CONDOMINIUM OFFERING PLAN
FOR SALE OF UNITS

IN THE

WHITE SANDS CONDOMINIUM

Located At

26 West Broadway
Long Beach, New York

Total Purchase Price of Offering (45 Units)..... $30,425,000.00

Name and Address of Sponsor:
Sun America LLC
71 Brookville Road
Brookville, New York 11545

Name and Address of Selling Agent:
ERA Paul Gold Real Estate, Inc.
933 West Beach Street
Long Beach, New York 11561

Date of Acceptance for Filing:
This Offering Plan May Not Be Used After
Unless Extended By An Amendment to the Offering Plan.

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 OFFER.

THIS PLAN CONTAINS SPECIAL RISKS TO PURCHASERS. SEE PAGE 1.

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PART I

A. SPECIAL RISKS

This Plan is subject to a number of special risk factors which should be carefully considered by you and it is suggested that you consult your own attorney or financial advisor before purchasing. All capitalized terms used in this Section shall be deemed to have their respective meanings ascribed to such terms in this Plan. The special risk factors are as follows:

1. The Sponsor will retain control over certain expenditures and fiscal actions of the Board of Managers of the Condominium so long as the Sponsor or its designee shall continue to own Units representing 5% or more in number of Units. During this period, the Sponsor 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 and the enforcement of the Sponsors obligations. The expenses Sponsor will have control of include, but are not limited to, insurance, accounting and legal fees. See Schedule B, Section G of the Plan. In addition the Sponsor will retain control of the Board of Managers of the Condominium until the fifth anniversary date of the closing of title to the first Unit or until 95% of the Units in the Condominium are closed, whichever is sooner. See Section X of the Plan entitled Rights and Obligations of Board Managers and Summary of By-Laws. Purchasers should note that during the period of time the Sponsor retains a majority of the Board of Managers, the Unit Owners individually will not be able to enforce Sponsors obligations. Such obligations may, however, be enforced by the Board of Managers if the Sponsor controlled Board agrees to such enforcement.

2. The provision of the Declaration and By-Laws which requires written consent of the Board of Managers prior to a Unit Owner making an alteration that would impair the structural soundness of the Building does not apply to the Sponsor. See Article Seventeenth of Schedule F.

3. Article 36-B of the General Business Law, which pertains to warranties on the sale of certain new Units is applicable to all Units offered for sale under this Plan. Pursuant to the terms of this law, the Sponsor is giving a Limited Warranty to Purchasers which provides for a Limited Warranty on certain items. Certain of the limitations contained in the Limited Warranty are noted as follows: the Limited Warranty provides coverage for the first Home Buyer only; Sponsors liability is limited to 75% of the purchase price, exclusive of all options; incidental, special, indirect consequential or other similar damages are excluded; and detailed procedures must be followed for giving notice of a warranty claim to Sponsor, and for commencing a lawsuit against Sponsor. See the complete terms of the Limited Warranty contained in the Rider to the Purchase Agreement set forth in Exhibit A.

4. If a Purchaser defaults under his Purchase Agreement, Sponsor shall notify Purchaser in writing of such default and advise Purchaser that he has thirty (30) days from the mailing date or thirty (30) days after personal delivery of such notice within which to cure such default. Time is of the essence for the Purchaser to cure any default under the Purchase Agreement within such thirty (30) day period. "Time is of the essence" means that if the default is not timely cured the Sponsor may (but is not obligated to) elect to cancel the Purchase Agreement. If Sponsor elects to cancel the Purchase Agreement, Sponsor shall notify Purchaser in writing of said cancellation and the Deposit, together with any accrued interest, and any other amounts paid by the Purchaser for any special or custom work shall be paid over to Sponsor as and for liquidated damages and thereafter the Purchase Agreement shall become null and void.

5. Pursuant to the Offering Plan, one of Purchaser's costs of closing title to his or her Unit shall be the payment to Beach Abstract Inc., of the cost of fee title insurance which Sponsor shall order on Purchaser's behalf from Beach Abstract, provided Purchaser elects to obtain title insurance. If Purchaser elects to obtain title insurance, a title report from any other title insurance company and/or abstract company shall be recognized by Sponsor provided Purchaser pays Sponsor's additional legal fee of $500.00 for clearing title with such other company. See Section S of the Offering Plan titled, "Closing Costs and Adjustments".

6. PURCHASE NOT CONTINGENT UPON FINANCING UNLESS APPLICATION FOR FINANCING IS MADE THROUGH THE SELLING AGENT TO AMERICAN HOME MORTGAGE. This Offering Plan provides that any Purchaser who executes a Purchase Agreement making that purchase of a Unit contingent on financing must apply through the office of the Selling Agent to American Home Mortgage for such financing. A Purchaser may apply , at his or her option, to any lender for a mortgage loan commitment to finance the purchase of a Unit, however, the purchase of such Unit shall not be contingent on obtaining financing from such other lender. Thus, unless a Purchaser submits an application through the Selling Agent for financing with American Home Mortgage, as provided in this Plan, the failure to obtain financing will not relieve Purchaser from his or her obligations under the Purchase Agreement. For further discussion please see Section L of this Plan entitled "Procedure to Purchase." If a Purchase Agreement provides that the purchase of a Unit is contingent upon financing and such financing is not obtained by a Purchaser, Sponsor reserves the right, at its sole option and discretion, to (i) obtain a financing commitment on behalf of a Purchaser at the expense of the Purchaser from another bank in the same amount at the same or the then prevailing interest rate (any closing costs in excess of those costs charged by American Home Mortgage to be paid for by Sponsor), or (ii) take back a purchase money mortgage in the same amount at the same or the then prevailing interest rate. Should the Sponsor exercise such option, the Purchaser shall be obligated to close on the Purchase of the Unit with such other financing.

7. A Purchaser shall be required to pay certain costs and adjustments at closing, including New York State Real Estate Transfer Tax at the rate of $2.00 per $500 of consideration. See Section Q of the Plan entitled Closing Costs and Adjustments and the Purchase Agreement set forth as Exhibit A.

8. Any Contract Deposits made under this Plan in excess of $100,000.00, while being held in escrow in a banking institution will not be federally insured in excess of $100,000.00.

9. All funds received by the Sponsor for upgrades or extras must initially be placed in the escrow account. Such funds may be released from the escrow account by the escrow agent as long as the Sponsor uses the funds for such upgrades or extras. As a result, in the event a purchaser is entitled to rescission, the purchaser will not receive a refund of any funds used for upgrades or extras.

10. Purchasers should note that in the current real estate market, certain banks and other lenders are imposing various restrictions on loans. Such restrictions include requiring that a certain percentage (such as 35% or 50%) of the Units in a condominium be sold before the lender will consider making a loan. Thus, it may be possible for a Purchaser to experience difficulty obtaining a loan in a condominium where the percentage of Units purchased is lower than a lenders particular sales minimum.

11. The Sponsor has reserved the right to lease any unsold Units before or after the Declaration has been recorded. In such an event, purchasers of any such Units will be purchasing a Unit that has previously been occupied. Such previously rented Units will be delivered in their "as is" condition.

12. Purchasers are advised that Long Beach is a barrier beach on the Atlantic Ocean and the possibility of a severe storm exists that could cause flooding of the area. The lowest level of living area in the Condominium is at elevation 15.5 feet which would be adequate to avoid flooding in most severe conditions. There is also possibility of soil erosion from wave action since the Condominium is directly on the beach. The foundations are supported on 20 feet deep piles to avoid possible undermining wave action.

3. Landscaping of the Condominium will be completed by the closing of title to the last Unit or the following summer planting season, whichever is later.

14. The Purchase Agreement provides that if a closing takes place, at the request of Purchaser, at any location other than the office of Sponsor's attorney, Purchaser shall pay to Sponsors attorney a travel fee in the sum of $300.00 if the closing location is in Nassau or New York Counties, and $350.00 if the closing

location is in Suffolk County, Queens County or Kings County. A closing may not take place in any other location without Sponsors prior written consent.

15. Until title to a Unit is passed to a Purchaser, the Sponsor will pay such Common Charges, special assessments and real estate taxes, as are assessed by the Board of Managers of the Condominium and the municipality, on Units whether built or unbuilt, to which title has not passed. No bond or other security has been posted to secure such obligations. See Section S entitled "Closing Costs and Adjustments" for details.

B. INTRODUCTION

1. The Offering Plan

Sponsor presents this Offering Plan with the intention of setting forth herein all material information relating to the offering of residential condominium units at the premises known as White Sands Condominium, located at 26 West Broadway, Long Beach, New York ("White Sands Condominiums"), located on a parcel of land comprising in the aggregate approximately 39,930 square feet (the "Land"; the Land, the White Sands Condominium, the Units therein and the appurtenances thereto, are hereinafter sometimes referred to collectively as the "Property" or the "Condominium"). An affiliate of Sponsor acquired the Land on January 13, 1999 and title to the Land was transferred to Sponsor on March 14, 2001.

This Offering Plan may be amended from time to time to reflect changes in the terms of the offering by filing an amendment with the New York State Department of Law and serving the amendment on Purchasers and Unit Owners.

2. The Condominium

The Condominium will be organized pursuant, and will be subject, to Article 9-B of the Real Property Law of the State of New York, as amended (the "Condominium Act").

3. The Offer

The Sponsor, Sun America LLC shall build the White Sands Condominiums on the Property, in accordance with the description of Newman Design Group, Architects, contained in Exhibit D entitled "Description of Property and Specifications," appearing in Part II of this Offering Plan. The White Sands Condominium is presently being constructed and will be completed in accordance with all applicable laws. It is anticipated that the building ("Building") will be completed and ready for occupancy in October, 2002. The Sponsor is offering for sale in this Offering Plan, 45 residential apartment units located in 10 stories of the Building. See Section F of this Plan entitled "Schedule A—Offering Prices and Related Information".

The Units are being offered as residential condominium units in accordance with this Offering Plan at the prices noted in Section F of this Plan entitled "Schedule A—Offering Prices and Related Information". **THESE PRICES HAVE BEEN ESTABLISHED SOLELY BY SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY.**

4. The Offerees

Units may be purchased either by natural persons over the age of 18 years, or by a duly formed limited liability company, partnership, corporation, trust, estate, fiduciary, unincorporated association, syndicate, joint venture, organization, government or any department or agency thereof, or any other entity permitted to own real property in the State of New York.

5. Basic Aspects of Condominium Ownership

A. Unit

The Purchaser of a condominium unit ("Unit") owns his or her Unit similarly in many respects to the manner in which a private home owner owns a home. A Unit Owner is also the owner, in common with the owners of all other Units, of, and may use, all remaining parts of the Property, except for the other Units themselves. This undivided interest and common ownership includes the land upon which the Units are built, the foundations and supports of the Building, the lobbies, the exterior walls and the roofs, grounds and common parking areas (collectively, called "Common Elements"). Each Unit Owner's proportionate share ("Common Interest") of the Common Elements has been determined pursuant to New York Real Property Law Section 339-i. Any portion of the land or the Building, other than the Units themselves, which are for the use of one or more specified Units to the exclusion of all other Unit Owners are known as "Limited Common Elements". Although Limited Common elements are reserved for the exclusive use of designated Unit Owners, they are part of the Common Elements in which all Unit Owners have undivided interests and they are not part of the space within the Unit which is owned exclusively by the Unit Owner.

Each Unit Owner is generally permitted to mortgage his or her Unit on the terms and in such amount as she chooses. A Unit is not subject to the lien of any mortgages placed by other Unit Owners on their Units.

A Unit Owner can sell or lease the Unit to anyone, without restriction or limitation, without any right of first refusal by, and without the prior written consent of, the Board of Managers of the Condominium (sometimes called the "Condominium Board" or the "Board of Managers").

A Unit Owner can alter and decorate the interior of the Unit as he or she desires, subject to local codes. A Unit Owner is obligated for the cost of his or her own interior decoration, maintenance, and repair after Closing.

After each Unit has been separately assessed, each Unit will be taxed as a separate tax lot for real estate tax purposes. A Unit Owner will not be responsible if any of the other Unit Owners fail to pay their real estate taxes. In the opinion of counsel for Sponsor, a Unit Owner, like a home owner, may deduct from his or her income for income tax purposes his or her real estate taxes and the interest paid on the mortgage encumbering the Unit(s) owned by him or her. The Board of Managers of the Condominium will assess charges (called "Common Charges") against each Unit Owner for the maintenance of the Common Elements and for the operating costs of the Property (called "Common Expenses"), as provided in New York Real Property Law Section 339-m and as described in the subsection entitled "Notes to Schedule B."

Each Unit Owner will pay for all electricity consumed within his or her own Unit, the charges for which will be separately metered.

As previously stated each Unit Owner will be responsible for maintaining his or her own Unit and for making repairs and replacements within his or her own Unit. Each Unit may obtain at his or her own cost casualty and liability insurance in connection with his or her respective Unit. As described in the Notes to Schedule B, the cost of maintaining and repairing the Common Elements shall be shared primarily by all Units. Each Unit Owner shall have the same rights of access to, use of and benefit of the Common Elements. The cost of maintaining and repairing the Limited Common Elements, other than structural repairs, shall be paid by the Unit Owner or Unit Owners with exclusive access to the Limited Common Element.

The Board of Managers (sometimes referred to as the "Condominium Board" or the "Board") will manage the Condominium and assess against every Unit Owner, in proportion to his interest in the Common Elements, charges ("Common Charges") for the maintenance of the Common Elements and the operating costs of the Condominium ("Common Expenses"). Each Unit Owner must pay Common Charges in accordance with the New York Condominium Act, Sections 339(i) and (m).

Every Unit Owner will have the right to vote annually for the election of members of the Board of Managers. Each Unit Owner will be taxed as a separate tax lot for real estate tax purposes, and the Unit Owner will incur no liability for the failure of other Unit Owners to pay their taxes.

The Board of Managers will be responsible for all maintenance, repairs and replacements to the Common Elements including Common Elements contained within the Units, but the Unit Owner having exclusive use of a Limited Common Element will be responsible for painting, decorating and non-structural or ordinary repair, maintenance or replacement of such Limited Common Element.

Under the By-Laws, the Board of Managers is required to carry (1) fire insurance insuring the Building and the Units, but not wall, ceiling or floor decorations or coverings or furniture or personal property installed by the Unit Owners, (2) water damage, and (3) public liability insurance covering claims for bodily injury or property damage arising out of occurrences in the Common Elements or the Units, but not covering the liability of a Unit Owner arising from occurrences within his Unit.

Unit Owners may, and it is recommended that they do, carry insurance for their own benefit to provide coverage not furnished by the Condominium, or any additional coverage, but their policies must contain waivers of subrogation and the liability of the Condominium's carrier must not be diminished by reason of the Unit Owner's policy. Such insurance of the Unit Owner should cover the personal property of Unit Owners and personal injury liability.

A Unit Owner may use the Unit in accordance with the provisions of the Declaration, By-Laws, and applicable zoning laws.

The estimated income and expenses of the Condominium for the first full year of operation are set forth in Section G of this Plan entitled "Schedule B--Projected Budget for First Year of Operation at White Sands Condominium."

The estimated Common Charges and the estimated real estate taxes for each Unit for the first year of operation of the Condominium are set forth in Section F of this Plan entitled "Schedule A—Offering Prices and Related Information."

6. Tax Deductions

Under present income tax laws, each individual owner of a Unit (if the Unit is used by the Unit Owner for residential purposes, and if the Unit Owner itemizes deductions) will, in general, for federal and New York State income tax purposes, be entitled to a deduction for mortgage interest and real estates taxes in the taxable year in which the same are paid or accrued in accordance with his method of accounting. See "Counsel's Tax Opinion" appearing in Part II of this Plan. Each purchaser should consult his attorney or tax advisor with respect to the effect of these deductions on his own income tax status.

7. Purchase Agreement, Declaration and By-Laws

The agreement to purchase a Unit is called a "Purchase Agreement" and appear as Exhibit A in Part II hereof.

The Declaration (the instrument which will create the Condominium) and the By-Laws governing the operation of the Condominium appear in Part II of this Plan as Exhibits F and G.

8. Description of Property

A general description of the Property is contained in Part II of this Plan as Exhibit D.

9. Documents

The copy of the Plan delivered to prospective purchasers contains all of the material terms of the offering to purchase the condominium Units described herein. A copy of the Plan and the Exhibits are available for inspection without charge and for copying to a reasonable charge to prospective purchasers and their attorneys at the office of the Sponsor and Selling Agent.

10. Board of Managers

The Board of Managers of the Condominium shall be elected by the Unit Owners with the number of votes allocated to each Unit Owner determined by his or her percentage of Common Interest. The Board of Managers shall have the authority to manage and administer the affairs of the Condominium, including, without limitation, the determination of Common Charges and the adoption of Rules and Regulations covering the Condominium. Until Sponsor and Sponsor-designees convey title to 95% of the Units, but in no event later than five (5) years after the date of the First Unit Closing, Sponsor has the right to veto certain actions of the board of Managers. Please see Section X of this Plan entitled "Rights and Obligations of Board of Managers and Summary of By-Laws" for further discussion.

11. Miscellaneous

Parts I and II of the Offering Plan, including all Schedules and the Exhibits submitted to the Department of Law, constitute the entire offer of Sponsor. The Exhibits will be available for inspection without charge by prospective Purchasers at the on-site sales office at all times such office is open. All documents forming a part of this Offering Plan are important. It is suggested that you consult your own attorney or financial advisor before purchasing a Unit and provide such person with a copy of this Offering Plan.

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 UNIT.

C. CERTAIN DEFINITIONS

For the convenience of presentation, general definitions of certain terms used in Part I of the Plan are set forth below, which definitions are subject in most cases to the more particular definitions of such terms as set forth in the Declaration and By Laws included as Exhibits F and G in Part II of the Plan.

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

2. **Board, Board of Managers, or Condominium Board:** The governing board of the Condominium composed of representatives designated by the Sponsor or elected by Unit Owners voting in accordance with their respective percentages of Common Interest to supervise and manage the affairs of the Condominium as the agent of the Unit Owners.

3. **Building:** The structure constructed, or being rehabilitated at, 26 West Broadway, Long Beach, New York, which is located on the south side of Broadway between Edwards Boulevard and National Boulevard and is bordered by the City beach and the Atlantic Ocean to the south.

4. **Common Charges:** Each Unit's proportionate share of the Common Expenses in accordance with its Common Interest.

5. **Common Elements:** All portions of the Property other than Units, including, but not limited to, the foundations, roofs and supports of the Building and all areas or facilities for the common use of the Units and Unit Owners. Common Elements are comprised of General Common Elements and Limited Common Elements.

6. **Common Expenses:** The aggregate of (a) expenses of the operation of the Property, and (b) all sums designated as Common Expenses by or pursuant to the provisions of the New York Condominium Act, the Declaration or By-Laws. The projected expenses for the first year of operation are set forth in Schedule B.

7. **Common Interest:** The proportionate, undivided interest in fee simple absolute in the Common Elements appurtenant to each Unit, as expressed in

the Declaration.

8. **Condominium:** A form of ownership of real property pursuant to the provisions of the Condominium Act, in which individual units as component parts of a whole are owned in fee simple, with the right of exclusive use, by separate individuals or entities, which separate individuals and/or entities jointly own those parts of the whole designated as Common Elements.

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

10. **Condominium Documents:** The Declaration, the By-Laws and the Rules and Regulations.

11. **Declaration:** The instrument, as may be amended from time to time, by which the Property is submitted to the provisions of the Condominium Act, consistent with the provisions of the Condominium Act and of the By-Laws.

12. **First Unit Closing, First Closing, or First Closing Date:** The first closing of title with a bona fide Purchaser of a Unit.

13. **Floor Plans:** The floor plans of the Units certified by Newman Design Group, Architect, or such other architect or engineer designated by Sponsor, and filed in the City of Long Beach Department of Buildings Office simultaneously with the recording of this Declaration, together with any supplemental floor plans thereto.

14. **General Common Elements:** The General Common Elements include, without limitation:

    (a) The land on which the Building is located;

    (b) The foundations, columns, girders, beams, supports, main walls, roofs, lobbies, entrances and exits of the Building, any apartment designated as the superintendent's apartment or a management office, and halls, corridors, stairs and stairways which are located outside a Unit;

    (c) Any premises for the use of janitors or other persons employed for the operation of the Property;

    (d) Central and appurtenant installations for services such as power, light, gas, hot and cold water, heating and elevator;

(e) Any tanks, pumps, motors, fans, compressors, ducts and, in general, all apparatus and installations existing for common use;

(f) Such facilities as may be designated as General Common Elements in the Declaration; and

(g) All other parts of the Property necessary or convenient for its existence, maintenance and safety, or normally in common use.

15. **Institutional Mortgage:** Any first mortgage covering any Unit that is a Permitted Mortgage and the initial holder of which is either Sponsor or a Sponsor-designee or an institutional lender.

16. **Land:** All that certain tract, plot, piece and parcel of land situate, lying and being in the County of Nassau, City of Long Beach and State of New York, as more particularly described in Exhibit D to the Declaration, and located at 26 West Broadway, Long Beach, New York.

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

18. **Limited Common Elements:** Portions of the Property which are owned as Common Elements, but the exclusive use of which is granted to a single Unit Owner or several Unit Owners.

19. **Managing Agent:** Any Person employed by the Condominium Board pursuant to paragraph (C) of Section 2.6 of the By-Laws, who shall undertake to perform the duties and services that the Condominium Board shall direct and who shall have whatever powers the Condominium shall delegate, subject to the limitations contained in paragraph (D) of Section 2.6 of the By-Laws.

20. **Offering Plan:** The document, as may be amended from time to time, filed with the New York State Department of Law which described the Property and pursuant to which individual Units in the Condominium are offered for sale.

21. **Permitted Mortgage:** Any mortgage covering a Unit that is placed thereon in compliance with the terms contained in Article 8 of the By-Laws.

22. **Permitted Mortgagee:** Any holder of a Permitted Mortgage.

23. **Person:** A natural person, corporation, partnership, association, trustee or other legal entity.

24. **Power of Attorney:** The document, signed by Unit Owners, which appoints:

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

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

25. **Property:** Includes the Land, the Building and all other improvements thereon, owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, which have been or are intended to be submitted to the provision of the Condominium Act.

26. **Purchaser:** Any person who has entered into an agreement with Sponsor to purchase any Unit and is not in default thereunder.

27. **Recording Officer and Recording or Recorded:** Shall have the meanings stated in Section 290 of the New York Real Property Law.

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

29. **Selling Agent:** Paul Gold Real Estate, Inc.

30. **Special Assessments:** The charges allocated and assessed by the Board of Managers to the Unit Owners, pro rata in accordance with their respective percentage interest in the Common Elements (except as otherwise provided in the Declaration or in the By-Laws), in accordance with the paragraph (C) of Section 6.1 of the By-Laws.

31. **Sponsor:** Sun America LLC

32. **Sponsor-designee:** Any Person designated by Sponsor to hold title to any Unsold Unit. Sponsor's statement in writing that a Person is a Sponsor-designee shall be conclusive evidence of such status so as to entitle such Person to all the rights of a Sponsor-designee under this Offering Plan. A Sponsor-designee shall have the right to designate a Person to succeed to its rights and any such designee shall also be deemed a "Sponsor-designee."

33. **Unit:** Any space in the Building designated as a Condominium Unit. Such Units are a part of the Property intended for any type of legal use or uses, and adjoin an exit to a public street or highway or a Common Element or Common Elements leading to a public street or highway. The Units are more particularly described in the Floor Plans, set forth in Exhibit "E" in Part II of the Plan.

34. **Unit Deed:** The deed transferring title to a specified Unit from Sponsor to Purchaser in fee simple absolute.

35. **Unit Designation:** The number, letter or combination thereof, or other official designations conforming to the tax lot number, if any, designating the Unit in the Declaration and on the floor plans.

36. **Unit Owner or Owner:** The person, persons or entity owning a Unit in fee simple absolute. Collectively, Unit Owners means the respective owners of the Unit.

37. **Unsold Units:** Any Unit owned by Sponsor or a Sponsor-designee at the time in question.

Note: A reference in this Plan to any one gender, masculine, feminine or neuter, includes the other two and the singular includes the plural and vice versa, unless the context otherwise requires, and any such reference shall be deemed to include any duly formed partnership, corporation, trust, estimate, fiduciary, unincorporated association or any other entity permitted to own real property in the State of New York.

D. DESCRIPTION OF THE PROPERTY AND IMPROVEMENTS

Location and Acreage

The Property is situated in the City of Long Beach, in Nassau County, New York State. The complete site area comprising White Sands Condominiums is approximately 38,930 square feet, which is approximately .9 of an acre.

Topographical Features

The site is generally level land.

Parking Facilities

There are 40 covered parking spaces and 50 exterior parking spaces in the Condominium. These parking spaces will be assigned to the Unit owners at closing and are Limited Common Elements. Simultaneously with the execution of a Purchase Agreement, each Unit will be designated 2 parking spaces, to be appurtenant to each Unit.

General Description of Improvements

The Condominium, as fully developed, will consist of one newly constructed Building and have a total of 45 dwelling units of various configurations and sizes.

For a more detailed analysis of each Unit see the plans for the Unit incorporated in this Offering Plan, in Part II, Exhibit D.

The Units and the Building containing them and all other improvements will comply with all applicable rules, regulations, laws and other requirements of all governmental authorities having jurisdiction thereof including those governing zoning, construction, the Sponsor, and all other persons engaged by the Sponsor in connection with this plan have complied and will comply with all applicable laws, rules, regulations and other governmental requirements pertaining thereto including but not limited to the Building Code of the City of Long Beach. Before the closing of title to a Unit a permanent or temporary Certificate of Occupancy will be issued for the Unit or Building in which such Unit is located. At the time of First Unit Closing the exterior construction of all Units in that Building will have been substantially completed. Landscaping will be completed no later than the end of the summer following the First Unit Closing

Construction Data for Units and Common Elements

The Units and Common Elements will be constructed substantially in the manner set forth in the Description of Property and Building Specifications set forth as Exhibit D in Part II of the Plan. Construction has commenced and completion and the closing of title to the first Units are expected to commence by approximately October, 2002, barring any strikes, material shortages, acts of God or other unforeseen delays beyond the control of the Sponsor.

Recreational Facilities

There will be a common roof deck with seating in the Condominium. There is direct access to the municipal beach on Edwards Boulevard and National Boulevard, on either side of the Property.

E. LOCATION AND AREA INFORMATION

Location:

The Property is located at the oceanfront, between National Boulevard and Edwards Boulevard and the south side of Broadway, approximately 150 feet from the Atlantic Ocean, in the City of Long Beach, County of Nassau, which is only approximately 50 minutes from midtown Manhattan. There are white sand beaches, shopping, restaurants, a hospital, excellent schools, recreation facilities, golf course, tennis course and a year round ice skating rink.

Surrounding Area:

The community is primarily comprised of one and two family residential homes. Immediately surrounding the property are condominiums and rental apartments. It is served by a number of schools and transportation facilities, some of which are listed below.

Within a close proximity of the Property are houses of worship, banks, and a large variety of retail establishments, including food markets, pharmacies, and restaurants. The Property is within easy access of the Long Beach Memorial Hospital and many educational facilities.

Transportation:

The Long Island Rail Road (LIRR) is within walking distance and provides frequent train service to Manhattan and Brooklyn and other Long Island communities.

There is frequent bus service within walking distance of the Property, providing service within Long Beach City and to most towns in Nassau County.

Schools and Religious Facilities:

Schools are located in close proximity and include: four (4) public elementary schools, one (1) middle school, one (1) high school, one (1) community school, The Hebrew Academy, Long Beach Catholic School and an evening adult education school.

There are seventeen (17) synagogues and churches representing ten (10) denominations within a few miles.

Postal Office and Public Libraries:

The zip code for the Property is 11561. The newly renovated Long Beach Public Library has two (2) branches.

Police, Fire, Sanitation, Snow Removal and Road maintenance Services:

The above services are provided by The City of Long Beach and all charges (except water and sewer) are incorporated into the City Real Estate Tax.

Zoning:

The property is located in a high-rise zone. A variance was approved by the Zoning Board on March 27, 2000 and modified on June 15, 2000, ultimately approving the construction of 45 Units.

Water Service:

Water service is supplied by the municipal water district of the City of Long Beach.

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F. OFFERING PRICES AND RELATED INFORMATION, SCHEDULE A

SCHEDULE A
ESTIMATED INDIVIDUAL EXPENSES FOR THE FIRST FULL YEAR
STARTING November 1, 2002 TO October 31, 2003

UNIT # (1)	BEDROOMS BATHS	APPROX AREA SQ. FT	PURCHASE PRICE (2)	PERCENTAGE OF COMMON ELEMENTS (3)	ESTIMATED ANNUAL COMMON CHARGES	ESTIMATED MONTHLY COMMON CHARGE (4)	ESTIMATED TAXES MONTHLY (5)	ESTIMATED ANNUAL TAXES	ESTIMATED MONTHLY CARRYING CHARGE (Monthly Common Charges Plus Monthly Taxes)
201	1 1/12	974	$305,000	1.309%	3,385.80	$282.15	$316.79	$3,801.52	$598.44
202	2+ DEN 2	1697	505,000	2.281	5,899.94	491.66	532.97	6,395.68	1,024.63
203	1+DEN 2	1284	405,000	1.726	4,464.40	372.03	296.17	3,554.09	668.20
204	3 2	1687	705,000	2.268	5,866.31	488.85	831.91	9,983.00	1,320.76
205	3 2	1687	705,000	2.268	5,866.31	488.85	831.91	9,983.00	1,320.76
301	2+DEN 2	1691	605,000	2.273	5,879.25	489.93	683.05	8,196.62	1,172.98
302	2+DEN 2	1684	575,000	2.264	5,855.97	487.99	664.24	7,970.92	1,152.23
303	2+DEN 2	1634	575,000	2.196	5,680.08	473.34	664.24	7,970.92	1,137.58
304	3 2	1687	755,000	2.268	5,866.31	488.85	956.89	11,482.72	1,445.74
305	3 2	1687	755,000	2.268	5,866.31	488.85	956.89	11,482.72	1,445.74
401	2+DEN 2	1691	655,000	2.273	5,879.25	489.93	787.27	9,447.28	1,277.20
402	2+DEN 2	1684	585,000	2.264	5,855.97	487.99	675.83	8,110.07	1,163.82
403	2+DEN 2	1634	585,000	2.196	5,680.08	473.34	675.83	8,110.07	1,149.17

UNIT #	BEDROOMS BATH	APPROX. AREA SQ. FT.	PURCHASE PRICE	PERCENTAGE OF COMMON ELEMENTS	ESTIMATED ANNUAL COMMON CHARGES	ESTIMATED MONTHLY COMMON CHARGE	ESTIMATED TAXES MONTHLY	ESTIMATED TAXES ANNUALLY	ESTIMATED MONTHLY CARRYING CHARGE
404	3 2	1687	$765,000	2.268%	5,866.31	$488.85	$971.47	$11,67.74	$1,460.32
405	3 2	1687	765,000	2.268	5,866.31	488.85	971.47	11,657.74	1,460.32
501	2+DEN 2	1691	665,000	2.273	5,879.25	489.93	829.85	9,958.27	1,319.78
502	2+DEN 2	1684	595,000	2.264	5,855.97	487.99	720.23	8,642.79	1,208.22
503	2+DEN 2	1634	595,000	2.196	5,680.08	473.34	718.86	8,626.37	1,192.20
504	3 2	1687	775,000	2.268	5,866.31	488.85	1,019.37	12,232.53	1,508.22
505	3 2	1687	775,000	2.268	5,866.31	488.85	1,019.37	12,232.53	1,508.22
601	2+DEN 2	1691	675,000	2.273	5,978.25	489.93	843.36	10,256.86	1,333.29
602	2+DEN 2	1684	605,000	2.264	5,855.97	487.99	760.33	9,123.97	1,248.32
603	2+DEN 2	1634	605,000	2.196	5,680.08	473.34	754.91	9,058.87	1,228.25
604	3 2	1687	785,000	2.268	5,866.31	488.85	1,034.40	12,412.76	1,523.25
605	3 2	1687	785,000	2.268	5,866.31	488.85	1,034.40	12,412.76	1,523.25
701	2+DEN 2	1691	685,000	2.273	5,978.25	489.93	1,034.40	12,412.76	1,524.33

UNIT #	BEDROOMS BATH	APPROX. AREA SQ. FT.	PURCHASE PRICE	PERCENTAGE OF COMMON ELEMENTS	ESTIMATED ANNUAL COMMON CHARGE	ESTIMATED MONTHLY COMMON CHARGE	ESTIMATED TAXES MONTHLY	ESTIMATED TAXES ANNUALLY	ESTIMATED MONTHLY CARRYING CHARGE
702	2+DEN 2	1684	$615,000	2.264%	5,855.97	$487.99	$773.29	$9,279.53	$1,261.28
703	2+DEN 2	1634	615,000	2.196	5,680.08	473.34	767.80	9,213.66	1,241.14
704	2+DEN 2	1687	795,000	2.268	5,866.31	488.85	1,083.98	13,007.78	1,572.83
705	3 2	1687	795,000	2.268	5,866.31	488.85	1,083.98	13,007.78	1,572.83
801	3 2	1691	695,000	2.273	5,879.25	489.93	901.43	10,817.15	1,391.36
802	2+DEN 2	1684	625,000	2.264	5,855.97	487.99	786.30	9,435.55	1,274.29
803	2+DEN 2	1634	625,000	2.196	5,680.08	473.34	780.73	9,368.75	1,254.07
804	2+DEN 2	1687	805,000	2.268	5,866.31	488.85	1,099.43	13,193.19	1,588.28
805	3 2	1687	805,000	2.268	5,866.31	488.85	1,099.43	13,193.19	1,588.28
901	2+DEN 2	1691	705,000	2.273	5,879.25	489.93	947.01	11,364.11	1,436.94
902	2+DEN 2	1684	635,000	2.264	5,855.97	487.99	828.38	9,940.59	1,316.37
903	2+DEN 2	1634	635,000	2.196	5,680.08	473.34	822.72	9,872.70	1,296.06

UNIT #	BEDROOMS BATH	APPROX. AREA SQ. FT.	PURCHASE PRICE	PERCENTAGE OF COMMON ELEMENTS	ESTIMATED ANNUAL COMMON CHARGE	ESTIMATED MONTHLY COMMON CHARGE	ESTIMATED TAXES MONTHLY	ESTIMATED TAXES ANNUALLY	ESTIMATED MONTHLY CARRYING CHARGE
904	3 2	1687	$815,000	2.268%	5,866.31	$488.85	$1,114.88	$13,378.58	$1,603.73
905	3 2	1687	815,000	2.268	5,866.31	488.85	1,114.88	13,378.58	1,603.73
1001	2+DEN 2	1691	715,000	2.273	5,879.25	489.93	961.49	11,537.89	7,451.42
1002	2+DEN 2	1684	645,000	2.264	5,855.97	487.99	841.87	10,102.43	1,329.86
1003	2+DEN 2	1634	645,000	2.196	5,680.08	473.34	836.16	10,033.92	1,309.50
1004	3 2	1687	825,000	2.268	5,866.31	488.85	1,166.46	13,997.49	1,655.31
1005	3 2	1687	825,000	2.268	5,866.31	488.85	1,166.46	13,997.49	1,655.31
TOTALS									
45			$30,425,000	100%	$258,864.12	$21,555.22	$38,763.09	$424,296.92	$66,317.81

NOTES TO SCHEDULE A

1. **Number of Rooms/Baths:** Any floor plan or sketch shown to a prospective purchaser is only an approximation of the dimensions and layout of a typical Unit. Each Unit should be inspected prior to purchase to determine its actual dimensions, layout and physical condition.

The dimensions of the Units set forth in the Floor Plans and Exhibit F to the Declaration ("Description of Units") are approximate and generally reflect measurements to the midpoint between the dry wall partitions separating one Unit from another.

2. **Purchase Price:** The purchase price and percentage of common interest for each apartment is based on floor space, subject to the location of such space and additional factors of relative value to other space in the Building, uniqueness of the apartment, layout, additional storage space, relative location, and the over-all dimensions of the particular apartment.

The purchase prices and terms of sale may be changed so that purchasers executing Purchase Agreements at different times may pay different prices for similar Units. Any general price change affecting one or more lines of Units or Unit models or to be advertised (as opposed to an isolated price change) or an increase in the price of a Unit negotiated with individual purchasers will be made only by a duly filed amendment to the Plan. Any decrease in the price of a Unit that may be negotiated with individual purchasers may be made without the filing of an amendment to the Plan. For additional information see Section J of this Plan entitled "Changes in Prices or Units." In addition to the purchase price, Purchaser will be responsible at closing of title for certain other expenses as explained in Section S of this Plan entitled "Closing Costs and Adjustments." In addition to the other expenses payable by Purchaser at the closing of title, Purchaser shall also be responsible for Sponsor's attorney's fee, in the amount of $1,500 as explained in Section S of this Plan entitled "Closing Costs and Adjustments". While general guidelines to certain expenses of Purchaser are approximated in such Section, Sponsor is unable to approximate the total amounts which will be incurred by Purchasers because these will vary according to such factors as the cost and size of a particular Unit, whether mortgage financing is obtained and Purchaser's attorney's fees. Purchasers are advised to consult with their attorney as to the exact closing costs they will incur in purchasing their Unit.

3. **Percentage Interest in Common Elements:** The percentage of Common Interest allocated to each Unit 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 Units, but subject to the location of such space and the

additional factors of relative value to other space in the Building, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Unit. These allocations are made pursuant to the New York Condominium Act, Section 339-(i)(1)(iv).

4. Estimated Common Charge: These estimates are based upon the "Projected Budget for First Year of Condominium Operation," which was prepared for the year commencing November 1, 2002 and which appears in Section G of this Plan entitled "Schedule B--Projected Budget for First Year of Operation at White Sands Condominium." The actual first year of operation may be earlier or later than that year.

In addition to these estimated Common Charges, each Unit Owner will be responsible for paying the following:

(i) mortgage payments under any loan or loans obtained to finance acquisition of her Unit;

(ii) the cost of electricity supplied to his or her Unit, electricity necessary for heat pumps/ air conditioning, which electricity shall be separately metered and payable directly to the utility company as and when billed as well as other household appliances; See Schedule C in Part I of the Plan for a detailed projection of the costs of electrical consumption.

(iii) the cost of painting and decoration of his or her Unit;

(iv) the cost of interior repairs to and the maintenance of his or her Unit, including but not limited to, in the Units, repairs to and maintenance of the exposed face of all walls, ceilings and floors and all kitchen and bathroom fixtures and appliances installed therein by the Sponsor pursuant to this Offering Plan;

(v) the cost of any insurance that he or she obtains covering (a) furniture, belongings, equipment and other personal property and (b) liability to others for personal injury or property damage as a result of occurrences in his or her Unit; and

(vi) real estate taxes.

5. Estimated Real Estate Taxes: The basis for the Sponsor's projection of the real estate taxes for each Unit is set forth in Section Y of the Plan entitled "Real Estate Taxes". Real estate taxes paid by Sponsor are one of the items to be adjusted between Sponsor and each purchaser at the closing of each

Unit. (See "Closing Adjustments and Closing Costs" for full details).

There is no assurance that the taxing authorities will allocate taxes among units in proportion to their Common Interests. If they are not so allocated, Units having the same Common Interests will pay different amounts of real estate taxes. In addition, no warranty is made as to the amount of the assessed valuation of the Property or the tax rate that will be in effect at any time or the amount of real estate taxes (including any minimum tax) which will be due.

In the opinion of Sponsor's counsel, each Unit Owner who occupies the Unit for residential purposes and who itemizes deductions will, in general, be entitled under present income tax laws to deduct from income for purposes of Federal and New York State income taxes, interest paid on any mortgage indebtedness and real estate taxes in the taxable year in which the same are actually paid or accrued in accordance with the Unit Owner's method of accounting. However, the amount of these deductions may vary from year to year due to: (a) changes in the interest rate on any mortgage, refinancing of any mortgage, or the allocation of constant debt service payments between interest and principal, or (b) changes in the amount of real estate taxes based upon changes in the assessed valuation of Units, the tax rate or in the method of assessing real estate.

Please consult Section AA of this Plan entitled "Counsel's Income Tax Opinion" for further discussion.

NO REPRESENTATION OR WARRANTY IS MADE AS TO THE AMOUNTS OF THE FUTURE ASSESSED VALUATION OF THE PROPERTY OR THE UNITS OR OF THE TAX RATE THAT WILL BE IN EFFECT FOR ANY FISCAL TAX YEAR. IN ADDITION, NO REPRESENTATION OR WARRANTY IS MADE THAT THE ASSESSED VALUATIONS OF THE UNITS WILL BE DETERMINED BY ALLOCATING THE ASSESSED VALUATION OF THE LAND AND THE BUILDING IN ACCORDANCE WITH THE UNITS' RESPECTIVE COMMON INTEREST OR IF THE ESTIMATES AND PROJECTIONS SET FORTH ABOVE PROVE TO BE INACCURATE IN ANY RESPECT, BY REASON OF FUTURE CHANGES IN FACT OR APPLICABLE LAW, REGULATIONS, OR DECISIONAL LAW. NO ONE HAS BEEN AUTHORIZED TO MAKE ANY STATEMENTS OTHER THAN THOSE CONTAINED HEREIN.

IN ADDITION, NO ASSURANCE CAN BE MADE THAT SUBSEQUENT TO THE FISCAL TAX YEAR IN WHICH THE FILING OF THE CONDOMINIUM DECLARATION TAKES PLACE. THE ASSESSED VALUATION OF THE PROPERTY WILL NOT UNDERGO A FURTHER EQUALIZATION REASSESSMENT WHICH WILL RESULT IN A REASSESSMENT OF THE PROPERTY TO WHICH THE TAX RATE AT THAT TIME WILL BE APPLIED.

No representation or warranty can be made as to (a) whether there will be (i) an increase in the assessed valuation of the Property or the Units for the tax year in which the Condominium Declaration is filed or any future tax year, (ii) an increase in the assessed valuation of the Property by reason of a change in the standard of assessment, (b) the method of determining the assessed valuation (whether on a rent roll, income, cost, market or other basis) or (c) the amount of any increase in the assessed valuation of the Property. In the event of any increase in the assessed valuation which may or may not be substantial real estate taxes allocated to each unit will be increased accordingly.

If the Units have not been separately assessed for real estate tax purposes prior to the First Unit Closing, Purchasers will pay to Sponsor an amount, which will be held in escrow, sufficient to pay real estate taxes for all Units for six months from the First Unit Closing, or until the Units are separately assessed, whichever is shorter. Sponsor will pay the real estate taxes from this escrow account as they become due and payable. At each Unit closing, real estate taxes will be adjusted between Sponsor and the Unit Purchaser through the end of the tax payment period within which the closing date occurs. See Section S of this Plan entitled "Closing Costs and Adjustments" for further discussion.

G. SCHEDULE B

PROJECTED BUDGET FOR FIRST YEAR OF OPERATION AT WHITE SANDS CONDOMINIUM 45 UNITS

FOR THE YEAR BEGINNING NOVEMBER 1, 2002 ENDING OCTOBER 31, 2003

ESTIMATED INCOME (1)

Common Charges	$258,656.00

PROJECTED EXPENSES

Fire and Liability Insurance (2)	$31,000.00
Flood Insurance (3)	6,111.00
Landscaping Maintenance and Snow Removal (4)	7,800.00
Legal and Accounting (5)	4,000.00
Maintenance and Supplies (6)	2,000.00
Elevators Maintenance (7)	7,500.00
Management (8)	10,260.00
Common Area Maintenance (9)	3,500.00
Concierge (10)	100,000.00
Gas (11)	22,723.00
Water (12)	10,000.00
Electric (13)	44,762.00
Reserve Fund (14)	9,000.00

TOTAL ANNUAL PROJECTED EXPENSES (15)	$258,656.00

FOOTNOTES TO SCHEDULE B
PROJECTED BUDGET FOR THE FIRST YEAR OF OPERATION OF WHITE SANDS CONDOMINIUM

1. **ESTIMATED INCOME:**

Common Charges (Budget $258,656.00)

The estimate of the Common Charges to be collected from the Unit Owners during the first year of Condominium operation will be based upon the assumption that the first year of Condominium operation will be the year from November 1, 2002 to October 31, 2003. The actual first year of operation may be earlier or later.

In the event the projected commencement date of the first year of Condominium operation is 6 months or more later that the anticipated date of the First Unit Closing, the Plan will be amended to include a revised budget disclosing then current budget projections. Sponsor may not declare the Plan effective where there are any material changes to the budget if these changes have not been disclosed by a duly filed amendment to the Plan. If the Common Charges in the revised budget projections exceed the earlier projections by 25% or more, the amendment to the Plan will offer all Purchasers the right to rescind their Purchase Agreements and have their Deposits refunded to them within 15 days from the date of such amendment to this Plan.

2. **INSURANCE:** **($31,000.00)** Based on a written estimate dated, March 8, 2001 from K.G.K. Agency, Inc., 7800 Jericho Turnpike, Woodbury, New York 11797.

COVERAGE AND DISCRIPTION:

Building-written on a special Form, including coverage of fire, Extended Coverage and Vandalism. Policy to be on Replacement Cost Basis and without Co-Insurance.	**$10,000,000**
Personal Property	**$ 25,000**
Machinery Breakdown or Property Damage	**$10,000,000**
Maintenance Fees: Included	
Property Deductible:	**$ 5,000**
Windstorm Deductible:	**2% Of Building Limit**
General Liability, including Bodily injury, Property Damage, Hired and Non-Owned Autos:	**$ 1,000,000**

Directors and Officers Liability: **$ 1,000,000**
Umbrella Liability: **$10,000,000**

3. **FLOOD INSURANCE: ($6,111.00)** Based on a written estimate dated March 8, 2001 from Denis A. Miller Insurance, 3530-58 Long Beach Road, Oceanside, New York 11572.

Building: **$150,000** Total Limit: **$ 11,000.00**

Purchasers are advised to secure fire, liability and flood insurance for Purchaser's Personal property and the interior of their Home.

The coverage amount limits stated above for casualty insurance may be sufficient to avoid the effects of coinsurance. Excess liability coverage is not included and may be obtained at extra cost. The insurance policies provide that: (a) each Unit Owner is an additional insured; (b) there will be no cancellation without notice to the Condominium Board and Unit Owners; (c) the right to subrogation against Unit Owners is waived; (d) the defense of invalidity because of acts of the insured and the Unit Owners is waived; and (e) the defense of pro-rata reduction in liability if Unit Owner obtain additional coverage is waived. Each policy shall provide that such policy may not be canceled without at least 30 days prior written notice to the Board of Managers and the Unit Owners.

The following types of insurance are not included in the anticipated policy, but may be obtained at extra cost: (a) excess liability, and (b) fidelity bond.

It is also recommended that Unit Owners obtain additional insurance at their own individual cost, to cover such risks as: (a) fire, (b) improvements and betterment's, (c) additions and alterations, and (d) liability.

IN RECENT YEARS, PREMIUMS FOR INSURANCE (ESPECIALLY FIRE AND LIABILITY INSURANCE) HAVE INCREASED SUBSTANTIALLY. IT IS NOT POSSIBLE TO PREDICT WHETHER FUTURE PREMIUMS WILL CONTINUE TO INCREASE OR WILL LEVEL OFF. IT IS BELIEVED THAT THE PROJECTED FIGURE SHOULD BE SUFFICIENT TO COVER THE COST OF INSURANCE; HOWEVER, NO REPRESENTATION OR WARRANTY IS MADE REGARDING THE ACTUAL COST OF INSURANCE. PURCHASERS ARE ADVISED TO PROCURE THEIR OWN FIRE AND LIABILITY COVERAGE FOR THE INTERIOR OF THE HOME AND THE PURCHASER'S PERSONAL EFFECTS.

4. **LANDSCAPING MAINTENANCE ($5,500.00)** Based on an estimate dated November 14, 2000, received from Nestor Hugo Gardening 360 East Hudson St. Long Beach NY, which provides: landscape maintenance from March 15 to November 15.

SNOW REMOVAL: ($2,300.00) Based on an estimate dated November 14, 2000, received from Nestor Hugo Gardening 360 East Hudson St. Long Beach NY, which provides for snow removal between November 15 to March 15

5. **LEGAL and ACCOUNTING: ($4,000.00)**

Legal ($2,000.00)

Based on an estimate received from sponsor's counsel for a contingency for minor legal consultation. The cost of litigation, if any, would be additional.

Accounting ($2,000.00)

Based on an estimate received from Homayoon Moosazadeh CPA, PC dated December 11, 2000, for the preparation of an annual certified audit and preparing annual tax returns.

6. **MAINTENANCE and SUPPLIES: ($2,000.00)** Provides for repair and maintenance of the common elements and miscellaneous supplies, cleaning supplies, stationery, postage and etc.

7. **ELEVATOR MAINTENANCE: ($6,000.00)** The budgeted figure is based on estimates from Staley Elevator Company, dated January 5, 2001 for a "Full Comprehensive Maintenance Contract".

8. **MANAGEMENT: ($10,260.00)** The budgeted figure represents a fee of approximately $19.00 per unit per month and is based upon a Management Agreement with **Greater South Shore Sales and Resales, Corp.** For a description of the services to be provided by the managing agent, see section titled "Management Agreement". The agreed upon rate is the prevailing rate for like services at other Condominium and Homeowners Associations.

9. **COMMON AREA MAINTENANCE: ($3,500.00)** The budgeted figure represents a good faith estimate to maintain the common areas where and when necessary.

10. **CONCIERGE: ($100,000.00)** The budgeted amount is based upon the proposal of Centurions Security Guard Services, 539 West Fulton Street, Long Beach, NY 11561, dated May 17,2001 for 24 hour lobby staffing. All expenses in connection with such staffing is included in the budgeted sum including employee benefits and vacation pay.

11. **GAS: ($22,723.20)** The budgeted amount represents an estimate received from Mr. John Sjogren, Commercial Sales Representative, of KeySpan Energy, dated December 20,000, the total estimated thermal usage is 23,670. The current gas price per thermal unit is $0.96 cents. This would equate to an annual operating cost of $22,723.20 There will be one meter for all Building usage.

12. **WATER: ($10,000.00)** The budgeted amount represents an estimate from Ms. Alicia Olshak, supervisor, Water/Sewer Administration, City of Long Beach. The estimate was developed through computer comparison of similar buildings over a two (2) year period. This figure includes, $322.00, a monthly fee for the fire suppression sprinkler system, which is billed by the Water/Sewer Administration.

13. **ELECTRIC: ($44,762.00)** The budgeted amount represents an estimate from Lee Kosta, Electrical Engineer who has projected the following usages and costs based upon a Unit cost per kilowatts hours (KWHR) of 00.16:

Service	Usage (KW)	KW-Hrs./Mo.	Projected Cost per year
Lighting	38	12,294	$23,606.00
Outlets	27	1,134	2,177.00
Heating, Ventilation and Cooling	56	9,915	15,178.00
Elevators	60	1,800	3,456.00
Misc.	6	180	346.00
Total	**187**	**25,323**	**$44,762.00**

14. **RESERVE FUND: ($9,000.00)** Provides a fund for replacement of structural aspects of the Building structure such as three roofs (required approximately every 30 years) and repaving of the internal driveway and parking area (required approximately every 20 years). The foregoing amounts are only estimates based upon current costs for labor and materials.

15. **TOTAL ESTIMATED EXPENSES: ($258,656.00)** The budget for the first year of Condominium Operation is based on the estimates and projections of Ryan & Walis Realty, Inc. The budged for Condominium Operation for the second year will be set by the Board of Managers pursuant to the By-Laws and may be equal to or higher than the first year due to the fact that the cost of the items shown in Schedule B may change due to factors beyond the control of the Sponsor and the Board of Managers.

AT THE FIRST UNIT CLOSING THE SPONSOR AND THE CONDOMINIUM BOARD WILL ADJUST VARIOUS ITEMS OF INCOME AND EXPENSES IN ACCORDANCE WITH THE PERIOD THAT EACH OWNS OR OPERATES THE PROPERTY. IF THE NET CREDIT IS IN FAVOR OF SPONSOR THE SAME WILL BE PAID BY THE CONDOMINIUM BOARD IN 12 EQUAL, CONSECUTIVE MONTHLY INSTALLMENTS COMMENCING 1 MONTH SUBSEQUENT TO THE FIRST CLOSING, WITH INTEREST AT 12% PER YEAR, PURSUANT TO 12 NEGOTIABLE, SERIAL PROMISSORY NOTES TO BE EXECUTED BY THE CONDOMINIUM BOARD AND DELIVERED TO SPONSOR AT THE FIRST CLOSING. IN SUCH CASE. ALTHOUGH THESE NOTES ARE NOT DIRECTLY INCLUDED IN THIS BUDGET, PAYMENT OF THE NOTES (BUT NOT THE INTEREST THEREON) REPRESENTS, IN EFFECT, PAYMENT OF CERTAIN EXPENSES REFLECTED IN THIS BUDGET THAT HAVE BEEN PREPAID BY SPONSOR. (SEE "WORKING CAPITAL FUND" FOR A FULL DISCUSSION.)

IN THE OPINION OF RYAN & WALIS REALTY, INC., A LICENSED REAL ESTATE BROKER, THE PROJECTED INCOME IS ADEQUATE TO MEET THE ESTIMATED EXPENSES FOR THE FIRST YEAR OF CONDOMINIUM OPERATION, ASSUMING SUCH FIRST YEAR TO BE THE FISCAL YEAR COMMENCING NOVEMBER 1, 2002. THE FOREGOING BUDGET, HOWEVER, IS NOT INTENDED AND SHOULD NOT BE TAKEN AS A GUARANTEE BY ANYONE THAT THE ANNUAL COMMON CHARGES OR COMMON EXPENSES FOR THE FIRST OR ANY SUBSEQUENT YEAR OF OPERATION OF THE PROPERTY BY THE CONDOMINIUM BOARD WILL BE AS SET FORTH IN THE BUDGET.

IT IS LIKELY THAT THE ACTUAL INCOME AND EXPENSES FOR THE FIRST YEAR OF CONDOMINIUM OPERATION WILL VARY FROM THE AMOUNTS SHOWN IN THE BUDGET.

SPONSOR HAS RESERVED THE RIGHT TO ENTER INTO

SERVICE, MAINTENANCE, EMPLOYMENT, CONCESSIONAIRE AND OTHER AGREEMENTS THAT WILL BE BINDING ON THE CONDOMINIUM BOARD UPON COMMENCEMENT OF CONDOMINIUM OPERATION. HOWEVER, SPONSOR, MAY NOT ENTER INTO ANY BINDING SERVICE, MAINTENANCE EMPLOYMENT, CONCESSIONAIRE OR OTHER AGREEMENT THAT WILL MATERIALLY INCREASE THE FIRST YEAR'S PROJECTED COMMON CHARGES OR THAT WILL BE BINDING ON THE CONDOMINIUM BOARD FOR A PERIOD OF MORE THAN 2 YEARS FROM THE COMMENCEMENT OF CONDOMINIUM OPERATION, UNLESS DISCLOSED IN AN AMENDMENT.

H. SCHEDULE C

ESTIMATED ANNUAL ELECTRICAL COSTS

Total Estimated Annual Electric Cost (including 5% inflationary factor and sales tax for each Unit)	$2,290.47

NOTES TO SCHEDULE C

Electricity costs are based on an estimated date March 1, 2001 received from Lee Kosta, Electrical Engineer and are based upon the following consumption and cost projections, based on a cost per kilowatt hour of $0.16:

Use	Projected Annual Consumption (Kilowatt-Hours)	Projected Annual Cost
Lighting & Receptacles	1,296	$ 207.36
Heating	8,986	$1,437.70
Washer/Dryer	1,210	$ 193.54
Microwave Oven	101	$ 16.13
Dishwasher	302	$ 48.38
Refrigerator	432	$ 69.12
Air Conditioning	1,989	$ 318.24
Total		$2,290.47

It must be expected that this rate may increase with the passage of time. Actual costs will vary depending on weather conditions, quality of construction, and the habits of the occupants, etc.

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 electricity after the purchase of a Unit or in subsequent years. Sponsor represents, however, that it has followed the plans and specifications provided by the manufacturer of the appliances together with the recommendation of the manufacturer and other experts to enable these items of equipment to operate at optimum efficiency at the lowest cost.

I. COMPLIANCE WITH RPL 339-(I)

Ryan & Walis Realty, Inc.
254 East Park Avenue
Long Beach, NY 11561

May 16, 2001

White Sands Condominiums
c/o The Board of Managers
26 West Broadway
Long Beach, New York

Re: White Sands Condominiums
26 West Broadway
Long Beach, New York

Gentlemen/Mesdames:

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

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

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

The allocation of the percentages of Common Interest as set forth in the said "Schedule A" is based on the following: size of Unit, layout of Unit, location of the Unit in the White Sands Condominiums and its status as a Residential or Commercial Unit.

Our firm has been in the real estate brokerage, management and consulting business for over 5 years. In that time we have analyzed and sold over $50 Million in residential and commercial, primarily in the New York market.

This firm will not act as the Selling Agent of the Property. We have no beneficial interest in the Sponsor and no interest in the profits of this offering plan other than the fee for this service and for managing the property.

Very truly yours,

Ryan & Walis Realty, Inc..

By: /S/Don Walis
Don Walis, President

J. CHANGES IN PRICES OR UNITS

1. Changes in Prices

The offering prices set forth in Section F of this Plan entitled "Offering Prices and Related Information"-- Schedule A may be decreased or increased only by a duly filed amendment to the Offering Plan when the change of price is (i) an across-the-board change affecting one or more lines of Units, (ii) is to be advertised, or (iii) is a price increase for an individual Purchaser. Purchase prices for these condominium interests are negotiable and may be changed from those set forth in this Offering Plan. Accordingly, except as provided above, Sponsor may enter into a Purchase Agreement to sell one or more Units at purchase prices less than those set forth in Schedule A without filing an amendment. As a result of the negotiability of offering prices and the right to change them, certain Purchasers may pay or may have paid more or less than other Purchasers under this Offering Plan for similar Units. However, no change in price will affect the percentage of Common Interest allocated to a Unit. Sponsor reserves the right, without further amendment of the Plan, to negotiate all aspects of the purchase prices of the Units, including but not limited to possible Sponsor financing, terms of the financing contingency, decorating allowances, payment of fees otherwise paid by Purchasers financing common charge rebates or subsidies, reduction of contract deposits and additional custom work.

2. Changes in Units

Changes will be made in the size or number of Units, their respective percentage of Common Interest or in the amount or quality of Common Elements, except as otherwise provided herein, only with the consent of all Unit Owners directly affected and by amendment to the Offering Plan, and also by amendment to the Declaration if the Declaration was filed prior to such change. However, Sponsor shall not be obligated to obtain consent for changes made prior to the execution of a Purchase Agreement for the affected Unit or Units so long as such changes are made by amendment to the Offering Plan and to the Declaration.

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

consent shall not be unreasonably withheld) in writing to such a change and all directly affected Purchasers who are still contract vendee's, who are not then in default and who have not consented in writing to such a change are given the right, for fifteen (15) days from the date of mailing or personal delivery of written notice from Sponsor, to rescind the Purchase Agreement for the affected Unit and receive from Sponsor a return of the Contract Deposit.

3. Changes in Materials

With respect to any of the materials specified in either the Floor Plans, the Description of Property and Specifications, or elsewhere in the Offering Plan, Sponsor reserves the right to substitute materials of equal or better quality. Sponsor intends to use the materials, fixtures, appliances and other equipment described in this Offering Plan and in the architectural plans on file, but, due to unavailability of materials and supplies, or for any other reason, Sponsor reserves the right to substitute materials, fixtures, appliances and equipment of substantially similar or better quality for any of those set forth in the plans and specifications or otherwise in this Offering Plan.

K. INTERIM USE AND OCCUPANCY AGREEMENTS

Subject to all applicable Zoning Laws and pursuant to an issued certificate of occupancy, Sponsor or its designee reserves the right, freely and without restriction, to rent or lease vacant Units to Purchasers and non-Purchasers at any time both before and after the First Unit Closing. However, once a Purchase Agreement is signed for a vacant Unit, and for so long as such Purchase Agreement is in effect, such Unit may only be rented to the Purchaser thereof. Such agreement (an "Interim Use and Occupancy Agreement") will be for such use and occupancy fee, but not to exceed the maximum of such fee legally collectible and upon such other terms as may be mutually agreed upon. The term of such Interim Use and Occupancy Agreement shall be for a period which will expire on the earlier of the date of the closing of such Unit or one year after the execution date of the Agreement. In the event this Plan is abandoned, the Purchaser may, at any time at his or her sole option, cancel the Use and Occupancy Agreement and remove from the Building upon (30) day's prior written notice to the Sponsor at the address set forth on the cover page of this Plan. Additionally, in the event of such abandonment, the Purchaser who has entered into an Interim Use and Occupancy Agreement shall continue to be subject to whatever rental laws he or she was subject to prior to such abandonment. Should Purchaser rescind his or her Purchase Agreement pursuant to any permitted rescission, the Interim Use and Occupancy Agreement shall terminate thirty (30) days thereafter and Purchaser shall be obligated to vacate the apartment no later than that time.

An Interim Use and Occupancy Agreement will provide that an uncured default by the Purchaser under this Purchase Agreement will constitute a default under the Interim Use and Occupancy Agreement, entitling the landlord (i.e., Sponsor), at its sole option, to terminate the Interim Use and Occupancy Agreement. The Purchase Agreement contains a similar cross-default provision entitling Sponsor to cancel the Purchase Agreement in the event that the Purchaser fails to cure a default under the Interim Use and Occupancy Agreement within any applicable grace period. However, before the Sponsor may utilize a default under the Interim Use and Occupancy Agreement to declare a default under the Purchase Agreement, the Sponsor must (i) obtain an order of eviction or other judgment or order from a court or agency of competent jurisdiction against the interim occupant or (ii) the interim occupant must have vacated the Unit. The interim occupant must vacate the Unit within five (5) days after any default under the Purchase Agreement which remains uncured after five (5) days. No portion of the rental paid under an Interim Use and Occupancy Agreement will be credited toward the Unit's purchase price.

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

L. PROCEDURE TO PURCHASE

A person desiring to purchase a Unit in the Condominium shall be required to execute in duplicate a Purchase Agreement in the form contained in Part II Exhibit A and return it to the Sponsor and/or Selling Agent, together with a check in the amount of ten percent (10%) of the purchase price, drawn to the order of Zapson & Galanter LLP, as attorneys or as escrow agent. This deposit may be increased for the entire cost of special custom work ordered by the Purchaser and itemized in the Purchase Agreement. Zapson & Galanter LLP shall act as "Escrow Agent" pursuant to the Purchase Agreement and Offering Plan. There is no requirement that Purchaser's grant a power of attorney to the Board of Managers prior to Closing.

Purchasers pursuant to this Offering Plan who have not had an opportunity to review the Offering Plan and any filed amendments for at least three (3) business days prior to their executing a Purchase Agreement shall be afforded seven (7) days after delivering an executed Purchase Agreement together with the required deposit to rescind the Purchase Agreement and have the full deposit refunded promptly. Such rescission must be in writing, addressed to the Sponsor, and be postmarked or hand delivered by midnight of the 7th day subsequent to Purchaser's executing and delivering such Agreement. Those Purchasers who execute a Purchase Agreement after having had an opportunity to review the Offering Plan and any filed amendments for not less than three (3) days business prior to their executing a Purchase Agreement shall not be permitted the aforementioned time period to rescind for any reason.

A deposit in the amount of no more than $200.00 payable in check or money order to the Sponsor is required of all prospective purchasers in order to obtain a copy of the Plan. The amount of the deposit will either be credited toward the Deposit of a Unit for anyone who purchases a Unit or refunded to anyone who does not purchase a Unit if a copy of the Plan is returned undamaged, together with the original receipt, within 30 days of receipt of the copy.

Each Purchaser may elect to include in his or her Purchase Agreement a mortgage financing contingency clause only if such Purchaser submits an application through the officer for the Selling Agent for American Home Mortgage financing. If Purchaser elects such financing contingency, Purchaser must submit an application through the Selling Agent for American Home Mortgage financing within five (5) days after Sponsor accepts and delivers the fully executed Purchase Agreement. Sponsor shall have the right, but not the obligation, to cancel the mortgage financing contingency if Purchaser fails to apply for such mortgage financing through the Selling Agent within such five (5) day time period. The contingency clause provides that Purchaser shall have 5 days to submit an application to American Home Mortgage for financing and 30 days to obtain a conditional loan commitment. Thirty (30) days from the date Sponsor notifies Purchaser in writing, by certified mail,

overnight courier or personal delivery that completion of the Building and their Unit is within 90 days of completion, the Purchaser shall be required, upon request, to update and resubmit its application to American Home Mortgage in order to obtain a final written loan commitment for financing. In the event Purchaser fails to obtain a written loan commitment within such time period or in the event the loan commitment is subsequently withdrawn, Purchaser must notify Sponsor of same within five (5) days. Unless waived by Sponsor, Sponsor shall then have sixty (60) days after receipt of such notice to either (i) secure a mortgage loan commitment at the then prevailing interest rate and terms (any closing costs in excess of those charged by American Home Mortgage to be paid for by Sponsor), or (ii) agree to take back a purchase money mortgage in the same amount. If the Selling Agent shall determine that the Purchaser may not qualify for American Home Mortgage financing, in lieu of submitting the application directly to American Home Mortgage, the Selling Agent may submit the application directly to Sponsor for the financing described in subparagraphs (i) and (ii) above. In the event no such financing is furnished, the Purchaser Agreement may be declared null and void by either party by written notice to the other postmarked or delivered within ten (10) days subsequent to such sixty (60) day period or notification to Purchaser that such financing will not be furnished, whichever is sooner. The Deposit shall be returned to Purchaser with interest, if any. If such notice is not sent within such ten (10) day period, the financing contingency clause shall be deemed waived. No other financing contingency is permitted by this Offering Plan. Thus, unless Purchaser submits an application through the office of the Selling Agent for the American Home Mortgage financing as provided in this Offering Plan, the failure to obtain financing will not relieve Purchaser from his or her obligations under the Purchase Agreement.

Notwithstanding the above, in the event that (i) Purchaser timely applied for mortgage financing from American Home Mortgage and Purchaser's American Home Mortgage loan commitment expires prior to the scheduled closing of title to the Unit and Purchaser after submitting a timely written request for a renewal or extension is unable to obtain either a renewal or extension of the American Home Mortgage loan commitment at the same or the then prevailing interest rate or a new loan commitment at the same or the then prevailing interest rate, and (ii) and Sponsor does not secure a mortgage loan for Purchaser from another bank in the same amount, at the same or those costs charged by American Home Mortgage (any closing costs in excess of those charged by American Home Mortgage to be paid for by Sponsor) and Sponsor does not agree to take back a purchase money mortgage in the same amount at the same or the then prevailing interest rate and (iii) Purchaser is not otherwise in default at such time under the Purchase Agreement, then, provided all the foregoing conditions are met, Sponsor shall return to Purchaser the Deposit, together with any interest earned thereon, within then (10) days of Purchaser's executing a general release in favor of Sponsor.

Notwithstanding the foregoing, if Purchaser's American Home Mortgage loan

commitment expires and such expiration has occurred due to Purchaser's refusal to provide updated information or Purchaser's failure to close title or Purchaser's delay in closing title, or in the event that the terms of the loan commitment are changed or the loan commitment is revoked by American Home Mortgage as a result of Purchaser's acts or omissions, or Purchaser does not request a renewal or extension of the American Home Mortgage loan commitment in writing on a timely basis or complete the update of this loan application timely upon request, the Purchase Agreement shall remain in full force and effect and Purchaser must pay the balance of the Purchaser price at closing or be in default.

Purchaser may apply, at his or her option, to any other lender, however, the purchase of such Unit shall not be contingent on obtaining financing from such other lender. Under the terms of the financing contingency, Purchaser is required to apply for renewal or extension of the American Home Mortgage commitment in order to keep the commitment in place until the closing of the Unit, even if Purchaser intends to accept financing from another bank.

Additionally, failure of Purchaser to comply with the terms and conditions of the loan commitment which are unrelated to Sponsor's responsibility to perform under the terms of the Plan, does not relieve Purchaser of his obligation to close title.

In accordance with Section 71-a(3) of the Lien Law, the Sponsor has appointed the law firm of Zapson & Galanter LLP, 450 Seventh Avenue, New York, New York, as Escrow Agent to hold all deposits, Deposits or advances, other than the deposit for a copy of the Offering Plan, received by it from Purchasers, either directly or through its agents or employees in trust, whether received before or after the date of consummation of the Plan, in a special segregated escrow account or accounts at Doral Bank's office located at 387 Park Avenue South, New York, New York, titled "Zapson & Galanter LLP - Escrow Agent for White Sands Condominiums", or a similar name within five (5) business days after the Purchase Agreement is executed by all necessary parties. This bank is covered by federal bank deposit insurance to a maximum of $100,000 per individual deposit. If an individual makes a Deposit in excess of $100,000 for the purchase of a Unit, it is a special risk of this offer that such deposit will not be federally insured in excess of $100,000. Zapson & Galanter LLP is located at 450 Seventh Avenue, 14th Floor, New York, New York 10123, telephone 212-239-1300.

The signatories on this special escrow account authorized to withdraw funds are Michael G. Zapson, Esq. and David Galanter, Esq.

This escrow account will be interest-bearing and unless the Purchaser defaults, interest will be credited to the Purchaser at closing. The interest rate to be earned will be the prevailing rate from this type of account as stated by Doral Bank at the time of the initial deposit and as provided thereafter. Such interest rate as stated

in February, 2001 by Doral Bank is approximately 2.25%. Interest will begin to accrue as of the date the deposit of the Deposit clears and is posted by Doral Bank to the escrow account. No fees of any kind from the account principal or any interest earned thereon may be deducted. Sponsor shall bear any administrative cost for maintenance of the account.

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 with 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 General's regulations. The Purchaser may also apply to the Attorney General for other additional or alternative relief if such notice is not given.

Section 71-a(3) of the Lien Law, as applicable herein, also provides for the following:

(a) Deposits shall be placed in an interest bearing account if so requested by Purchaser. Such Deposit, with any accumulated interest, shall remain the property of the Purchaser, except as otherwise provided by law.

(b) As an alternative to depositing Deposits in escrow as set forth in (a) above, Sponsor may, after first applying for permission to the Attorney General, post a bond or indemnity contract with a licensed surety company ensuring return of such monies, which bond or contract is to be delivered to Purchaser. If Sponsor elects to post a bond pursuant to this paragraph (b), an amendment to the Plan will be filed disclosing same.

(c) Deposits will be retained in escrow or bonded *as set* forth above until: (i) Sponsor performs under the terms of the Purchase Agreement or (ii) Purchaser rescinds, if permitted, or defaults in performance, thereby excusing performance by Sponsor or (iii) release or discharge of Sponsor's liability to refund such Deposit or (iv) transfer of title to the Unit to the Purchaser, or (v) release by mutual consent of Sponsor and Purchaser.

(d) The Purchase Agreement shall contain the following:

"YOU, AS THE PURCHASER OF THIS RESIDENCE, MAY REQUIRE THE RECIPIENT OR CONTRACTOR TO DEPOSIT THE INITIAL ADVANCE

MADE BY YOU IN AN ESCROW ACCOUNT. IN LIEU OF SUCH DEPOSIT, THE RECIPIENT OR CONTRACTOR MAY POST A BOND OR CONTRACT OF INDEMNITY WITH YOU GUARANTEEING THE RETURN OF SUCH ADVANCE."

In the event that insufficient funds are raised through the offering or otherwise to effectuate the contemplated transaction, or in the event the Sponsor is unable for any reason to perform in accordance with the terms of the Purchase Agreement, or in the event that the Purchaser has been unable to obtain a written mortgage commitment and the Purchase Agreement has been subsequently terminated as set forth above, such monies will be fully returned to Purchaser with any interest.

As set forth above, the only other time monies received for the purchase of a Unit shall be disbursed from the special account are at the closing of title to a Unit by such Purchaser or upon a default by a Purchaser which is not cured within any time periods permitted, provided that no Deposit to be released pursuant to an uncured default shall be released prior to the consummation of the Plan. Any withdrawals or disbursement of funds from this special account or accounts shall be made only upon the written approval by Michael G. Zapson or David Galanter, despite the fact that Doral Bank may be a party to an escrow agreement with respect to such account or accounts. The amounts paid by the Purchasers prior to closing will be handled in accordance with the escrow and trust fund provisions of the Section 352-h and Section 352-e (2-b) of the New York General Business Law and the Attorney General is regulations promulgated thereto. If this offering is not consummated for any reason, Purchaser shall not lose any of his Deposit. Any provision of any Purchase Agreement contract or agreement, whether oral or in writing, by which a Purchaser purports to waive or indemnify any obligation of the Escrow Agent holding trust funds is absolutely void. The provisions of the Attorney General's regulations concerning escrow/trust funds shall prevail over any conflicting, or inconsistent provision in the Offering Plan or in a Purchase Agreement.

The Escrow Agent will hold funds in escrow until otherwise directed in (i) a writing signed by both Sponsor and Purchaser; or (ii) a determination of the Attorney General pursuant to the dispute resolution procedures contained in the Attorney Generals regulations; or (iii) a judgment or order of a court of competent jurisdiction.

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

The Sponsor will not object to the release of the escrowed funds to (i) a Purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an Amendment to the Plan; (ii) all Purchasers after an Amendment abandoning the Plan is accepted for Filing by the Department of Law.

Purchasers and the Escrow Agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the Deposit and any interest thereon. The Sponsor must avail itself of this procedure if there is a dispute which needs to be resolved. A form for this purpose is attached as an exhibit to the Purchase Agreement in Part II of the Plan. The party applying for a determination must send all other parties a copy of the application.

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

A copy of the escrow agreement which incorporates the terms of the Attorney Generals regulations is contained in the Back-up Documents which have been submitted to the Department of Law as part of this Plan. The Model Form for the Escrow Agreement is also set forth in Part II of the Plan.

The Escrow Agent will maintain all records concerning the escrow account for seven years after the release of the funds.

Subsequent to the date that the Plan has been declared effective, the Sponsor will fix dates for closing title to all Units for which Purchase Agreements have been executed by serving notice on each Purchaser. The notice shall state the date of the First Unit Closing and set forth the closing date for the respective Unit. Purchasers shall be given not less than thirty (30) days notice of the closing of title on their Units. This notice period may be waived by Purchasers. The notice shall also provide that the balance of the purchase price shall be due at closing of title. The balance of the cash portion of the purchase price must be paid by cash, unendorsed certified, teller's or cashier's check made payable to the order of Sponsor or as otherwise directed by Sponsor. In all cases, all checks are to be drawn on a member bank of the New York Clearing House Association. The notice to Purchaser shall also specify when Common Charges will be due and payable.

The notice of closing will be served upon all Purchasers who have executed and delivered a Purchase Agreement for a Unit to the Sponsor or Selling Agent (and whose Purchase Agreements are in effect and not in default). The notice of closing will be served personally or by certified mail to the address of the Purchaser as set forth in the Purchase Agreement. Notices served by personal delivery shall be deemed complete upon delivery. Service by mailing shall be presumed complete on the fifth day after the date of mailing.

Sponsor anticipates the First Unit Closing to occur on or about October, 2002. In the event that the First Unit Closing is delayed twelve (12) months or more beyond October, 2002, then all Purchasers who have executed Purchase Agreements and whose Purchase Agreements are still in effect and not in default, will be given the right to rescind their Purchase Agreements.

If Purchaser defaults under the Purchase Agreement, Sponsor shall notify Purchaser in writing of such default and advise Purchaser that he has thirty days from the mailing date or thirty days after personal delivery of such notice within which to cure such default. TIME IS OF THE ESSENCE FOR PURCHASER TO CURE ANY DEFAULT UNDER THE PURCHASE AGREEMENT WITHIN THE APPLICABLE PERIOD. "Time is of the essence" means that if such default is not cured within thirty (30) days from the mailing date or thirty (30) days after personal delivery of such written notice, Sponsor may (but shall not be obligated to) elect to cancel the Purchase Agreement. If Sponsor elects to cancel the Purchase Agreement, Sponsor shall notify Purchaser in writing of said cancellation and the monies held by the Escrow Agent, but not more than ten percent (10%) of the purchase price plus any interest earned thereon, shall be paid over to the Sponsor as and for liquidated damages and thereafter the Purchase Agreement shall become null and void. Notwithstanding the above, Sponsor may receive the actual costs incurred for any special custom work ordered by Purchaser as a part of its liquidated damages even though the total amount of liquidated damages thereby exceeds ten percent (10%) of the purchase price. Sponsor waives any right to seek specific performance in the event of a default by Purchaser.

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

Within twenty (20) days of receiving two copies of a Purchase Agreement, both executed by Purchaser, the Sponsor must either accept the Purchase Agreement by returning to Purchaser a fully executed copy of the Purchase Agreement or reject the Purchase Agreement by returning to Purchaser the Deposit tendered. If Sponsor takes no action within said twenty (20) day period the Purchase Agreement shall be deemed null and void.

Any conflict between this Offering Plan and the Purchase Agreement will be resolved in favor of the Offering Plan. In no event may the Purchase Agreement contain, or be modified to contain, any provision waiving Purchaser's rights, other than the ability of Purchaser to waive his right to thirty (30) days notice prior to the closing of title to Purchaser's Unit. In no event may the Purchase Agreement contain, or be modified to contain, any provision abrogating Sponsor's obligations under the Offering Plan or under Article 23-A of the General Business Law. Purchase Agreements are not assignable without Sponsor's prior written consent, which consent may be withheld for any reason whatsoever.

M. MORTGAGE FINANCING ARRANGED BY SPONSOR

1. Master Bulk End Loan Commitment: By letter, dated November 22, 2000, American Home Mortgage 520 Broadhollow Road, Melville, New York 11747, has expressed an interest in issuing a Master Bulk End Loan Commitment ("Bulk Commitment") to Sponsor. The sum of $20,000,000.00, the total amount of this Bulk Commitment, has been allocated by American Home Mortgage for Condominium loans to Purchasers for occupancy who sign Purchase Agreements to purchase Units.

It is estimated that the application in closing costs for this financing will be approximately $1,400.00, including lender's counsel fees, plus the additional costs of title insurance and mortgage recording tax.

2. Application Procedure: **ANY PURCHASER WHO EXECUTES A PURCHASE AGREEMENT MAKING THE PURCHASE OF A CONDOMINIUM UNIT CONTINGENT ON FINANCING MUST SUBMIT AN APPLICATION THROUGH THE OFFICE OF THE SELLING AGENT FOR AMERICAN HOME MORTGAGE FINANCING. A PURCHASER MAY APPLY, AT HIS OR HER OPTION, TO ANY OTHER LENDER, HOWEVER, THE PURCHASE OF SUCH CONDOMINIUM UNIT SHALL NOT BE CONTINGENT ON OBTAINING FINANCING FROM SUCH OTHER LENDER. THUS, UNLESS A PURCHASER SUBMITS AN APPLICATION FOR AMERICAN HOME MORTGAGE FINANCING AS PROVIDED IN THIS OFFERING PLAN, THE FAILURE TO OBTAIN FINANCING WILL NOT RELIEVE PURCHASER FROM HIS OR HER OBLIGATIONS UNDER THE PURCHASE AGREEMENT.** If a purchaser elects a financing contingency, within five (5) days after Sponsor's acceptance and delivery of the Purchase Agreement such Purchaser must furnish the Selling Agent with such information and date which the Selling Agent deems necessary to process the American Home Mortgage loan application and execute and deliver to the Selling Agent the completed loan application and such other documentation as American Home Mortgage may require. Failure to provide the Selling Agent with such information and data and to execute and deliver to the Selling Agent the completed loan application and such other documentation as American Home Mortgage may require within such time period shall constitute a default under the Purchase Agreement. For a further discussion of the application procedure, See, Section L of this Plan entitled "Procedure to Purchase". Upon demand, approximately ninety (90) days prior to closing, Purchase will be required to update and resubmit the loan application.

3. Mortgage Amounts: Mortgage amounts under the Bulk Commitment will vary according to the purchase price and the type of purchaser. The maximum amounts of each loan allowed by American Home Mortgage at the date of this

Offering Plan is up to 95% of the purchase price of the Unit, but this amount is subject to change without notice at any time by American Home Mortgage and the Offering Plan will not be amended to reflect any such change.

With respect to all loan amounts, American Home Mortgage reserves the right to appraises the value of a Unit prior to issuing a final loan commitment for such Unit and to base the loan amount on such appraised value instead of on the purchase price if such appraised value is lower than the purchase price.

4. Loan Products: At the date of this Offering Plan, American Home Mortgage offers several types of both adjustable and fixed rate loans with terms of either 15 or 30 years at the prevailing interest rate at time of closing. These loan products may change from time to time at the sole discretion of American Home Mortgage. The loan products offered by American Home Mortgage to a purchaser at the time of a purchaser's application for a loan shall be controlling. Sponsor shall not be required to amend this Offering Plan to reflect any change in the loan products offered by American Home Mortgage.

5. General Terms: Commitments, when issued, will not expire or will be capable of being extended at no cost until at least 30 days following the Plan being declared effective. In no event will the interest rate charged by American Home Mortgage exceed the maximum legal rate allowed to be charged by a national bank under State of Federal law in effect at the time of closing title. Interest begins to accrue from the date of the closing of the purchase of the Unit. In addition to payments of principal and interest, monthly escrow of real estate taxes and insurance may also be collected. Prepayment of principal will be permissible, in whole or in part, on no more than 30 days prior notice. Standard condominium unit insurance will be required to be bound and maintained during the term of the Loan, naming American Home Mortgage as additional insured. There will be a 15 day grace period and a four (4%) percent late charge for payments. Some of the important events of default under the loan documents will be if the Purchaser fails to: (i) make payments to the lender when due following applicable grace periods, (ii) make payment of Common Charges and assessments to the Condominium, (iii) maintain the Unit so as to impair its value, or (iv) if the Condominium fails to keep the Building properly insured, The lender will have the right to collect monthly escrow money for payment of real estate taxes and water and sewer charges.

In addition to a purchaser's own legal fees, a Purchaser will be required to pay the loan closing costs of American Home Mortgage. It is estimated that this amount will total approximately $1,400.00.

Application forms for loans are available from the Selling Agent. As previously stated, any Purchaser who executes a Purchase Agreement making the purchase of a Unit contingent on financing, must apply within five (5) days to

American Home Mortgage for such financing through the office of the Selling Agent. Samples of loan documents are available from the Selling Agent upon request. The loan documents are to be in form and substance satisfactory to American Home Mortgage.

In making financing available to purchasers, American Home Mortgage does not in any way approve or make any representations as to the merits of this Offering or the accuracy of any statements or material set forth in this Offering Plan.

This Section is not intended as a summary of the Bulk Commitment, but only as reference to some of its important terms. Any conflict between the Bulk Commitment and the material set forth herein will be resolved in favor of the Bulk Commitment. Loans pursuant to the Bulk Commitment will be subject to additional conditions, restrictions and limitations set forth therein. A copy of the Bulk Commitment will be available at the office of the Selling Agent for inspection by prospective Purchasers and their attorneys.

Sponsor, its affiliates and designee thereof reserve the right to amend this Offering Plan to conform to the requirements of American Home Mortgage (and/or those of any other institutional lender(s) approved by Sponsor) in connection with commitments of such lender(s) to provide financing for purchasers of Condominium Units.

NO ASSURANCE CAN BE MADE THAT AT THE TIME AMERICAN HOME MORTGAGE ISSUES ITS COMMITMENT THAT THE AMOUNTS, RATES OF INTEREST AND TERMS DESCRIBED HEREIN WILL BE AVAILABLE.

N. ASSIGNMENT OF PURCHASE AGREEMENTS

No assignment or transfer of an executed Purchase Agreement shall be permitted without the prior written consent of the Sponsor.

O. EFFECTIVE DATE OF PLAN

All Purchase Agreements signed by Sponsor shall be contingent upon Sponsor's declaring the Offering Plan effective pursuant to the requirements and terms of the Offering Plan. These requirements, stated below, must be satisfied within one year of the date of the Offering Plan is accepted for filing unless the Offering Plan is amended so as to extend this period. The closing of title to any Unit may not occur until after the Offering Plan has been declared effective, an amendment has been filed substantiating same, and the Condominium Declaration and By-Laws have been duly recorded. If the Plan is not declared effective within two (2) years from the date of this Plan, the Purchasers, upon notice to the Sponsor, shall have the right to rescind their Purchase Agreements and receive a return of their Contract Deposits paid thereunder.

The Offering Plan may be declared effective when Purchase Agreements signed by bona fide Purchasers have been executed and accepted by Sponsor for the sale of seven (7) Units, which represents a minimum of at least fifteen percent (15%) of the Units offered under the Offering Plan. The Plan will not be declared effective based on Purchase Agreements: (i) signed by Purchasers who have been granted a right of recession that has not yet expired or been waived, or (ii) if the Purchaser was not afforded the protections required by Section 20.3(o)(10) of Part 20 of Title 13 NYCRR; or (iii) with any Purchaser who is the Sponsor, Selling Agent or Managing Agent or is related to the Sponsor, the Selling Agent or the Managing Agent or to any principal of the Sponsor or the Selling Agent or the Managing Agent by blood, marriage or adoption or as a business associate, an employee, a shareholder or member; except that such Purchaser other than the Sponsor or a principal of Sponsor may be included if the Sponsor has submitted proof satisfactory to the Department of Law establishing that the Purchaser is bona fide.

The Offering Plan must be declared effective when the Purchase Agreements have been executed and accepted by Sponsor for the sale of thirty-six (36) Units, which represents a minimum of at least eighty percent (80%) of the Units offered under the Offering Plan.

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

At Sponsor's sole option, the Offering Plan may be abandoned at any time before it is declared effective and before eighty percent (80%) of the Units have been

purchased. If abandoned, the Offering Plan shall be abandoned by amendment filed with the Department of Law in appropriate form together with the filing with the Department of Law a notice of abandonment on form RS-3 or such other form as the Department of Law may require. Such amendment and notice of abandonment shall explain the basis for abandonment and must state how any funds received pursuant to the Offering Plan will be distributed. All monies paid by Purchasers pursuant to Purchase Agreements shall be refunded to them in full, with interest, if any, within twenty (20) days of such abandonment.

Sponsor also reserves the right to abandon the Offering Plan by duly filed amendment and by filing a notice of abandonment (Form RS-3) at any time prior to the First Unit Closing for any defect in title which cannot be cured without litigation or cannot be cured for less than .5% total offer or for substantial damage or destruction of any portion of the Building by fire or other casualty which cannot be repaired for less than .5% total offer (as estimated by the insurance adjuster retained by Sponsor), or the taking of any material portion of the Property by condemnation or eminent domain.

P. SALE OF UNITS

The Units, when sold by Sponsor, will be sold in fee simple to Purchasers who may be individuals, a partnership, corporation, trust, estate, fiduciary, unincorporated association, syndicate, joint venture, organization, government, any department or agency thereof, or any other entity which is permitted to own property in the State of New York. The sale of the Units will be made at the respective sale prices set forth in Section F of this Plan entitled "Schedule A—Offering Prices and Related Information" (as such prices may be changed by Sponsor), and will include the sale of the respective undivided interests in the Common Elements set forth on Schedule A.

1. Condition of Title

Sponsor will convey good and marketable title to each of the Units, and their respective Appurtenant Interests, by bargain and sale deed with covenant against grantor's acts, containing the provisions set forth in subdivision 5, Section 13 of the Lien Law, free and clear of all liens and encumbrances other than:

(a) The terms, conditions and provisions of this Plan, the Declaration, the Condominium By-Laws, and the Power of Attorney, each of which is set forth in greater detail in Part II of this Plan;

(b) Any state of facts a current and accurate survey or personal inspection of the Property would show, provided that such state of facts would not render title unmarketable;

(c) The leases, tenancies, and occupations in force and effect on the Closing Date under this Plan;

(d) Zoning laws, ordinances, resolutions and regulations now and hereafter in effect and all present and future ordinances, laws, regulations and orders of all boards, bureaus and bodies of any municipal, county, state or federal governments having jurisdiction over the Property and/ or the Units, and the use and improvement thereof, provided that such laws or regulations now in effect are not violated of record by the proposed use of the Property or the Units under this Plan or the continued use of the Property as a multiple dwelling;

(e) Mechanics' liens, if any, provided that any reputable title company licensed to do business in the State of New York agrees to insure the new owner against collection thereof out of the Property and the Units;

(f) Encroachments of stoops, areas, cellar steps, trim, cornices, projecting

air conditioning units or equipment, if any, upon any abutting streets, highways or adjoining sidewalks;

(g) Easements and other rights of public utilities to install, replace, repair and maintain lines, pipes, equipment, wires, cable, poles and distribution boxes in, over and upon the Property including but not limited to the following:

(i) Telephone Easement in Liber 271 at Page 24.

(ii) Electric Easement in Liber 358 at Page 452.

(iii) Gas Easement in Liber 440 at Page 174.

(iv) Street Dedication in Liber 6279 at Page 587.

(h) The lien of any unpaid franchise or corporation taxes with respect to any corporation in the chain of title or any unpaid estate taxes, provided that the title insurance policy insures the Purchaser against the collection thereof out of the Property and the Unit;

(i) Variations, if any, between record lot lines of the Land and those shown on the Tax Map of the City of Long Beach;

(j) The physical condition of the Property (including the improvements and all fixtures, furniture and other articles of personal property, if any, covered by the Purchase Agreement) on the date the Purchase Agreement is executed, subject to reasonable wear and tear to the Closing Date;

(k) Consents by Sponsor or any prior owner of the Property for the erection of any structures on, under or above any street or streets on which any premises may abut;

(l) Standard printed executions contained in the form of title insurance policy to be issued by the title insurance company insuring the Purchasers title to the Unit;

(m) Service, maintenance, and other contracts in connection with the maintenance and operation of the Building;

(n) Rights of any governmental authority to license or require the removal of any projections that may be beyond the building line, and to impose license fees or charges, if any;

(o) Current real estate taxes not yet due and payable, which shall be apportioned, as provided below, in the Section S of this Plan entitled "Closing Costs and Adjustments";

(p) Any other declaration or other instrument affecting the Property that the Sponsor deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution or requirement of any public authority, applicable to the demolition, alteration or repair or restoration of the Building, or any portion thereof;

(q) Any other encumbrance against the Property other than a mortgage or other lien for the payment of money, that does not prevent the use of the Unit for dwelling purposes;

(r) any violation against the Property (other than the Unit) that is the obligation of the Condominium Board, or another Unit Owner to correct; and

(s) Any other condition which may affect the title to the Unit on the closing date provided that the title company will insure against collection against the Property or the Unit.

The deed shall provide that the grantee takes title with, and subject to, the rights, obligations, easements, restrictions, and other provisions set forth in the Declaration and the By-Laws of the Condominium, as they may be amended from time to time.

2. Easements

The Declaration provides for the following easements, among others:

(a) an easement in favor of all Unit Owners for the use and enjoyment of all of the Common Elements.

(b) An exclusive easement for each Unit Owner whose Unit has an appurtenant Limited Common Element for the use thereof.

(c) An easement in favor of the Sponsor in connection with the use of the Common Elements, without fee or charge, for sales or rental activities. In connection with such activities, the Sponsor also has the right to place signs and promotional material in or on the Building.

(d) An easement in favor of the Condominium Board for access to each Unit and to the Common Elements to inspect, maintain, repair or replace any Common Elements located in the Units.

(e) An easement in favor of the Sponsor, or the Condominium Board to grant additional utility easements or to relocate existing utility easements deemed necessary or desirable for the proper operation and maintenance of the Building or the for the general health or welfare of the owners, tenants and occupants of the Units.

For details of the above easements and of other easements, reference should be made to the Declaration.

All personal property located in the Unit on the date the contract of sale between the Sponsor and the Purchaser is signed, and which are owned by the Sponsor, are included in the conveyance.

Q. CLOSING ADJUSTMENTS WITH THE CONDOMINIUM BOARD

Immediately prior to the First Unit Closing, Sponsor and the Condominium or the purchasers shall apportion the following items with the Condominium Board as of midnight of the day immediately preceding such closing:

(a) Common Charges for the period from the First Unit Closing to the end of the month in which the First Unit Closing occurs;

(b) Charges for electricity for the Common Elements, for which Sponsor shall obtain a reading;

(c) Charges under service and maintenance contracts and concession agreements, if any;

(d) Water charges on the basis of the fiscal or calendar year for which assessed:

(e) Premiums for transferable insurance policies, provided that the amount and the extent of coverage conforms to the disclosures in the Offering Plan in Schedule B;

(f) Real estate taxes, including but not limited to County, School and City of Long Beach taxes;

(g) Fuel charges (gas), if any;

(I) Such other items as are customarily included in closing adjustments in the City of Long Beach;

The Condominium Board shall reimburse Sponsor in full for any electric, utility or other deposits paid by Sponsor and Sponsor shall assign same to the Condominium Board.

At the time of the closing of title to each Unit to a bona fide Purchaser, such Purchaser shall pay into the Working Capital Fund of the Condominium the sum of 2 months common charges. This fund is to be used for payment by the Board of Managers of any net closing adjustment expenses owed to Sponsor at the First Unit Closing. The amount of the net closing adjustment owed to Sponsor will be paid to Sponsor by the Board of Managers, with interest, by applying the Working Capital Fund paid by each Purchaser at the closing of title to each Unit against the principal outstanding and interest accrued under the terms of a negotiable installment promissory note to be executed by the Board of Managers at the First Unit Closing. The promissory note shall bear interest at the rate of twelve percent (12%) per

annum, and shall be payable in installments, with the first such installment due at the First Unit Closing and thereafter upon the closing of title to each additional Unit by applying, in the case of each unit closing, the Working Capital Fund paid by each Purchaser to the Board of Managers first against accrued interest owing on the installment promissory note and thereafter in reduction of the outstanding principal balance thereunder. The installment promissory note shall mature no later than the second anniversary of the First Unit Closing at which time, if there shall remain any outstanding amounts owing under the installment promissory note it may be necessary for the Board of Managers to separately assess Unit Owners for their pro rata share of such outstanding balance. Sponsor is hereby authorized to endorse the Working Capital Fund checks payable to the Board of Managers over to Sponsor and to apply such payments without any further action of the Board of Managers until the installment note is paid in full. The Board of Managers will be entitled to prepay the note, at any time and without penalty. If the result of the closing adjustments is a net credit in favor of the Condominium, or if any amounts remain after the promissory note has been fully paid, such amounts in the Working Capital Fund may be held or used at any time for working capital, to make repairs or for such other appropriate purposes permitted under the Declaration and the By-Laws as well as determined by the Board of Managers in its sole discretion.

See Section BB of this Plan for a full discussion of the Working Capital Fund and the Reserve Fund.

NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENT AGENCY HAS PASSED UPON THE ADEQUACY OF THE WORKING CAPITAL FUND.

Each item will be adjusted by crediting Sponsor with the unused portion of the payment made by him for the item, and debiting Sponsor for the portion of the cost of any item which has accrued prior to the First Closing Date and which has not been paid by Sponsor.

Prepaid rent for a sold Unit credited to the Condominium will be applied against the first Common Charges payable by the owner of the Unit.

Upon each subsequent conveyance of Units by Unit Owner or Sponsor, real estate taxes for each Unit for the year in which title closes, the Common Charges for each Unit for the month in which title closes and rent and other charges, if any, pursuant to a lease for, or financing of, the Unit, will be apportioned between the Sponsor and the Purchaser as of midnight preceding the date of closing of title.

The obligations under the Offering Plan and the General Obligations Law to be performed subsequent to the Closing by Owner and Sponsor shall survive the Closing.

R. CLOSING OF TITLE TO UNITS

At the closing of title to an individual Unit, Purchaser will pay to Sponsor the balance of the purchase price for the Unit and Sponsor will deliver to Purchaser a bargain and sale deed with covenants against grantor's acts for such Unit.

1. Time Of Closing

The closing of title to each Unit will take place on a date and at a time and place in Nassau or New York Counties, as designated by Sponsor as follows:

(a) Sponsor shall send to Purchaser a notice setting forth the date, time and place of the closing of title to the Unit and a demand for payment of the balance of the Purchase Price. Purchasers must pay to Sponsor the balance of the purchase price within 30 days of Sponsor's written demand. If the Purchaser has obtained a commitment for a mortgage loan, he shall apply and deliver the proceeds of such loan obtained by him to make such payment together with a check for the difference between the Balance and the amount of the loan described in the commitment, within the thirty (30) day period.

(b) Upon receipt of the notice, Purchaser shall promptly arrange an appointment with the Selling Agent to inspect the Unit within ten (10) days thereafter. Purchaser shall complete, date and sign the Inspection Report (in the form set forth as Exhibit A to the Purchase Agreement) and deliver same to the Selling Agent upon completion of the inspection. If the Purchaser fails to inspect the Unit within ten (10) days of receipt of said notice and sign and deliver the completed Inspection Report, Purchaser shall be deemed to have accepted the condition of the Unit.

(c) Sponsor may adjourn the closing date and schedule a new closing date on not less than five (5) days written notice designating the new time and place for closing.

2. At or Prior to Closing

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

(a) The issuance of a temporary or permanent Certificate of Occupancy for the Building or the Units or, alternatively, the issuance of a temporary or permanent Certificate of Occupancy for the Unit being conveyed, provided, however, that if Sponsor is unable to obtain a

permanent Certificate of Occupancy for the Building or the Unit being conveyed as a result of acts of, or work performed by, the Board of Managers (unless the Board of Managers was under the control of Sponsor at the time such act or change was authorized) or Purchaser, Sponsor will be excused from obtaining a permanent Certificate of Occupancy for the Unit being conveyed and Purchaser will be (i) obligated to close title pursuant to the Purchase Agreement, provided a temporary Certificate of Occupancy has been obtained by Sponsor for such Unit, and (ii) responsible for obtaining the permanent Certificate of Occupancy at Purchaser's own cost and expense. If, at the time of closing of title to a Unit, Sponsor has only obtained a temporary residential Certificate of Occupancy covering the Unit being conveyed, then Sponsor shall retain in the special escrow account required by General Business Law Section 352-e(2)(b) an amount, as determined by an architect chosen by Sponsor, which is sufficient in such architect's opinion to cover the cost for such Unit of obtaining a permanent residential Certificate of Occupancy covering that Unit. Such escrow amount shall be held as security for Sponsor's obligations to obtain a permanent residential Certificate of Occupancy covering such Unit. Alternatively, Sponsor shall have the options of either depositing with an escrow agent an unconditional, irrevocable letter of credit in the amount determined by Sponsor's architect or posting a surety bond in the amount so determined.

Sponsor shall complete construction and obtain a permanent Certificate of Occupancy for the Building within two (2) years subsequent to the First Unit Closing or prior to the expiration of the temporary Certificate of Occupancy, as same may be renewed, replaced or extended, provided, however, that Sponsor shall be relieved of this obligation if Sponsor is unable to obtain a permanent Certificate of Occupancy as a result of acts of, or work performed by, the Board of Managers (unless the Board of Managers was under the control of Sponsor at the time such act or change was authorized) or any Purchaser;

(b) Recording or filing, as required by law, the Declaration, the By-Laws and the As-Built Floor Plans of the Building showing the location, approximate layout and approximate dimension of the Units and the Unit designations, and such other documents as may be required by law, in the office of the Nassau County Clerk and in accordance with the Condominium Act or other applicable laws. The As-Built Floor Plans shall be certified as conforming to the official tax lot number for each such Unit and shall include an Architect's statement required by Section 339-p of Article 9-B of the New York Real Property Law

certifying that the Floor Plans fully and fairly depict the layout, location, Unit designations and approximate dimension of the particular Unit or Units as built;

(c) Discharging all duly recorded liens affecting the Unit being conveyed and its undivided Common Interest, and recording a partial release which releases such Unit and its undivided Common Interest from such lien, if any, as required by Section 339-r of the Real Property Law and Condominium Act;

(d) Delivering to Purchaser written notice of (i) the time and place of the closing of title at least thirty (30) days prior to the date of closing specified therein, unless Purchaser elects to waive the thirty (30) day requirement; and (ii) the opportunity to inspect the Unit and the Common Elements; and

(e) Amending the Offering Plan to substantiate that the Offering Plan has been declared effective and to confirm that (i) the Units to be closed have been constructed substantially in accordance with the applicable plans and specification, and (ii) Sponsor has satisfied, or will satisfy prior to closing of title, all of the requirements of this Section.

At the First Unit Closing, Sponsor will execute and deliver to the Board of Managers an instrument assigning to the Board of Managers any manufacturer's warranties with respect to equipment and appliances installed within such Unit. The Board of Managers shall simultaneously execute and deliver to the Purchaser of such Unit an authorization to enforce such warranties on its behalf. A copy of any manufacturer's warranties, to the extent available, will be delivered to the Board of Managers at the First Unit Closing or promptly thereafter.

At or prior to the closing, each Purchaser shall sign and deliver to Sponsor, an inspection statement, substantially in the form set forth in the Purchase Agreement, acknowledging the condition in which Purchaser has accepted the Unit. Purchaser's failure to sign and deliver an inspection statement to Sponsor at or prior to closing shall, at Sponsor's option, constitute a default under the Purchase Agreement and Purchaser shall be deemed to have accepted the condition of the Unit. The Purchaser shall accept the Unit and all fixtures and equipment contained therein in their condition of the date of the Purchase Agreement, subject to reasonable use, wear, tear and natural deterioration between such date and the closing of title.

The risk of loss or damage to the Unit by fire or any other cause until delivery of the deed is assumed by Seller. However, if Purchaser is or becomes the occupant or tenant of the Unit prior to Closing, then as of the date of Purchaser's

occupancy, Purchaser shall be responsible for all damage caused by any acts or omissions of Purchaser, Purchaser's agents, employees or invitees.

If existing construction mortgage loans will not be satisfied at, or prior to, the First Unit Closing, at the time of the First Unit Closing each mortgagee will either: (i) consent to the formation of a Condominium and acknowledge that its lien will be limited to unsold Units; or (ii subordinate the lien of its mortgage to the Declaration of Condominium; or (iii) release its lien on the Unit being conveyed and its interest in the Common Elements.

S. CLOSING COSTS AND ADJUSTMENTS

1. General:

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

a. Payment of the cost of fee title insurance, if Purchaser elects to obtain title insurance. Sponsor recommends that Purchaser order such insurance from Beach Abstract Inc. (Tel. No. 516-670-9205) as agent for Old Republic Title Insurance Company. If Purchaser elects to obtain title insurance, a title report from any other title insurance company and/or abstract company shall be recognized by Sponsor provided Purchaser pays Sponsor's additional legal fee of $500.00 for clearing title pursuant to the Offering Plan with such other company. Fee title insurance rates as quoted by Beach Abstract Inc., as of the date of this Plan are as follows: a base rate of $371.00 for the first $35,000.00 in coverage; $6.16 per thousand dollars of purchase price in excess of $35,000.00 up to $50,000.00, plus $5.02 per thousand dollars of purchase price in excess of $50,000.00 up to $100,000.00, plus $4.03 per thousand dollars of purchase price in excess of $100,000.00 up to $500,000.00, plus $3.68 per thousand dollars of purchase price in excess of $500,000.00 up to $1,000,000.00 plus $3.38 per thousand dollars of purchase price in excess of $1,000,000.00 up to 5,000,000.00.

b. Recording fee for recording the deed and power of attorney of approximately $300.00;

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

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

    2. Mortgage title insurance policy costs for a mortgage title insurance policy naming the lending institution as the insured. Mortgage title insurance rates as quoted by Beach Abstract Inc., as of the date of this Plan are as follows: a base rate of $318.00 for the first $35,000.00 in coverage; $5.13 per thousand dollars of coverage in excess of $35,000.00 up to $50,000.00, plus $4.19 per thousand dollars of coverage in excess of $50,000.00 up to $100,000.00, plus $3.06 per thousand dollars of coverage in excess of $100,000.00 up to $500,000.00. Please note that if a mortgage title policy is

purchased simultaneously with a fee insurance policy and through the same company, insurance coverage rates shall be discounted;

3. A mortgage recording tax of one percent (1%) of the amount of the mortgage executed by the Purchaser. Please note the discussion of Mortgage Tax Credit below. Institutional Lenders are required to pay one quarter of one percent of the one percent tax, thereby reducing Purchaser's cost to three quarters percent (3/4%) less $25.00, for mortgages less than $500,000.00.

4. Recording fee for recording of the mortgage, approximately $300.00;

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

d. New York State Real Estate Transfer Tax which is currently at the rate of $2.00 per each $500.00 of consideration or part hereof. For purposes of paying this tax with respect to this project, consideration also includes the amount of New York State Real Estate Transfer Tax to be paid for the Unit.

e. Contribution to the Working Capital Fund in the amount equal to two months of Common Charges for the Unit being purchased at the time of the closing, payable to the Board of Managers;

f. Legal fee of Sponsor's attorney in the amount of $1,500 per Unit, payable to Zapson & Galanter LLP, provided that an additional fee of $300.00 per closing shall be due for closings which occur outside their offices in of Nassau or New York Counties and $350.00 if such closing takes place in Queens, Kings or Suffolk Counties.

Furthermore, a legal fee of $500.00 shall be payable to Sponsor's attorneys in the event Purchaser chooses to insure title through any title company or title agent other than Beach Abstract Inc. and the processing any assignment of a purchase agreement or contract of sale. It is noted that no such assignments are permitted without the prior written consent of Sponsor. A legal fee of $300.00 shall also be payable for the work involved as a result of any adjournment by a Purchaser beyond that permitted under any right of adjournment set forth in the Offering Plan or any adjournment on less than 2 business days' notice. Finally, a legal fee in the amount of $300.00 shall be paid by Purchaser

to Sponsor's attorney's for each cancellation and/or release if prepared by such firm pertaining to other than a termination relating to the Mortgage Financing Contingency

g. Purchaser shall also pay or reimburse to Sponsor, if Sponsor has already made Payment, the following charges (a) survey and surveying services - $450,00; (b) water connection fees - $350.00, and (c) sewer connection permit - $550.00.

h. Real estate taxes from the midnight preceding the date of the closing through the end of the tax payment period within which the closing date occurs, provided, however, that Sponsor shall be reimbursed by Purchaser for the cost of any real estate taxes which Sponsor would not otherwise have had to pay but for an unauthorized delay in closing of title by Purchaser.

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

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

Water and sewer charges shall be adjusted between the Sponsor and the Condominium as of midnight preceding the First Unit Closing.

If the Units have not been separately assessed for real estate tax purposes prior to the First Unit Closing, and such First Unit Closing occurs during a tax payment period, Sponsor will have previously paid the real estate taxes through the end of such tax payment period. Sponsor shall place in escrow with the Condominium Board of Managers at the First Unit Closing money sufficient to pay the real estate taxes for six months subsequent to the date of the First Unit Closing. If the real estate taxes have already been paid for part of this six month period, then

this six month period shall be reduced by the amount of time subsequent to the First Unit Closing for which the taxes have been paid. Sponsor shall have the right to reduce this escrow on a Unit by Unit basis by requiring each Purchaser to fund into escrow, at such Purchaser's Unit Closing, the amount necessary, on the basis of percentage of Common Interest, to cover the period for which real estate taxes have not been paid for such Unit up to six (6) months from the First Unit Closing. This funding can occur by either Purchaser paying such funds to its mortgagee or by paying such monies into the escrow held by the Board of Managers. Sponsor shall pay the real estate taxes from this escrow account when they are next due and shall be entitled to reimbursement from any Unit Owner who either did not pay any money into escrow or paid less than was required to cover the real estate taxes attributable to such Unit for the time Purchaser owned the Unit.

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

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

The entire contents of this Paragraph, as same may be revised or amended, shall be deemed to be incorporated into the Purchase Agreement for each Unit.

A numerical example for the costs set forth in this Section of the Offering Plan for a typical Unit with a purchase price of $635,000.00 and a mortgage of $444,500.00 are estimated as set forth below. Tax, insurance and recording rates are subject to change.

1. Title insurance for fee and mortgage, including the simultaneous fee discount $2,823.00 ($1,758.00 fee) ($529.00 mortgage);

2. recording costs for deed and power of attorneys $300.00;

3. mortgage recording tax (including payment to Sponsor pertaining to mortgage tax credit, if any) $3,308.75;

4. recording cost of mortgage approximately $300.00;

5. New York State Real Estate Transfer Taxes (deed stamps) $2,644.00

6. legal fee of Sponsor's attorney (assuming the closing takes place in Nassau County, no assignment and no unauthorized delay in closing by Purchaser) $1,500.00;

2. MORTGAGE TAX CREDIT

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

> "In the even the proceeds of a construction mortgage were applied to construction of a unit of a condominium submitted to the provisions of the (New York Condominium Act), or in the event that a unit submitted to the provisions of this act was subject to a blanket mortgage, and a mortgage tax was duly paid on such construction or blanket mortgage in accordance with article eleven of the tax law, then, as each unit is first conveyed, there shall be allowed a credit against the mortgage tax that would otherwise be payable on a purchase money mortgage, said credit to be in the amount resulting from the product of the purchaser's pro-rata percentage of interest in the common elements and the mortgage tax already paid on the construction blanket mortgage."

Sponsor has paid a mortgage recording tax for a construction loan mortgage on the Property. In the event that a mortgage tax credit becomes available, pursuant to the above Section of the New York Real Property Law, such credit shall insure to the benefit of the Sponsor. Accordingly, at closing, each Purchaser electing mortgage financing shall pay the full amount (but not in excess thereof) of the mortgage recording tax chargeable on the entire amount being financed. The amount equal to the mortgage tax credit will be paid to Sponsor and the balance for the mortgage recording tax.

3. REAL ESTATE TAX ESCROW

In the event the Units have not been separately assessed for real estate tax purposes prior to the First Unit Closing, Sponsor may place in escrow, in the name of the Board of Managers, an amount equal to the unpaid real estate taxes which will be levied against said Unit for the six month period following the First Unit Closing. Said amount is to be paid by the Purchaser. Alternatively, the Sponsor may place in escrow, in the name of Board of Managers, an amount equal to the real estate taxes attributable to the unsold Units for such six month period and may collect at each closing the estimated amount of taxes attributable to such Unit for the balance of the six month period. The Board of Managers will pay the real estate taxes from the escrow account when taxes are due and payable and the funder of the escrow account will be entitled to reimbursement from Unit Owners to the extent of the actual assessment.

Other fees which cannot be estimated because they pertain to events outside of Sponsor's control and/or statutory requirement include, purchaser's attorney's fee, lender's attorney's fee, possible commitment fee or loan origination fee, appraisal fee, application fee, credit check fee and monthly Common Charges prospectively from the closing date.

T. RIGHTS AND OBLIGATIONS OF SPONSOR

No bond or other security has been furnished to secure the performance of the Sponsor's obligations. Although at the time the Plan is accepted for filing the Sponsor will be financially capable of performing Sponsor's obligations, the subsequent ability of the Sponsor to perform its obligations will depend upon Sponsor's financial condition at that time.

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

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

2. The Sponsor will diligently, expeditiously and at Sponsor's own cost, complete the construction of the Units and Common Elements substantially in accordance with the plans and specifications described herein. If any work still remains to be done to complete such work, provided such work will not prevent the issuance of a permanent Certificate of Occupancy, Sponsor, at Sponsor's own cost and expense, will perform or cause all such work to be performed and will supply or cause all material therefor to be supplied and will pay for such work and materials and discharge or bond all mechanics, liens which may be filed as a result of the construction of the Units or Common Elements. The Sponsor has entered into a construction mortgage loan made by Independence Community Bank to finance the construction of the Building.

   The Sponsor reserves the right to substitute for any of the materials or any of the construction procedures specified in either the Altered Building Plans, the Description of Property and Building Specifications or elsewhere in the Plan, materials of equal or better quality and design and/or construction procedures which are of substantially similar or better custom for the industry in which the Property is located as determined by Sponsor's general contractor or architect or engineer, in their sole discretion. The Sponsor's intention is to use the materials, fixtures, appliances and other equipment and procedures described in this Plan and in the architectural plans on file, but, due to the possible unavailability of materials and supplies or for any other reason, Sponsor may substitute materials, fixtures, appliances and equipment of substantially similar or better quality and design and/or similar construction procedures for any of those set forth in the specifications or otherwise in this Plan.

   The Sponsor also reserves the right, without altering the total amount of space contained in the Building, to change the size, interior layout and

location of any Unit or the number of Units, provided such changes are made in accordance with Section J of the Plan titled "Changes in Prices or Units" herein.

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

Changes to the size, layout or percentage of Common Interest of a Unit for which a Purchase Agreement has been executed by Purchaser and Sponsor and delivered to the Purchaser or changes in the amount or quality of Common Elements directly affecting or servicing a Unit for which a Purchase Agreement has been executed by Purchaser and Sponsor and delivered to Purchaser shall be made only with the written consent of the Purchaser of such Unit, provided, however, that such Purchaser Is consent shall only be required if the Purchaser is not then in default. Notwithstanding the foregoing, such changes may be made, provided all directly affected Unit owners consent in writing to such change and all directly affected Purchasers who are still contract vendee's and who are not then in default either consent in writing to such changes or are given the right to rescind and receive from Sponsor a return of any deposit or Deposit for fifteen (15) days from the date of mailing or personal delivery of written notice from Sponsor.

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

shall be released to Sponsor or its designee upon the obtaining of a permanent Certificate of Occupancy covering such Unit. Alternatively, the Sponsor shall have the option of either depositing with an escrow agent an unconditional, irrevocable letter of credit in the amount determined by Sponsor's architect or posting a surety bond in the amount so determined.

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

5. The Sponsor will pay all Common Charges, real estate taxes, special Assessments and other expenses allocable to any Units owned by the Sponsor, so long as Sponsor shall continue to own the same. As set forth below, however, Sponsor, where Purchaser has caused an unauthorized delay in closing of title, shall be entitled to certain reimbursement of real estate taxes, Common Charges and interest. Sponsor represents that it has the financial resources to meet its obligations with respect to Unsold Units. Sponsor Is financial obligations to the Condominium will be funded from sales proceeds. If this source proves insufficient Sponsor shall seek funds from the construction lender, if any, or another lender.

   Until title to all Units has been conveyed, the By-laws of the Condominium provide that the Sponsor or its designee as owner of any Unsold Units, may, at Sponsor's or Sponsor's designee's sole option and discretion, pay in lieu of payment of all the Common Charges due for the Unsold Units, an aggregate amount equal to the difference between the Common Charges due for all sold Units and the total cost necessary to operate the Condominium with the services to be provided under this Plan.

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

7. The Sponsor will promptly correct any patent defects in the construction of the Building and the Units therein, or in the installation or operation of any

mechanical equipment therein, due to substantially improper workmanship or materials substantially at variance with the architectural plans and specifications, provided Sponsor is notified of such defects in writing by the Unit Owner as to the Unit affected within sixty days from the date of closing of title to such Unit or, with respect to Common Elements, that Sponsor is notified by the Board of Managers within six months from the First Unit Closing. If any defect in the Common Elements can only be detected after said period by occupancy of a particular Unit, Sponsor will correct said defect in the construction of the Common Elements, or in the installation or operation of any mechanical equipment therein due to improper workmanship or materials substantially at variance with the architectural plans and specifications, if notified by the Board of Managers within sixty (60) days from closing of title to or first leasing of that particular Unit. Sponsor will also correct any latent defects in the construction of the and the Units therein or in the installation or operation of any mechanical equipment therein due to substantially improper workmanship or material substantially at variance with the architectural plans and specifications, provided it is notified of such defects in writing by the Unit Owner as to such Unit within six (6) months from the closing of title to such Unit or is notified by the Board of Managers with respect to Common Elements within six (6) months after the First Unit Closing. Sponsor, in its sole discretion, shall select the method of correcting any defect. On three (3) days, notice from Sponsor, the Board of Managers and/or the Unit Owner in question shall allow Sponsor, Sponsor's contractors and/or the Managing Agent access to the Building or the Unit in question on any weekday which is not celebrated as a federal or state holiday to inspect and/or correct such defect. The quality of construction shall be comparable to local standards customary in the particular trade and in accordance with the plans and specifications.

Sponsor shall be deemed to have discharged any obligation it may have with respect to patent or latent defects, as the case may be, if (i) Sponsor is not notified within the time periods specified herein or (ii) the Board of Managers and/or the Unit owner in question prevents Sponsor, Sponsor's contractors and/or the Managing Agent access to the Building or the Unit in question as provided herein, or (iii) Sponsor shall have corrected the defect in accordance with the practice of the industry as determined by Sponsor's general contractor or architect or engineer, in their sole discretion. Sponsor makes no warranties as to kitchen appliances, except that it will assign to the Purchaser any manufacturer's warranties thereon and any manufacturer's warranties existing for other items in Purchaser's Unit to the extent same are assignable.

Notwithstanding the foregoing, Sponsor will not be responsible for correcting or repairing any latent defects of construction or defects in the installation or operation of any appliances, equipment or fixtures with respect to which

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

Subject to the foregoing, the Sponsor will give a Limited Warranty to the Purchaser which provides the following warranty coverage's regarding the

Units:

FIRST YEAR BASIC COVERAGE: for one year from the Effective Date of the Warranty (as shown on page 1 thereon), the Unit will be free from latent defects that constitute:

(a) defective workmanship by the Sponsor, or an agent, employee or subcontractor of the Sponsor;

(b) defective materials furnished by the Sponsor, or an agent, employee or subcontractor of the Sponsor;

(c) defective design, provided by an architect, engineer, surveyor, or other design professional retained exclusively by the Sponsor; or

(d) defective installation of appliances sold as part of the Unit by the Sponsor or an agent, employee or subcontractor of the Sponsor.

TWO YEAR MAJOR SYSTEM COVERAGE: For two years from the Effective Date of the Warranty, the Plumbing, Electrical, Heating, Cooling and Ventilation Systems of the Unit which have been installed by the Sponsor are warranted to be free from latent defects resulting from defective installation by the Sponsor.

SIX YEAR MAJOR STRUCTURAL DEFECT COVERAGE: For six years from the Effective Date of the Warranty, the Unit will be free from latent Major Structural Defects that result from:

(a) defective workmanship by the Sponsor, or an agent, employee or subcontractor of the Sponsor;

(b) defective materials furnished by the Sponsor, or an agent, employee or subcontractor of the Sponsor; or

(c) defective design, provided by an architect, engineer, surveyor, or other design professional retained exclusively by the Sponsor.

The Sponsor excludes the Housing Merchant Implied Warranty set forth in Article 36-B of the General Business Law, and all other warranties, express or implied, other than the Limited Warranty. See the complete terms of the Limited Warranty contained in the Rider to the Purchase Agreement set forth in Exhibit D-2 and Article 36-B of the General Business Law set forth in Exhibit "J".

To the extent any coverage under this warranty applies to Common Elements of the Condominium, such coverage shall be deemed given to the Board of Managers of the Condominium. Regarding the Common Elements the Sponsor will correct any defects in the construction of the Common Elements, or in the installation or operation of any mechanical equipment therein, due to improper workmanship or material substantially at variance with this Offering Plan provided and on condition that Sponsor is notified of or becomes aware of such defect(s) within twelve (12) months from the date of substantial completion of the defective portion(s) of the Common Elements. The quality of construction shall be comparable to local standards customary in the particular trade and in accordance with the plans and specifications. In no event shall the Sponsor be responsible for the partial or total death of any trees, shrubs, bushes or other landscape improvements; damage to walkways or other concrete areas caused by the application of salt or deicers; normal settlement cracks on patios, sidewalks, other flat work; patios, sidewalks, basement leaks resulting from acts of God or alteration of landscaping or grading (whether performed by the Condominium or Unit Owner), leakage resulting from "ice dams" forming on roofs; spilling or flaking of concrete surfaces if ice melting compounds have been used; shading variations of the exterior siding staining (on the face surface or grooves), and shading variations on fascias from staining. The Sponsor has no obligation to make any repair to the Common Elements except as expressly set forth in the Offering Plan.

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

Notwithstanding any provision to the contrary herein, Sponsor shall not be obligated to correct, and shall not be liable to any Purchaser as a result of, (i) any insubstantial variations from the plans and specifications or the description of the Building or a Unit set forth in the Offering Plan or (ii) variations from the plans and specifications or description of the Building or a Unit set forth in the Offering Plan which are neither in violation of applicable building codes, nor require approval of any governmental authority having jurisdiction, provided such variations are of substantially similar or better quality.

8. The Sponsor represents that, until it no longer controls the Board of Managers, the Property will be maintained, repaired, cared for and operated in substantially the same condition and manner as it was on the date of the First Unit Closing, subject to strikes, lockouts, labor difficulties, acts of God, fire or other casualty, storm, riots, insurrection, inability to obtain materials, equipment or labor, governmental restrictions or any other acts over which the Sponsor is reasonably unable to exercise control. If the Sponsor is prevented from so maintaining the Property for any of these reasons other than fire or other casualty, the Sponsor will make any repairs subsequent to the First Unit Closing that it was obligated to make as of the First Unit Closing.

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

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

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

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

street have been restored.

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

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

9. Sponsor shall deliver to The Board of Managers a set of architectural plans upon completion of the project.

10. Sponsor shall procure on behalf of and at the expense of the Condominium, prior to the First Unit Closing, the insurance policy(ies) provided for in Schedule B of Part I of the Plan.

11. Sponsor shall be obligated to defend any suits or proceedings arising out of its acts or omissions, but shall not be obligated to indemnify the Board of Managers or the Unit Owners against any such suits or proceedings.

Sponsor shall not be liable for or obligated to defend any suits, proceedings or claims (i) as to any Unit arising out of any occurrence taking place on or after the earlier of the closing of title to such Unit or the leasing thereof to, or at the direction of, any Purchaser, or (ii) as to the Common Elements, arising out of any occurrence taking place on or after the date of the recording of the Declaration, except suits, proceedings or claims arising out of acts or omissions of Sponsor or representations made by Sponsor in the offering Plan. Sponsor shall not be liable for or obligated to defend any suits, proceedings or claims arising out of any occurrence which was prior to the date of the First Unit Closing except suits, proceedings or claims arising out of acts or omissions of Sponsor.

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

13. In the event of the dissolution or liquidation of the Sponsor or the transfer of three (3) 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.

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

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

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

Each of the obligations of the Sponsor contained in this Section shall be enforceable by any Unit Owner as to his Unit or the Board of Managers on behalf of the Unit Owners as to Common Elements. The representations contained in paragraphs 1 through 16 of this Section shall survive delivery of the deed. Sponsor makes no other representation or warranties except as provided above. However, nothing herein shall be construed to limit any rights which Purchasers may otherwise have pursuant to Article 23-A of the General Business Law, Part 20 of the Regulations promulgated by the Attorney General and the Offering Plan.

Sponsor's Rights of Access

(a) General

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

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

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

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

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

3) Right to show vacant or leased Units;

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

Sponsor, Sponsor-designees and any partner of any entity affiliated directly or indirectly with Sponsor shall exercise all rights of access so as to limit, to the extent practicable, unnecessary interference with use of the Property by Unit Owners. Sponsor, Sponsor-designees and any partner of any entity affiliated directly or indirectly with Sponsor agrees to repair damage directly attributable to and caused by Sponsor, Sponsor-designees and any partner of any entity affiliated directly or indirectly with Sponsor or its agents as a result of exercising such rights of access.

Sponsor's Right to Perform Alterations

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

U. MANAGEMENT AGREEMENT AND OTHER CONTRACTUAL AGREEMENTS

1. Management Agreement

On or prior to the First Closing, the Condominium Board will enter into a management agreement with Greater South Shore Sales and Resales, Corp., having an address at 46 East Park Avenue, Long Beach, New York 11561 (the "Managing Agent") for an initial term of one year. Thereafter, the management agreement will be automatically renewed from year-to-year until cancelled by either party thereto on thirty (30) days' prior written notice.

The Managing Agent will receive a stated annual fee of $10,260.00 for the first year, payable in equal monthly installments. However, the Managing Agent will be entitled to additional fees for certain special services (such as placing of insurance) performed by it. All such fees which will be paid by the Condominium Board will be charged to all Unit Owners as a Common Expense.

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

(a) billing and collecting Common Charges;

(b) causing the Common Elements to be maintained, repaired and altered in the manner deemed advisable by the Condominium Board, except that the approval of the Condominium Board is necessary for any expenditure of over $2,000 for any one item of ordinary repair or alteration (other than emergency repairs), and Managing Agent shall not be obliged to supervise such repair or alteration involving an expenditure in excess of $10,000 without payment of an additional fee;

(c) contracting for necessary services for the Common Elements (such as utility and exterminator services), but no contract shall be for a term longer than two (2) years nor shall it require annual payments in excess of $2,000 unless authorized by the Condominium Board;

(d) purchasing all supplies necessary to properly maintain and operate the Common Elements;

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

(f) maintaining orderly files of records of Common Charges, insurance policies, service agreements, leases, receipted bills, and the like (other than books of account to be maintained by the Condominium's accountants);

(g) preparing and submitting annually to the Condominium Board, prior to the last meeting of the Board held in each calendar year, an operating budget setting forth the anticipated income and expenses for the Condominium for the ensuing year, a comparison of said budget to the income and expenses of the preceding and current years, and any required explanations which respect thereto.

(h) cooperating in the preparation of an annual certified financial statement of the operations of the Condominium to be prepared by an independent certified public accountant engaged by the Condominium Board, whose fees are to be paid by the Condominium Board and charged to the Unit Owners as a Common Expense.

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

2. Other Contractual Agreements--Projected Budget for First Year of Condominium Operation

No maintenance or service agreements have been signed which will be binding on the Condominium. However, the Sponsor reserves the right, prior to the First Closing, to enter into agreements that will be binding on the Condominium, provided that the Sponsor may not enter into any binding service or maintenance agreement which will materially increase the first year's estimated Common Charges or which is for a term longer than two (2) years, unless the Condominium Board can cancel the agreement after the second anniversary of the First Closing on not more than ninety (90) days' prior written notice.

V. CONTROL BY SPONSOR

Title to all Units which have not been sold by the time of the First Unit Closing will remain with Sponsor or Sponsor-designee(s) until such Units shall thereafter be sold to bona fide Purchasers. The Board of Managers shall not have a right of consent, a right of first refusal, or the right to impose any charge, as to any sales or leases entered into by Sponsor, Sponsor-designees or any partner of any entity affiliated directly or indirectly with Sponsor.

Until the first annual meeting of the Condominium which will take place within sixty (60) days after the First Closing of Title to a Unit, the Board of Managers shall consist of three (3) persons designated by Sponsor. Accordingly, until such first annual meeting, Sponsor will have absolute voting control of the Board of Managers and will thus control maintenance, facilities and services to be provided, as well as determine the Common Charges to be paid by Unit Owners.

Sponsor shall retain voting control of/the Board of Managers until the earlier of (i) the fifth anniversary of the recording of the Declaration of Condominium, or (ii) the closing of title to 95% in the aggregate of all Common Interests of the Unit. For further discussion please see Section X of this Plan entitled "Rights and Obligations of Board of Managers and Summary of By-Laws."

At the first annual meeting of the Condominium, all Unit Owners, including Sponsor and Sponsor-designees, shall elect a new Board of Managers. Provided either of the two events described in the preceding paragraph have not yet occurred, Sponsor shall have voting control of the Board of Managers.

After the first meeting of the Board of Managers and until the second meeting of the Board of Managers, the Board of Managers will consist of two persons designated by Sponsor and one person elected by the other Unit Owners.

Within thirty (30) days after the earlier to occur of the two events described in the third preceding paragraph, the Sponsor shall cause to be called the second meeting of Unit Owners, at which meeting five members will be elected by the Unit Owners other than Sponsor, except that two members may be designated by the Sponsor if it owns one or more Unit.

During the period while the Sponsor is in control of the Board of Managers, the Sponsor will have control of maintenance, facilities and services to be provided and will determine the Common Charges to be paid by all Unit Owners. However, during such control period, Sponsor will not increase or reduce the services set forth in the projected budget for the Condominium's first full year of operation without the consent of a majority in interest of all Unit Owners other than Sponsor. For additional information regarding management of the Condominium, see Section X of

this Plan entitled "Rights and Obligations of Board of Managers and Summary of By-Laws."

This Offering Plan provides that until Sponsor and Sponsor-designees convey title to all of the Units but in no event later than five (5) years after the date of the First Unit Closing, Sponsor has the right to veto any action of the Board of Managers to (i) make any addition, alteration, improvement or change in or to the Common Elements or any Unit of the Building, (ii) assess any Common Charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund (iii) hire or replace any employee, (iv) enter into any service or maintenance contract, (v) borrow money on behalf of the Condominium, (vi) exercise a right of first refusal to lease or purchase a Unit, or (vii) alter the number of members of the Board of Managers or amend the Declaration or By-Laws, provided, however, that Sponsor may not veto any action described in items (i) through (vii) above, if (x) such action is necessary to enable the Board of Managers to comply with laws, rules or regulations of any governmental authority having jurisdiction over the Condominium, and (y) no other alternative is available after a discussion of the alternatives were considered at a meeting in which Sponsor was present, and further provided that Sponsor's veto is delivered by written notice within ten (10) days after Sponsor has notice of the proposed action. Notwithstanding the foregoing, the Sponsor may not exercise its veto power over expenses required to remedy any notice of violation, or to remedy any work order issued by an insurer.

Members of the Board of Managers will serve without compensation. All officers of the Condominium shall also serve without compensation.

Except for the member of the Board of Managers designated by Sponsor and Sponsor-designees, a member of the Board of Managers may be removed from office with or without cause. The member of the Board of Managers designated by Sponsor and Sponsor-designees may only be removed by Sponsor and Sponsor-designees and only Sponsor and Sponsor-designees shall have the right to designate a replacement.

An officer may be removed, without cause, by an affirmative vote of a majority of the members of the Board of Managers at a meeting called for such purpose.

W. RIGHTS AND OBLIGATIONS OF UNIT OWNERS

The rights and obligations of Unit Owners are set forth in the By-Laws and Rules and Regulations of the Condominium. They include the following:

1. Sale or Lease of Units

A Unit Owner may sell his Unit without restriction, with the consent of the mortgagee, if the Unit is mortgaged and consent is required. A Unit Owner may lease his Unit, without restriction, if (i) the lessee expressly agrees not to violate any provisions of the Declaration, By-Laws, Rules and Regulations, and (ii) the lease is in the form recommended for apartments by The Real Estate Board of New York, Inc., as modified by the provisions of the Declaration, By-Laws, Rules and Regulations and as recommended by counsel to the Board of Managers.

No right (including, without limitations, any right of first refusal) is reserved in the By-Laws for the Board of Managers or the Unit Owners to impose other restrictions or limitations on the right to sell or lease Units.

Notwithstanding the foregoing, the Board of Managers shall have the right to require such Unit Owner to pay a fee to the Condominium Board and/or the Managing Agent to cover reasonable legal and other expenses of the Condominium Board and the Managing Agent in connection with the sale or lease of a Unit. Any other fees payable to the Condominium Board and/or the Managing Agent in connection with the sale or lease of a Unit may only be enacted by action of Unit Owners.

Notwithstanding any provision to the contrary in this Offering Plan, Sponsor, any Sponsor-designee, any partner of any entity affiliated directly or indirectly with Sponsor, or any mortgagee acquiring title to a Unit through foreclosure, shall have the right to sell or lease any Unit owned by them without restriction and without any requirement that (i) the same be offered to the Board of Managers prior to such sale or lease or (ii) a charge or fee be paid to the Board of Managers or any other entity or person.

Sponsor, Sponsor-designees and partners of any entity affiliated directly or indirectly with Sponsor hereby reserve the right to lease a Unit to the Purchaser of said Unit prior to the conveyance of title. In addition, Sponsor, Sponsor-designees and partners of any entity affiliated directly or indirectly with Sponsor, reserve the right to lease Unit to non-purchasers without limitation as to the rental to be charged therefor except such rents shall not be in violation of any applicable law. No amount paid as either rent or security under the lease will be credited towards the purchase price. If, in fact, prior to the sale of a Unit, such Unit is leased to any person or entity

who does not purchase, the initial Purchaser thereof will purchase a Unit that has been previously occupied. In all such cases, at closing such Unit will be delivered free and clear of any tenancy or occupancy unless Purchaser expressly approves such tenancy. Notwithstanding the foregoing, if, prior to the sale of a Unit, Sponsor, any Sponsor-designee or any partner of any entity affiliated directly or indirectly with Sponsor leases such Unit to any person or entity claiming by, through or under the Purchaser of such Unit, then such Purchaser shall be obligated to purchase such Unit subject to such lease, or the occupancy of such Unit.

No lease shall be entered into by Sponsor, any Sponsor-designee or any partner of any entity affiliated directly or indirectly with Sponsor having a commencement date which is prior to the issuance of a temporary or permanent Certificate of Occupancy for the subject Unit.

Every sale or lease of a Unit must include a similar sale or lease of such Unit's undivided interest in the Common Elements.

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

2. Mortgage of Units

Each Unit Owner is free to mortgage his or her Unit subject to the restrictions contained in the By-Laws. Prior to or simultaneously with the closing of any mortgage transaction, the Unit Owner must satisfy all arrearage for any unpaid Common Charge and Special Assessments owed by such Unit Owner and discharge any liens therefor. **NOTWITHSTANDING THE FOREGOING, IF ANY INITIAL PURCHASER WHO PURCHASES PURSUANT TO THIS OFFERING PLAN SEEKS MORTGAGE FINANCING, SUCH PURCHASER SHALL BE REQUIRED TO FOLLOW THE PROCEDURES FOR MORTGAGE FINANCING SET FORTH IN THE OFFERING PLAN AND THE PURCHASE AGREEMENT. UNIT OWNERS MUST NOTIFY THE BOARD OF MANAGERS IN WRITING OF THE NAME AND ADDRESS OF HIS MORTGAGEE AND FILE A CONFORMED COPY OF THE NOTE AND MORTGAGE WITH THE BOARD OF MANAGERS.**

3. Easements and Rights of Access

Each Unit Owner shall have an easement in common with the other Unit Owners to use, maintain, repair, alter and replace all pipes, ducts, cables, wires, conduits, public utility lines or other Common Elements located in other units and serving his or her Unit. In addition, each Unit Owner shall have an easement for the continuance of any encroachment by the Unit on any adjoining Unit or on any Common Element, now existing or which may come into existence hereafter as a result of the settling or shifting of the Building, or as a result of repair or restoration of

the Building or a Unit after damage by fire or other casualty, or as a result of condemnation or eminent domain proceedings, or by reason of any alteration made by or with the consent of the Board of Managers or the Sponsor to the Common Elements so that such encroachment may remain undisturbed so long as the Building stands. As more fully set forth in the By-Laws and the Rules and Regulations, the Sponsor, the Board of Managers, and the Managing Agent, and all designees thereof, shall have a right of access to each Unit to inspect and make repairs to the Unit to prevent damage to the Common Elements, Limited Common Elements or any other Unit.

The Board of Managers, or its agents, will have a right of access to the Units to inspect them, remove violations, to correct any condition originating within it and threatening another Unit or a Common Element, to maintain the mechanical or electrical services or other Common Elements in the Unit or elsewhere in the Building, and to correct a condition which violates a mortgage covering another Unit. All requests for entry will be made in advance for a time reasonably convenient to the Unit Owner and the entry will be done so as to not unreasonably interfere with the proper use of the Unit. In case of an emergency, the Unit may be entered for the above purposes immediately.

In addition, Owner, Sponsor and Sponsor's and Owner's contractors will have a right of access to each Unit and to all of the Common Elements to perform alterations and repairs in or about unsold Units and to fulfill Sponsor's obligations under the Plan.

4. Use of Units

The Units may be used only for private residential use, except that a Unit Owner may use a portion of his or her Unit for any home occupation use including as a professional office, provided that the nature and manner of such use complies with Law and does not violate the then existing Certificate of Occupancy covering such Unit or applicable zoning law and ordinances, building code or other rules and regulations of governmental authorities having jurisdiction. No illuminated or other sign may be used in connection with the aforementioned use without the prior written consent of the Board of Managers.

Except as set forth above, no industry, business, trade, occupation or profession of any kind, commercial, religious, educational or otherwise, designed for profit, altruism, or otherwise shall be conducted, maintained or permitted in any part of the Units or Common Elements. No "For Sale", "For Rent" or "For Lease" signs or window or other displays or advertising shall be maintained or permitted in any Unit or adjoining Common Elements, nor shall any Unit be rented for transient, hotel or motel purposes. Notwithstanding the foregoing, Sponsor and Sponsor-designee reserve the right to place "For Sale", "For Rent," "For Lease" or similar signs on any

unoccupied Units or Unsold units. Notwithstanding the foregoing, Sponsor, and Sponsor-designee shall have the right to place "For Sale," "For Rent," "For Lease" or similar signs on or in the vicinity of the Building. Additionally, Sponsor and Sponsor-designees reserve the right to maintain and staff one or more vacant and Unsold Units as a sales office and/or model Unit.

No Unit Owner shall be allowed to put his or her name on any entry to the Building or entrance to any Unit, except in the proper places approved by the Board of Managers for such purposes.

Except as provided in this Section, no sign, notice, lettering, or advertisement shall be inscribed or exposed on or at any window, door, or other part of a Unit or adjoining Common Element without prior written approval of the Board of Managers, nor shall anything be projected out of any window of the Building without similar prior written approval.

No exterior of any Unit or the windows or doors thereof or any other portions of the Common Elements shall be painted or decorated by any Owner in any manner without prior written consent of the Board of Managers or except are provided in the By-Laws.

No personal articles (including, but not limited to, garbage cans, bottles or mats) and no furniture, artwork, equipment or doormats shall be placed or stored in entrances, hallways, stairways, or other Common Elements. No Unit Owner shall change or alter in any way the design, layout, color scheme or furnishings in entrances, hallways, stairways or other General Common Elements. Notwithstanding the foregoing, a Unit Owner has the right to change the lock on the door to his or her Unit or to add an additional lock.

The Board of Managers or the Managing Agent shall retain a pass-key to each Unit. No Unit Owner shall change any lock on any door leading into his or her Unit without the prior written consent of the Board of Managers. As a condition to obtaining such consent, the Unit Owner must provide the Board of Managers with a key to such changed lock for its use. If a Unit Owner fails to provide the Board of Managers with all keys necessary to gain entrance to such Unit Owner's Unit promptly after such Unit Owner moves into his or her Unit, then Sponsor shall be automatically released from any obligation it may have for correcting defects in or making repairs to such Unit. If Sponsor or the Board of Managers must gain access to a Unit for emergency purposes and a Unit Owner has not furnished a key to the Board of Managers as provided in this paragraph, then the affected Unit Owner shall be liable and responsible for any damage to the Common Elements or such Unit Owner caused by Sponsor or the Board of Managers in gaining access to such Unit. Furthermore, if the Unit Owner is not personally present to open and permit an entry to his or her Unit at any time when an entry therein is necessary or permissible

under the Rules and Regulations or under the By-Laws, and has not furnished a key to the Condominium Board or the Managing Agent, then the Condominium Board or Managing Agent or their agents (but, except in an emergency, only when specifically authorized by an officer of the Condominium or an officer of the Managing Agent) may forcibly enter such Unit Owner's without liability for damage or trespass by reason thereof (if, during such entry, reasonable care is given to such Unit's property).

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

Each Unit Owner shall keep his or her Unit in a good state of preservation and cleanliness and shall not sweep or throw or permit any dirt or other substances to be swept or thrown therefrom, or from the doors, windows, balcony or terrace of a Unit.

No exterior shades, awnings, window guards, ventilators, fans or air-conditioning devices shall be used by Units on or about the Building or Common Elements without prior written approval of the Board of Managers.

All garbage and refuse from the Building shall be deposited with care in plastic bags or other suitable receptacles intended for such purpose only at such times and in such manner are the Board of Managers may direct.

Water closets and other water apparatus in the Building shall not be used for any purposes other than those for which they were constructed; nor shall any sweepings, rubbish, rags, paper, ashes, or any other article be thrown into the same. Any damage resulting from misuse of any water closet or other apparatus shall be paid for by the Unit Owner causing such damage.

Unit Owners shall be permitted to keep animals as pets provided that any pet does not interfere with the use and enjoyment of the Building by the other Units. In no event shall dogs or cats be permitted in any of the public portions of the Building unless carried or on a leash. Each Unit Owner who keeps an animal in the Building shall indemnify the Board of Managers and hold it harmless against any loss or liability of any kind or character whatsoever arising from as a result of having an animal in the Building. Notwithstanding the foregoing, the Board of Managers shall have the right to limit the number of animals kept by a Unit Owner or to prohibit any animal which the Board of Managers determines to be interfering with the use and enjoyment of the Building by the other Unit Owners.

No radio or television aerial shall be attached to or hung by a Unit Owner from the exterior of the Building without written approval of the Board of Managers. Upon

request of any Unit Owner, the Board of Managers shall allow the installation of any connection necessary to provide cable television service to the Units.

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

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

No Unit Owner shall use or permit to be brought into the Building any inflammable oils or fluids such as gasoline, kerosene, naphtha, benzine, or other explosives or articles deemed extra hazardous to life, limb, or property without in each case obtaining the prior written consent of the Board of Managers.

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

Certain parts of the Common Elements are intended for use for the purpose of affording pedestrian movement within the Condominium and for providing access to the Units. No part of the Common Elements shall be obstructed as to interfere with its use for the purposes herein recited. No part of the Common Elements shall be used for general storage purposes, except maintenance storage or where specifically designated as such. Nothing shall be done on or to the Common Elements in any manner which shall increase the rate of hazard and liability insurance covering said area and improvements situated thereon.

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

No portion of a Unit other than the entire Unit may be leased.

No Unit Owner or other occupant of the Building shall engage any employee of the Condominium for any private business of the Unit Owner without prior written consent of the Board of Managers except as a real estate broker for the sale or lease of a Unit.

Sponsor or its designee, the agents of the Board of Managers, and any authorized contractor or workman may enter any Unit at any reasonable hour of the day for any purpose permitted under the terms of this Offering Plan, the Declaration, By-Laws, or Rules and Regulations of the Condominium.

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

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

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

5. Common Charges; Liens for Nonpayment of Common Charges

Each Unit Owner shall have an obligation to pay Common Charges and Special Assessments when due. Except as set forth in the Notes to Schedule B and as otherwise provided in the By-Laws, Common Charges for each Unit shall be determined by multiplying that Unit's percentage of Common Interests by the total annual net expenses incurred or anticipated to be incurred for those items listed in Schedule B herein, together with the expense of any special repairs, major capital improvements or other expenses deemed by the Board of Managers to be a part of the Common Expenses and to be paid as Common Charges, all in accordance with the By-Laws of the Condominium, Common Charges will be established by the Board of Managers on an annual basis, at least, and be paid in equal monthly installments, due and payable on the first day of each month. The Board of Managers may, in accordance with the By-Laws, impose Special Assessments as it deems necessary, to meet unanticipated or extraordinary expenses, including, but not limited to, expenses incurred for major capital improvements. The Special Assessment to be paid by each Unit Owner shall also be determined in accordance with the Unit Owner's percentage of Common Interests. Notwithstanding the foregoing, however, the Board of Managers shall not reduce the Common Charges payable during a year occurring within a period when Sponsor or Sponsor-designees own Units having more than 50% of the Common Interests of all Units solely as a result of either reducing the number of employees of the Condominium below the number employed for the Property on the date of recording the Declaration, or eliminating or reducing any service or reducing the insurance coverage below that provided for the Property on such date, except with the concurrence of a majority of the members of the Condominium Board elected by Unit Owners other than Sponsor

or Sponsor-designees.

Under the provision of Section 339-z of the New York Real Property Law, the Board of Managers, on behalf of the Unit Owners, will have a lien on each Unit for unpaid Common Charges assessed by the Board of Managers. Such lien will be subordinate only to liens for real estate taxes on the Unit and to any sums unpaid on a first mortgage of record thereon. Any lien for unpaid Common Charges against a Unit shall be effective from and after the filing of notice thereof in the Office of the Nassau County Clerk and until all sums secured thereby with the interest thereon shall have been fully paid or until six years from the date of filing (unless foreclosure of such lien is started within such six-year period), whichever may be earlier. Such lien may be foreclosed by a suit brought in the name of the Board of Managers acting on behalf of the Unit Owners in a similar manner as the foreclosure of a mortgage on real Property, or an action may be brought by the Board of Managers against the defaulting Unit owner to recover the unpaid Common Charges without foreclosing the lien.

Upon the failure of a Unit Owner to pay Common Charges for the Unit within fifteen (15) days of the same becoming due and payable, the Board of Managers shall have the right to place a lien against such Unit Owner's Unit for the unpaid Common Charges, as set forth above. Failure of the Board of Managers to place such a lien shall not constitute a waiver of the right to do so at a later date or with respect to a subsequent failure to pay within the designated time. The failure to make prompt payment of Common Charges or Special Assessments when due shall subject the Unit Owner to a "late charge" as described in the By-Laws. Notwithstanding the foregoing, the Sponsor, any Sponsor-designee and any partner of any entity affiliated directly or indirectly with the Sponsor shall not be subject to the "late charge." The Sponsor will cause the Board of Managers to file a lien as provided for in Section 339-a of the Real Property Law on Units in which Sponsor is more than 30 days in arrears of Common Charges while it is in control of the Board of Managers.

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

All Unit Owners shall be required to comply with the Declaration, By-Laws, Rules and Regulations of the Condominium and with any other requirements duly imposed by the Board of Managers pursuant to the authority granted to them. The Board of Managers shall have the power to impose appropriate sanctions where a Unit Owner is in default. Such sanctions include, without limitation, placing a lien against the Unit Owner's Unit, instituting foreclosure proceedings and filing suit against a Unit Owner.

6. Repairs

Except as otherwise provided in the Declaration or By-Laws, all painting, decorating, maintenance, repairs and replacements, whether structural or non-structural, ordinary or extraordinary in or to any Unit and all portions thereof, including, but not limited to, the interior walls, ceilings and floors in the Unit, kitchen and bathroom fixtures and appliances, windows and their frames, sills and sashes, all doors (entrance, balcony, terrace and plaza, if any) and their frames and saddles (except painting the exterior side of a Unit entrance doors and door bucks), exposed plumbing, gas and heating fixtures and equipment, air conditioning units, lighting and electrical fixtures (but excluding any General Common Elements contained therein) shall be performed by the owner of such Unit at such Unit Owner's cost and expense.

All paintings, decorating, maintenance, repairs and replacements, whether structural or non-structural, ordinary or extraordinary, to the General Common Elements, as defined in the Declaration, and the painting of the exterior side of Unit entrance doors and door backs shall be made by the Board of Managers and be charged to all the Unit Owners as a Common Expense, excepting to the extent that the same are necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner. All painting, decorating, maintenance, repair and replacements in or to the Limited Common Elements, as defined in the Declaration, will be performed by (a) the Board of Managers as a Common Expense, if such Limited Common Element is for use by all Unit Owners, or if it involves structural or extraordinary maintenance, repairs or replacements (including, without limitation, repairing any leaks that are not caused by the acts or omissions of the Unit Owner having direct and exclusive access thereto), or (b) by the Unit Owner having direct and exclusive access thereto, at such Unit Owner's sole cost and expense, if it involves nonstructural, ordinary maintenance, repairs or replacements or it is as a result of the Unit Owner's negligence, misuse or neglect.

Under the provisions of Section 339(i) of the Real Property Law of the State of New York, no liens of any nature may arise or be created against the Common Elements except with the unanimous consent of all Unit Owners.

No labor performed on or materials furnished to the Common Elements will be the basis for a lien on the Common Elements, but all Common Charges received by the Board of Managers and the right to receive such funds will constitute trust funds for the purposes of payment of the cost of the labor performed or materials furnished at the express request of with the consent of the Managing Agent or the Board of Managers.

Each Unit Owner will be responsible for all damages to other Units and/or to the Common Elements resulting from his failure to perform appropriate maintenance, repairs and replacements in his Unit and also for maintenance, repairs and replacements to the Common Elements (including the Limited Common Elements) necessitated by his negligence, misuse, or neglect.

7. Alterations; Right to Inspect

A non-structural alteration to a Unit or its appurtenant Limited Common Element that does not affect the exterior of the Building or the value of other Units may be made by any Unit Owner without consent of the Board of Managers. No Unit Owner may make a structural alteration, addition or improvement in a Unit without the prior written approval of the Board of Managers. Upon such approval, the Unit Owner in question shall agree that (i) such structural alteration, addition or improvement shall be at the Unit Owner's sole cost and expense, (ii) all work shall be done in accordance with all governmental quasi-governmental laws, rules, regulations, codes and ordinances, (iii) all work shall be done by reputable contractors with adequate liability, property damage and workmen's compensation insurance (certificates for which shall be delivered to the Board of Managers prior to the commencement of construction), (iv) the Unit Owner shall procure and maintain during the course of such work such other insurance as the Condominium Board may reasonably prescribe, and (v) any additions shall be maintained in their entirety by said Unit Owner who shall also be responsible for any repairs, including structural repairs, to such additions or improvements in any event, and to the Unit and any Common Elements where such repairs become necessary due to additional stresses caused by the structural alteration, addition or improvement or due to improper design or construction of the structural alteration. Such Unit Owner shall further agree to indemnify and hold harmless the Board of Managers and its officers, the Managing Agent, Sponsor, and all other Unit Owners from and against any liability, cost and expense arising from such work. Such approval shall further provide that the Unit Owner shall reimburse the Board of Managers for any out-of-pocket expenses incurred by the Board of Managers in connection with the granting of such approval and in connection with any services provided to such alteration. Such expenses may include, without limitation, any fees of an attorney and/or fees of an architect or engineer or other professional consulted by the Board of Managers in connection with the request by a Unit Owner for approval of a structural alteration.

Notwithstanding the foregoing paragraph or any provision in this Offering Plan to the contrary, Sponsor, any Sponsor-designee, any partner of any entity affiliated directly or indirectly with Sponsor, the owner of a Commercial Units, each have the right, at any time from time to time, to make either or both non-structural alteration, addition or improvement or structural alteration, addition or improvement in any Unit owned by it, and to subdivide, combine and change the

boundary walls of such units without the prior consent of the Board of Managers and without paying any coat or charge to the Board of Managers.

Sponsor, the Board of Managers and/or the Managing Agent shall have a permanent right of access to any Unit for the purpose of inspecting or making any repairs additions or replacements to any of the Common Elements contained in such Unit or elsewhere in the Building, remedying any condition which would result in damage to any other Unit or to the Common Elements or Limited Common Elements, or which would violate the provisions of any mortgage encumbering another Unit, or for the purpose of complying with any laws, orders, rules or regulations of any governmental body having jurisdiction thereof, or to cure any defaults by a Unit Owner or for any other purposes permitted by the By-Laws. All requests for entry will be made in advance for a time reasonably convenient to the Unit Owner and the entry will be done so as to not unreasonably interfere with the proper use of the Unit. In case of an emergency, the Unit may be entered for the above purposes immediately.

In addition, Owner, Sponsor and Sponsor's and Owner's contractors will have a right of access to each Unit and to all of the Common Elements to perform alterations and repairs in or about Unsold Units and to fulfill Sponsor's obligations under the Plan.

Labor performed on or materials furnished to a Unit will not be the basis for the filing of a lien against the Unit of a Unit Owner who has not expressly consented to such labor or materials except in the case of emergency repairs.

8. Insurance

The insurance policies obtained by the Board of Managers shall provide that Sponsor and each Unit Owner shall be named insured's, as their interests may appear. These policies shall provide Fire, All Risk Blanket Building and Rental Income Insurance, Comprehensive General Liability, and Umbrella Liability. The specific amounts of coverage are noted in the Section titled Notes to Schedule B.

All policies of physical damage insurance will, if available without an increase in the premium, contain waivers of subrogation and of any defense based on co-insurance or a pro rata reduction of liability or of invalidity arising from any acts of the insured and will provide that the policies may not be cancelled or substantially modified without at least ten days' prior written notice to all of the insured's, including all mortgagees of Units.

If the Building, or any portion thereof, is damaged or destroyed, the Board of Managers will arrange, and use insurance proceeds, for the prompt repair

and reconstruction of the Building, unless the Unit Owners or lienor's have a right of partition as provided by the New York State Condominium Act. That right will arise if three-quarters or more of the Building is destroyed or substantially damaged and 75% or more of the Unit Owners do not duly and promptly resolve to proceed with repair or restoration. If a Unit Owner or lienor brings an action for partition, the net proceeds of the sale and of the insurance policies will be divided among all Unit Owners in proportion to their Common Interest, after deducting from the payment to Unit Owners all the respective liens of their Unit.

The fire, casualty and general liability policies will be on terms that provide that each Unit Owner is an additional insured; there will be no cancellation without notice to the Board of Managers and Unit Owners; waive subrogation; waive invalidity because of the acts of the insured and Unit Owners; and waive pro-rata reduction if additional Unit Owners obtain coverage.

The insurance does not include any coverage for (i) losses due to fire, theft or other casualty to the personal property of a Unit Owner contained within the Unit or a Limited common Element, (ii) the costs of living elsewhere if a Unit is greatly damaged, or (iii) liability coverage for a Unit Owner for occurrences within a Unit or a Limited Common element. The insurance does include coverage for losses due to fire or other casualty to the walls, ceilings and floors in the Units (other than those walls, ceilings and floors erected by a Unit Owner other than Sponsor), as finished by Sponsor in accordance with the Exhibit D of the Plan entitled "Description of Property and Specifications" appearing in Part II and all kitchen and bathroom fixtures and appliances installed therein by Sponsor as described in said Section, but the insurance will only pay to restore the walls, ceilings and floors as finished by the Sponsor under the Offering Plan and will not pay for any improvements, alterations or decorations thereto made by the Unit Owner or for any kitchen or bathroom fixtures and appliances installed by the Unit Owner. **UNIT OWNERS SHOULD CONSULT THEIR INSURANCE AGENT AS TO THE AVAILABILITY OF INSURANCE TO COVER ALL THE AFOREMENTIONED AND ANY ADDITIONAL COVERAGE WHICH MIGHT BE RECOMMENDED.**

9. Obligations to Comply with Declaration and Other Documents.

Each Unit Owner, all mortgagees, lessees and occupants of Units and their employees, and all other persons who may use the facilities of the Property in any manner will be obligated to comply with the Declaration, the By-Laws, the Rules and Regulations, as amended from time to time, and resolutions and decisions adopted by the Board of Managers pursuant thereto.

In addition to remedies for the collection of unpaid Common Charges, the Board of Managers has the power to levy and collect fines against, and require surety or sureties from, Unit Owners for violations of the Rules and Regulations

governing the operation and use of the Property.

10. Meetings of Unit Owners.

Meetings of Unit Owners will be held annually commencing with the first anniversary of the second meeting. At each annual meeting a Board of Managers will be elected by the Unit Owners.

Each Unit Owner will be entitled to cast one vote, either in person or by proxy, at all meetings of Unit Owners for each .001% of the interest in the Common Elements applicable to his Unit.

11. Unpaid Common Charges.

Any Unit Owner may, by conveying his Unit, without consideration to the Condominium Board, and complying with certain conditions set forth in the By-Laws in connection therewith, exempt himself from Common Charges thereafter accruing. Such conditions include the payment of all Common Charges and assessments then due and payable with respect to his Unit and such Unit being free and clear of all liens and encumbrances other than permitted mortgages and any statutory lien for unpaid Common Charges. However, in no event shall Sponsor or its designee be permitted to convey any unsold Unit to the Condominium Board and thereby exempt itself from Common Charges attributable to such Unit thereafter accruing.

On a resale of any Unit, the purchaser of such Unit shall be required to pay unpaid Common Charges assessed against such Unit prior to his acquisition, except that a first mortgagee acquiring title to a mortgaged Unit or a purchaser at a first mortgage foreclosure sale shall not be liable for, and such mortgaged Unit shall not be subject to, a lien for the payment of any Common Chargee assessed subsequent to the recording of such first mortgage and prior to the acquisition of title to the Unit by the mortgagee or a purchaser at the said sale. In the event that the Condominium Board forecloses its statutory lien on any Unit for unpaid Common Charges and the net proceeds of the foreclosure sale shall not be sufficient to pay such unpaid Common charges, or if such Unit is acquired by a mortgagee or a purchaser at a mortgage foreclosure sale, then, in either event, the defaulting Unit Owner shall remain personally liable for the balance of such unpaid Common Charges. The Condominium Board shall have the right to assess such unpaid balance amongst all those who are Unit Owners at the time that the same is levied.

Under the provisions of Section 339-z of the Condominium Act and the

By-Laws, the Condominium Board will have a lien, on behalf of all Unit Owners, on each Unit for unpaid Common Charges assessed against such Unit together with interest thereon. All such liens, however, will be subordinate to the extent required by applicable law, to any liens for real estate taxes and assessments on such Unit, Such liens may be foreclosed by a suit brought in the name of the Condominium Board (acting on behalf of all Unit Owners) in like manner as the foreclosure of a mortgage on real property, or an action may be brought by the Condominium Board to recover unpaid Common Charges without foreclosing the lien.

12. Violations by Unit Owners

The Board of Managers will have the right, upon reasonable prior notice to the Unit Owner, except in an emergency, to enter a Unit and summarily abate and remove any violation of the By-Laws or the Rules and Regulations annexed thereto or any rule, regulation, resolution or decision adopted by the Board of Managers pursuant to the By-Laws, or the breach of any provision of the Declaration. The defaulting Unit Owner will be liable for the expenses of removing such violation or breach. In the alternative, the Board may bring an action for damages or injunctive relief or both on behalf of the Unit Owners.

13. Use of Common Elements.

Each Unit Owner will have the right to use the Common Elements for the purposes for which they are intended, without hindering the exercise of that right by the other Unit Owners.

No Unit Owner may make any change in the Common Elements (including the exterior of the Building) without the written consent of the Board of Managers (and the holders of the Units' first mortgages, if required).

14. Electricity.

Electricity consumed in the Units will be individually metered and billed to the respective Unit Owners by the public utility company.

All electricity consumed in the Common Elements will be paid by the Board of Managers and these payments will be included in the Common Charges.

15. Miscellaneous

In certain instances, Sponsor, any Sponsor- designee, any partner of any entity affiliated directly or indirectly with Sponsor, are not required to obtain the approval of the Board of Managers or meet requirements imposed upon other Unit

Owners. These instances include, without limitation, the right to use a Unit as a model and display "For Sale," "For Rent," "For Lease" or similar signs, the right to transfer or lease a Unit without offering a fee therefor, the right to alter a Unit without obtaining the prior consent of the Board of Managers (but only in accordance with the other terms of this Offering Plan), and the right to amend the Declaration without a vote for the sole purpose of filing the Floor Plans as required by Section 339-p of the Real Property Law.

FOR AS LONG AS SPONSOR OR ANY SPONSOR-DESIGNEE OR ANY PARTNER OF ANY ENTITY AFFILIATED DIRECTLY OR INDIRECTLY WITH SPONSOR OWNS TITLE TO ONE OR MORE UNITS, THE RULES AND REGULATIONS OF THE CONDOMINIUM, THE BY-LAWS OR DECLARATION MAY NOT BE AMENDED IN A MANNER WHICH WOULD, IN THE SOLE DISCRETION OF SPONSOR OR ANY SPONSOR-DESIGNEE, OR ANY PARTNER OF ANY ENTITY AFFILIATED DIRECTLY OR INDIRECTLY WITH SPONSOR ADVERSELY AFFECT SPONSOR OR SPONSOR-DESIGNEE OR ANY PARTNER OF AN ENTITY AFFILIATED DIRECTLY OR INDIRECTLY WITH SPONSOR IN ANY WAY, UNLESS SPONSOR OR EACH SPONSOR-DESIGNEE OR EACH PARTNER OF ANY ENTITY AFFILIATED DIRECTLY OR INDIRECTLY WITH SPONSOR GIVES ITS PRIOR WRITTEN CONSENT TO SUCH AN AMENDMENT.

X. RIGHTS AND OBLIGATIONS OF BOARD OF MANAGERS AND SUMMARY OF BY-LAWS

Principal provisions of the By-Laws are summarized below. Purchasers should refer to the full By-Laws, a copy of which is set forth in Part II of this Offering Plan.

1. Condominium Board of Managers

The affairs of the Condominium shall be governed by the Board of Managers (sometimes called the "Condominium Board"), which shall consist initially of three (3) members designated by Sponsor. The initial members of the Condominium Board are Mozafar Shokrian, President, Moussa Shokrian, Vice President and Iraj Shokrian, Secretary/Treasurer. Each of the foregoing individuals are members of the Sponsor. At the first meeting of the Unit Owners, which will be held within sixty (60) days after the First Unit Closing, the three-member Condominium Board shall resign in favor of a new five-member Condominium Board.

At the first annual meeting of the Condominium all Unit Owners, including Sponsor and Sponsor-designees, shall elect a new Board of Managers. After the first meeting of the Board of Managers and until the second meeting of the Board of Managers, the Board of Managers will consist of two persons designated by Sponsor and one person elected by the other Unit Owners.

Sponsor shall retain voting control of the Board of Managers until the earlier of (i) the second anniversary of the recording of the declaration of Condominium, or (ii) the closing of title to 95% in the aggregate of all Common Interests of the Units. For further discussion please see Section V of this Plan entitled "Control By Sponsor."

Within thirty (30) days after the earlier to occur of the two events described in the preceding paragraph, the Sponsor shall cause to be called the second meeting of Unit Owners, at which meeting five members will be elected by the Unit Owners other than Sponsor, except that two members may be designated by the Sponsor if it owns one or more Units.

Thereafter, elections to the Condominium Board shall be held at the regular annual meeting of Unit Owners held in April of each succeeding year. (See the subsection 4 below entitled "Meetings and Votes of Unit Owners" for further discussion.)

The term of office of each of the members of the Condominium Board elected at the second meeting shall normally be one year.

Members of the Condominium Board shall be either: (i) individual Unit Owners; (ii) individual Permitted Mortgagees; (iii) officers, directors, shareholders, partners, principals, employees, or beneficiaries of corporations, partnerships, fiduciaries, or any other entities that are Unit Owners or Permitted Mortgagees; or (iv) adult Family Members of any of the foregoing. However, the member designated by Sponsor and Sponsor-designees need not be a Unit Owner or an interest party in a Unit Owner, as specified in the first sentence of this paragraph. Other than members designated by Sponsor and Sponsor-designees, no member shall continue to serve on the Condominium Board after he or she ceases to be a Unit Owner or an interested party in a Unit Owner, as specified in the first sentence of this paragraph.

Members of the Condominium Board are subject to removal, without cause, by vote of Unit Owners owning a majority of the Common Interests attending a meeting at which a quorum is present. However, members designated by Sponsor and Sponsor-designees may be removed, without cause, only by Sponsor and Sponsor-designees, which alone will have the right to designate a replacement. The Condominium Board shall not be prohibited from removing members for cause, including Sponsor-Designees.

The number of members of the Condominium Board may not be increased without the consent of Sponsor or Sponsor-designees as owners of Unsold Units for so long as there remains two (2) Unsold Unit. The Unit Owners shall indemnify and hold each member of the Condominium Board harmless from and against any claim or liability to others arising from his or her acts or omissions by reason of their membership in the Condominium Board, except to the extent that such claim or liability shall be due to the bad faith or willful misconduct of such member.

All members of the Condominium Board shall serve without compensation.

Until Sponsor and Sponsor's-designees no longer own Units with a sufficient percentage of the Common Interests attributable to such Units to elect four members of the Condominium Board, Sponsor will, through its control of the Condominium Board (by electing four members and designating one), have control of the maintenance and operation of the Condominium, including the Common Expenses described in Schedule B, capital repairs, and expenses required to comply with applicable laws or regulations. Notwithstanding the foregoing, Sponsor and Sponsor-designees shall not control the Condominium Board after five (5) years from the date of the First Unit Closing.

2. Powers and Duties of the Condominium Board

The Condominium Board shall have the powers and duties necessary for administration of the affairs of the Condominium (subject to the limitations set forth in the By-Laws including Sponsor's right to veto certain actions of the Condominium Board), including, without limitation, the following:

(a) operation, care, upkeep and maintenance of the Common Elements;

(b) determination of the Common Charges required for the affairs of the Condominium, including, without limitation, the operation and maintenance of the Property;

(c) collection of the Common Charges from the Unit Owners;

(d) employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements;

(e) adoption and amendment of the Rules and Regulations covering the details of the operation and use of the Property (subject to the right of the Unit Owners to overrule the Condominium Board as provided in By-Laws);

(f) maintaining bank accounts on behalf of the Condominium and designating the signatories required therefor;

(g) purchasing, leasing, or otherwise acquiring in the name of the Condominium Board or its designees, on behalf of all Unit Owners, Units offered for sale or lease or surrendered by their owners to the Condominium Board;

(h) purchasing Units at foreclosure or other judicial sales, in the name of the Condominium Board or its designee, on behalf of all Unit Owners;

(i) selling, leasing, mortgaging, or otherwise dealing with (but not voting the votes appurtenant to) Units acquired by, and subleasing Units leased by, the Condominium Board or its designee, on behalf of all Unit Owners;

(j) obtaining and renewing insurance for the Property, including the Units;

(k) making repairs, additions and improvements to, or alternations of, the Property and repairing and restoring the Property after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

(l) enforcing obligations of the Unit Owners;

(m) enforcing and collecting delinquent assessments by suit or otherwise and the levying of fines against the Unit Owners, excluding Sponsor and any Sponsor-designee and any partner of any entity affiliated directly or indirectly with Sponsor (so long as such Persons own one or more Units), for violations of the Rules and Regulations (no fine may exceed $25 for any one violation, but, for each day a violation continues after notice, it shall be considered a separate violation);

(n) borrowing money on behalf of the Condominium when required in connection with the operation, care, upkeep, and maintenance of the Common Elements (provided, however, that (i) the consent of at least 66-2/3% of all Unit Owners, both in number and in Common Interests, shall be required for the borrowing of any sum in excess of $100,000 and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its Appurtenant Interests without consent of the Unit Owner);

(o) to insure and keep insured the Common Elements, the Building and the Units; and

(p) adjusting and settling insurance claims and executing and delivering releases in connection therewith.

The Condominium Board shall be responsible for maintaining the repairing the Common Elements as set forth in the Declaration and in the By-Laws, regardless of whether a Unit is vacant or occupied by the owner thereof or by a permitted lessee or other occupant.

3. Officers of the Condominium

The officers of the Condominium shall consist of the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Condominium Board at its annual meeting. The Condominium Board may also appoint additional officers. All officers shall serve without compensation from the Condominium. None of the officers need be Unit Owners until the five (5) member Condominium Board is elected at the second meeting of the Unit Owners. Thereafter, both the President and the Vice President must be both members of the Condominium Board and Unit Owners (or officers, directors, shareholders, partners, employees, or beneficiaries (or members of their family) of corporations, partnerships, fiduciaries, or mortgagees that are Unit Owners). Any officer may be removed, without cause, by vote of a majority of the Condominium Board at a

meeting called for such purpose.

The President shall be the chief executive officer of the Condominium and preside over meetings of the Unit Owners and Condominium Board.

The Vice President shall take the place of the President when necessary and perform such other duties as may be imposed on him or her by the Condominium Board or the President.

The Secretary shall keep minutes of all meetings of the Unit Owners and the Condominium Board and the Treasurer shall have charge of the books and papers of the Condominium, shall have the care and custody of the funds and securities of the Condominium and shall be responsible for keeping financial records and books of account.

All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed, upon the direction of the Condominium Board, by any two officers or by such lesser number of officers or by such other person or persons as may be designated from time to time by the Condominium Board.

4. Meetings and Vote of the Unit Owners

Except for the first meeting, the Unit Owners shall hold annual meetings on or about the last Tuesday in April of each year, unless such date shall occur on a legal holiday, in which event the meeting shall be held on the succeeding business day. At each annual meeting, the Unit Owners, including the Sponsor and Sponsor-designees, shall elect, and Sponsor and Sponsor-designees shall designate, as the case may be, successors to the members of the Condominium Board whose term of office expires as of such meeting. In addition, special meetings of Unit Owners may be held from time to time, pursuant to the By-Laws, whenever necessary for the affairs of the Condominium.

Each Unit Owner, including Sponsor and Sponsor-designees, shall be entitled to cast one vote at all meetings of the Unit Owners for each .001% of Common Interest attributable to the Unit(s) owned by him or her.

When voting for the election of members of the Condominium Board, each Unit Owner entitled to vote: (i) shall be entitled to one vote for each .001% of Common Interest attributable to his or her Units per member to be elected and (ii) shall not have the right to cumulate his or her votes in favor of any one or more members to be elected. The presence, in person or by proxy, of Unit Owners having a majority of the votes of all Unit Owners shall constitute a quorum at all meetings of

the Unit Owners, and, unless otherwise provided, the decision of the Unit Owners casting a majority of the votes of the Unit Owners at a meeting at which a quorum shall be present shall be binding upon all of the Unit Owners. However, elections of members of the Condominium Board shall be determined by plurality vote.

The Declaration of Condominium, after it is recorded, may only be amended or modified upon a vote of 66 2/3 % of the Unit Owners in number, at a duly called meeting. See Paragraph Tenth of the Declaration, attached as Exhibit "F to the Plan, for further discussion. The Condominium By-Laws also require a 66 2/3% majority in order to effectuate an amendment or modification. See Article 12 of the By-Laws, attached as Exhibit "G" to the Plan, for further discussion.

5. Repairs, Alterations and Improvements to the Common Elements.

All painting, decorating, maintenance, repairs and replacements to the General Common Elements, whether located inside or outside of Units, shall be made by the Condominium Board, who need not obtain the approval of Unit Owners or of Permitted Mortgagees (regardless of the cost thereof), and the cost of the same shall be a Common Expense (unless necessitated by the negligence, misuse, or neglect of a Unit Owner, in which case such Unit Owner will bear the entire cost thereof). All painting, decorating, maintenance, repair and replacements in or to the Limited Common Elements, as defined in the Declaration, will be performed by (a) the Board of Managers as a Common Expense, if such Limited Common Element is for use by all Unit Owners, or if it involves structural or extraordinary maintenance, repairs or replacements (including, without limitation, repairing any leaks that are not caused by the acts or omissions of the Unit Owner having direct and exclusive access thereto), of (b) by the Unit Owner having direct and exclusive access thereto, at such Unit Owner's sole cost and expense, if it involves nonstructural, ordinary maintenance, repairs or replacements or it is as a result of the Unit Owner's negligence, misuse or neglect.

The cost of snow removal from public walks shall be a Common Expense.

All maintenance and repairs to the Common Elements shall be performed by employees of the Condominium or by independent contractors.

The Condominium will employ a part-time superintendent, whose estimated wages are included in the first year's budget shown in Schedule B.

6. Insurance

The Condominium Board shall maintain fire insurance policies, insuring the Building (including all Units and the exposed face of all walls, ceilings

and floors in the Units (other than walls, ceilings and floors erected by a Unit Owner other than Sponsor) as finished by Sponsor in accordance with the Exhibit D entitled "Description of Property and Specifications" appearing in Part II of this Plan and all kitchen and bathroom fixtures and appliances installed therein by Sponsor as described in said Section, but not including appliances or any furniture, furnishings, or other personal property supplied or installed by the Unit Owners or tenants of Unit Owners) and covering the interests of the Condominium, the Condominium Board, all of the Unit Owners, the holders of all Permitted Mortgages, and Sponsor, as their respective interests may appear, in an amount equal to the lesser of the full replacement cost of the Building (exclusive of excavation and foundations), without deduction for depreciation, or the amount of insurance necessary to avoid the effects of co-insurance. Each of such policies shall contain a New York Standard Mortgagee Clause in favor of each Permitted Mortgagee, which shall provide that the loss proceeds, if any, thereunder shall be payable to such Permitted Mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Condominium Board and the Insurance Trustee (hereinafter defined) as set forth below. The cost of all such insurance shall be paid by the Condominium Board and shall be borne by the Unit Owners as part of the Common Charges.

The proceeds of all such policies of physical damage insurance shall be payable to the Condominium Board, in the event of a loss amounting to $250,000 or less, and to the Insurance Trustee, as hereinafter defined, if the loss shall amount to more than $250,000. Such proceeds shall be applied for the purpose of repairing, restoring, or rebuilding the Building, unless otherwise determined by Unit Owners. In no event shall such proceeds be paid to the holder of any mortgage placed by a Unit Owner on his or her Unit unless, in accordance with the provisions of Section 5.5 of the By-Laws, there shall be a determination not to rebuild the Building. The "Insurance Trustee" shall be a bank or trust company, having an office in the City and State of New York, designated by the Condominium Board in accordance with the By-Laws.

All policies of physical damage insurance shall contain waivers of subrogation and waivers of any defense based on co-insurance or on invalidity arising from any acts of the insured or the Unit Owners obtain additional coverage, and shall provide that such policies may not be cancelled or substantially modified without at least 10 days' written notice to all of the insured's. Duplicate originals or certificates of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all named insured and additional insured at least 10 days prior to expiration of the then current policies.

The Condominium Board shall also maintain: (a) public liability insurance as to personal injury and property damage in such limits and amounts as the Condominium Board may from time to time determine; (b) rent insurance in an amount equal to the Common Charges for one year; (c) boiler and machinery

insurance; (d) water damage legal liability insurance; (e) elevator collision insurance; (f) umbrella liability insurance; and (g) such other insurance as the Condominium Board may from time to time determine. Such public liability insurance will also cover cross-liability claims of one insurer against another. However, such insurance will not cover the individual liability of a Unit Owner arising from any occurrence within his or her own Unit.

Any insurance maintained by the Condominium Board may provide for such deductible amounts as the Condominium Board may determine. The cost of all such insurance shall be paid by the Condominium Board and shall be borne by all Unit Owners as part of the Common Charge.

Until the first meeting of the Condominium Board elected by the Unit Owners, the public liability insurance will be in a limit of $1,000,000 covering all claims for personal injury or property damage in respect of any one occurrence, and the fire insurance will be at least in the amount of $10,000,000.00. The Condominium Board shall review such limits annually. See the Notes to Schedule B for full details of the projected insurance coverage to be maintained by the Condominium Board during the first year of condominium operation.

Unit Owners shall not be prohibited from carrying other insurance for their own benefit, provided that such policies contain waivers of subrogation and provided, further, that the liability of the carriers issuing insurance procured by the Condominium Board shall not be affected or diminished by reason for any Unit Owner's other insurance. A Unit Owner should consider maintaining, at his or her own expense: (a) separate insurance on the contents (i.e., furniture and other personal property and belongings, including replacements, additions, upgraded fixture and appliances such as kitchen appliances installed by the Unit Owner and other improvements such as wallpaper and other wall, floor or ceiling treatments installed by the Unit Owner) in his or her Unit, in such amount as will be adequate to insure against loss by reason of fire or other casualty, and (b) liability insurance against claims for personal injury or property damage resulting from occurrences in his or her Unit or its appurtenant Limited Common Elements.

7. Repair or Restoration after Fire or Other Casualty

Except as set forth in the next paragraph, in the event that the Building, or any part thereof, is damaged or destroyed by fire or other casualty, the Condominium Board will arrange for the prompt repair and restoration thereof (including any damaged Units but excluding appliances, fixtures, furniture, furnishings, or other personal property not constituting a part of such Unit or a Limited Common Element or not specifically covered by special endorsement), and will use the insurance proceeds for such purpose. If the insurance proceeds are insufficient to cover the cost of repairs or restorations, the Condominium Board may

assess all Unit Owners for such deficit as a Common Expense. Any surplus insurance proceeds shall be paid to all Unit Owners in proportion to their respective Common Interests, except that no payment shall be made to a Unit Owner until there has first been paid, out of his or her share of such funds, such amounts as may be necessary to reduce unpaid liens on his or her Unit (other than mortgages that are not Permitted Mortgages) in the order of priority of such liens.

If 75% or more of the Building is destroyed or substantially damaged and if 75% or more of all Unit Owners, both in number and in Common Interests, do not promptly resolve to proceed with the repair or restoration thereof, the White Sands Condominiums will not be repaired and shall be subject to an action for partition instituted by any Unit Owner or lienor, as if owned in common, in which case the net proceeds of the resulting sale, together with the net proceeds of insurance policies, shall be divided among all Unit Owners in proportion to their respective Common Interests, provided, however, that no payment shall be made to a Unit Owner until there has first been paid, out of his or her share of such funds, such amounts as may be necessary to discharge all unpaid liens on his or her Unit (other than mortgages that are not Permitted Mortgages) in the order of the priority of such liens. If Sponsor or any Sponsor- designee is then a Unit Owner, it will have the right to vote at any meeting of Unit Owners called for the purpose of deciding whether to proceed with the restoration or repair of the Building.

Y. REAL ESTATE TAXES

In accordance with the New York State Condominium Act, real estate taxes applicable to each Unit will be separately assessed. The estimated monthly costs and charges to be incurred by the owner of each Unit in the first year in which the Property will be fully subject to real estate taxes together with estimated insurance costs for the fire and liability insurance on each Unit and the monthly mortgage and other carrying costs for the are set forth on Schedule A. Estimated assessed valuation is based upon information received from the Department of the Assessor of the City of Long Beach and the Nassau County Department of Assessment.

The tax payable for each Unit has three components; the County tax; the School tax and the Long Beach City tax.

The formula applied by Nassau County to derive the projected County real estate tax and School tax for each Unit is as follows:

Unit Purchase Price divided by the Total Offering ($27,053,000.00) the product of which is multiplied by the Unit Purchase Price equals the Assessed Value ("AV").

AV x Tax Rate = Annual Tax Payable

The present County tax is $0.508 and the present School tax rate is $0.0888.

The formula applied by this City of Long Beach to derive the City tax is based upon a projected assessed valuation for each Unit derived by the City from economic data supplied by the Sponsor, taking into account the allocation of Common Interest as well as the relative location of each Unit. This assessed valuation is multiplied by the current tax rate of $0.155 to derive the projected annual City tax.

The projected assessment for each of the Units are as follows:

UNIT #	PROJECTED ASSESSMENT OF NASSAU COUNTY	PROJECTED ASSESSMENT OF LONG BEACH
201	$1,880.00	$7,592.00
202	7,728.00	13,230.00
203	3,355.00	10,011.00
204	13,310.00	13,154.00
205	13,310.00	13,154.00
301	10,241.00	13,447.00
302	9,975.00	13,394.00
303	15,720.00	12,992.00

UNIT #	PROJECTED ASSESSMENT OF NASSAU COUNTY	PROJECTED ASSESSMENT OF LONG BEACH
304	15,720.00	13,550.00
305	15,720.00	13,550.00
401	12,285.00	13,645.00
402	10,165.00	13,590.00
403	10,165.00	13,180.00
404	15,960.00	13,755.00
405	15,960.00	13,755.00
501	13,090.00	13,842.00
502	10,900.00	13,788.00
503	10,980.00	13,374.00
504	16,875.00	13,940.00
505	16,875.00	13,940.00
601	13,310.00	14,040.00
602	11,655.00	13,985.00
603	11,655.00	13,565.00
604	17,125.00	14,140.00
605	17,125.00	14,140.00
701	14,145.00	14,238.00
702	11,865.00	14,180.00
703	11,865.00	13,755.00
704	18,070.00	14,340.00
705	18,070.00	14,340.00
801	14,375.00	14,435.00
802	12,075.00	14,378.00
803	12,075.00	13,947.00
804	18,330.00	14,535.00
805	18,330.00	14,535.00
901	15,240.00	14,633.00
902	12,870.00	14,575.00
903	12,870.00	14,137.00
904	12,870.00	14,730.00
905	18,590.00	14,730.00
1001	15,480.00	14,830.00
1002	13,090.00	14,772.00
1003	13,090.00	14,330.00
1004	19,575.00	14,930.00
1005	19,575.00	14,930.00

In the event the Units have not been separately assessed for real estate tax purposes prior to the closing of title to the first Unit, Sponsor may place in escrow, in the name of the Board of Managers, an amount equal to the real estate taxes

attributable to the unsold Units for such six month period and may collect at each closing the estimated amount of taxes attributable to such Unit for the balance of the six month period. The Board of Managers will pay the real estate taxes from the escrow account when taxes are due and payable and will be entitled to reimbursement from Unit Owners to the extent of the actual assessment. There are no tax certiorari proceedings pending for the Property. The By-Laws empower the Board of Managers to bring such proceedings on behalf of the Unit Owners.

The Sponsor anticipates that the real estate tax rate will vary in future years rather than remain constant. The estimates of projected real estate taxes in this Offering Plan have been prepared by the Sponsor and cannot be construed as an assurance of the final tax costs, but are merely estimates based upon information available to the Sponsor at this time. In no event will the Sponsor or Sponsor's Counsel be liable to any Purchaser under this Plan, nor will any Purchaser have the right to rescind his Purchase Agreement, in the event the amount of the taxes differ from those projected.

In the opinion of Sponsor's counsel, each Unit Owner who occupies the Unit for residential purposes and who itemizes deduction will, in general, be entitled under present income tax laws to deduct from income for purposes of Federal and New York State income taxes, interest paid on any mortgage indebtedness and real estate taxes in the taxable year in which the same are actually paid or accrued in accordance with the Unit Owner's method of accounting. However, the amount of these deductions may vary from year to year due to: (a) changes in the interest rate on any mortgage, refinancing of any mortgage, or the allocation of constant debt service payments between interest and principal, or (b) changes in the amount of real estate taxes based upon changes in the assessed valuation of Units, the tax rate or in the method of assessing real estate.

NO REPRESENTATION OR WARRANTY IS MADE AS TO THE AMOUNTS OF THE FUTURE ASSESSED VALUATION OF THE PROPERTY OR THE UNITS OR OF THE TAX RATE THAT WILL BE IN EFFECT FOR ANY FISCAL TAX YEAR. IN ADDITION, NO REPRESENTATION OR WARRANTY IS MADE THAT THE ASSESSED VALUATIONS OF THE UNITS WILL BE DETERMINED BY ALLOCATING THE ASSESSED VALUATION IN ACCORDANCE WITH THE UNITS' RESPECTIVE COMMON ELEMENTS.

IN ADDITION, NO ASSURANCE CAN BE MADE THAT SUBSEQUENT TO THE FISCAL TAX YEAR REFERRED TO IN SCHEDULE A, THE ASSESSED VALUATION OF THE PROPERTY WILL NOT UNDERGO A FURTHER EQUALIZATION REASSESSMENT WHICH WILL RESULT IN A REASSESSMENT OF THE PROPERTY TO WHICH THE TAX RATE AT THAT TIME WILL BE APPLIED.

Z. INCOME TAX DEDUCTIONS TO UNIT OWNERS AND TAX STATUS OF CONDOMINIUM

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

As fully set forth in the tax opinion of Zapson & Galanter LLP, counsel to the Sponsor, in Part I of this Plan (the "Tax Opinion"), under present law, a Unit Owner will, for Federal income tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid or accrued under Sections 163 and 164. These deductions are subject, however, to certain exceptions and limitations that are more particularly discussed in the Tax Opinion. These deductions may also affect an individual Unit Owner's liability for the alternative minimum Federal income tax. Each individual Unit Owner will, for New York State income tax purposes, be entitled to similar deductions for the mortgage interest and real estate taxes paid or accrued during the taxable year.

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

(i) is treated as a conduit,
(ii) qualifies and elects to be taxed under Section 528, or
(iii) is treated as a corporation.

If the Condominium Board is treated as a conduit, it will not be subject to tax. Rather, items of income, expenses, credits and deductions will be attributed to each Unit Owner in proportion to his Common Charges. Thus, for example, interest earned on funds reported by the Condominium Board would be taxed to the Unit Owners. There appear to be no judicial precedents directly supporting such treatment and the position of the Internal Revenue Service (the "Service"), which is described more fully below, appears to be that a condominium management association is an association taxable as a corporation.

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

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

(ii) Sixty percent or more of the gross income of the condominium management association for the taxable year must consist of assessments from Units ("Exempt Function Income");

(iii) Ninety percent of the expenditures of the condominium management association for the taxable year must be for the acquisition, construction, management, maintenance, and care of the condominium management association's property;

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

(v) Substantially all of the units must be used as residences.

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

A condominium management association meeting the requirements of Section 528 and electing to be exempt from Federal income tax on Exempt Function Income would be taxable at a rate of 30% on the amount by which its other income exceeds the amount of allowable deductions that are directly connected with the production of such income. Such an association, however, would not be allowed certain deductions that are available to corporations that are not taxable under Section 528.

If the Condominium Board either cannot qualify or chooses not to elect the benefits of Section 528, certain published rulings of the Service implicitly state that a condominium management association will be treated as an association taxable as a corporation. Consequently, unless a valid election pursuant to Section 528 has been made, it appears that the Condominium Board would be taxable on that portion of the Common Charges which exceeds the deductible expenses paid or incurred by

the Condominium Board for the operation of the Condominium property. The Condominium would also be taxable on income derived from the interim investment of the Common Charges, on income from nonresidential leases of Common Elements, and on income from the operation of facilities that are available to outsiders, net of deductible expenses related to the production of such income.

If the Condominium is treated as a corporation for Federal income tax purposes, the Condominium Board might still contend that a portion of the Common Charges that it receives should not be includable in its gross income. For example, published rulings of the Service indicate that assessments collected by a condominium management association and expressly designated for use for specified capital improvements that are owned in common, and which are not commingled with funds collected for operating expenses or as contingency reserves, should not be included in the gross income of a condominium management association. No part of such an assessment may, however, be expended by the condominium management association for the benefit of an individual owner.

In addition, in connection with assessments for ordinary operating expenses, such as the Common Charges, a condominium management association may not have any taxable income if the expenses of the condominium management association with respect to managing operating, and replacing the common elements of the condominium either equal the assessment or any excess amount is annually returned to unit owners or applied to the next year's assessment. Based on the facts in existence at the present time, it appears that the Condominium Board is unlikely to have a substantial amount of income other than the Common Charges.

If Section 528 is not applicable, moreover, the Service has noted that a condominium management association may be eligible for the tax treatment afforded to certain cooperatives under Subchapter T of the Code. However, there is very little guidance with respect to the applicability of these provisions to an association managing residential condominium units since generally only farming cooperatives avail themselves of these provisions.

If the Condominium Board makes additional assessments to cover the amounts of any Federal, New York State, or New York City tax liability incurred, such additional assessments may also be taxable to the Condominium.

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

EACH PURCHASER SHOULD CONSULT HIS OR HER OWN TAX COUNSEL AS TO THE TAX CONSEQUENCES OF THE PLAN AND OF UNIT OR COMMERCIAL UNITS OWNERSHIP.

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OF COUNSEL
MARTIN L. LERNER°
STANLEY M. SPIEGLER

AA. COUNSEL'S INCOME TAX OPINION

August 8, 2001

The Board of Managers of
White Sands Condominiums
26 West Broadway
Long Beach, NY

Re: Offering Plan for Condominium Ownership for Premises known as White Sands Condominiums located at 26 West Broadway, Long Beach, New York.

Gentlemen/Mesdames:

You have requested our opinion concerning (i) the availability of certain deductions for Federal and New York State income tax purposes to persons who purchase Unit for private residential use ("Units") under the Plan and the proper treatment by the Condominium Board for such income tax purposes of the Common Charges paid or borne by all Unit owners. Except where otherwise indicated herein, the terms used in this opinion have the same meanings as in the Plan.

In this connection, we have reviewed the Plan, relevant Sections of the Internal Revenue Code of 1986, as amended ("Code"), the New York State Tax Law, the New York City Administrative Code, the Regulations promulgated thereunder and such other materials as we deemed relevant, and we have assumed that the closing under the Plan will occur in 2002.

I. Deductions for Mortgage Interest and Real Estate Taxes

A Unit owner will own his Unit and its Appurtenant Interest in the Common Elements in fee simple absolute. Accordingly, each Unit will be taxed as a separate tax lot for real estate tax purposes and the Unit Owner will be individually liable for the payment of such real estate taxes. A Unit Owner, pursuant to the terms of the offering Plan, may also mortgage such Unit(s) and become individually liable for the payment of any finance charges or interest on such mortgage indebtedness.

In our opinion, a non-corporate Unit Owner who itemizes his deductions will be entitled to a deduction in computing his taxable income for Federal income tax purposes for bona fide mortgage interest incurred with respect to his Unit in the year paid or accrued provided that (a) the indebtedness is incurred in acquiring, constructing or improving the Unit, (b) the indebtedness is secured by the Unit, (c) the indebtedness does not exceed $1 million, and (d) the Unit is a "qualified residence." Interest paid on indebtedness that refinances indebtedness incurred to acquire, construct or improve a Unit is similarly deductible. A unit will be a "qualified residence" if it is either (i) the Owner's "principal residence" as that term is defined by Code Section 1034 or (ii) a residence as defined by Code Section 280A(d) (1) that the Owner selects as a qualified residence. Thus, a single taxpayer or a married couple filing a joint return may have two, and only two, qualified residences. in the case of a married couple filing separate returns, each taxpayer may take into account a single "qualified residence", unless by written agreement they consent to one of them taking into account a principal residence and one other residence. Under Section 461(g) of the Code, no deduction will be allowed to a cash basis taxpayer in the year of payment for prepaid interest (other than points paid in certain cases).

In our opinion, a Unit who itemizes his deductions and whose Unit is used by him for residential purposes will, for Federal income tax purposes, be entitled to a deduction for real estate taxes incurred with respect to his Unit in the year paid or accrued under Section 164 of the Code.

It is also our opinion that each Unit Owner whose Unit is used in an active profession and/or trade or business, other than the rental of such Unit, in which the Unit Owner materially participates, will, for Federal income tax purposes, be entitled to a deduction for real estate taxes incurred with respect to his Unit in the year paid or accrued under Section 164 of the Code.

Other rules are applicable to a Unit Owner if the Unit is to be used in a trade or business or is to be held for rental. In these cases, the Tax Reform Act of 1986 will have broad impact, and no opinion is offered as to the consequences to such a Unit Owner.

It is also our opinion that each Unit will, for New York State income tax purposes, be entitled to the same deduction which is allowed for Federal income tax purposes for the mortgage interest and real estate taxes paid or accrued during the taxable year. Section 615 of the New York State Tax Law.

It should be noted, however, that the benefit of a Unit Owner's deductions for interest and real estate taxes may be reduced if the Unit owner is subject to the Federal alternative minimum tax. Section 55 of the Code. In addition, it should be noted that state and local taxes, including real estate taxes, are not deductible for purposes of calculating an individual's federal alternative minimum taxable income.

It should be noted that our opinion as to the availability of deductions to a Unit owner with respect to mortgage interest and real estate taxes in connection with his or her Unit used in an active profession and/or trade or business, other than the rental of such unit, is based on the assumption that such owner will have "at risk" within the meaning of Section 465 of the Code, in such profession, trade or business, an amount equal to, or in excess of his losses in connection with said profession, trade or business, including such deduction.

II. Common Charges

Common Charges will be borne by the Unit Owners and assessed and collected by the Board of Managers ("Condominium Board").

Under Section 528, added to the Code by the Tax Reform Act of 1976, some Condominium Boards may be eligible to be exempt for tax on Common Charges collected from the Unit Owners, provided the requirements of Section 528 are met. However, because of certain tests for qualification, including the composition of the Condominium Board's receipts and expenditures, and because of certain ambiguities in the language of Section 528 which are no clarified by the legislative history, rulings or regulations, it is not presently possible to determine the application of Section 528 to the Condominium.

Accordingly, while a Section 528 election may be contemplated, it is not possible at this time to express an opinion as to the Section's applicability.

Even if the Condominium Board were eligible to make a Section 52 election, it would still be subject to tax on any income no received as assessments or other such payment from Unit Owners thus, if the Condominium Board realized interest income from funds on deposit, such interest may be taxable to it.

If an election under Section 528 is not in effect for the taxable year, the tax status of the Condominium Board will be governed by the rules in effect prior to the enactment of Section 528 ("existing law").

Under existing law, the tax status of the Condominium Board is uncertain. The By- Laws provide that the Condominium Board will act as the agent of the Unit Owners. Thus, the Condominium Board may take the position that it is simply a conduit for receipts and payments of the Unit Owners for whom it acts as agent and not separate entity. In such case, the Unit Owners would themselves be taxable on any interest or similar income which is earned for investments of the amounts which are assessed and collected from the Unit Owners and/or held as reserve funds.

However, the Internal Revenue Service may contend that for purposes of those matters administered through the Condominium, Board, such as the assessment and expenditure of Common Charge to the Unit Owners through the Condominium Board, constitute association taxable as a corporation. In such event, such association may be deemed subject to the Federal corporate income tax (and also to New York State corporate income taxes) on the portion of the Common Charges which is deemed to constitute gross income of such association, to the extent that such portion (together with any income earned from other sources, such as interim investments of funds by such association) exceeds the current expenses paid or incurred through the Condominium Board which are deductible for Federal income tax purposes.

In this connection, published rulings indicate that Common Charges which are assessed by the Condominium Board and designated for use solely to make specified capital improvements and which are maintained in a separate bank account should not constitute gross income to such Board, either because it is deemed to receive and hold such Common Charges as agent for the Unit owners from whom the assessments were collected, Rev. Rul. 75-370, 1975-

2 Cum. Bull. 25, or because the assessed Common Charges are deemed to be nontaxable contributions to the capital of the association. Rev. Rul. 75-371, 1975-2 Cum. Bull. 52 Cf. Concord Village, Inc., 65 T.C. 142 (1975). However, if treated as contributions to the capital of the association, it should be noted that when such amounts (together with any other funds accumulated by the association) are expended for capital improvements, the Internal Revenue Service may contend that the capital expenditures benefit the Unit Owners, and that each Unit Owner should therefore be treated as receiving a distribution equal to the fair market value of that benefit; under the usual rules applicable to distributions of associations, a distribution is first treated as taxable ordinary income to the extent of the distributee's proportionate share of the association's earnings and profits, then as a tax-free recovery of basis to the extent thereof, and the balance, if any, as capital gain.

In this connection, it should be noted that if the Condominium Board is determined to be a separate taxable entity for federal income tax purposes, it is possible that the limitations of Section 277 may be found to apply. If this were the case, the Condominium Board's income from sources other than Unit Owners, if any, could not be offset by the Condominium Board's expenses incurred in the provision of services to Unit Owners. It is unclear how interest or other income earned on the investment of a required reserve fund would be treated for this purpose; if such income were treated as not derived from the Unit Owners in consideration of services rendered them by the Condominium Board, then such income may not be reduced by the Condominium Board's operating expenses with respect to the property and may result in a liability for taxes.

In the event that the Condominium Board is required to pay any Federal or New York State income tax, and the Condominium Board makes an additional assessment in order to meet this tax liability, it should be noted that the additional amount collected through such assessment may itself be subject to tax. See, Old Colony Trust Co. v. Commission, 279 U.S. 716 (1929); Rev. Rul. 74-75. 1974-1 Cum. Bull. 19; Rev. Rul. 86-14 I.R.B. 1986-5, 3 3.

We express no views as to any Federal or New York State tax consequences or as to any aspects of the Plan other than those consequences and aspects explicitly discussed in this opinion, or as to any tax status of the Plan of a Unit under the laws of any other U.S. or foreign jurisdiction.

Thus, this opinion does not deal with tax consequences which may result from ownership of a Unit in connection with the Unit Owner's trade or business, other than set forth herein, or for purposes of investment or the production of income, or which ma result to a foreign Unit Owner by reason of his foreign status This opinion also does not deal with the tax consequences which may arise if units or Limited Common Elements are acquired and/or leased by the Condominium Board.

In our opinion, Unit Owners will be entitled to income tax deductions. However, this opinion is not a guarantee; it is based existing rules of law applied to the facts and documents referred above. No assurances can be given that the tax laws upon

which counsel base this opinion will not change. In no event will the Sponsor, the Sponsor's counsel, the Board of Managers of the Condominium or any other person be liable if there are changes in the facts on which counsel relied in issuing this opinion or if there are changes in the applicable statutes, regulations, decisional law or Internal Revenue Service rulings on which counsel relied which cause Unit Owners not to be entitled to income tax deductions.

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

Very truly yours,

Zapson & Galanter LLP

BB. WORKING CAPITAL AND RESERVE FUND

1. Working Capital

At the time of the first closing of title to each Unit to a bona fide Purchaser, such Purchaser shall pay a sum equal to two (2) months Common Charges for the Unit being purchased, to the Board of Managers for its working capital (the "Working Capital Fund"). This fund is to be used for payment by the Board of Managers of any net closing adjustment expenses owed to Sponsor at the First Unit Closing. The amount of the net closing adjustment owed to Sponsor will be paid to Sponsor by the Board of Managers, without interest, by applying the two (2) months Common Charges paid by each Purchaser at the closing of title to each Unit to the terms of a non-interest bearing note due on the first anniversary of the First Unit Closing to be executed by the Board of Managers at the First Unit Closing. Sponsor is hereby authorized to endorse the two (2) months Common Charge checks payable to the Board of Managers over to Sponsor and to apply such payments without any further action of the Board of Managers until the promissory note is paid in full. If the promissory note is not fully paid by the due date from such payments, the Board of Managers will pay the note in full from its general funds. The Board of Managers will be entitled to prepay the note, in full only, at any time and without penalty. Sponsor will waive any net adjustments in its favor which would reduce the Working Capital Fund below zero after making provision for the amount of monies that would be generated by the payment of the two (2) months Common Charges for each Unit in the Building. If the result of the closing adjustments is a net credit in favor of the Condominium, or if any amounts remain after the promissory note has been fully paid, such amounts in the Working Capital Fund may be held or used at any time for working capital, to make repairs or for such other appropriate purposes permitted under the Declaration and the By-Laws as will be determined by the Board of Managers in its sole discretion.

2. Reserve Fund

The Budget, set forth in Schedule B in Part 1 of this Plan provides for monthly contributions from monthly common charges towards the Reserve Fund. The Reserve Fund may only be used for capital expenditures such as roof replacement. It is not anticipated that there will in any capital expenditure within the first five (5) years of condominium operation.

No provision has been made for any Reserve Fund or for any Working Capital Fund other than the above. If additional funds are required for capital expenditures such as renewal or replacement of building components or systems or to remedy major building defects, it may be necessary to increase Common Charges or make Assessments on Unit Owners.

For such period as Sponsor retains control of the Board of Managers, the Working Capital Fund shall not be used to reduce estimated Common Charges.

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

CC. IDENTITY OF PARTIES

Sponsor

The Sponsor, Sun America LLC is a New York Limited Liability Company organized on March 2, 2001, with an address at 71 Brookville Road, Brookville, New York 11545. The sole members of Sponsor are Moussa Shokrian, Mozafar Shokrian, Iraj Shokrian and Moussa Rayhanian.

For the past five (5) years the shareholders have all been real estate developers and principals have developed approximately seventy five (75) properties in Nassau County. In addition to doing business as Sun America Development LLC various combinations of the principals do business as Sun American Development Inc., Shokrian, Inc., Home Atlantic, Inc., Larco Development, Inc., Peachtree, Inc., and Hewlett Heath Road Corp. This Plan represents the first participation in public offering in real estate by the Sponsor, its principals or affiliates.

Selling Agent

The selling agent, ERA Paul Gold Real Estate, Inc. with offices at 1051 West Beech Street, Long Beach, New York has been in business for over 50 years and has been the exclusive agent for the Ocean Crest Villa Condominium Complex at National Boulevard and West Broadway, Long Beach, New York. The principal, Miriam Gold, has been a National Award Winner and has sold 65 million dollars worth of residential and commercial property in the Long Beach area over the past 5 years. The selling agent, ERA Paul Gold Real Estate, Inc., is not an employee is not controlled by the Sponsor and has no financial interest in the property or the Sponsor except they will be paid a commission for their services.

Architect

The Architect for the Project is Newman Design Group, 210 West Rogues Path, Cold Spring Hills, New York 11743. Established in 1984, the firm has designated over 100 major projects encompassing 2000 mutli-family housing units, office and commercial space.

Counsel to Sponsor

The Sponsor has retained the law firm of Zapson & Galanter LLP, 450 Seventh Avenue, New York, New York 10123, to represent it in the preparation and consummation of the Offering Plan. David Galanter, Esq., a member of Zapson & Galanter LLP, drafted the Declaration, the By-Laws, this Plan, the form of Purchase

Agreement, the form of deed and all other documents necessary in connection with the formation of the Condominium, and is advising the Sponsor in connection with all legal matters incidental thereto. No separate counsel has been retained to represent the Condominium. It is suggested and expected that each Purchaser will consult and be represented by his own counsel in connection with this Offering.

Zapson & Galanter LLP has no financial interest in the Property, the Sponsor or the Selling Agent, except that they are to be paid a fee for its services.

DD. REPORTS TO UNIT OWNERS

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

(a) The financial statement of the Condominium prepared by a certified public accountant or public accountant by June 1st of each calendar year for the prior fiscal year; such statement shall be certified while the Sponsor is in control of the Board of Managers;

(b) A prior notice of the annual Unit owner's meeting;

(c) A copy of the proposed annual budget, if any, of the Condominium within ten (10) days prior to the date set for adoption thereof by the Board of Managers. While the Sponsor is in control of the Board of Managers, it shall be Sponsor's obligation to deliver to all Unit Owners a proposed annual budget which shall be certified as to its adequacy by an expert experienced in the management of condominium, cooperative and/or rental properties.

EE. DOCUMENTS ON FILE

Copies of this Plan and all exhibits or documents referred to herein shall be available for inspection by prospective purchasers and by any person who shall have purchased a Unit offered under this Plan or shall have participated in the offering of such Unit, at the office of Sponsor during convenient weekday hours and shall remain available for such inspection for a period of six years from the date of the First Unit Closing. The Sponsor shall, at the time of the First Unit Closing, deliver to the Board of Managers a copy of all documents filed with the appropriate recording office.

FF. GENERAL

A. Each Unit Owner shall be required to comply with and abide by the Declaration, the By-Laws and the Rules and Regulations of the Condominium made in accordance therewith and to pay the Common Charges levied by the Board of Managers. Such obligations shall be enforceable by the Board of Managers by foreclosure of the statutory lien against the Unit for the amount of any such unpaid Common Charges or by suit to collect the same by action for damages, by injunction or by other appropriate relief.

B. There are no lawsuits or other legal proceedings pending which could materially affect this Offering, the Purchasers of Units, the Property, Sponsor's capacity to perform all its obligations under the Plan, the Condominium or the operation thereof.

C. To the best of Sponsor's knowledge, the property was not the subject of a prior public offering.

D. The Declaration and By-Laws of the Condominium are made part of this Offering Plan.

E. Annexed to the By-Laws are the Rules and Regulations of the Condominium which shall apply until amended by the Board of Managers.

F. This Plan contains an accurate summary of the pertinent provisions of the various documents referred to herein and copies thereof are on file with the Sponsor for inspection purposes. Any information, data, or representation not referred to in this Plan and not contained in the various documents mentioned herein, must not be relied upon. This Plan does not omit any material fact or contain any untrue statement of a material fact. No person has been authorized by the Sponsor to make any representation which is not expressly contained herein.

G. Sponsor hereby represents that neither it, nor any of its agents, will refuse to sell or offer, or will otherwise discriminate against any person or persons by reason of their race, religion, color or place of national origin in the sale, transfer or lease of Units described in this Plan.

H. This Plan may not be changed or modified orally.

I. Sponsor reserves the right to revise, from time to time, the terms and conditions upon which Units are to be sold and to otherwise revise this Plan, including revisions affecting the rights, obligations and liabilities of Sponsor, Purchasers or Prospective Purchasers without obtaining the consent of Purchasers or others. However, Sponsor may neither unilaterally cancel an outstanding

Purchase Agreement, except as therein provided, such as in the case of an uncured default, nor unilaterally change the purchase price or the payment terms contained in such a Purchase Agreement. All substantive or material revisions will be contained in a duly filed amendment to this Plan. In the case of a material revision adversely affecting the rights, obligations or liabilities of then existing Purchasers or reducing the undertakings or obligations of Sponsor, such Purchasers will be given, for fifteen (15) days after the presentation of the amendment, a right to rescind their Purchase Agreements by written notice to Sponsor and be refunded, except as provided for in the Plan, all monies paid thereunder, with any interest earned thereon. However, such rescission, as to a Purchaser who first became an occupant of the any Unit pursuant to a Purchase Agreement, will be conditioned on the cancellation of any interim use and occupancy agreement and surrender of possession of his Unit within fifteen (15) days thereafter.

GG. SPONSOR'S STATEMENT OF BUILDING CONDITION GENERAL

Sponsor represents that, to the best of its knowledge, the Description of Property and Specifications hereinafter set forth in Part II of the Plan, which Sponsor hereby adopts, accurately summarizes the general nature of the systems, materials, equipment, appliances and fixtures to be contained in the Building on completion of construction. However, Sponsor reserves the right to substitute in place thereof, without prior notice or amendment to the Plan, systems, materials, equipment, appliances and fixtures of equal or better quality. Sponsor further reserves the right to make all decisions relative to construction methods, practices and designs. In addition, Sponsor will, by the First Unit Closing or within a reasonable period thereafter, cure or cause to be cured all violations of record against the Property as set forth in the Plan, if any.

The Description of Property and Specifications set forth in Part II of the Plan was prepared by Newman Design Group, Architects and is included in this Plan in reliance upon their expertise.

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PART II

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Exhibit "A"
PURCHASE AGREEMENT

Unit No. _____ Date:_____

Seller: SUN AMERICA LLC

Address: c/o Zapson & Galanter LLP, 450 Seventh Avenue, New York, NY 10123

Telephone:

Facsimile:

Purchaser:

Address:

Purchaser's Attorney:

Address:

Telephone:

Facsimile:

Purchase Price: $

Deposit: $

Balance due at Closing: $

Amount Financed: $

Broker: ERA Paul Gold Real Estate Inc.

Title Company: Beach Abstract Inc.

Telephone: (516) 670-9205

Seller and Purchaser agree as follows:

1. DESCRIPTION OF UNIT.

Seller shall sell to Purchaser and Purchaser shall buy from Seller a Condominium Unit substantially similar to Seller's model, if any, known as Unit No. ____ (the "Unit") together with a _____% undivided interest in the common elements of the Condominium known as White Sands Condominium (the "Condominium") as described in the Declaration of Condominium recorded or to be recorded in the Nassau County Clerk's Office, to be built by Seller on property located in the City of Long Beach, New York (the "Property"). The Unit shall also include the following:

All articles of personal property, fixtures and equipment as set forth in the Plan as hereinafter defined are included in this sale, and same will be delivered free and clear of all liens and encumbrances.

2. OFFERING PLAN.

Seller has exhibited and delivered to the Purchaser and Purchaser acknowledges having received, read and understood the Offering Plan for Condominium ownership of the Property and all filed amendments thereto, all of which are incorporated by reference and made a part of this Contract with the same force and effect as if fully set forth in this Contract. Purchaser agrees to be bound by the Offering Plan and all amendments thereto now or hereafter filed by Seller (collectively the "Plan"). Seller may freely amend the Plan in any respect from time to time, without Purchaser's approval or consent. However, in the event any amendment materially and adversely affects Purchaser, Purchaser shall be given the right to rescind this Contract. Any conflict between the Plan and this Contract shall be resolved according to the terms of the Plan. Purchaser acknowledges having received and read the Plan at least three business days prior to signing this Contract and having had full opportunity to examine all papers and documents and investigate all matters set forth in the Plan.

3. PURCHASE PRICE.

The price for the Unit is $_____ to be paid by Purchaser as follows:

$_____ At the time Purchaser signs this Contract a "Deposit" which shall not be less than ten percent (10%) of the Purchase Price (inclusive of payments previously made by Purchaser, if any, as a non-binding reservation deposit)

$_____ At the time of Closing.

$_____ Amount Financed (see paragraph 8)

Within 10 business days after Purchaser delivers this Contract to Seller fully executed by all individuals identified as Purchaser above, together with full payment of the Deposit, Seller shall either accept this Contract by executing and returning a copy to Purchaser, or reject this Contract in which case Seller shall promptly return or refund in full the Deposit theretofore tendered by Purchaser. All payments at Closing by Purchaser shall be in cash, good Certified Check or Official Bank check originally drawn on a New York bank directly to the order of the Seller and shall be accepted subject to collection. Any payment not made by Purchaser within 5 days after its due date shall be deemed a major default by Purchaser under this Contract.

4. CHANGES.

In building the Unit and performing any other work to the Unit or on the Property, Seller reserves the right without notice to Purchaser to: (a) make changes or substitutions of materials or construction from those shown in the model or building plans, provided any such changes or substitutions are of substantially similar or better quality; (b) determine the exterior color, design and location of any building and landscaping and grading of the Property; (c) determine elevation and location of foundations (including reversal of Unit and building layout), walks and driveways to conform with topographical conditions (d) determine the location and type of Unit to be constructed in a particular building; (e) fix the location and setbacks of all White Sands Condominiums; (f) determine whether existing trees, shrubs and other plant life are to be removed; (g) determine the location of electric, gas and water meters, electric transformers, hose bibs, mail boxes, refuse dumpsters, leaders and gutters; and (h) relocate parking spaces.

Seller shall notify Purchaser of any major changes, specifications, deviations, additions or deletions ("Extraordinary Changes ") which are beyond the scope of those set forth in subsections (a) through (i) above. If Seller notifies Purchaser in writing *of* any Extraordinary Changes, Purchaser shall be deemed to have approved of same, unless Seller receives Purchaser's written disapproval thereof within 10 days from date of the notice by Seller. Upon receipt of Purchasers disapproval, Seller may, within 30 days thereafter, give Purchaser written notice withdrawing its proposed Extraordinary Changes, in which case Seller shall thereafter continue with its development activities without the Extraordinary Changes. If Seller fails to give Purchaser notice of withdrawal within such 30 day period, Purchaser may declare this Contract null and void by so notifying Seller in writing delivered to Seller no later

than 45 days after having delivered Seller the original notice of disapproval, whereupon Seller shall promptly return to Purchaser all monies paid by Purchaser to Seller on account of the purchase price and thereafter neither party shall have any further liability or obligation to the other in connection with this Contract or transaction.

5. GOVERNMENTAL REQUIREMENTS.

If after the date of this Contract, any law or governmental authority requires any substitutions, changes or additions in any part of the construction of the Unit, the materials used in construction, the manner of construction or any other aspect of development, then the actual increase in the cost of such substitution, change or addition shall be added to the price of the Unit and shall be payable by Purchaser to Seller at Closing (defined below), provided, however, that if the amount of such additional cost exceeds $1,000 then Purchaser may cancel this Contract and receive a full refund of all payments made to Seller on account of the purchase price, whereupon neither party shall have any further liability or obligation to the other in connection with this Contract or transaction. However, such right to cancel this Contract shall automatically terminate if Purchaser fails to give written notice of cancellation to Seller within 10 days after Seller informs Purchaser of the amount of the additional expense.

6. CLOSING DATE: ADJOURNMENTS OR CONSTRUCTION DELAYS BY SELLER

The act of transferring ownership of the Unit in return for payment in full of the purchase price and all other sums due from Purchaser under this Contract is known as "Closing", and shall take place at the office to be designated by Seller at 10:00 A.M. o'clock, on or about _____ 200_, or at another time and place and on such date as Seller shall designate to Purchaser by prior written notice ("Notice for Closing"), which notice shall be given to Purchaser (i) no less than 30 days before the date set for Closing in the event Purchaser enters into this Contract prior to the Plan being declared effective, or (ii) no less than 15 days before the date set for Closing in the event Purchaser enters into this Contract after the Plan is declared effective. Purchaser may waive the applicable notice period by execution of a waiver in the form set forth as Exhibit D-4 to the Plan.

Seller shall have the right, from time to time, to adjourn such date and time for Closing on written notice to Purchaser. If the Closing is adjourned by Seller, then Seller shall, by a new Notice for Closing, fix a new date and time for Closing and shall give Purchaser not less than 10 days prior written notice of the new scheduled date and time for Closing.

If Closing takes place at the request of Purchaser at any location other than

the office of Seller's attorney, Purchaser shall pay to Seller's attorney a travel fee in the sum of $350.00, if the Closing location is in New York or Nassau Counties, and $450.00 if the Closing location is in Suffolk County, Queens County or Kings County. Closing may not take place in any other location without Seller's prior written consent. In the event Closing is adjourned with Seller's consent at the request of Purchaser or Purchaser's attorney within two (2) business days of the scheduled time of Closing, Purchaser shall also pay Seller's attorney an adjournment fee in the sum of $300.00.

If this Contract is subject to Purchaser's ability to obtain a mortgage loan commitment, Seller may delay completion of the Unit until after all of the following have been completed: (i) a written mortgage loan commitment has been issued, (ii) Purchaser has signified acceptance of it as required by the lender, (iii) Seller has received a copy thereof, (iv) Purchaser has sold all assets as required by the commitment and/or has complied with any and all requirements under the Contract and Offering Plan.

7. TRUST FUNDS

All deposits, Deposits or advances towards the purchase price made by Purchasers of the Unit prior to closing shall be held in a segregated escrow account held by the law firm of Zapson & Galanter LLP (the "Escrow Agent"), whose address is 450 Seventh Avenue, New York, New York 10123, and whose telephone number is (212) 239-1300. The signatories on this account authorized to withdraw funds are Michael G. Zapson, Esq. and David Galanter, Esq., each with an address at 450 Seventh Avenue, New York, New York. The account is shall be in the name of the Purchaser/White Sands Condominium, located in Doral Bank, 387 Park Avenue South, New York, New York 10016, pursuant to an Escrow Agreement between Seller and the Escrow Agent, in the form set forth in Exhibit "I" of the Offering Plan and pursuant to the provisions of Sections 352-h and 352-e (2-b) of the New York State General Business Law and the escrow regulations promulgated thereunder by the Department of Law of the State of New York as disclosed in Section Z of the Offering Plan. All instruments shall be made payable to or endorsed to the order of Zapson & Galanter LLP, as escrow agent.

The deposit by the escrow agent of the Purchaser's Deposit into the escrow account shall not be deemed acceptance of the Purchase Agreement. The Purchase Agreement shall only be deemed accepted when countersigned by the Seller or his authorized agent. In addition, although all funds received by Seller for upgrades or extras to the Unit will initially be placed in the escrow account, such funds may be released from the escrow account as long as the Sponsor uses the funds for such upgrade or extra. At Closing, the Deposit shall be paid to Seller upon consummation of the closing, and execution of this Purchase Agreement shall be deemed a writing executed by both Seller and Purchaser authorizing the Escrow

Agent to release said funds to Seller at closing.

8. MORTGAGE LOAN CONTINGENCY

(a) Purchaser shall apply for a conventional mortgage loan from a lender designated or approved by Seller (the "Lender") in the sum of not more than $_____ to be repaid over a term of at least 15 years but not more than 30 years at such fixed, variable or adjustment rate of interest which such Lender may lawfully charge and subject to such other terms and conditions as the Lender may lawfully require. Seller hereby designates American Home Mortgage as the Lender to which Purchaser's mortgage loan application is to be made. **HOWEVER, SELLER DOES NOT REPRESENT THAT IT CAN OR WILL PROVIDE OR OBTAIN A MORTGAGE LOAN FOR PURCHASER.** Not later than 5 days after the date of this Contract, Purchaser shall complete and submit a full and accurate application for the mortgage loan. Thereafter Purchaser shall diligently submit such financial and other information as the Lender may require from time to time and do all things necessary on Purchaser's part to qualify for, obtain and close such mortgage loan. This Contract shall terminate automatically upon rejection of Purchaser's mortgage loan application by the Lender, and Purchaser shall give Seller immediate notice of such rejection. Upon receipt by Purchaser of Lender's written commitment or letter of approval granting Purchaser a mortgage loan in the amount and for the time period set forth in this Paragraph, (the "Commitment"), Purchaser shall accept the Commitment, pay all application, origination, commitment, appraisal and other fees and charges as and when required by the Commitment, and deliver to Seller a true and complete copy of the Commitment signed by Purchaser. THE OBLIGATION OF PURCHASER TO ACCEPT AND SIGN THE COMMITMENT AND DELIVER A COPY TO SELLER PROMPTLY AFTER RECEIPT IS OF THE ESSENCE OF THIS CONTRACT, THE FAILURE OF WHICH SHALL CONSTITUTE A MATERIAL BREACH OF THIS CONTRACT.

If the Lender fails to issue its conditional Commitment to Purchaser within 45 days after the date of this Contract and a Commitment within 30 days after American Home Mortgage receives an update of Purchaser's application pursuant to its requirement or within such longer period of time as Seller may hereafter expressly grant by notice to Purchaser, either party may cancel this Contract only if at the time notice of cancellation is given, the Lender has still not issued its Commitment to grant the mortgage loan. Seller, if it so desires, shall then have sixty (60) days after receipt of such notice to secure a mortgage loan commitment for Purchaser from the same, or another lending institution in the same amount at the same or the then prevailing interest rate Notwithstanding the foregoing, it is an express condition to Purchaser's right to cancel that

Purchaser has strictly complied with all obligations imposed on Purchaser under this Contract or by the Lender with respect to Purchaser's mortgage loan application. To cancel, the canceling party must give written notice of cancellation to the other party within ten (10) days after the expiration of the forty-five (45) day period, time being of the essence, whereupon Seller shall refund the Deposit in conformance with paragraph 7, unless Seller shall elect to exercise its right contained in the second sentence of this paragraph and undertake to apply for a mortgage on behalf of Purchaser, in which case Seller shall not be required to return the Deposit until 60 days after receipt of the notice to cancel from Purchaser. Thereafter, this Contract shall be deemed canceled and neither party shall have any further liability or obligation to the other in connection with this Contract or transaction.

Notwithstanding the foregoing, if the Lender is willing to issue a Commitment for a lower mortgage loan than the amount applied for by Purchaser, Purchaser shall accept such reduced mortgage loan Commitment provided it is reduced by not more than 10% below the amount originally applied for by Purchaser.

All fees, costs, charges and expenses which may arise by reason of Purchaser's mortgage loan application and mortgage loan closing, shall be borne exclusively by Purchaser.

Notwithstanding anything in this Contract to the contrary, upon the issuance of a Commitment by Lender prior to cancellation of this Contract as above provided, this transaction and sale shall thereby automatically be rendered firm and unconditional.

(b) The mortgage loan contingency contained in this paragraph 8 shall be deemed fulfilled, and this Contract shall be considered firm and binding on Purchaser even though the Commitment contains conditions to be satisfied by Purchaser as a prerequisite to funding the mortgage loan including, but not limited to: (i) proofs and confirmations regarding the credit-worthiness of Purchaser or any co-applicant and existing bank accounts of Purchaser or any co-applicant and any balances thereof; (ii) continued employment of Purchaser or any co-applicant (iii) sale of any house, property or other asset required to be sold by Purchaser or any co-applicant; and (iv) satisfaction of a debt by Purchaser or any co-applicant. **THE RISK OF COMPLYING WITH ALL CONDITIONS OF THE COMMITMENT IN SUFFICIENT TIME TO BE ABLE TO CLOSE TITLE AT THE TIME, PLACE AND DATE SET FORTH IN SELLER'S NOTICE FOR CLOSING, IS**

EXCLUSIVELY ON PURCHASER, AND THE FAILURE OF THE LENDER TO FUND THE LOAN BECAUSE OF PURCHASER'S FAILURE TO COMPLY WITH ALL CONDITIONS OF THE COMMITMENT, REGARDLESS OF CIRCUMSTANCE, SHALL NOT EXCUSE PURCHASER FROM CLOSING TITLE AND PAYING THE BALANCE OF ALL SUMS DUE UNDER THIS CONTRACT ON THE DATE SET FORTH IN SELLER'S NOTICE FOR CLOSING. In addition, if the Commitment is conditioned upon the sale of any asset, even though the failure to sell such asset will not excuse Purchaser from completing the purchase of the Premises, the failure of Purchaser to sell such asset within 45 days after the date of the commitment shall constitute a default by Purchaser under this Contract for which Seller may cancel this Contract and be entitled to the remedies and retention of monies as provided in paragraph 24. Upon such cancellation of this Contract, Seller shall be released and discharged of all further liability and obligations to Purchaser under this Contract. Thereafter the Premises may be sold or disposed of as though this Contract had never existed and without any accounting to Purchaser for the proceeds of any subsequent sale.

(c) If this Contract is entered into prior to the issuance of a certificate of occupancy and American Home Mortgage issues a conditional Commitment, Purchaser, upon request, shall update its mortgage application which request shall be made approximately 90 days prior to Sponsor's projected completion date. If American Home Mortgage fails to issue a firm commitment on or about such time, the Purchaser shall be afforded the rights under this paragraph that he would be entitled to as if he were rejected for financing. If the Commitment expires prior to the Closing, Purchaser shall obtain renewals or extensions of the Commitment through the date of Closing on such terms and conditions and at such interest rate as the Lender may require, and shall pay any fees and charges required to so renew or extend the Commitment.

(d) If required by the Lender, Purchaser shall also pay in full and discharge, prior to Closing, all outstanding obligations and judgments. If Seller has advanced to the Lender any fees or charges on Purchaser's behalf, then in addition to all other sums payable or reimbursable by Purchaser to Seller at or before Closing, Purchaser shall reimburse to Seller as and when demanded by Seller, all such fees and charges so advanced. Purchaser hereby authorizes release to Seller and/or Lender, all financial, employment and other information relative to Purchaser's mortgage loan application.

(e) If the Commitment is conditioned upon execution of the

mortgage loan documents by a co-borrower, the entire risk of the failure of such co-borrower to co-sign the mortgage loan documents shall be upon Purchaser.

(f) THIS MORTGAGE CONTINGENCY PROVISION IS ONLY APPLICABLE IF PURCHASER APPLIES FOR THE LOAN TO THE LENDER DESIGNATED OR APPROVED BY SELLER. ALTHOUGH PURCHASER IS FREE TO OBTAIN A MORTGAGE LOAN FROM ANY OTHER LENDER, THIS CONTRACT WILL NOT BE CONTINGENT UPON PURCHASER'S ABILITY TO OBTAIN A MORTGAGE LOAN COMMITMENT OR MORTGAGE LOAN FROM ANY LENDER NOT DESIGNATED OR APPROVED BY SELLER. IF PURCHASER APPLIES TO A LENDER NOT DESIGNATED OR APPROVED BY SELLER AND FAILS TO OBTAIN A LOAN FROM SUCH OTHER LENDER AND CANNOT CLOSE TITLE BECAUSE THE LOAN WAS NOT GRANTED, SELLER MAY DECLARE PURCHASER IN DEFAULT AND RETAIN ALL MONIES AS PROVIDED IN PARAGRAPH 24.

9. DEED AND ENCUMBRANCES UPON OWNERSHIP.

The deed to be given by Seller to Purchaser at Closing shall be the usual Bargain and Sale with Covenant against Grantor's Acts deed, but subject, nevertheless, to the matters set forth in sub-paragraphs (a) through (h) below which need not be recited in the deed given at Closing but shall survive Closing, and Seller's covenant in the deed against encumbrances shall be deemed modified accordingly. The deed shall be duly executed and acknowledged by Seller in proper statutory form for recording (except for payment of the New York State transfer tax) so as to convey to Purchaser fee simple title to the Unit, free and clear of all liens and encumbrances, except as herein stated. The deed shall also contain the covenant required by subdivision 5 of Section 13 of the Lien Law. Seller shall give and Purchaser shall accept such title and deed description of the Unit subject to the liens, encumbrances and other matters set forth in this Contract, as Beach Abstract, Inc., as agent for Old Republic ("Beach Abstract") is willing to approve and insure without additional premium. At Purchaser's sole discretion, Purchaser may obtain title insurance from any other title insurance company or Purchaser may decline to obtain any title insurance at all. **HOWEVER, SELLER SHALL NOT BE OBLIGATED TO CAUSE PURCHASER'S TITLE COMPANY (IF OTHER THAN BEACH ABSTRACT) TO OMIT ANY EXCEPTION TO TITLE IF BEACH ABSTRACT IS WILLING TO INSURE PURCHASER'S TITLE WITHOUT SUCH EXCEPTION OR AGAINST**

ENFORCEMENT OF SUCH EXCEPTION. Purchaser shall be responsible to pay the title company the entire premium for Purchaser's title insurance, and shall also pay the applicable New York State transfer tax. The sale and transfer of ownership of the Unit to Purchaser shall, even though not stated in the deed, be subject to:

(a) Ordinances, rules, regulations, requirements and approvals of applicable governmental authorities, provided not violated by the Unit to be constructed.

(b) Any state of facts which an accurate survey of the Unit as it appears on the date of Closing may show, provided title is not rendered unmarketable.

(c) Rights for installation, use and/or maintenance of easements and rights of way for utilities, sewer, cable television, drainage, scenic purposes, screening and planting which have already been granted or may be granted after this Contract is signed or after Closing, provided they do not prevent use of the Unit for one-family residence purposes.

(d) Declarations, covenants, restrictions, reservations, exceptions, easements and agreements which have been recorded, or appear in recorded documents, or are yet to be recorded, provided they do not prevent use of the Unit as a one family residence.

(e) Unpaid taxes and liens, provided the title insurance company shall insure against collection of same out of the Unit.

(f) Easement Reservations in Liber 915, page 400, Liber 929, page 332, Liber 990, page 418.

(g) Gas and Electric Easement in Liber 1080, page 278 as modified in Liber 1214, page 73, and assigned in Liber 1387, page 388.

(h) Telephone Easement in Liber 1226, page 410.

(i) Water Company Utility Agreements in Liber 1660, page 174, Liber 1265, Page 70, Liber 1684, page 330.

(j) Street Dedication in Liber 7289, page 630.

10. CONSTRUCTION LOAN MORTGAGE

This Contract is subject and subordinate without the necessity of Purchaser signing or delivering any documents or papers, to the lien of any existing or future construction loan mortgage and all payments or expenses already made or incurred or which may hereafter be made or incurred in connection with such construction loan mortgage, This subordination shall apply whether such advances are voluntary or involuntary and whether made in accordance with the construction loan schedule of payments or accelerated thereunder by virtue of the construction lender's right to make advances before they become due in accordance with the schedule of payments. The Unit shall be released from the lien of such construction loan mortgage upon Closing, except where such mortgage is converted to Purchasers individual mortgage on the Unit. In such case, the Unit shall remain subject to the lien of such construction loan mortgage and Purchaser shall reimburse to Seller at Closing, in addition to all other sums to be reimbursed by Purchaser to Seller under this Contract, an amount equal to the mortgage tax paid by Seller on such construction loan mortgage. In all other cases, any mortgage tax credit available under Real Property Law Section 339-ee shall inure exclusively to the benefit of Seller.

11. CONDITION OF UNIT ON CLOSING DATE.

Seller and Purchaser shall close title even though there are things remaining to be done by Seller at the Unit, provided a temporary or permanent Certificate of Occupancy for the Unit (or building in which it is located) has been issued and Seller gives Purchaser a written list at the time of Purchasers final inspection of the Unit which sets forth the incomplete items and provides for completion within 3 months after Closing, weather and circumstances permitting. This paragraph shall survive delivery of the deed.

12. ENCUMBRANCES EXISTING AT CLOSING.

If there is anything affecting the sale which Seller is obligated to pay and discharge, Seller may use any portion of the balance of the purchase price to discharge it at Closing. As an alternative Seller may deposit money with or do whatever other acts may be required by Beach Abstract or Purchaser's title insurance company so that Beach Abstract or Purchaser's title insurance company is willing to insure Purchaser's title clear of the matter or is willing to insure against enforcement or collection out of the Unit.

13. INABILITY OF SELLER TO TRANSFER OWNERSHIP.

Except for Seller's willful default, if Seller is unable to transfer ownership of the Unit in accordance with this Contract, Seller shall only be liable to Purchaser for the return to Purchaser of all payments made by Purchaser to Seller towards the purchase price of the Unit. Thereafter, this Contract shall be deemed canceled and neither party shall have any further liability to the other in connection with this Contract or transaction. Seller shall not be required to commence any action or proceeding or incur any expense in order to remove the condition, which prevents Seller from transferring ownership of the Unit in accordance with this Contract.

14. PURCHASER MAY NOT ERECT SIGNS ON UNIT.

Purchaser shall not place any sign, anywhere on the Unit or Property at any time within 3 years after Closing without Seller's prior written consent. This paragraph shall survive delivery of the deed.

15. PURCHASER MAY NOT TAKE POSSESSION OF THE UNIT PRIOR TO CLOSING.

Neither Purchaser nor anyone acting on Purchasers behalf may enter or take possession of any part of the Unit nor have any work performed or materials supplied or installed at the Unit prior to Closing without the prior written consent of Seller. This prohibition is regarded by Seller as extremely important and violation by Purchaser shall constitute a major default by Purchaser under this Contract.

16. SELLER'S OBLIGATIONS END AT CLOSING.

The delivery of the deed for the Unit to Purchaser or Purchaser's representative at Closing shall be deemed to mean that all things required to be done by Seller under this Contract have been done and that Purchaser shall not claim otherwise except as to those things, if any, which are specifically stated in this Contract or in a separate writing signed by Seller or Seller's attorney on Seller's behalf, to survive or continue beyond Closing or delivery of the deed.

17. NO BROKER CONSULTED BY PURCHASER.

Purchaser warrants that Purchaser did not employ or consult with any broker or agent other than those employed by Seller in connection with this transaction. Purchaser hereby indemnifies Seller against the claims of any broker other than said agent. This Paragraph shall survive delivery of the deed.

18. REQUIRED PAPERS AND ACTS.

Purchaser shall deliver all documents to Seller and perform all acts required by Seller to carry out the provisions of the Plan, establish the Condominium and conform to all applicable laws and regulations. At Closing, Seller shall deliver to Purchaser a Certificate of Occupancy for the Unit (or building in which it is located) and, if available, a New York Board of Fire Underwriters Certificate for the Unit. This Paragraph 18 shall survive delivery of the deed.

19. ASSIGNMENT OR RECORDING PROHIBITED.

Neither this Contract nor Purchaser's interest hereunder may be assigned by Purchaser. Nor shall this Contract or any memorandum thereof be recorded in any county clerk's office by Purchaser or anyone on Purchaser's behalf.

20. ADDITIONAL MONEY TO BE PAID BY PURCHASER AT CLOSING.

At Closing, Purchaser shall pay, or reimburse to Seller if Seller has already made payment, in addition to all other sums payable or reimbursable elsewhere under this Contract, all charges for (a) inspections, (b) appraisals, (c) survey and surveying services, (d) title examination and policy insuring the Lenders interest, (e) Lender's attorneys' fees for preparation of all loan documents, (f) all commitment fees, points, origination fees and other fees and charges (howsoever characterized) imposed or exacted by the Lender or incurred by Seller or Purchaser in connection with Purchaser's mortgage loan, (g) mortgage recording taxes, (h) governmental charges which may be assessed on account of the mortgage loan, (i) New York State real estate transfer tax on the conveyance, (j) all recording and filing charges payable to any public official, (k) water and sewer tap and connection fees, water meter deposit, water vault, water meter reading equipment and water and sewer test fees, (l) advance sewer use payments, if any, (m) a sum equal to the partial mortgage tax credit to which Purchaser may be entitled under any applicable law by reason of mortgage taxes having been previously paid by Seller, (n) an initial non-reimbursable capital contribution of two months common charges to the Condominium, (o) recordation or filing of the Power of Attorney to be executed by Purchaser at Closing, (p) legal fees to Seller's counsel including but not limited to additional travel expenses and charges for clearing title with any alternative title company other than Beach Abstract Inc., if any, and (q) any other charges which Purchasers are required to pay as set forth in the Offering Plan.

Purchaser shall also apportion with Seller as of the end of the day prior to Closing, and pay to Seller at Closing the apportioned amount due for taxes, Condominium common charges, sewer use, water use and fuel oil (if any). Purchaser shall also pay the deposits required by the Lender to establish the estimated or escrow fund for future payments of taxes, Condominium common charges, sewer use and insurance premiums (if applicable). If through no fault of Seller, Purchaser fails for any reason to close title within 7 days after the date originally scheduled in Seller's Notice for Closing or such later date (if applicable) to which Seller in a subsequent Notice for Closing adjourned the Closing, all of the aforementioned apportionment's shall be made as of the end of the day preceding (i) the date originally scheduled for Closing or (ii) Sellers adjourned closing date (as the case may be). Any errors or omissions in computing apportionment's or any other sums payable under this Paragraph 20) which are communicated to the other party within 6 months after Closing shall be corrected and payment made to the proper party promptly after such communication.

21. EXTRA WORK AND EXTRA ITEMS ORDERED BY PURCHASER.

Any work or items ordered from Seller by Purchaser which are not included in the plans or standard model of the Unit shall, except as may otherwise be provided in this Contract or in a writing signed by Seller, be paid for in full by Purchaser, to Seller, at the time they are ordered. Under no circumstances shall Seller be responsible to refund any sums actually expended by Seller for the materials or performance of such extra work, even in the case where Purchaser is entitled to a refund of the Deposit. The failure of Seller to perform or supply and install such work or items shall not entitle Purchaser to cancel this Contract even if Purchaser has already paid for such work or items. Purchaser's only right in the event of Seller's failure to perform such extra work or supply and install such extra items is to receive a refund or credit at the time of Closing equal to the total payments made to Seller for such extra unperformed work or uninstalled extra items. Seller shall have no responsibility for any work, fixtures, appliances, equipment or materials not ordered directly from Seller by Purchaser. For the purposes of this provision, any orders which Purchaser places directly with Seller's Contractors or suppliers shall not be deemed to have been ordered directly from Seller.

22. OPTIONS AND COLOR SELECTIONS.

Any choices given by Seller to Purchaser in colors, products, materials, design, features and similar matters shall be made by Purchaser in writing at Sellers office or model site, within 10 days after notification to Purchaser to make such choices. If there is anything as to which Purchaser has a choice, and Purchaser fails to inform Seller of Purchasers choice within such 10 day time period, then

Seller may make the choice on Purchasers behalf and Purchaser shall accept such choice so made by Seller as if originally made by Purchaser. No claim or objection to Closing shall be made by Purchaser because of any choice made by Seller in any case where Purchaser failed to give Seller timely notice of Purchaser's choice. If, as may be permitted under this Contract, Purchaser is given an allowance for or opts to have performed or installed by someone other than Seller, any work, fixtures, appliances, equipment or materials at the Unit, Purchaser shall give Seller written notice of all Contractors, tradesmen, suppliers and other vendors with whom Purchaser has Contracted for such work, fixtures, appliances, equipment or material, such notice to be given within 5 days after placing each such order. If the Lender which grants the mortgage loan to Purchaser requires an escrow deposit to secure performance and/or completion of such work or installation of such fixtures, appliances, equipment or materials, Purchaser shall post such escrow deposit from Purchasers own funds or reimburse to Seller at Closing, if Seller posts such escrow deposit, an amount equal to the escrow deposit so posted by Seller, whereupon Seller shall, if appropriate, give to Purchaser an assignment of Seller's interest in such escrow deposit to the extent of the reimbursement received from Purchaser. Nothing herein shall be construed as consent by Seller to Purchaser for the performance or installation of any such work, fixtures, appliances, equipment or materials prior to Closing.

23. ACKNOWLEDGMENT THAT THERE ARE NO OTHER UNDERSTANDINGS

All prior understandings and agreements are hereby superseded and merged into this Contract, which alone contains the final and entire understanding and agreement between Seller and Purchaser. Neither Seller nor Purchaser shall be bound by any terms, conditions, statements, or representations, oral or written, not set forth in this Contract. Purchaser acknowledges that Purchaser is buying a Condominium Unit in a Condominium development which may not yet have been constructed at the time this Contract is signed, and that, except as stated in this Contract, the Declaration, By-laws, Exhibits, Schedules and Plan, Purchaser has not relied on any representations or other statements of any kind or nature made by Seller or anyone else, including but not limited to any relating to the description, size or dimensions of the Unit or rooms therein, or the estimated common charges or other expenses relative thereto.

24. PURCHASER'S DEFAULT.

If Purchaser fails to appear and close title in accordance with this Contract on the date and at the time and place stated in Seller's Notice for Closing, or if Purchaser fails to observe or perform any other thing to be observed or performed by Purchaser under this Contract, Seller may send Purchaser a written notice of default giving Purchaser 30 days from the date of such notice to cure any such

default. Upon Purchasers failure to cure such default within such 30 day period this Contract shall, at Seller's option, be deemed canceled and Seller shall have the right to retain as and for liquidated damages, all sums paid by Purchaser to Seller on account of the purchase price plus all additional sums paid and/or payable by Purchaser for all extra work and extra items ordered by Purchaser, together with all interest credited thereon, if any, which total amount Purchaser acknowledges to be fair and reasonable. The notice of default shall be deemed notice to the Purchaser by the Escrow Agent of the Escrow Agent's intent to release the funds being held in escrow on behalf of the Purchaser pursuant to the dispute resolution provisions of the Attorney General's escrow regulations as described in Section X of the Offering Plan. TIME IS OF THE ESSENCE FOR PURCHASER TO CURE SUCH DEFAULT WITHIN SUCH 30 DAY PERIOD. Upon cancellation of this Contract for Purchaser's failure to timely cure any such default, Seller shall be released and discharged of all further liability and obligations to Purchaser under this Contract. Thereafter the Unit may be sold or disposed of as though this Contract had never existed and without any accounting to Purchaser for the proceeds of any subsequent sale. The foregoing remedy shall be in addition to any and all other remedies available to seller under this contract or at law for any default by Purchaser under this Contract.

25. MORE THAN ONE PURCHASER; LIABILITY; AUTHORITY TO SIGN.

If two or more persons are named as Purchaser in this Contract, (i) each person shall be jointly and severally liable for payment, observance and performance of all obligations under this Contract and (ii) anyone of them is hereby made agent for the other in all matters of any and every kind or nature with respect to the Unit and this Contract. The act, assent, election or approval by one shall conclusively constitute the act, assent, election and approval by all.

26. SELLER'S RIGHT TO CANCEL.

Seller may cancel this Contract by forwarding a full refund of the Deposit to Purchaser together with written notice of cancellation in the event of the occurrence of any of the following:

(a) any governmental, authority imposes a ban on the construction or completion of residential dwellings or imposes restrictions on the manufacture, sale, distribution and/or use of materials from Seller's regular suppliers or from using same in the construction and/or completion of the Unit; or

(b) Seller is unable to obtain materials from its usual sources due to labor troubles, lockouts, war, military operations and requirements, civil unrest, act of God or national emergencies; or

c) the installation of public utilities is restricted or curtailed; or

(d) the Plan is abandoned, withdrawn or not consummated for any reason.

Upon such cancellation and refund, neither party shall thereafter have any further liability or obligation to the other in connection with this Contract or transaction.

27. POWER OF ATTORNEY.

At closing, Purchaser shall execute, acknowledge and deliver to Seller in recordable form, a power of attorney in the form set forth in Exhibit C to the Plan (the "Power of Attorney"), in favor of the Board of Managers of the Condominium relative to leasing and purchasing of Units under certain circumstances and to foreclose upon Units for which the payment of common charges is delinquent, and in favor of Seller relative to amending the Condominium documents to the extent provided for in the Plan.

28. DAMAGE TO PUBLIC IMPROVEMENTS, AMENITIES AND COMMON ELEMENTS.

Purchaser shall repair and/or restore to their original condition and standards any public improvement, amenity or common element on the Property damaged by Purchaser or Purchaser's agents, employees, Contractors or licensees. Upon failure of Purchaser to complete such repair and/or restoration work within 30 days after written notice from Seller, then and in that event, Seller may complete same at the expense of Purchaser who shall reimburse Seller for the cost thereof immediately upon demand. This paragraph shall survive delivery of the deed.

29. NOTICES.

Any notices, statements, certificates, requests or demand required or permitted to be given or delivered under this Contract shall be in writing and may be sent by certified or registered mail, overnight courier or personal delivery, addressed to Purchaser or to Seller, as the case may be, at their respective addresses shown at the beginning of this Contract, or to such other address as Purchaser or Seller may designate in the manner herein provided. Such notice, statement, certificate, request or demand shall be deemed to have been given:

(i) when sent by the person to whom it was intended to be received, if sent

by regular mail,

(ii) when delivered to an overnight courier service, if sent by overnight courier,

(iii) upon personal delivery actually being made, and

(iv) within 3 days after delivery to the United States Post Office with proper postage prepaid, if sent by registered or certified mail return receipt requested.

30. STRICT COMPLIANCE; SEVERABILITY: WAIVER OF TRIAL BY JURY

Any failure by Seller to insist upon strict performance by Purchaser of any of Purchaser's obligations under this Contract shall not be deemed a waiver of such obligations, and Seller may at any time insist upon strict performance by Purchaser of any and all obligations to be performed by Purchaser under this Contract irrespective of the number of times Purchaser failed to strictly comply with such obligations in the past. If any part of this Contract or the Plan is invalid or unenforceable with respect to a particular individual or circumstance, the remainder of this Contract or the Plan and the applicability to other individuals or circumstances shall not be affected thereby but shall continue in full force and effect. Purchaser waives all rights to trial by jury in any action, proceeding or counterclaim in any way arising out of or relating to this Contract or the Plan.

31. RISK OF LOSS.

The risk of loss or damage to the Unit by fire or any other cause until delivery of the deed is assumed by Seller. However, if Purchaser is or becomes the occupant or tenant of the Unit prior to Closing, then as of the date of Purchaser's occupancy, Purchaser shall be responsible for all damage caused by any acts or omissions of Purchaser, Purchaser's agents, employees or invitees.

32. LIMITED WARRANTY.

THE LIMITED WARRANTY SET FORTH IN SCHEDULE D-2 ANNEXED HERETO AND INCORPORATED HEREIN BY REFERENCE (THE "LIMITED WARRANTY") IS IN PLACE OF AND EXCLUDES THE HOUSING MERCHANT IMPLIED WARRANTY, AS DEFINED IN ARTICLE 36-B OF THE NEW YORK GENERAL BUSINESS LAW, AS SAME MAY BE AMENDED FROM TIME TO TIME, AND ALSO EXCLUDES ALL OTHER WARRANTIES, EXPRESS OR

IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE IN CONNECTION WITH THIS CONTRACT AND THE CONSTRUCTION AND SALE OF THE HOUSE. SELLER MAKES NO HOUSING MERCHANT IMPLIED WARRANTY AND, EXCEPT AS EXPRESSLY SET FORTH IN THE LIMITED WARRANTY, SELLER MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, IN CONNECTION WITH THIS CONTRACT AND THE CONSTRUCTION AND SALE OF THE UNIT, WHICH EXTEND BEYOND THE FACT THEREOF.

PRIOR TO THE OF EXECUTION OF THIS CONTRACT BY PURCHASER, PURCHASER ACKNOWLEDGES THAT SELLER HAS SUPPLIED TO PURCHASER FOR EXAMINATION AND PURCHASER HAS RECEIVED, READ AND UNDERSTOOD A WRITTEN COPY OF THE EXPRESS TERMS OF THE LIMITED WARRANTY.

THIS PARAGRAPH 32 SHALL SURVIVE DELIVERY OF THE DEED.

THE ATTORNEYS REPRESENTING THE SELLER OR ANY LENDER REPRESENT SUCH PARTIES ONLY AND NOT THE PURCHASER. THE PURCHASER MAY RETAIN INDEPENDENT COUNSEL AT PURCHASER'S OWN EXPENSE IN ORDER TO PROTECT PURCHASER'S OWN INTEREST.

SUN AMERICA LLC

By:_____
Member

Purchaser's Signature

_____
Print name:
Social Security Number:

Purchaser's signature:

_____
Print name:_____
Social Security Number:_____

YOU, AS THE PURCHASER OF THE UNIT, MAY REQUIRE THE RECIPIENT OR CONTRACTOR TO DEPOSIT THE INITIAL ADVANCE MADE BY YOU IN AN ESCROW ACCOUNT. IN LIEU OF SUCH DEPOSIT, THE RECIPIENT OR CONTRACTOR MAY POST A BOND OR CONTRACT OF INDEMNITY WITH YOU GUARANTEEING THE RETURN OF SUCH ADVANCE

RIDER TO PURCHASE AGREEMENT DATED ,200_ BY AND BETWEEN **WHITE SANDS CONDOMINIUM**, AS SELLER AND

_____

LIMITED WARRANTY

NAME OF PURCHASER(S):	_____
ADDRESS OF PURCHASER(S):	_____
NAME OF SELLER:	**SUN AMERICA LLC**
ADDRESS OF SELLER:	c/o Zapson & Galanter LLP, 450 Seventh Avenue, Suite 1400, New York, NY 10123
EFFECTIVE DATE OF THIS LIMITED WARRANTY:	The date that Purchaser or its family Shall first occupy the home warranted Or the date of delivery of the deed to such home to Purchaser, whichever occurs first.
SELLER' S LIMIT OF TOTAL LIABILITY:	Seventy-five (75%) percent of the purchase price of the Unit set forth In the Purchase Agreement to which this warranty is annexed as rider less any insurance proceeds received by purchaser.

THIS LIMITED WARRANTY EXCLUDES AND PRECLUDES ALL CONSEQUENTIAL, INCIDENTAL, SPECIAL, AND INDIRECT DAMAGES.

THIS LIMITED WARRANTY IS IN LIEU OF AND REPLACES ALL OTHER WARRANTIES ON THE CONSTRUCTION AND SALE OF THE UNIT AND ITS COMPONENTS, BOTH EXPRESS AND IMPLIED (INCLUDING ANY WARRANTIES OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE). THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE FACE HEREOF. THE PURPOSE OF THIS LIMITED WARRANTY IS TO IDENTIFY THE SELLER'S RESPONSIBILITIES FOR CONSTRUCTION DEFECTS

OF A LATENT OR HIDDEN NATURE THAT COULD NOT HAVE BEEN FOUND OR DISCLOSED ON FINAL INSPECTION OF THE UNIT.

1. To Whom Given. This Limited Warranty is given to the Purchaser named on page 1 while the Purchaser owns the Unit. IT DOES NOT EXTEND TO SUBSEQUENT OWNERS, HEIRS, TENANTS OR MORTGAGEES IN POSSESSION OF THE UNIT. ANY ONE WHO MAY SUCCEED TO THE RIGHTS OF PURCHASER OR ANY OTHER PERSONS.

2. By Whom Made. The Limited Warranty is made exclusively by the Seller whose name and address appear on page 1 of the Purchase Agreement.

3. Final Inspection of the Unit. Before the Purchaser moves into the Unit or accepts the deed, the Seller will schedule an appointment for final inspection of the Unit with the Purchaser. The purpose of this final inspection is to discover any defects of a visible, obvious or patent nature, or any other unfinished work.

All defects found on final inspection of the Unit will be itemized on a Final Inspection Sheet, which will be signed by the Purchaser and the Seller before occupancy of the Unit or delivery of the deed.

4. Warranty Coverage's and Periods. The Warranty Period for all of the following coverage begins on the Effective Date of this Warranty shown on page 1 of this Warranty,

FIRST YEAR BASIC COVERAGE. For one year from the Effective date of this warranty, the Unit will be free from latent defects that constitute:

(a) defective workmanship by the Seller, or an agent, employee or subcontractor of the seller;

(b) defective materials furnished by the Seller, or an agent, employee or subcontractor of the Seller;

(c) defective design, provided by an architect, engineer, surveyor, or other design professional retained exclusively by the Seller, or

(d) defective installation of appliances sold as part of the Unit by the Seller or agent, employee or subcontractor or the Seller.

Seller under this coverage is not responsible for any defects in any work or materials ordered directly by Purchaser from Seller's subcontractors or suppliers or other outside suppliers or subcontractors or for incidental or consequential damages

resulting from such work or materials.

TWO YEAR MAJOR SYSTEM COVERAGE: for two years from the Effective date of this warranty the Plumbing, Electrical, Heating, Cooling and Ventilation Systems of the Unit which have been installed by the Seller are warranted to be free from latent defects resulting from defective installation by the Seller.

The Plumbing system refers to the gas supply lines and fittings, water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; water, gas and sewer service piping, and their extensions of the tie-in of a public utility connection, or on-site well and sewage disposal system.

The Electrical System refers to all wiring, electrical boxes, switches, outlets and connections up to the public utility connection.

The Heating, Cooling and Ventilation System refers to all duct work, steam, water and refrigerant lines, registers, converters, radiation elements and dampers.

Except by reason of a defect in installation by Seller, this major system coverage does not include defects in appliances, fixtures and items of equipment.

Seller under this coverage is not responsible for any defects in any work or materials ordered directly by Purchaser from Seller's subcontractors or suppliers ore other outside suppliers or subcontractors or for incidental or consequential damages resulting from such work or materials.

SIX YEAR MAJOR STRUCTURUAL DEFECT COVERAGE: for six years from the Effective date of this warranty, the Unit will be free from latent Major Structural defects that result from:

(a) defective workmanship by the Seller, or an agent, employee or subcontractor of the Seller;

(b) defective materials furnished by the Seller, or an agent, employee or subcontractor of the Seller; or

(c) defective design, provided by an architect, engineer, surveyor, or other design professional retained exclusively by the Seller.

A Major structural defect is a defect resulting in actual physical damage to the following load-bearing portions which affects their load-bearing functions to the extent that the Unit becomes unsafe, unsanitary or otherwise unlivable: foundation systems and footings, beams, girders, lintels, columns, walls and partitions, floor

systems, and roof framing systems.

Damage to the following: non-load bearing portions of the Unit are not covered by this six-year coverage: roofing and sheeting; drywall and plaster; exterior siding; brick, stone and stucco veneer; floor covering material; wall tile and other wall coverings; non-load bearing walls and partitions; concrete floors in attached garages and basements that are built separately from foundation walls or other structural elements of the Unit; electrical, plumbing, heating, cooling and ventilation systems; appliances; fixtures and items of equipment; paint; doors and windows; trim; cabinets; hardware; and insulation.

Seller under this coverage is not responsible for any defects in any work or materials ordered directly by Purchaser from Seller's subcontractors or suppliers or other outside suppliers or subcontractors or for incidental or consequential damages resulting from such work or materials.

In all coverage's under this paragraph 4, workmanship, materials, design and installation will be considered to be defective if they fail to meet or exceed the relevant standards and specifications of the applicable building code of the municipality in which the Unit is located, in effect on the date that the building permit for the Unit was issued, as supplemented by the annexed locally accepted building standards and practices.

ALL TIME PERIODS FOR THESE COVERAGES ARE OF THE ESSENCE AND WILL NOT BE EXTENTED

5. Exclusions From All Coverage's. The following are not covered by this warranty:

(a) patent defects including defects shown on the Final Inspection Sheet and defects which an examination of the Unit prior to an Effective Date of this warranty ought to have revealed;

(b) defects in detached garages and carports; swimming pools and other recreational facilities, if any; driveways; walkways; patios; boundary walls; retaining walls; bulkheads; fences; landscaping (including sodding, seeding shrubs, trees and plantings); and any other improvements not a apart of the Unit itself;

(c) raised butt joints; ridging, scuffing on kitchen cabinet or vanity surfaces; variations of wood grain or staining of kitchen cabinets or vanities; shading variations of the exterior siding staining (on the face surface or grooves), and on fascias from staining; doors and windows sticking because of weather; adjustment of bi-fold doors; chips, scratches, marks, breaks, or

other blemishes in windows, sliding doors, screens, electric fixtures and globes, woodwork and doors; dented appliances, broken screens; and minor chips (nicks) to cultured marble floors and countertops.

(d) defects in any work or materials ordered directly by Purchaser from Seller's subcontractors or suppliers or other outside suppliers or subcontractors and for incidental or consequential damages resulting from such work or materials.

(e) damage caused by the failure by the Purchaser or anyone other than the Seller, its employees, agents or subcontractors, to comply with the warranty requirements of manufacturers or suppliers of appliances, fixture or items of equipment;

(f) damage caused by the misuse, abuse, or interference by Purchaser or anyone other than seller or its employees, agents and subcontractors with the Seller's original construction or installations;

(g) additional damage caused by the failure of the Purchaser to give notice to the Seller of any defects or damage in a timely manner as provided in this warranty;

(h) damage caused by changes in grad made by anyone other than the Seller, its employees, agents or subcontractors and damage caused by changes in grade made by the Seller's agents and subcontractors is such work was ordered directly the Purchaser;

(i) damage caused by changes, alterations or additions made to the Unit by anyone other than seller or its employees, agents or subcontractors after the Effective Date of this Warranty;

(j) damage caused by changes, alterations or additions made to the Unit by Seller's agents and subcontractors if such work was ordered directly by Purchaser after the Effective date of this warranty;

(k) damage caused by dampness or condensation due to the failure of the Purchaser to maintain adequate ventilation;

(l) loss or damage caused by or resulting from accidents, riot and civil commotion, fire, explosion, smoke, water escape, falling objects, aircraft, vehicles, acts of God, lightning, windstorm, hail, flood, mud slide, earthquake, volcanic eruption, wind-driven water, soil movement and changes in the underground water table;

(m) loss or damage caused by seepage of water unless such loss or damages the direct result of a construction defect;

(n) any damage which Purchaser has not taken timely action to minimize;

(o) normal wear and tear and normal deterioration;

(p) insect, vermin and/or rodent damage and infestation, or damage caused by other animals or pests;

(q) bodily injury, death, or damage to person property;

(r) cost of shelter, transportation, food, moving storage or other expenses in relation to relocation during repair or replacement;

(s) consequential, incidental, special and indirect damages;

(t) any claim not filed in a manner set forth in paragraph 7 of this warranty;

(u) damage which arises while the Unit is being used for nonresidential purposes; and

(v) damage due to abnormal loading on floors which exceeds design loads as mandated by the applicable building code or building standards.

6. What Seller will do in the Event of a Defect covered by This Warranty. If a defect occurs in an item covered by this warranty, the Seller will repair, replace, or pay the Purchaser the reasonable cost of repairing or replacing the defective items(s), within sixty (60) days after the Seller's inspection or testing discloses the problem, subject to weather conditions, acts of God, availability of materials, and other events beyond Seller's control. The choice among repair, replacement or payment is solely that of the Seller, in making any repairs or replacements, Seller shall have the right to select the method and materials to be used in performing such repairs or replacements.

Seller's liability under this warranty is limited in the aggregate to the amount listed on page 1 of the warranty.

Repair of damage to the load-bearing portions of the Unit will be limited to that which is necessary to restore their load-bearing function.

Repair of other Major Structural Defects will be limited to repair of those defects which made the Unit unsafe, unsanitary or otherwise unlivable.

7. Step by Step Claims Procedures,

(a) Written notice of any warranty claim must be made on the attached "Notice of Warranty claim Form" and must be received by the Seller no later than the tenth (10^{th}) day after the expiration of the applicable warranty period. Such notice must be sent by Purchaser to Seller by certified or express mail, return receipt requested. If this form shall not properly be completed and received by the Seller by that deadline, the Seller will have no duty to respond to any complaint or demand contained in such form, and any or call claims must be rejected. COMPLETION AND DELIVERY OF SUCH NOTICE OF WARRANTY CLAIM IN A TIMELY MANNER IS NECESSARY TO PROTECT THE RIGHTS OF THE PURCHASER UNDER THIS LIMITED WARRANTY.

(b) No steps taken by the Seller, Purchaser or any other person to inspect, test or correct defects will extend any time period under this Warranty. No steps taken by the Seller in response to an improperly completed or untimely notice of a warranty claim will give rise to any liability of Seller to Purchase in connection with such claim

(c) In response to a Notice of warranty Claim or any other complaint or request of the Purchaser, the Seller and the Seller's agents will have the right to inspect and test the portion of the Unit to which the claim, complaint or request relates. The Purchaser and occupants of the Unit must provide reasonable access to the Seller and the Seller's agents during normal business hours, Monday through Friday, to complete inspection, testing and repair or replacement. Failure by Purchaser to provide such access shall invalidate this warranty with respect to the defect(s) set forth on the Notice of Warranty Claim.

(d) The Seller will complete inspection and testing within a reasonable time under the circumstances after receipt of a timely and properly completed Notice of Warranty Claim Form. Upon completion of inspection and testing, the seller will determine whether to accept or reject the claim. If the Seller rejects the claim, the Seller will give written notice of that decision to the Purchaser at the address shown on the Notice of Claim Form. If the Seller accepts the claim, the Seller will take corrective action within a reasonable time under the circumstances. The Seller will use good faith efforts to process and handle claims in a timely manner, but all time periods for repair or replacement of defects necessary are subject to weather conditions, availability of materials, and other events beyond the Seller's'

control.

8. Legal Actions.

(a) No claim under this warranty may be commenced or asserted against Seller in any lawsuit unless a properly completed Notice of Warranty Claim Form has been received by the Seller in the time period set forth in paragraph 7 of this warranty.

(b) No lawsuit against the Seller under this warranty may be commence more than thirty (3) days after the expiration date of the applicable warranty coverage, or thirty (30) days after Seller has given written notice of its rejection of Purchaser's claim with respect to such claim, or thirty (30) days after Builder has substantially completed corrective action for a defect with respect to such defect.

9. Miscellaneous Provisions. (a) To the extent any coverage under this warranty applies to common elements of a condominium such coverage shall be deemed given to the Board of Managers of the condominium.

(b)This warranty may not be amended in any way without Seller's prior written consent in each instance.

(c) If any provision of this warranty will be not be enforced by an appropriate court, the determination will not effect the enforceability of the remaining provisions.

(d) Use of one gender in this warranty includes the other gender, and use of the plural includes the singular, as may be appropriate.

(e) This warranty shall be governed in accordance with the laws of the State of New York.

NOTICE OF WARRANTY CLAIM FORM

Dear Purchaser:

To ask the Seller to correct a defect in our Unit that you think is covered by this Seller Limited warranty, you must complete this form and deliver it to the Seller. This is necessary to protect your rights to warranty performance under the Limited warranty.

The information you will need to fill out the form will be on page 1 of the Limited warranty. However, if you do not know the answers to any questions, write "Don't know." Please do not leave any items blank.

Your Name: _____

Mailing Address: _____

_____

_____

Phone: _____

Home No.: _____

Effective Date of Warranty: _____

Describe the defect(s) which you think are covered by the Limited Warranty. Be sure to include when each defect first occurred or when you first noticed it. Use additional sheets, as necessary, to fully describe the problem:

_____

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_____

_____ _____

(date) (signature)

_____ _____

(date) (signature)

This completed and signed form must be sent to Seller at its address listed on the first page of the Warranty by certified or express mail, return receipt requested..

APPLICATION TO THE ATTORNEY GENERAL FOR A DETERMINATION ON THE DISPOSITION OF DEPOSITS

Re: White Sands Condominium
Long Beach, New York
File No.

Application is made to the Attorney General to consider and determine the disposition of Deposits held pursuant to GBL Sections 352-e(2-b) an 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 Deposit
[ ] forfeiture of Deposit
[ ] other:

5. The project is
[ ] a conversion of occupied premises.
[X] newly constructed or rehabilitated.
[ ] vacant (as is).

6. The project is structured as
( ) a cooperative.
(X) a condominium.
( ) a homeowners association.
( ) a timeshare.
( ) other:

7. Name and Address of Sponsor:

Sun America LLC
c/o Zapson & Galanter LLP
450 Seventh Avenue
New York, New York 10123

8. Name and Address of Escrow Agent

Zapson & Galanter LLP
450 Seventh Avenue
New York, New York 10123

9. If Deposits 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 Deposit have been secured by bonds:
(a) Name and address of bond insurer or surety

(b) Copy of bond included in this application. If not included, explain

11. If Deposits 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 letter of credit, if known:

12. Plan information:
(a) Date of filing of plan:
(b) Plan
( ) has been declared effective.
Approximate date:
(x) has not been declared effective.
(c) If effective, the plan:
(X) has closed or the first unit has closed.
Approximate date:
( ) has not closed.
( ) don't know.

(d) Deposits are secured by
(x) escrow account.
( ) bonds.
( ) letter of credit.

13. Contract information:
(a) Copy of contract and of all riders or modification letters are attached.
(b) Date on which subscription or purchase agreement was signed:
(c) Date(s) of Deposit(s):
(d) Total amount of Deposit(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) I am 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:_____
Name (Printed):
Date:

Signature:_____
Name (Printed):
Date:

EXHIBIT "B"
FORM OF CONDOMINIUM UNIT DEED

THIS INDENTURE made the ____ day of _____, 200_, between Sun America LLC a New York limited liability Company having an office at c/o Zapson & Galanter LLP, 450 Seventh Avenue, Suite 1400, New York, New York 10123 ("Grantor"), and _____, residing at _____

("Grantee")

W I T N E S S E T H:

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

The Residential Condominium Unit known as Unit No. __ in the Building ("Building") known as WHITE SANDS CONDOMINIUM, located at 26 West Broadway, Long Beach in the county of Nassau, City of Long Beach, State of New York, and also designated and described as Unit No. __ in the Declaration establishing WHITE SANDS CODOMINIUM (hereinafter called the "Property") made by Grantor under the Condominium Act of the State of New York, and amended (Article 9-B of the Real Property Law of the State of New York), dated _____, 2002, and recorded in the office of the Nassau County Clerk, on the ____ day of _____ 2002__ in Liber __ at Page __ (hereinafter called the "Declaration").

Which Unit is also designated as Tax Lot No. __ in Block 89 of Section 59 on the Tax Map of the City of Long Beach and on the Floor Plans of the Building, certified by The Newman Design Group, on the ____ day of _____, 2002 and filed with the Real Property Assessment Department as Condominium Plan No. __ and also filed in the Office of the Clerk of the County of Nassau, City of Long Beach as Condominium Plan No. ___ (hereinafter called the "Unit"). The land area of the Property is described on Schedule "A" annexed hereto:

Grantor hereby designates parking spaces nos. _____ and _____ as limited common elements allocated to the Unit, as same is designated in Exhibit __ to the Declaration.

All that certain plot, piece or parcel of land, situate, lying and being in the County Nassau, City of Long Beach, State of New York, bounded and described as set forth as follows:

SAID premises being commonly known as 26 West Broadway, Long Beach, New York.

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

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

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

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

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

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

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

and shall be subject to, easements of subjacent support and necessity in favor of such Unit or in favor of other Units and the Common Elements;

SUBJECT also to an easement in favor of the other Units to use the pipes, wires, ducts, conduits, cables, public utility lines and other Common Elements located in the Unit or elsewhere on the Property and serving such other Units;

TOGETHER with and SUBJECT to easements, rights of way, restrictions and encumbrances created by the Declaration Establishing a Condominium for WHITE SANDS CONDOMINIUM recorded in the Office of the Nassau County Clerk, on the ___ day of _____, in Liber __ at Page __.

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

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

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

If any provision of the Declaration or the By-Laws is invalid under, or would cause the Declaration or the By-Laws to be insufficient to submit the Property to, the provisions of the Condominium Act, or if any provision that is necessary to cause the Declaration and the By-Laws to be sufficient to submit the Property to the provisions of the Condominium Act is missing from the Declaration or the By-Laws, or if the Declaration and the By-Laws are insufficient to submit the Property to the provisions of the Condominium Act, the applicable provisions of Paragraph 19 of the Declaration shall control.

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

The Grantee accepts and ratifies the provisions of the Declaration and the By-Laws and the Rules and Regulations of the Condominium recorded simultaneously with, and as part of, the Declaration, and agrees to comply with all the terms and provisions thereof, as the same may be amended from time to time by instruments recorded in the office of the Nassau County Clerk.

The Grantee covenants and agrees that the use of the Unit shall be limited to residential purposes.

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

Grantor:
SUN AMERICA LLC

By:_____
Member

Grantee(s):

_____

_____

STATE OF NEW YORK)
ss.:
COUNTY OF)

On the ___ day of _____, 2002, before me, personally appeared, _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument the individual of the person upon behalf of which the individual acted executed the instrument.

_____
Notary Public

STATE OF NEW YORK)
ss.:
COUNTY OF)

On the ___ day of _____, 2002, before me, personally appeared, _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument the individual of the person upon behalf of which the individual acted executed the instrument.

_____
Notary Public

EXHIBIT "C"
POWER OF ATTORNEY

The undersigned, _____the Owner of Unit No._____ located at 26 West Broadway, Long Beach, New York, in the Condominium known as White Sands Condominium, consisting of the property submitted to the provisions of Article 9-B of the Real Property Law of the State of New York pursuant to Declaration dated , 2002, and recorded in the office of the Nassau County Clerk on , 2002 in Liber at Page and on the Floor Plans on file in said office as Map No. , do hereby nominate, constitute and appoint the persons who may from time to time constitute the Board of Managers of White Sands Condominium jointly, true and lawful attorneys-in fact for the undersigned, coupled with an interest, with power of substitution, to acquire in their own name, as members of the Board of Managers, or in the name of their designee, corporate or otherwise, on behalf of all owners of Units in said Property, in accordance with their common interests, any Unit whose owner desires to abandon or sell the same, the undivided interest in the Common Elements appurtenant thereto, the interest of such Unit Owner in any other Units theretofore acquired by the Board of Managers, or its designee, on behalf of all Unit Owners, or in the proceeds of sale or lease thereof, if any, and the rights and privileges appurtenant thereto, the interest of such Unit owner in all other assets of the Condominium as defined in the aforementioned Declaration or any Unit, which shall be the subject of a foreclosure or other judicial sale, or to lease any Unit whose owner desires to rent the same, at such price or on such rental, as the case may be, and on such terms as said attorneys-in-fact shall deem proper, and thereafter to convey, sell, lease or mortgage (but not to vote the votes appurtenant thereto) to otherwise deal with any such Units so acquired by them, or to sublease any Unit so leased by them on such terms as said attorneys-in-fact may determine, granting to such attorneys-in-fact the power to do all things in the said premises which the undersigned could do if the undersigned were personally present.

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

The undersigned do hereby nominate, constitute and appoint Sun America LLC ("Sponsor") as attorney-in-fact for the undersigned, coupled with an interest, with power of substitution,' to amend from time to time the Declaration, the By- Laws and the Rules and Regulations of the Condominium, or any of said documents, when such amendment (1) shall be required to reflect any changes in Unsold Units and/or the reapportionment of the Common Elements of the affected Unsold Units resulting therefrom made by Sponsor or its Designee in accordance with Article 18 of the Declaration or (2) shall be required by (a) an institutional lender procured by Sponsor to make a mortgage loan secured by a mortgage on any Unit, (b) any

governmental agency having regulatory jurisdiction over the Condominium, or (c) any title insurance company selected by Sponsor to insure title to any Unit, provided, however, that any amendment made pursuant to the this paragraph shall not (i) change the Common Elements of the undersigned's Unit, (ii) require a material, physical modification to the undersigned's Unit, or (iii) adversely affect the priority or validity of the lien of any purchase money mortgage or any mortgage held by an institutional lender covering the undersigned's Unit unless the undersigned (in the event described in subdivision (i) or (ii) of this paragraph) and the holder of such mortgage (in the event described in subdivision (iii) of this paragraph) shall consent thereto by joining in the execution of such amendment. The terms, covenants and conditions contained in, and the powers granted pursuant to this paragraph shall remain in full force and effect until such time as the Sponsor (or Sponsor-designees) shall cease to own any Units in the Condominium.

The undersigned do further nominate, constitute and appoint Sun America LLC as attorney-in-fact for the undersigned, coupled with an interest, with power of substitution, to execute any document on behalf of the undersigned, if same is necessary, to effectuate the transfer, assignment or conveyance by Sponsor, in whole or in part, of the transferable air rights and/or development rights which Sponsor has retained for itself, its successors and assigns. This power of attorney shall in no way be construed to grant any interest in such transferable air rights and/or development rights to the undersigned.

This power of attorney shall be irrevocable.

IN WITNESS WHEREOF, the undersigned, has executed this Power of Attorney this day of 2002.

_____

_____

STATE OF NEW YORK)
:ss.
COUNTY OF)

On the ___ day of _____, 2002, before me, personally appeared, _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument the individual of the person upon behalf of which the individual acted executed the instrument.

_____
Notary Public

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EXHIBIT "D"

DESCIRPTION OF PROPERTY AND BUILDING SPECIFICATIONS

Revised April 30, 2001

DESCRIPTION OF PROPERTY AND SPECIFICATIONS

WHITE SANDS CONDOMINIUM

LONG BEACH, N.Y.

a. Location and Use of Property

This building is to be constructed on 0.9 acres of land on the South Side of West Broadway 231.41 feet West of National Blvd in the City of Long Beach, Nassau County, New York, lots 6 and 307, section 59, block 89. It is zoned Business Residence A which allows a one hundred (100) foot tall structure to be constructed house. A variance was granted March 27, 2000 for lot size, building area, front yard and side yards. (see attachment 5 – location map).

b. Status of Construction

(1) Pile Foundations construction was started December 2000

(2) Construction classification shall be Type 1 (Fire resistive.)

(3) City of Long Beach Building permit A 26547 was issued February 15, 2001 based on the plans submitted.

c. Site

(1) The site is 0.9 acres.

(2) There will be one building on the site.

(3) There are no streets owned or maintained by the project.

(4) The entire parking area shall be paved with 2" asphalt over 6" recycled concrete base course. 6" x 18" concrete curbs are proposed around parking areas. There will be fourteen (14) pre cast concrete drywalls for storm drainage and ten (10) for roof drains. There will be eight pole mounted lights in the parking lot providing adequate site lighting. (see attachment 1 – site plan). The handicapped parking spaces will be assigned to unit owners with permanent handicapped permits. Unassigned Handicapped spaces will be for use by others with temporary permits.

d. Utilities

Water service is provided by the City of Long Beach. Sanitary Sewer is provided the City of Long Beach. Gas and electric will be provided by LIPA and are available in West Broadway. Electric for each unit will be individually metered, with all other utilities part of the common charges.

e. Sub-Soil Conditions

In general, the borings indicate that the surface layers consist of sand to the full depth of the deepest boring (52 feet). Ground water ranged from 6.0 feet to 7.0 feet deep.

FEMA base flood elevation for this property is elevation 10.0 feet.

The first floor is at elevation 10.3 feet which is above the base flood elevation as required by the City of Long Beach. It should be noted that Long Beach is a barrier island and is subject to coastal flooding. In addition, the high water table could cause periodic flooding of the drywells. The first floor is higher than West Broadway, which should allow overflow water to drain to the street prior to flooding the building.

f. Landscaping

There will be landscape areas at the front of the building as indicated on landscaping drawing LP-1. The landscaping will include 9 Redspire Pear trees, 2 ½" to 3" caliper, along west Broadway. 76 Parson Junipers will be planted as foundation planting in front of the building and parking areas.

g. Building Size

(1) Total height from ground level to roof is 97 feet.

(2) There are no crawl spaces.

(3) There are no cellar spaces.

(4) The building is ten (10) stories plus an elevator penthouse/roof lobby.

(5) The boiler room, electric room, water meter & pump room are located on the first floor.

(6) The roof parapet will be three feet six inches above the roof.

h. Structural System

(1) Exterior of building will be face brick, with exterior gypsum board sheathing and metal stud walls. The exterior walls will have 6" fiberglass batt insulation with a vapor retarder facing and gypsum board interiors. The "R" value of the wall system is 22.2. Feature panels will be E.I.F.S. on metal studs. Cornices will also be E.I.F.S. The first and second floor exterior walls will be pre cast concrete and Arriscraft or equal silicone masonry units on metal studs. Windows shall be painted aluminum double hung units rated DHC-50 with 7/8" insulated glass, aluminum windowsills, completely caulked to masonry. Aluminum framed vinyl mesh screens are to be provided. There are no window guards provided, nor are there any lot line windows.

(2) There are no chimneys. A 24" aluminized steel 16 gauge rubbish chute discharges into a trash compactor at the garage level (1st floor).

(3) There will be 6" thick poured concrete cantilevered balconies of varying lengths as indicated on plans, all approximately 5" deep. Steel reinforced polymer or painted steel rails will enclose all balconies. Each balcony will have aluminum sliding doors with 1" insulated glass. The balconies will slope away from the building for drainage. The balconies will receive a waterproof deck coating to protect the concrete.

(4) Lobby entrances are to be aluminum & glass entrance doors with matching frames & sidelights. Framing to be green to match windows. Vestibule doors & frames will match the exterior doors. Wall mounted mailboxes will be located in the lobby. Wall mounted decorative fixtures will provide exterior entrance lighting.

(5) There is no separate service entrance. The compactor room is a separate area with hollow metal doors & frames with cylindrical lock.

(6) The roof will be liquid membrane system applied directly to the concrete. It will have a manufacturer's ten (10) year guarantee. Most of the roof will be covered with pre cast concrete pavers. The areas without pavers will have a granular surfaced liquid membrane roof. All flashings to be aluminum. Roof insulation is 12" fiberglass batt insulation above the 10th floor ceiling.

There will be 8 cast iron roof drains located along the low points of the roof. There are no gutters or leaders except at the stair and elevator bulkheads. There are no skylights.

There will be one (1) stair bulkhead and one elevator/ stair bulkhead. All will be constructed of brick and metal stud similar to the main building. There will be steel reinforced polymer or painted steel pipe rails in the parapet in two locations.

The roof will be an exterior sundeck promenade with precast concrete pavers.

(7) There are no fire escapes. All fire exits are through 2 enclosed fire stairs within the building.

(8) There are no yards or courts.

(9) There are 2 main stairs within the building extending from the roof to the 1st floor. All the stair enclosures are to be painted gypsum board with metal studs. Stairs to be steel pan stairs with concrete fill, railings to be steel pipe rails with vertical square tube balustrades. All risers and treads are to be painted.

(10) All interior common area doors and service doors to be fire rated hollow metal doors & frames. Doors inside apartments to be 1 3/4" hollow core wood doors with hollow metal frames or six panel masonite doors with wood frames. Closet doors to be 1 3/8" hollow core or 1" solid bi folding with top track, no frames. Unit entrance doors to be 1¾" fire rated solid core wood doors with H.M. frames.

(11) There are to be two (2) geared 2500 lb capacity 350 F.P.M. elevators servicing all floors and roof. In accordance with ANSI a 2500 lb. capacity elevator can accommodate 16 people. Both elevators will be fully automatic with sliding doors. The geared elevators' machine room will be on the first floor. The motors are all to be A.C. The elevators will be Otis model MVS2535.

(12) The elevator cabs will have vinyl composition tile floors, plastic laminate side & rear panels, stainless steel front, mirror ceilings with down lights. There will be telephones installed in the cabs in the event of emergency.

i. Auxiliary Facilities

(1) There will be no laundry room since each apartment will have a stacked washer/dryer.

(2) There will be a Royal-Krusher (or equal) compactor located in the trash room in the garage. Trash pick-up is by the City of Long Beach.

j. Plumbing & Drainage

(1) Water is supplied from the 12" municipal water main located West Broadway. There will be a water booster system with two 175 gpm pumps and 120 gallon tank.

(2) The fire protection system will consist of two (2) 4" standpipes in the north & south stairwells, with hose racks at each floor. The apartments and halls will be fully sprinklered with pendant heads. The garage will be fully sprinklered with a dry system of pendant heads. There will be a Siamese connection, on West Broadway. A 110 HP diesel 750 gpm fire pump will supply pressure to the system. It will have a 120 gallon double wall fuel tank located in the mechanical room.

(3) There are no water storage tanks except the 120 gallon water pressure booster tank.

(4) Water pressure will be maintained at 55 psi with the Booster Pump System. All water piping within the building shall be Type L copper pipe and fittings with lead free solder.

(5) Sanitary sewer piping will be cast iron below grade and cast iron or DWV copper above grade. The building system will tie into the municipal sewer located in West Broadway.

(6) There are no plumbing permits required except a City plumbing permit.

(7) The storm drainage system will consist of cast iron roof drains and piping.

(8) There will be a 30gpm sump pump in the elevator pit discharging to the drainage system.

k. Heating

(1) Method

i. Domestic hot water to be provided by individual 60 gallon gas hot water heaters in each apartment.

ii. Heating for each unit is provided by individual high efficiency (EER 8.7 to 10.0) heat pumps (G.E. Zone line or equal). There are there gas fired furnaces providing ducted hot air for the lobby and the garage ceiling below dwelling units. A roof mounted 7.5 ton DX HVAC unit provides heating, cooling and ventilation for corridors.

iii. The heating system will be designed to heat each room to 72 degrees F. when outside temp is 15 degrees F. with winds at 15 mph.

(2) Number of Boilers and Description:
Not Applicable

(3) Manufacturer and Age of Boilers:
Not Applicable

(4) Manufacturer and Age of Burners:
Not Applicable

(5) Types of Controls:
The heating system will be regulated by a individual integral thermostats in each HVAC unit.

(6) Radiators, Piping, Insulation, Valves, Pumps etc.
All gas piping within the building shall be schedule 40 black steel pipe with black malleable IPS fittings.

(7) Fuel:
Natural gas.

(8) Location of Oil Tank and Materials:
Not Applicable

(9) Capacity of Oil Tank:
Not Applicable

l. Gas Supply

Gas for cooking, hot water and fireplace will be supplied by LIPA/Brooklyn Union Gas, located in West Broadway. There will be one house meter for all usage.

m. Air Conditioning

The cooling system will be self-contained units within each apartment.

(1) Type of System
Air cooled thru the wall

(2) Central System
Not Applicable

(3) Cooling Towers, Condensers
Not Applicable

(4) Individual Units (thru Wall)
Master Bedroom HP-2 8,900 BTU, 110 Volt GE Model AZC509D or equal
2nd & 3rd Bedrooms HP-3 5,700 BTU, 110 Volt GE Model AZC506D or equal
Living Rooms HP-1 12,000 BTU, 110 Volt GE Model AZC512D or equal

n. Ventilation

Interior toilets will be exhausted thru a vertical ducted shaft thru roof with registers in each bathroom.

Individual dryers will not be ventilated.

Corridors to be vented by 1 roof top unit (3000 cfm).

o. Electrical System

(1) The underground service by LIPA will supply 120/208 volt three (3) phase wire power to the distribution boards gear with two (2) 1200 Amp switches feeding individual apartment meters, 800 Amp switch supplying the common area lighting panels, power panels, mechanical & pump rooms and the elevators.

(2) Risers to individual apartments are to be 150 Ampere feeders in conduit.

(3) Each apartment shall have a 225 Amp 280/120 volt three (3) phase 4 wire 36 circuit panel with circuit breakers. This will be sufficient to provide power for the A/C units, lights, receptacles and appliances.

(4) Lighting & Fixtures

A. Apartments shall have ceiling mounted fluorescent fixtures in the kitchens. Incandescent ceiling mounted fixtures to be provided in dining area, bathrooms, halls & closets.

B. Garage lighting shall be 70 Watt metal halide 2' x 2' recessed lighting.

C. Stairwells to have fluorescent fixtures with emergency packs Exit lights shall be provided at all exits & stairs as required.

(5) Receptacles and switches shall be provided in accordance with NEC & local codes. Walk-in closets to have switched lights, each kitchen to have two (2) appliance circuits.

p. Intercom & Television

System will have an exterior master unit at the main entrance A door release system will be controlled from each apartment. The intercom system will be equal to Sentrex. Television reception shall be provided by local cable service.

q. Public Lighting

All corridors shall have incandescent wall mounted light fixtures. All other common areas, mechanical rooms, etc. to have 2 x 2 or 1 x 4 fluorescent light fixtures.

r. Garages

(1) The grade level of the building will be open parking areas except for lobby.

(2) There are 91parking spaces, 41 which are covered.

(3) The parking areas are asphalt. Lighting will be 2' x 2' recessed metal halide lighting where covered and pole mounted metal halide lights elsewhere.

(4) The parking shall be unattended.

(5) Mechanical ventilation is not required for the parking area.

(6) A dry sprinkler system with pendant heads shall be installed in the ceiling below the first floor apartments.

(7) Drainage is accomplished by drywells with cast iron grates.

s. Swimming pool - None

t. Tennis Courts, Playgrounds - None

u. Permits & Certificates

The following are required:

(1) Building Permit (issued February 15, 2001) & Certificate of Occupancy – City of Long Beach.

(2) Plumbing Permit - City of Long Beach.

(3) HVAC Permit - City of Long Beach.

(4) Fire Protection Permit & Approval – Nassau County Fire Marshall.

(5) N.Y. Board of Fire Underwriters Electrical Certificate.

(6) Architectural Review –City of Long Beach. (approved August 28, 2000)

(7) Sewer Connection – City of Long Beach.

v. Violations - Not Applicable

w. Unit Information

There shall be 45 apartments of varying configurations and sizes, Chart I indicates the size of each unit, bedroom/bathroom configuration, apartment configuration and percent of common elements. (see attachments 2, 3, & 4 for floor plans).

(1) All the apartments shall be finished similarly, with painted gypsum board walls, vinyl composition tile in the kitchen, ceramic tile floors and base with full height tilewalls in tubs in bathrooms and carpet at $20.00 per sq. yd. throughout the rest of the rooms. All ceilings shall be painted gypsum board ceilings at a height of 8'-0". Each apartment will have a vent free gas fired fireplace by Liesure Flame or equal, with oxygen detecting safety pilot.

(2) All plumbing fixtures to be Kohler, American Standard or equal enamel steel tubs, china waterclosets & sinks, delta faucets throughout as indicated below.

Lavatories	-	K2211 19 x 15 White China Undermount
Toilet	-	K3386 White Rialto Lite
Whirlpool	-	K1257 White Mariposa
Kitchen Sink	-	Double Stainless Steel Sink with K15170 Faucet

(3) All kitchen cabinets to be plastic laminate on pressboard with laminate counter tops, & stainless steel sink. Appliances shall be General Electric Profile, or equal as follows:

Refrigerators	-	G.E. - TFX22PRBWWW
Gas Range	-	G.E. - JGBP85WEAWW
Dishwasher	-	G.E. - GSD5130DWW
Microwave Oven	-	G.E. - JVM1660WB
Electric Washer/Dryer	-	G.E. – WWM2780WWW

x. Finish Schedule (Other Than Apartments)

Room	Floor	Walls	Ceiling	Remarks
Vestibule	Granite	Gyp Bd/Vwc	2'x2' Acoustic	
Main Lobby	Granite	Gyp Bd/Vwc	2'x2' Acoustic	
Lobbies & Corridors	Carpet	Gyp Bd/Vwc	Gyp Bd/Ptd	
Halls	Carpet	Gyp Bd/Ptd	"	
Stairs	Conc/Ptd	Block or Gyp Bd/Ptd	"	
Compactor	"	Exposed Block	"	
Mechanical	"	"	"	
Telephone	"	"	"	
Water	"	"	"	
Electric	"	"	"	
Storage	"	"	"	
Elev. Mach. Rm	"	"	"	
Garage	"	-	2'x4' Vinyl Gyp Tile	

y. Safety And Warning Devices

Individual hard wired smoke detectors shall be located adjacent to and in each bedroom. Smoke detectors shall be installed at each elevator lobby connected to the elevator recall. Pull stations at each stairway from the garage shall be connected to a local alarm system and central station.

z. Additional Information

(1) Site plan

(2) Area map is on site plan.

(3) Floor plans for each floor are included.

(4) Floor to ceiling height of units is 8'-0"

(5) Area of each unit is indicated on Chart I

aa. Asbestos - No ACM to be installed in building.

NDG Architect, P.C.

Mitchell D. Newman
President

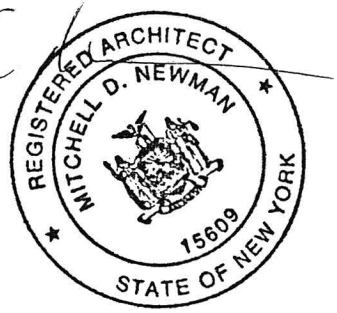
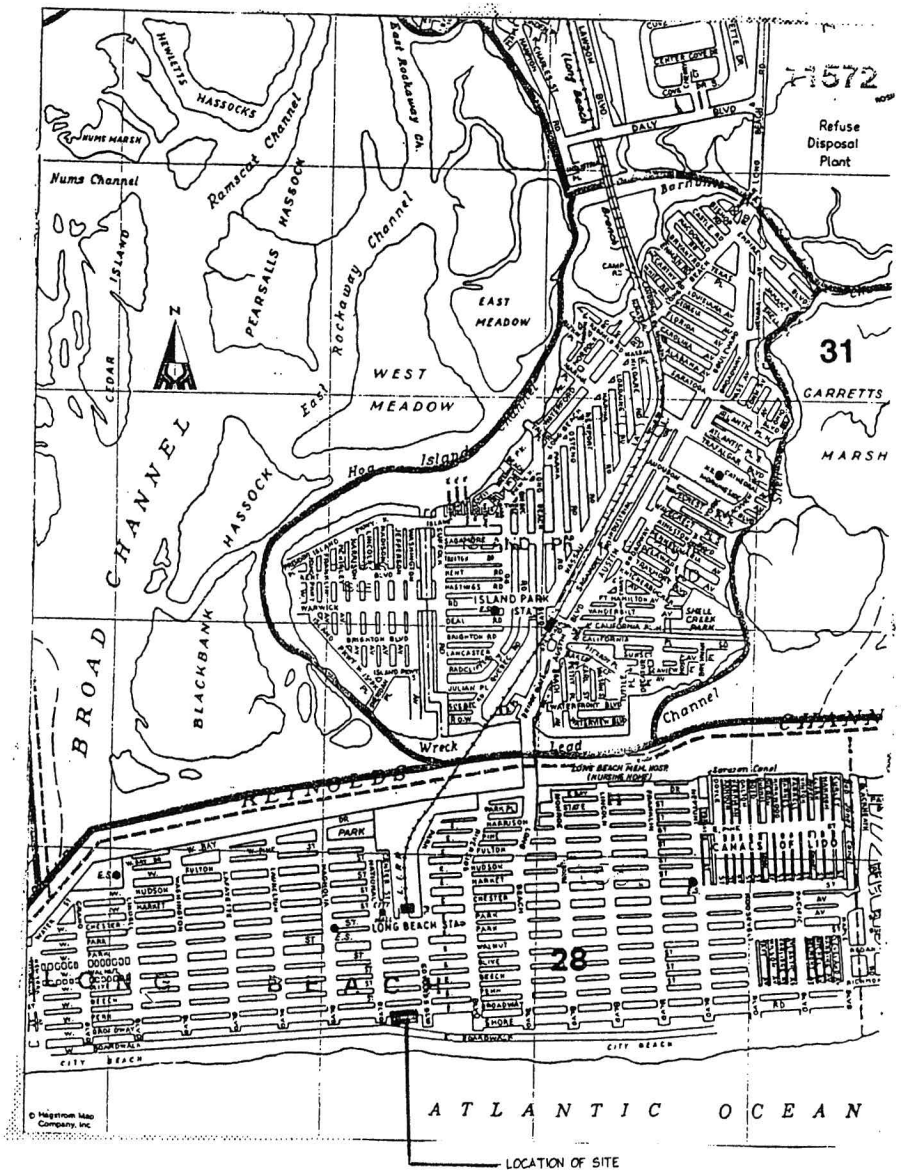


EXHIBIT "E"
FLOOR PLANS FOR CONDOMINIUM UNITS



LOCATION MAP

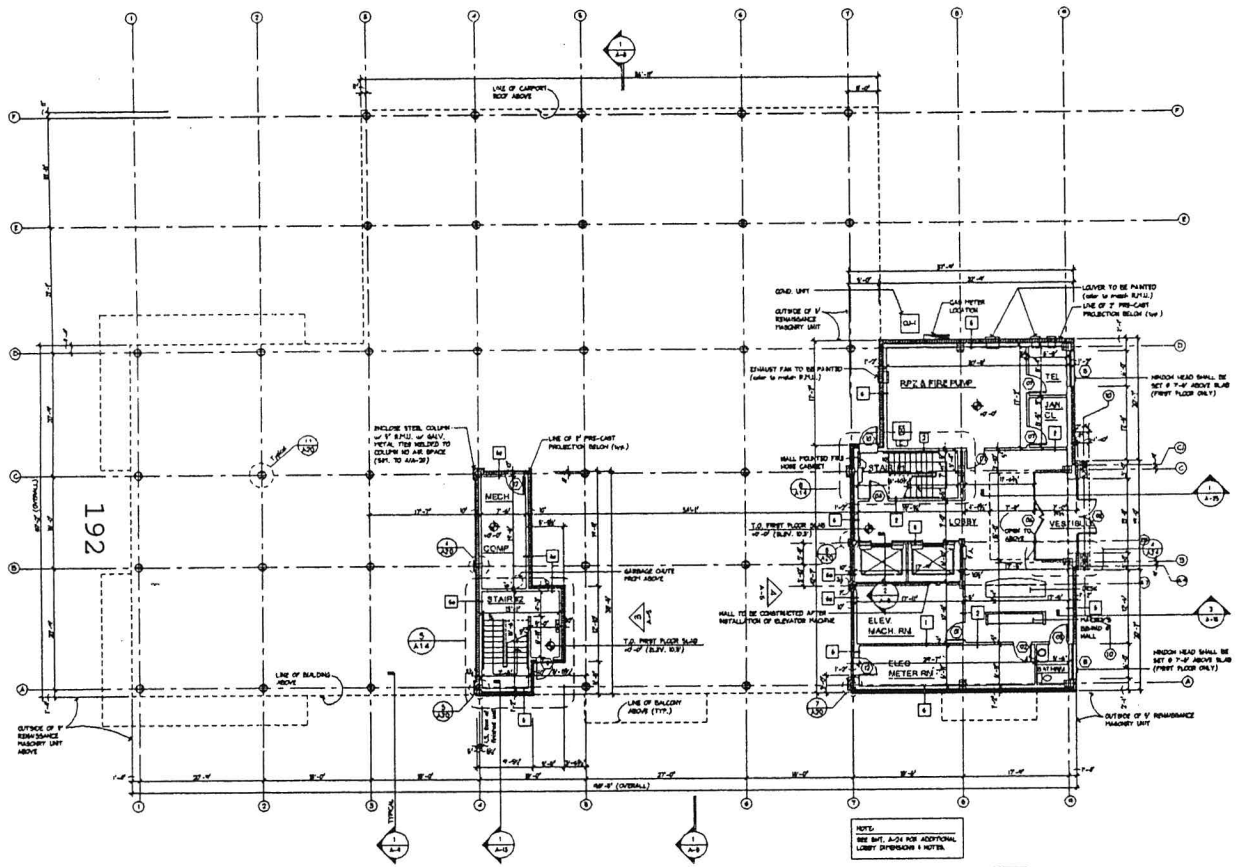
NEWMAN DESIGN GROUP
ARCHITECTS · PLANNERS · ENGINEERS
HOG ARCHITECT P.C.
270 WEST ROGUES PATH COLD SPRING HILLS NY 11743
Tel: 631.673.2111 · Fax: 631.673.2021 · INFO@NEWMANDESIGNGROUP.COM

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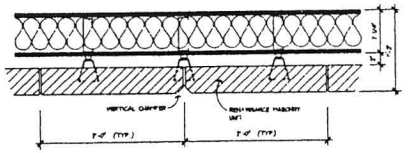
PROJECT
WHITE SANDS CONDOMINIUM
WEST ROCKAWAY LONG BEACH, N.Y.

TITLE
LOCATION MAP

ATTACHMENT 2



1/A-1 GROUND FLOOR PLAN
SCALE : 1/8" = 1'-0"



2/A-1 PLAN OF TYPICAL VERTICAL CHAMFER
SCALE : 1 1/2" = 1'-0"

NOTE:
SEE BUILDING ELEVATIONS FOR LOCATION

DRAWING NO. A-1

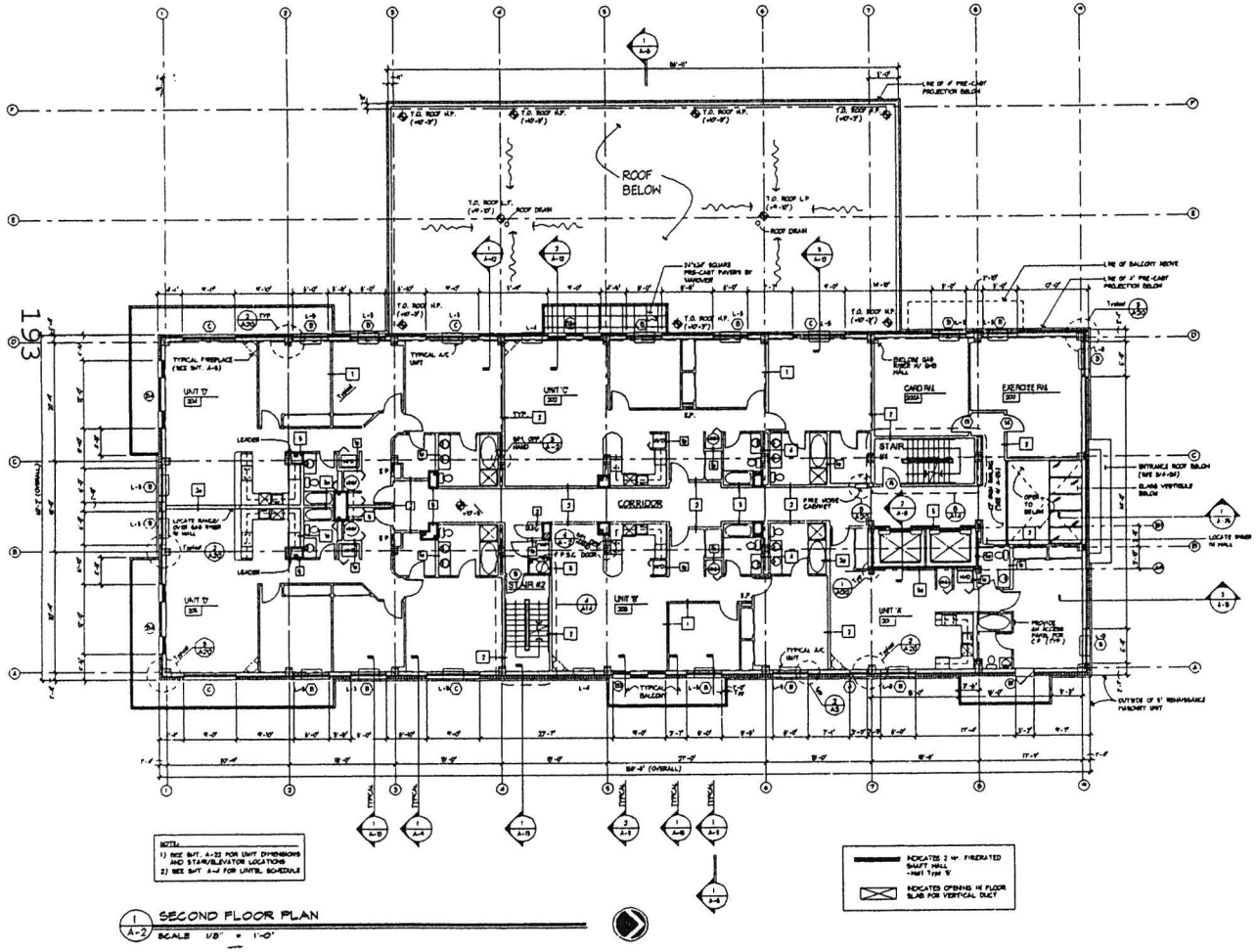
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REVISIONS		
NO.	DATE	DESCRIPTION
1	3/9/00	ISSUED FOR CONSTRUCTION

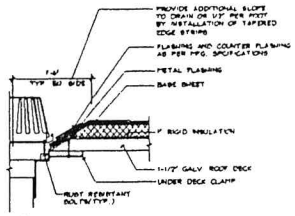
PROJECT
WHITE SANDS CONDOMINIUM
LOTS 7 BROOKHAVEN FARMS TRACK, N.Y.

TITLE
GROUND FLOOR PLAN

DATE: 1/4" = 1'-0"
SCALE: 4'-1"
DRAWN BY: A.J.M. S.A.
JOB #: 2000



1/A-2 SECOND FLOOR PLAN
SCALE 1/8" = 1'-0"



2/A-2 DETAIL OF ROOF DRAIN & CANOPY JET
SCALE 1" = 1'-0"

193

DRAWING NO. A-2

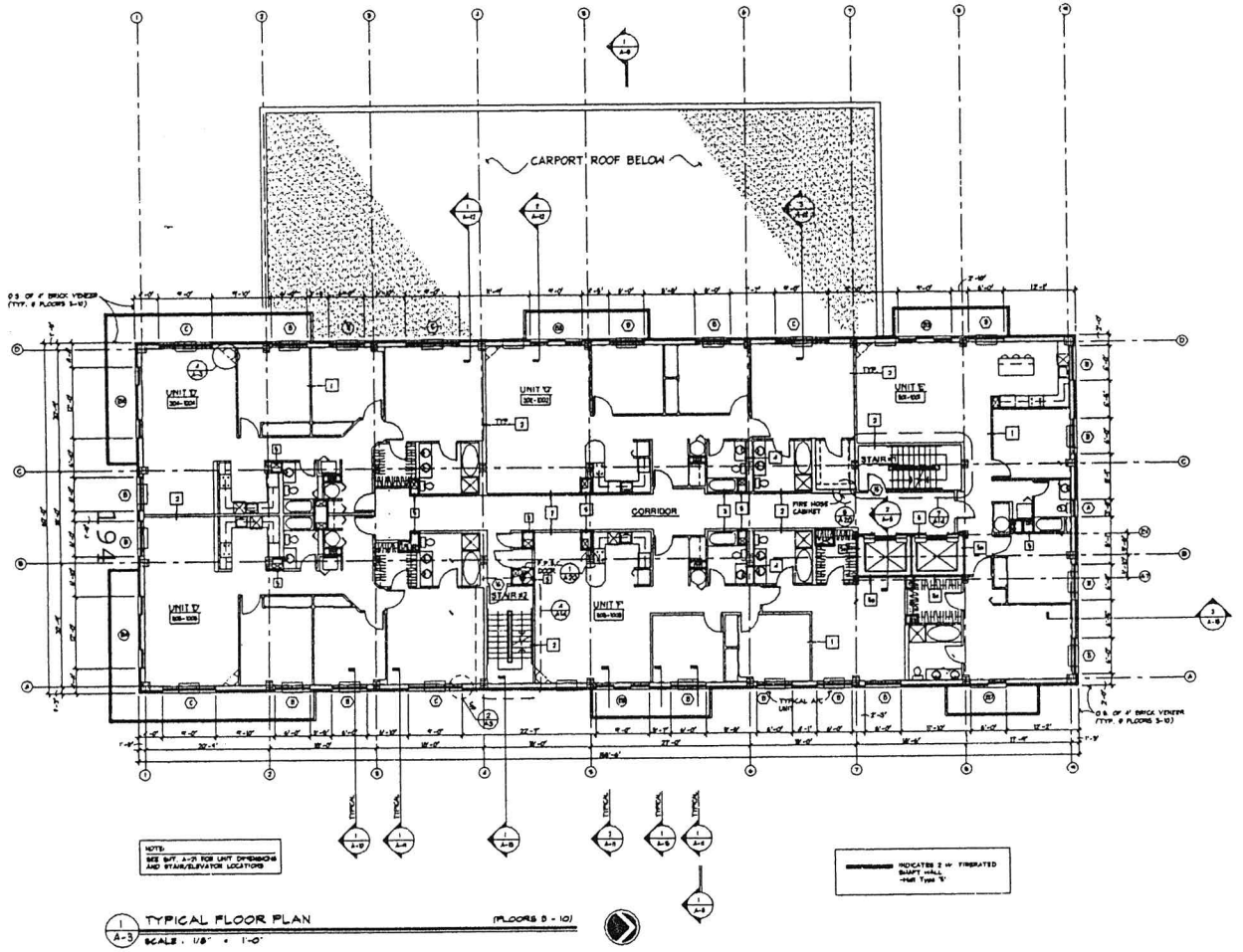
NEWMAN DESIGN GROUP
ARCHITECTS - PLANNERS - ENGINEERS
N.D.G. ARCHITECT, P.C.
710 WEST DOUGLAS AVE. (CORRESPONDENCE: P.O. BOX 1116) VISALIA, CA 93291
TEL 559 732-2511 • FAX 559 732-2021 • INFO@NEWMANDESIGNGROUP.COM
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NO.	DESCRIPTION	DATE
	ISSUED FOR CONSTRUCTION	

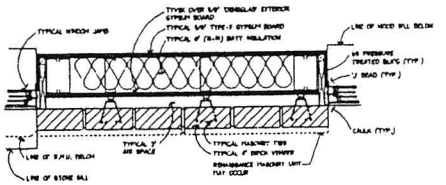
PROJECT
WHITE SANDS CONDOMINIUM
APNS: 126-040-017, 126-040-018, 126-040-019

TITLE
SECOND FLOOR PLAN

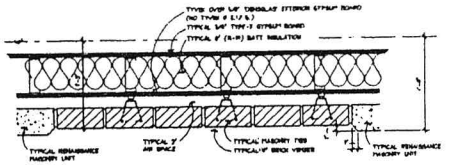
ATTACHMENT 4



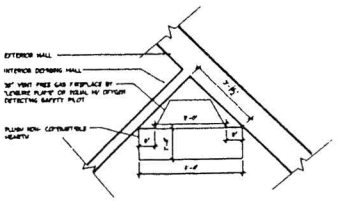
1 / A-3 TYPICAL FLOOR PLAN (FLOORS 3 - 10)
SCALE : 1/8" = 1'-0"



2 / A-3 PLAN OF TYPICAL BRICK/S.M.U. TO WINDOW TRANSITION
SCALE : 1 1/2" = 1'-0"



3 / A-3 PLAN OF TYPICAL BRICK TO S.M.U. TRANSITION
SCALE : 1 1/2" = 1'-0"



4 / A-3 TYPICAL FIREPLACE DETAIL
1/2"=1'-0"

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DRAWING NO. A-3

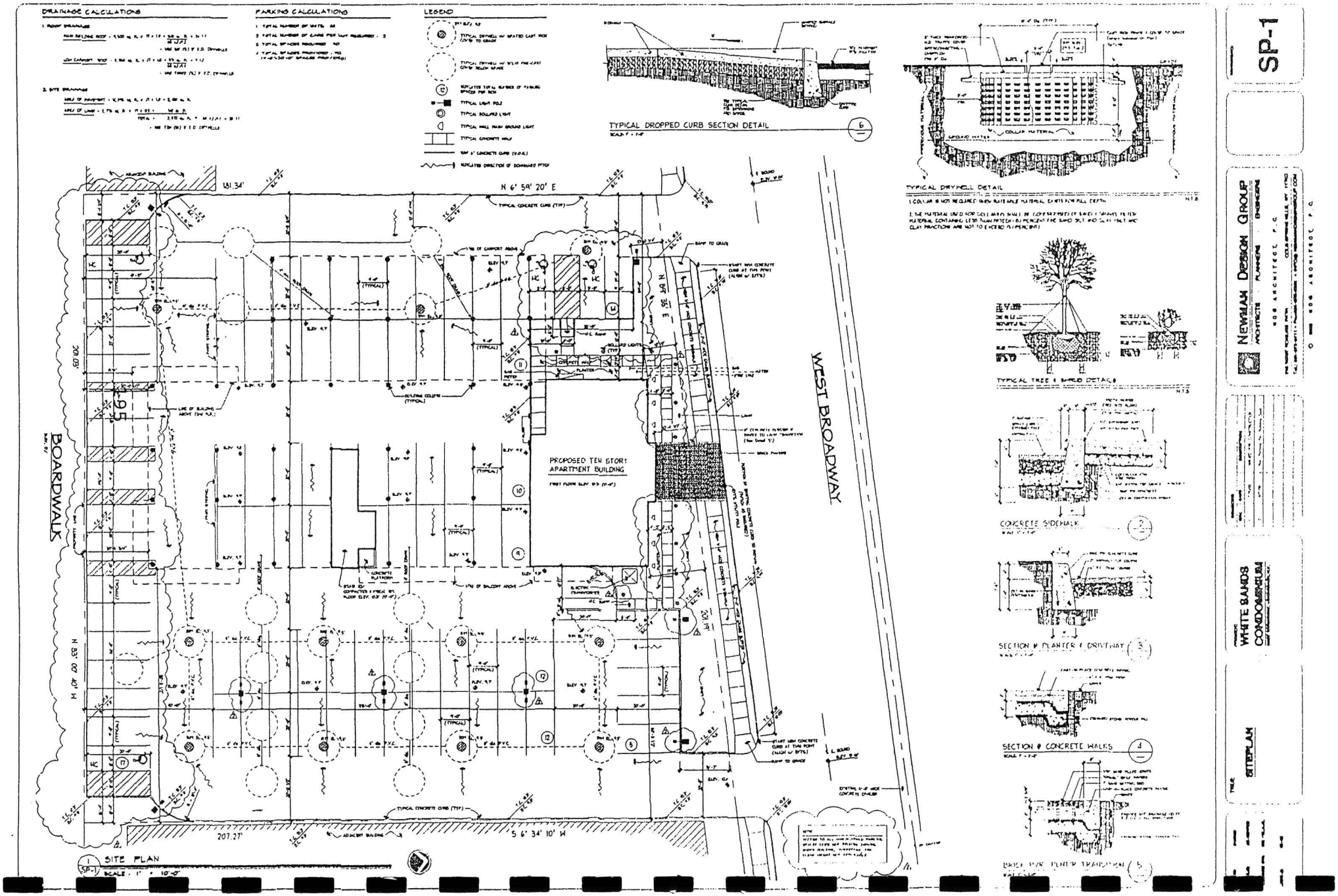
REVISIONS		
NO.	DATE	DESCRIPTION
1	1/19/00	ISSUED FOR CONSTRUCTION

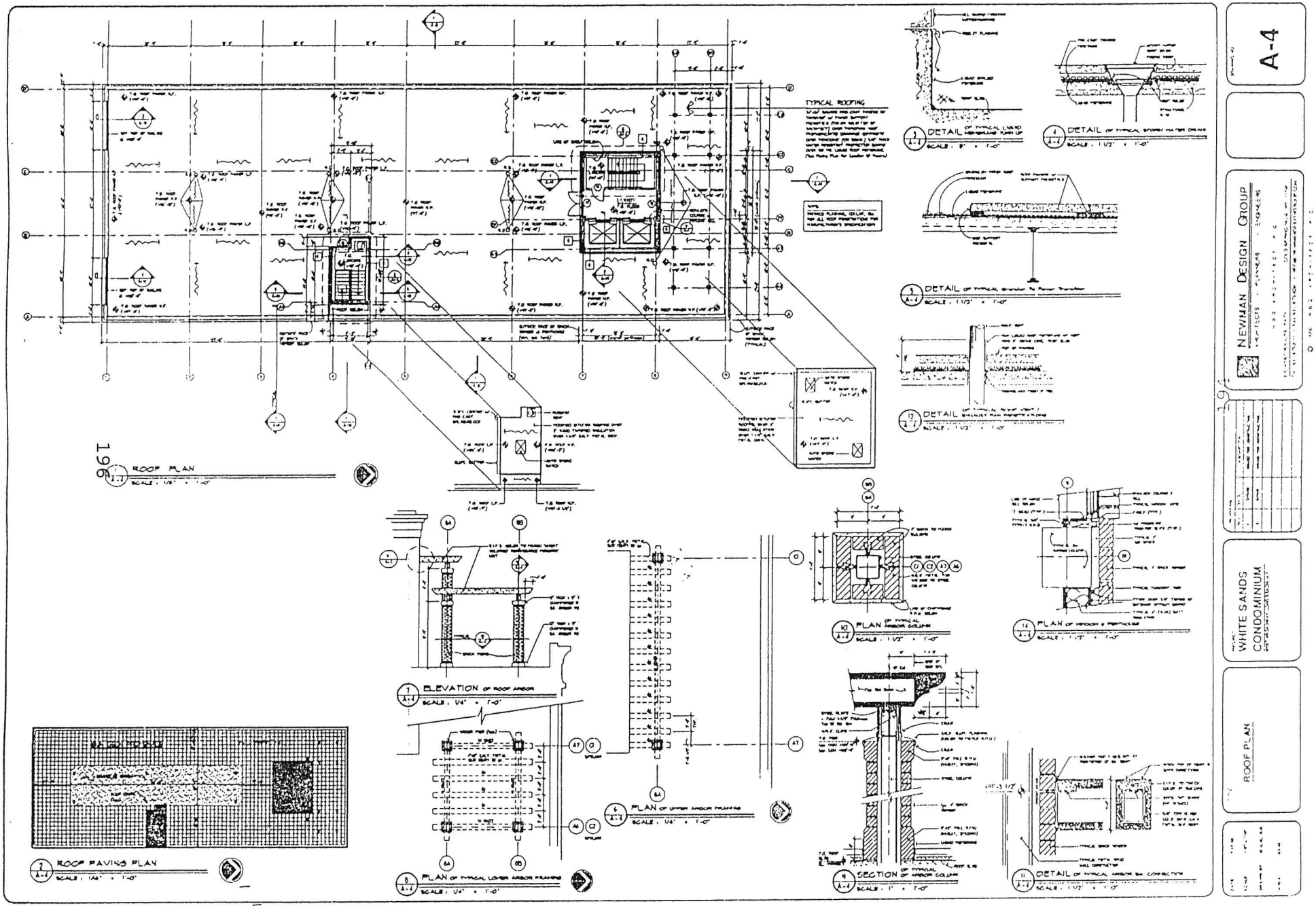
PROJECT
WHITE SANDS CONDOMINIUM
WEST BRIDGEWATER LONG BEACH, R.I.

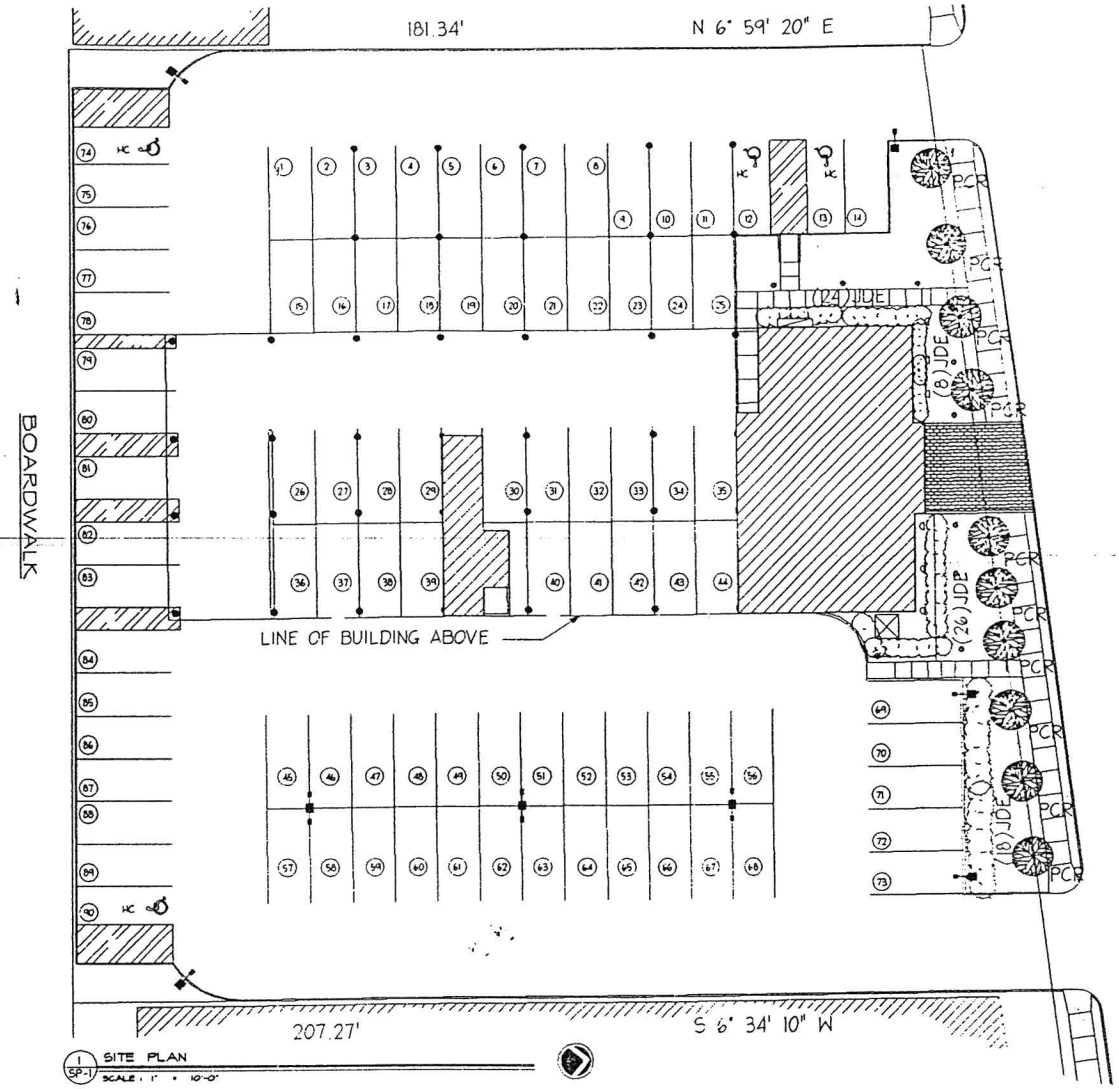
TITLE
TYPICAL FLOOR PLAN (FLOORS 3-10)

DATE 1/19/00
SCALE 1/8"=1'-0"
DRAWN BY R.A.B., B.A.
JOB # 2000

ATTACHMENT 1




TYPICAL ROOFING
ROOF PLAN
DETAIL
DETAIL
DETAIL
DETAIL
ELEVATION OF ROOF ARBOR
PLAN OF TYPICAL LOWER ARBOR FRAMING
PLAN OF UPPER ARBOR FRAMING
PLAN OF TYPICAL ARBOR COLUMN
SECTION OF TYPICAL ARBOR COLUMN
PLAN OF ARBOR & PERGOLAS
DETAIL OF TYPICAL ARBOR BM. CONNECTION
ROOF PAVING PLAN
NEWMAN DESIGN GROUP
WHITE SANDS CONDOMINIUM
ROOF PLAN
A-4



SITE PLAN

SCALE: 1"=40'-0"

PLANTING SCHEDULE

	SYM	BOTANICAL NAME	COMMON NAME	SIZE/SP
SHRUBS / TREES	PCR	PYRUS CALLERYANA REDSPIRE	REDSPIRE PEAR	2 1/2"-3"CAL. -10'O.C.
SHRUBS	JDE	JUNIPERUS DIVURICA EXPANSA	PARSON JUNIPER	18"-24"SP. -3 1/2'O.C.

ATTACHMENT 1

DATE 5/1/01
SCALE 1"=40'-0"
DRAWN BY SCPC
JOB # 00-06
SHEET # SP-1

PROJECT:

WHITE SANDS CONDOMINIUM

WEST BROADWAY; LONG BEACH, N.Y.

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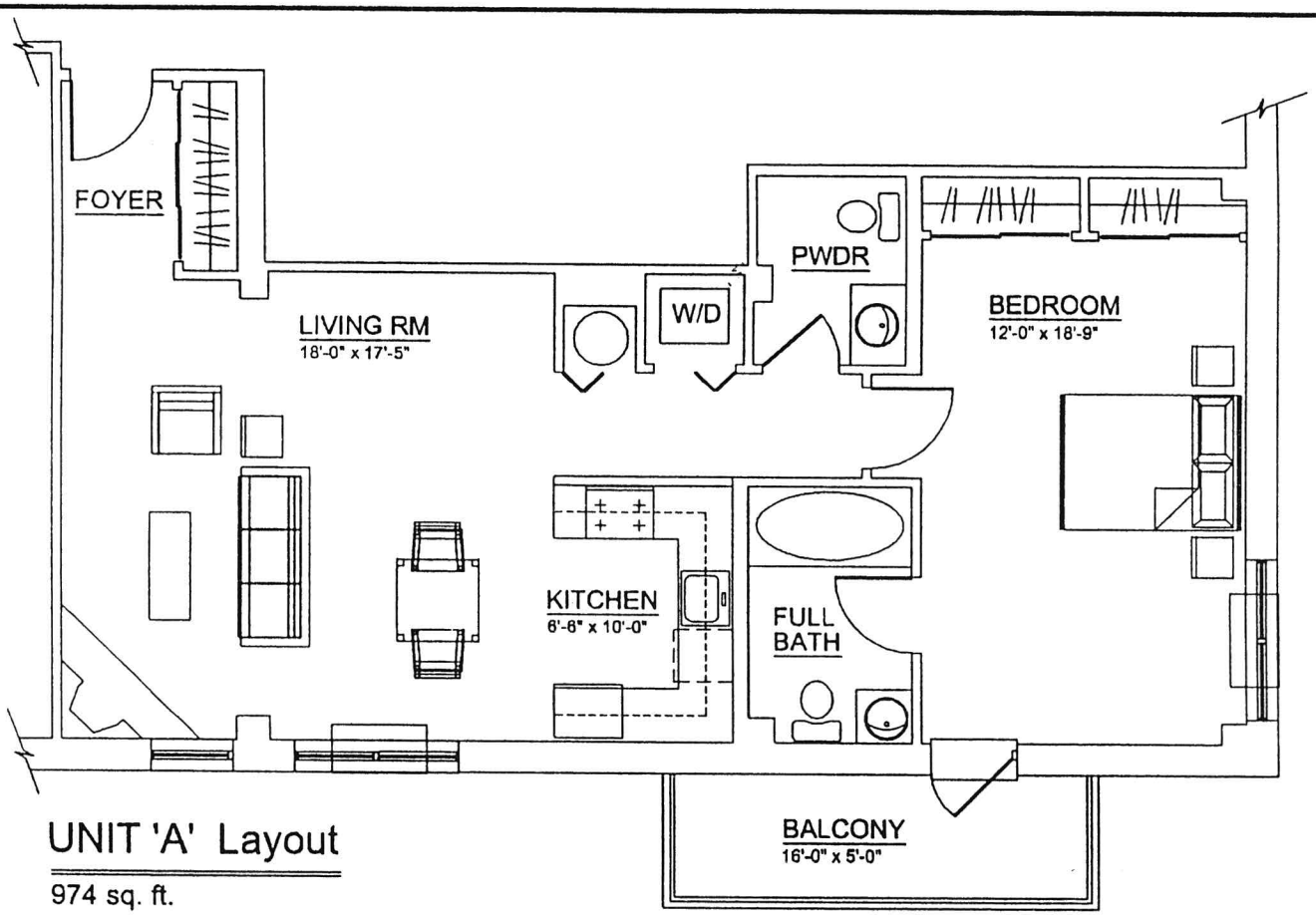
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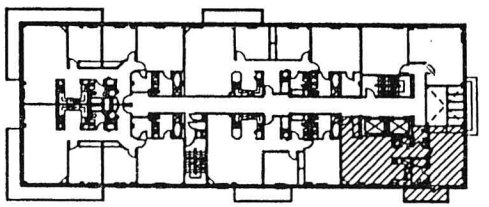
Apartment Layouts



198

UNIT 'A' Layout

974 sq. ft.



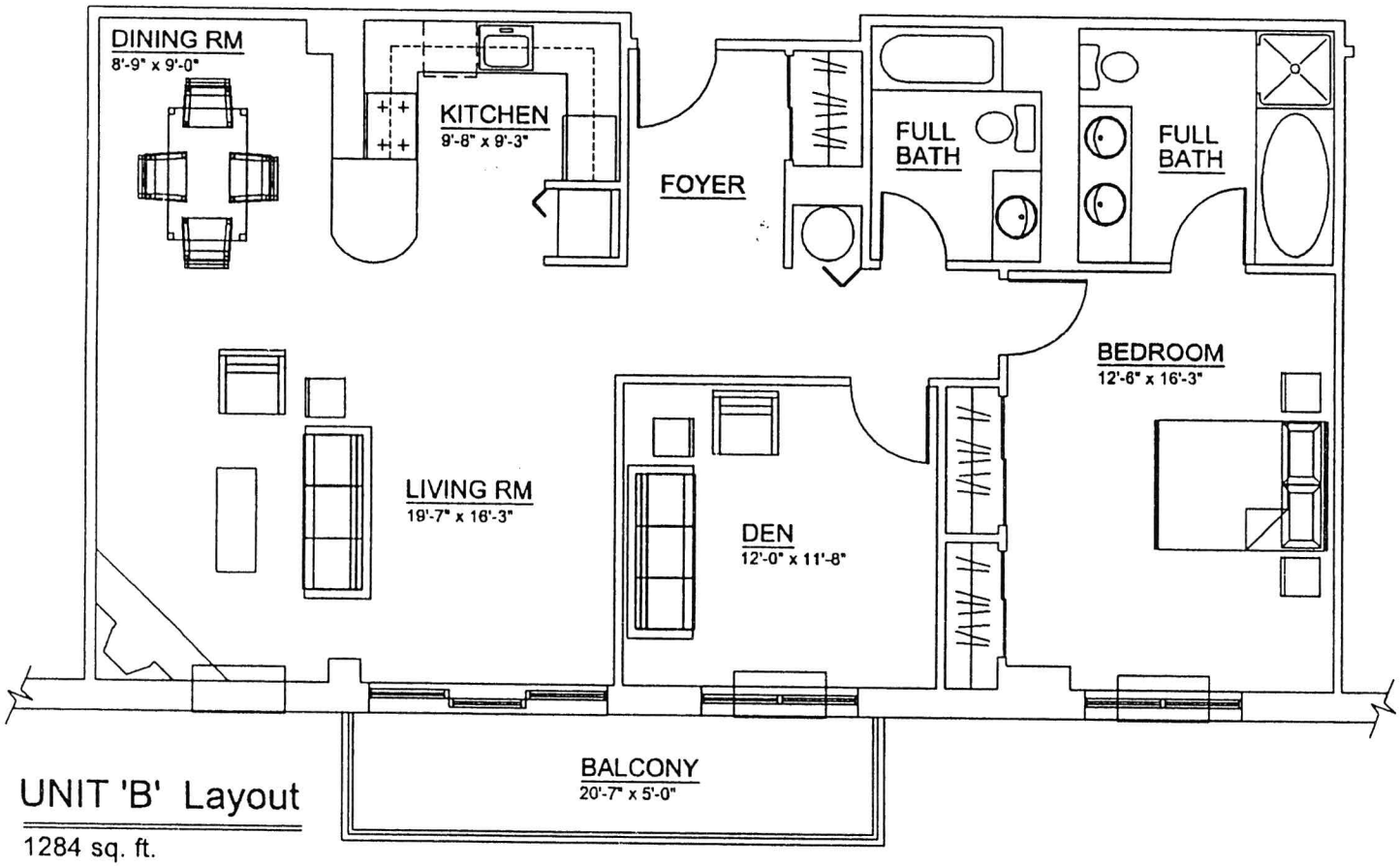
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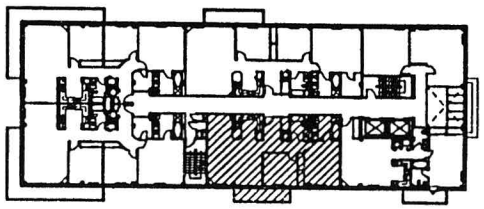
Apartment Layouts



199

UNIT 'B' Layout

1284 sq. ft.



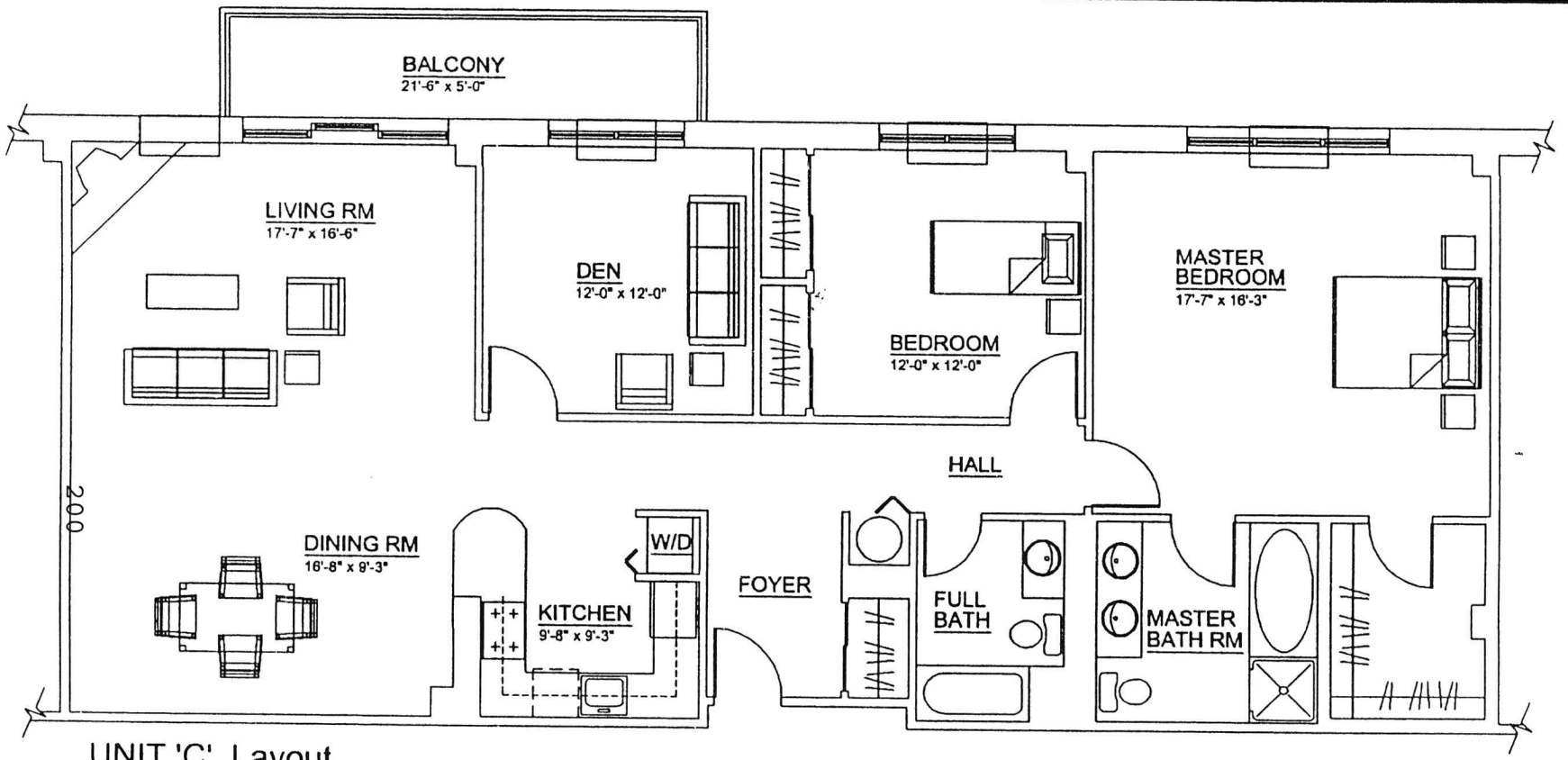
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White Sands Condominium

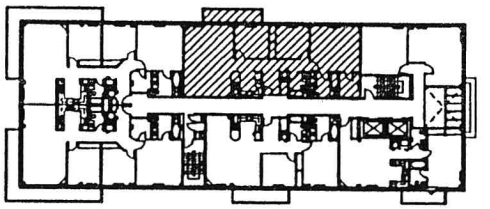
26 West Broadway, Long Beach, N.Y.

Apartment Layouts



UNIT 'C' Layout

1697 sq. ft.



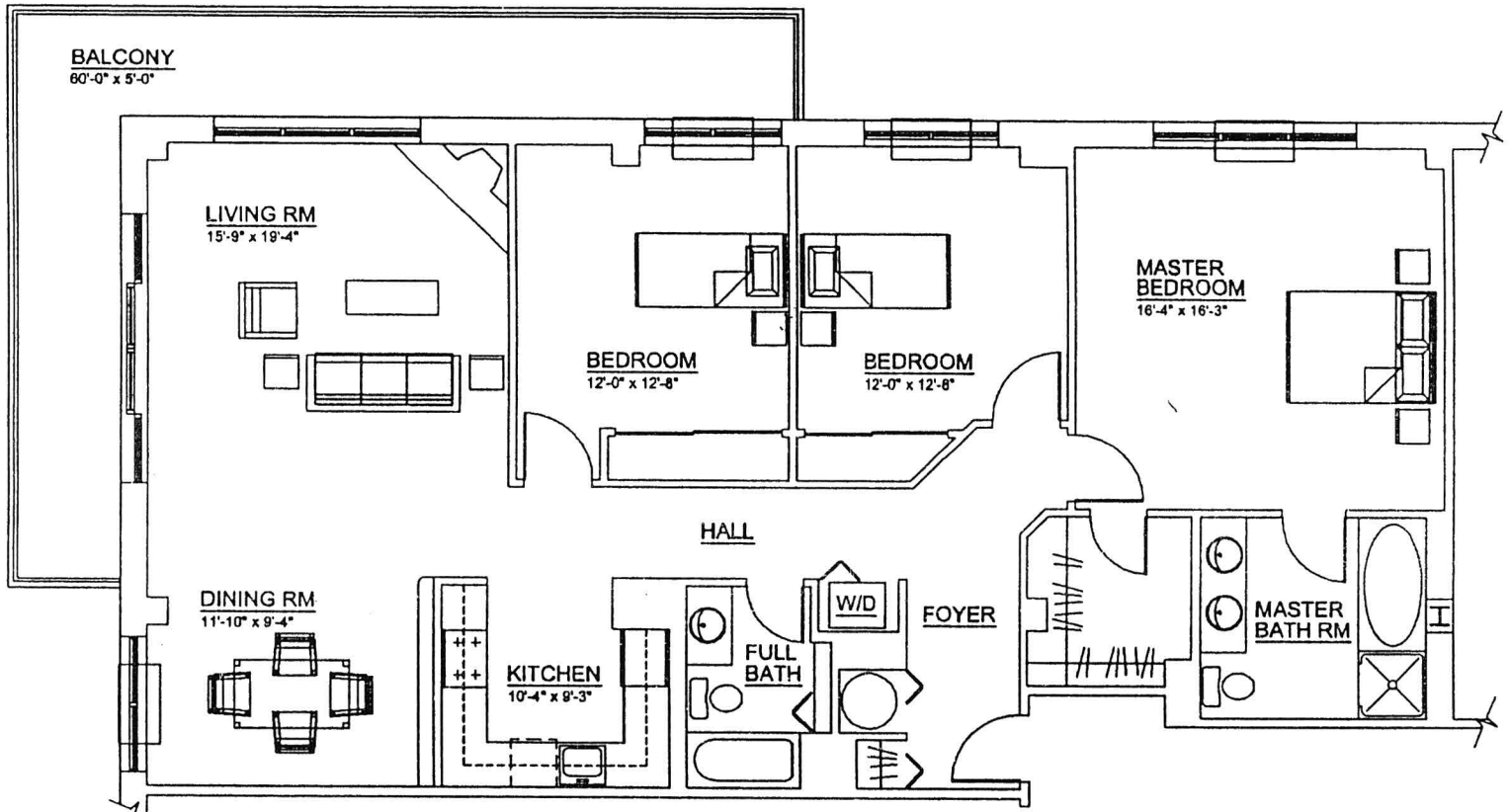
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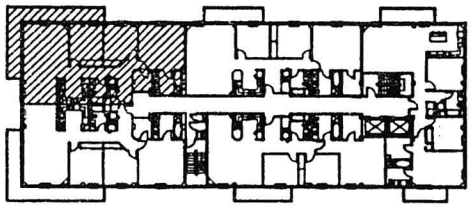
26 West Broadway, Long Beach, N.Y.

Apartment Layouts



Typical UNIT 'D' Layout

1687 sq. ft.



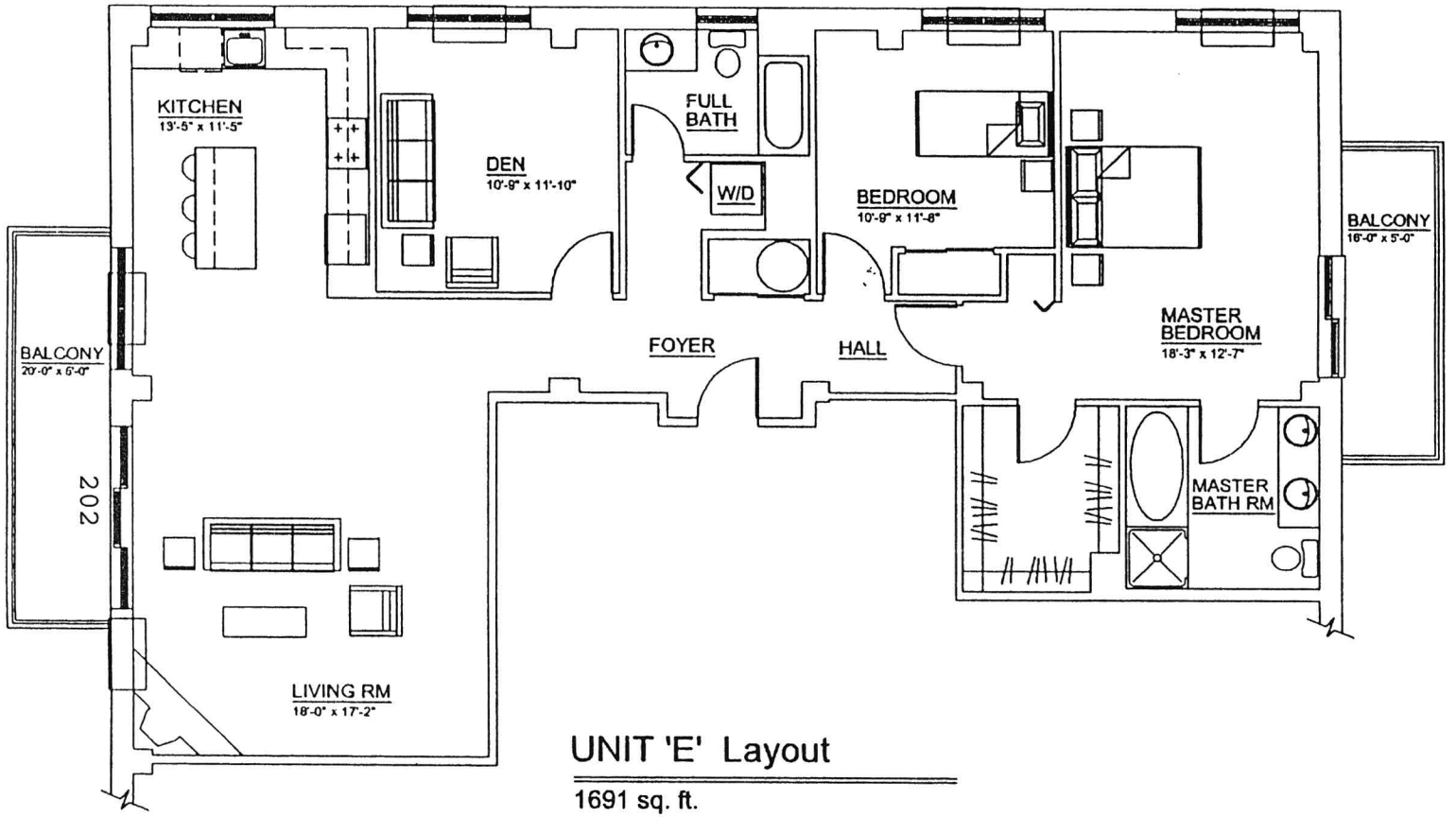
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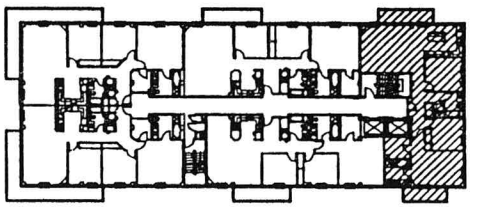
26 West Broadway, Long Beach, N.Y.

Apartment Layouts



UNIT 'E' Layout

1691 sq. ft.



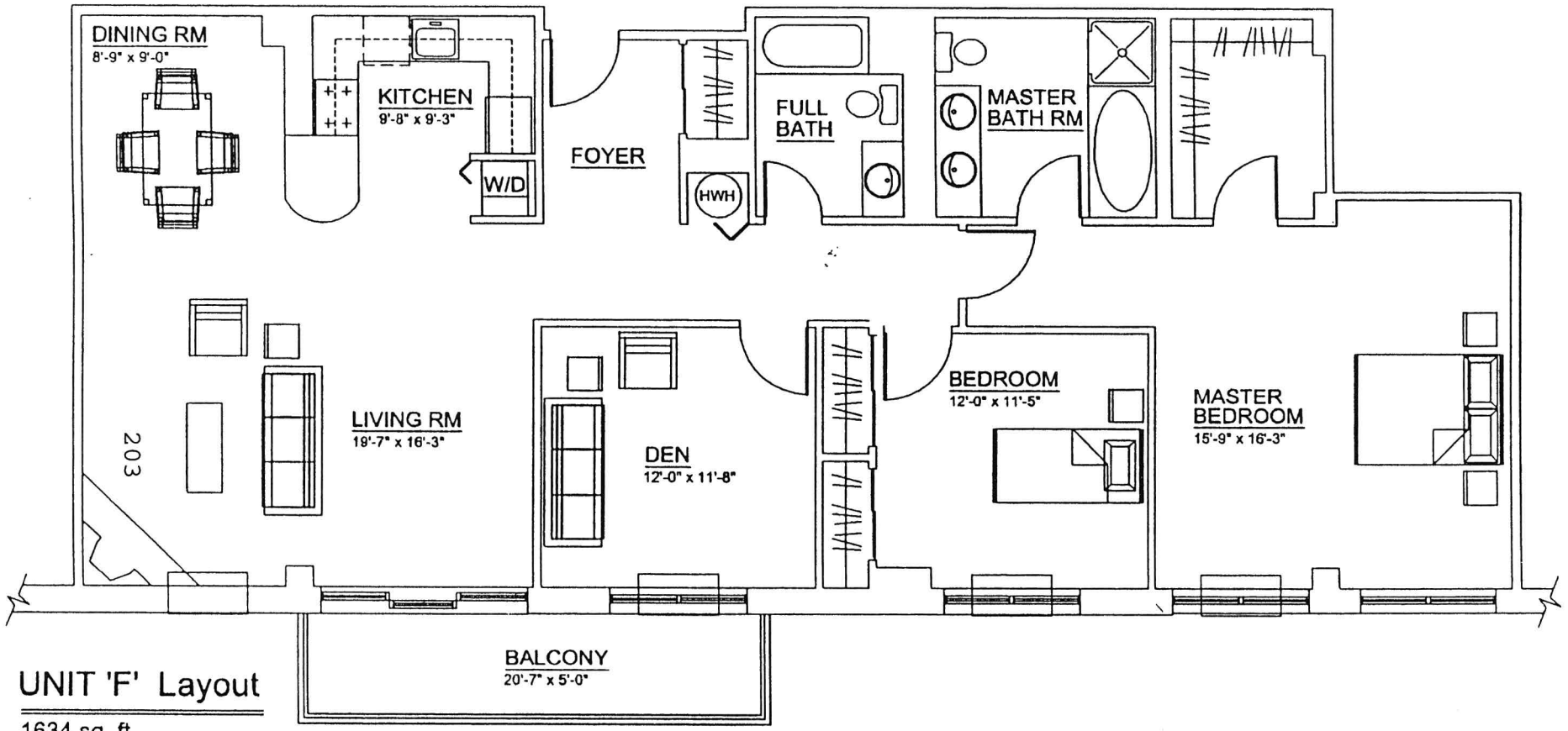
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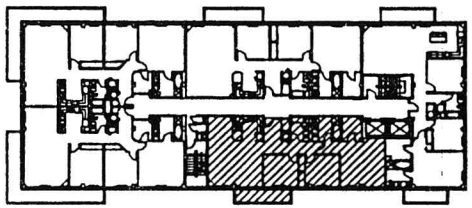
26 West Broadway, Long Beach, N.Y.

Apartment Layouts



UNIT 'F' Layout

1634 sq. ft.



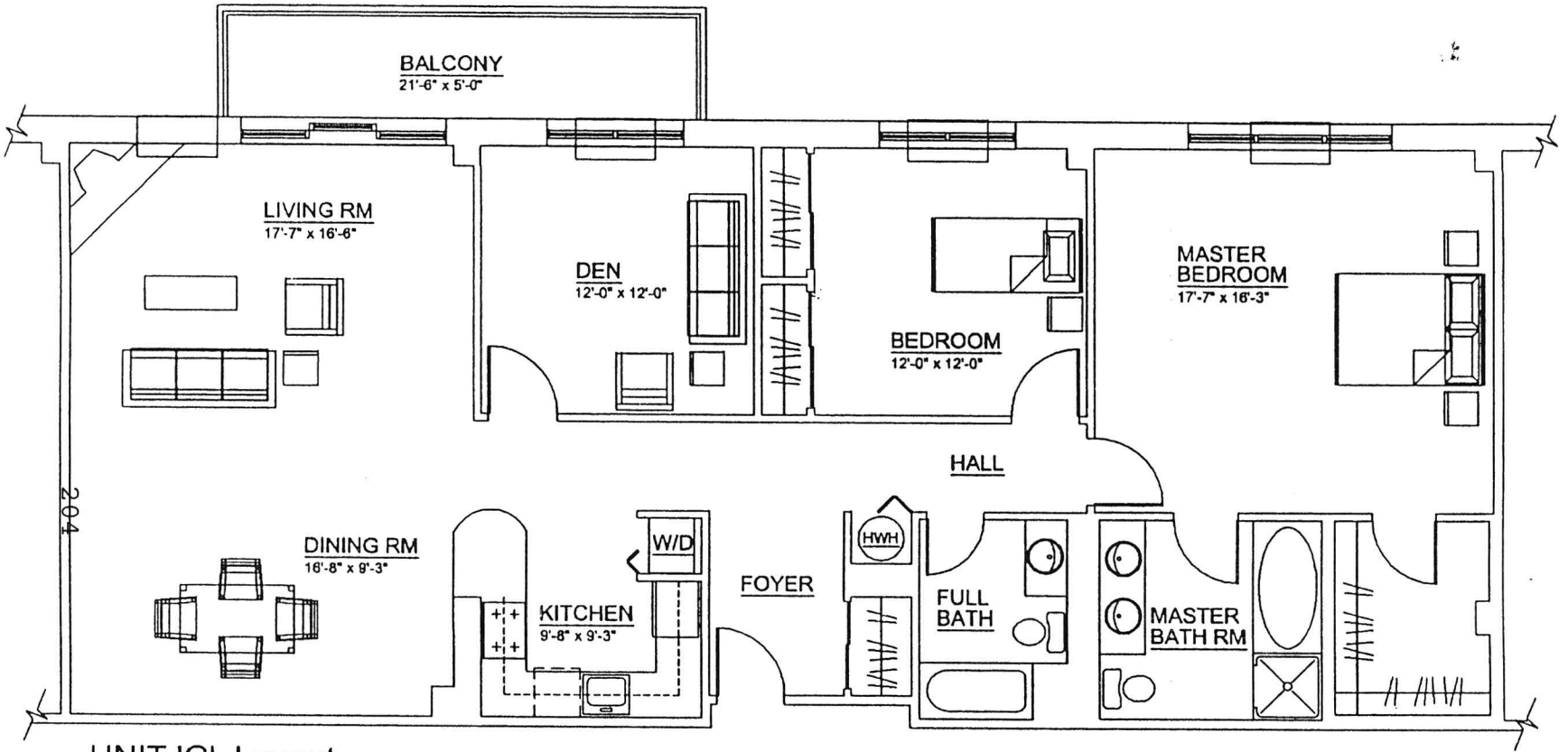
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White Sands Condominium

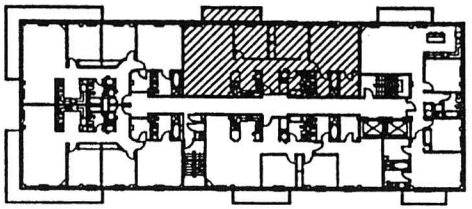
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Apartment Layouts



UNIT 'G' Layout

1684 sq. ft.



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EXHIBIT "F"

DECLARATION OF CONDOMINIUM

ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP OF PREMISES LOCATED IN THE CITY OF LONG BEACH, NASSAU COUNTY, STATE OF NEW YORK, PURSUANT TO ARTICLE 9-B OF THE REAL PROPERTY LAW OF THE STATE OF NEW YORK.

NAME:	**WHITE SANDS CONDOMINIUM**
PREMISES:	**26 WEST BROADWAY, LONG BEACH, NEW YORK**
SPONSOR:	**SUN AMERICA LLC,** having an address c/o Zapson & Galanter LLP 450 Seventh Avenue, Suite 1400 New York, NY 10123
DATE OF DECLARATION:	

Record and return to:

ZAPSON & GALANTER LLP
450 Seventh Avenue, Suite 1400
New York, NY 10123

PLAN OF CONDOMINIUM OWNERSHIP

DECLARATION OF WHITE SANDS CONDOMINIUM

PURSUANT TO ARTICLE 9-B OF THE REAL
PROPERTY LAW OF THE STATE OF NEW YORK

In the City of Long Beach, Nassau County and State of New York on this ___ day of _____, 2002 , Sun America LLC, organized and existing under the laws of the State of New York, whose principal office is situated in the County of Nassau, State of New York, hereinafter referred to as the "Owner", principal office 71 Brookville Road, Brookville, New York 11545, represented in this Declaration by Mozafar Shokrian, who is fully empowered and qualified to execute this Declaration on behalf of the corporation does hereby state:

FIRST: Submission of Property. By this Declaration the Owner submits the property described in this Declaration, including the land and the White Sands Condominiums and all other improvements erected and to be erected thereon, all easements, rights and appurtenances belonging thereto and all other property, real, personal or mixed, intended for use in connection therewith, to the provisions of Article 9-B of the Real Property Law of the State of New York.

SECOND: Description of Property. The Owner owns all that certain plot, piece or parcel of land, with the White Sands Condominiums and improvements thereon erected, situate, lying and being in the City of Long Beach, Nassau County, State of New York, and more particularly bounded and described on Schedule A annexed hereto and made a part hereto.

THIRD: Definitions.

(a) The Owner of each Unit is hereinafter referred to as the "Unit Owner." Every Unit Owner shall be treated for all purposes as a single owner, irrespective of whether such ownership is joint, in common or tenancy by the entirety. Where such ownership is joint, in common or tenancy by the entirety, majority vote of such owners shall be necessary to cast the Unit Owners vote referred to in Article EIGHTH of this Declaration.

(b) A "Unit" as hereinafter referred to shall be defined as follows: Each Unit is measured horizontally from the exterior surface of the sheet rock of all opposite walls to the exterior surface of the sheet rock of all opposite walls and vertically from the lower surface of the concrete slab or sub-floor forming the floor of the Unit up to the exterior surface of the sheet rock or other material forming the ceiling of the Unit. Doors, windows, interior walls, and fire places which abut a Unit are part of the Unit. The Description of Units set forth herein pertains to the location of the walls, floors and roof of the Units as they are finally set forth in the building plans to be filed simultaneously with the recording of this Declaration.

(c) "Owner" or "Sponsor" shall mean and refer to Sun America LLC and its successors and assigns.

(d) A "Building" shall be defined as a number of Units all of which are constructed under a continuous roof.

(e) "Party Wall" shall be defined as a wall which is common to and separates two Units.

(f) "Condominium" as hereinafter referred to shall mean a form of ownership of real property in which individual Units as component parts of a whole are owned in fee simply, with the right of exclusive use, by separate individuals or entities, which separate individuals and/or entities jointly own those parts of the whole designated as Common Elements. In the context of this Declaration, "Condominium" specifically refers to "White Sands"

(g) The term "Unit" and "Unit Owners as used herein shall be construed to mean Unit and Unit Owner as defined in Section 339-e of Article 9-B of the Real Property Law of the State of New York.

FOURTH. Condominium. The Owner is constructing on the parcel of land described above a Condominium apartment building known as White Sands Condominium, according to the plans filed simultaneously with the recording of this Declaration in the Office of the Clerk of Nassau County, which Plans set forth a description of the White Sands Condominiums stating the number of stories and number of Units.

The Building will consist of 45 Units to be located in one (1) building containing ten (10) stories as set forth on the Plot Plan filed simultaneously herewith. The Units are constructed of concrete slab foundations and block walls. Each of the Units has access to a public street by means of the common hallways and lobby area. For the purposes of describing the location of the building, approximate area, type and number of rooms of each Unit and

the common elements to which each Unit has immediate access, each Unit is described on Exhibit B annexed hereto. Each Unit will be sold to one or more Owners, each Owner obtaining fee ownership in, and exclusive right of occupancy and possession of the Unit, together with an undivided interest in the common elements of the Community, as listed hereinafter in this Declaration, and referred to as the "common elements", all of the above in accordance with Article 9-B of the Real Property Law of the State of New York. The designation of the number of rooms, interior partitions and kitchen and bathroom facilities may be changed by mutual consent of the Owner and the Unit Owner at the time of construction of the Unit.

The aforesaid Condominium has a total plot area of approximately 38,930 square feet.

FIFTH: A. Common Elements. The common elements of the Building will consist of all of the Building, except the Units, including, but without limitation, outside walls and roofs of the Building, the land, building and improvements (other than the Units) comprising the Community (including the land under the Units and under the improvements), all utility or other pipes and material located outside of the Units.

B. Limited Common Elements. Certain portions of the common elements are irrevocably restricted and limited in use to specified Unit Owners, subject to the right of the Board of Managers to enter upon any restricted area for maintenance, repair or improvement of a Unit or common element and subject to the rules of the Board of Managers (see By-Laws, Article VIII). Any portion of the common elements which is not a Limited Common Element may be used by any Unit Owner. The common elements are not subject to partition nor are they severable from the Units except in accordance with the Real Property Law. Following are detailed descriptions of the Limited Common Elements:

1. Any deck, balcony or terrace area that is located adjacent to each Unit is restricted in use to the owner of such Unit.

2. Parking spaces designated in the Deed to each Unit as referenced on the Parking Space Map annexed as Exhibit ___ hereto.

The common elements shall remain undivided and no Unit Owner shall bring any action for partition or division unless otherwise provided by law.

The percentage of the undivided interest in the common elements established herein shall not be changed except with the consent of all of the

Unit Owners affected expressed in a duly recorded amendment to this Declaration.

The undivided interest in the common elements shall not be separated from the Unit to which it appertains and shall be deemed conveyed or encumbered with the Unit even though such interest is not expressly mentioned or described in the conveyance or other instrument.

SIXTH: Easements. All pipes, wires, conduits and public utility lines located within each Unit shall be owned by such Unit Owner. Any portion of such pipes, wires, conduits and public utility lines located in the common elements including electric meter banks located on the exterior of a Unit and servicing one or more other Units, 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 Owners 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 such Unit. The Board of Managers shall have a right of access to each Unit for maintenance, repair or improvements to any pipes, wires, conduits and public utility lines located in any Unit and servicing 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 whether such common elements are restricted or not.

The Owner, its successors, assigns, and purchasers, reserves the easements, licenses, rights and privileges of a right-of-way in, through, over, under and across the common elements of the Condominium for the purpose of completing construction and sale of Units and facilities in the Condominium and towards this end, reserves the right to grant and reserve easements and rights-of-way in, through, under, over and across the common elements for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, cable television and other utilities and for any other materials or services necessary for the completion of the work. The Owner, its successors, assigns, and purchasers, also reserve the right to connect with and make use of the utility lines, wires, pipes, conduits, cable television, sewers and drainage lines which may from time to time be in or along the streets and roads or other areas of the common elements. Finally, the Owner, its successors, assigns and purchasers reserve the right to continue to use the common elements and any facilities, sales offices, model Units, signs and parking spaces located on the common elements, in its efforts to market Units constructed in the Condominium and to complete construction of the Condominium. This paragraph shall not be amended

without the consent of the Owner.

All emergency vehicles and personnel, including, but not limited to, police, fire and medical purposes shall be granted an easement of ingress and egress over, upon and through the internal driveways in the Building for ingress and egress to a public road, if necessary. This Paragraph may not be amended by the Unit Owners in the Condominium.

SEVENTH: 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 of White Sands Condominium, 26 West Broadway, City of Long Beach, Nassau County, New York.

EIGHTH: Common Interest. Each Unit Owner shall have such percentage interest in the common elements as is set forth in Exhibit A attached hereto and shall bear such percentage of the common expenses of the Condominium. Each Unit Owner shall have one vote for all voting purposes at any meeting of the Unit Owners. The percentage of interest of each Unit in the common elements has been based on equal percentages, within separate classifications of Units, as of the date of recording this Declaration.

NINTH: 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 provisions of the By-Laws which are made a part of this Declaration and are attached hereto as Exhibit G.

TENTH: Amendments and Withdrawal.

(a) The dedication of the property to Condominium ownership herein shall not be revoked or the property withdrawn from Condominium ownership unless 80% of the Unit Owners in number and in common interest and the first mortgagees, if any, of each of these same Units agree to such revocation or removal of the property from the Plan by duly recorded instruments.

(b) The provisions of this Declaration may be modified or amended by an instrument executed by the Board of Managers upon a vote of sixty-six and two-thirds percent (66 2/3%) of the Unit Owners in number held at a duly-called meeting of the Unit Owners, provided however, that:

(i) No amendment shall change any condominium parcel, nor a Unit owner's proportionate share of the common charges, nor the voting rights appurtenant to any Unit, unless all of record owner(s) in number and common interest thereof and the first mortgagees, if any, of each of these same Units agree to such revocation by recorded instrument.

(ii) No amendment shall be passed which shall impair or prejudice the rights and priorities of mortgagees.

There shall be a presumption for a period of 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 60 day period such presumption will be deemed conclusive.

(c) The Owner, its successors and assigns shall have the right without vote or consent of the Unit Owners, the Board of Managers or the holders of Unit mortgages to execute or (on its request) to require the Board of Managers to execute and record in the Office of the Clerk of Nassau County and elsewhere, if required by law, an amendment or amendments to this Declaration (together with such other documents, plan and maps as may be required to effectuate the same) to reflect (i) 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 (ii) utility easements, or (iii) technical corrections to the Declaration to conform to other documents including but not limited to the Offering Plan or as-built plans (iv) to amend Exhibit E of this Declaration to conform the Model type, square footage and type and number of rooms and any other required information for a specified Unit, so long as the appurtenant percentage of common interest does not change for said Unit, or (v) the carrying out of other provisions of the Offering Plan of White Sands Condominium.

(d) Any amendment to this Declaration shall not take effect until it is recorded in the Office of the Clerk of Nassau County.

Notwithstanding of any other provision of this Declaration, no action for partition or division of the common elements shall be brought nor shall this plan of condominium ownership be terminated where such partition, division or termination will result in a violation of the then existing local zoning and building laws and codes.

ELEVENTH: Subject to Declaration, By-Laws. etc. All present or future Unit Owners, tenants, future tenants, or any other person that might use the facilities of the Condominium in any manner, are subject to the provisions of this Declaration, the By-Laws and Rules and Regulations of the Condominium and the mere acquisition or rental of any of the Units of the Condominium or the mere act of occupancy of any of said 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 the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed, conveyance or lease thereof.

TWELFTH: Common Charges. All sums assessed as common charges by the Board of Managers of the Condominium but unpaid together with the maximum interest permitted in New York thereon, 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 subdivisions of any governmental authority, including but not limited to State, County, City, 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 attorneys' 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 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 will 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 bank, mortgage company, savings and loan association, life insurance company, pension fund, trust company or other institutional lender or a mortgage granted by the Owner to a purchaser of a Unit or in which the Owner participates with one of the above.

Every Unit Owner shall pay the common charges assessed against him when due and no Unit Owner may exempt himself from liability for the payment of the 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 the Real Property Law or in accordance with the provisions of this Declaration and the By-Laws.

THIRTEENTH: 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 an 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 Unit under such terms as the Board in its sole discretion shall deem proper.

FOURTEENTH: Encroachments. The Unit Owners agree that if any portion of a Unit or the common elements (whether restricted in use to an individual Unit Owner or not) encroaches upon another or shall hereinafter encroach upon another as a result of original construction or settling of the Building, a valid easement for the encroachment and the maintenance of the same, so long as it stands, shall and does exist. In the event the building is partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings and is rebuilt, the Unit Owners agree that encroachments of any portion of the Unit or the common elements as aforedescribed due to construction, shall be permitted, and that a valid easement for said encroachment and the maintenance thereof shall exist so long as the Building or reconstructed Building shall stand.

FIFTEENTH: 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.

SIXTEENTH: 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 therefor. 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.

SEVENTEENTH: Covenants and Restrictions. The use of the Unit by 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 alterations to any part of the common elements may be made and no structure may be built on any portion of the common elements or restricted common elements without the written consent of the Board of Managers. No alterations to the inside of a Unit which would impair the structural soundness of the Building may be made without the written consent of the Board of Managers. Consent may be requested by mailing a letter, certified mail, return receipt requested to the Management Agent, if any, or to the President of the Board of Managers, if no Management Agent is employed. The Board of Managers shall have the obligation to answer within sixty days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration. All work done pursuant to this Section must be done in accordance with all applicable rules, regulations, permits and zoning ordinances of any governmental agencies having jurisdiction thereof. All necessary approvals must be obtained and submitted to the Board of Managers upon submission of the written request for consent to do the work to the Board of Managers. The provisions of this paragraph shall not apply to Owner.

(c) Any interior alterations or improvements made to a Unit shall be made in accordance with all applicable rules, regulations, permits and zoning ordinances of any governmental agencies having jurisdiction thereof.

(d) No building, balcony, terrace, patio, fence, sign, statuary, wall or other structure, or change or alteration to the exterior of the Units or color of the Units or in the landscaping shall be commenced, erected, replaced, repaired or maintained, nor shall any exterior addition to, or change or alteration thereto, be made unless the Unit Owner complies with requirements of the Architectural Control provisions contained in Article VIII, Section 7 of the Condominium By-Laws.

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

(f) The Board of Managers shall, at the request of the mortgagee of the Unit, report any unpaid common charges due from the Unit Owner of such Unit.

(g) 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.

(h) 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.

(i) 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.

(j) The common charges shall be paid when due.

(k) Occupancy of the Units shall be restricted to Residential Occupancy in accordance with the applicable zoning regulations of the municipality having jurisdiction over the Community.

(l) No Unit Owner may alter the landscaping located on the common elements

(m) Eighty (80%) percent of the living space in all Units must be carpeted.

EIGHTEENTH: Invalidity. Invalidation of any of the covenants, limitations or provisions of the Declaration by judgment or court order shall in no wise affect any of the remaining part or parts hereof, and the same shall continue in full force and effect.

IN WITNESS WHEREOF, the Sponsor has set his name hereto as of the date first written above.

SUN AMERICA LLC

BY:_____
MOZAFAR SHOKRIAN, VICE PRESIDENT

State of New York :
:ss.
County of :

On the ___ day of _____, 2002, before me, personally appeared, Mozafar Shokrian, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument the individual of the person upon behalf of which the individual acted executed the instrument.

_____
Notary Public

EXHIBIT "G"
CONDOMINIUM BY-LAWS

EXHIBIT G TO THE DECLARATION
OF THE CONDOMINIUM OF
THE PREMISES KNOWN AS "THE WHITE SANDS CONDOMINIUM"
26 WEST BROADWAY
LONG BEACH, NEW YORK

BY-LAWS
OF
THE CONDOMINIUM
OF THE PREMISES KNOWN AS "THE WHITE SANDS CONDOMINIUM"
26 WEST BROADWAY
LONG BEACH, NEW YORK

_____, 2002

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Rules and Regulations of WHITE SANDS CONDOMINIUM

ARTICLE 1
GENERAL

Section 1.1 Purpose. The purpose of these By-Laws is to set forth the rules and procedures concerning the conduct of the affairs of the Condominium. The Condominium covers the Property, which consists of:

(i) the Land, which lies in section 59, Block 89, Lots 6 &307 of the Tax Map of the County of Nassau, City of Long Beach, State of New York;

(ii) the Building, which includes, without limitation, the Units and the Common Elements;

(iii) all easements, rights and appurtenances belonging thereto; and

(iv) all other property, real, personal, or mixed, intended for use in connection therewith.

The Property has been submitted to the provisions of Article 9B of the New York Real Property Law, as amended, commonly known as the New York Condominium Act by the recording of the Declaration in the Nassau County Clerk's Office, of which the Declaration these By-Laws form a part.

Section 1.2 Definitions. All capitalized terms used in these By-Laws that are not otherwise defined in any of the Articles hereof shall have the meanings set forth in Exhibit G to the Declaration, unless the context in which the same are used shall otherwise require. All capitalized terms used in these By-Laws that are defined in any of the Articles hereof shall have the meanings ascribed to them in such Articles, unless the context in which the same are used shall otherwise require. Each of the above capitalized terms shall be applicable to singular and to plural nouns, as well as to verbs of any tense.

Section 1.3 Applicability of By-Laws. These By-Laws are applicable to the Property and to the use and occupancy thereof.

Section 1.4 Application of By-Laws. All present and future Unit Owners, mortgagees, lessees, sublessees and occupants of Units, and employees and guests of Unit Owners, as well as all other Persons who may use the Property, are and shall be subject to the Declaration, these By-Laws and the Rules and Regulations, as each of the same may be amended from time to time. The acceptance of a deed or other instrument of conveyance, or the succeeding to title

to, or the execution of a lease or sublease for, or the act of occupancy of, a Unit shall constitute an agreement that the provisions of the Declaration, these By-Laws and the Rules and Regulations, as each of the same may be amended from time to time, are accepted, ratified and will be complied with.

Section 1.5 Principal Office of the Condominium. The principal office of the Condominium shall be located either at the Property or at such other place in the County of Nassau reasonably convenient thereto as may be designated from time to time by the Condominium Board.

ARTICLE 2
BOARD OF MANAGERS

Section 2.1 General. As more particularly set forth in Sections 2.4, 2.5 and 2.6 hereof, the affairs of the Condominium shall be governed by the Condominium Board. In exercising its powers and performing its duties under the Declaration and these By-Laws, the Condominium Board shall act as, and shall be, the agent of the Unit Owners, subject to, and in accordance with, the terms of the Declaration and these By-Laws.

Section 2.2 Status of the Condominium Board. Unless and until the Condominium Board shall incorporate in accordance with the terms of Section 2.4 hereof, the Condominium Board shall have, to the extent permitted by Law, the status conferred upon unincorporated associations under, or pursuant to, the terms of the General Association Law of the State of New York. If the Condominium Board shall incorporate in accordance with the terms of Section 2.4 hereof, the Condominium Board shall have, to the extent permitted by Law, the status conferred upon it under, or pursuant to, the terms of the applicable statutes of the State of New York. In either event, however, the Condominium Board shall also have the status conferred upon it under, or pursuant to, the terms of the Condominium Act.

Section 2.3 Principal Office of the Condominium Board. The principal office of the Condominium Board shall be located either at the Property or at such other place in the County of Nassau reasonably convenient thereto as may be designated from time to time by the Condominium Board.

Section 2.4 Powers and Duties of the Condominium Board.

a) The Condominium Board shall have all of the powers and duties necessary for, or incidental to, the administration of the affairs of the Condominium, provided, however, that the Condominium Board shall not have such powers and duties that by Law, or pursuant to the terms of the Declaration and these By-Laws, may not be delegated to the Condominium Board by the Unit Owners. Without

intention to limit the generality of the foregoing in any respect, the Condominium Board shall have the following specific powers and duties:

(i) to operate, maintain, repair, restore, add to, improve, alter and replace the
Common Elements as the Condominium Board shall deem necessary or proper in connection therewith, including, without limitation, the following:

(a) the purchase and leasing of supplies, equipment and material; and

(b) the employment, compensation and dismissal of personnel;

(ii) to acquire, in the name of the Condominium Board or its designee, corporate or otherwise, and on behalf of the Unit Owners, all rights, titles and interest in real and personal property deemed necessary or proper by the Condominium Board for use in connection with the ownership and operation of the Property as a condominium;

(iii) to maintain complete and accurate books and records with respect to the finances and the operation of the Condominium, including, without limitation:

(a) detailed accounts, in chronological order, of receipts and expenditures affecting the Property;

(b) detailed books of account of the Condominium Board;

(c) other financial records, as well as other books of account of the Condominium, as may be required to be kept pursuant to the terms of these By-Laws; and

(d) minutes and other records of all meetings held pursuant to the terms of these By-Laws;

(iv) to prepare and adopt a budget for the Condominium for each fiscal year thereof, setting forth, without limitation:

(a) a detailed accounting of the anticipated Common Expenses for the ensuing fiscal year; and

(b) a detailed projection of all sources and amounts of income necessary to discharge the same;

(v) to determine the amount and establish the means and methods of payment of, and to collect, the Common Charges and Special Assessments from the Unit Owners;

(vi) to borrow money on behalf of the Condominium when required in connection with the operation, maintenance, repair, restoration, improvement, alteration and replacement of the Common Elements, provided, however, that:

(a) the affirmative consent of at least two-thirds of the members of the Condominium Board shall be required for the borrowing of any sum in excess of $10,000 in any one fiscal year (regardless of the balance of any loans outstanding from previous fiscal years);

(b) the affirmative consent of at least two-thirds, both in number and in aggregate Common Interests, of all Unit Owners shall be required for the borrowing of any sum in excess of $100,000 in any one fiscal year (regardless of the balance of any loans outstanding from previous fiscal years);

(c) no lien to secure repayment of any sum borrowed may be created on any Unit or its Appurtenant Interests without the consent of such Unit Owner; and

(d) the documentation executed in connection with any such borrowing shall provide that, if any sum borrowed by the Condominium Board pursuant to this subparagraph (vi) shall not be repaid by the Condominium Board, any Unit Owner who pays to the creditor thereunder such proportion of the then outstanding indebtedness represented or secured thereby as such Unit Owner's Common Elements bears to the aggregate Common Interests of all Unit Owners shall be entitled to obtain from the creditor a release of any judgment or other lien that the said creditor shall have filed, or shall have the right to file, against such Unit Owner's Unit;

(vii) to open and maintain bank accounts on behalf of the Condominium and to designate the signatories require therefore;

(viii) to use the Common Charges and Special Assessments collected from Unit Owners, as well as other funds held by the Condominium Board or received in connection with the operation of the Property, for the administration of the Condominium , including, without limitation:

(a) the payment of Common Expenses; and

(b) the making of restorations, additions, alterations and improvements to the Common Elements;

(ix) to accumulate funds for use as a reserve fund for capital replacements or other purposes;

(x) to obtain insurance for the Property, including the Units, pursuant to the terms of Section 5.4 hereof;

(xi) to adjust and settle claims under insurance policies obtained pursuant to the terms of Section 5.4 hereof, and to execute and deliver releases upon such adjustment and settlement on behalf of:

(a) all Unit Owners;

(b) all holders of mortgages and other liens on Units; and

(c) all holders of any other interest in the Property;

(xii) to make, or to contract with others for the making of, repairs, maintenance, additions and improvements to, and alterations, restorations and replacements of, the Property after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings, all in accordance with the terms of these By-Laws;

(xiii) to obtain and keep in force officers' and Condominium Board Members' liability insurance, in amounts deemed appropriate by the Condominium Board, but in no event

less than $500,000, for all members of the Condominium Board and all officers of the Condominium and the premiums on all such insurance shall

(xiv) to accept the surrender of any Unit pursuant to the terms of Paragraph (C) of Section 6.2 hereof, in the name of the Condominium Board or its designee, corporate or otherwise, and on behalf of all Unit Owners;

(xv) to purchase, lease, or otherwise acquire Units offered for sale or lease by their owners, in the name of the Condominium Board or its designee, corporate or otherwise, and on behalf of all Unit Owners;

(xvi) to purchase Units at foreclosure or other judicial sales, in the name of the Condominium Board or its designee, corporate or otherwise, and on behalf of all Unit Owners;

(xvii) to sell, lease, mortgage and otherwise deal with Units acquired by, and to sublease Units leased by, the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners, provided, however, that the Condominium Board or its designees shall in no event be entitled to vote the votes appurtenant to any such Unit;

(xviii) to adopt and amend the Rules and Regulations and to levy and collect fines against Unit Owners, excluding Sponsor and any Sponsor-designee and any partner of any entity affiliated directly or indirectly with Sponsor, for violation of the same (no fine may exceed $25 for any one violation, but, for each day a violation continues after notice, it shall be considered a separate violation);

(xix) to enforce by legal means the terms, covenants and conditions contained in the Condominium Documents and to bring or defend against any proceedings that may be instituted on behalf of, or against, the Unit Owners;

(xx) to incorporate, to the extent and in the manner provided in the Condominium Act, provided, however, that:

(a) the certificate of incorporation and by-laws of any such resulting corporation shall conform as closely

as practicable to the terms of the Declaration and these By-Laws; and

(b) the terms of the Declaration and these By-Laws shall prevail in the event of any inconsistency or conflict between the terms thereof and the terms of such prevail in the event of any inconsistency or conflict between the terms thereof and the terms of such certificate of incorporation and By-Laws;

(xxi) to organize corporations to act as the designees of the Condominium Board in acquiring title to, or leasing of, Units and in acquiring rights, titles and interests in real and personal property for use in connection with the ownership and operation of the Property as a residential condominium;

(xxii) to execute, acknowledge and deliver:

(a) any declaration or other instrument affecting the Property that the Condominium Board deems necessary or appropriate to comply with any Law applicable to the maintenance, demolition, construction, alteration, repair, or restoration of the Building; and

(b) any consent, covenant, restriction, easement, or declaration affecting the Property that the Condominium Board deems necessary or appropriate;

(xxiii) to prepare, execute, acknowledge and record on behalf of all Unit Owners, as their attorney in fact, coupled with an interest, a restatement of the Declaration or these By-Laws, whenever, in the Condominium Board's estimation, it is advisable to consolidate and restate all amendments, modifications, additions and deletions theretofore made to the same; and

(xxiv) to carry out any other duties imposed upon the Condominium Board pursuant to the Declaration and these By-Laws.

(B) The Condominium Board shall be responsible for carrying out the duties imposed upon it under the Condominium Documents regardless of whether a Unit is vacant

Section 2.5 Certain Limitations on the Powers of the Condominium Board.

Notwithstanding anything to the contrary contained in these By-Laws, until Sponsor or Sponsor-designees convey title to all the Units in the Building and the Commercial Unit, but in no event later than five (5) years after the date of the First Unit Closing, Sponsor has the right to veto any action of the Condominium Board to:

(i) make any addition, alteration, improvement or change in or to the Common Elements, any Unit or the Building;

(ii) assess any Common Charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund;

(ii) hire or replace any employee;

(iii) enter into any service of maintenance contract;

(iv) borrow money on behalf of the Condominium; or

(v) alter the number of members of the Board of Managers or amend the Declaration or By-Laws;

provided, however, that Sponsor may not veto any action described in items (i) through (vi) above if:

(x) such action is necessary to enable the Condominium Board or Unit Owners to comply with laws, rules or regulations of any governmental authority having jurisdiction over the Condominium; and

(y) no other alternative is available after a discussion of the alternatives were considered at a meeting in which Sponsor was present;

and further, provided that Sponsor's veto is delivered by written notice within ten (10) days after Sponsor has notice of the proposed action.

Section 2.6 Exercise and Delegation of Powers and Duties.

(A) Any act within the power of the Condominium Board to perform, and deemed necessary or desirable to be performed by the Condominium Board, shall be performed by the Condominium Board or shall be performed on its behalf and at its direction by the agents, employees, or designees or the Condominium Board.

(B) The Condominium Board may appoint an Executive Committee by duly adopted resolution, which Executive Committee shall have, and may exercise, all of the powers of the Condominium Board, subject to both the exceptions and limitations contained in Paragraph (D) of this Section 2.6 and such additional exceptions and limitations as the Condominium Board may from time to time deem appropriate, during the intervals between the meetings of the Condominium Board. In addition, the Condominium Board may from time to time appoint, by duly adopted resolutions, such other committees as the Condominium Board may deem appropriate to perform such duties and services as the Condominium Board shall direct, each of which committees shall have, and may exercise, all of the powers delegated to it in its enabling resolution, subject, however, to the exceptions and limitations contained in Paragraph (D) of this Section 2.6. The Executive Committee and each other committee shall consist of three or more members of the Condominium Board, at least one of whom shall be a member designated by Sponsor for so long as Sponsor shall have the right to designate or elect one or more members of the Condominium Board.

(C) The Condominium Board may employ a Managing Agent to serve at a compensation to be established by the Condominium Board and to perform such duties and services as the Condominium Board shall direct. Subject to the exceptions and limitations contained in Paragraph (D) of this Section 2.6, the Condominium Board may delegate to the Managing Agent any of the powers granted to the Condominium Board in these By-Laws.

(D) Notwithstanding anything to the contrary contained in this Section 2.6, the Executive Committee and the Managing Agent shall neither have nor be entitled to exercise, and the Condominium Board shall not delegate to either of them or to any other committee, the powers or duties described in subparagraphs (ii), (iv), (v), (vi), (vii), (xi), (xiv), (xv), (xvi), (xvii), (xvii), (xx), (xxi) and (xxii) of Paragraph (A) of Section 2.4 hereof. In addition, neither the Managing Agent nor any of the committees described in Subsection (B) of this Section 2.6 shall have, or be entitled to exercise, any of the powers of the Condominium Board, except to the extent permitted by Law.

Section 2.7 Number, Election and Qualification of Members.

(A) Until the first meeting of the Unit Owners held pursuant to the terms of Section 4.1 hereof, the Condominium Board shall consist of 5 individuals to be designated, from time to time, by Sponsor.

(B) From and after the first meeting of the Unit Owners until the second meeting of the Unit Owners held pursuant to Section 4.1 hereof, the Condominium Board shall consist of 5 individuals, 2 of which shall be elected by the Unit Owners including Sponsor, and 3 of which shall be designated by Sponsor or its designee pursuant to the terms of Section 4.9 hereof. The number of members of the Condominium Board may not be increased without the consent of Sponsor or Sponsor-designees as owners of Unsold Units for so long as there remains 9 Unsold Units.

(C) From and after the second meeting of the Unit Owners held pursuant to Section 4.1 hereof, the Condominium Board shall consist of 5 members, to be elected and/or designated by all Unit Owners (including Sponsor and/or Sponsor's designee), as provided for in Section 4.1 hereof. Sponsor or its designee shall have the right to designate 1 member of the Condominium Board as long as Sponsor or its designee owns one or more of the Units. The number of members of the Condominium Board may not be increased without the consent of Sponsor or Sponsor-designees as owners of Unsold Units for so long as there remains any Unsold Unit.

(D) Except for members designated by Sponsor or its designee pursuant to the terms of this Section 2.7 or of Section 2.10 or Section 4.9 hereof, all members of the Condominium Board shall be either:

(i) individual Unit Owners;

(ii) individual Permitted Mortgagees;

(iii) officers, directors, shareholders, partners, principals, employees, or beneficiaries of corporations, partnerships, fiduciaries, or any other entities that are Unit Owners or Permitted Mortgagees; or

(iv) adult Family Members of any of the foregoing.

However, no Unit Owner may be elected to serve on the Condominium Board if the Condominium Board has perfected a lien against such Unit Owner's Unit and the amount necessary to release such lien has not been paid at the time of such

election. Other than members designated by Sponsor or Sponsor-designees, no member shall continue to serve on the Condominium Board after he or she ceases to be a Unit Owners or an interested party in a Unit Owners, as specified above.

Section 2.8 Term of Office of Members. (A) The term of office of the 5 members of the Condominium Board designated by Sponsor prior to the first meeting of the Unit Owners shall expire when the 5 individuals to be elected or designated at such first meeting are so elected or designated and qualified.

(B) The term of office of each of the 5 individuals elected or designated and qualified at the first meeting of the Unit Owners shall expire when the 5 individuals to be elected and/or designated at the second meeting of the Unit Owners are so elected and/or designated.

(C) The term of office of each of the 5 individuals elected and/or designated at the second meeting of Unit Owners, or thereafter at any subsequent annual meeting of Unit Owners, shall be fixed for a period of one (1) year.

(D) At each annual meeting of the Unit Owners subsequent to the second such meeting, 5 members of the Condominium Board shall be elected or designated pursuant to the terms of Section 4.9 hereof to serve a term of office fixed at one (1) year. Notwithstanding anything to the contrary contained in this Section 2.8, however, each member of the Condominium Board shall serve until his or her successor shall be elected or designated and qualified. There shall be no limit on the number of terms of office, successive or otherwise, that a member of the Condominium Board may serve.

Section 2.9 Removal and Resignation of Members.

(A) Any member of the Condominium Board who was elected thereto either by the Unit Owners, pursuant to the terms of Section 4.9 hereof, or by the Condominium Board, pursuant to the terms of Section 2.10 hereof, may be removed from office, with or without cause, by a vote of a Majority in Common Elements of Unit Owners. Any member of the Condominium Board who was designated as such by Sponsor or its designee, pursuant to the terms of Section 2.7, 2.10, or 4.9 hereof, may be removed, with or without cause, only by Sponsor and Sponsor-designees, by giving written notice thereof to the Condominium Board. Any member of the Condominium Board whose proposed removal is to be acted upon at a meeting of the Unit Owners shall be given prior written notice thereof and an opportunity to be present and heard thereat.

(B) Any member of the Condominium Board may resign his or her membership at any time by giving written notice thereof to the Condominium Board

and, with respect to any member of the Condominium Board designated as such by Sponsor and Sponsor-designees, to Sponsor and Sponsor-designees. In addition, any member of the Condominium Board who shall cease to be qualified for membership pursuant to the terms of Section 2.7 hereof shall be deemed to have resigned his or her membership effective as of the date upon which such qualification shall cease.

Section 2.10 Vacancies. (A) Any vacancy on the Condominium Board that is caused by the removal, resignation, or death of a member who was elected thereto by the Unit Owners shall be filled by an individual who is qualified to be a member pursuant to the terms of Section 2.7 hereof and who is elected by a vote of the majority of the members of the Condominium Board then in office. A special meeting of the Condominium Board shall be held for the purpose of filling any such vacancy promptly after the occurrence thereof, and the election held thereat shall be effective to fill such vacancy even if the number of members present at such meeting shall not constitute a quorum.

(B) Any vacancy on the Condominium Board that is caused by the removal, resignation, or death of a member who was designated as such by Sponsor or Sponsor-designees shall be filled by an individual designated by Sponsor and Sponsor-designees.

(C) Each member of the Condominium Board who is elected thereto or designated as such to fill a vacancy pursuant to the terms of Paragraphs (A) or (B), respectively, of this Section 2.10, shall serve as a member of the Condominium Board for the remainder of the term of the member he or she replaced and until his or her successor shall be elected or designated and qualified at the appropriate annual meeting of the Unit Owners pursuant to the terms of Section 4.9 hereof.

Section 2.11 Organizational Meeting of the Condominium Board. The first meeting of the Condominium Board following each annual meeting of the Unit Owners shall be held within ten (10) days of such annual meeting, at such time and place in the Borough of Manhattan as shall be both fixed informally by a majority of the members of the Condominium Board and designated in a written notice given to all members thereof by personal delivery, mail, or telegram not later than five (5) business days prior to such date.

Section 2.12 Regular Meetings of the Condominium Board. Regular meetings of the Condominium Board may be held at such time and place in the Borough of Manhattan as shall be determined from time to time by a majority of the members thereof, provided that at least four (4) such meetings shall be held during each fiscal year. Written notice of all regular meetings of the Condominium Board shall be given to each member thereof by personal delivery, mail, or telegram at least five (5) business days prior to the day named for such meeting.

Section 2.13 **Special Meetings of the Condominium Board**. The President may call a special meeting of the Condominium Board whenever he or she deems the same to be necessary or desirable. However, the President shall call such a meeting upon the written request of three (3) or more members of the Condominium Board. Written notice of all special meetings shall be given to each member thereof by personal delivery, mail, or telegram at least five (5) business days prior to the day named for such meeting, which notice shall state the time, place (in the Borough of Manhattan) and purpose of the meeting.

Section 2.14 **Waiver of Notice of Meetings**. Any member of the Condominium Board may, at any time, waive notice of any meeting thereof in writing, and such waiver shall be deemed equivalent to the giving of notice. Attendance by a member of the Condominium Board at any meeting there shall constitute a waiver by him or her of notice of the time and place thereof. If all of the members of the Condominium Board are present at any meeting thereof, no notice of such meeting shall be required and any business may be transacted at such meeting.

Section 2.15 **Quorum of the Condominium Board**. For purposes of all meetings of the Condominium Board, a majority of the members thereof shall constitute a quorum for the transaction of business. In connection therewith, one or more members of the Condominium Board may participate in any meeting thereof by means of a conference telephone or similar communications equipment permitting all individuals participating in the meeting to hear each other at the same time, and such participation shall constitute presence at such a meeting for all purposes. If, at any meeting of the Condominium Board, there shall be less than a quorum present, a majority of the member of the Condominium Board in attendance may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting originally called but for lack of a quorum may be transacted without further notice.

Section 2.16 **Conduct of Meetings**. The President shall preside at all meetings of the Condominium Board, and the Secretary shall faithfully record the minutes thereof, which minutes shall include the full text of all resolutions duly adopted by the Condominium Board and a record of all transactions and proceedings occurring thereat. The then current edition of Robert's Rules of Order, or any other rules of procedure from time to time acceptable to a majority of the Condominium Board, shall govern the conduct of the meetings of the Condominium Board unless the same shall be in conflict with the terms of the Declaration, these By-Laws, or the Condominium Act.

Section 2.17 Decisions by the Condominium Board. Except as otherwise expressly provided in the Declaration or these By-Laws, the vote of a majority of the members of the Condominium Board present at a meeting thereof at which a quorum is present shall constitute the decision of the Condominium Board. Alternatively, any decision that is required or permitted to be made by the Condominium Board may be made without a meeting thereof if all of the members of the Condominium Board shall individually or collectively consent in writing to such decision, and all such written consents shall be duly filed by the Secretary of the Condominium in the minutes of the Condominium Board.

Section 2.18 Compensation of Members. No member of the Condominium Board shall receive any compensation from the Condominium for acting as such.

Section 2.19 Common or Interested Members of the Condominium Board. Each member of the Condominium Board shall perform his or her duties, and shall exercise his or her powers, in good faith and with a view to the interests of the Condominium. To the extent permitted by Law, no contract or other transaction between the Condominium Board and either:

(i) any of its members; or

(ii) any corporation, partnership, fiduciary, firm, association, or other entity in which any of the members of the Condominium Board are officers, directors, employees, partners, fiduciaries, beneficiaries, or principals, or are otherwise interested, pecuniary or otherwise, shall be deemed either void or voidable because either:

(a) any such member of the Condominium Board was present at the meeting or meetings of the Condominium Board during which such contract or transaction was discussed, authorized, approved, or ratified, or;

(b) the vote of any such member was counted for such purpose;

provided, however, that the fact thereof is disclosed to, or known by, the Condominium Board or a majority of the members thereof or noted in the minutes thereof, and the Condominium Board shall authorize, approve, or ratify such contract or transaction in good faith by a vote of two-thirds of the entire Condominium Board, not counting the vote of such members. Any such member of the Condominium Board may be counted in determining the presence of a quorum of any meeting of the Condominium Board that authorizes, approves, or ratifies any such contract or transaction, but no such member shall be entitled to vote thereat to authorize, approve, or ratify such contract or transaction.

Section 2.20 Liability of the Condominium Board. (A) The members of the Condominium Board shall have no liability to the Unit Owners for errors of judgment, negligence, or otherwise, except that each member of the Condominium Board shall be liable thereto for his or her own bad faith or willful misconduct. In connection therewith, any member of the Condominium Board designated as such by Sponsor and Sponsor-designees shall not be deemed either to be in bad faith or to have committed willful misconduct by reason of any self-dealing in connection with any contract made, or other transaction entered into, between the Condominium Board and Sponsor or its agents, provided that any compensation paid, or to be paid, to Sponsor or its agents in connection with any such contract or transaction is disclosed in the Plan or an amendment thereto or is at competitive rates for goods sold or services rendered in the Borough of Manhattan.

(B) Every contract made, and other document executed, by or on behalf of the Condominium Board, any committee thereof, or the Managing Agent shall expressly state (if obtainable and in addition to the limitation of liability of the officers of the Condominium and the Unit Owners pursuant to the terms of Sections 3.10 and 4.12 hereof, respectively) that the same is made or executed by or on behalf of the Condominium Board, such committee, or the Managing Agent solely as agent for the Unit Owners and the members of the Condominium Board or such committee or the Managing Agent shall have no liability thereon, except to the extent of their liability, if any, as Unit Owners pursuant to the terms of Section 4.12 hereof.

(C) Neither the Condominium Board nor any member thereof shall be liable for either:

(i) any failure or interruption of any utility or other services to be obtained by, or on behalf of, the Condominium Board or to be paid for as a Common Expense; or

(ii) any injury, loss, or damage to any individual or property, occurring in or upon either a Unit or the Common Elements, and either:

(a) which is caused by the elements, by any Unit Owner, or by any other Person;

(b) resulting from electricity, water, snow, or ice that may leak or flow from a Unit or any portion of the Common Elements; or

(c) arising out of theft or otherwise.

(d) The Unit Owners shall severally indemnify and hold each member of the Condominium Board harmless from and against any claim or liability to others arising from his or her acts or omissions as, or by reason or the fact that such individual is or was, a member of the Condominium Board, except, however, to the extent that such claim or liability shall be due to, or shall arise out of, the bad faith or willful misconduct of such member. The liability of each Unit Owner on account of such indemnification will be limited to the extent specified in Section 4.12 hereof.

ARTICLE 3
OFFICERS

Section 3.1 **General**. The principal officers of the Condominium shall be the President, the Vice President, the Secretary and the Treasurer. The Condominium Board may appoint an Assistant Secretary/Treasurer, an Assistant Secretary and such other officers as in its discretion may be necessary or desirable. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed, upon the direction of the Condominium Board, by any two (2) officers of the Condominium or by such lesser number of officers or by such other Person or Persons as may be designated from time to time by the Condominium Board.

Section 3.2 **President**. The President shall be the chief executive officer of the Condominium and shall preside at all meetings of the Unit Owners and of the Condominium Board. The President shall have all of the general powers and duties that are incident to the office of president of a stock corporation organized under the Business Corporation Law of the State of New York (hereinafter referred to as the "BCL"), including, but not limited to, the power to appoint the members of all committees created by the Condominium Board from amongst the Unit Owners from time to time as he or she may decide, in his or her discretion, are appropriate to assist in the conduct of the affairs of the Condominium.

Section 3.3 **Vice President**. The Vice President shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. If both the President and the Vice President are unable to act, the Condominium Board shall appoint some other member of the Condominium Board to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall be imposed upon him or her from time to time by the Condominium Board or by the President.

Section 3.4 **Secretary**. The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Condominium Boar as the Condominium Board shall direct and, in general, shall perform all of the duties that are incident to the office of Secretary of a stock corporation organized under the BCL.

Section 3.5 **Treasurer.** The Treasurer shall have charge of such books and papers as the Condominium Board shall direct and, in general, shall perform all of the duties that are incident to the office of Treasurer of a stock corporation organized under the BCL. The Treasurer shall have the care and custody of the funds and securities of the Condominium and shall be responsible for keeping full and accurate financial records and books of account thereof, showing all receipts and disbursements necessary for the preparation of all required financial data. The Treasurer shall be responsible for deposit of all funds and other securities in the name of the Condominium Board or in the name of the Managing Agent in such depositories as may from time to time be designated by the Condominium Board and, in general, shall perform all of the duties incident to the office of Treasurer of a stock corporation organized under the BCL..

Section 3.6 **Election, Term of Office and Qualifications of Officers**. Each of the officers of the Condominium Board shall be elected annually by a majority vote of the Condominium Board taken at the organizational meeting of each new Condominium Board, and shall serve at the pleasure of the Condominium Board. The President and the Vice President shall be elected from amongst the members of the Condominium Board. The other officers of the Condominium, however, need not be Unit Owners or members of the Condominium Board and need not have any interest in the Condominium.

Section 3.7 **Removal and Resignation of Officers**. Any officer of the Condominium may be removed from office, with or without cause, by an affirmative vote of a majority of the members of the Condominium Board at a meeting called for such purpose. In addition, any officer may resign at any time by giving without notice to the Condominium Board. Finally, if the President or the Vice President of the Condominium shall cease to be a member of the Condominium Board during his or her term or office, such officer shall be deemed to have resigned his or her office effective upon the date upon which his or her membership shall cease.

Section 3.8 **Vacancies**. Any vacancy in an office shall be filled by a majority vote of the Condominium Board at any regular meeting of the Condominium Board or at a special meeting thereof called for such purpose.

Section 3.9 **Compensation of Officers**. No officer of the Condominium shall receive any compensation from the Condominium for acting as such.

Section 3.10 **Liability of the Officers of the Condominium**.

(A) The officers of the Condominium shall have no liability to the Unit Owners for errors of judgment, negligence, or otherwise, except that each officer of the Condominium shall be liable thereto for his or her own bad faith or willful misconduct. In addition, every contract made, and other document executed, by one or more officers or other Persons on behalf of the Condominium shall expressly state (if obtainable and in addition to the limitation of liability of the members of the Condominium Board and the Unit Owners pursuant to the terms of Section 2.20 and 4.12 hereof, respectively) that the same is made or executed by such officers or persons on behalf of the Condominium solely as agent for the Unit Owners and that such officers or Persons shall have no liability thereon, except to the extent of their liability, if any, as Unit Owners pursuant to the terms of Section 4.12 hereof.

(B) None of the officers of the Condominium shall be liable for either:

(i) any failure or interruption of any utility or other services to be obtained by any such officer on behalf of the Condominium or to be paid for as a Common Expense; or

(ii) any injury, loss, or damage to any individual or property, occurring in or upon either a Unit or the Common Elements, and either:

(a) caused by elements, by any Unit Owner, or by any other Person;
(b) resulting from electricity, water, snow, or ice that may leak or flow from a Unit or any portion of the Common Elements; or
(c) arising out of theft or otherwise.

(C) The Unit Owners shall jointly and severally indemnify and hold each officer of the Condominium harmless from and against any claim or liability to others arising from his or her acts or omissions as, or by reason of the fact that such individual is or was, an officer of the Condominium, except, however, to the extent that such claim or liability shall be due to, or shall arise out of, the bad faith or willful misconduct of such officer.

ARTICLE 4
UNIT OWNERS

Section 4.1 **Annual Meetings of the Unit Owners**.

(A) The first meeting of the Unit Owners shall be held approximately within sixty (60) days after the Closing Date, at which meeting the incumbent three-member Condominium Board shall resign and a successor Five-member Condominium Board shall be elected. Two (2) such member shall be elected by the Unit Owners including Sponsor and Sponsor designees and three (3) such members shall be designated by Sponsor or its designee, as provided both in this Article 4 and in Article 2 hereof.

(B) Within thirty (30) days after the first to occur of the following:

(i) the Sponsor's conveyance of title to limits having an aggregate of fifty percent (50%) of the Common Elements appurtenant to such Units; or

(ii) the second (2nd) anniversary of the recording of the Declaration; or sooner, at Sponsor's option, the Sponsor shall call the second meeting of the Unit Owners for the election by all the Unit Owners (including the Sponsor) of a 3 member Condominium Board. At such second meeting, the incumbent 5 member Condominium Board shall resign and the successor five (5) member Condominium Board shall be elected. Sponsor or Sponsor's designee shall continue to have the right to designate 2 of the members of the Condominium Board for so long as the Sponsor or Sponsor's designee shall continue to own one (1) or more of the Units.

(C) Thereafter, annual meetings of the Unit Owners shall be held on or about the last Tuesday in April of each year, unless such date shall occur on a legal holiday, in which event the meeting will be held on or about the succeeding business day. At each such subsequent meeting, the Unit Owners shall elect or the Sponsor or its designee shall designate, as the case may be, successors to the 5 members of the Condominium Board whose term of office expires on the day of such meeting and shall transact such other business as may properly come before such meeting.

Section 4.2 **Special Meetings on the Unit Owners**. The President shall call a special meeting of the Unit Owners whenever so directed by a duly

adopted resolution of the Condominium Board or upon receipt by the Secretary/Treasurer of a petition calling for such a meeting signed by Unit Owners having, in the aggregate, not less than fifty percent (50%) of the Common Interests of all Unit Owners. Each such resolution or petition shall set forth, in reasonable detail, the purpose for calling such a meeting, and no business shall be transacted at such special meeting except business reasonably related to such stated purposes.

Section 4.3 **Place of Meetings**. Meetings of the Unit Owners shall be held at the principal office of the Condominium or at such other suitable and convenient place in the County of Nassau as may be designated by the Condominium Board.

Section 4.4 **Notice of Meetings**.

(A) The Secretary of the Condominium shall give written notice of each annual or special meeting of the Unit Owners to all Unit Owners then of record entitled to vote or designate members of the Condominium Board at such meeting, which notice shall set forth the purpose, time and place of such meeting. Such notice may be given to any Unit Owner by personal delivery, mail, or telegram not later than ten business days prior to the day fixed for the meeting; however, the mailing of such notice to any Unit Owner, addressed to his or her address at the Property, at least fifteen (15) days prior to the day fixed for the meeting shall be conclusively deemed the giving of notice to such Unit Owner of such meeting. Any Unit Owner may designate an address for the giving of notice other than such Unit Owner's address at the Property by giving written notice thereof to the Secretary/Treasurer of the Condominium not less than fifteen (15) days prior to the giving of notice of the applicable meeting.

(B) If the business to be conducted at any meeting of the Unit Owners shall include the consideration of a proposed amendment to the Declaration or to these By-Laws, the notice of such meeting shall be mailed to all Unit Owners at least thirty (30) days prior to the day fixed for such meeting and shall be accompanied by a copy of the text of such proposed amendment.

Section 4.5 **Quorum of the Unit Owners**. Except as otherwise provided in these By-Laws, the presence, in person or by proxy, of Unit Owners owning Units to which more than fifty percent (50%) of the aggregate Common Elements appurtenant shall constitute a quorum at all meetings of the Unit Owners. If, at any meeting of the Unit Owners, there shall be less than a quorum present, a majority in Common Interests of the Unit Owners present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time fixed for the original meeting.

Section 4.6 **Conduct of Meetings**. The President shall preside at all meetings of the Unit Owners, and the Secretary/Treasurer shall faithfully record the minutes thereof, which minutes shall include the full text of all resolutions duly adopted by the Unit Owners and a record of all transactions and proceedings occurring thereat. The then current edition of Robert's Rules of Order, or any rules of procedure acceptable to a majority of the Unit Owners present at any meeting, in person or by proxy, shall govern the conduct of the meetings of the Unit Owners, unless the same shall be in conflict with the terms of the Declaration, these By-Laws, or the Condominium Act. All votes of the Unit Owners shall be tallied by the persons appointed by the presiding officer of the meeting.

Section 4.7 **Order of Business**. The order of business at all meetings of the Unit Owners shall be as follows:

(i) roll call;

(ii) proof of notice of meeting;

(iii) reading of the minutes of the preceding meeting (unless waived);

(iv) reports of officers of the Condominium;

(v) reports of members of the Condominium Board;

(vi) reports of committees;

(vii) election of inspectors of election (when so required);

(viii) election and designation of members of the Condominium Board (when so required); and

(ix) unfinished business.

Section 4.8 **Voting**.

(A) Subject to the terms of Section 4.9 hereof, each Unit Owner (including Sponsor or its designee) shall be entitled to cast one vote at all meetings of the Unit Owners for each .001% of Common Elements attributable to his or her Unit(s).

(B) Notwithstanding the terms contained in Paragraph (A) hereof, no Unit Owner may vote at any meeting of the Unit Owners if the Condominium Board has perfected a lien against such Unit Owner's Unit and the amount necessary to

release such lien has not been paid at the time of such meeting. In addition, neither the Condominium Board nor any designee thereof shall be entitled to vote the Common Elements appurtenant to any Unit owned by the Condominium Board or such designee. The Common Interests of all Units whose owners are precluded from voting pursuant to the terms of this Paragraph (B) will be excluded when computing the aggregate Common Interests of all Unit Owners for voting purposes.

(C) A fiduciary shall be the voting member with respect to a Unit owned in a fiduciary capacity. In addition, if two or more Persons own a Unit, they shall designate one Person amongst them to vote the Common Elements appurtenant to their Unit in a writing given to the Secretary of the Condominium, and the vote of such designee shall be binding upon all of such Persons. Failing such a designation, all of such Persons shall mutually vote such Common Elements under one ballot without division, and the concurrence of all such Persons shall be conclusively presumed in any one of them purports to vote such Common Elements without protest being contemporaneously made the individual presiding over the meeting at which such vote is taken. If protest is made, the Common Elements appurtenant to such Unit shall be counted solely for the purpose of determining whether a quorum is present for such voting.

(D) The owner(s) of any Unit may designate any Person to act as a proxy on his or her behalf. The designation of any such proxy shall be made in writing both signed and dated by the designor and delivered to the Secretary of the Condominium at or before the appointed time for the meeting(s) during which the same is to be effective. Any such designation shall be revocable at any time upon written notice given to the Secretary of the Condominium; however, no revocation of such a designation shall be effective with respect to any votes cast by such proxy prior to the receipt of such revocation notice by the Secretary of the Condominium or, if such revocation is made at a meeting of the Unit Owners during which the Secretary/Treasurer of the Condominium is not in attendance, by the individual acting as the Secretary of such meeting. Except with respect to the designation of a Permitted Mortgagee to act as the proxy of its mortgagor(s), no designation to act as a proxy shall be effective for a period in excess of six (6) months after the date thereof.

(E) Except when otherwise required by Law or otherwise provided in the Declaration or in these By-Laws, the affirmative of a Majority of Unit Owners shall be binding upon all Unit Owners for all purposes.

Section 4.9 Election of Members of the Condominium Board.

(A) Sponsor and Sponsor-designees shall have the right to vote the Common Elements attributable to Units owned by Sponsor and Sponsor-designees for members of the Condominium Board. Notwithstanding the foregoing, Sponsor and Sponsor-designees shall not control the Condominium Board after five (5) years

from the date of First Unit Closing.

(B) In addition to the right of Sponsor and Sponsor-designees under Paragraph (A) above, so long as Sponsor or Sponsor-designees continue to own one or more Units, Sponsor and Sponsor-designees shall have the right to designate 2 members of the Condominium Board. Sponsor and Sponsor-designees may waive such right in writing.

(C) Each Unit Owner entitled to vote for members of the Condominium Board pursuant to this Section 4.9 shall be entitled to case one vote for each .001% of Common Elements attributable to his or he Unit(s) per member to be elected. However, nothing contained herein shall be deemed either to permit any Unit Owner to cumulate the votes attributable to the ownership of any one Unit in favor of any one or more members to be elected. In addition, the terms of paragraphs (A) and (B) of Section 4.8 hereof shall apply to all elections of members of the Condominium Board.

(D) All elections of members of the Condominium Board shall be by written ballot, and each ballot cast shall state:

(i) the name of the voting Unit Owner and, if such ballot is cast by proxy, the name of the proxy;

(ii) the designation number(s) of the Unit(s) owned by the voting Unit Owner;

(iii) the amount of the Common Interest(s) appurtenant to such Unit(s); and

(iv) the names of the candidates for whom such ballot is case (the number of which names shall not exceed the number of members to be elected).

Any ballot that is not cast in conformity with this Paragraph (D) shall be discounted. All election ballots shall be retained in the records of the Condominium, appropriately segregated by election.

(E) All elections of members of the Condominium Board shall be determined by plurality vote.

Section 4.10 **Action Without a Meeting**. Any action required or permitted to be taken by the Unit Owners at a duly constituted meeting may be taken without such a meeting if Unit Owners, sufficient in number (both in absolute number and in aggregate Common Interests) to approve such an action at a duly

constituted meeting of the Unit Owners pursuant to the Declaration or to these By-Laws, consent in writing to the adoption of a resolution approving such action. All written consents given by Unit Owners pursuant to this Section 4.10 shall be retained in the records of the Condominium together with a true copy of the resolutions to which they relate.

Section 4.11 **Title to Units**. Title to any Unit may be taken by any Person or by any two or more Persons as joint tenants, tenants in common, or tenants by the entirety, as may be appropriate, but not as owners in severalty.

Section 4.12 **Contractual Liability of Unit Owners**. Every contract made by the Condominium Board, by any officer of the Condominium, or by any superintendent or Managing Agent of the Building shall state (if obtainable and in addition to the limitation of liability of the members of the Condominium Board and the officers of the Condominium pursuant to the terms of Sections 2.20 and 3.10 hereof, respectively) that the liability of any Unit Owner with respect thereto shall be limited to:

(i) such proportionate shares of the total liability thereunder as the percentage of Common Elements of such Unit Owner bears to the aggregate percentage of Common Elements of all Unit Owners; and

(ii) such Unit Owner's interest in his or her Unit and its Appurtenant Interests, unless otherwise provided by Law.

ARTICLE 5
OPERATION OF THE PROPERTY

Section 5.1 **Maintenance and Repairs**

(A)

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

b. All maintenance, repairs and replacements to the Common Elements as defined in the Declaration, and the painting and decorating of the exterior side of Unit entrance doors and Unit windows shall be made

by the Board of Managers and be charged to all the Unit Owners as a Common Expense, excepting to the extent that the same are necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner. Maintenance, repair and replacements in or to the Limited Common Elements as defined in the Declaration will be performed (a) by the Board of Managers as a Common Expense, if such Limited Common Element is for use by all Unit Owners or if it involves structural or extra-ordinary maintenance, repairs or replacements (including, but not limited to, the repair of any leaks that are not caused by the acts or omissions of the Unit Owner, having direct and exclusive access thereto), or (b) by the Unit Owner having direct and exclusive access thereto at his sole cost and expense, if involving nonstructural ordinary maintenance, repairs or replacements or as a result of the Unit Owner's negligence, misuse or neglect.

c. Promptly upon obtaining knowledge thereof, each Unit Owner shall report in writing delivered by mail to the Board of Managers or to the Managing Agent any defect or need for repairs for which the Board of Managers is responsible pursuant to the terms hereof. All painting, decorating, maintenance, repairs and replacements performed hereunder or otherwise, whether by or at the behest of a Unit Owner or the condominium Board, shall be performed in such a manner as shall not unreasonably disturb or interfere with any Unit Owners or the tenants and occupants of any Units.

d. Each Unit and all portions of the Common Elements shall be kept in first-class condition, order and repair (and free of snow, ice and accumulation of water with respect to any terrace, roof, or other part of the Property exposed to the elements) by the Unit Owner or the Board of Managers, whichever is responsible for the maintenance thereof as set forth herein (the cost of snow removal from public walks shall be a Common Expense and shall be the responsibility of the Board of Managers), and such Unit Owner or the Board of Managers, as the case may be, shall promptly make or perform, or cause to be made or performed, all maintenance work (including, without limitation, painting, repairs and replacements) that is necessary in connection therewith. In addition, the public areas of the Building and those areas exposed to public view shall be kept in good appearance, in conformity with the dignity and character of the Building, by (i) the Board of Managers, with respect to such parts of the Building Required to be maintained by it, and (ii) each Unit owner, with respect to the interior and exterior surfaces of terraces, windows and shade, venetian or other blinds, drapes, curtains or other window decorations

in or appurtenant to his Unit.

(B) Notwithstanding anything to the contrary provided in Paragraph (A) of this Section 5.1, however, if any painting, decorating, maintenance, repairs, or replacements to the Property or any part thereof, whether structural or non-structural, ordinary or extraordinary, is necessitated by the negligence, misuse, or abuse of:

(i) any Unit Owner, the entire cost and expense thereof shall be borne by such Unit Owner; or

(ii) the Condominium Board, the entire cost and expense thereof shall be borne by the Condominium Board as a Common Expense;

except, in all events, to the extent that such cost and expense is covered by the proceeds of any insurance maintained pursuant to the terms of these By-Laws. Similarly, each Unit Owner shall be responsible for any and all damage to any Unit or to the Common Elements resulting from such Unit Owner's failure to maintain, repair, or replace his or her Unit or any portion thereof as required herein.

(C) Each Unit and all portions of the Common Elements shall be kept in first-class condition, order and repair (and free of snow, ice and accumulation of water with respect to any terrace, roof, or other part of the Property exposed to the elements) by the Unit Owner or the Condominium Board, whichever is responsible for the maintenance thereof as set forth herein (the cost of snow removal from public walks shall be a Common Expense and shall be the responsibility of the Condominium Board), and such Unit Owner or the Condominium Board, as the case may be, shall promptly make or perform, or cause to be made or performed, all maintenance work (including, without limitation, painting, repairs and replacements) that is necessary in connection therewith and the cost and expense thereof shall be charged as a General Common Expense, a Residential Limited Common Expense or a Commercial Limited Common Expense, as the case may be, as provided herein. In addition, the public areas of the Building and those areas exposed to public view shall be kept in good appearance, in conformity with the dignity and character of the Building, by:

(i) the Condominium Board, with respect to such parts of the Building required to be maintained by it; and

(ii) each Unit Owner, with respect to the interior and exterior surfaces of terraces, balconies, plazas, windows and shades, venetian or other blinds, drapes, curtains or other

window decorations in or appurtenant to his or her Unit.

Section 5.2 <u>Alterations, Additions, Improvements, or Repairs in or to the Units and Limited Common Elements</u>.

(A) A non-structural alteration to a Unit or its appurtenant Limited Common Element that does not affect the exterior of Building or the value of other Units may be made by any Unit Owner without consent of the Condominium Board. Subject to the terms of Paragraph (B) of this Section 5.2, no Unit Owner shall make any structural alteration, addition, improvement, or repair in or to his or her Unit or its appurtenant Limited Common Elements without the prior written approval of the Condominium Board. In the event, however, that the Condominium Board shall fail to answer any written, reasonably detailed request for such approval within thirty (30) days after such request is received, such failure to respond shall constitute the Condominium Board's consent thereto. Prior to, and as a condition of, the granting of any such approval, the Condominium Board may, at its sole option, require that all work shall be done by reputable contractors with adequate liability, property damage workmen's compensation insurance (certificates for which shall be delivered to the Board of Managers prior to the commencement of construction), that the Unit Owner procure and agree to maintain during the course of such work such other insurance as the Condominium Board may reasonably prescribe and to execute an agreement, in form and substance satisfactory to the Condominium Board, setting forth the terms and conditions under which such alteration, addition, improvement, or repair may be made, including, without limitation, the indemnity referred to in Paragraph (D) hereof and the days and hours during which any such work may be done and that any additions shall be maintained in their entirety including structural repairs, to such additions in any event, and to the Unit and any Common Elements where such repairs become necessary due to additional stresses caused by the structural alteration or due to improper design or construction of the structural alteration. Anything contained herein to the contrary notwithstanding, until Sponsor and Sponsor-designees convey title to all the Units, but in no event later than five (5) years after the date of the Closing Date, Sponsor has the right to veto any action of the Condominium Board relating to any addition, alteration, improvement or change in or to the Common Elements, any Unit or the Building, provided, however, Sponsor may not veto such action if:

(i) such action is necessary to enable the Condominium Board of Managers or Unit Owner to comply with laws, rules or regulations of any governmental authority having jurisdiction over the Condominium; and

(ii) no other alternative is available after a discussion of the alternatives were considered at a meeting in which Sponsor was present; and

further, provided, that Sponsor's veto is delivered by written notice within ten (10) days after Sponsor has received written notice of the proposed action.

(B) Notwithstanding anything to the contrary contained in Paragraph (A) of this Section 5.2, however, Sponsor and Sponsor-designee and any partner of any entity affiliated directly or indirectly with Sponsor, shall have the right pursuant to the terms of Articles 8 and 17 of the Declaration, without the approval of the Condominium Board and without paying any cost or charge to the Condominium Board to:

(i) make any alterations, additions, improvements, or repairs in or to any Units owned by them, whether structural or non-structural, interior or exterior, ordinary or extraordinary; and

(ii) subdivide, combine and change the boundary walls of Units owned by them.

(C) All alterations, additions, improvements and repairs by Unit Owners shall be made in compliance with Law. In connection therewith, the Condominium Board shall execute applications to any departments of the City of New York, or to any other governmental agencies having jurisdiction thereof, for any and all permits required in connection with the making of alterations, additions, improvements, or repairs in or to a Unit or its appurtenant Limited Common Elements, provided that, with respect to all such work of a structural nature (but other than that of the nature described in Paragraph (B) hereof), the same was approved by the Condominium Board pursuant to the terms of Paragraph (A) hereof.

(D) Neither the Condominium Board nor any Unit Owner (other than the Unit Owner(s) making alteration, improvements, additions, or repairs, or causing any of the same to be made, in or to his, her, or their Unit(s) and appurtenant Limited Common Elements) shall incur any liability, cost, or expense either:

(i) in connection with the preparation, execution, or submission of the applications referred to in Paragraph (C) hereof;

(ii) to any contractor, subcontractor, materialman, architect, or engineer on account of any alterations, improvements, additions, or repairs made or caused to be made by any Unit Owner; or

(iii) to any Person asserting any claim for personal injury or

property damage arising therefrom.

Any Unit Owner(s) making any alterations, improvements, additions, or repairs, or causing any of the same to be made, in or to his, her or their Unit(s) and appurtenant Limited Common Elements shall agree (in a writing executed and delivered to the Condominium Board, if the Condominium Board shall request), and shall be deemed to agree (in the absence of such writing), to indemnify and hold the Condominium Board, the members of the Condominium Board, the officers of the Condominium, the Managing Agent and all other Unit Owners harmless from and against any such liability, cost and expense.

Section 5.3 Alterations, Additions, or Improvements to the Common Elements. Except as otherwise provided in the Declaration or in these By-Laws, all necessary or desirable alterations, additions, or improvements in or to any of the Common Elements shall be made by the Condominium Board, and the cost and expense thereof Shall constitute a Common Expense.

Section 5.4 Insurance.

(A) If the same shall be obtainable, the Condominium Board shall obtain, and shall maintain in full force and effect, fire insurance policies with all risk extended coverage, vandalism and malicious mischief endorsements, insuring the Building (including all Units, the exterior face of all walls, ceilings and floors in the Units (other than those walls, ceilings and floors erected by a Unit Owner other than Sponsor) as finished by Sponsor in accordance with Exhibit D entitled "Description of Property and Specifications" appearing in Part II of the Offering Plan, and all bathroom and kitchen fixtures and appliances installed therein by Sponsor, but not including appliances or any furniture, fixtures, furnishings, or decorations, belongings, or other personal property supplied or installed by Unit Owners or the tenants of Unit Owners) and covering the interests of the Condominium, the Condominium Board, the officers thereof, all of the Unit Owners, all Permitted Mortgagees, as the named insured as their interests may appear. Each of the said policies shall contain:

(i) waivers of:

(a) subrogation;

(b) any defense based upon co-insurance or other insurance;

(c) invalidity arising out of any acts of the insured; and

(d) pro-rata reduction of liability;

(ii) a provision that any adjustment of loss will be made by the Condominium Board and that all proceeds thereof shall be paid to either the Condominium Board or the Insurance Trustee, as provided in Section 5.5 hereof;

(iii) a New York standard mortgagee clause in favor of each Permitted Mortgagee, which shall provide that the proceeds thereof shall be paid to such Permitted Mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Condominium Board and the Insurance Trustee set forth in subparagraph (ii) above and in Section 5.5 hereof; and

(iv) a provision that such policy may not be either canceled or substantially modified except upon at least ten (10) days' prior written notice to all of the insured's, including all Permitted Mortgagees.

Duplicate originals or certificates of all such policies and of all renewals thereof, together with proof of payment of premiums, shall be sent to all named insured and additional insured at least ten (10) days prior to the expiration of the then current policies.

(B) The Condominium Board shall also obtain and maintain, to the extent practicable:

(i) comprehensive general liability insurance, covering all claims for personal injury of property damage arising out of any occurrence on the Property (except, however, that such insurance shall not cover any liability of a Unit Owner arising from occurrences within his or her own Unit or its Limited Common Elements);

(ii) rent insurance;

(iii) boiler and machinery insurance;

(iv) water damage legal liability insurance; and

(v) such other insurance as the Condominium Board from time to time determine.

Each of the aforementioned policies of insurance shall also cover cross-liability claims of one insured against another. Each of the aforementioned policies shall

name the Persons described in Paragraph (A) of Section 5.4 above as the named insured, as their respective interests may appear, or additional insured (to the extent required).

(C) All policies of insurance to be maintained by the Condominium Board shall contain such limits as the Condominium Board shall from time to time determine, provided, however that:

(i) with respect to insurance policies maintained by the Condominium Board pursuant to Paragraph (A) hereof, the coverage shall be in an amount equal to the lesser of the full replacement cost of the Building, exclusive of excavation and foundations, without deduction for depreciation, or the amount of insurance as approved by a fire insurance company, a qualified insurance broker, or another qualified source (and, until the first regular meeting of the first five-member Condominium Board elected by the Unit Owners, such coverage shall be at least in the amount of $3,000,000);

(ii) with respect to insurance policies maintained by the Condominium Board pursuant to subparagraph (i) of Paragraph (B) hereof, such policies shall contained single limits of not less than $1,000,000 in the aggregate until the first regular meeting of the first five-member Condominium Board elected by the Unit Owners and will also cover cross-liability claims of one insurer against another; and

(iii) with respect to insurance policies maintained by the Condominium Board pursuant to subparagraph (ii) of Paragraph (B) hereof, the coverage shall be in an amount equal to the greater of the aggregate of all of the Unit Owners' Common Charges for one year or $28,800.

Any insurance policies maintained by the Condominium Board may also provide for such deductible amounts as the Condominium Board shall determine. The Condominium Board shall review the limits of each insurance policy, as well s the amount of any deductible sum thereunder, at least once each year.

(D) The cost of all insurance maintained by the Condominium Board pursuant to this Section 5.4, together with the fees and disbursements of any Insurance Trustee appointed by the Condominium Board pursuant to the terms of

these By-Laws, shall be borne by the Condominium Board as a Common Expense.

(E) Unit Owners shall not be prohibited from carrying and are advised to carry other insurance for their own benefit, provided that all such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing the insurance maintained by the Condominium Board shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

Section 5.5 **Casualty or Condemnation**.

(A) In the event that either:

(i) the Building or any part thereof is damaged or destroyed by fire or other casualty (hereinafter referred to as a "Casualty Loss"); or

(ii) the Common Elements or any part thereof is taken in condemnation or by eminent domain (hereinafter referred to as a "Taking"), the net insurance proceeds payable under the insurance policies maintained by the Condominium Board pursuant to the terms of Section 5.4 hereof by reason of such Casualty Loss or the net condemnation awards receivable by reason of such Taking, as the case may be, shall be payable either to the Condominium Board, if the same shall be $250,000 or less in the aggregate, or to the Insurance Trustee, if the same shall exceed $250,000.00 in the aggregate. In either instance, all such monies actually received (hereinafter referred to as the "Trust Funds") shall be held in trust for the benefit of all Unit Owners and their Permitted Mortgagees and shall be disbursed pursuant to the terms of this Section 5.5. Notwithstanding anything to the contrary contained either in this Paragraph (A) or elsewhere in this Section 5.5, however, no Unit Owner whose Unit, its appurtenant Limited Common Elements, or any portion thereof, are taken in condemnation or by eminent domain (whether or not all or a part of the Common Elements are contemporaneously taken) shall be deemed to have waived whatever rights that he or she may have to pursue a separate claim against the condemning authority by reason thereof.

(B) Subject to the terms of Paragraph (D) hereof, the Condominium Board shall arrange for the prompt repair or restoration (hereinafter referred to as the "Work") of:

(i) in the event of a Casualty Loss, the portion(s) of the Building (including all Units, the exposed face of all walls, ceilings and floors in the Units (other than those walls, ceilings and floors erected by a Unit Owner other than Sponsor)

as finished by Sponsor in accordance with Exhibit D of Part II of the Offering Plan entitled "Description of Property and Specifications" and all bathroom and kitchen fixtures installed therein by Sponsor, but not including appliances or any furniture, fixtures, furnishings, decorations, belongings, or other personal property supplied or installed by either Unit Owners or the tenants of Unit Owners) affected by such Casualty Loss; or

(ii) in the event of a Taking, the portion(s) of the Common Elements affected by such Taking.

If, pursuant to the immediately preceding sentence, Work is to be performed in or to Units, Common Elements that service or enclose Units and other Common Elements, or any combination of the foregoing, the Work shall be performed, to the extent practicable, first in or to the Units, next in or to the Common Elements that service or enclose Units and then in or to the balance of the Common Elements. In addition, each Unit Owner whose Unit, its appurtenant Limited Common Elements, or any portion thereof shall be the subject of all or part of any Work shall have the right, subject to the terms of Section 5.2 hereof, to supervise any reconstruction of his or her Unit and/or such Limited Common Elements.

(C) In the event that Work shall be performed pursuant to the terms of Paragraphs (B) and (D) of this Section 5.5, the Condominium Board or the Insurance Trustee, as the case may be, shall disburse the Trust Funds to the contractors engaged in the Work in appropriate progress payments. If the Trust Funds shall be less than sufficient to discharge the cost and expense of performing the Work, the Condominium Board shall levy a Special Assessment against all Unit Owners for the amount of such deficiency in proportion to their respective Common Interests, and all proceeds of such Special Assessment shall become part of the Trust Funds. If, conversely, the Trust Funds shall prove to be more than sufficient to discharge the cost and expense of performing the Work, such excess shall be paid to all Unit Owners in proportion to their respective Common Elements, except that no payment shall be made to a Unit Owner until there has first been paid, out of such Unit Owner's share of such excess, such amounts as may be necessary to reduce unpaid liens on the Unit Owner's Unit (other than mortgages that are not Permitted Mortgages) in the order of priority of such liens. Notwithstanding the foregoing, however, in the event that the Unit Owners are assessed pursuant to the terms of the second sentence of this Paragraph (C) for any projected deficiency in the amount of the Trust Funds available to the Condominium Board and, after the payment of all costs and expenses incurred in connection with the Work, any portion of the Trust Funds remains unspent, such excess Trust Funds shall, to the extent of such Special Assessment, be deemed to be, and shall constitute, an unspent Special Assessment and shall be paid to the Unit Owners so assessed in proportion to their respective Common Interests, free of any claim of any lienor (including, without limitation, any Permitted Mortgagee).

(D) If either seventy five percent (75%) or more of the Building is destroyed or substantially damaged by fire or other casualty or seventy five percent (75%) or more of the Common Elements are taken on a Taking, the Work shall not be performed unless seventy five percent (75%) or more of all Unit Owners (including Sponsor or its designee, if Sponsor or such designee shall then own any Units), both in number and in aggregate Common Elements, shall promptly resolve to proceed with the same. In the event that a sufficient number of Unit Owners shall so resolve, the Work shall be performed pursuant to the terms of Paragraphs (B) and (C) hereof. Conversely, in the event that a sufficient number of Unit Owners shall either fail or refuse to resolve, the Work shall not be performed and the Property shall be subject to an action for partition by any Unit Owner or lienor, as if owned in common, in which event the net proceeds of the resulting sale, together with any Trust Funds, shall be paid to all Unit Owners in proportion to their respective Common Elements, except that no payment shall be made to a Unit Owner until there first has been paid, out of such Unit Owner's share of such funds, such amounts as may be necessary to reduce unpaid liens on the Unit Owner's Unit (other than mortgages that are not Permitted Mortgages) in the order of priority of such liens.

(E) In the event that the damage resulting from a Casualty Loss shall:

(i) render one or more Units wholly or partially unusable for the purposes permitted herein and in the Declaration; or

(ii) destroy the means of access to one or more Units; the installments of Common Charges otherwise payable by the owner of Unit so affected thereby shall proportionately abate until such Unit shall again be rendered useable for such purposes and/or until the means of access thereto shall be restored, as the case may be. Notwithstanding the foregoing, however, if such Casualty Loss shall be caused by the act, the omission to act, or the negligence of the owner of a Unit so affected thereby, by a Family Member of such Unit Owner, or by a tenant or other occupant of such Unit, such installments of Common Charges shall abate only to the extent of any proceeds of rent insurance actually collected by the Condominium Board with respect to such Unit.

(F) If:

(i) a portion of any Unit shall be taken in condemnation or by eminent domain; and

(ii) the condominium shall not be terminated by reason of a simultaneous Taking pursuant to the terms of Paragraph (D) hereof; the Common Elements appurtenant to such Unit shall be adjusted in the proportion that the total floor area of such Unit and its appurtenant Limited Common Elements prior to such taking. The Condominium Board shall promptly prepare and record an amendment to the Declaration reflecting the new Common Elements appurtenant to such Unit, which amendment shall be executed by the owner of such Unit together with the holders of record of any liens thereon (or, in lieu of execution by such Unit Owner and lienors, the same may execute a consent to such amendment in recordable form). Following the Taking of a portion of a Unit and the recording of the aforementioned amendment to the Declaration, the votes appurtenant to such Unit shall be based upon the new Common Elements of such Unit, and, in the event of a Taking of an entire Unit, the right to vote appurtenant to such Unit shall wholly terminate. In either event, the Common Interests of the other or remaining Units shall be adjusted accordingly and reflected in an amendment to the Declaration duly executed and acknowledged by the Condominium Board and the owners of, together with the holders of record of all liens upon, all of the other or remaining Units.

(G) As used in this Section 5.5, the terms:

(i) "prompt repair or restoration" shall mean that the Work is to be commenced not more than either:

(a) sixty (60) days after the date upon which the Insurance Trustee notifies the Condominium Board and the Unit Owners that it has received Trust Funds sufficient to discharge the estimated cost and expense of the Work; or

(b) ninety (90) days after the date upon which the Insurance Trustee notifies the Condominium Board and the Unit Owners that it has received Trust Funds insufficient to discharge the estimated cost and expense of the Work; or

(c) in the event that the Trust Funds are payable to the Condominium Board pursuant to the terms of Paragraph (A) of this Section 5.5, sixty (60) days after the date upon which the Condominium Board notifies the Unit Owners that it has received the Trust Funds, whether or not the same are sufficient to discharge the cost and expense of the Work; and

(ii) "promptly resolve" shall mean that a resolution shall be duly made not more than 60 days after the date upon which the Condominium Board or the Insurance Trustee, as the case may be, notifies the Unit Owners that it has received Trust Funds and that the same are or are not sufficient to discharge the estimated cost and expense of the Work, as the case may be.

(H) Any dispute that may arise under this Section 5.5 between Unit Owners or between any Unit Owner(s) and Condominium Board shall be resolved by arbitration pursuant to the terms of Article 10 hereof.

Section 5.6 **Use of Property**. (A) No nuisance or immoral activity shall be committed or permitted to occur in or about any Unit or upon any part of the Common Elements, nor shall any use or practice be allowed in a Unit that either is a source of annoyance to its residents or interferes with the peaceful possession or proper use of the Property by its residents or occupants. No unlawful use shall be made of the Property or any portion thereof, and all valid Laws relating to any portion of the Property shall be complied with at the full cost and expense of the respective Unit Owners or the Condominium Board, whoever shall have the obligation to maintain or repair such part of the Property.

(B) Nothing shall be done or kept in any Unit or in any of the Common Elements that would increase the rate of insurance for the Property, except upon the prior written consent of the Condominium Board. No Unit Owner shall permit anything to be done or kept in a Unit or in the Common Elements that will result in the cancellation of insurance on the Property or the contents thereof, or that would be in violation of any Law. No waste shall be committed in the Common Elements.

(C) Nothing shall be done in any Unit or in, on, or to the Common Elements that will impair the structural integrity of the Property or that will structurally change the Building, except as is otherwise provided in the Declaration or in these By-Laws. In no event shall interior partitions contributing to the support of any Unit or the Common Elements be altered or removed.

Section 5.7 **Use of Units**. (A) In order to provide for congenial occupancy of the Property and for the protection of the values of the Units, the use of Units shall be restricted to, and shall be in accordance with, the terms contained in the balance of this Section 5.7.

(B) Each Unit shall be used only as a residence. Notwithstanding the foregoing, however, a portion of a Unit may be used for any home occupation, including as a professional office, by the resident thereof provided that the nature and manner of such use complies with Law and does not violate the then existing Certificate of Occupancy covering the Unit, applicable zoning law and ordinances, building code or other rules and regulations of governmental authorities having jurisdiction. No illuminated or other sign may be used in connection with the aforementioned use without the prior written consent of the Board of Managers.

(C) A Unit owned or leased by an individual, corporation, partnership, fiduciary, or any other entity may be occupied only by said individual, or by an officer, director, stockholder, or employee of such partnership, or by said fiduciary (including directors, officers, stockholders, or employees of corporate fiduciaries and partners or employees of partnership fiduciaries), or by the beneficiary of said fiduciary, or by a principal or employee of such other entity, respectively, or by Family Members or guests of any the foregoing (however, nothing contained in this sentence shall be deemed to prohibit the exclusive occupancy of any Units by such Family Members or guests). Additionally, in no event shall a portion of a Unit (as opposed to the entire Unit) be sold, conveyed, leased, or subleased, and no transient occupancy (other than a guest permitted under this Paragraph (C)) may be accommodated therein.

(D) Notwithstanding anything to the contrary contained in this Section 5.7, Sponsor may, without the consent of either of the Condominium Board or the Unit Owners:

(i) grant permission for the use of any Unsold Unit for any home occupation, including as a professional office by the resident thereto, provided that the nature and manner of such use complies with Law and does not violate the then existing Certificate of Occupancy covering such Unit; and

(ii) use any one or more Unsold Units as models units and offices for the sales, promotions, rental, management and operation of the Unsold Unit or for any other purpose, subject only to compliance with Law.

Section 5.8 **Use of Common Elements**. (A) Subject to the terms of paragraphs (B) and (C) of this Section 5.8, the Common Elements (including, without limitation, the electrical, heating, gas, plumbing and other mechanical systems and equipment of the Building) may be used only for the furnishing of the services and facilities, and for the other uses, for which they are reasonably suited and capable. In addition, no furniture, doormats, packages, or objects of any kind shall be placed in the lobbies, vestibules, public halls, stairways, public elevators, or any other part of the Common Elements (except for those areas designated as storage areas, if any) without the prior written consent of the Condominium Board. The lobbies, vestibules, public halls, stairways and public elevators shall be used only for normal passage through them. Accordingly, all Unit Owners shall require their tradespeople to utilize exclusively the entrance designated by the Condominium Board for transporting packages, merchandise, or other objects.

The terms of Paragraph (A) of this Section 5.8 shall not apply to Sponsor or its designee for so long as there are any Unsold Units So long as Sponsor owns any Unit, Sponsor or its designee shall have the right, without charge or limitation, to:

(i) erect and maintain signs, of any size or content determined by Sponsor or such designee, on or about any portion of the Common Elements chosen by Sponsor or such designee, including, without limitation, on the exterior walls of the White Sands Condominiums or adjacent to any entrance thereof;

(ii) have its employees, contractors, subcontractors and sales agents present on the Property; and

(iii) do all things necessary or appropriate, including the use of the Common Elements, to sell, lease, manage, or operate Unsold Units, to complete any work or repairs to the Building expressly undertaken by Sponsor and to comply with minimum Documents.

In addition, Sponsor and its designee shall be entitled to exercise the rights set forth in Paragraph (B) Unit(s) without the necessity of obtaining the consent of either the Condominium Board or any other Unit Owners. In no event, however, shall Sponsor or such designee be entitled to use Common Elements in such a manner as will unreasonably interfere with the use of any Unit for its permitted purposes.

Section 5.9 **Rights to Access**. (A) Each Unit Owner shall grant to the Sponsor, to the Condominium Board, to the Managing Agent or manager (if any), to the superintendent and/or to any other Person authorized by any of the foregoing a permanent right of access to his or he Unit and its appurtenant Limited Common Elements for the purposes of:

(i) making inspections of, or removing violations noted or issued by any governmental authority against, the Common Elements or any other part of the Property;

(ii) curing defaults hereunder or under the Declaration or violations of the Rules and Regulations committed by such Unit Owner or correcting any conditions originating in his or her Unit and threatening another Unit or all or a portion of the Common Elements;

(iii) performing maintenance, installations, alterations, repairs, or replacements to the mechanical or electrical services, or other portions of the Common Elements located within his or her Unit or elsewhere in the Building;

(iv) reading, maintaining, or replacing utility meters relating to the Common Elements, to his or her Unit, or to any other Unit; or

(iv) correcting any condition that violates the provisions of any Permitted Mortgage encumbering another Unit. Except in cases of emergency (that is, a condition requiring repairs or replacements immediately necessary for the preservation or safety of the Building or for the safety of the occupants of the Building or other individuals, or required to avoid the suspension of any necessary service in the Building), the foregoing rights of access shall be exercised only upon not less than one day's advance notice and only in such a manner as will not unreasonably interfere with the use of the Units and their appurtenant Limited Common Elements for their permitted purposes. In cases of emergency, however, such rights of access may be exercised immediately, without advance notice and whether or not the Unit Owner is present.

(B) Each Unit Owner shall grant a right of access to his or her Unit and its appurtenant Limited Common Elements, and the Condominium Board shall grant rights of access to the Common Elements, to Sponsor and its contractors, subcontractors, agents and employees for the purpose of fulfilling Sponsor's obligations as set forth in the Offering Plan or in any amendment thereto, provided that access thereto shall not be exercised, with respect to any Unit and its appurtenant Limited Common Elements, in such a manner as will unreasonably interfere with the use of

such Unit and Limited Common Elements for their permitted purposes.

Section 5.10 **Modification of the Rules and Regulations**. The Condominium Board shall have the right to amend, modify, add to, or delete any of the Rules and Regulations from time to time, provided, however, that any such amendment, modification, addition, or deletion may be overruled by a vote o a Majority in Common Interests of Unit Owners. Notwithstanding the foregoing, as long as Sponsor, and Sponsor-designee or any partner of any entity affiliated directly or indirectly with Sponsor owns title to one or more Units, the Rules and Regulations may not be amended in a manner which would, in the sole discretion of Sponsor and Sponsor-designees, or any partner of any entity affiliated directly or indirectly with Sponsor, adversely affect such Persons in any way, unless each such Person gives its prior written consent to such amendment. Copies of the text of any amendments, modifications, additions, or deletions to the Rules and Regulations shall be furnished to all Unit Owners no less than thirty (30) days prior to the effective date thereof.

Section 5.11 Real Estate Taxes, Water Charges and Sewer Rents.

(A) Water for the Condominium shall be supplied by the City of Long Beach. Unless and until real estate taxes, water charges and sewer rents are billed directly to Unit Owners by the City Collector, the Condominium Board of Managers shall promptly pay such charges and rents as a Residential Common Expense. Without limiting the foregoing, any Unit Owners, whose Units are separately metered for water, shall directly pay the proper authority, the charges and rents computed on the basis of his metered consumption. In the event of a proposed sale of any Unit, the Condominium Board (for so long as the Condominium Board is still paying such real estate taxes, water charges and sewer rents as agent for the Unit Owners) shall, upon the written request of the selling Unit Owner, execute and deliver to the purchaser of such Unit or to such purchaser's title company, a letter agreeing to promptly pay all such taxes, charges and rents affecting such owner's Unit to the date of the closing of title to such Unit.

(B) The Condominium Board may act an agent of each Unit Owner who has given his or her written authorization to complain or apply to the board of assessment review or the assessing agency by filing a single complaint on behalf of all such Unit Owners and to commence and prosecute a special proceeding for the review assessments of real property as an aggrieved person. The Condominium Board may retain legal counsel on behalf of all Unit Owners for which it is acting as agent and may charge all such Unit Owners a pro rata share of expenses, disbursements and legal fees, for which charges the Condominium Board shall have a lien pursuant to the terms of these By-Laws.

Section 5.12 Gas. The charges for any gas consumed or used in the Building including in the Units, may be separately metered and paid by the individual Unit Owners directly to the utility company.

Section 5.13 Electricity. Electricity shall be supplied to each Unit through a separate meter for such Unit, and each Unit Owner shall be required to pay all charges for electricity consumed or used in his or her Unit directly to the utility company servicing the Building as and when billed therefor. However, the Condominium Board shall have the right, exercisable in its sole discretion, to require that electricity be supplied to the Condominium through one or more common meters. In such an event, the cost thereof shall be borne by each Unit Owner based upon the consumption or usage of electricity in his or her Unit, as determined by submetering, survey, or any other reasonable method prescribed by the Condominium Board and permitted by Law, and shall be payable either to the Condominium Board or to the utility company servicing the Building, as directed by the Condominium Board.

Section 5.14 Utilities Serving the Common Elements. If there shall be any cost or expense of water, steam, electricity and gas serving or benefiting (a) the Common Elements shall be a Common Expense, and (b) the Limited Common Elements, shall be a Common Expense. If such costs are not separately metered, then the Condominium Board of Managers shall determine what portion of the bill rendered which includes such costs is attributable to such Common Element. If there shall be a dispute as to such determination, it shall be settled by arbitration.

Section 5.15 Records and Audits.

(A) The Treasurer of the Condominium, or the Managing Agent under the supervision of such Treasurer, shall keep full, detailed and accurate records and books of account with respect to the financial affairs of the Condominium, which records and books of accounts shall include, without limitation:

(i) a listing of all receipts of and expenditures by the Condominium Board and the Managing Agent; and

(ii) a separate listing for each Unit, setting forth, among other things, the amount of each assessment of Common Charges and Special Assessments levied against such Unit, the date when due, the amounts paid thereon and the balance, if any, remaining unpaid.

(B) Within four (4) months after the end of each fiscal year of the Condominium, the Condominium Board shall submit to each Unit Owner, and, if so

requested, to any Permitted Mortgagee, an annual report of the receipts and expenditures of the Condominium prepared and certified by an independent certified public accountant. The cost of preparing and distributing each such report shall be borne by the Condominium Board as a Common Expense.

(C) The books of account and records of the Condominium may be examined by Unit Owners at convenient hours of weekdays.

ARTICLE 6
COMMON CHARGES

Section 6.1 Determination of Common Expenses and Fixing of Common Charges. (A) From time to time, but not less frequently than once a year, the Condominium Board shall:

(i) prepare and adopt a budget for the Condominium, subject, in all respects, to the limitations set forth in Section 2.5 hereof;

(ii) determine the aggregate amount of Common Charges necessary to be charged to the Unit Owners in order to meet the Common Expenses; and

(ii) allocate and assess such Common Charges amongst Unit Owners pro-rata, in accordance with their respective Contributing Share.

The allocation and assessment of Common Charges in accordance with each Unit's percentage of Common Elements is based on special or exclusive use or availability or exclusive control of particular Units or Common Elements by particular Unit Owners, in a manner different from common profits and expenses. Such allocation is authorized by the Declaration and these By-Laws. The Condominium Board shall advise all Unit Owners promptly thereafter in writing of the amount of Common Charges payable by each of them and, not later than ten (10) days next preceding the date upon which the first installment of newly-determined Common Charges is due, shall furnish copies of the budget (in a reasonably itemized form) upon which such Common Charges are based to all Unit Owners and to their respective Permitted Mortgagees. The Condominium Board may, at its sole discretion, from time to time increase or decrease the amount of Common Charges allocated to the Units and payable by the Unit Owners and may modify its prior determination of the Common Expenses for any fiscal year so as to increase or decrease the amount of Common Charges payable for such fiscal year or portion thereof; however, no such revised determination of Common Expenses shall have a retroactive effect on the amount of Common Charges payable by Unit Owners for any period prior to the date of such new determination. Notwithstanding the foregoing, however, the

Condominium Board shall not reduce the Common Charges payable during any year occurring within a period when Sponsor owns fifty percent (50%) or more of the Units as a result of either reducing the number of employees of the Condominium below the number employed for the Property on the date of recording the Declaration, or eliminating or reducing any service or reducing the insurance coverage below that provided for the Property on such date, except with the concurrence of a majority of the members of the Condominium Board elected by Unit Owners other than Sponsor or designee.

(B) The failure or delay of the Condominium Board to prepare or adopt a budget or to determine the Common Expenses for any fiscal year or portion thereof shall not be deemed a waiver or modification in any respect of the covenants and provisions hereof or a release of a Unit Owner from the obligation to pay Common Charges. In such event, the Common Charges that were computed on the basis of the Common Expenses last determined for any fiscal year or portion thereby the Unit Owners until a new determination of the Common Expenses shall be made.

(C) In addition to the foregoing duty to determine the amount of and assess Common Charges, the Condominium Board shall have the right, subject, in all respects, to the limitations contained in Section 2.5 hereof, to levy Special Assessments to meet the Common Expenses. All Special Assessments shall be levied against all Unit Owners in proportion to their respective percentage of Common Elements and may be payable either in one lump sum or in installments, as the Condominium Board shall give each Unit Owner not less than fifteen (15) days' written notice prior to the date upon which such Special Assessment, or the first installment thereof, shall be due and payable, which notice shall set forth, in reasonable detail, the nature and purposes thereof. The Condominium Board shall have all rights and remedies for the collection of Special Assessments as are provided herein for the collection of Common Charges (including, without limitation, the provisions of Section 6.4 hereof).

(D) The excess of all rents, profits and revenues derived from the rental or use of any space forming a part of, or included in, any Common Element remaining after deduction of all expenses incurred in connection with generating the same shall constitute income of the Unit Owners, and shall be collected on behalf of the Unit Owners by the Condominium Board and applied against the Common Expenses for the year in which collected. In the event that such net rents, profits and revenues, together with the Common Charges and any Special Assessments collected from the Unit Owners, for any year of operation shall exceed the Common Expenses for such year, then such excess shall be applied by the Condominium Board against the Common Expenses for the next succeeding year(s) of operation, and no Unit Owner shall be entitled to a distribution of any portion of such excess unless the Condominium Board shall determine to distribute all or part of such excess to all Unit Owners pro-rata, in proportion to their respective percentage of Common Elements.

Notwithstanding any provision contained in these By-Laws or in the Declaration to the contrary, however, in no event shall any rent, profit, or revenue derived from the rental or use of any space in the Building be deemed to be derived from the rental or use of any floor slabs, ceilings, or walls delineating or enclosing such space or the incidental use of any portion of any Common Elements appurtenant to such space.

Section 6.2 **Payment of Common Charges**. (A) All Unit Owners shall be obligated to pay Common Charges and Special Assessments assessed by the Condominium Board pursuant to the terms of Section 6.1 hereof at such time or times (but not less than annually) as the Condominium Board shall determine. Unless otherwise determined by the Condominium Board, Common Charges shall be payable in installments on the first day of every month in advance. To the extent permitted by Law, the Condominium Board shall have a lien on each Unit, on behalf of all Unit Owners, for unpaid Common Charges and Special Assessments assessed against such Unit. Such lien, however, shall be subordinate, to the extent required by Law, to any liens for real estate taxes assessed against such Unit and to any sums unpaid on a Permitted Mortgage of record thereon.

(B) No Unit Owner shall be liable for the payment of any part of the Common Charges and any Special Assessments assessed against his or her Units subsequent to a sale, transfer, or other conveyance by him or her of such Unit, together with its Appurtenant Interests, made in compliance with the terms of Article 7 hereof. A purchaser or other successor-in-title to the owner of a Unit shall be liable for the payment of all Common Charges and any Special Assessments accrued and unpaid against such Unit prior to this or her acquisition thereof, except that, to the extent permitted by Law, a Permitted Mortgagee acquiring title to a mortgaged Unit, or a purchaser at a mortgage foreclosure sale held with respect to a Permitted Mortgage shall not be liable, and such mortgaged Unit shall not be subject to a lien, for the payment of any Common Charges and Special Assessments assessed subsequent to the recording of such Permitted Mortgage and prior to the acquisition of title to such Unit by the Permitted First Mortgage or by such purchaser. However, in the event of a foreclosure of a Permitted Mortgage (whether by sale, deed in lieu of foreclosure, or otherwise), the defaulting Unit Owner shall remain fully liable for the payment of all unpaid Common Charges and Special Assessments that accrued prior to such foreclosure. Any unpaid Common Charges and Special Assessments that are not collected from such defaulting Unit Owner shall be deemed a Common Expense, collectible from all those who are Unit Owners at the time that the same is levied.

(C) Subject to the terms and conditions contained in these By-Laws, any Unit Owner may convey his or her Unit, together with its Appurtenant Interests, to the Condominium Board or to its designee, corporate or otherwise, on behalf of all Unit Owners, without being compensated therefor, and, in such event, be exempt from the payment of Common Charges and Special Assessments thereafter accruing, provided, however, that:

(i) all Common Charges and any Special Assessments then due and payable with respect to such Unit have been paid;

(ii) such Unit is free and clear of all liens and encumbrances other than a Permitted Mortgage and the statutory lien for unpaid Common Charges and Special Assessments;

(iii) no violation of any provision of the Condominium Documents then exists with respect to such Unit; and

(iv) at the time of conveyance, and in the event that the Unit is encumbered by a Permitted Mortgage, the Unit Owner shall deposit with the Condominium Board an amount equal to the product of the then current monthly debt service on the Permitted Mortgage multiplied by 24.

However, in no event shall Sponsor or its designee be permitted to convey and Unsold Unit to the Condominium Board and thereby exempt itself from Common Charges and any Special Assessments attributable to such Unit thereafter accruing.

(D) No Unit Owner shall be exempted from liability for the payment of Common Charges or Special Assessments by waiving the use or enjoyment of any or all of the Common Elements or by abandoning his or her Unit (except with respect to a conveyance of the same to the Condominium Board, without compensation, pursuant to the terms of Paragraph (C) hereof). Except as expressly provided to the contrary in Paragraph (E) of Section 5.5 hereof, no Unit Owner shall be entitled to a diminution or abatement in the Common Charges or Special Assessments payable thereby for any inconvenience or discomfort arising from:

(i) the failure or interruption of any utility or other services;

(ii) the making of repairs or improvements to the Common Elements or any Unit (including, without limitation, such Unit Owner's Unit) pursuant to the terms of Sections 5.1, 5.2 or 5.3 hereof; or

(iii) any action taken by the Condominium Board or the officers of the Condominium to comply with Law.

Section 6.3 **Statement of Common Charges**. The Condominium Board shall promptly provide a written statement of all unpaid Common Charges due from any Unit Owner upon its receipt of a written request therefor from such Unit Owner. In addition, each Unit Owner shall be permitted to examine the books of account of the Condominium at reasonable times on weekdays.

Section 6.4 **Default in Payment of Common Charges**. (A) The Condominium Board shall take prompt action to collect any Common Charges due to the Condominium Board that remains unpaid or more than fifteen (15) days after the due date for the payment thereof. In connection therewith, the Condominium Board shall have the right to cause liens for all sums due and owing to the Condominium Board to be filed in the Register's Office pursuant to the terms of Section 399-z of the Condominium Act, to cause such liens to be foreclosed in the manner provided in Section 399-aa of the Condominium Act and/or to institute all other proceedings deemed necessary or desirable by the Condominium Board to recover all such unpaid Common Charges, together with all additional sums of money collectible by the Condominium Board by reason of such nonpayment pursuant to the terms of Paragraph (B) hereof. A suit to recover a money judgment for unpaid Common Charges, however, shall be maintainable without foreclosing or waiving the lien securing charges.

(B) In the event that any Unit Owner shall fail to make prompt payment of Common Charges or Special Assessments, such Unit Owner shall be obligated to pay each month a "late charge" of two cents for each dollar of such amounts which remain unpaid for more than five (5) days from their due date (although nothing herein shall be deemed to extend the period within which such amounts are to be paid), together with all costs and expenses paid or incurred by the Condominium Board, the Managing Agent, or the manager (if any) in connection with collecting such unpaid Common Charges or Special Assessments with interest at the rate of two percent (2%) per month (but in no event in excess of the maximum rate permitted by law) and/or in foreclosing the aforementioned lien, including, without limitation, reasonable attorneys' fees and disbursements and court costs. The "late charge" shall be imposed for each month that the Common Charges shall remain unpaid for any portion of the month. Notwithstanding the foregoing, the Sponsor and Sponsor-designee and any partner of any entity affiliated directly or indirectly with Sponsor shall not be subject to the "late charge". In addition, if the Condominium Board shall bring an action to foreclose the aforementioned lien, the defaulting Unit Owner will be required to pay a reasonable rental for the use of his or her Unit, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. All such late charges, interest, costs

and expenses and rentals shall be added to and shall constitute Common Charges or Special Assessments payable by such Unit Owner.

(C) In any action brought by the Condominium Board to foreclose a lien on a Unit because of unpaid, the Condominium Board shall have, on behalf of all Unit Owners, the power to purchase such Unit at the foreclosure sale thereof and to acquire, hold, lease, mortgage, convey, or otherwise deal with such Unit, but not to vote the appurtenant to the same). In the event that the net proceeds received on such foreclosure (after deduction of all legal fees and disbursements, advertising costs, brokerage commissions, court costs and other costs and expenses paid or incurred in connection therewith) shall be insufficient to satisfy the defaulting Unit Owner's obligations to the Condominium, such Unit Owner shall remain liable for the deficit. Any surplus on such foreclosure sale shall be paid to the defaulting Unit Owner after first paying all liens on such Unit Owner's Unit in order of priority of such liens.

ARTICLE 7
SELLING AND LEASING OF UNITS

Section 7.1 Sale of Units by Unit Owners. Each Unit Owner shall have the right to sell his Unit without restriction, except with the consent of a Permitted Mortgagee, if the Unit is mortgaged and consent of the mortgagee is required.

Section 7.2 Lease of Units by Unit Owners. Each Unit Owner may lease his Unit, without restriction, if (a) the lessee expressly agrees not to violate any provisions of the Declaration, By-Laws, Rules and Regulations, and (ii) the lease is in the form recommended for apartments by The Real Estate Board of New York, Inc., as modified by the provisions of the Declaration, By-Laws, Rules and Regulations.

Section 7.3 No Severance of Ownership. No Unit Owner shall execute any deed or other instrument conveying title to his or her Unit without including therein its Appurtenant Interests, it being the intention to prevent any severance of such combined ownership. Any deed or other instrument purporting to affect one or more such interests shall be taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the Appurtenant Interests of any Unit may be sold, conveyed, or otherwise disposed or, except as part of a sale, conveyance, or other disposition of the Unit to which such interests are appurtenant or as part of a sale, conveyance, or other disposition of such part of the Appurtenant Interests of all Units. Nothing contained in this Section 7.2, however, shall prohibit the lease of any Unit without the simultaneous lease of its Appurtenant Interests.

Section 7.4 Payment of Common Charges. No Unit Owner shall be permitted to convey or lease his or her Unit unless he or she shall have paid in full to the Condominium Board all unpaid Common Charges and Special Assessments theretofore assessed against such Unit and shall have satisfied all unpaid liens, other than that of Permitted Mortgages, levied against such Unit.

Section 7.5 Power of Attorney. At the time of acquiring title to a Unit and as a condition thereof, the new Unit Owner shall duly execute, acknowledge and deliver to the representative of his or her title insurance company (or, if no such representative is present, to Sponsor or its designee, or, if Sponsor or its designee is not then the owner of any Unsold Unit, to the Condominium Board) for recording in the Register's Office, the Unit Owner's Power of Attorney required in Article 11 of Declaration, in the form set forth as an Exhibit to the Declaration.

Section 7.6 Gifts and Devises, Etc. Any Unit Owner shall be free to convey or transfer his or her Unit, together with its Appurtenant Interests, by gift, or to devise the same by will or to have the same pass by intestacy, without restriction, provided, however, that each succeeding Unit Owners shall be bound by, and his or her Unit shall be subject to, the provisions of this Article 7.

Section 7.7 Fees and Charges. The Condominium Board shall have the right to require the Unit Owner to pay a fee to the Condominium Board and/or the Managing Agent to cover reasonable legal and other expenses of the Condominium Board and the Managing Agent in connection with the sale or lease of a Unit pursuant to the provisions of this Article 7 except such charges and fees shall not apply to a sale or lease or any Unit by Sponsor, any Sponsor-designee or any partner of any entity affiliated directly or indirectly with Sponsor. Any other fees in connection with the sale or lease of a Unit may only be enacted by action of Unit Owners except any such fee shall not apply to a sale or lease of any Unit by Sponsor, any Sponsor-designee or any partner of any entity affiliated directly or indirectly with Sponsor.

ARTICLE 8
MORTGAGING OF UNITS

Section 8.1 General. Each Unit Owner shall have the right to mortgage his or her Unit, subject only to the terms and conditions contained in Section 8.2 hereof. Any Unit Owner who mortgages his or her Unit, or the holder of such mortgage, shall supply the Condominium Board at its request with the name and address of his or her mortgagee and shall file a conformed copy of the note and mortgage with the Condominium Board. Any Unit Owner who satisfies a mortgage covering his or her Unit shall so notify the Condominium Board and shall file a conformed copy of the satisfaction of mortgage with the Condominium Board. The Secretary/Treasurer of the Condominium shall maintain such information in a book entitled "Mortgages of Units."

Section 8.2 Restrictions on Mortgaging. (A) No Unit Owner shall be permitted to mortgage, pledge or hypothecate his or her Unit unless and until he or she shall have paid in full to the Condominium Board all unpaid Common Charges and Special Assessments theretofore assessed against such Unit and shall have satisfied all unpaid liens, except the liens of Permitted Mortgages levied against such Unit.

(B) No Unit Owner shall execute any mortgage or other document mortgaging, pledging, or hypothecating title to his or her Unit without including therein its Appurtenant Interests, it being the intention to prevent any severance of such combined ownership. Any mortgage or other instrument purporting to affect one or more of such interests without including all such interest shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein.

(C) Any mortgage covering a Unit shall be substantially in the form of the New York statutory form of mortgage, except for such changes or additions thereto as may be required in order to permit a particular bank, trust company, insurance company, savings and loan association, or other institutional or non-institutional lender to make the mortgage loan.

Section 8.3 Notice of Unpaid Common Charges and Default. Whenever requested in writing by a Permitted Mortgagee, the Condominium Board shall promptly report to such Permitted Mortgagee any default by his or her mortgagor(s) in the payment of Common Charges or Special Assessments or in the observance or performance of any of the provisions of the Condominium Documents as to which the Condominium Board has knowledge then exists. The Condominium Board shall, when giving notice to a Unit Owner of any such default, also send a copy of such notice to his or her Permitted Mortgagee, if so requested. However, the

Condominium Board shall have no liability for any failure, through oversight or negligence, in notifying a Permitted Mortgagee of any default by his or her mortgagor under the Condominium Documents, provided that:

(i) the Condominium Board shall advise such Permitted Mortgagees of the default promptly after discovering such failure; and

(ii) if the Condominium Board shall foreclose a lien on such mortgagor's Unit pursuant to the terms of Section 6.4 hereof by reason of such default, the Condominium Board shall pay to such Permitted Mortgagee any net proceeds of any foreclosure sale of such Unit (after retaining all sums due and owing to the Condominium Board pursuant to the Condominium Documents) or such lesser sum as shall be due and owing to such Permitted Mortgagee.

Section 8.4 Performance by Permitted Mortgagees. Any sum of money to be paid or any act to be performed by a Unit Owner pursuant to the terms of the Condominium Documents may be paid or performed by his or her Permitted Mortgagee, and the Condominium Board shall accept such Permitted Mortgagee's payment or performance with the same force and effect as if the same were paid or performed by such Unit Owner.

Section 8.5 Examination of Books. Each Permitted Mortgagee shall be permitted to examine the books of account of the Condominium at reasonable times on business days, but not more frequently than once a month.

Section 8.6 Consent of Mortgagees; Designation of Mortgage Representatives. (A) Except as otherwise expressly provided for herein or in the Declaration, no consent or approval by any mortgagee shall be required with respect to any determination or act of the Condominium Board or any Unit Owner, provided, however, that nothing contained herein shall be deemed to limit or affect the rights of any mortgagee against his or her mortgagor. In the event that any such consent or approval shall be expressly required pursuant to the terms of the Declaration or these By-Laws, the decisions of a majority of the Mortgage Representatives, if any are designated pursuant to the terms of Paragraph (B) of this Section 8.6, shall be deemed binding upon the holders of all mortgages encumbering Units.

(B) The holders of Institutional Mortgages constituting a majority in principal amount of all Institutional Mortgages may, if they so elect, designate not more than three Mortgage Representatives by giving written notice thereof to the

Condominium Board, which Mortgage Representatives shall thereby be empowered to act as the representatives of the holders of all mortgages encumbering Units with respect to any matter requiring the consent or approval of mortgagees under the Declaration or these By-Laws. Any designation of a Mortgage Representative pursuant to the terms of this Paragraph (B) shall be effective until any successor Mortgage Representative is designated pursuant to the terms hereof and written notice thereof is given to the Condominium Board. Unless otherwise required by Law, no holders of mortgages encumbering Units other than Permitted Mortgagees who hold Institutional Mortgages shall be entitled to participate in the designation or Mortgage Representatives, but all holders of mortgages encumbering Units shall be subject to all determinations made by the Mortgage Representatives pursuant to the terms of the Declaration or these By-Laws.

ARTICLE 9
CERTAIN REMEDIES

Section 9.1 Self Help. If any Unit Owner shall violate or breach any of the provisions of the Condominium Documents on his or her part to be observed or performed including, without limitation, any breach of his or her obligation to paint, decorate, maintain, repair, or replace his or her Unit or its appurtenant Limited Common Elements pursuant to the terms of Article 5 hereof, and shall fail to cure such violation or breach within five (5) days after receipt of written notice of the same from the Condominium Board, the Managing Agent, or any manager (or, with respect to any violation or breach of the same not reasonably susceptible to cure within such period, to commence such cure within such five (5) day period and, thereafter, to prosecute such cure with due diligence to completion), the Condominium Board shall have the right to enter such Unit Owner's Unit and/or its appurtenant Limited Common Elements and summarily to abate, remove, or cure such violation or breach without thereby being deemed guilty or liable in any manner of trespass. In addition, in the event that the Condominium Board shall determine that the abatement, removal, or cure of any such violation or breach is immediately necessary for the preservation or safety of the Building or for the safety of the occupants of the Building or other individuals or is required to avoid the suspension of any necessary service in the Building, the Condominium Board may take such action immediately, without prior notice and without allowing the said Unit Owner any period of time within which to cure or to commence to cure such violation or breach.

Section 9.2 Abatement and Enjoinment. (A) In the event that any Unit Owner shall violate or breach any of the provisions of the Condominium Documents on his or her part to be observed or performed, the Condominium Board shall have the right to enjoin, abate, or remedy the continuance or repetition of any such violation or breach by appropriate proceedings brought either at law or in equity.

(B) The violation or breach or any of the terms of the Condominium Documents with respect to any of rights, easements, privileges, or licenses granted to Sponsor or its designee shall give to Sponsor or such designee the right to enjoin, abate, or remedy the continuation or repetition of any such violation or breach by appropriate proceedings brought either at law or in equity.

Section 9.3 **Remedies Cumulative.** The remedies specifically granted to the Condominium Board or to Sponsor or its designee in this Article 9 or elsewhere in the Condominium Documents shall be cumulative, shall be in addition to all other remedies obtainable at law or in equity and may be exercised at one time or different times, concurrently or in any order, in the sole discretion of the Condominium Board or Sponsor or such designee, as the case may be. Further, the exercise of any remedy shall not operate as a waiver, or preclude the exercise, of any other remedy.

Section 9.4 **Costs and Expenses.** All sums of money expended, and all costs and expenses incurred, by:

(i) the Condominium Board in connection with the abatement, enjoinment, removal, or cure of any violation, breach, or default committed by a Unit Owner pursuant to the terms of Section 9.1 or Paragraph (A) of Section 9.2 hereof; or

(ii) Sponsor in connection with any abatement, enjoinment, or remedy of any violation or breach of the Condominium Documents pursuant to the terms of paragraph (B) of Section 9.2 hereof,

shall be immediately payable by:

(a) in the event set forth in subparagraph (i) hereof, such Unit Owner to the Condominium Board; or

(b) in the event set forth in subparagraph (ii) hereof, the offending party (i.e., the Condominium Board or the Unit Owner) to Sponsor,

which amount shall, in either event, bear interest (to be computed from the date expended) at the rate of two percent per month (but in no event in excess of the maximum rate chargeable to such Unit Owner pursuant to Law). All sums payable by a Unit Owner to the Condominium Board pursuant to the terms of this Section 9.4 shall, for all purposes hereunder, constitute Common Charges payable by such Unit

Owner.

ARTICLE 10
ARBITRATION

Section 10.1 **Procedure.** Any matter required or permitted to be determined by arbitration pursuant to the terms of the Condominium Documents shall be submitted for resolution by a single arbitrator in a proceeding held in the City of Long Beach in accordance with the then existing rules of the American Arbitration Association or any successor organization thereto. In the event that the American Arbitration Association shall not then be in existence and has no successor organization, any such arbitration shall be held in the City of Long Beach before one arbitrator appointed, upon the application of any party, by any justice of the highest court of appellate jurisdiction then located in the City of Long Beach. The decision of the arbitrator so chosen shall be given within ten (10) days after his or her selection or appointment. Any arbitrator appointed or selected in connection with any arbitration to be conducted hereunder shall be a member of a law firm having at least five (5) members whose principal office is located in the City of Long Beach.

Section 10.2 **Variation by Agreement.** The parties to any dispute required or permitted to be resolved by arbitration pursuant to the terms of the Condominium Documents may by written agreement, vary any of the terms of Section 10.1 hereof with respect to the arbitration of such dispute or may agree to resolve their dispute in any manner, including, without limitation, the manner set forth in Section 3031 of the New York Civil Practice Law and Rules and known as "New York Simplified Procedure for Court Determination of Disputes."

Section 10.3 **Binding Effect.** The decision in any arbitration conducted pursuant to the terms of Sections 10.1 and 10.2 hereof shall be binding upon all of the parties thereto and may be entered in any court of appropriate jurisdiction. Notwithstanding the foregoing, however, any arbitration held pursuant to the terms of the Condominium Documents with respect to a matter that arose prior to the first annual meeting of all Unit Owners held pursuant to the terms of Section 4.1 hereof shall be non-binding.

Section 10.4 **Costs and Expenses.** (A) The fees, costs and expenses of the arbitrator shall be borne by the losing party in the arbitration or, if the position of neither party to the dispute shall be substantially upheld by the arbitrator, such fees, costs and expenses shall be borne equally by the disputants. Each disputant shall also bear the fees and expenses of his or her counsel and expert witnesses.

(B) All costs and expenses paid or incurred by the Condominium Board in connection with any arbitration held hereunder, including without limitation, the fees

and expenses of counsel and expert witnesses, shall constitute Common Expenses.

ARTICLE 11
NOTICES

Section 11.1 **General.** All notices required or desired to be given hereunder shall be sent by registered or certified mail, return receipt requested, postage paid addressed:

(i) if to the Condominium Board, to the Condominium Board at its principal office as set forth in Section 1.5 hereof, with a photocopy sent to the Managing Agent (if any) at its principal office address as aforesaid;

(ii) if to a Unit Owner other than Sponsor or its designee, 26 West Broadway , Long Beach, New York;

(iii) if to Sponsor or its designee, to Sponsor or such designee c/o Zapson & Galanter LLP, 450 Seventh Avenue, Suite 1400, New York, NY 10123; or

(iv) if to a Permitted Mortgagee, to such Permitted Mortgagee at its latest address designated in writing to the Condominium Board.

Any of the foregoing parties may change the address to which notices are to be sent, or may designate additional addresses for the giving of notice, by sending written notice to the other parties as aforesaid. All notices sent pursuant to the term of this Section 11.1 shall be deemed given when deposited in a United States Postal Service depository located in the State of New York enclosed in a sealed, postage prepaid wrapper, provided, however, that notices of change of address, notices designating additional addresses and notices deposited in a United States Postal Service depository located outside of the State of New York shall be deemed to have been given when received.

Section 11.2 **Waiver of Service of Notice.** Whenever any notice is required to be given by Law or pursuant to the terms of the Condominium Documents, 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 12
AMENDMENTS TO BY-LAWS

Section 12.1 **General.** (A) Subject to the terms of paragraph (B) hereof and subject, further, to any provisions contained in the Declaration or these By-Laws with respect to any amendments (hereinafter referred to as "Special Amendments") affecting or in favor of Sponsor or its designee, any Unsold Unit(s), and/or any Permitted Mortgagee, any provision of these By-Laws affecting (a) only the Unit Owner may be amended, modified, added to, or deleted by the Residential Owner, (b) only the Commercial Unit Owner(s) may be amended, modified, added to, or deleted by the Commercial Unit Owner and (c) the Common Elements, the Unit and the Commercial Unit, or any combination of two of the foregoing, may be amended, modified, added to, or deleted by the affirmative vote of not less than 66-2/3% in number and aggregate Common Interests of all Unit Owners. Each duly adopted amendment, modification, addition, or deletion hereof or hereto shall be effectuated in an instrument executed and recorded in the Office of the Nassau County by or on behalf of the Condominium Board as attorney-in-fact of all Unit Owners, which power-of-attorney shall be deemed irrevocable and coupled with an interest. Attached to each such instrument shall be an original, executed Secretary's Certification, certifying that the requisite number and percentage of Unit Owners approved the amendment, modification, addition, or deletion set forth therein either at a duly constituted meeting of Unit Owners or in writing without a meeting pursuant to the terms of Section 4.10 hereof, in which Secretary's Certification there shall be described the number and percentage of Unit Owners approving the same and, if voted at a meeting, the date, time and place of such meeting. No such amendment, modification, addition, or deletion shall be effective unless and until such an instrument shall be duly recorded in the Office of the Nassau County Clerk .

(B) Notwithstanding anything to the contrary contained in paragraph (A) hereof, but still subject to any provision contained in the Declaration or these By-Laws with respect to Special Amendments:

(i) the provisions of the By-laws relating to the use of Units or the Common Elements appurtenant to any Unit, as set forth in the Declaration, shall not be altered without consent of the Unit Owner thereof, except as otherwise provided in paragraph (E) of Section 5.5 hereof;

(ii) no amendment, modification, addition, or deletion agreed to pursuant to the terms of paragraph (A) hereof shall be effective without the prior written consent of the Mortgage Representatives, if any, provided, however, that no such

consent shall be unreasonably withheld or delayed; and

(iii) the terms of Section 5.7 hereof may not be amended, modified, added to, or deleted unless (in addition to the consent, if required, of the Mortgage Representatives as provided above) not less than eighty percent in number and in aggregate Common Interests of all Unit Owners affected thereby shall approve such amendment, modification, addition, or deletion in writing.

Section 12.2 Special Amendments. (A) Any amendment, modification, addition, or deletion of or to any of the provisions of these By-Laws that, pursuant to the terms of the Declaration or these By-Laws, may be effected by Sponsor or its designee without the consent of the Condominium Board or the Unit Owners shall be embodied in an instrument executed and recorded in the Office of the Nassau County by Sponsor or such designee as attorney-in-fact of both the Condominium Board and all Unit Owners, which power-of-attorney shall be deemed to be irrevocable and coupled with an interest. Attached to each such instrument shall be an original, executed Certification by Sponsor or such designee, certifying that the amendment, modification, addition, or deletion set forth therein was effectuated by Sponsor or such designee pursuant to the terms of the Declaration and/or these By-Laws, in which Certification there shall be set forth in the Article and/or Section of the Declaration or these By-Laws pursuant to which the same was effectuated. No such amendment, modification, addition, or deletion shall be effective unless and until such an instrument shall be duly recorded in the Register's Office.

(B) Notwithstanding any provision contained herein to the contrary, no amendment, modification, addition, or deletion of or to these By-Laws or the Rules and Regulations of the Condominium shall be effective in any respect against Sponsor or Sponsor-designee, any Unsold Unit, or the holder of any present or future mortgage, pledge, lien, or security agreement covering any Unsold Unit, unless and until Sponsor, Sponsor-designee, and/or such holder (as the case may be) shall consent to the same in writing.

(C) Notwithstanding any provision contained herein to the contrary, no amendment, modification, addition, or deletion of or to Section 5.4 or 5.5, paragraph (B) of Section 6.2, subparagraph (iv) or (v) of paragraph (B) of Section 7.5, or Article 8 hereof shall be effective with respect to the holder or any Permitted Mortgage theretofore made unless and until such Permitted Mortgagee shall have given its written consent thereto.

ARTICLE 13
FURTHER ASSURANCES

Section 13.1 **General.** Any Person that is subject to the terms of these By-Laws, whether such Person is a Unit Owner, a lessee or lessee of a Unit Owner, an occupant of a Unit, a member of the Condominium Board, an officer of the Condominium, or otherwise, shall, at the expense of any other Person requesting the same, execute, acknowledge and deliver to such other Person such instruments, in addition to those specifically provided for herein, and take such other action as such other Person may reasonably request in order either to effectuate the provisions of these By-Laws or any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

Section 13.2 **Failure to Deliver or Act.** (A) If any Unit Owner or other Person that is subject to the terms of these By-Laws fails to execute, acknowledge, or deliver any instrument, or fails or refuses, within ten (10) days after request therefor, to take any action that such Unit Owner or Person is required to execute, acknowledge and deliver or to take pursuant to these By-Laws, then the Condominium Board is hereby authorized, as attorney-in-fact for such Unit Owner or other Person, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of such Unit Owner or other Person, and such document or action shall be binding on such Unit Owner or other Person.

(B) If the Condominium Board, any Unit Owner, or other Person that is subject to the terms of these By-Laws fails to execute, acknowledge, or deliver any instrument, or fails or refuses, within ten (10) days after requires therefor, to take any action that the Condominium Board, such Unit Owner, or Person is required to execute, acknowledge and deliver or to take pursuant to these By-Laws at the request of Sponsor, then Sponsor is hereby authorized, as attorney-in-fact for the Condominium Board, such Unit Owner, or other Person, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of the Condominium Board, such Unit Owner, or other Person, and such document or action shall be binding on the Condominium Board, such Unit Owner, or other Person.

ARTICLE 14
MISCELLANEOUS

Section 14.1 **Inspection of Documents.** Copies of the Declaration, these By-Laws, the Rules and Regulations and the Floor Plans, as the same may be amended from time to time, shall be maintained at the office of the Condominium Board and shall be available for inspection by Unit Owners and their authorized agents during reasonable business hours.

Section 14.2 **Waiver.** No provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches that may occur.

Section 14.3 **Conflicts.** In the event that any provision of these By-Laws or of the Rules and Regulations shall be construed to be inconsistent with any provision of the Declaration or of the Condominium Act, the provisions contained in the Declaration or in the Condominium Act shall control.

Section 14.4 **Severability.** If any provision of these By-Laws is invalid or unenforceable as against any Person or under certain circumstances, the remainder of these By-Laws and the applicability of such provision to other Persons or circumstances shall not be affected thereby. Each provision of these By-Laws shall, except as otherwise provided herein, be valid and enforced to the fullest extent provided by Law.

Section 14.5 **Successors and Assigns.** The rights and/or obligations of Sponsor as set forth herein shall inure to the benefit of, and shall be binding upon, any successor or assignee of Sponsor or, with the consent of Sponsor, any transferee of all of the then Unsold Units.

Section 14.6 **Gender.** A reference in these By-Laws to any one gender, masculine, feminine, or neuter, includes the other two, and the singular includes the plural, and vice-versa, unless the context otherwise requires.

Section 14.7 **Captions.** The index hereof and the captions herein inserted are included only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these By-Laws or the intent of any provision hereof.

Section 14.8 **Real Estate Tax Assessments.** Real estate tax assessments against each Unit may be appealed by the owner of such Unit. The Condominium Board, may, at its option, appeal the real estate assessments against

one or more Units.

RULES AND REGULATIONS

1. The Units may be used only for private residential use, except that a Unit Owner may use a portion of his or her Unit for any home occupation use, including a professional office, permitted under the then existing Certificate of Occupancy covering such Unit, applicable zoning law and ordinances, building code or other rules and regulations of governmental authorities having jurisdiction. In the event that any Unit shall be used for home occupation or professional purposes in conformance with the Declaration and these By-Laws, no patients, clients, or other invitees shall be permitted to wait in any lobby, public hallway, or vestibule. No illuminated or other sign may be used in connection with the aforementioned use without the prior written consent of the Board of Managers. Except as set forth above, no industry, business, trade, occupation or profession of any kind, commercial, religious, educational or otherwise, designed for profit, altruism, or otherwise shall be conducted, maintained or permitted in any part of the Units or Common Elements.

2. No "For Sale", "For Rent" or "For Lease" signs or other window displays or advertising shall be maintained or permitted in any Unit or adjoining Common Elements, nor shall any Unit be rented for transient, hotel or motel purposes. Notwithstanding the foregoing, Sponsor and Sponsor-designees reserve the right to place "For Sale", "For Rent", "For Lease" or similar signs on any unoccupied Units or Unsold Units. Notwithstanding the foregoing, Sponsor and Sponsor-designees also shall have the right to place "For Sale", "For Rent", "For Lease" or similar signs on or in the vicinity of the Building. Additionally, as previously set forth, Sponsor, and its designee, reserves the right to maintain and staff one or more vacant and Unsold Units as a sales office and/or model Unit.

3. No portion of a Unit other than the entire Unit may be leased.

4. No group or exhibition of any Unit or its contents shall be conducted, nor shall any auction sale be held in any Unit, without the consent of the Condominium Board or the Managing Agent in each instance.

5. Unless expressly authorized by the Condominium Board in each instance, not less than eighty (80%) percent of the floor area of each Unit (excepting only kitchen, pantries, bathrooms, closets and foyers) must be covered with rugs, carpeting, or equally effective noise-reducing material.

6. No window guards or other window decorations shall be used in or about any Unit, except such as shall have been approved in writing by the Condominium Board or the Managing Agent, which approval shall not be unreasonably withheld or delayed. In no event, however, shall any exterior glass surfaces of any windows at the Property, be colored or painted.

7. No exterior shades, window guards, awnings, ventilators, fans or air-conditioning devices or units shall be used or installed in or about any Unit without the prior written approval of the Condominium Board, which approval may be granted or refused in the sole discretion of the Condominium Board nor shall anything be projected out of any window of any Unit without similar approval.

8. Upon request of any Unit Owner, the Board of Managers shall allow the installation of any hook-up necessary to provide cable television service to the Units. However, no radio or television aerial shall be attached to or hung by a Unit Owner from the exterior of the Building without written approval of the Board of Managers and nothing shall be projected from any window of a Unit without approval in writing by the Condominium Board or the Managing Agent.

9. All radio, television, or other electrical equipment of any kind or nature installed or used in each Unit shall fully comply with all rules, regulations, requirements, or recommendations of the New York Board of Fire Underwriters and the public authorities having jurisdiction, and the Unit Owner alone shall be liable for any damage or injury caused by any radio, television, or other electrical equipment.

10. No Unit Owner shall be allowed to put his or her name on any entry to the Building or entrance to any Unit, except in the proper places approved by the Board of Managers for such purposes. Except as otherwise provided in the Condominium Documents, no sign, notice, lettering or advertisement shall be inscribed or exposed on or at any window, door, or other part of a Unit or adjoining Common Element without prior written approval of the Board of Managers, nor shall anything be projected out of any window of the Building without similar prior written approval.

11. No exterior of any Unit, including the terraces or the windows or doors thereof or any other portions of the Common Elements, shall be painted or decorated by any Owner in any manner, and no change shall be made in the design of the balcony rails, without prior written consent of the Board of Managers or except as provided in the By-Laws.

12. Plantings on the terrace or balcony shall be contained in boxes of wood, lined with metal or other materials impervious to dampness and standing on supports at least two inches from the terrace or balcony surface, and, if adjoining a wall, at least three inches from such wall. Suitable weep holes shall be provided in the boxes to draw off water. In special locations, such as a corner abutting a parapet wall, plantings may be contained in masonry or hollow tile walls which shall be at least three inches from the parapet and flashing, with the floor of drainage tiles and suitable weep holes at the sides to draw off water. Such masonry planting beds shall not, however, rest directly upon the surface of such terrace or balcony, but

shall stand on supports at least two inches above such surface. It shall be the responsibility of the Unit Owner to maintain the containers in good condition, and the drainage tiles and weep holes in operating condition. Such Unit Owner shall pay the cost of any repairs rendered necessary, or damage caused, by such plantings.

13. Each Unit Owner shall keep his or her unit and its appurtenant Limited Common Elements in a good state of preservation, condition, repair and cleanliness in accordance with the terms of the By-Laws.

14. All garbage and refuse from the Building shall be deposited with care in plastic bags or other suitable receptacles intended for such purpose only at such times and in such manner as the Board of Managers may direct. No refuse from the Units shall be sent to the basement of the Building, except at such times and in such manner as the Condominium Board or the Managing Agent may direct.

15. No clothes, sheets, blankets, laundry, or other articles of any kind shall be hung or shaken from any doors, windows, open terraces or open balconies, or placed upon the window sills, or the Building, and no Unit Owner shall sweep or throw, or permit to be swept or thrown, any dirt, debris or other substance therefrom.

16. Unit Owners shall be permitted to keep animals as pets provided that any pet does not interfere with the use and enjoyment of the Building by the other Unit Owners. In no event shall dogs or cats be permitted in any of the public portions of the Building unless carried or on a leash. Each Unit Owner who keeps an animal in the Building shall indemnify the Board of Managers and hold it harmless against any loss or liability of any kind or character whatsoever arising from or as a result of having an animal in the Building. Notwithstanding the foregoing, the Board of Managers shall have the right to limit the number of animals kept by a Unit Owner or to prohibit an animal which the Board of Managers determines to be interfering with the use and enjoyment of the Building by the other Unit Owners.

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

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

19. No Unit Owner shall make, cause, or permit any unusual, disturbing, or objectionable noises or odors to be produced upon or to emanate from his or her Unit or its appurtenant Limited Common Elements or permit anything to be done therein that will interfere with the rights, comforts, or conveniences of the other Unit Owners. No Unit Owner shall play upon or suffer to be played upon any musical instrument, or shall operate or permit to be operated a phonograph, radio, television set, or other loudspeaker in such Unit Owner's Unit between midnight and the following 8:00 A.M., if the same shall disturb or annoy other occupants of the Building, and in no event shall any Unit Owner practice or suffer to be practiced either vocal or instrumental music between the hours of 10:00 P.M. and the following 9:00 A.M. No construction, repair work, or other installation involving noise shall be conducted in any Unit except on weekdays (not including legal holidays) and only between the hours of 8:00 A.M. and 5:00 P.M., unless such construction or repair work is necessitated by an emergency.

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

21. Any damage to the Building or equipment caused by Unit Owners, Unit Owners' Family Members, their guests, visitors, clients, patients or employees shall be repaid at the expense of the said Unit Owner.

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

23. No Unit Owner or any Unit Owner's Family Member, visitor, guest, patient, employee or any client of a Unit Owner shall be allowed in the heating, electrical or mechanical equipment areas without the express permission of the Board of Managers.

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

25. No Unit Owner shall use or permit to be brought into the Building any inflammable oils or fluids such as gasoline, kerosene, naphtha, benzine, or other explosives or articles deemed extra hazardous to life, limb, or property without in each case obtaining the prior written consent of the Board of Managers.

26. Certain parts of the Common Elements are intended for use for the purpose of affording pedestrian movement within the Condominium and for

providing access to the Units. No part of the Common Elements shall be obstructed as to interfere with its use for the purposes hereinabove recited. No part of the Common Elements shall be used for general storage purposes, except maintenance storage or where specifically designated as such. Nothing shall be done on or to the Common Elements in any manner which shall increase the rate of hazard and liability insurance covering said area and improvements situated thereon.

27. The sidewalks, entrances, passages, public halls, elevators, vestibules, corridors and stairways of or appurtenant to the Building shall not be obstructed or used for any purpose other than ingress to and egress from the Units. No vehicle belonging to a Unit Owner, to a Family Member of a Unit Owner, or to a guest, tenant, subtenant, licensee, invitee, employee, or agent of a Unit Owner shall be parked in such a manner as to impede or prevent ready access to any entrance to, or exit from, the Building.

28. No scooters or similar vehicles shall be taken into for from the Building through the main entrance or shall be allowed in any of the elevators of the Building other than as designated by the Condominium Board or the Managing Agent for such purpose, and no baby carriages or any of the above-mentioned vehicles shall be allowed to stand in the public halls, passageways, or other public areas of the Building.

29. No personal articles (including, but not limited to, garbage cans, bottles or mats) and no furniture, artwork, equipment or doormats shall be placed or stored in entrances, hallways, stairways, or other Common Elements. No Unit Owner shall change or alter in any way the design, layout, color scheme or furnishings in entrances, hallways, stairways or other Common Elements. Notwithstanding the foregoing, a Unit Owner has the right to change the lock on the door to his or her Unit or to add an additional lock.

30. There shall be no laying or lounging in the entrances, passages, public halls, elevators, vestibules, corridors or stairways.

31. The Condominium Board or the Managing Agent may, from time to time, curtail or relocate any portion of the Common Elements devoted to storage, or service purposes in the Building.

32. Nothing shall be done or kept in any Unit or in the Common Elements that will increase the rate of insurance of the Building, or the contents thereof, without the prior written consent of the Condominium Board. No Unit Owner shall permit anything to be done or kept in his or her Unit or in the Common Elements that will result in the cancellation of insurance on the Building, or the contents thereof, or that would be in violation of any Law.

33. Water-closets and other water apparatus in the Building shall not be used for any purpose other than those for which they were constructed, and no sweepings, rubbish, rags, paper, ashes or any other article shall be thrown into the same. Any damage resulting from misuse of any water-closets or other apparatus shall be repaired and paid for by the Unit Owner causing such damage.

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

35. The agents of the Condominium Board or the Managing Agent, and any contractor or workman authorized by the Condominium Board or the Managing Agent, may enter any room or Unit at any reasonable hour of the day, on at least one day's prior notice to the Unit Owner, for the purpose of inspecting such Unit for the presence of any vermin, insects, or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects, or other pests; however, such entry, inspection and extermination shall be done in a reasonable manner so as not to unreasonably interfere with the use of such Unit for its permitted purposes.

36. The Condominium Board or the Managing Agent shall retain a pass-key to each Unit. No Unit Owner shall change any lock on any door leading into his or her Unit without the prior written consent of the Board of Managers. As a condition to obtaining such consent, the Unit Owner must provide the Board of Managers with a key to such changed lock for their use. If a Unit Owner fails to provide the Board of Managers with all keys necessary to gain entrance to such Unit Owner's Unit promptly after such Unit owner moves into his or her Unit, then Sponsor shall be automatically released from any obligation it may have for correcting defects in or making repairs to such Unit. If Sponsor or the Board of Managers must gain access to a Unit for emergency purposes and a Unit Owner has not furnished a key to the Board of Managers as provided in this Paragraph, then the affected Unit Owner shall be liable and responsible for any damage to the Common Elements or such Unit caused by Sponsor or the Board of Managers in gaining access to such Unit. Furthermore, if the Unit Owner is not personally present to open and permit an entry to his or her Unit at any time when an entry therein is necessary or permissible under these Rules and Regulations or under the By-Laws, and has not furnished a key to the Condominium Board or the Managing Agent, then the Condominium Board or Managing Agent or their agents (but, except in an emergency, only when specifically authorized by an officer of the Condominium or an officer of the Managing Agent) may forcibly enter such Unit without liability for damages or trespass by reason thereof (if, during such entry, reasonable care is given to such Unit Owner's property).

37. If any key or keys are entrusted by a Unit Owner, by any Family Member thereof, or by his or her agent, servant, employee, licensee, or visitor to an employee of the Condominium or the Managing Agent, whether for such Unit Owner's Unit or an automobile, trunk, or other item of personal property, the acceptance of the key shall be at the sole risk of such Unit Owner, and neither the Condominium Board nor the Managing Agent shall be liable for injury, loss, or damage therefrom or connected therewith.

38. No Unit Owner or other occupant of the Building shall use any employee of the Condominium or of the Managing Agent for private business or send any employee of the Condominium or of the Managing Agent out of the Building on any private business without the written consent of the Condominium Board except as a real estate broker for the sale or lease of a Unit.

39. Any consent or approval given under these Rules and Regulations may be amended, modified, added to, or repealed at any time by resolution of the Condominium Board. Further, any consent or approval may, in the discretion of the Condominium Board or the Managing Agent, be conditional in nature.

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

41. The Rules and Regulations govern the use of the Units and the Common Elements and the Limited Common Elements and may be amended from time to time by the Board of Managers.

EXHIBIT "H"
PUNCHLIST INSPECTION STATEMENT

Date:
Sun America LLC
c/o ZAPSON & GALANTER LLP
450 Seventh Avenue
Suite 1400
New York, NY 10123

RE: **WHITE SANDS CONDOMINIUM** **Unit**_____
26 West Broadway
Long Beach, New York, 11561

Gentlemen:

As a result of my/our final inspection, please be advised that the following items need either completion, adjustment or repair:

ITEM

1.
2.
3.
4.
5.

I/we understand that certain items, as set forth in the Offering Plan, are not the responsibility of Sponsor. I/we also understand that to prevent pilferage certain items such as medicine cabinet doors, shower heads, toilet seats and bifold door knobs, will be installed just prior to my/our date of moving.

_____ Purchaser's signature

_____ Purchaser's signature

_____ Seller's Representative

EXHIBIT "I"
MODEL FORM FOR ESCROW AGREEMENT

AGREEMENT, made this day of , _, between Sun America LLC ("SPONSOR"), as sponsor of the offering plan and Zapson & Galanter LLP ("ESCROW AGENT"), as escrow agent.

WHEREAS, SPONSOR is the sponsor of an offering plan to convert to condominium ownership the premises located at 26 West Broadway, Long Beach, New York; and

WHEREAS, ESCROW AGENT is authorized to act as an escrow agent hereunder in accordance with General Business Law ("GBL") Section 352-e(2-b) and the Attorney General's regulations promulgated thereunder; and

WHEREAS, SPONSOR desires that ESCROW AGENT act as escrow agent for deposits and payments by purchasers and subscribers, pursuant to the terms of this agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby are as follows:

1. ESTABLISHMENT OF THE ESCROW ACCOUNT.

1.1 SPONSOR and ESCROW AGENT hereby establish an escrow account with ESCROW AGENT for the purpose of holding deposits or payments made by purchasers or subscribers. The escrow account has been opened with Doral Bank, at its branch located at 387 Park Avenue South, New York, NY. The account number is _____. ESCROW AGENT may establish a series of accounts, one for each purchaser, and each to be governed by this Agreement.

1.2 The name of the escrow account is White Sands Condominium - Special Account or an account in the name of Purchaser.

1.3 ESCROW AGENT is the sole signatory on the account.

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

1.5 The escrow account is not an IOLA established pursuant to

Judiciary Law Section 497.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All funds received from prospective purchasers or subscribers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be deposited in the escrow account. All instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser or subscriber to the order of Zapson & Galanter LLP, as escrow agent for Sun America LLC. Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser or subscriber promptly, but in no event more than five business days following receipt of such instrument by ESCROW AGENT. In the event of such return of funds, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

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

3. RELEASE OF FUNDS.

3.1 ESCROW AGENT shall not release the escrowed funds of a defaulting purchaser until after consummation of the Plan, as defined in the Attorney General's regulations. Consummation of the Plan shall not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.

3.2 ESCROW AGENT shall continue to hold the funds in escrow until otherwise directed in (a) a writing signed by both Sponsor and purchaser or (b) a determination of the Attorney General or (c) a

judgment or order of a court of competent jurisdiction or until released pursuant to the regulations of the Attorney General pertaining to release of escrowed funds.

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

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

4. RECORD KEEPING

4.1 ESCROW AGENT shall maintain all records concerning the escrow account for seven years after release of the funds.

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

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

5. GENERAL OBLIGATIONS OF ESCROW AGENT.

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

5.2 A fiduciary relationship shall exist between ESCROW AGENT and Purchasers, and ESCROW AGENT acknowledges its fiduciary obligations.

6. RESPONSIBILITIES OF SPONSOR.

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

6.2 SPONSOR agrees that it shall not interfere with ESCROW AGENT'S performance of its fiduciary duties and compliance with the Attorney General's regulations.

7. TERMINATION OF AGREEMENT.

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

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

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

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

7.2 Upon termination of the duties of ESCROW AGENT as described in paragraph 7.1 above, ESCROW AGENT shall deliver any and al funds held by it in escrow and any and all contracts or documents maintained by ESCROW AGENT to the new escrow agent.

8. SUCCESSORS AND ASSIGNS.

8.1 This Agreement shall be binding upon SPONSOR and ESCROW AGENT and their successors and assigns.

9. GOVERNING LAW.

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

10. ESCROW AGENT'S COMPENSATION.

10.1 SPONSOR agrees that ESCROW AGENT's compensation shall not be paid from escrowed principal nor from any interest accruing thereon and that compensation to ESCROW AGENT, if any, shall not be deducted from escrowed funds by any financial institution under any circumstances.

11. SEVERABILITY.

11.1 If any provision of this Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

12. ENTIRE AGREEMENT

12.1 This Agreement, read together with GBL Section 352-e(2-b) and the Attorney General's regulations, constitutes the entire agreement between the parties with respect to the subject matter hereof.

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

ESCROW AGENT:

ZAPSON & GALANTER LLP

By: _____
Authorized Signature

SPONSOR:
SUN AMERICA LLC

By:_____
Member

EXHIBIT J
GENERAL BUSINESS LAW § 777-a

§ 777-a Housing Merchant Implied Warranty.

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

a. one year form and after the warranty date the home will be free from defects due to a failure to have been constructed in a skillful manner;

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

c. six years form and after the warranty date the home will be free from material defects.

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

a. any defect that does not constitute (i) defective workmanship by the builder or by an agent, employee or subcontractor of the builder, (ii) defective materials supplied by the builder or by an agent, employee or subcontractor of the builder, or (iii) defective design provided by a design professional retained exclusively by the builder; or

b. any patent defect which an examination ought in the circumstances to have revealed, when the buyer, before taking title or accepting construction as complete, has examined the home as fully as the buyer desired, or has refused to examine the home.

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

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

b. An action for damages or other relief caused by the breach of a housing merchant implied warranty may be commenced prior to the expiration of one year after the applicable warranty period, as described in subdivision one of this section, or within four years after the warranty date, whichever is later. In addition to the foregoing, if the builder makes repairs in response to a warranty claim under paragraph a of this subdivision, an action with respect to such claim may be commenced within one year after the last date on which such repairs are performed. The measure of damages shall be the reasonable cost of repair or replacement and property damage to the home proximately caused by the breach of warranty, not to exceed the replacement cost of the home exclusive of the value of the land, unless the court finds that, under the circumstances, the diminution in value of the land, unless the court finds that, under the circumstances, the diminution in value of the home caused by the defect is a more equitable measure of damages.

c. In addition to any other period for the commencement of an action permitted by law, an action for contribution or indemnification may be commenced at any time prior to the expiration of one year after the entry of judgment in an action for damages under paragraph b of this subdivision.

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

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

EXHIBIT "K"
CERTIFICATION OF SPONSOR AND SPONSOR'S PRINCIPALS

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

Attn: Real Estate Financing Bureau

Re: 26 West Broadway, Long Beach, New York

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;

(vii) not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representation or statement made.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

SPONSOR:
Sun America LLC
By _____/S/_____
Mozafar Shokrian, Member

Sworn before me this__
day of March, 2001.

_____
Notary Public

Sworn before me this ___
day of March, 2001

/s/_____
Moussa Shokrian

_____
Notary Public

Sworn before me this__
day of March, 2001.

/s/_____
Iraj Shokrian

_____
Notary Public

Sworn before me this __
day of March, 2001.

/s/_____
Moussa Rayhanian

_____
Notary Public

EXHIBIT "L"

CERTIFICATION BY EXPERT OF THE ADEQUACY OF SCHEDULE B PURSUANT TO SECTION 20.4(d) OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A, AS AMENDED.

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

RE: White Sands Condominium
26 West Broadway
Long Beach, New York

The Sponsor of the condominium offering plan for the captioned property retained our firm, Ryan & Walis Realty, Inc. to review Schedule B, containing projections of income and expenses for the first year of condominium operation.

Our firm as been in the real estate brokerage, management and consulting business for over 5 years. During that time we have analyzed and sold over $50 Million in residential and commercial property, primarily in the Nassau County market.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 20 insofar as they are applicable to Schedule B.

We have reviewed the Schedule and investigated the facts set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential real property.

We certify that the projections in Schedule B appear reasonable and adequate under existing circumstances, and the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of condominium operation.

We certify that the Schedule:

(i) sets forth in detail the Projected income and expenses for the first year of condominium operation;

(ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of condominium operation;

(iii) does not omit a material fact;

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment or suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) does not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representations or statement made.

We further certify that we are not owned or controlled by the Sponsor. We understand that a copy of this Certification is intended to be incorporated into the Offering Plan. This statement is not intended as a guarantee or warranty of the income and expenses for the first year of condominium operation.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

Ryan & Walis Realty, Inc.

BY:_____/S/_____
Don Walis

Sworn before me this
___ day March, 2001.

_____/S/_____
Notary Public

EXHIBIT "M"

CERTIFICATION OF SPONSOR'S ARCHITECT PURSUANT TO SEC 20.4(c) OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A, AS AMENDED

New York State Department of Law
120 Broadway 23rd floor
New York, New York 10271

Attn: Real Estate Financing Bureau

Re: White Sands Condominium
26 West Broadway
Long Beach, New York (the "Property")

The Sponsor of the Offering Plan to convert the captioned Property to condominium ownership retained the undersigned, Mitchell Newman, Architect, to prepare a report describing the construction and/or renovation of the Property (the "Report"). On February 2, 2001 and at other times subsequent to that date I visually inspected the property to be constructed, and subsequently examined the building plans and specifications that I prepared dated July 17, 2000 and prepared the Report dated April 30, 2001, a copy of which is intended to be incorporated into the Offering Plan so that prospective purchasers may rely on the Report. I am a registered architect in the state in which the Property is located.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 20 insofar as they are applicable to this Report.

I have read the entire Report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this certification. This Certification is made for the benefit of all persons to whom 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 renovation and/or construction, provided that renovation and/or construction is in accordance with the plans and specifications that we 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 judgment concerning the description

and/or physical condition of the Property as it will exist upon completion of renovation and/or construction, provided that renovation and/or construction is in accordance with the plans and specifications that we 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 we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representations or 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 offering. this statement s not intended as a guarantee or warranty of the physical condition of the Property.

_____/S/_____
Mitchell Newman

Sworn before me this ___
day of June, 2001.

Notary Public