form.—A person who is required to file an information return with IRS must obtain your correct taxpayer identification number (TIN) to report income paid to you, real estate transactions, mortgage interest you paid, the acquisition or abandonment of secured property, or contributions you made to an individual retirement arrangement (IRA). Use Form W-9 to furnish your correct TIN to the requester (the person asking you to furnish your TIN), and, when applicable, (1) to certify that the TIN you are furnishing is correct (or that you are waiting for a number to be issued), (2) to certify that you are not subject to backup withholding, and (3) to claim exemption from backup withholding if you are an exempt payee. Furnishing your correct TIN and making the appropriate certifications will prevent certain payments from being subject to the 20% backup withholding.

Note: If a requester gives you a form other than a W-9 to request your TIN, you must use the requester's form.

How To Obtain a TIN.—If you do not have a TIN, apply for one immediately. To apply, get Form SS-5, Application for a Social Security Number Card (for individuals), from your local office of the Social Security Administration, or Form SS-4, Application for Employer Identification Number (for businesses and all other entities), from your local Internal Revenue Service office.

To complete Form W-9 if you do not have a TIN, write "Applied For" in the space for the TIN in Part I, sign and date the form, and give it to the requester. Generally, you will then have 60 days to obtain a TIN and furnish it to the requester. If the requester does not receive your TIN within 60 days, backup withholding, if applicable, will begin and continue until you furnish your TIN to the

requester. For reportable interest or dividend payments, the payer must exercise one of the following options concerning backup withholding during this 60-day period. Under option (1), a payer must backup withhold on any withdrawals you make from your account after 7 business days after the requester receives this form back from you. Under option (2), the payer must backup withhold on any reportable interest or dividend payments made to your account, regardless of whether you make any withdrawals. The backup withholding under option (2) must begin no later than 7 business days after the requester receives this form back. Under option (2), the payer is required to refund the amounts withheld if your certified TIN is received within the 60-day period and you were not subject to backup withholding during that period.

Note: Writing "Applied For" on the form means that you have already applied for a TIN OR that you intend to apply for one in the near future.

As soon as you receive your TIN, complete another Form W-9, include your TIN, sign and date the form, and give it to the requester.

What Is Backup Withholding?—Persons making certain payments to you are required to withhold and pay to IRS 20% of such payments under certain conditions. This is called "backup withholding." Payments that could be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee compensation, and certain payments from fishing boat operators, but do not include real estate transactions.

If you give the requester your correct TIN, make the appropriate certifications, and report all your taxable interest and dividends on your tax return, your payments will not be subject to backup withholding. Payments you receive will be subject to backup withholding if:

- (1) You do not furnish your TIN to the requester, or

(2) IRS notifies the requester that you furnished an incorrect TIN, or

(3) You are notified by IRS that you are subject to backup withholding because you failed to report all your interest and dividends on your tax return (for reportable interest and dividends only), or

(4) You fail to certify to the requester that you are not subject to backup withholding under (3) above (for reportable interest and dividend accounts opened after 1983 only), or

(5) You fail to certify your TIN. This applies only to reportable interest, dividend, broker, or barter exchange accounts opened after 1983, or broker accounts considered inactive in 1983.

Except as explained in (5) above, other reportable payments are subject to backup withholding only if (1) or (2) above applies.

Certain payees and payments are exempt from backup withholding and information reporting. See *Payees and Payments Exempt From Backup Withholding*, below, and *Exempt Payees and Payments under Specific Instructions*, on page 2, if you are an exempt payee.

Payees and Payments Exempt From Backup Withholding.—The following is a list of payees exempt from backup withholding and for which no information reporting is required. For interest and dividends, all listed payees are exempt except item (9). For broker transactions, payees listed in (1) through (13) and a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker are exempt. Payments subject to reporting under sections 6041 and 6041A are generally exempt from backup withholding only if made to payees described in items (1) through (7), except that a corporation that provides medical and health care services or bills and collects payments for such services is

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

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

Re: _____
Address of Building or Name of Project

File Number: _____

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

1. Name of Applicant _____
2. Address of Applicant _____
3. Name, Address, and Telephone Number
of Applicant's Attorney (if any) _____

4. This is an application for

- ☐ return of downpayment
☐ forfeiture of downpayment
☐ other: _____

5. The project is structured as

- ☐ a conversion of occupied premises.
☐ newly constructed or rehabilitated.
☐ vacant (as is).

6. The project is structured as

- ☐ a cooperative.
- ☐ a condominium.
- ☐ a homeowners association.
- ☐ a timeshare.
- ☐ other: _____

7. Name and Address of Sponsor: _____

8. Name and Address of Escrow Agent: _____

9. If downpayments are maintained in an escrow 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:

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

15. I am contemporaneously sending a copy of this application to the following persons: _____

Note: You are required to mail a copy of this Application to all other affected parties.

In filing this Application, I understand that the Attorney General is not my private attorney, but represents the public in enforcing laws designed to protect the public from unlawful business practices. I also understand that if I have any questions concerning my legal rights or responsibilities I may contact a private attorney. The above application is true and accurate to the best of my knowledge. False statements made herein are punishable as a Class A Misdemeanor under Section 175.30 and/or Section 210.45 of the Penal Law.

Signature: _____

Date: _____

Name (Printed): _____

Telephone: (Home) _____

(Business) _____

Mailing Address: _____

EXHIBIT L

ESCROW AGREEMENT FOR FALDAN REALTY CO.

PERLA'S PUEBLO CONDOMINIUM
AT
71-75 AVENUE D
NEW YORK, NEW YORK 10009

AGREEMENT made this 25th day of October, 2000, between FALDAN REALTY CO., Inc., (the "Sponsor") having an address at 33 Farm Lane, Great Neck, New York 11020 and Ross & Ross, LLP, 290 Central Avenue, Suite 115, P.O. Box 599, Lawrence, N.Y. 11559 ("Escrow Agent").

WHEREAS, Sponsor is the Sponsor under the offering plan (the "Offering Plan") for the sale of condominium units (the "Units") at 71-75 Ave. D, New York, New York 10009 (the Premises); and

WHEREAS, Sponsor will enter into agreements to sell Units to purchasers under the Offering Plan (individually a "Purchase Agreement" and collectively the "Purchase Agreements"); and

WHEREAS, Escrow Agent has been requested by Sponsor to act as an escrow agent under the Offering Plan in accordance with General Business Law ("GBL") Section 352-e(2-b) and the Attorney General's regulation promulgated thereunder (the "Regulations") with respect to down payments made by purchasers (the "Purchasers"), pursuant to Purchase Agreements entered into with Sponsor to purchase Units at the Premises, 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 hereto agree as follows:

1. ESTABLISHMENT OF THE ESCROW ACCOUNT. - Escrow Agent shall establish an escrow account for the purpose of holding deposits or payment made by Purchasers (the "Escrow Account"). As set forth in the Offering Plan, the Escrow Account in which contract down payments will be deposited will be located at Fleet Bank (the "Bank") at its branch at Central Avenue, Lawrence, New York.

The account number is to be provided by Escrow Agent to Sponsor upon receipt.

The name of the Escrow Account will be Ross & Ross, LLP - Trust Account for Karp Southampton Condominium, Marvin Ross and Seth Ross, members of the firm comprising Escrow Agent will be the sole signatories on the Escrow Account.

The Escrow Account shall be an interest-bearing account as disclosed in the Offering Plan. Accordingly, Escrow Agent will arrange for interest earned on monies deposited in the Escrow Account to be paid to the party entitled to the interest as disclosed in the Offering Plan.

2. DEPOSITS INTO THE ESCROW ACCOUNT. - All funds received from Purchasers prior to closing under their Purchase Agreements, shall be delivered by Sponsor to Escrow Agent to 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 to the order of "Ross & Ross, LLP as Escrow Agent". Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into the Escrow Account, shall be returned to the prospective Purchaser promptly, but in no event more than five (5) business days following receipt of such instrument by Escrow Agent (or if applicable, within five (5) business day after said instrument has been returned to Escrow Agents by the depository as unpayable). Delivery shall be deemed made on the date mailed. In the event of such return of funds, the instrument shall be deemed made on the date mailed. 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.

Within ten (10) business days after tender of the deposit submitted with a Purchase Agreement, Escrow Agent shall notify Purchaser of the deposit of such funds in the Bank and shall provide the account number. If Purchaser does not receive notification of such deposit within fifteen (15) business days after the tender of the deposit and Purchase Agreement countersigned by Sponsor, Purchaser may cancel the purchase and rescind the Purchase Agreement. Any such rescission must be exercised no later than ninety (90) days after approval of Purchaser in accordance with the Approval Procedures. 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 the foregoing and requisite notice was timely mailed to Purchaser.

3. RELEASE OF FUNDS. - Escrow Agent shall not release the escrowed funds of a defaulting Purchaser until after consummation of the Offering Plan as defined in the Attorney General's regulations. Consummation of the Offering Plan shall not relieve Sponsor of their fiduciary obligations pursuant to GBL Section 352-h.

Escrow Agent shall continue to hold the funds in escrow until the earlier of: (a) closing under a Purchase Agreement, in which event the funds may be paid to Sponsor (or anyone Sponsor designates or directs), or (b) otherwise directed in writing signed by both Sponsor and Purchaser (including any authorization set forth in the Purchase Agreement) directing disposition of such funds, or (c) otherwise directed in a determination of the Attorney General pursuant to the dispute resolution procedures in the Regulations, or (d) otherwise directed in a judgment or order of a court of competent jurisdiction directing disposition of such funds, or (e) this Agreement is terminated, the Escrow Agent is changed and the Escrow Account is transferred in accordance with Article 9 of this Agreement, or (f) funds which were deposited prior to acceptance of the Purchase Agreement are returned to the Purchaser after rejection of the Purchase Agreement by Sponsor, or (g) released pursuant to the Regulations of the Attorney General pertaining to release of escrowed funds, as set forth below.

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 Offering Plan or an amendment to the Plan or (b) all Purchasers after an amendment abandoning the Offering Plan is accepted for filing by the Department of Law.

If there is no closing under a Purchase Agreement and there is no written agreement between the parties to release the escrowed funds, or if release is not otherwise authorized pursuant to the provisions of Article 3 of this Agreement, Escrow Agent shall not pay the funds to Sponsor until Escrow Agent has sent Purchaser at least ten (10) business days prior written notice to the last address listed in the Purchase Agreement. For purposes of this provision, notice shall be deemed given if actually delivered to Purchaser or Purchaser's counsel at the address set forth in the Purchase Agreement, whether or not it is actually received, and shall be deemed give five (5) business days after the day mailed. Thereafter, the funds may be paid to Sponsor unless Escrow Agent has received prior written notice form Purchaser that Purchaser has made application to the

Department of Law pursuant to the dispute resolution provisions contained in the Regulations and has so notified Escrow Agent in accordance with such provisions. Escrow Agent shall be entitled to act upon any document believed by it in its reasonable judgment to be genuine.

4. RECORD KEEPING. - Escrow Agent shall maintain all records concerning the Escrow Account for seven years after release of funds.

Upon the dissolution of Escrow Agent, the former partners or member of the firm shall make appropriate arrangements for 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 arrangement.

Sponsor agrees that Escrow Agent shall make available to the Attorney General, upon his or her request, all books and records of Escrow Agent then available relating to funds deposited and disbursed hereunder. Sponsor shall pay all expenses and costs incurred by Escrow Agent arising out of the provisions of Paragraphs 4.2 and 4.3 of this Agreement.

5. GENERAL OBLIGATIONS OF ESCROW AGENT. - Escrow Agent shall maintain the Escrow Account called for in this Agreement under the direct supervision and control of Escrow Agent.

Escrow Agent is familiar with the provision of GBL § 352-h and § 352-e(2-b).

Escrow Agent or any member of its firm shall be permitted to act as counsel for Sponsor in any dispute as to the disbursement of any deposits or payments or any other dispute between the parties, whether or not Escrow Agent continues to act as Escrow Agent.

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

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

7. INDEMNITY AND DISPUTES. - In the event Escrow Agent, before the release of escrow funds attributable to a particular Purchase

Agreement in accordance with this Agreement, received or becomes aware of conflicting demands or claims with respect to said escrow funds or the rights of any party with respect thereto, or any funds securities, property or documents deposited herein or affected hereby, or if Sponsor becomes indebted to Escrow Agent, or for any other reason in its sole discretion, Escrow Agent shall have the right to discontinue any and all further acts on its part until such conflict is resolved to its satisfaction.

Escrow Agent shall have the further right but not the obligation to commence or defend any action or proceeding for the determination of such conflict. Sponsor agrees to indemnify Escrow Agent and pay all costs, damages, judgments and expenses, including attorneys' fees and disbursements, suffered or incurred by Escrow Agent in connection with or arising out of this Escrow Agreement, including, but without limiting the generality of the foregoing, a suit in interpleader brought by Escrow Agent, or proceedings or actions brought by any Purchaser(s) or the New York State Department of Law, or the expenses of maintaining or administering the Escrow Account in accordance with this Agreement (including, without limitation, the aliquot portion of Escrow Agent's expenses for overhead, staff and equipment in connection with such activities), and such other expenses as may be determined by Escrow Agent. In the event Escrow Agent files a suit in interpleader, Escrow Agent shall thereupon be fully released and discharged from all further obligations to perform any and all duties of obligations imposed upon Escrow Agent by this Agreement.

Escrow Agent is hereby given a lien on all right, title and interest of Sponsor in the escrowed funds in the Escrow Account and monies arising therefrom, to protect, indemnify and reimburse Escrow Agent for all costs, expenses and liabilities arising out of this Agreement.

8. LIABILITY OF ESCROW AGENT. - Escrow Agent shall not be liable for any act done or omitted by it in good faith, or for anything which it may in good faith do or refrain from doing in connection with its obligations under this Agreement, nor for any negligence other than its gross negligence, nor shall Escrow Agent be answerable for the default or misconduct of its agents, attorneys or employees if they are selected with reasonable care, or the banking institution in which the escrow funds are deposited. No liability will be incurred by Escrow Agent if, in the event of any dispute or question as to its duties or obligations hereunder, it acts in accordance with written advice of legal counsel. Escrow Agent is authorized to act upon any

document believed by it to be genuine and to be signed by the proper party or parties, and will incur no liability in so acting.

Escrow Agent shall not be liable to Sponsor for any loss occasioned by any right of rescission accruing to a Purchaser and arising out of Escrow Agent's performance or failure of performance hereunder.

9. TERMINATION OF AGREEMENT. - This Agreement shall remain in effect unless and until it is cancelled:

- (a) By written notice given by Sponsor to Escrow Agent of cancellation of designation of Escrow Agent to act in said capacity; or
- (b) By the resignation or withdrawal of Escrow Agent upon written notice to Sponsor. Sponsor agrees to file an amendment to the Offering Plan to describe the occurrences describe in Article 9 of this Agreement immediately upon their occurrence, but the failure to file such amendment shall not prevent the effectiveness of such cancellation, resignation or withdrawal; or
- (c) By virtue of all Apartments offered pursuant to the Offering Plan having been sold and all sales transactions having been consummated.

Upon termination of the duties of Escrow Agent as described in Article 9 above, Escrow Agent shall deliver any and all funds held by it in escrow and any and all Purchase Agreements and associated comments maintained by Escrow Agent to the new escrow agent, if there be one, or to a court of competent jurisdiction, as applicable.

10. SUCCESSORS AND ASSIGNS. - This Agreement shall be binding upon Sponsor and Escrow Agent and their successors and assigns.

11. GOVERNING LAW. - This Agreement shall be construed in accordance with and governed by the laws of the State of New York. Sponsor and Escrow Agent agree to the jurisdiction and venue of the courts located in the County of Suffolk and State of New York.

12. ESCROW AGENT'S COMPENSATION. - 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, unless and until Sponsor becomes entitled to such funds pursuant to the provisions of this Agreement.

13. SEVERABILITY. - If any provision of this Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provision of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

14. MISCELLANEOUS. - Wherever delivery is required herein of a notice or check to Purchaser, it shall also be deemed delivered to Purchaser if actually delivered to Purchaser's attorney, with the date of receipt being deemed to be five (5) business days after the date mailed, postage prepaid. Conflicts between this provision and other provisions in this Agreement shall be resolved in favor of the other provision.

15. ENTIRE AGREEMENT. This Agreement, read together with GBL Section 352-3(2-b) and the Attorney General's Regulations, constitutes the entire agreement between Sponsor and Escrow Agent with respect to the subject matter hereof.

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

FALDAN REALTY CO.

By: 
Daniel Perla, a Partner

ROSS & ROSS, LLP

By: 
Marvin Ross, Esquire

EXHIBIT M
FALDAN REALTY CO.
33 Farm Lane
Great Neck, New York 11020

November 8, 2000

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

Re: Perla's Pueblo Condominium
71-75 Avenue D
New York, New York 10009

Gentlemen:

We are the sponsor and the principals of sponsor of the condominium offering plan for the captioned property. We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Department of Law in Part 20 and such other laws and regulations as may be applicable.

We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for this certification. We jointly and severally certify that the offering plan does, and that documents submitted hereafter by us which amend or supplement the offering plan will:

- (i) set forth the detailed terms of the transaction and be complete, current and accurate;
- (ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;
- (iii) not omit any material fact;
- (iv) not contain any untrue statement of a material fact.
- (v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;
- (vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (viii) not contain any representation or statement which is false, where I/we:

- (a) knew the truth;
- (b) with reasonable effort could have known the truth;
- (c) made no reasonable effort to ascertain the truth; or
- (d) did not have knowledge concerning the representation or statement made.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

Very truly yours,

FALDAN REALTY CO.

By: Daniel Perla
Daniel Perla, a Partner

State of New York)
)..ss..

County of West)
Sworn to before me this 1 Day
of November, 2000

Notary Public

FRANK DONOVAN, JR.
Notary Public, State of New York
No. 30-6072585
Qualified in Nassau County
Commission Expires March 30, 2001

State of New York)
)..ss..

County of Nassau)
Sworn to before me this 1 Day
of November, 2000.

Notary Public

FRANK DONOVAN, JR.
Notary Public, State of New York
No. 30-6072585
Qualified in Nassau County
Commission Expires March 30, 2001

Daniel Perla
Daniel Perla

State of New York)
)..ss..

County of Nassau)
Sworn to before me this 10 Day
of November, 2000.

Notary Public

FRANK DONOVAN, JR.
Notary Public, State of New York
No. 30-6072585
Qualified in Nassau County
Commission Expires March 30, 2001

Faleh Hamdan
Faleh Hamdan

REAL ESTATE and ARCHITECTURAL SERVICES

**15 Aldbury Drive
Upper Saddle River
New Jersey 07458
Telephone: (201) 825-8117
Fax: (201) 825-3208**

December 13, 2000

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

Re: Perla's Pueblo Condominium
71-75 Avenue D
New York, New York

Gentlemen:

The sponsor of the offering plan to convert the captioned property to condominium ownership retained me to prepare a report describing the construction of the property (the "Report"), and I examined the building plans and specifications that were prepared by me d/b/a Real Estate and Architectural Services dated May 12, 1999 and prepared the Report dated October 19, 2000, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the Report.

I am a licensed engineer 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 in the Report and the facts underlying it with due diligence in order to form a basis for this certification. This certification is made for the benefit of all persons to whom this offer is made.

I certify that the Report:

- (i) sets forth in narrative form the description and/or physical condition of the entire property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specification that I examined;
- (ii) in my professional opinion affords potential investors, purchasers and participants an adequate basis upon which to found their judgment

concerning the description and/or physical condition of the property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that I examined;

- (iii) does not omit any material fact;
- (iv) does not contain any untrue statement of a material fact;
- (v) does not contain any fraud, deception, concealment, or suppression;
- (vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) does not contain any representation or statement which is false, where I:
 - (a) knew the truth;
 - (b) with reasonable effort could have known the truth;
 - (c) made no reasonable effort to ascertain the truth; or
 - (d) did not have knowledge concerning the representation or statement made.

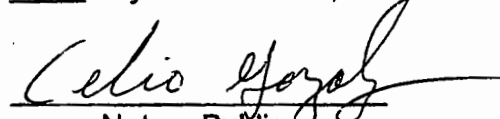
I further certify that I am not owned or controlled by and have no beneficial interest in the sponsor and that my compensation for preparing this Report is not contingent on the conversion of the property to a condominium or on the profitability or price of the condominium. This statement is not intended as a guarantee or warranty of the physical condition of the property.

Very truly yours,

SUSAN M. MELAMUD, PE

State of New York)
 ...ss..
County of New York)

Sworn to before me this
13 day of December, 2000.


Notary Public

CELIO GONZALEZ
Notary Public, State of New York
No. 01G05081351
Qualified in New York County
Commission Expires June 30, 2001





Exhibit 0

GENERAL PROPERTY MANAGEMENT ASSOCIATES, INC.

250 W. 57th St., Suite 2332, New York, N.Y. 10107-2332 Tel. 212-757-5180 Fax 212-713-0907

CERTIFICATION OF EXPERT REGARDING ADEQUACY
OF SCHEDULE B PURSUANT TO SEC 23.4(d) OF THE
REGULATIONS ISSUED PURSUANT TO GENERAL
BUSINESS LAW, ARTICLE 23-A, AS AMENDED

February 8, 2001

New York State Department of Law
120 Broadway 23rd floor
New York, N.Y. 10271

Re: Perla's Pueblo Condominium
75 Avenue D
New York, N.Y.

The undersigned certifies as follows:

The Sponsor of the Condominium Offering Plan for the captioned property retained me to prepare Schedules B and B-1 containing projections of income and expenses for the first year of Condominium operation. I am a licensed real estate broker and have been in the business of both managing and selling both cooperative and condominium apartments for 20 years as a principal of General Property Management Associates Inc., and prior thereto. At the current time, my office manages twenty (20) cooperative, condominium and condo properties and will be the managing agent for Perla's Pueblo Condominium.

I understand that I am responsible for complying with Article 23-A of the General Business Law of the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to the commercial units listed in Schedules B and B-1.

I 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. I have also relied on my experience in managing residential buildings.

I certify that the projections in Schedules B and B-1 appear reasonable and adequate under existing circumstances and that the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of condominium operation.

CERTIFICATION OF EXPERT

February 8, 2001

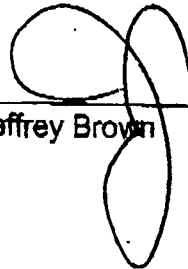
Page 2

I certify that the Schedules:

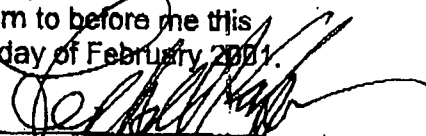
- (i) set forth in detail the projected income and expenses for the first year of condominium operation;
- (ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgement concerning the common charges payable by the owners of the commercial units;
- (iii) do not omit any material facts;
- (iv) do not contain any fraud, deception, concealment or suppression;
- (v) do not contain any untrue statement of a material fact;
- (vi) do not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) do not contain any representations or statement which is false, where I
(a) knew the truth, (b) with reasonable effort could have known the truth,
(c) made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representations or statements made.

I further certify that I am not owned or controlled by the Sponsor. I understand that a copy of this certification is intended to be incorporated into the Offering Plan. This statement is not intended as a guarantee or warranty of the income and expenses for the first year of condominium operation. This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made.

I understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.


Jeffrey Brown

State of New York
County of New York
sworn to before me this
8th day of February 2001.


Notary Public

JOSEPH A. KAPLAN
NOTARY PUBLIC, State of New York
No. 03 2032338, Qual. in Bronx County
Commission Expires 12/31/2003



Exhibit P

GENERAL PROPERTY MANAGEMENT ASSOCIATES, INC.

250 W. 57th St., Suite 2332, New York, N.Y. 10107-2332 Tel. 212-757-5180 Fax 212-713-0907

**CERTIFICATION OF EXPERT REGARDING ADEQUACY
OF SCHEDULE B PURSUANT TO SEC 234(e) OF THE
REGULATIONS ISSUED PURSUANT TO GENERAL
BUSINESS LAW, ARTICLE 23-A, AS AMENDED**

February 8, 2001

New York State Department of Law
120 Broadway 23rd floor
New York, N.Y. 10271

Re: Perla's Pueblo Condominium
75 Avenue D
New York, N.Y.

The undersigned certifies as follows:

The Sponsor of the Condominium Offering Plan for the captioned property retained me to prepare Schedule B which includes projections of common charges payable by the owners of the commercial units. I am a licensed real estate broker and have been in the business of both managing and selling both cooperative and condominium apartments for 20 years as a principal of General Property Management Associates Inc., and prior thereto. At the current time, our office manages twenty (20) cooperative, condominium and condo properties and will be the managing agent for Perla's Pueblo Condominium.

I understand that I am responsible for complying with Article 23-A of the General Business Law of the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to the commercial units listed in Schedule B.

I have reviewed the Schedule as it impacts upon the commercial unit and investigated the facts underlying it with due diligence in order to form a basis for this certification. I have also relied upon my experience in managing residential buildings.

I certify that the projections in Schedule B for the common charges payable by the owner of commercial units appear reasonable and adequate under existing circumstances to meet the anticipated operating expenses fairly attributable to such commercial unit for the projected first year of condominium operation, and the allocation of common charges attributable to the commercial unit also reflects special or exclusive use or availability or exclusive control of particular common areas.

CERTIFICATION OF EXPERT

February 8, 2001

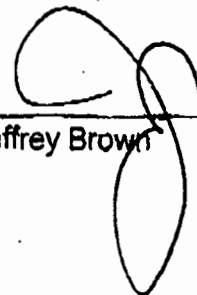
Page 2

I certify that the estimates in Schedule B for the common charges payable by the owners of the commercial units:

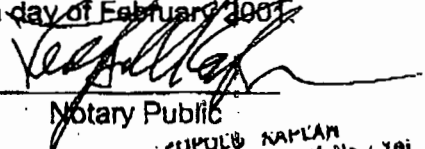
- (i) set forth in detail the projected income and expenses for the first year of condominium operation;
- (ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgement concerning the first year of condominium operation;
- (iii) do not omit any material facts;
- (iv) do not contain any fraud, deception, concealment or suppression;
- (v) do not contain any untrue statement of a material fact;
- (vi) do not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) do not contain any representations or statement which is false, where I
(a) knew the truth, (b) with reasonable effort could have known the truth,
(c) made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representations or statements made.

I further certify that I am not owned or controlled by the Sponsor. I understand that a copy of this certification is intended to be incorporated into the Offering Plan. This statement is not intended as a guarantee or warranty of the income and expenses for the first year of condominium operation. This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made.

I understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.


Jeffrey Brown

State of New York
County of New York
sworn to before me this
8th day of February 2001


Notary Public

LEOPOLD KAPLAN
NOTARY PUBLIC, State of New York
No. 03 2032338, Qual. in Bronx County
Commission Expires 12/31/2001

NOTE
(New York Fixed Rate Note)

_____, 2001, _____, New York
71-75 AVENUE D, NEW YORK, NEW YORK 10009
(City) (State)
(Property Address)

1. BORROWER'S PROMISE TO PAY

In return for a loan that [I/we] have received, [I/we] promise to pay U.S. \$ _____ (this amount is called "principal"), plus interest, to the order of the Lender. The Lender is FALDAN REALTY CO. [I/We] understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of principal has been paid. [I/We] will pay interest at a yearly rate of _____%. The interest rate to be charged at closing will be 1% less than the prevailing prime rate at the date of execution of the Purchase Agreement.

The interest rate required by this Section 2 is the rate [I/we] will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

[I/We] will pay principal and interest by making payments every month.

[I/We] will make [my/our] monthly payment on the 1st day of each month beginning on _____, 2001. [I/We] will make these payments every month until the expiration of a five (5) year term at which time a balloon payment of principal will be due and payable. Payments will be calculated on the basis of a twenty-five (25) year mortgage term and any other charges described below that [I/we] may owe under this Note. [My/Our] monthly payments will be applied to interest before principal.

[I/We] will make [my/our] monthly payments at _____ or at a different place if required by the Note Holder.

(B) Amount of Monthly Payments

[My/Our] monthly payments will be in the amount of U.S. \$ _____.

4. BORROWER'S RIGHT TO PREPAY

[I/We] have the right to make payments of principal at any time before they are due. A payment of principal only is known as "prepayment." When [I/we] make a prepayment, [I/we] will tell the Note Holder in writing that [I/we] [am/are] doing so.

[I/We] may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of [my/our] prepayments to reduce the amount of principal that

[I/we] owe under this Note. If [I/we] make a partial prepayment, there will be no changes in the due date or in the amount of [my/our] monthly payment unless the Note Holder agrees in writing to those changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from [me/us] which exceed permitted limits will be refunded to [me/us]. The Note Holder may choose to make this refund by reducing the principal [I/we] owe under this Note or by making a direct payment to [me/us]. If a refund reduces principal, the reduction will be treated as a partial prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of fifteen (15) calendar days after the date it is due, [I/we] will pay a late charge to the Note Holder. The amount of the charge will be 2% of [my/our] overdue payment of principal and interest. [I/we] will pay this charge promptly but only once on each late payment.

(B) Default

If [I/we] do not pay the full amount of each monthly payment on the date it is due, [I/we] will be in default.

(C) Notice of Default

If [I/we] [am/are] in default, the Note Holder may send [me/us] a written notice telling [me/us] that if [I/we] do not pay the overdue amount by a certain date, the Note Holder may require [me/us] to pay immediately the full amount of principal which has not been paid and all of the interest that [I/we] owe on that amount. That date must be at least _____ days after the date on which the notice is delivered to [me/us].

(D) No Waiver by Note Holder

Even, if, at a time when [I/we] [am/are] in default, the Note Holder does not require [me/us] to pay immediately in full as described above, the Note Holder will still have the right to do so if [I/we] [am/are] in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required [me/us] to pay immediately in full as described above, the Note Holder will have the right to be paid back for all of its costs and expenses in enforcing this Note, whether or not a lawsuit is brought, to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to [me/us] under this Note will be given by delivering it or by mailing it by first class mail to [me/us] at the Property Address above or at a different address if [I/we] give the Note Holder notice of [my/our] different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if [I/we] [am/are] given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

[I/We] and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if [I/we] do not keep the promises which [I/we] make in this Note. That Security Instrument describes how and under what conditions [I/we] may be required to make immediate payment in full of all amounts [I/we] owe under this Note. Some of those conditions are described as follows:

AGREEMENTS ABOUT LENDER'S RIGHTS IF THE PROPERTY IS SOLD OR TRANSFERRED. Lender may require immediate payment in full of all Sums Secured by this Security Instrument if all or any part of the Property, or if any right in the Property, is sold or transferred without Lender's prior written permission. Lender also may require immediate payment in full if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person. However, Lender shall not require immediate payment in full if this is prohibited by federal law as of the date of this Security Instrument.

If Lender requires immediate payment in full under this Paragraph 17, Lender will give [me/us] a notice which states this requirement. The notice will give [me/us] at least thirty (30) days to make the required payment. The 30 day period will begin on the date the notice is mailed

or delivered. If [I/we] do not make the required payment during this period, Lender may act to enforce its rights under this Security Instrument without give [me/us] any further notice or demand for payment.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

_____(Seal)
-Borrower

_____(Seal)
-Borrower

_____(Seal)
-Borrower

[Sign Original Only]

STATE OF NEW YORK)
) ss:
COUNTY OF NASSAU)

On the ____ day of _____ in the year 200__, 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 they/ he /she executed the same in their/ his /her capacity(ies) and that by/ their/ his /her signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

Exhibit R

(SPACE ABOVE THIS LINE FOR RECORDING)

DATE) _____

MORTGAGE

WORDS USED OFTEN IN THIS DOCUMENT

- (A) "Security Instrument." This document, which is dated _____, 2001, will be called the "Security Instrument."
- (B) "Borrower." _____ sometimes will be called "Borrower" and sometimes simply ["I/we"] or ["me/us"].
- (C) "Lender." FALDAN REALTY CO. will be called "Lender." Lender is a partnership which exists under the laws of New York.. Lender's address is 33 Farm Lane, Great Neck, NY..
- (D) "Note." The note signed by Borrower and dated _____, 2001 __, will be called the "Note." The Note shows that [I/we] owe Lender _____ Dollars (U.S. \$ _____), plus interest. [I/We] have promised to pay this debt in monthly payments and to pay the debt in full by _____, 20____.
- (E) "Property." The property that is described below in the section titled "Description of the Property," will be called the "Property."
- (F) "Sums secured." The amounts described below in the section titled "Borrower's Transfer to Lender of Rights in the Property" sometimes will be called the "sums secured."

BORROWER'S TRANSFER TO LENDER OF RIGHTS IN THE PROPERTY

[I/We] mortgage, grant and convey the Property to Lender subject to the terms of this Security Instrument. This means that, by signing this Security Instrument, [I/we] [am/are] giving Lender those rights that are stated in this Security Instrument and also those rights that the law gives to lenders who hold mortgages on real property. [I/We] [am/are] giving Lender these rights to protect Lender from possible losses that might result if [I/we] fail to:

- (a) Pay all the amounts that [I/we] owe Lender as stated in the Note;
- (b) Pay, with interest, any amounts that Lender spends under Paragraphs 2 and 7 of this Security Instrument to protect the value of the Property and Lender's rights in the Property; and
- (c) Keep all of [my/our] other promises and agreements under this Security Instrument.

DESCRIPTION OF THE PROPERTY

[I/We] give Lender rights in the Property described in Schedule A, annexed hereto and made a part hereof.

BORROWER'S RIGHT TO MORTGAGE THE PROPERTY AND BORROWER'S OBLIGATIONS TO DEFEND OWNERSHIP OF THE PROPERTY

[I/We] promise that: (a) [I/we] lawfully own the Property; (b) [I/we] have the right to mortgage, grant and convey the Property to Lender; and (c) there are no outstanding claims or charges against the Property, except for those which are of public record.

[I/We] give a general warranty of title to Lender. This means that [I/we] will be fully responsible for any losses which Lender suffers because someone other than [myself/ourselves] has some of the rights in the Property which [I/we] promise that [I/we] have. [I/We] promise that [I/we] will defend [my/our] ownership of the Property against any claims of such rights.

PLAIN LANGUAGE SECURITY INSTRUMENT

This Security Instrument contains uniform promises and agreements that are used in real property security instruments all over the country. It also contains non-uniform promises and agreements that vary, to a limited extent, in different parts of the country. [My/Our] promises and agreements are stated in "plain language."

UNIFORM COVENANTS

[I/We] promise and [I/we] agree with Lender as follows:

1. BORROWER'S PROMISE TO PAY

[I/We] will pay to Lender on time principal and interest due under the Note and any prepayment and late charges due under the Note.

2.. APPLICATION OF BORROWER'S PAYMENTS

Unless the law requires otherwise, Lender will apply each of [my/our] payments under the Note and under Paragraphs 1 and 2 above in the following order and for the following purposes:

First, to pay late charges due under the Note;

Next, to pay prepayment charges due under the Note; :

Next, to pay interest due; and

Last, to pay principal due.

3. **BORROWER'S OBLIGATION TO PAY CHARGES, ASSESSMENTS AND CLAIMS**

[I/We] will pay all taxes, assessments, and any other charges and fines that may be imposed on the Property and that may be superior to this Security Instrument.

Any claim, demand or charge that is made against Property because an obligation has not been fulfilled is known as a "lien." [I/We] will promptly pay or satisfy all liens against the Property that may be superior to this Security Instrument. However, this Security Instrument does not require [me/us] to satisfy a superior lien if (a) [I/we] agree, in writing, to pay the obligation which gave rise to the superior lien and Lender approves the way in which [I/we] agree to pay that obligation; or (b) in good faith, [I/we] argue or defend against the superior lien in a lawsuit so that, during the lawsuit, the superior lien may not be enforced and no part of the Property must be given up; or (c) [I/we] secure from the holder of that other lien an agreement, approved in writing by Lender, that the lien of this Security Instrument is superior to the lien held by that person. If Lender determines that any part of the Property is subject to a superior lien, Lender may give Borrower a notice identifying the superior lien. Borrower shall pay or satisfy the superior lien or take one or more of the actions set forth above within thirty (30) days of the giving of notice.

4. **BORROWER'S OBLIGATION TO MAINTAIN HAZARD INSURANCE**

[I/We] will obtain hazard insurance to cover all improvements that now are or in the future will be located on the Property. The insurance must cover loss or damage caused by fire, hazards normally covered by "extended coverage" hazard insurance policies and other hazards for which Lender requires coverage. The insurance must be in the amounts and for the periods of time required by Lender. [I/We] may choose the insurance company, but [my/our] choice is subject to Lender's approval. Lender may not refuse to approve [my/our] choice unless the refusal is reasonable.

All of the insurance policies and renewals of those policies must include what is known as a

"standard mortgage clause" to protect Lender. The form of all policies and renewals must be acceptable to Lender. Lender will have the right to hold the policies and renewals. If Lender requires, [I/we] will promptly give Lender all receipts of paid premiums and renewal notices that [I/we] receive.

If there is a loss or damage to the Property, [I/we] will promptly notify the insurance company and Lender. If [I/we] do not promptly prove to the insurance company that the loss or damage occurred, then Lender may do so.

The amount paid by the insurance company is called "proceeds." The proceeds will be used to repair or to restore the damaged Property unless: (a) it is not economically feasible to make the repairs or restoration; or (b) the use of the proceeds for that purpose would lessen the protection given to Lender by this Security Instrument; or (c) Lender and [I/we] have agreed in writing not to use the proceeds for that purpose. If the repair or restoration is not economically feasible or if it would lessen Lender's protection under this Security Instrument, then the proceeds will be used to reduce the amount that [I/we] owe to Lender under the Note and under this Security Instrument. If any of the proceeds remain after the amount that [I/we] owe to Lender has been paid in full, the remaining proceeds will be paid to [me/us].

If [I/we] abandon the Property, or if [I/we] do not answer within ten (10) days, a notice from Lender stating that the insurance company has offered to settle a claim, Lender may collect the proceeds. Lender may use the proceeds to repair or restore the Property or to pay the sums secured. The 10 day period will begin when the notice is given.

If any proceeds are used to reduce the amount of principal which [I/we] owe to Lender under the Note, that use will not delay the due date or change the amount of any of [my/our] monthly payments under the Note and under Paragraphs 1 and 2 above. However, Lender and [I/we] may agree in writing to those delays or changes.

5. BORROWER'S OBLIGATION TO MAINTAIN THE PROPERTY AND TO FULFILL ANY LEASE OBLIGATIONS

[I/We] will keep the Property in good repair. [I/We] will not destroy, damage or substantially change the Property, and [I/we] will not allow the Property to deteriorate.

6. LENDER'S RIGHT TO PROTECT ITS RIGHTS IN THE PROPERTY; MORTGAGE INSURANCE

If (a) [I/we] do not keep [my/our] promises and agreements made in this Security Instrument, or (b) someone, including [me/us], begins a legal proceeding that may significantly affect Lender's rights in the Property (such as a legal proceeding in bankruptcy, in probate, for condemnation or to enforce laws or regulations), Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Lender must give [me/us] notice before Lender may take any of these actions. Although Lender may take action under this Paragraph, Lender does not have to do so.

[I/We] will pay to Lender any amounts, with interest, which Lender spends under this Paragraph. [I/We] will pay those amounts to Lender when Lender sends [me/us] a notice requesting that [I/we] do so. [I/We] will also pay interest on those amounts at the Note rate. Interest on each amount will begin on the date that the amount is spent by Lender. However, Lender and [I/we] may agree in writing to terms of payment that are different from those in this paragraph. This Security Instrument will protect Lender in case [I/we] do not keep this promise to pay those amounts with interest.

If Lender required mortgage insurance as a condition of making the loan that [I/we] promise to pay under the Note, [I/we] will pay the premiums for that mortgage insurance. [I/We] will pay the premiums until the requirement for mortgage insurance ends, according to [my/our] written agreement with Lender or according to law. Lender may require [me/us] to pay the premiums in the manner described in Paragraph 2 above.

7. LENDER'S RIGHT TO INSPECT THE PROPERTY

Lender, and others authorized by Lender, may enter on and inspect the Property. They must do so in a reasonable manner and at reasonable times. Before or at the time an inspection is made, Lender must give [me/us] notice stating a reasonable purpose for the inspection.

8. AGREEMENTS ABOUT CONDEMNATION OF THE PROPERTY

A taking of property by any governmental authority by eminent domain is known as "condemnation." [I/We] give to Lender [my/our] right: (a) to proceeds of all awards or claims for damages resulting from condemnation or other governmental taking of the Property; and (b) to proceeds from a sale of the Property that is made to avoid condemnation. All of those proceeds will be paid to Lender.

If all of the Property is taken, the proceeds will be used to reduce the sums secured. If any of the proceeds remain after the amount that [I/we] owe to Lender has been paid in full, the remaining proceeds will be paid to [me/us]. Unless Lender and [I/we] agree otherwise in writing, if only a part of the Property is taken, the amount that [I/we] owe to Lender will be reduced only by the amount of proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. The remainder of the proceeds will be paid to [me/us].

If [I/we] abandon the Property, or if [I/we] do not answer, within ten (10) days, a notice from Lender stating that a governmental authority has offered to make a payment or to settle a claim for damages, Lender has the authority to collect the proceeds. Lender may then use the proceeds to repair or restore the Property or to reduce the sums secured. The 10-day period will begin when the notice is given.

If any proceeds are used to reduce the amount of principal which [I/we] owe to Lender under the Note, that use will not delay the due date or change the amount of [my/our] monthly payments under the Note and under Paragraphs 1 and 2 above. However, Lender and [I/we] may agree in writing to those delays or changes.

9. **CONTINUATION OF BORROWER'S OBLIGATIONS AND OF LENDER'S RIGHTS**

(A) **Borrower's Obligations**

Lender may allow a person who takes over [my/our] rights and obligations to delay or to change the amount of the monthly payments of principal and interest due under the Note or under this Security Instrument. Even if Lender does this, however, that person and [I/we] will both still be fully obligated under the Note and under this Security Instrument.

Lender may allow those delays or changes for a person who takes over [my/our] rights and obligations, even if Lender is requested not to do so. Lender will not be required to bring a lawsuit against such a person for not fulfilling obligations under the Note or under this Security Instrument, even if Lender is requested to do so.

(B) **Lender's Rights**

Even if Lender does not exercise or enforce any right of Lender under this Security Instrument or under the law, Lender will still have all of those rights and may exercise and enforce them in the future. Even if Lender obtains insurance, pays taxes, or pays other claims, charges or liens against the Property, Lender will have the right under Paragraph 19 below to demand that [I/we] make immediate payment in full of the amount that [I/we] owe to Lender under the Note and under this Security Instrument.

10. **OBLIGATIONS OF BORROWER AND OF PERSONS TAKING OVER BORROWER'S RIGHTS OR OBLIGATIONS**

Any person who takes over [my/our] rights or obligations under this Security Instrument will have all of [my/our] rights and will be obligated to keep all of [my/our] promises and agreements made in this Security Instrument. Similarly, any person who takes over Lender's rights or obligations under this Security Instrument will have all of Lender's rights and will be obligated to keep all of Lender's agreements made in this Security Instrument.

If more than one person signs this Security Instrument as Borrower, each of us is fully obligated to keep all of Borrower's promises and obligations contained in this Security Instrument. Lender may enforce Lender's rights under this Security Instrument against each of us individually or against all of us together. This means that any one of us may be required to pay all of the sums secured. However, if one of us does not sign the Note: (a) that person is signing this Security Instrument only to give that person's rights in the Property to Lender under the terms of this Security Instrument; and (b) that person is not personally obligated to pay the sums secured; and (c) that person agrees that Lender may agree with the other Borrowers to delay enforcing any of the Lender's rights or to modify or make any accommodations with regard to the terms of this Security Instrument or the Note without that person's consent.

11. **LOAN CHARGES**

If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed permitted limits (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b)

any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

12. LEGISLATION AFFECTING LENDER'S RIGHTS

If a change in applicable law would make any provision of the Note or this Security Instrument unenforceable, Lender may require immediate payment in full of all sums secured by this Security Instrument as that phrase is defined in Paragraph 18 below. If Lender requires immediate payment in full under this Paragraph 12, Lender will take the steps and may act as specified in the last paragraph of Paragraph 16 below.

13. NOTICES REQUIRED UNDER THIS SECURITY INSTRUMENT

Any notice that must be given to [me/us] under this Security Instrument will be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice will be addressed to [me/us] at the address stated in the section above titled "Description of the Property." A notice will be given to [me/us] at different address if [I/we] give Lender notice of [my/our] different address. Any notice that must be given to Lender under this Security Instrument will be given by mailing it to Lender's address stated in Paragraph (C) of the section above titled "Words Used Often in This Document." A notice will be mailed to Lender at a different address if Lender gives [me/us] a notice of the different address. A notice required by this Security Instrument is given when it is mailed or when it is delivered according to the requirements of this Paragraph 14 or of applicable law.

14. LAW THAT GOVERNS THIS SECURITY INSTRUMENT

This Security Instrument is governed by federal law and the law of the State of New York that applies in the place where the Property is located. If any term of this Security Instrument or of the Note conflicts with the law, all other terms of this Security Instrument and of the Note will still remain in effect if they can be given effect without the conflicting term. This means that any terms of this Security Instrument and of the Note which conflict with the law can be separated from the remaining terms, and the remaining terms will still be enforced.

15. **BORROWER'S COPY**

[I/We] will be given one conformed copy of the Note and of this Security Instrument.

16. **AGREEMENTS ABOUT LENDER'S RIGHTS IF THE PROPERTY IS SOLD OR TRANSFERRED**

Lender may require immediate payment in full of all sums secured by this Security Instrument if all or any part of the Property, or if any right in the Property, is sold or transferred without Lender's prior written permission. Lender also may require immediate payment in full if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person. However, Lender shall not require immediate payment in full if this is prohibited by federal law on the date of this Security Instrument.

If Lender requires immediate payment in full under this Paragraph, Lender will give [me/us] a notice which states this requirement. The notice will give [me/us] at least thirty (30) days to make the required payment. The 30 day period will begin on the date the notice is mailed or delivered. If [I/we] do not make the required payment during that period, Lender may act to enforce its rights under this Security Instrument without giving [me/us] any further notice or demand for payment.

17. **BORROWER'S RIGHT TO HAVE LENDER'S ENFORCEMENT OF THIS SECURITY INSTRUMENT DISCONTINUED**

Even if Lender has required immediate payment in full, [I/we] may have the right to have enforcement of this Security Instrument discontinued. [I/We] will have this right at any time before sale of the Property under any power of sale granted by this Security Instrument or at any time before a judgment has been entered enforcing this Security Instrument if [I/we] meet the following conditions:

- (A) [I/We] pay to Lender the full amount that would have been due under this Security Instrument and the Note if Lender had not required immediate payment in full; and
- (B) [I/We] correct [my/our] failure to keep any of [my/our] other promises or agreements made in this Security Instrument; and

- (C) [I/We] pay all Lender's reasonable expenses in enforcing this Security Instrument including, for example, reasonable attorneys' fees; and
- (D) [I/We] do whatever Lender reasonably requires to assure that Lender's rights in the Property, Lender's rights under this Security Instrument, and [my/our] obligations under this Note and under this Security Instrument continue unchanged.

If [I/we] fulfill all of the conditions in this Paragraph 17, then the Note and this Security Instrument will remain in full effect as if immediate payment in full had never been required. However, [I/we] will not have the right to have Lender's enforcement of this Security Instrument discontinued if Lender has required immediate payment in full under Paragraphs 12 or 16 above.

NON-UNIFORM COVENANTS

[I/We] also promise and agree with Lender as follows:

18. LENDER'S RIGHTS IF BORROWER FAILS TO KEEP PROMISES AND AGREEMENTS

Except as provided in Paragraphs 12 and 16 above, if all of the conditions stated in subparagraphs (A), (B) and (C) of this Paragraph 18 are met, Lender may require that [I/we] pay immediately the entire amount then remaining unpaid under this Note and under this Security Instrument. Lender may do this without making any further demand for payment. This requirement is called "immediate payment in full."

If Lender requires immediate payment in full, Lender may bring a lawsuit to take away all of [my/our] remaining rights in the Property and have the Property sold. At this sale, Lender or another person may acquire the Property. This is known as "foreclosure and sale." In any lawsuit for foreclosure and sale, Lender will have the right to collect all costs allowed by law.

Lender may require immediate payment in full under this Paragraph 18 only if all of the following conditions are met:

- (A) [I/We] fail to keep any promise or agreement made in this Security Instrument, including the promises to pay when due the sums secured.

(B) Lender sends to [me/us], in the manner described in Paragraph 13 above, a notice that states:

- (i) The promise or agreement that [I/we] failed to keep;
- (ii) The action that [I/we] must take to correct that default;
- (iii) A date by which [I/we] must correct the default. That date must be at least thirty (30) days from the date on which the notice is given;
- (iv) That if [I/we] do not correct the default by the date stated in the notice, Lender may require immediate payment in full, and Lender or another person may acquire the Property by means of foreclosure and sale;
- (v) That if [I/we] meet the conditions stated in Paragraph 17 above, [I/we] will have the right to have Lender's enforcement of this Security Instrument discontinued and to have the Note and this Security Instrument remain fully effective as if immediate payment in full had never been required; and
- (vi) That [I/we] have the right in any lawsuit for foreclosure and sale to argue that [I/we] did keep [my/our] promises and agreements under the Note and under this Security Instrument, and to present any other defenses that [I/we] may have.

(C) [I/We] do not correct the default stated in the notice from Lender by the date stated in that notice.

19. LENDER'S RIGHTS TO RENTAL PAYMENTS AND TO TAKE POSSESSION OF THE PROPERTY

If Lender requires immediate payment in full, or if [I/we] abandon the Property, then Lender, persons authorized by Lender, or a receiver appointed by a court at Lender's request may: (a) collect the rental payments, including overdue rental payments, directly from the tenants; (b) enter on and take possession of the Property; (c) manage the Property; and (d) sign, cancel and change leases. If Lender notifies the tenants that Lender has the right to collect rental payments directly from them under this Paragraph 19, [I/we] agree that the tenants may make those rental payments to Lender without having to ask whether [I/we] have failed to keep [my/our] promises and agreements under this Security Instrument.

If there is a judgment for Lender in a lawsuit for foreclosure and sale, [I/we] will pay to Lender reasonable rent from the date the judgment is entered for as long as [I/we] occupy the Property. However, this does not give [me/us] the right to occupy the Property.

All rental payments collected by Lender or by a receiver, other than the rent paid by [me/us] under this Paragraph 19, will be used first to pay the costs of collecting rental payments and of managing the Property. If any part of the rental payments remains after those costs have been paid in full, the remaining part will be used to reduce the sums secured. The costs of managing the Property may include the receiver's fees, reasonable attorneys' fees and the cost of any necessary bonds.

20. LENDER'S OBLIGATION TO DISCHARGE THIS SECURITY INSTRUMENT

When Lender has been paid all amounts due under the Note and under this Security Instrument, Lender will discharge this Security Instrument by delivering a certificate stating that this Security Instrument has been satisfied. [I/We] will not be required to pay Lender for the discharge, but [I/we] will pay all costs of recording the discharge in the ₃ proper official records.

BY SIGNING BELOW, [I/we] accept and agree to the promises and agreements contained in pages 1 through 10] of this Security Instrument and in any rider(s) signed by [me/us] and recorded with it.

Witnesses:

Journal of Management Inquiry 22(1) 3-16
© The Author(s) 2013
Reprints and permissions: sagepub.com/journalsPermissions.nav
DOI: 10.1177/1056492613500907
<http://jmi.sagepub.com>

_____(Seal)
-Borrower

1000

_____(Seal)
-Borrower

STATE OF NEW YORK)

) ss:

COUNTY OF NASSAU)

On the ____ day of _____ in the year 200__, 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 they/ he /she executed the same in their/ his /her capacity(ies) and that by/ their/ his /her signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

SCHEDULE A

ALL that certain plot, piece or parcel of land with the buildings and improvements thereon erected, situate and lying and being in the Borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of East 6th Street and the westerly side of Avenue D; running thence southerly along the westerly side of Avenue D, 76 Feet; thence westerly and parallel with the southerly side of East 6th Street and part of the distance to a party wall 89 feet; thence northerly and parallel with the westerly side of Avenue D, 76 feet to the southerly side of East 6th Street, 89 feet to the corner aforesaid at the point or place of beginning.

Being the same premises described in the deed made by George Natanson to Charter Properties, Inc. dated 1/31/55 recorded 2/2/55 in Liber 4910, Cp247.

This conveyance has been made with the unanimous consent in writing of all stockholders of the party of the first part.

REAL PROPERTY LAW

§ 339-jj

§ 339-jj. Borrowing by board of managers

1. To the extent authorized by the declaration or the by-laws, the board of managers, on behalf of the unit owners, may incur debt. In addition, subject to any limitations set forth in the declaration or the by-laws, the board of managers, on behalf of the unit owners, may incur debt for any of the purposes enumerated in paragraph (b) of subdivision two. of section three hundred thirty-nine-v of this article, provided that (a) such debt is incurred no earlier than the fifth anniversary of the first conveyance of a unit and (b) the incurrence of such debt shall require the consent of a majority in common interest of the unit owners.

2. In connection with a debt incurred by it, the board of managers, on behalf of the unit owners, may (a) assign the rights in and to receive future income and common charges, (b) create a security interest in, assign, pledge, mortgage or otherwise encumber funds or other real or personal property that it holds, (c) agree that, to the extent of any amounts due under any of the provisions of the agreements under which the debt was incurred and subject to the provisions of subdivision two of section three hundred thirty-nine-l of this article, all common charges received and to be received by it, and the right to receive such funds, shall constitute trust funds for the purpose of paying such debt and the same shall be expended for such purpose before expending any part of the same for any other purpose, and (d) agree that at the lender's direction it will increase common charges to the extent necessary to pay any amount when due under any of the provisions of the agreements under which the debt was incurred. The preceding sentence shall not be construed to authorize the board of managers to create a lien on the common elements. Any such assignment may provide that, in the event of a default, the lender shall have the right of the board of managers to file liens in the lender's name on units for unpaid common charges pursuant to sections three hundred thirty-nine-z and three hundred thirty-nine-aa of this article and the right to foreclose such liens pursuant to section three hundred thirty-nine-aa of this article.

3. Nothing in this section shall impair rights under any loan or other agreement existing prior to the effective date of this section or limit any right or power that a board of managers would otherwise have.

(Added L.1997, c. 498, § 1, eff. Aug. 26, 1997.)

