
COMMERCIAL CONDOMINIUM OFFERING PLAN

CORTLANDT PLACE

Located At

**81 WALKER STREET
New York, New York 10013**

Total Purchase Price (2 Commercial Units)*\$3,150,000.00

* The Condominium also includes 4 Commercial Units which are not offered for sale.

NAME AND ADDRESS OF SPONSOR:

81 WALKER LLC
320 Dean Street
Brooklyn, New York 11217

**THIS OFFERING PLAN HAS
BEEN AMENDED. PLEASE
SEE INSIDE FRONT COVER.**

Date of Acceptance for Filing: June 8, 2001

This Offering Plan May Not Be Used After June 7, 2002, Unless Extended By Amendment.

SEE PAGE 1 FOR SPECIAL RISKS TO PURCHASERS.

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

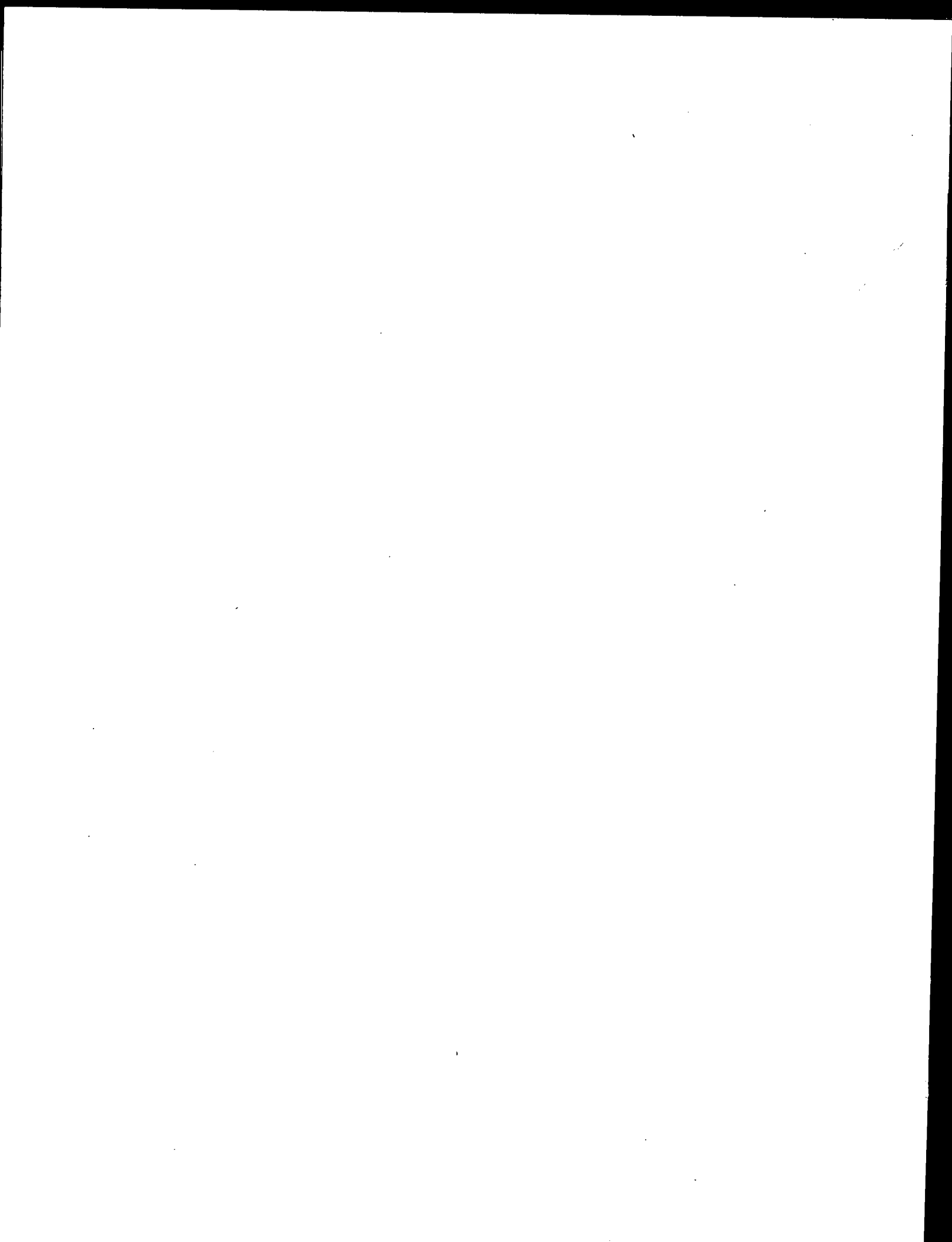


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PART I

SPECIAL RISKS

1. Restriction on Use of Units

The Condominium Units may be used for any lawful purpose not violated by the Certificate of Occupancy for the Building which allows commercial use as of right. Since the Property is located in an M1-5 zoning district, the use of the Units is by law subject to the rules and regulations contained in the New York City Zoning Resolution (the "Zoning Resolution") which generally permits the following uses (sorted by "use groups" as such term is defined in the Zoning Resolution): (i) "community facility use" set forth in Use Group 4 (as defined in Article II of the Zoning Resolution), (ii) "commercial", "retail" and "recreational use" set forth in Use Groups 5 through 14 and Use Group 16 (as defined in Article III of the Zoning Resolution), (iii) "manufacturing use" set forth in Use Group 17, and (iv) "manufacturing use" set forth in Use Group 18 provided that such manufacturing uses comply with the provisions and regulations for performance standards (as defined in Article IV of the Zoning Resolution). In order to more clearly identify and define the permitted uses of the Condominium Units, the Sponsor has opted to restrict the wide range of legally permitted uses of the Condominium Units as more fully described in the provisions of the Declaration, the By-Laws and the Rules and Regulations contained in Part II of this Offering Plan. In addition, residential use of the Condominium Units (as such use is defined in the Zoning Resolution) is not permitted as-of-right.

2. Caretaker Unit

An area of approximately 1,200 square feet of Unit 6, as outlined on the Floor Plans of the Building included in Part II of this Offering Plan, shall be designated as a Caretaker Unit in accordance with the provisions of Section 12-10 of the New York City Zoning Resolution. "Caretaker Unit" has the same meaning as such term is defined in the New York City Zoning Resolution, Section 12-10, as amended from time to time. The Floor Plans of the Building, showing the exact layout, size and location of the Caretaker Unit, shall be filed and approved by the New York City Department of Buildings. A "Restrictive Declaration" for the use of such Caretaker Unit has been filed in the Office of the City Register. "Restrictive Declaration" has the same meaning as such term is defined in the New York City Zoning Resolution, Section 12-10, as amended from time to time. A copy of such Restrictive Declaration shall also be provided to the New York City Department of Buildings.

3. Purchase Agreement and Financing Contingency

In the event a Purchaser elects to include in his or her Purchase Agreement a mortgage financing contingency clause and fails to obtain a written loan commitment within the time period permitted. Purchaser must notify Sponsor of same within five (5) days subsequent to such period or the financing contingency is deemed waived. Unless waived by Sponsor, Sponsor if it so desires, shall then have sixty (60) days after receipt of such notice to either (i) secure a mortgage loan commitment for Purchaser from the same, or another lender in the same amount at the same or the then prevailing interest rate or (ii) agree to take back a purchase money mortgage in the same amount at the same or then prevailing interest rate on the terms of monthly payments of interest and principal on a 15 year amortization schedule with the principal balance and any accrued interest due and payable in five (5) years. In the event that a Purchaser cannot obtain

subsequent financing at the end of the aforementioned five-year term of the purchase money mortgage, and the Purchaser is otherwise not able to repay the remaining amount of principal due, the Purchaser might lose their unit and their equity inherent in such Unit. Please consult the section entitled "Procedure to Purchase" in Part I of this Offering Plan for further discussion.

4. Time is of the Essence

If a Purchaser defaults under his Purchase Agreement, Sponsor shall notify Purchaser in writing of such default and advise Purchaser that he has twenty (20) days from the mailing date or fifteen (15) 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 twenty (20) day or fifteen (15) day period, whichever is applicable. "Time is of the Essence" means that if the default is not timely cured, the Sponsor may (but is not obligated to) elect to cancel the Purchase Agreement. In such event the down payment deposit, 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. Please consult the section entitled "Purchase Agreement" in Part II of this Offering Plan for further discussion.

5. Escrow Funds for Upgrades and Extras

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

6. Amending of Condominium By-Laws

The By-Laws of the Condominium may be amended by the vote of 66 2/3% in Common Interest of all Unit Owners at a meeting of Unit Owners duly held for such purpose. There are limitations on amendments such as, but not limited to, those that affect: the lien of mortgagees, Common Interest allocation, and the Sponsor. Please consult Section XII of the By-Laws of this Offering Plan for further discussion.

7. Local and State Transfer Taxes paid by Purchaser

The payment of both New York State Transfer Tax and New York City Real Property Transfer Tax, taxes which in the first instance are the obligation of the Seller by statute, have been imposed on the Purchaser pursuant to the terms of this Plan. Please consult the section entitled "Closing Costs and Adjustments" in Part I of this Offering Plan for further discussion.

8. Exclusive use of Limited Common Elements

- (i) The entire roof area located on both the north and south side of the new mezzanine on the sixth floor roof level and the entire roof area located at the roof

level of the new mezzanine, as indicated on the Floor Plans of the Building, shall be for the exclusive use of Owner of Unit 6. This means that the Owner(s) of other Units do not have a right to use these areas, except for emergencies and for purposes of repair to the Common Elements. The maintenance and repair of the roof surface including waterproofing and the replacement of the roof surface when necessary is the sole responsibility of the Owner of Unit 6.

- (ii) The courtyard to the rear of the building, accessible through the basement space of Unit 1, as indicated on the Floor Plans of the Building, shall be for the exclusive use of the Owner of Unit 1. This means that the Owner(s) of other Units do not have a right to use these areas, except for emergencies and for purposes of repair to the Common Elements. The maintenance and repair of said courtyard, excluding any structural repairs, is the sole responsibility of the Owner of Unit 1.
- (iii) The storage areas in the basement, as indicated on the Floor Plans of the Building, shall be for the exclusive use of the Unit Owners to which such storage areas are allocated pursuant to the Declaration.

9. No Budget Provisions for Superintendent or Managing Agent

The "Budget for First Year of Condominium Operation", as set forth in Schedule B of Part I of this Offering Plan, does not provide for any costs associated with the employment of any individual(s) or firm(s) for the purpose of managing, operating and maintaining the Condominium. In the event that the Board of Managers, subject to certain limitations set forth in the Condominium By-Laws, decides to hire a superintendent or a managing agent the Common Charges will increase accordingly. Please consult the section entitled "Budget for First Year of Condominium Operation" in Part I of this Offering Plan for further discussion.

10. Reserve Fund

No provision has been made for any Reserve Fund. Sponsor can make no guaranty or warranty that there will be no need for renewal or replacement of building components or systems or to remedy major building defects within five (5) years subsequent to the First Unit Closing. However, as a result of the Sponsor partially renovating the building, it is not anticipated that major capital improvements will be needed within the next five years.

11. No Bond

Sponsor represents that, at the time the Offering Plan is accepted for filing, it has the financial resources to meet its obligations with respect to unsold units for both Common Charges and Real Estate Taxes. The subsequent ability of Sponsor to perform its obligations under the Plan will depend on Sponsor's financial condition at that time. No bond or other security has been furnished to secure the performance of the Sponsor's obligations under the Plan including Sponsor's obligation to complete the renovation of the Common Elements. Please consult the section entitled "Rights and Obligations of the Sponsor" in Part I of this Offering Plan for further discussion.

12. Restrictions on Construction, Alteration, Demolition or Reconstruction of the Building

The Property is located in the TriBeCa East Historic District by Notice recorded in Reel 1962, on page 250 in the Office of the New York County Register. The Property is accordingly subject to the restricted use as provided in the New York City Charter, Chapter 8-a Section 205-1.0 to Section 207-21.0. This designation imposes special restrictions upon the construction, alteration, demolition, or reconstruction as such activities affect the Building. In the event any alteration of the Building is needed or desired, the Condominium must apply to the Landmarks Preservation Commission for permission to make such alteration. The Commission, before approving said work, may impose certain conditions and/or standards, making the work more costly than it would otherwise be if the Building were not in an Historic Landmark District. Additionally, there may be added legal costs in connection with obtaining approval for such alteration. Landmark status should be viewed as a general limitation for the alteration of the building and Units and may also have an effect upon a subsequent resale of the Condominium Units. Please consult the sections "General" and "Location and Area Information" in Part I of this Offering Plan for further discussion.

13. Risk of Loss passes to Purchaser upon Possession

In the event that a 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 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 insurance needs. Please consult the section entitled "Rights and Obligations of the Sponsor" in Part I of this Offering Plan for further discussion.

14. Additional Fees for Sponsor's Attorney

In the event that any Unit Closing occurs outside of the City of New York, an additional fee of \$250.00 shall be due and payable to Sponsor's Attorney. Further fees of \$200.00 shall be payable by Purchaser to Sponsor's attorney for the work involved for each assignment and/or cancellation of a purchaser agreement or contract. Please consult the section entitled "Unit Closing Costs and Adjustments" in Part I of this Offering Plan for further discussion.

15. Sponsor's Control of Board of Managers and Expenses

Although, the members of the Sponsor will take title to Units 1, 2, 4 and 5, the members of the Sponsor together with the Sponsor may exercise voting control in the Board of Managers in the event that the Offered Units do not timely sell. Further the Sponsor may exercise veto power over certain expenses proposed by the Board of Managers. Please consult the section entitled "Control by Sponsor" for further information.

16. Sale of Units without Fixtures, Partitions and Equipment

As a commercial condominium the Units are being offered without kitchen cabinets and kitchen appliances. Further the Units will be sold only with the partitions indicated on the Plans filed herewith.

17. Deposits in Excess of \$100,000

Purchaser's deposits in excess \$100,000 will not be federally insured in excess of \$100,000. Please consult the section entitled "Purchase Agreement" in Part II of the Plan for further information.

18. Lead Based Paint

Since the Building was built in 1868 many of the interior surfaces may contain lead-based paint. The Sponsor has made no risk assessment or investigation as to the presence of lead-based paint and therefore makes no warranty as to its presence. For further information please refer to the section entitled "Sponsor's Statement of Specifications of Building Condition" in Part I of the Plan.

19. Asbestos Containing Material

The asphalt roofing of the Building contains non-friable asbestos containing material and is in poor condition. For further information please refer to the section entitled "Asbestos Report" in Part II of the Plan.

20. Ventilation for Individual Units

The individual Unit Owners are required to provide ventilation, at their own cost and expense, for all interior spaces and equipment in their respective units. For further information please refer to paragraph N of the section entitled "Description of Property and Specifications or Building Condition" in Part II of the Plan.

21. Gas Supply for Individual Units

Each Unit will be provided with valved outlets for gas and the cost of gas for this function will be metered separately and billed by ConEdison to the individual Unit Owner. For further information, refer to the section entitled "Notes to Schedule B" in Part I of the Plan.

22. Condition of Unit Finishes and Bath Fixtures

Prospective Purchasers of the 3rd Floor Unit are advised that the unit finishes and the bath fixtures are in fair to bad condition. Prospective Purchasers of the 6th Floor Unit are advised that the unit finishes are in fair to bad condition and the bath fixtures are partially in fair to bad condition. For further information please refer to paragraph W(4) and W(7) of the section entitled "Description of Property and Specifications or Building Condition" in Part II of the Plan.

INTRODUCTION

The Sponsor, and current owner of the Property, 81 Walker LLC, is a New York limited liability company consisting of the following members: The Manager of 81 Walker LLC is Walker MM Corp, a New York corporation. Peter Moore and Bernard Dillenberger are the sole principals of Walker MM Corp. The remaining members of 81 Walker LLC are Jacob Getz, Brenda English-Manes, Paul Manes, and William Bialosky. 81 Walker LLC acquired the property by deed dated November 1, 1999 from China Noodle Company, Inc.

The purpose of the Plan is to set forth all the terms of the offer so that prospective Purchasers have an adequate basis upon which to determine whether to purchase units in the Condominium. The Plan may be amended from time to time when an amendment is filed with the New York State Department of Law. All filed amendments will be served on (i) purchasers who have executed and delivered Purchase documents to the Sponsor, (ii) Unit Owners, and (iii) any other offeree who is required by law to receive such amendment. Service by personal delivery is deemed complete upon delivery. Service by mailing shall be presumed complete on the fifth (5th) day after the date of mailing.

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

The Condominium shall consist of six (6) Commercial Units. The cellar level contains the lower level of the first floor Commercial Unit, storage spaces for all Commercial Units, electric meters, gas meters, and mechanical space. The lobby is located on the first floor and there is one existing passenger elevator. The first floor level contains the upper part of the first floor Commercial Unit. There will be one Commercial Unit on each of the floors 2 through 5. The sixth floor level together with the new mezzanine will constitute the sixth floor Commercial Unit.

There is a courtyard to the rear of the south portion of the Building which is a Limited Common Element for the exclusive use of the first floor Commercial Unit Owner. The roof area at both the sixth floor roof level and the new mezzanine roof level is a Limited Common Element for the exclusive use of the sixth floor Commercial Unit Owner.

The Building is six stories in height plus an additional mezzanine located on top of the roof of the sixth floor of the building. No on-site parking and no recreational facilities are being offered in this offering plan. The first floor Commercial Unit, the second floor Commercial Unit, fourth floor Commercial Unit and the fifth floor Commercial Unit are not being offered hereunder and are reserved for conveyance to the members of the Sponsor as more fully described in the section entitled "Identity of Parties". Only the third floor Commercial Unit and the sixth floor Commercial Unit are being offered hereunder.

All the Units being offered are intended to be sold as Condominium Units in accordance with this Plan at the prices noted in Schedule A of Part 1 of this Plan. These prices have been

established solely by the Sponsor and are not subject to review or approval by the Department of Law or any other governmental agency.

In a condominium form of ownership, each Purchaser of a Unit owns his Unit similarly in many aspects to the manner in which a private homeowner owns his home. (References to the masculine gender in the Plan shall be deemed to refer to the feminine gender or plural where the context so requires and shall be deemed to include any duly formed partnership, corporation, trust, estate, fiduciary, unincorporated association or any other entity permitted to own real property in the State of New York). The Commercial Unit Owner owns the Unit in fee simple absolute and is entitled to the exclusive possession thereof. He is also the owner, in common with the owners of all other Units, of all remaining parts of the Property except for the Units themselves, including the land upon which the Units are built, the foundations and supports of the Building, the exterior walls and the roof (hereinafter called "Common Elements"). Each Unit Owner's proportionate share (hereinafter called "Common Interest") of the Common Elements has been determined upon the basis of such Unit's floor space, location, uniqueness, overall dimensions and similar factors of relative value to other space in the Condominium. These allocations are made pursuant to Section 339-i 1(iv) of the Real Property Law, which is part of Article 9-B of the Real Property Law of the State of New York (hereinafter called "the Condominium Act"). Any portion of the land or Building, other than the Units themselves, which are for the use of one or more specified Units to the exclusion of all others, are known as "Limited Common Elements." Each Unit Owner is privileged to mortgage his Unit generally on the terms and in such amount as he chooses, with respect to any Unit, a first mortgage or second mortgage shall be either with an institutional lender, the Sponsor, family member, a business associate or employer or a selling Unit Owner. Purchasers pursuant to the Plan, however, if they seek mortgage financing, shall be required to follow procedures set forth in the Purchase Agreement in Part II of the Plan. A mortgage may be made with a reputable private lender other than the Sponsor or selling Unit Owner subsequent to obtaining written permission of either the Sponsor, prior to Sponsor's relinquishing control of the Board of Managers of the Condominium (sometimes herein referred to as the "Condominium Board" or the "Board of Managers"), or the Board of Managers. No Unit Owner shall be permitted to encumber his Unit with a third mortgage. His 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 his Unit to anyone, without restriction or limitation, subject only to a right of first refusal by the Board of Managers at the same price and terms the Owner has been offered. Such right of first refusal is hereinafter described in the By-Laws of the Plan. A Unit Owner can alter and decorate the interior of his Unit in any way he desires, subject to compliance with building codes, all applicable laws and regulations, and the Certificate of Occupancy, and he is obligated for the cost of his own interior decoration, maintenance and repair after closing. The Plan imposes use restrictions on Units for the congenial coexistence of all Unit Owners such as, but not limited to: operating tattoo parlors, methadone clinics, messenger services, pet shops, bowling alleys, and adult or child care centers. Prospective Purchasers should refer to the Declaration and By-Laws regarding such use restrictions. Each Unit will be taxed as a separate tax lot for real estate tax purposes and a Unit Owner will not be responsible if any of the other Unit Owners fails to pay their real estate taxes. In the opinion of counsel for the Sponsor, a Commercial Unit Owner which is using its Unit in an active

profession, trade or business in which it materially participates and for other than the rental of the Unit, shall in most circumstances, be able to deduct real estate taxes on the Unit and mortgage interest paid on a mortgage encumbering the Unit as ordinary business expenses. The Board of Managers will assess against each Unit Owner, in proportion to his respective percentage of Common Interest as defined in the section of the Plan titled "Definitions", charges (hereinafter called "Common Charges") for the maintenance of the Common Elements and for the operating costs of the Property (hereinafter called "Common Expenses"), as provided in New York State Real Property Law Section 339-m. Each Commercial Unit Owner will pay for all electricity consumed within his own Unit, the charges for which will be separately metered. Gas for the Commercial Units will be separately metered and paid for by each Unit Owner.

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

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

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

The Plan contains all of the material terms of the transaction. Copies of the Plan, all documents referred to in the Plan and all Exhibits submitted to the Department of Law in connection with the filing of the Plan will be available for inspection without charge and for copying at a reasonable charge to prospective Purchasers and their attorneys at the office of the Sponsor.

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

DESCRIPTION OF PROPERTY AND IMPROVEMENTS

The Property is located on the south side of Walker Street, between Cortlandt Alley and Lafayette Street in Downtown Manhattan and is known by the street address of 81 Walker Street, New York, NY 10013. The property is rectangular in dimension and is built on a 36' x 100' lot size. The entrance to the Units is through the lobby fronting Walker Street. The Building is six (6) stories high plus a mezzanine addition.

The Building was constructed in 1868-1869 with exterior walls of brick masonry, except the north facade which consists of masonry, ornamental stonework and cast iron. The exterior walls of the new mezzanine addition will be masonry, metal studs with standing seam metal siding and integrated aluminum storefront systems.

The Building is being renovated in accordance with all applicable zoning and building laws, including but not limited to the requirements, rules and regulations of the New York City Building Code, the provisions of the New York City Zoning Resolution and the provisions of New York City Landmarks Preservation Commission.

The Condominium shall consist of six (6) Commercial Units. The cellar level contains the lower level of the first floor Commercial Unit, storage spaces for all Commercial Units, electric meters, gas meters, and mechanical space. The lobby is located on the first floor and there is one existing passenger elevator. The first floor level contains the upper part of the first floor Commercial Unit. There will be one Commercial Unit on each of the floors 2 through 5. The sixth floor level together with the new mezzanine addition will constitute the sixth floor Commercial Unit.

As a commercial condominium the Units are being offered without kitchen cabinets and kitchen appliances. Further the Units will be sold only with the partitions indicated on the Plans filed herewith.

There is a courtyard to the rear of the south portion of the Building which is a Limited Common Element for the exclusive use of the first floor Commercial Unit Owner. The roof area at both the sixth floor roof level and the new mezzanine roof level is a Limited Common Element for the exclusive use of the sixth floor Commercial Unit Owner.

A Certificate of Occupancy, Certificate No. 56664, allowing light manufacturing or commercial use of the Property, has been issued on November 14, 1962. The Sponsor does not intend to alter or amend the existing Certificate of Occupancy.

LOCATION AND AREA INFORMATION

Location:

The Property is situated on the south side of Walker Street, between Cortlandt Alley and Lafayette Street, one block south of Canal Street in the Borough of Manhattan, City and State of New York.

Transportation:

Public transportation can be found in the immediate vicinity. The N and R subway lines stop at the corner of Broadway and Canal Street and the subway lines numbered 4 and 5 stop at the corner of Lafayette and Canal Street. Both subway stops are not more than two blocks away. In addition, the property is located several blocks from the FDR Drive which is one of New York City's main arterial routes from lower Manhattan to all points north. The Brooklyn Bridge, Manhattan Bridge and Williamsburg Bridge are also located within several blocks of the project.

Shopping and Restaurants:

Ample shopping and a wide variety of restaurants can be found on Broadway and the adjacent districts such as Soho, Tribeca, Little Italy and Chinatown. All neighboring districts are within walking distance to the premises. Also located within several blocks is the South Street Seaport with its sailing ships, nautical museum, and numerous malls and restaurants.

Medical Facilities:

The nearest hospital is Beekman Downtown Hospital, located at 170 William Street, New York, New York. Other medical facilities are as follows:

St. James Medical Center
25 St. James Place, New York, New York

Soho Medical Group
115 Spring Street, New York, New York

Religious Facilities:

Houses of worship are located in close proximity. Nearby places are:

Civic Center Synagogue
49 White Street, New York, New York

Transfiguration Catholic Church
29 Mott Street, New York, New York

St. Andrews Roman Catholic Church
Cardinal Hayes Place and Duane Street
New York, New York

True Light Lutheran Church
195 Worth Street
New York, New York

Trinity Church (Episcopal)
74 Trinity Place
New York, New York

Heavenly Grace Buddhist Temple
219 Canal Street
New York, New York

Public Libraries:

The nearest public library branches are the New Amsterdam Branch located at 9 Murray Street, New York, NY, the Hudson Park Branch, located at 166 Leroy Street, New York, NY, the Seward Park Branch located at 192 East Broadway, and the Chatham Square Regional Branch, located at 33 East Broadway, New York, NY.

Municipal Services:

Police, fire protection, water and sewage, street snow removal and street maintenance services are provided by the City of New York and the charge for such services is covered by the local city real estate taxes and water and sewer charges. Unit Owners will be responsible for arranging for commercial trash and rubbish removal at their own expense. The property is located in the 1st Police Precinct. Precinct headquarters are located at 16 Ericsson Place, New York, New York 10013. The nearest fire department station is Fire Department Engine Company #7, 100 Duane Street, New York, New York.

Zoning:

The zoning of the property is M1-5, as noted on zoning map 12a. The M1-5 zoning is classified as a light manufacturing district which also permits commercial office use as of right. The adjacent parcel is an undeveloped parking lot and is zoned M1-5 as well.

Landmark Status:

The area in which the premises is located has been designated as a Historic District, commonly referred to as "TriBeCa East", by notice recorded in the Register's Office in Reel 1962 Page 250. The premises are accordingly subject to the restricted use as provided in New York City Charter, Chapter 8-A.

Adjacent Areas:

An entity controlled by the principals of the Manager of the Sponsor has acquired the adjacent parking lot, known by the street address 83 Walker Street and intends to develop that parcel into a commercial office building or, in the event the Board of Standards and Appeals grants a variance to construct a residential building, the parcel will be developed into a residential building.

Postal:

The zip code for the property is 10013, which is Canal Street Station.

DEFINITIONS

- "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 Elements; (ii) any other Units owned or leased at the time in question by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners; (iii) any proceeds of the sale or lease of Units of the nature described in subdivision (ii) above; and (iv) any other assets of the Condominium.
- "Assessments" The charges allocated and assessed by the Board of Managers to the Unit Owners, pro rata, in accordance with their respective Common Interest, (except as otherwise provided in the Declaration or in the By-Laws).
- "Board of Managers" or
"Condominium Board" The governing board of the Condominium composed of representatives elected by Unit Owners voting in accordance with their respective percentages of Common Interest.
- "Building" The structure located at 81 Walker Street, New York, New York.
- "Caretaker Unit" "Caretaker Unit" has the same meaning as such term is defined in the New York City Zoning Resolution, Section 12-10, as amended from time to time. In accordance with the aforementioned Section 12-10 of the New York City Zoning Resolution, a portion of the sixth floor Commercial Unit will be designated as a Caretaker Unit. The exact layout, size and location of the Caretaker Unit is more fully described on the Floor Plans of the Building which will be filed herewith and approved by the New York City Department of Buildings. A "Restrictive Declaration" for the use of such Caretaker Unit has been filed in the Office of the City Register. "Restrictive Declaration" has the same meaning as such term is defined in the New York City Zoning Resolution, Section 12-10, as amended from time to time. A copy of such Restrictive Declaration shall also be provided to the New York City Department of Buildings.

"Commercial Unit or Units"	Each and every Unit in the Condominium, except the Caretaker Unit, as delineated on the Floor Plans, which is owned in fee simple. The Commercial Units may be used for any lawful purpose not violated by the Certificate of Occupancy for the Building, subject to the rules and regulations contained in the Zoning Resolution and subject to the use restrictions set forth in this declaration and the By-Laws.
"Commercial Unit Owner"	The Person owning a Commercial Unit in fee simple absolute.
"Common Charges"	Each Unit's proportionate share of the Common Expenses in accordance with its Common Interest.
"Common Elements"	All portions of the Property other than Units. Common Elements are comprised of General Common Elements and Limited Common Elements.
"Common Expenses"	Common Expenses of the Condominium mean and include all expenses of operation of the Property and all sums designated Common Expenses by or pursuant to the provisions of Article 9-B of the Real Property Law of the State of New York, the Declaration or the By-Laws.
"Common Interest"	The proportionate, undivided interest in fee simple absolute in the Common Elements appertaining to each Unit as expressed in the Declaration.
"Condominium"	A form of ownership of real property in which individual Units as component parts of a whole are owned in fee simple with the right of exclusive use, by separate individuals or entities, which separate individuals and/or entities jointly own those parts of the whole designated as Common Elements. In the context of this Offering Plan "Condominium" specifically refers to "Cortlandt Place".
"Condominium Act"	Article 9-B of the Real Property Law of the State of New York, as the same may be amended from time to time.
"Condominium Documents"	The Declaration and all Schedules thereto, the By-Laws, the Rules and Regulations, the Floor Plans, form of Unit Deed and the form of Unit Owners Power of Attorney.

"Declaration"	The instrument, as may be amended from time to time, by which the Property is submitted to the provisions of the New York State Condominium Act, consistent with the provisions of the New York Condominium Act and the By-Laws.
"First Unit Closing"	The first closing of title with a bona fide Purchaser of a Unit.
"Floor Plans"	The floor plans of the Units certified by a registered architect or licensed professional engineer, and filed in the Register's Office simultaneously with the recording of the Declaration, together with any supplemental floor plans thereto.
"General Common Elements"	The General Common Elements include, without limitation: 1) The land on which the Building is physically erected and the land, if any, on all sides of the Building within the boundaries of the Property, with the exception of the courtyard located in the rear of the building. 2) All foundations, columns, girders, beams, supports, bearing walls; those portions of the exterior walls beyond the interior face of the exterior wall; those portions of the walls and partitions dividing the Units from corridors, lobby, elevator shaft and stairs located beyond the unexposed face of the drywall partitions enclosing the Unit, or, where applicable, the block, brick or concrete work of the interior walls of the Building separating one Unit from another Unit, or from the corridors, elevator shaft, lobby or stairs not within the Unit; concrete floor slabs; the support beams, joists and archways, including any framing attached to such joists from which the drywall ceiling of the Unit below is attached, roof bulkheads; skylights which do not open from or form the border of a Unit, water towers and tanks, if any; roofs, excluding the roof terraces allocated to a specific Unit; corridors, halls, stairs and stairway areas located beyond the unexposed face of drywall partitions or block, brick or concrete work of the walls enclosing a Unit; any

storage and utility areas which are not part of a Unit or not otherwise specifically designated as a Limited Common Element, located beyond the unexposed face of drywall partitions or block, brick or concrete work enclosing a Unit or the unexposed face of a drywall partition enclosing all or part of such Units; the entrances to and exits from the Building;

- 3) The lobby, mailboxes in the lobby, the gas and electric meter rooms, the gas meter equipment and electric meter equipment in the cellar, and all other cellar areas which are not designated as part of a Unit, but excluding the street vault. The street vault area is owned by the City of New York.
- 4) All installations outside the Units for services such as gas, power, light, telephone, water, and intercom system;
- 5) All sewer pipes, drainage pipes, water risers, and heating risers;
- 6) The elevator, elevator shaft, pit and bulkhead, elevator room, mechanical and equipment rooms for apparatus and installment for common use;
- 7) Any tanks, pumps, motors, fans, compressors, ducts and in general all apparatus and installations existing for common use;
- 8) All other apparatus and installations existing in the Building for common use or necessary or convenient to the existence, maintenance or safety of the Building;

"Insurance Trustee"

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

"Land"

All that certain tract, plot, piece and parcel of land situated, lying and being at 81 Walker Street, in the County, City, and State of New York, as more particularly described in Schedule A to the Declaration.

"Law"

The laws and ordinances of any or all of the Federal, New York State, New York City, and New York County governments, the rules, regulations, orders and directives of any of 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.

"Limited Common Elements"

Parts of the whole which are owned as Common Elements, but the exclusive use of which is granted to a single Unit Owner or several Unit Owners and, unless otherwise specified, the maintenance and repair of which is the responsibility of the Board of Managers as Common Expenses. In this Plan, the following are Limited Common Elements:

- (1) The entire roof area located on both the north and south side of the new mezzanine on the sixth floor roof level and the entire roof area located at the roof level of the new mezzanine, as indicated on the floor plans annexed hereto, shall be for the exclusive use of the sixth floor Unit Owner. The maintenance and repair of the roof surface including waterproofing and the replacement of the roof surface when necessary is the sole responsibility of the sixth floor Unit Owner.
- (2) The courtyard to the rear of the building, accessible through the basement space of the first floor unit, as indicated on the floor plans annexed hereto, shall be for the exclusive use of the first floor Unit Owner.
- (3) The storage areas in the basement, as indicated on the floor plans annexed hereto, shall be for the exclusive use of the respective owners of the Units to which the storage areas are allocated.

"Majority"

Majority of Unit Owners means more than fifty per cent in Common Interest in the aggregate as may be specified herein or in the Declaration or the By-Laws with respect to any matter or matters. Any specified percentage of Unit Owners means such percentage in Common Interest in the aggregate as may be specified herein or in the Declaration or the By-Laws with respect to any matter or matters.

"Managing Agent"	A person employed by the Board of Managers pursuant to the By-Laws, who shall have authority as granted by the Board of Managers and perform the duties and services that the Board of Managers shall direct, as limited by these By-Laws.
"Offering Plan"	The document filed with the New York State Department of Law which describes the condominium property and pursuant to which individual Units in the Condominium are offered for sale, as the same may be amended from time to time. Sometimes herein referred to as the "Plan".
"Operation of the Property"	The administration and operation of the Property and the maintenance, repair and replacement of, and the making of any additions and improvements to, the Common Elements.
"Permitted Mortgages"	Either a first mortgage or second mortgage obtained by a Unit Owner in accordance with the provisions of the Plan either with an institutional lender, the Sponsor, family member, a business associate or employer, a selling Unit Owner or other lender approved by the Sponsor, if the Sponsor is in control of the Board of Managers, or the Board of Managers.
"Person"	A natural person, corporation, partnership, association, trustee or other legal entity.
"Power of Attorney"	The document, signed by Unit Owners, which appoints: (i) the Board of Managers as attorney-in-fact, on behalf of all Unit Owners, to lease any Unit, or acquire any Unit the Unit Owner of which wishes to sell or abandon together with the Appurtenant Interest thereto, or acquire any Unit in foreclosure, and to deal with any such Units so acquired or leased as they may determine, subject to the rights of any mortgagee whose mortgage was not extinguished as a result of such foreclosure, judicial sale or acquisition. (ii) the Sponsor, as attorney-in-fact, to amend the Declaration, the By-Laws, and the Rules and Regulations of the Condominium or any of said

documents under the conditions set forth in the Power of Attorney.

"Property"	Means and includes the Land, the Building and all other improvements thereon, (i) owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, which have been or are intended to be submitted to the provisions of the New York State Condominium Act.
"Purchaser"	Any Person who has entered into an agreement with Sponsor to purchase any Unit and is not in default thereunder.
"Recording officer" and "Recording" or "Recorded"	Shall have the meanings stated in section two hundred ninety of the New York State Real Property Law.
"Restrictive Declaration"	"Restrictive Declaration" has the same meaning as such term is defined in the New York City Zoning Resolution, Section 12-10, as amended from time to time.
"Rules and Regulations"	The rules and regulations of the Condominium, which are annexed as an addendum to the By-Laws, as any of the same may be amended, modified, added to, or deleted from time to time pursuant to the terms of the By-Laws, provided that they are not in conflict with the terms of the Condominium Act, the Declaration, or the By-Laws.
"Sponsor"	The promoter of the project and/or Offering Plan to convert a particular parcel of property to Condominium Ownership; 81 Walker LLC is the Sponsor of this Offering Plan. The term "Sponsor" shall also include any successor Sponsor under the Condominium Act or the Attorney General's regulations.
"Sponsor-designee"	Any Person designated in writing by Sponsor's Manager or a successor Sponsor to hold title to any Unit. Such written statement shall be conclusive evidence of status as Sponsor-designee so as to entitle such Person to all the rights of a Sponsor-designee under this Offering Plan. A Sponsor-designee, with the written approval of Sponsor's Manager or the successor Sponsor, shall have the right to

designate a Person to succeed to its rights and any such designee shall also be deemed a "Sponsor-designee".

"Unit"

Any space in the Building designated as a Unit. "Unit" has the same meaning as such term is defined in the Condominium Act, and shall refer to any of the units constituting the Condominium. Such Units are a part of the Property intended for any lawful use not violated by the Certificate of Occupancy for the Building, subject to the rules and regulations contained in the Zoning Resolution and subject to the use restrictions set forth in this Declaration and the By-Laws, and adjoin an exit to a public street or highway or a Common Element or elements leading to a public street or highway, and may include such appurtenances as a storage room or terrace, if applicable.

"Unit Deed"

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

"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.

"Unit Owner"

The person or persons, or entity owning a Unit in fee simple absolute.

"Unsold Units"

Any Unit owned by Sponsor or its designee at the time in question.

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CORTLANDT PLACE
81 Walker Street
New York, NY 10013

SCHEDULE A

Offering Prices and Related Information

All Projected Charges are for the First Year of Condominium Operation,
Commencing October 1, 2001 and Ending September 30, 2002

Unit (1)	Approximate Square Footage (2)	Percentage of Common Interest (3)	Offering Price (4)	Estimated Monthly Common Charges (5)	Estimated Annual Common Charges (6)	Estimated Monthly Real Estate Taxes (7)	Estimated Annual Real Estate Taxes (8)	Total Estimated Monthly Carrying Charges (9)	Total Estimated Annual Carrying Charges (10)
1	4,095	16 2/3 %	Not Offered	\$611.50	\$7,338.00	\$690.96	\$8,291.50	\$1,302.46	\$15,629.50
2	2,563	16 2/3 %	Not Offered	\$611.50	\$7,338.00	\$690.96	\$8,291.50	\$1,302.46	\$15,629.50
3	2,625	16 2/3 %	\$950,000	\$611.50	\$7,338.00	\$690.96	\$8,291.50	\$1,302.46	\$15,629.50
4	2,625	16 2/3 %	Not Offered	\$611.50	\$7,338.00	\$690.96	\$8,291.50	\$1,302.46	\$15,629.50
5	2,638	16 2/3 %	Not Offered	\$611.50	\$7,338.00	\$690.96	\$8,291.50	\$1,302.46	\$15,629.50
6*	3,474	16 2/3 %	\$2,200,000	\$611.50	\$7,338.00	\$690.95	\$8,291.50	\$1,302.45	\$15,629.50
6 Units	18,020	100 %	\$3,150,000	\$3,669.00	\$44,028.00	\$4,145.75	\$49,749.00	\$7,814.75	\$93,777.00

Note:

* Unit 6 includes approximately 1,200 square feet for the Caretaker Unit. See section "Special Risks" or "Definitions" for further discussion.

NOTES TO SCHEDULE A

(OFFERING PRICES AND RELATED INFORMATION)

1. Each Unit should be inspected prior to purchase to determine its actual dimensions, layout and physical condition.
2. The approximate Square Footage of a Unit as set forth in column (2) of Schedule A is measured by using the legal definition of the Unit which appears in Article 5 of the Declaration of Condominium. Floor Plans are included in Part II of the Offering Plan. The square footage for Unit 1, as set forth in column (2), includes approximately 1,000 square feet of basement space. The square footage for Unit 6, as set forth in column (2), includes approximately 1,200 square feet of space allocated to the Caretaker Unit which is considered part of Unit 6. The courtyard to the rear of the building, as indicated on the Floor Plans, shall be a limited common element for the exclusive use of the owner of Unit 1. The entire roof area located on both the sixth floor roof level and the mezzanine roof level, as indicated on the Floor Plans, shall be a limited common element for the exclusive use of the owner of Unit 6. There shall be five storage areas located in the basement of the building for the exclusive use of the Unit Owner to whom said limited common element is allocated to in accordance with Schedule B of the Declaration.
3. Sponsor's right to make changes to the offering prices as set forth in column (4) of Schedule A is more fully described in the section of the Plan titled "Changes in Prices or Units". Please note that the purchase prices are negotiable.

In addition to the purchase price, Purchaser will be responsible at closing of title for certain other expenses as explained in the section titled "Unit Closing Costs and Adjustments". This section provides general guidelines and an approximation of certain expenses of Purchaser. Sponsor is unable to approximate the total amounts of closing costs 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.

4. The percentage of Common Interest allocated to each Unit as set forth in column (3) of Schedule A is based upon respective floor space, location, uniqueness, overall dimensions and similar factors of relative value to other space in the Condominium. These allocations were made pursuant to Section 339-11(iv) of the Condominium Act, Article 9-B of the Real Property Law. The aggregate Common Interest of all Units equals 100%.
5. The estimates for both monthly and annual common charges as set forth in column (5) and column (6) of Schedule A are based upon the "Projected Budget for the First Year of

Condominium Operation" (the "First Year's Budget"), which was prepared for the year commencing October 1, 2001 and ending September 30, 2002.

In addition to these estimated charges, each Unit Owner will be responsible for paying: (i) the cost of electricity for the Unit including the usage for the appurtenant Limited Common Elements, which will be metered separately for the Unit; (ii) the cost of cable television service, if any; (iii) the cost of air conditioning, if any; (iv) mortgage payments under any loans or loans obtained to finance the acquisition of his Unit; (v) the cost of interior repairs to, and the maintenance, painting and decoration of, his Unit (including, without limitation, the equipment and appliances, if any, contained therein); and (vi) the cost of any insurance covering (a) furniture, belongings, supplies, equipment and other personal property and (b) liability to others for personal injury or property damage as a result of occurrences in his Units. The Unit Owner(s) shall also be responsible for paying the cost of gas for such Units, which shall be separately metered. In the event the Board of Managers decides, at some point in the future, to employ a superintendent and/or a managing agent for the building, Schedule B (the "Budget for First Year of Condominium Operation") will have to be adjusted accordingly and the costs for the superintendent and/or the managing agent, as the case may be, will constitute additional Common Charges to be assessed to the individual Unit Owners in proportion to their percentage of common interest in the Condominium.

6. After the condominium is divided into individual tax lots, each unit will be taxed as a separate tax lot for real estate tax purposes and the Unit Owner will not be responsible for the payment of, nor will the Unit be subject to, any lien arising from the non-payment of taxes on other Units. The real estate tax projections in column (8) cover the First Year of Condominium Operation for the period October 1, 2001 through September 30, 2002. The projection is based upon an appraisal in the amount of \$2,500,000 of the Property for assessment purposes. The appraisal was prepared by JW Consulting, Real Estate Appraiser and Consultant, having an office at 33-33 161st Street, Flushing, New York 11358. The Property is presently assessed at \$267,750 (transitional value) for the tax period July 1, 2000 to June 30, 2001. At the current tax rate of 9.989%, the total annual real estate tax for the entire building is \$26,745. In the event the City of New York reassesses the Property for the tax period July 1, 2001 to June 30, 2002, JW Consulting assumes that, based on a fair market value of the Property of \$2,500,000, the new actual assessment of the Property could increase to approximately \$925,740 which constitutes an increase of \$657,990 over the current assessed transitional value. This increase would be phased in at 20% or \$131,598 per annum over a five year period (see "Table of Estimated Annual Real Estate Taxes" at the end of this paragraph). Accordingly, the assessed value of the Property for the tax period 2001/2002 would be approximately \$399,348 and for the period 2002/2003 the assessed value would be \$530,946. Assuming that the current tax rate of 9.989% remains unchanged, the annual real estate tax for the entire Property would be approximately \$39,891 for the tax period 2001/2002 and \$53,036 for the tax period 2002/2003. Since the First Year of Condominium Operation is assumed to commence on October 1, 2001, and ending September 30, 2002, the estimated real estate tax for the entire building will be \$49,749 (3 months of 2001/2002 tax period and 9 months of 2002/2003 tax period) for the First Year of Condominium

Operation. The estimated real estate taxes for each Unit as set forth in Schedule A were allocated to each Unit in proportion to its percentage of common interest in the Condominium. This assumes that the amount of real estate taxes payable and the assessed valuation with respect to each Unit will be levied in the proportion that the common interest bears to the common interest of all Units. There is no assurance that the taxing authority will allocate taxes among Units in proportion to their respective common interests. If they do not, the estimated assessed valuation and real estate taxes applicable to a Unit may be more or less than estimated. In no event will the Sponsor or Sponsor's counsel be liable to any purchaser in the event the amount of taxes or method of assessment differs from those projected. Note that the figures for real estate taxes set forth in both column (8) and column (7) of Schedule A are subject to change in subsequent years as a result of changes in the assessed valuation of Units, the tax rate or the method of assessing real property. No Tax Certiorari are currently pending. For a discussion of the deductibility of real estate taxes for income tax purposes, please consult Sponsor's Counsel's Income Tax Opinion in the section "Opinion(s) of Counsel" in this Plan.

Table of Estimated Annual Real Estate Taxes *

	Tax Period 2000/2001	Tax Period 2001/2002	Tax Period 2002/2003	Tax Period 2003/2004	Tax Period 2004/2005	Tax Period 2006/2007
Assessed Transitional Value of entire building	\$267,750	\$399,348	\$530,946	\$662,544	\$794,142	\$925,740
Annual Real Estate Taxes for entire building (at assumed tax rate of 9.989% p.a.)	\$26,746	\$39,891	\$53,036	\$66,182	\$79,327	\$92,472
Annual Real Estate Taxes for Unit 1	\$4,458	\$6,648	\$8,839	\$11,030	\$13,221	\$15,412
Annual Real Estate Taxes for Unit 2	\$4,458	\$6,648	\$8,839	\$11,030	\$13,221	\$15,412
Annual Real Estate Taxes for Unit 3	\$4,458	\$6,648	\$8,839	\$11,030	\$13,221	\$15,412
Annual Real Estate Taxes for Unit 4	\$4,458	\$6,648	\$8,839	\$11,030	\$13,221	\$15,412
Annual Real Estate Taxes for Unit 5	\$4,458	\$6,648	\$8,839	\$11,030	\$13,221	\$15,412
Annual Real Estate Taxes for Unit 6	\$4,458	\$6,648	\$8,839	\$11,030	\$13,221	\$15,412

* The figures set forth in the table are based on the assumption that the estimated assessed value of \$925,740 will be phased in over 5 years at 20% per year.

- The amounts of "Total Estimated Monthly Carrying Charges" as set forth in column (9) of Schedule A are the sum of the amounts of "Estimated Monthly Common Charges" set forth in column (5) and the amounts of "Estimated Monthly Real Estate Taxes" set forth in column (7). The amounts of "Total Estimated Annual Carrying Charges" as set forth in column (10) of Schedule A are the sum of the amounts of "Estimated Annual Common Charges" set forth in column (6) and the amounts of "Estimated Annual Real Estate Taxes" set forth in column (7).

SCHEDULE B

BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION

Beginning October 1, 2001 and ending September 30, 2002

Projected Income

Common Charges (1)	<u>\$44,028.00</u>
TOTAL	\$44,028.00

Projected Expenses

Labor (2)	N/A
Heating and Hot Water (3)	11,786.00
Utilities (gas) (4)	N/A
Electricity (5)	10,292.00
Water Charges and Sewer Rents (6)	1,472.00
Repairs, Maintenance and Supplies (7)	5,000.00
Service Contracts (8)	4,200.00
Insurance (9)	6,128.00
Management Fees (10)	N/A
Legal Fees and Audit Fees (11)	2,150.00
Other (12)	N/A
Contingency (13)	<u>3,000.00</u>
TOTAL	\$44,028.00

Sponsor anticipates the First Condominium Unit closing of title to occur on or about October 1, 2001, which corresponds to the projected start date of the Budget For First Year Of Condominium Operation. If the First Condominium Unit closing of title is delayed more than six (6) months from the projected start date of October 1, 2001, the Offering Plan will be amended to include a revised budget. Additionally, Sponsor represents that if, at a future date prior to the First Unit Closing, the Plan must be amended to include a revised projected budget and such amended projections exceed the projections set forth above by twenty-five (25%) or more, each Purchaser shall have the right to rescind his or her Purchase Agreement for a period of fifteen (15) days subsequent to the date of presentation of such amendment and if not otherwise in default, have his deposit promptly refunded. If the First Unit Closing of title is delayed more than twelve (12) months from the projected start date of October 1, 2001, purchasers shall be offered in writing the right of rescission for a period of fifteen (15) days subsequent to such written notification. Sponsor has attempted to make accurate estimates. However, due to inflation, changes in the economy and unforeseen factors, it is likely that actual expenditures will differ from estimates set forth herein.

NOTES TO SCHEDULE B

PROJECTED BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION

1. Common Charges (\$44,028.00)

Annual Common Charges to be collected during the first year of Condominium Operation are based upon the estimated net total of Common Expenses for the Property.

2. Labor

The Sponsor shall manage the Condominium and cause all janitorial and maintenance functions, if any, to be performed until the first Board of Managers' meeting subsequent to the First Unit Closing. For the period until such first Board of Managers' meeting, the Sponsor does not intend to hire a superintendent for the building. Thereafter, subject to certain limitations set forth in the Condominium By-Laws, the Board of Managers shall decide as to whether it deems it necessary or desirable to employ any individual(s) or firm(s) for the purpose of managing, operating and maintaining the Condominium. The Sponsor does not anticipate that such expenditures will be necessary and that the Unit Owners will assume such responsibilities themselves. However, if the Board of Managers desires to hire a superintendent, the Common Charges will increase accordingly.

3. Heating and Hot Water (\$11,786.00)

This estimate is based upon a projection by M.A. Rubiano, P.C., Consulting Engineers, having an office at 130 William Street, Suite 805, New York, New York, 10038. A single gas-fired boiler located in the basement will provide hot water for heating to the entire building. Domestic hot water will be supplied by two central domestic water heaters located in the basement. The domestic water heaters will supply hot water to all fixtures in the building. The estimated annual cost of this gas usage is \$10,714.50 based on the current tariffs. An additional amount of \$1,071.45 (equivalent to 10%) has been allowed for reasonable anticipated increases in the current tariffs. The total estimated annual cost of this gas usage including anticipated increases of 10% is therefore \$11,786.00.

4. Utilities (gas)

Each Unit, including the Caretaker Unit, will be provided with valved outlets for gas. The cost of gas for this function will be metered with separate gas meters and will be billed by ConEdison to the individual Unit Owners. It is not possible to predict the usage of the individual Unit Owners and a close projection can therefore not be made.

5. Electricity (\$10,292.00)

This estimate is based upon a projection by M.A. Rubiano, P.C., Consulting Engineers, having an office at 130 William Street, Suite 805, New York, New York, 10038. The Cellar area (exclusive of the Limited Common Elements and the cellar space allocated to Unit 1) and exterior lighting are considered common area for purposes of this analysis as well as elevator and lobby. The estimated total costs for the base building electrical system (including elevator, public lighting, fans and pumps) are \$9,356.33 based on the current tariffs. An additional amount of \$935.63 (equivalent to 10%) has been allowed for reasonable anticipated increases in the current tariffs. The total estimated annual cost for the base building electrical system including anticipated increases of 10% is therefore \$10,292.00.

It is not possible to predict how closely the estimated figures will reflect the actual expenses for electricity during the first year of building operation, in part because such expenses will vary with occupancy ratio, operating schedule of building or fluctuations in the price of electricity, state and city surcharges.

6. Water Charges and Sewer Rents (\$1,472.00)

This estimate is based upon a projection by M.A. Rubiano, P.C., Consulting Engineers, having an office at 130 William Street, Suite 805, New York, New York, 10038. The estimated annual cost of Water Charges and Sewer Rent is \$1,472.00, based on an annual water usage of 420,000 gallons at \$2.62 per 100 cubic feet of water.

7. Repairs, Maintenance and Supplies (\$5,000.00)

The projection for repairs, maintenance and supplies is based on the fact that the common elements of the building have been recently renovated. The figure does not include maintenance, repairs and supplies within specific Units, which are the obligation of the Unit Owner, but is designated to cover the cost of maintaining the Common Elements only. Each Unit Owner will be responsible for the cost of interior maintenance, repairs, decoration and painting of their respective Units, including but not limited to, appliances and incremental heating/air conditioning units. No provision has been made to cover the cost of any major capital expenditure. Although no such expenditure is expected because the Common Elements of the Building have been recently renovated, each Unit Owner will be obligated to pay a pro rata share of such expenditures in the event that any such expenditures are required.

Supplies (cleaning materials, lubricants, bulbs, rubbish, general and hardware supplies)	\$2,500.00
General Repairs and Maintenance	<u>\$2,500.00</u>
	\$5,000.00

8. Service Contracts (\$4,200.00)

Based upon the following existing service contracts:

a) An existing elevator maintenance contract with Slade Industries Inc., 47 Spruce Street, Ridgefield Park, NJ 07660 at \$250.00 per month plus sales tax. The service contract is for the period of one (1) year, starting January 12, 2000, and will be renewed for the same period unless cancelled by either party on thirty (30) days written notice at any time. The excess projection covers taxes and possible additional parts.

b) Sprinkler and standpipe maintenance per projections by Bernard Dillenger, Licensed Master Fire Suppression Piping Contractor, expiring June, 17 2001.

Elevator	\$3,700.00
Sprinkler and Standpipe	<u>\$500.00</u>
	\$4,200.00

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

9. Insurance (\$6,128.00)

The projection is based on a proposal from James Errigo General Insurance, P.O Box 217, Staten Island, New York, 10310, by letter dated June 25, 2000 for the following coverages:

Building Limit (All Risk Coverage) :	\$2,200,000
Deductible :	\$5,000
Liability (Combined Single Limit) :	\$1,000,000
Liability (General Aggregate Limit):	\$2,000,000

The total estimated annual premium for the above insurance coverage is \$6,128.00. The property coverage will be written upon an Agreed Amount Replacement Basis. The \$2,200,000 project coverage is based upon a gross square footage of approximately 19,400 square feet of the Building at a replacement cost of approximately \$110.00 per square foot. The above insurance proposal does not include coverage for officers' and directors' liability, rent insurance, elevator collision, excess liability, boiler and machinery, and fidelity bonds. Coverage for these items may be available at extra cost.

The Sponsor represents that it shall initially provide on behalf of the Condominium at the Condominium's expenses, to be effective at the First Unit Closing, fire and casualty insurance in

the amounts set forth above. The policy will provide that each Unit Owner will be an additional insured and if permitted by the insurer, that there will be no cancellation without notice to the Board of Managers and the Unit Owners. In addition, to the extent permitted by the insurer, the policy will contain a waiver of subrogation, a waiver due to acts of the insured and Unit Owners and will waive a pro rata reduction if Unit Owners obtain additional coverage.

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

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

10. Management Fees

The Sponsor shall manage the Condominium, at his own cost and expense, and cause all management functions, if any, to be performed until the first Board of Managers' meeting subsequent to the First Unit Closing. Said management functions shall include the billing for Common Charges and other charges under the By-Laws, setting up and keeping in good order a separate accurate set of books for the Condominium, hiring of accountants for the preparation of federal, state and other income tax returns for the Condominium as well as the preparation of certified financial statements for the condominium, if necessary, and generally all things reasonably deemed necessary and/or desirable for the proper management of the Property. For the period until such first Board of Managers' meeting, the Sponsor does not intend to hire a managing agent for the building. Thereafter, subject to certain limitations set forth in the Condominium By-Laws, the Board of Managers shall decide as to whether it deems it necessary or desirable to employ any individual(s) or firm(s) for the purpose of managing, operating and maintaining the Condominium. The Sponsor anticipates that the Unit Owners will assume such responsibilities themselves. However, if the Board of Managers desires to hire a managing agent, the Common Charges will increase accordingly.

11. Legal and Audit Fees (\$2,150.00)

Based upon the following estimates:

Legal Fees	\$1,500.00
Audit Fees	<u>\$650.00</u>
	\$2,150.00

The above estimate of \$650.00 for audit fees which include the preparation of audited financial statements and income tax returns for the first year of condominium operations is based on a fee quotation by Wendie Eigen-Weinstein, certified public accountant, 5 Portsmouth Drive, Old Bridge, N.J. 08857. A small allowance of \$1,500 is provided for miscellaneous (but not major) legal services, in the event the Board of Managers determines to engage an attorney.

12. Other N/A

13. Contingency (\$3,000.00)

The contingency provides for possible expenses not included in the projected budget or possible increases in one or more categories of operating expense beyond the projected amounts. There can be no assurance that such fund will be sufficient to pay for major capital repairs or replacement items which may be needed within the first five years of condominium operation. If additional funds are required over and above these funds, it may be necessary to increase Common Charges or separately assess all Unit Owners.



**COLDWELL BANKER COMMERCIAL
PROPERTIES UNLIMITED**
401 AVENUE OF THE AMERICAS
NEW YORK, NY 10014
BUS. (212) 414-0704
FAX (212) 414-0721

August 15, 2000

81 Walker LLC
320 Dean Street
Brooklyn, NY 11217

**Re: Plan of Condominium Conversion
81 Walker Street, New York, NY 10013
Compliance with Real Property Law, Section 339(i)**

Gentlemen/Mesdames:

Coldwell Banker Commercial Properties, Inc., of which I am the Managing Director, has been retained by the sponsor to prepare this opinion concerning compliance with Section 339(i) of the New York Condominium Act.

My firm specializes in commercial and residential real estate brokerage in New York City. I have been a licensed real estate broker in New York State since 1985, and have since been involved in both sales and management of a wide variety of residential and commercial properties, including brownstones, conventional six story buildings, and converted loft properties with individual, corporate and cooperative ownership.

The allocation of percentage of Common Interest for the Condominium Units in the plan is made pursuant to Section 339-i (1)(iv) of the Real Property Law, which considers each Unit's floor space, location, uniqueness, overall dimensions and similar factors of relative value to other spaces in the Condominium.

Very truly yours,

COLDWELL BANKER COMMERCIAL PROPERTIES UNLIMITED

A handwritten signature in dark ink, appearing to read "David Basch", written over a horizontal line.

David Basch, Managing Director

CHANGES IN PRICES AND UNITS

Subject to conditions hereinafter set forth, Sponsor has the right to change the amount of any purchase prices from the amounts shown in Schedule A of the Plan. The purchase prices set forth in Schedule A must be changed by a duly filed amendment to the Plan when the change of price is an across the board increase or decrease affecting one or more lines of Units or Unit models, or is to be advertised, or is a price increase for an individual Purchaser. The Sponsor may enter into a Purchase Agreement with a Purchaser to sell one or more Units at prices lower than those set forth in Schedule A without filing an amendment. Purchase prices are negotiable. The Sponsor also reserves the right to negotiate with Purchasers the following aspects of the purchase price of Units: the payment of fees otherwise paid by Purchasers, the payment of all or part of Purchaser's financing costs, price reductions tied to rental of Units, reduced down payment deposits (but at least \$1,000.00) and extra custom work. Furthermore, Sponsor reserves the right to amend the Plan from time to time to add and/or delete negotiable terms.

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

In order to meet the possible varying demands for number and type of Units, or to meet the particular needs of prospective Purchasers, or for any other reason, Sponsor reserves the right to change: (a) the layout of or number of rooms in Unsold Units and (b) the size and/or number of Unsold Units by subdividing one or more Unsold Units into two or more separate Units, by combining two or more separate Unsold Units into one or more Unsold Units, by altering the boundary walls of any Unsold Unit, or otherwise, including, without limitation, the use on any portion of the Common Elements adjacent to such Unsold Units to the extent that such portion is not required to be maintained as Common Elements pursuant to the terms of the Declaration and By-Laws. Subject to the terms of the last two paragraphs of this section, such right may be exercised by Sponsor from time to time, both before and after the First Unit Closing, without the consent or approval of the Board of Managers, any Unit Owner, any mortgagee or any other party. However, Sponsor will first obtain the approval of all governmental authorities having jurisdiction thereof whose approval is required by law. No change will be made by Sponsor in the size or number of Units, their respective percentages of Common Interest, or in the size or quality of Common Elements except by amendment to the Offering Plan and to the Declaration. Unless the affected Purchaser provides a written consent, no material change will be made by Sponsor in Unit size, layout or percentage of Common Interest if a Purchase Agreement has been executed and delivered to the Sponsor for that Unit and such Purchaser is not in default.

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

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

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

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

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

To the extent permitted by law, if the size or configuration of a Unit is changed in compliance with the Plan, Declaration and/or By-Laws, in connection therewith, a wall, space, or other area forming a part of the Common Elements servicing and benefiting only such Unit is razed or incorporated in the Unit, then such Common Element shall be deemed for the exclusive use and benefit of the owner of such Unit and the Unit's Common Interest will remain unchanged.

INTERIM USE AND OCCUPANCY AGREEMENT

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 amount, and upon such other terms as may be mutually agreed upon. The term of such Interim Use and Occupancy Agreement shall expire on the earlier of the date of the closing of such Unit or six months after the execution date of the Interim Use and Occupancy 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 thirty (30) days' 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 Unit no later than that time.

An Interim Use and Occupancy Agreement will provide that an uncured default by the Purchaser under the Purchase Agreement will constitute a default under 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 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 judgement 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.

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 of the Condominium Board to lease such Unit from Sponsor or its designee on the same terms offered to the prospective tenant or occupant.

PROCEDURE TO PURCHASE

1. Delivery and Execution of Purchase Agreements

A Person may accept Sponsor's offer to sell Units in the Condominium, or the authorized parties thereof if the Person is other than a natural person, by executing in duplicate a Purchase Agreement in the form contained in Part II of this Plan and returning it to the Sponsor, together with a check in the amount of ten percent (10%) of the purchase price, drawn to the order of "Bernard Bronner, Esq., as attorney." The deposit amount may be increased for special work ordered by the Purchaser and itemized in the Purchase Agreement. Bernard Bronner shall be the "Escrow Agent" pursuant to the Purchase Agreement and Offering Plan. Purchasers who have not had an opportunity to review the Offering Plan and any filed amendments for at least three (3) days prior to their executing a Purchase Agreement shall be afforded seven (7) days after delivering an executed Purchase Agreement together with the required deposit to rescind the Purchase Agreement and have the full deposit promptly refunded. 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. Purchasers who execute a Purchase Agreement after having had an opportunity to review the Offering Plan and any filed amendments for not less than three (3) days prior to their executing a Purchase Agreement shall not be permitted the time period to rescind the Purchase Agreement for any reason.

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

2. Down Payment and Escrow

All checks constituting the "Down Payment" are to be made payable to the order of "Bernard Bronner, Esq., as attorney" and all checks in payment of the balance of the purchase price (due at the closing date) are to be made payable to the order of "Bernard Bronner, as attorney" or as otherwise directed by Sponsor, with all checks, in either case, drawn on a member bank of the New York Clearing House Association.

Within ten (10) business days after tender of the deposit submitted with the Purchase Agreement, the Escrow Agent will notify the Purchaser that such funds have been deposited into

the Escrow account and will provide the account number and the initial interest rate. If the Purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the deposit, the Purchaser may cancel the purchase and rescind the Purchase Agreement so long as the right to rescind is exercised within ninety (60) 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 Sponsor has appointed Bernard Bronner, Esq. as Escrow Agent to hold all monies, including all deposits, down payments or advances, received by Sponsor, either prior to or subsequent to the closing of title to a Unit ("Consummation of Plan"), in trust in a segregated special escrow account titled, "Bernard Bronner, Esq., Escrow Account." The name of Purchaser and the Unit Designation shall be added to the title of each sub-account, which shall be at North Fork Bank at its office located at 1001 Avenue of the Americas, New York, New York. Such funds shall be deposited within five (5) business days after the Purchase Agreement is executed by all necessary parties and held there until actually employed in connection with the Consummation of this Plan. Bernard Bronner has a business office located at Ten Cutter Mill Road, Suite 301, Great Neck, NY 11021 (516-829-7190). Bernard Bronner, Esq. is the signatory on this special escrow account authorized to withdraw funds.

The 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 for these accounts which currently is approximately 2% per annum. Interest will begin to accrue upon deposit of the down payment, which is to be made in accordance with the preceding paragraphs. North Fork Bank is covered by federal bank deposit insurance to a maximum of \$100,000.00 per individual deposit. No fees of any kind from the account principal may be deducted. Sponsor shall bear any administrative cost for maintenance of the account.

Before funds are transferred to a new escrow account, or if the escrow agent is replaced, the plan must be amended to provide the same full disclosure with respect to the new account, the escrow agent and the escrow agreement.

Any withdrawals or disbursement of funds from this special account of accounts shall be made only upon the written approval by Bernard Bronner, despite the fact that North Fork 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's regulations promulgated thereto. If this Offering is not consummated for any reason, Purchaser shall not lose any of his Down Payment. 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. Please refer to Part II of the Offering Plan for a copy of the Escrow Agreement between Sponsor and the Escrow Agent.

Monies received for the purchase of a Unit shall be disbursed from the special account 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 Down Payment to be released pursuant to an uncured default shall be released prior to the Consummation of the Plan.

Subject to the foregoing, the Escrow Agent will hold funds in escrow until:

- (i) otherwise directed in a writing signed by both Sponsor and Purchaser; or
- (ii) directed to disburse the funds by a determination of the Attorney General pursuant to the dispute resolution procedures contained in the Attorney General's regulations; or
- (iii) a judgment or order of a court of competent jurisdiction is served on the escrow agent directing the Escrow Agent to disburse or otherwise handle the funds.

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

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

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

Purchaser and the Escrow Agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the Down Payment and any interest thereon. The Sponsor must apply to the Attorney General if there is a dispute on the disposition of the Down Payment and any interest thereon. The form to be utilized is attached as Exhibit "B" to the Purchase Agreement in Part II of the Plan. The party applying for a determination must send a copy of the application to all other parties. Pending the determination of the Attorney General to grant or deny the application, the Sponsor, Purchaser, and Escrow Agent shall abide by any interim directive issued by the Attorney General.

3. Alternatives to Escrow Account

The Sponsor may elect to post a bond, letter of credit, or other security instead of depositing the Down Payment in escrow only after the Department of Law approves in writing the use of

such alternate form of security. In the event the Sponsor obtains the approval of the Department of Law it will amend the Offering Plan prior to posting any bonds, letters of credit, or other security.

4. Closing of Title

After this Plan is declared effective, the Sponsor shall fix dates for closing title to all Units for which Purchase Agreements have been fully executed. Each Purchaser will be notified in writing by Sponsor not less than thirty (30) days' prior to the date, time and place (in the City of New York) for the transfer of title to his Unit. Purchasers may, but are not required, to waive this thirty (30) day notice. A waiver of the thirty day notice requirement may be effectuated by the Purchaser signing the waiver of notice included in the Plan. At title closing, such Purchaser shall pay the balance of the purchase price stated in the Purchase Agreement with an unendorsed, certified check or by official cashier's check. However, such Purchaser may apply any of the proceeds of the Purchaser's financing to make such payment.

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

5. Default of Purchaser and Disbursement of Escrow

Any conflict between the Plan and the Purchase Agreement shall be resolved in favor of the Plan. If Purchaser shall fail to pay any portion of the purchase price when due, fail to close title on the date, hour and place specified by Sponsor or fail to perform any of Purchaser's other obligations, including, without limitation, the obligation to furnish any lender promptly with such information as such lender may require, and the obligation to accept a commitment on the terms set forth in the Purchase Agreement, such failure shall constitute a default by Purchaser, and Sponsor may send notice to Purchaser of Sponsor's intention to cancel the Agreement if such default is not timely cured. **TIME IS OF THE ESSENCE FOR PURCHASER TO CURE ANY DEFAULT UNDER THE PURCHASE AGREEMENT WITHIN THE APPLICABLE PERIOD.** "Time is of the essence" means that if such default is not cured within twenty (20) days from the mailing date or fifteen days after personal delivery of such written notice. Sponsor may (but shall not be obligated to) elect to cancel the Purchase Agreement by notice of cancellation sent after the cure period has expired. Upon such cancellation by Sponsor, the Down Payment monies held with respect to the particular Unit, but not more than ten percent (10%) of the purchase price, 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 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 plus interest. All funds received by the Sponsor for upgrades or extras must initially be placed in the escrow

account. However, Purchasers should note as a special risk that such funds may be released from the escrow account by the Escrow Agent as long as the Sponsor 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. In the event a default is disputed in writing by Purchaser to Bernard Bronner, Esq., during the time to cure period and the default, in Sponsor's opinion, is not timely cured, and Sponsor thereafter cancels the Purchase Agreement, then Bernard Bronner, Esq. shall have the right to continue to hold the Down Payment Deposit pending resolution of such dispute (judicial or otherwise) or pay the Down Payment Deposit into court. Sponsor shall not seek the remedy of specific performance in connection with Purchase Agreements as to which there has been a default by Purchaser.

6. Agreement Subject to Plan Becoming Effective; Seller's Right to Cancel.

The Purchase Agreement is contingent upon the Plan being declared effective. The Plan may be abandoned by Seller at any time prior to its being declared effective, provided Purchase Agreements for two of the Units offered pursuant to this Plan have not been executed and accepted by the Sponsor. If the Plan is abandoned or does not become effective, the Purchase Agreement shall be deemed cancelled, and the Plan terminated and Purchaser is to receive back, not later than twenty (20) days thereafter, in full, all monies paid by him hereunder, and upon such repayment no party shall have any claim against any other party, person or entity, and all parties shall be released from all obligations hereunder and under the Plan. If, after the Plan is declared effective, title to the Unit shall not close within the time set forth in the Plan for any reason other than Purchaser's default, then, at Purchaser's option, upon prior written notice sent by Purchaser to Seller within fifteen (15) days subsequent to the end of the scheduled closing date, after permitted adjournments, the Purchase Agreement shall be deemed cancelled. If the Purchase Agreement is cancelled pursuant to the provisions of this paragraph, then not later than twenty (20) days thereafter, Purchaser shall receive a refund in full, of all monies paid by Purchaser hereunder, with the interest earned thereon, if any. Upon such repayment, neither party shall have any claim against the other and both shall be released from all obligations.

7. Mortgage Financing Contingency

Each Purchaser may elect to include in his Purchase Agreement a mortgage financing contingency clause. The Purchase Agreement, as set forth in Part II of the Plan, contains a mortgage financing contingency clause for Purchasers of a Unit which must be completed by Purchaser. If Purchaser elects such financing contingency, Purchaser must submit a copy of such financing application for his mortgage financing to the Sponsor within five (5) days after Sponsor accepts and delivers to Purchaser the fully executed Purchase Agreement. Sponsor shall have the right, but not the obligation, to cancel the mortgage financing contingency if Purchaser fails to submit to Sponsor a copy of the application for such mortgage financing to the Sponsor within such five (5) day time period. The contingency clause provides that Purchaser shall have forty-five (45) days from the date Sponsor delivers the fully executed Purchase Agreement to obtain a written loan commitment for financing from a lending institution. In the event Purchaser fails to obtain a written loan commitment within such time period, Purchaser must

notify Sponsor of same within five (5) days subsequent to such forty-five (45) day period or the financing contingency is deemed waived.

Sponsor if it so desires, shall then have the right, for a period of sixty (60) days after receipt of notice that Purchaser has not obtained financing to, either (i) 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 or (ii) agree to take back a purchase money mortgage in the same amount at the same or then prevailing interest rate on the terms of monthly payments of interest and principal on a 15 year amortization schedule with the principal balance and any accrued interest due and payable in five (5) years. In the event the Sponsor, elects not to or is unable to procure financing for or on behalf of the Purchaser, the Purchase Agreement may be declared null and void by Sponsor pursuant to written notice to Purchaser 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. If no financing is provided and Purchaser has not already waived the financing contingency as set forth above, the Purchaser may also declare the Purchase Agreement null and void by written notice to the Sponsor postmarked or delivered within ten (10) days subsequent to such sixty (60) day period or within ten (10) days subsequent to such notification by Sponsor to Purchaser that such financing will not be furnished, whichever is sooner. In such event, the Down Payment 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. Notwithstanding anything to the contrary contained herein, Sponsor shall have no obligation to either secure a mortgage loan for Purchaser from another lending institution or take back a purchase money mortgage from Purchaser. Further it should be noted that in the event that a Purchaser cannot obtain subsequent financing at the end of the five-year term of the purchase money mortgage supplied by Sponsor, and the Purchaser is otherwise not able to repay the remaining amount of principal due, the Purchaser might lose their Unit and their equity inherent in such Unit.

If the Purchaser obtains a mortgage loan commitment within the time period set forth above, the Purchase Agreement shall be subject to Purchaser's loan commitment being in full force and effect at the time of Closing. Purchaser shall take all possible steps to maintain his commitment, including good faith application for an extension of such commitment to the same lending institution and written application to at least one (1) other lending institution, all at the prevailing rate of interest. In the event Purchaser notifies Sponsor within (30) days after the expiration date of his previous loan commitment by registered mail of his inability to obtain an extension of such previous loan commitment or a new loan commitment, the Purchase Agreement shall be null and void and Purchaser's down payment shall be returned by Sponsor. Failure to provide such notification shall be deemed a waiver of the financing contingency by Purchaser and that the Purchase Agreement is binding.

Anything to the contrary notwithstanding, any expiration of Purchaser's loan commitment as a result of Purchaser's refusal, inability or unwillingness to close title or delay in closing title or the revocation of a commitment by a lending institution resulting from Purchaser's acts or omissions, including but not limited to, Purchaser's failure to satisfy any of the conditions of the commitment, will constitute a waiver by Purchaser of any financing

contingency within the Agreement and the Purchase Agreement shall not be subject to the Purchaser's loan commitment. Additionally, failure of Purchaser to comply with the terms and conditions of the commitment which are unrelated to Sponsor's responsibility to perform under the terms of the Plan does not relieve Purchaser of its obligation to close title.

8. Risk of Loss

The risk of loss from fire or other casualty remains with the Sponsor unless a Purchaser, or one claiming by or through Purchaser, enters into possession of the Unit, then in such instance the risk of loss is borne by the Purchaser.

9. Waivers

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

ASSIGNMENT OF PURCHASE AGREEMENTS

No Purchase Agreement may be assigned without Sponsor's prior written consent. In the event the Sponsor, in its discretion, permits an assignment of a Purchase Agreement, it may elect to impose an assignment fee equal to ten (10%) percent of the Purchase Price. Any notice to be given hereunder shall be in writing and sent by certified mail to the parties at the address given or at such address as either party may hereafter designate to the other in writing.

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 Plan. These requirements, stated below, must be satisfied within one year of the date the Plan is accepted for filing unless the Plan is amended so as to extend this period. However, any amendment to the Plan is hereby deemed to extend this time period to the same extent that the Plan is extended by such amendment. The closing of title to any Unit may not occur until after the Plan has been declared effective and the Condominium Declaration and By-Laws have been duly recorded.

The Plan may be declared effective when a Purchase Agreement has been both executed and accepted by Sponsor for the sale of one (1) Condominium Unit, which represents a minimum of at least fifty (50%) percent of the Condominium Units offered under the Plan. The Plan will not be declared effective based on Purchase Agreements: signed by Purchasers where a right of rescission that has not yet expired or been waived; or with any Purchaser who is the Sponsor or a member of the Sponsor, the selling agent, or the managing agent or is related to the Sponsor, the selling agent, or the managing agent or to any by blood, marriage or adoption or as a business associate, an employee, a shareholder or a limited partner; except that such a Purchaser other than a Sponsor may be included if the Sponsor has submitted satisfactory proof to the Department of Law establishing that the Purchaser is bona fide.

The Plan must be declared effective when Purchase Agreements have been both executed and accepted by Sponsor for the sale of two (2) Condominium Units, which represents one hundred (100%) percent of the Units offered under the Plan.

The Plan may be abandoned, at Sponsor's sole option, at any time before the amendment substantiating effectiveness is filed and before Purchase Agreements for one hundred (100%) percent of the Condominium Units have been executed and accepted by Sponsor. The Plan, if abandoned, shall be abandoned by amendment filed with the Department of Law in appropriate form. Such amendment shall explain the basis for abandonment and must state how any funds received pursuant to the 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. The Sponsor may not abandon the Plan after the amendment substantiating effectiveness is filed for any reason other than (i) a defect in title which cannot be cured without litigation or cannot be cured for less than one-half of one percent of the total amount of the offering, or (ii) work orders of a mortgagee or violations that cannot be cured for less than one-half of one percent of the total amount of the offering, or (iii) substantial damage or destruction of the Building by fire or other casualty which cannot be cured for less than one-half of one percent of the total amount of the offering, or (iv) the taking of any material portion of the Property by condemnation or eminent domain. There will be no obligation on the part of the Sponsor to incur expense or engage in litigation to cure title defects.

The 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

Plan will be submitted by Sponsor stating that the Plan has been declared effective. If requested, Sponsor will submit to the Department of Law copies of all Purchase Agreements, together with any amendments or modifications to such Agreements, within five (5) business days after the request is received.

TERMS OF SALE

1. The Units, when sold by the Sponsor, will be sold in fee simple absolute to Purchasers, who may be individuals, a duly formed 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 offering prices set forth in the column of Schedule A titled "Offering Price" or in an amendment as such prices may be changed by the Sponsor as set forth in this Plan, and will include the respective undivided interest in the Common Elements. At the closing of title to an individual Unit the Purchaser will pay to the Sponsor the balance of the purchase price for the Unit. Good and marketable title to the Unit and its appurtenant interests in the Common Elements will be conveyed as directed by the Sponsor by Bargain and Sale Deed with Covenants against Grantor's Acts and containing the provisions set forth in subdivision 5, Section 13 of the Lien Law, free and clear of all liens and encumbrances other than those set forth in paragraph 4 and paragraph 5 (ii) hereof. The form of unit deed is set forth in Part II of the Plan.

2. 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 the Purchaser the right to rescind the Purchase Agreement. Notwithstanding the foregoing, in the event that a Purchaser, or one claiming by or through Purchaser, enters into possession of the Unit prior to the closing of title, then Purchaser shall bear the risk of loss or other casualty with respect to the Unit except as stated in the section of the Plan titled "Rights and Obligations of the Sponsor". Additionally, Purchaser shall be solely responsible for any damage to, or loss or other condition in, the Unit and Sponsor shall not be obligated to repair any damages to the Unit or its 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 insurance needs.

3. At the closing of title to a Unit, Sponsor will execute and deliver to each Unit Owner an instrument assigning to the respective Unit Owner any manufacturer's warranties with respect to equipment and appliances, if any, installed within such Unit by Sponsor pursuant to the Plan. 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 fixtures installed in the Common Elements. A copy of any manufacturer's warranties, to the extent available,

will be delivered to the Board of Managers and/or Unit Owner, as the case may be, at the First Unit Closing or promptly thereafter.

4. The following encumbrances, encroachments, projections and title exceptions will affect the Property after closing:

- (i) A survey made by Gerald T. O'Buckley, dated 10/12/99 shows a 6 story building with a 1 story extension at the rear. The survey further shows the following projections and encroachments onto Walker Street:
 - a. Roof Cornice 2.4 feet;
 - b. Ledges 0.2 feet;
 - c. Water Table 0.2 feet;
 - d. Key Stone 0.3 feet;
 - e. Stand pipe 1.5 feet;
 - f. Fire escape 3.9 feet;
 - g. Signs 2.9 feet;
 - h. Vault 5.0 feet;
 - i. Fence and wall at variation with the southerly line of record title;
- (ii) Any additional state of facts an updated survey might show, provided same does not render title unmarketable;
- (iii) The area in which the premises is located has been designated as a Historic District, commonly referred to a "TriBeCa East", by notice recorded in the Register's Office in Reel 1962 Page 250. The premises are accordingly subject to the restricted use as provided in New York City Charter, Chapter 8-A;
- (iv) Zoning and building ordinances, resolutions and regulations of municipal authorities having jurisdiction and any amendments thereto;
- (v) The Declaration, By-Laws and Floor Plans of the Condominium to be recorded in the Office of the City Register, as the same may be amended from time to time;
- (vi) Easements in favor of adjoining Units and in favor of the Common Elements for the continuance of all encroachments of such adjoining Unit or Common Elements on the Unit, existing as a result of construction and rehabilitation of the Building, or construction of the individual units, or which may have come or may come into existence, as a result of settling or shifting of the Building, or as a result of repair or restoration of the Building or any portion thereof, or of any adjoining Unit or of the Common Elements made by or with the consent of the Board of Managers after damage or destruction by fire or other casualty or after a taking in condemnation or eminent domain proceedings, or by reason of any alteration or repair to the Common elements, made by or with the consent

of the Board of Managers, so that any such encroachment 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.

- (vii) Easements in favor of the other Units to use the pipes, wires, ducts, conduits, cables, public utilities and other Common Elements located in the Unit or elsewhere on the Property and serving such other Units;
- (viii) Revocability of the right to maintain street vaults and other areas, if any, under sidewalks;
- (ix) Consents by Sponsor or any former owner of the Property for the erection of any structure or structures on, under or above any street or streets on which the Property may abut;
- (x) Any easement or right of ways created in favor of any public utility company for electricity, steam, gas, telephone, water or other service, and the right to use, maintain and repair wires, cables, terminal boxes, lines, service connections, poles, mains, facilities and the like upon, under and across the Property;
- (xi) Service, maintenance and union contracts and agreements, if any, in effect of the date of the First Unit Closing;
- (xii) Encroachments of stoops, areas, cellar steps, doors, ledges, window sills, bay windows, trim, coping, cornices, vaults, chutes, fuel oil lines, drainage pipes, standpipes, sewage pipes, foundations, footings, retaining walls, fences, fire escapes, air condition units, canopy and similar projections, if any, on, over or under the Property or the streets or sidewalks or property abutting the Property and rights of governmental authorities and adjoining property owners to require the removal of any such projections, and variations between record lines of the Property and fences, walls, retaining walls and the like, if any;
- (xiii) All covenants, declarations, restrictions, reservations, agreements and easements of record, if any, which are still in force and effect on the date of the First Unit Closing. The title report obtained by Sponsor dated March 12, 2001 reveals only the declaration as described in item xix below.
- (xiv) (a) Party wall agreement between 79 and 81 Walker Street in Liber 1326, Page 160, and (b) party wall agreement between 81 and 83 Walker Street in Liber 1080, Page 345.

- (xv) Any service contracts to be assumed by the Condominium at the First Unit Closing;
- (xvi) The lien of any unpaid real estate tax, and the lien of any water charges or sewer rents generally (which shall be apportioned at closing);
- (xvii) Any variations between tax lot lines and lines of record title;
- (xviii) Standard printed exceptions contained in the form of title insurance policy then issued by the title insurance company insuring Purchaser's title to its Unit.
- (xix) A restrictive declaration entitled "Caretaker's Apartment Declaration" filed on November 1, 2000 in the Office of the City Register for New York County on Reel 3182 and Page 2446.

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

6. The conveyance of title to a Unit shall take place concurrently with or after the following events have occurred:

(i) The recordation of the Declaration and the By-Laws in the New York County Office of the Register of the City of New York. In addition, a set of floor plans of the Building showing the layout, location and approximate dimensions of the Units shall be filed in same office. As required by Section 339-p of Article 9-B of the Real Property Law of the State of New York, an Architect shall have certified that said floor plans fully and fairly depict the layout, location, Unit designations and approximate dimensions of the particular Unit or Unit. Alternatively floor plans certified by the Tax Assessor of the City of New York as conforming to the official tax lot number for each such Unit shall be filed with the New York County Office of the Register of the City of New York.

(ii) All duly recorded liens or mortgages affecting the Unit to be closed and its undivided Common Interest shall either (a) have been discharged or (b) the mortgagee of any remaining mortgage shall release its lien on the Unit and a partial release which releases such Unit and its undivided Common Interest from such lien shall be recorded, as required by Section 339-r of the Real Property Law.

UNIT CLOSING COSTS AND ADJUSTMENTS

1. General:

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

- a. Payment to Lawyers National Abstract Corp., of the cost of fee title insurance which Sponsor shall order on Purchaser's behalf from Lawyers National Abstract Corp., if Purchaser elects to obtain title insurance. Fee title insurance rates, as quoted by Lawyers National Abstract Corp., as of the date of this Plan are as follows: a base rate of \$371.00 for the first \$35,000.00 coverage; \$6.16 per additional thousand dollars of purchase price up to \$50,000.00; plus \$5.02 per thousand dollars of purchase price in excess of \$50,000.00 up to \$100,000; plus \$4.03 per thousand dollars of purchase price in excess of \$100,000 up to \$500,000; plus \$3.68 per thousand dollars of purchase price in excess of \$500,000.00 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 \$80.00;
- 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 Lawyers National Abstract Corp., as of the date of this Plan will cost a base rate of \$318 for the first \$35,000.00 coverage; \$5.13 per additional thousand dollars of purchase price up to \$50,000.00; plus \$4.19 per thousand dollars of purchaser price in excess of \$50,000.00 up to \$100,000; plus \$3.36 per thousand dollars of purchase price in excess of \$100,000 up to \$500,000; plus \$3.06 per thousand dollars of purchase price in excess of \$500,000.00 up to \$1,000,000.00; plus \$2.82 per thousand dollars of purchase price in excess of \$1,000,000.00 up to \$5,000,000.00. Please note that if a mortgage title policy is purchased simultaneously with a fee insurance policy and through the same company, fee insurance coverage rates shall be discounted.
 3. A mortgage recording tax of two (2%) percent of the mortgage executed by the Purchaser in the amount of less than \$500,000.00. The mortgage

recording tax for mortgages in the amount of \$500,000.00 or more is two and three quarters (2.75%) percent of the mortgage executed by Purchaser.

4. Recording fee for recording of the mortgage, approximately \$100.00;
5. Commitment fee or origination fee, appraisal fee, application fee, credit fee, if any, charged by the lending institution;
- d. New York City Real Property Transfer Tax is currently equal to 1.425% of the purchase price with respect to the Commercial Units which are sold for less than \$500,000.00, and two and five eighth (2.625%) percent if the consideration is greater than \$500,000.00. In condominium transactions, either the seller or the Purchaser can pay these transfer taxes. The obligation is imposed on the purchaser by the terms of the sale. Under the Offering Plan and the Purchase Agreement, Purchasers are required to pay these taxes as a closing cost. For purposes of paying this tax with respect to this project, consideration also includes the amount of New York City Real Property Transfer Tax and New York State Transfer Taxes (deed stamps) to be paid for the unit.
- e. New York State Transfer Taxes (deed stamps), which are currently at the rate of \$2.00 per each \$500.00 of consideration are part hereof. For purposes of paying this tax with respect to this project, consideration also includes the amount of New York City Real Property Transfer Tax and deed stamps to be paid for the Unit. Pursuant to the terms of this Plan, this tax is an obligation of the Purchaser.
- f. The legal fees of Sponsor's attorney in the amount of \$750.00 will be payable by Purchaser to Bernard Bronner, Attorney at Law, provided that an additional fee of \$250.00 per closing shall be due and payable for any Unit Closing which occurs outside the Borough of Manhattan. Further fees of \$200.00 shall be payable by Purchaser to Sponsor's attorney for the work involved for each assignment and/or cancellation of a purchaser agreement or contract. Assignments are permitted only pursuant to the terms of the Offering Plan.
- h. At the time of the closing of title to each Unit, the Purchaser of such Unit shall pay into the Working Capital Fund of the Condominium the sum equal to two (2) months of Common Charges for the Unit being purchased at the time of closing.
- i. Real Estate Taxes from the midnight preceding the date of the closing through the end of the current 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 attorneys and fees of the attorney representing Purchaser's lending institution, Sponsor suggests that Purchasers review their closing costs with an attorney.

The Purchaser will be required to pay 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 will be adjusted between the Sponsor and the Condominium as of the 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. For example if the First Unit Closing occurs on October 1, 2001, Sponsor will have paid the real estate taxes for the Property through December 31, 2001. 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. For example, if the First Unit Closing occurs on October 1, 2001 and real estate taxes have been paid through December 31, 2001, then Sponsor shall only have to place into escrow with the Condominium Board of Managers an amount to cover three months of real estate taxes. 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 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 1st and July 1st of each year, pay to the Board of Managers, for the purpose of paying such Unit Owner's share of the real estate taxes for the ensuing six months, an amount determined by multiplying such Unit Owner's percentage of Common Interest by the aggregate real estate taxes 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 tax lots are apportioned, to correct any discrepancy between the adjustment on the basis of percentage of Common Interest and adjustment on the basis of actual apportionment, it shall be made at that time.

2. Mortgage Tax Credit

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

"In the event the proceeds of a construction mortgage were applied to construction of a unit of a condominium submitted to the provisions of this article, or in the event that a unit submitted to the provisions of this act was subject to a blanket mortgage whose proceeds were applied exclusively to payment of the construction mortgage or to capital expenditures, expenses for the development or operation of the condominium, or to purchase of land or buildings for the condominium provided that such purchase was no more than two years prior to the recording of the declaration of condominium, and a mortgage tax was duly paid on such construction or blanket mortgage in accordance with article eleven of the tax law, then as each unit is first conveyed, there shall be allowed a credit against the mortgage taxes (except the special additional mortgage recording tax imposed by subdivision one-a of section two hundred fifty-three of the tax law) that would otherwise be payable on a purchase money mortgage, said credit to be in the amount resulting from the product of the purchaser's pro-rata percentage or blanket mortgage. No credit shall be allowed under this subdivision one-a of section two hundred fifty-three of the tax law or (b) where the first condominium unit is sold more than two years after the construction or blanket mortgage was recorded."

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

The entire contents of this Paragraph "2" as well as those in Paragraph "1" above, as same may be revised or amended, shall be deemed to be incorporated 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 \$750,000.00 and a mortgage of \$600,000.00 are set forth below. Tax, insurance and recording rates are subject to change.

1. Title insurance for fee and mortgage, including the simultaneous fee discount \$4824.52;
2. recording costs for deed and power of attorneys \$40.00;
3. mortgage recording tax (including any payment to Sponsor pertaining to mortgage tax credit \$16,500.00;
4. recording cost of mortgage approximately \$100.00;
5. New York City Real Property Transfer Tax \$20,283.05;
6. New York State Transfer Taxes (deed stamps) \$3,090.75;
7. legal fee of Sponsor's attorney (assuming closing in Manhattan), \$750.00;
8. real estate tax escrow: for a closing occurring October 1, 2001, the first half of 2001/2002 real estate taxes will have been paid. Therefore, for second half of 2001/2002 real estate taxes due January 1, 2002, three months of real estate tax escrow would be picked up at the Unit Closing. For Unit 3, for example, this amount would be estimated at \$691.00 per month, based upon the estimated assessed valuation of the Property and tax rate. It is also noted that an October 1, 2001 closing where the first half of 2001/2002 real estate taxes are paid would mean that the Purchaser would have to reimburse Seller for three months of real estate taxes. For Unit 3, based upon the estimate in Schedule A, this amount would equal a minimum of \$2,073.00 for three months.

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 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.

RIGHTS AND OBLIGATIONS OF THE SPONSOR

1. The Sponsor shall be obligated to defend, at its own cost and expenses, any suits or proceedings arising out of Sponsor's acts or omissions but shall not be obligated to indemnify the Board of Managers and the Unit Owners against any such suits or proceedings.
2. All representations made by Sponsor under the Offering Plan, all obligations pursuant to the General Business Law, and such additional obligations under the Offering Plan which are to be performed subsequent to the closing date will survive delivery of the deed for individual units.
3. 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 herein shall survive delivery of the deed. Sponsor makes no other representations or warranties except as provided herein. 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.
4. The Sponsor will pay all Common Charges, real estate taxes, special Assessments and other expenses allocable to any Unit owned by the Sponsor, so long as Sponsor shall continue to own the same. As set forth in section "Unit Closing Costs and Adjustments" in this Plan, however, the Sponsor, where Purchaser has caused an unauthorized delay in closing of title, shall be entitled to certain reimbursement of real estate taxes and Common Charges. Sponsor represents that, at the time the Offering Plan is accepted for filing, it has the financial resources to meet its obligations with respect to unsold units. The subsequent ability of Sponsor to perform its obligations under the Plan will depend on Sponsor's financial condition at that time. No bond or other security has been furnished to secure the performance of the Sponsor's obligations under the Plan including Sponsor's obligation to complete the renovation of the Common Elements.
5. 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 the Purchaser the right to rescind the Purchase Agreement. Notwithstanding the foregoing, in the event that a 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 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 insurance needs.

6. The Sponsor shall procure fire and casualty insurance pursuant to an agreed amount replacement value policy as reflected in Schedule B of the Plan.

7. In the event of the dissolution or liquidation of the Sponsor, 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 offered under the Offering Plan, applicable laws or regulations.

8. The renovation work of the Common Elements is being financed from Sponsor's own funds and partially from a construction loan which has already closed at the time of submission of the Offering Plan to the Department of Law. All renovation work of the Units as described in the Plan, if any, is being financed from Sponsor's own funds.

9. The Sponsor will diligently and expeditiously complete the construction and renovation of the Common Elements substantially in accordance with the plans approved by the Department of Buildings and described in the Plan. If any work still remains to be done to complete such work, Sponsor, at Sponsor's own cost and expenses, 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 have been filed as a result of the renovation of the Common Elements substantially in accordance with the plans and specifications described herein. The Sponsor reserves the right to substitute for any of the materials specified in either the Building Plans, the Description of Property and Building Specifications or elsewhere in the Plan, materials of substantially similar or better quality and design. The Sponsor's intention is to use the materials, fixtures and other equipment described in this Plan and in the architectural plans on file, but, due to the possible unavailability of materials and supplies or for any other reason, Sponsor may substitute materials, fixtures and equipment of substantially similar or better quality and design for any of those set forth in the specifications or otherwise in this Plan. The Sponsor may not substitute equipment or materials of lesser quality or design. The Sponsor will not make changes 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 in the Plan, without 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 changes. 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.

10. Ordinarily, the Sponsor is required, at Sponsor's sole cost and expense, to obtain, prior to the closing of a particular Unit, the issuance of a temporary or permanent Certificate of Occupancy for the Unit closed. All renovation work to the Common Elements and the Units described in this Plan has been performed under an Alteration Type 2 Permit issued by the New York City Department of Buildings. Consequently there is no need for Sponsor to alter or amend

the existing permanent Certificate of Occupancy, Certificate No. 56664, issued November 14, 1962, which allows light manufacturing or commercial use as of right.

11. The Offering Plan is not subject to the provisions of GBL Section 352-ee (which applies to public offerings of residential condominium units only) and the Sponsor therefore is not required to state what alterations and improvements to the common areas and public portions of the building will be completed before the First Unit Closing.

12. The provisions of section 20.3(t)(12) of Part 20 of the Regulations promulgated by the Attorney General with regard to Sponsor's obligations arising out of a non-issuance of a permanent certificate of occupancy prior to the First Unit Closing are not applicable to this Offering Plan, as more fully described in paragraph 10 hereof, and are therefore intentionally omitted.

13. Sponsor will not be responsible for correcting or repairing any latent defect 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 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 such as, without limitation, partial or total death of any trees, shrubs, bushes or other landscape improvements, nail pops, ridging and cracking on sheetrock walls, lumber shrinkage, door sticking or window sticking, door warpage, scratches in formica or porcelain surfaces, adjustment of any doors, walls not square, electrical plates not straight, discoloration or shrinkage, 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; (iv) painting defects; (vii) air infiltration from windows; (viii) normal plumbing system, heating system and air conditioning system noises; (ix) normal floor noises and creaking; (x) carpet or floor discoloring or stretching; (xi) repair of chips, scratches, marks, breaks or other defects in window and window sashes, sliding glass doors, electrical fixtures and globes, painted surfaces, sinks, basins, woodwork and doors, mirrors, hardware; (xii) subsequent to the Unit Closing, repairs of dented appliances, if any, or replacement of fluorescent light ballasts; (xiii) salting or color drainage on the roof surface, (xiv) ponding and/or controlled drainage on the roof surface; (xv) cracks in any pressure treated wood or redwood used or intended for use outside the Building; or (xvi) water seepage or infiltration into the Building due to high water table or tidal flooding. 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. Further, the Housing Merchant Implied Warranty Law (GBL Article 36-B) is not applicable to any Unit transferred pursuant to this Plan. The foregoing sets forth the entire obligation of Sponsor to correct any defects and no 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).

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

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

16. The Sponsor agrees to deliver a set of "as built" plans to the Board of Managers reflecting the work performed pursuant to this Plan.

17. No bond or other security other than those required by Part 20 of Title 13 NYCRR has been furnished to secure Sponsor's obligations including Sponsor's obligations to complete construction of the Condominium.

18. Sponsor reserves to itself, its successors, assigns, designees, invitees, contractors, agents and employees any and all rights of access, in and to the Units, Common Elements and Limited Common Elements consistent with the purposes of the Plan and Sponsor's rights and obligations thereunder for purposes of construction, repair, refurbishment, correction, alteration, finishing, servicing and similar work including the completion of construction of the Common Elements in accordance with Sponsor's obligations under the Plan. Sponsor also reserves any and all easements, in and to Units, Common Elements and Limited Common Elements for utility and other easements for the benefit of Unit Owners, Common Elements and Limited Common Elements. Sponsor, Sponsor-Designees and 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 entity affiliated directly or indirectly with Sponsor agrees to repair damage directly attributable to and caused by Sponsor, Sponsor-designees and any entity affiliated directly or indirectly with Sponsor or its agents as a result of exercising such rights of access. During the time the Principals or designees of the Sponsor control the Board, it is within their sole power to enforce the obligations of the Sponsor pursuant to the Plan and pertaining to the Common Elements. Therefore, the Principals agree that during such period they will, in their capacity as the Board of Managers, enforce such obligations when required to do so by a resolution duly passed by a majority of the Unit Owners, excluding the Principals, at a special meeting of the Unit Owners called for such purpose.

CONTROL BY SPONSOR

1. The Sponsor entity is a Limited Liability Company comprised of four individuals and one corporation. Three of Sponsor's individual members are expected to take title to Units not publicly offered in their own names upon the Plan being declared effective as follows: one individual member will take title to Unit 1, one individual member will take title to Unit 4, and two individual members as joint tenants will take title to Units 2 and 5. Such members of the Sponsor are not "Purchasers" under the Plan, and prior to taking title to their respective units, shall not be subject to the terms and conditions herein pertaining to Purchasers. Ordinarily, a Sponsor of an Offering Plan must agree not to exercise voting control of the Board of Managers for more than two (2) years after the first Unit Closing or whenever the unsold units constitute less than fifty (50%) percent of the common interest, whichever is sooner. However, it is important to note that although the Sponsor may not control the Board by majority vote after the sale of the publicly offered Units, members of the Sponsor will exercise voting control of the Board of Managers for more than two (2) years after the First Unit Closing since the Units not publicly offered, owned by members of the Sponsor will constitute up to sixty six and two thirds (66 2/3%) percent of the common interest.

Thus, until such time as there is a resale of one or more units owned and occupied by members of the Sponsor, the members of the Sponsor will maintain sixty six and two thirds (66 2/3%) percent of the common interest and voting control of the Board of Managers in accordance with their percentage of common interest. It is anticipated that the Sponsor members who are Unit Owners will act in their own interest in the same fashion as Unit Owners who purchase the Units publicly offered pursuant to this Plan.

BOARD OF MANAGERS

1. Under the By-Laws of the Condominium, the affairs of the Condominium will be managed by a Board of Managers. Until the first annual meeting of the Unit Owners held pursuant to the terms of Article II Section 5 hereof, the first Board of Managers shall consist of three individuals (the "Interim Board") to be designated from time to time by the Sponsor. From and after the first annual meeting of the Unit Owners, the Board of Managers shall consist of not less than three (3) and not more than six (6) members. All members of the Board shall be either Unit Owners or officers, directors, shareholders, partners, principals, employees or beneficiaries of corporations, partnerships, fiduciaries or any other entity owning a Unit. No Unit may have more than one representative elected to each Board of Managers except as necessary to fill a vacancy on the Board of Managers. Thereafter, within the limits above specified, the number of Managers shall be determined by the Unit Owners at their annual meetings. The Managers shall hold office until their successors have been elected and hold their first meeting.

Within thirty (30) days, after the earlier of (i) the closing of title to five Units or (ii) one half (1/2) year from the First Unit Closing, or such earlier time as Sponsor deems to be in the interest of the parties, the Sponsor shall call a special Unit Owners meeting for the purpose of electing the Board of Managers. At such meeting the Interim Board shall resign and a successor-member Board shall be elected. Thereafter, annual meetings shall be held on or about the anniversary of such date each succeeding year.

It shall be the President's duty to call special meetings of the Unit Owners as directed by the Board of Managers or upon a petition signed by a majority of the Unit Owners presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

2. At the time of submission of this Offering Plan, no decision has been made with regard to the names of the anticipated first officers and members of the Board of Manager.

3. The members of the Board of Managers shall not be personally liable with respect to any contract made by them on behalf of the Condominium within the scope of their authority. The Unit Owners shall indemnify and hold harmless each of the members of the Board of Managers against all contractual liability to others arising out of contracts made by the Board of Managers on behalf of the Condominium in good faith and not contrary to the provisions of the Declaration or of these By-Laws. The liability of any Unit Owner arising out of any contract made by the Board of Managers or out of the aforesaid indemnity in favor of the members of the Board of Managers shall be limited to the proportion of the total liability thereunder as his interest in the Common Elements bears to the interests of all the Unit Owners in the Common Elements. Every agreement made by the Board of Managers or by the managing agent or by the manager on behalf of the Condominium shall provide that the members of the Board of Managers, or the managing agent, or the manager, as the case may be, are acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each

Unit Owner's liability shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements. The members of the Board of Managers shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. It is understood and it is hereby declared permissible for the Interim Board of Managers, who are members of the Sponsor, to contract with the Sponsor and affiliated corporations without fear of being charged with self-dealing.

4. Members of the Board of Managers, committee members, and officers shall not receive any compensation from the Condominium for acting as such.

5. a) At any regular or special meeting of Unit Owners, any one or more of the members of the Board of Managers, may be removed with or without cause by an affirmative vote of Unit Owners whose aggregate Common Interest exceed sixty-six and two-thirds percent ($66 \frac{2}{3}\%$) of the Common Interest of the Condominium, and a successor may then and there or thereafter be elected to fill the vacancy thus created. Any member of the Board of Managers whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at the meeting prior to the vote. If a member of the Board of Managers ceases to be a Unit Owner, the principal or officer of a Unit Owner or the spouse of a Unit Owner, he shall be deemed to have resigned, effective as of the date such ownership interest ceased. Any member of the Board may resign his or her membership at any time by giving written notice to the Board.

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

6. Each Unit Owner (including the Sponsor, if the Sponsor shall then own one or more Units) shall be entitled to cast one vote for each 1% of interest in the Common Elements attributable to the Unit or Units owned by them on all matters where a vote is taken at all meetings of Unit Owners i.e. each Unit has $16 \frac{2}{3}\%$ interest in the Common Elements and therefore each Unit has 16.66 votes; except that, when voting for the election of members to the Board of Managers, each Unit Owner: (i) shall be entitled to one vote for each 1% of Common Interest attributable to his Unit per member to be elected, and (ii) shall not have the right to cumulate his votes in favor of any one or more members to be elected. If Units are owned by more than one individual as joint tenants, tenants by the entirety or as tenants in common or by a partnership, corporation or other entity, the persons owning said Unit shall agree among themselves and cast the votes for their Unit as a single entity. A fiduciary shall be the voting member with respect to any Unit in a fiduciary capacity. Any Unit or Units owned by the Board of Managers or its designee shall not be entitled to vote.

7. The By-Laws may be modified or amended by a vote of $66 \frac{2}{3}\%$ in Common Interest of all Unit Owners at a meeting of Unit Owners duly held for such purpose. Additionally, (i) no such amendment shall adversely affect the lien of any mortgage without the written consent of the mortgagee; (ii) no such amendment may change the percentage of Common Interests allocated to any Unit or Units without the written consent of such Owners; (iii) no such

amendment shall increase the percentage of Common Interests allocated to any Unit or Units without the written consent of the mortgagee(s) of such Unit, or Units, if any. Anything to the contrary notwithstanding, for as long as the Sponsor remains the Owner of one or more Units, these By-Laws, including the Rules and Regulations of the Condominium attached hereto, may not be amended or modified in any way so as to adversely affect the Sponsor, in the Sponsor's sole discretion, without the Sponsor's prior written consent.

The Declaration may be amended, modified, added to or deleted from by an instrument executed by the Board of Managers upon the vote of at least sixty-six and two-thirds (66 2/3%) percent in Common Interest of all Unit Owners, cast in person or by proxy at a meeting duly called and held in accordance with the provisions of the By-Laws, or in lieu of a meeting, any amendment may be approved, in writing by sixty-six and two-thirds (66 2/3%) percent in Common Interest of all Unit Owners, provided, however:

- (a) No amendment, modification, addition or deletion which adversely affects the lien of any mortgage may be made without the written consent of the mortgagee;
- (b) No amendment which shall change the percentage of Common Interests allocated to any Unit or Units may be made without the written consent of such Unit Owner(s); no amendment which shall increase the percentage of Common Interest allocated to any Unit or Units may be made without the written consent of the mortgagee(s) of such Unit, or Units, if any;
- (c) No amendment which changes the provisions of Article Eighteen (ii) of the declaration may be made without first being authorized by an affirmative vote of Unit Owners who own not less than eighty-five (85%) percent in Common Interest of the Units.
- (d) The Sponsor hereby reserves to itself and its designee(s) the right to amend this Declaration at any time without the requirement of a vote and without the approval or consent of any Unit Owners or mortgagees for the purpose of filing the Floor Plans required by the New York Real Property Law Section 339-p for any portion or portions of the Building and appurtenances which are incomplete at the time the Declaration is recorded or which are changed pursuant to Article Eighteen below and filing along with said amendment to the Declaration and the Floor Plans, the verified statement of a registered architect or licensed professional engineer certifying that the plans being filed with such amendment, fully and fairly depict the layout, location, unit designation and approximate dimensions or the particular Unit or Units as built, as provided in said Section 339-p.
- (e) No amendment shall be effective until recorded in the New York County Office of the Register of the City of New York.

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

1. Sale or Lease of Units by Unit Owners and/or the Board of Managers

(i) Each Unit Owner has the right to sell his or her Unit subject to the restrictions set forth in section (ii) hereof. Sponsor or Sponsor-designee need not comply with the provision of section (ii) hereof. The terms and conditions of any commercial lease, including rent, are currently not subject to state or local law.

(ii) No Unit Owner other than the Sponsor or Sponsor-designee may sell or lease his Unit or any interest therein except by complying with the following provisions:

(a) Any Unit Owner who receives a bona fide offer for the sale of his Unit together with: (i) the undivided interest of the Common Elements and any Limited Common Elements appurtenant thereto; (ii) the interest of such Unit Owner in any Units theretofore acquired by the Board of Managers, or its designee, on behalf of all Unit Owners, or the proceeds of the sale or lease thereof, if any; (iii) the interest of such Unit Owner in any other assets of the Condominium; as defined in the Declaration, (hereinafter collectively called the "Appurtenant Interests"), or a bona fide offer for a lease of his Unit; (hereinafter called an "Outside Offer"), which he intends to accept, shall give notice by certified or registered mail to the Board of Managers of such offer and of such intention, the name and address of the proposed purchaser or lessee, the terms of the proposed transaction and such other information as the Board of Managers may reasonably require, and shall offer to sell such Unit, together with the Appurtenant Interests, or to lease such Unit, to the Board of Managers, or its designee, corporate or otherwise, on behalf of the Owners of all other Units, on the same terms and conditions as contained in such Outside Offer. The giving of such notice shall constitute a warranty and representation by the Unit Owner who has received such offer, to the Board of Managers on behalf of the other Unit Owners, that such Unit Owner believes the Outside Offer to be bona fide in all respects. Within twenty (20) days after receipt of such notice, the Board of Managers may elect, by notice given within five (5) days after making such election, and in any event, within said twenty (20) day period, to such Unit Owner, by certified or registered mail, to purchase such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be (or to cause the same to be purchased or leased by its designee, corporate or otherwise), on behalf of all other Unit Owners, on the same terms and conditions as contained in the Outside Offer and as stated in the notice from the offering Unit Owner.

In the event the Board of Managers shall elect to purchase such Unit, together with the Appurtenant Interests, or to lease such Unit, or to cause the same to be purchased or leased by its designee, corporate or otherwise, title shall close or a lease shall be executed at the office of the attorneys for the Condominium in accordance with the terms of such offer but in no event less than forty-five (45) days after the giving of notice by the Board of Managers of its election to accept such offer. At the closing, the Unit Owner, if such Unit, together with the Appurtenant Interests, is to be sold, shall convey the same to the Board of Managers, or to its designee, on

behalf of all other Unit Owners, by deed in the form required by Section 339-o of the Real Property Law of the State of New York, with all transfer stamps affixed, and shall pay all other taxes arising out of such sale. In the event such Unit is to be leased, the offering Unit Owner shall execute and deliver to the Board of Managers, or to its designee, a lease between the offering Unit Owner, as landlord, and the Board of Managers, or its designee, as tenant, covering such Unit, for the rental and term contained in such Outside Offer.

In the event the Board of Managers or its designee fail to notify the offering Unit Owner of its decision to accept such offer within twenty (20) days after receipt of notice as aforesaid or notify the offering Unit Owner within said period of its decision not to accept such offer, the offering Unit Owner shall be free to contract to sell such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be, within thirty (30) days after the expiration of the (20) day period in which the Board of Managers or its designee might have accepted such offer, to the Outside Offeror, on the terms and conditions set forth in the notice from the offering Unit Owner to the Board of Managers of such Outside Offer. The deed to any Outside Offeror shall provide that acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the By-Laws and the Rules and Regulations, as the same may be amended from time to time. Any such lease shall be consistent with the By-Laws and shall provide that it may not be modified, amended, extended or assigned, without the prior consent in writing of the Board of Managers, and that the tenant shall not sublet the demised premises, or any part thereof, without the prior consent in writing of the Board of Managers, and that the Board of Managers shall have the power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of default by the tenant in the performance of such lease. Except as set forth herein, the form of any Unit lease shall be the then current form of commercial lease recommended by Julius Blumberg, Inc., or the Real Estate Board of New York, Inc., with such modifications as shall be approved in writing by the Board of Managers. In the event the offering Unit Owner shall not, within such thirty (30) day period, contract to sell such Unit together with the Appurtenant Interests, or to lease such Unit, as the case may be, to the Outside Offeror on the terms and conditions contained in the Outside Offer, or if the Unit Owner shall so contract to sell or lease his Unit within such thirty (30) day period, but such sale or lease shall not be consummated pursuant to the terms of such contract, then should such offering Unit Owner thereafter elect to sell such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be, to the same or another Outside Offeror on the same or other terms and conditions, the offering Unit Owner shall be required to again comply with all of the terms and provisions of this section.

Any purported sale or lease of a Unit in violation of this section shall be void at the election of the Board of Managers. The Board of Managers shall not exercise any option set forth herein to purchase or lease any Unit without the prior approval of a majority of the Unit Owners.

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

(b) Acquisition or lease of Units by the Board of Managers, or its designee, on behalf of all Unit Owners, may be made from the working capital and Common Charges in the

possession of the Board of Managers, or, if such funds are insufficient, the Board of Managers may levy an assessment against each Unit Owner, other than the offering Unit Owner, in proportion to his ownership in the Common Elements, as a Common Charge, which assessment shall be enforceable in the same manner as provided in the By-Laws, or, the Board of Managers, in its discretion, may borrow money to finance the acquisition or lease of such Unit, provided, however, that no financing may be secured by an encumbrance or hypothecation of any property other than the Unit, together with the Appurtenant Interests, so to be acquired by the Board of Managers.

(c) The Board of Managers may not discriminate against any person on the basis of race, creed, color, national origin, sex, age, disability, marital status or other grounds prohibited by law.

2. Mortgaging of Units by Unit Owners

Each Unit Owner shall have the right to mortgage his or her Unit without the consent of the Board of Managers subject to conditions set forth below. A first mortgage or second mortgage shall be either with an institutional lender, the Sponsor, family member, a business associate or employer or a selling Unit Owner. Purchasers pursuant to the Plan, however, if they seek mortgage financing, shall be required to follow procedures set forth in the Purchase Agreement in Part II of the Plan. A mortgage may be made with a reputable private lender other than the Sponsor or selling Unit Owner subsequent to obtaining written permission of either the Sponsor, prior to Sponsor's relinquishing control of the Board of Managers of the Condominium (sometimes herein referred to as the "Condominium Board" or the "Board of Managers"), or the Board of Managers. No Unit Owner shall be permitted to encumber his Unit with a third mortgage. No such mortgage shall encumber the interests of the condominium or any other Unit Owner. A Unit Owner who mortgages his or her Unit, or the holder of such mortgage, shall supply the Board of Managers with the name and address of his or her mortgagee and shall file a conformed copy of the note and mortgage with the Board of Managers. A Unit Owner who satisfies a mortgage covering his or her Unit shall notify the Board and shall file a conformed copy of the satisfaction of the mortgage with the Board. The Secretary of the Condominium shall maintain such information in a book entitled "Mortgages of Units".

3. Common Charges and Assessments

(i) The Board of Managers shall annually, or more often if the Board of Managers deems appropriate, prepare a budget for the Condominium and determine the amount of the Common Charges payable by the Unit Owners to meet the Common Expenses of the Condominium and allocate and assess Common Charges among the Unit Owners according to their respective Common Interests. The Board of Managers shall also, where necessary, impose an assessment or additional Common Charge in order to meet any unanticipated Common Expense. The Board of Managers shall promptly advise all Unit Owners, in writing, of the amount of Common Charges payable by each Unit Owner, respectively, as determined by the Board of Managers, and shall furnish copies of the budget on which the Common Charges are

based, to all Unit Owners and to each Unit mortgagee who requests such budget by written notice to the Board of Managers.

(ii) The Common Expenses shall also include such amounts as the Board of Managers may deem proper for the operation and maintenance of the Property, including, without limitation, an amount for working capital of the Condominium for a general operating reserve, and for a reserve fund for replacements, to make up any deficit in the Common Expenses for any prior year.

(iii) No Unit Owner shall be liable for the payment of any part of the Common Charges assessed against his Unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of the By-Laws) of such Unit, together with the Appurtenant Interests. In addition, any Unit Owner may, subject to the terms and conditions specified in the By-Laws, provided that his Unit is free and clear of liens and encumbrances, other than permissible mortgages and the statutory lien for unpaid Common Charges, convey his Unit, together with the "Appurtenant Interests" to the Board of Managers, or its designee, corporate or otherwise, on behalf of all other Unit Owners, and in such event be exempt from Common Charges thereafter assessed. A purchaser of a Unit shall be liable for the payment of Common Charges assessed and unpaid against such Unit prior to the acquisition by him of such Unit, except that a mortgagee or other purchaser of a Unit at a foreclosure sale of such Unit shall not be liable for and such Unit shall not be subject to a lien for the payment of Common Charges assessed prior to the foreclosure sale.

(iv) If any Unit Owner defaults in paying the Common Charges or any assessment as determined by the Board of Managers, such Unit Owner shall be obligated to pay interest at the highest legal rate on such Common Charges or assessments from the due date thereof, together with all expenses, including late fees charged by the Board of Managers and attorneys' fees incurred by the Board of Managers in any proceeding brought to collect such unpaid Common Charges or assessments. A Unit Owner defaulting in payment of Common Charge(s) or assessments shall not be permitted to vote at any meeting of Unit Owners.

The Board of Managers has the right and duty to attempt to recover unpaid Common Charges or assessments, together with interest thereon, and the expenses of the proceeding or any action brought to recover the same, including attorneys' fees, brought against a Unit Owner, or by foreclosure of the lien on such Unit granted by Section 339-z of the Real Property Law of the State of New York, in the manner provided in Section 339-aa thereof.

(v) The Sponsor will cause the Board of Managers to file a lien as provided for in Section 339-aa 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.

4. Repairs

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

(ii) Neither the Declaration nor the By-Laws presently contain any provisions with regard to improvements, maintenance and furnishings required by Unit Owners for their Units.

(iii) With regard to the responsibility for repairs or replacements required as the result of negligence or abuse of a Unit Owner, see paragraph (i) above.

(iv) The breach of any By-Law contained herein or of the Declaration, or the violation of any rule or regulation adopted by the Board of Managers, shall give the Board of Managers the right, in addition to any other rights set forth in these By-Laws: (a) upon reasonable notice to the Unit Owner, to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof (no prior notice shall be required in the event the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the Property; for the safety of tenants of the Condominium or other persons; or required to avoid the suspension of any necessary service to the Condominium); or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach; and (c) charge the Unit Owner with the cost of reasonable legal and other fees and costs incurred in enjoining, abating or remedying any such violation.

5. Additions, Alterations and Improvements

(i) No Unit Owner shall make any structural addition, alteration or improvement in or to his Unit, or which affects the exterior of the Building or the structure of the Building or the value of other Units, without prior written consent thereto of the Board of Managers. The Board of Managers shall answer in writing any written request by a Unit Owner for approval of such

Unit Owner's proposed structural addition, alteration or improvement or which affects the exterior of the Building or the value of other Units, within thirty (30) days after such request or respond with a request for additional informational information within such thirty day period, and failure to do so within thirty (30) days time shall constitute a consent by the Board of Managers to the proposed addition, alteration or improvement. Any application for a permit to make an addition, alteration or improvement in and to any Unit made to any department of the City of New York or to any other governmental authority shall be executed by the Board of Managers only, without incurring any liability on the part of the Board of Managers or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom.

In the event the Board of Managers grants its consent, either affirmatively or by its inaction, to any structural addition, alteration or improvement or addition, alteration or improvement which affects the exterior of the Building or the structure of the building or the value of other units to be made by a Unit Owner, the consent shall provide that any such work shall be at the Unit Owner's sole cost and expense, that work shall be done in accordance with all governmental or quasi-governmental laws, rules, regulations, codes and ordinances, that all work shall be done by reputable contractors with adequate liability, property damage and workmen's compensation insurance (certificates for such insurance in a form acceptable to the Board of Managers shall be delivered to the Board of Managers prior to the commencement of construction), that any additions, alterations or improvements, shall be maintained in their entirety by said Unit Owner who shall also be responsible for any repairs, including structural repairs, to such area in any event, and to the Unit and any Common Elements where such repairs become necessary, due to additional stresses caused by the structural alteration, addition or improvement, or due to improper design or construction of the structural alteration, addition or improvement, and such approval shall further provide that the Unit Owner shall reimburse the Board of Managers any expenses incurred by the Board of Managers in connection with the granting of such approval and in connection with any services provided to such alteration, addition or improvement; such expenses may include, but shall not be limited to, any fees of an attorney and/or fees of an architect consulted in connection with any request by a Unit Owner for approval of such work. Any consent given by the Board of Managers, through inaction or otherwise pursuant to this paragraph, shall be subject to regulation by the Condominium as to any one or more of the following aspects of construction:

- a. time periods during which work is permitted;
- b. the manner in which construction debris will be handled;
- c. measures which must be taken to prevent compromising security of the building during construction;
- d. the interruption of services during construction;
- e. measures which must be taken to protect the Common Elements and other Units during construction;
- f. insurance coverage for contractors during construction.

The provisions set forth above which require the consent of the Board of Managers in connection with a structural addition, alteration or improvement or which affect the exterior of

the Building or the value of other Units shall not apply to Units owned by the Sponsor and shall not apply with respect to any Limited Common Element for which the Sponsor has exclusive use. The Sponsor shall not need such consent with respect to such Unit or Limited Common Element. All other provisions set forth above shall apply to all Units. For example, with respect to any structural addition, alteration or improvement to a Unit which is owned by the Sponsor, such work shall be at the sole cost and expense of the Sponsor, and be done in accordance with all governmental or quasi-government laws, rules, regulations, codes and ordinances. All work must be done by reputable contractors with adequate liability, property damage and workmen's compensation insurance (certificates, in a form acceptable to the Board of Managers, shall be delivered to the Board of Managers prior to the commencement of construction). Any such additions, alterations or improvements, shall be maintained in their entirety by the Sponsor, who shall also be responsible for any repairs, including structural repairs, to such area in any event, and to the Unit and any Common Elements where such repairs become necessary, due to additional stresses caused by any structural alteration, addition or improvement, or due to improper design or construction of any structural alteration, addition or improvement. Additionally, the Board of Managers may request reimbursement from the Sponsor for reasonable expenses incurred by the Board of Managers in connection with any services provided to such alteration, addition or improvement.

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

(ii) Non-structural alterations and improvements to Units that do not affect the exterior of the Building or the value of other Units may be made without the prior approval of the Board of Managers. All such improvements must be made in accordance with all applicable laws, regulations and ordinances and all insurance requirements set forth in the Declaration or By-Laws. The Board of Managers may regulate construction work performed within Units as set forth in section 5(i) above.

(iii) No window decorations shall be used in or about any Unit, except such as shall have been approved in writing by the Board of Managers or the Managing Agent, which approval shall not be unreasonably withheld or delayed. In no event, however, shall any glass surfaces of any exterior windows on any Unit be colored or painted. Notwithstanding the foregoing, a Unit Owner has the right to change the lock on the door to his Unit or to add an additional lock, provided that such lock conforms in color and style with the other lock or locks and a copy of the new key is provided to the Board of Managers.

6. Insurance

(i) The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance: (1) fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring the Building containing the Units (excluding interior unit build-outs, furniture, furnishings, or other personal property), together with all service machinery and equipment contained therein and covering the interests of the Condominium, the Board of Managers and all Unit Owners and their mortgagees as their interests may appear, in an amount to be determined by the Board of Managers but in no event less than eighty (80%) percent of the full replacement cost of the Building, including the above noted items, as approved by a fire insurance company or a qualified insurance broker; each of said policies shall contain a Condominium Property Endorsement and a New York standard mortgagee clause in favor of each mortgagee of a Unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee, if any, as herein provided; (2) worker's compensation insurance, if the Condominium has employees; (3) disability benefits insurance if the Condominium has employees; and (4) such other insurance as the Board of Managers may deem necessary to protect the interests of the Condominium. All policies of physical damage insurance shall provide that adjustment of loss shall be made by the Board of Managers (with the approval of the Insurance Trustee, if any, if more than \$100,000.00), and that the total proceeds thereof, if \$100,000.00 or less, shall be payable to the Board of Managers and if more than \$100,000.00 shall be payable to the Insurance Trustee, if any.

Unit Owners who obtain policies of physical damage insurance shall make every reasonable effort to have such policies contain waivers of subrogation and waivers of any reduction of pro-rated liability of the insurer as a result of any insurance carried by Unit Owners or of invalidity arising from any acts of the insured or any Unit Owners, and the individual Unit Owners as well as the Condominium shall be primary insureds to the extent as their interests shall also appear. Such policies may not be cancelled or substantially modified without at least ten (10) days prior written notice to all of the insured, including all Unit mortgagees. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all mortgagees of Units at least ten (10) days prior to expiration of the then current policies if so requested in writing by them.

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Board of Managers may from time to time determine, covering each member of the Board of Managers, the managing agent, the manager and each Unit Owner. Such public liability coverage shall also cover cross liability claims of one insured against another. Until the first meeting of the Board of Managers elected by the Unit Owners the public liability insurance will be in a limit of at least \$1,000,000 covering all claims for bodily injury with respect to any one occurrence.

Unit Owners shall not be prohibited from carrying other insurance for their own benefit, and use their best efforts to insure that such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance procured by the Board of

Managers shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner. Such policies shall be so endorsed as to state that they will in no way conflict with any insurance carried by the Board of Managers.

(ii) The Board of Managers shall not be required to provide insurance coverage for officers' and directors' liability, rent insurance, elevator collision, excess liability, boiler and machinery, and fidelity bonds: Coverage for these items is generally available at extra cost. No coverage is provided for such risks as fire and casualty losses to the contents of each individual Unit, nor does the coverage take into account any future replacements or additions to either the Units or the fixtures and improvements contained therein. In addition, no liability coverage for an individual Unit Owner is included in the coverage provided above. Unit Owners should consult their attorney or insurance agent to determine the advisability of obtaining insurance for their own risk of liability and fire and casualty losses.

(iii) All policies of physical damage insurance shall provide that adjustment of loss shall be made by the Board of Managers (with the approval of the Insurance Trustee, if any, if more than \$100,000.00), and that the total proceeds thereof, if \$100,000.00 or less, shall be payable to the Board of Managers and if more than \$100,000.00 shall be payable to the Insurance Trustee, if any.

7. Restrictions on Occupancy and Use

(i) There shall be no limitations or restrictions on pets in the building other than those explicitly set forth in paragraph (iii) below.

(ii) 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, which are not limited to the exclusive use of a specific Unit Owner. No window decorations shall be used in or about any Unit, except such as shall have been approved in writing by the Board of Managers or the Managing Agent, which approval shall not be unreasonably withheld or delayed. In no event, however, shall any glass surfaces of any exterior windows on any Unit be colored or painted. Notwithstanding the foregoing, a Unit Owner has the right to change the lock on the door to his Unit or to add an additional lock, provided that such lock conforms in color and style with the other lock or locks and a copy of the new key is provided to the Board of Managers.

(iii) Subject to the Certificate of Occupancy of the Building and the restrictions set forth in the Declaration and these By-Laws, the Units may be used for commercial purposes or for any other lawful purpose permitted under applicable zoning laws and ordinances, building code or other rules and regulations of governmental authorities having jurisdiction, provided however that the following uses are not permitted in any Unit:

- a. Food wholesaling, retailing, storage, processing, catering or services;
- b. Discotheque or supper club;
- c. Nightclub or bar;
- d. Veterinarian's office or pet shop;

- e. Martial arts studio or school;
- f. Machine shop or welding shop;
- g. Dry cleaning or laundry service;
- h. Chemical wholesaling, storage, retailing or manufacturing;
- i. Heavy trucking;
- j. Methadone clinic, drug or alcohol rehabilitation;
- k. Exterminating service;
- l. Bicycle messenger center;
- m. Bowling alley;
- n. Manufacturer or sale of tobacco products;
- o. Adult and/or child care facilities;
- p. Leather dying or coloring;
- q. Motel/hotel/hostel/homeless shelter or any transient use;
- r. Sweat shop;
- s. Roller/ice skating rink;
- t. Tattoo parlor;
- u. Waste disposal/refuse center;
- v. Amusement arcade;
- w. Auditorium;
- x. Billiard parlor;
- y. Brewery;
- z. Heavy manufacturing of any kind;
- aa. Discount house, cut rate or discount type of business;
- bb. Adult bookstore or video shop or other adult entertainment facility;
- cc. Lottery ticket sales or gambling;
- dd. Public health club; and
- ee. Any other noxious use (as defined by the Board of Managers).

The limitations and restrictions on business or professional use of the Units as set forth in this Plan shall be the same for all Unit Owners including the Sponsor.

(iv) There are no additional restrictions on occupancy of units owned by corporations, partnerships or fiduciaries other than those set forth in this section.

(v) No improper, offensive, or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be eliminated and remedied to the satisfaction of the issuing agency, by and at the sole expense of the Unit Owner(s) causing such violation or improper use, or the Board of Managers if not caused by a Unit Owner, whichever shall have the obligation to maintain or repair such portion of the Property. No nuisances shall be allowed on the Property nor shall any use or practice be allowed which is a source of annoyance to its occupants or which interferes with the peaceful possession or proper use of the Property by its occupants.

(vi) There shall be no limitations on guest privileges in the building. Notwithstanding the foregoing, no group tour 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 Board of Managers or the Managing Agent in each instance.

(vii) The Common Elements shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of Units. No personal articles (including, but not limited to, garbage cans, bottles, mats, bicycles, etc.) and no furniture, artwork, equipment or doormats shall be placed or stored in entrances, hallways, stairways, or other Common Elements which are not limited to the exclusive use of a specific Unit Owner without consent of the Board of Managers.

(viii) There are no additional limitations on occupancy and use of the Units contained in the certificate of occupancy and zoning regulations other than those set forth in this section of the Plan.

8. Other Material Provisions of the Declaration, the By-Laws and Local Laws

The Property is located in the TriBeCa East Historic District by Notice recorded in Reel 1962, on page 250 in the Office of the New York County Register. The Property is subject to the restricted use as provided in the New York City Charter, Chapter 8-a Section 205-1.0 to Section 207-21.0. This designation imposes special restrictions upon the construction, alteration, demolition, or reconstruction as such activities affect the Building. In the event any alteration of the Building is needed or desired, the Condominium must apply to the Landmarks Preservation Commission for permission to make such alteration. The Commission, before approving said work, may impose certain conditions and/or standards, making the work more costly than it would otherwise be if the Building were not in an Historic Landmark District. Additionally, there may be added legal costs in connection with obtaining approval for such alteration. Landmark status should be viewed as a general limitation upon the alterations of any portion of the Building, particularly the external structure, and may also have an effect upon a subsequent resale of the Condominium Units.

REAL ESTATE TAXES

1. After the Units are separately assessed, each Unit will be taxed as a separate tax lot for real estate tax purposes and the Unit Owner will not be responsible for the payment of, nor will his or her Unit be subjected to, any lien arising from the non-payment of real estate taxes on other Units.

(i) Due to the fact that the City of New York subdivides tax lots into separately assessed lots as of July 1st of every year, there can be a delay of up to a year and several months until a separate assessment can be obtained, depending upon when the Declaration and By-Laws are recorded.

(ii) 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. For example, if the First Unit closing occurs on October 1, 2001, Sponsor will have paid the real estate taxes for the Property through December 31, 2001. 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. For example, if the First Unit Closing occurs on October 1, 2001 and real estate taxes have been paid through December 31, 2001, then Sponsor shall only have to place into escrow with the Condominium Board of Managers an amount to cover three months of real estate taxes. 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 fund 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 1st and July 1st of each year, pay to the Board of Managers, for the purpose of paying such Unit Owner's share of the real estate taxes for the ensuing six 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 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 for an unauthorized delay in closing of title by Purchaser. If no separate 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.

If the units have not been separately assessed for real estate tax purposes prior to the First Unit Closing, the Condominium will collect from the Unit Owners their pro-rata share (as determined by their percentage of common interest) of the taxes for the Building billed as a whole.

2. The Property Division of the Department of Finance of the City of New York assesses the value of real property for real estate tax purposes. The real estate tax projections set forth in Schedule A of Part I cover the First Year of Condominium Operation for the period October 1, 2001 through September 30, 2002. The projection is based upon an appraisal in the amount of \$2,500,000 of the Property for assessment purposes. The appraisal was prepared by JW Consulting, Real Estate Appraiser and Consultant, having an office at 33-33 161st Street, Flushing, New York 11358. The Property is presently assessed at \$267,750 (transitional value) for the tax period July 1, 2000 to June 30, 2001. At the current tax rate of 9.989%, the total annual real estate tax for the entire building is \$26,745. In the event the City of New York reassesses the Property for the tax period July 1, 2001 to June 30, 2002, JW Consulting assumes that, based on a fair market value of the Property of \$2,500,000, the new actual assessment of the Property could increase to approximately \$925,740 which constitutes an increase of \$657,990 over the current assessed transitional value. This increase would be phased in at 20% or \$131,598 per annum over a five year period. Accordingly, the assessed value of the Property for the tax period 2001/2002 would be approximately \$399,348 and for the tax period 2002/2003 the assessed value would be \$530,946. Assuming that the current tax rate of 9.989% remains unchanged, the annual real estate tax for the entire Property would be approximately \$39,891 for the tax period 2001/2002 and \$53,036 for the tax period 2002/2003. Since the First Year of Condominium Operation is assumed to commence on October 1, 2001 ending September 30, 2002, the estimated real estate tax for the entire building will be \$49,749 (3 months of 2001/2002 tax period and 9 months of 2002/2003 tax period) for the First Year of Condominium Operation. The estimated real estate taxes for each Unit as set forth in Schedule A were allocated to each Unit in proportion to its percentage of common interest in the Condominium. This assumes that that the amount of real estate taxes payable and the assessed valuation with respect to each Unit will be levied in the proportion that the common interest bears to the common interest of all Units. There is no assurance that the taxing authority will allocate taxes among Units in proportion to their respective common interests. If they do not, the estimated assessed valuation and real estate taxes applicable to a Unit may be more or less than estimated. In no event will the Sponsor or Sponsor's counsel be liable to any purchaser in the event the amount of taxes or method of assessment differs from those projected.

3. Since the Property is undergoing minimum rehabilitation, Sponsor anticipates that the actual amount of assessed valuation after completion of construction will be not substantially deviate from the projected amount as set forth in paragraph 2 of this section. However, there is no assurance that the taxing authority will assess the value of the Property after completion of construction in accordance with Sponsor's projections as set forth in this section. If they do not, the actual assessed valuation and real estate taxes applicable to a Unit may be more or less than estimated. In no event will the Sponsor be liable to any purchaser in the event the amount of taxes or method of assessment differs from those projected.

4. The amount of real estate taxes payable by Unit Owners in the first year of condominium operation as set forth in Schedule A of Part I of this Plan is based on the projected transitional assessed value of the Property for the tax period 2001/2002. However, the present actual assessed value for the property in the amount of \$315,000.00 will be, in case the property is not subject to a reevaluation of its assessment as set forth in paragraph 2 hereof, phased in over five years at 20% per year, i.e. this increase in assessed valuation will affect the Units accordingly and the current real estate taxes will increase at a rate of 20% per annum, assuming that the current tax rate remains unchanged.

5. No tax certiorari proceedings are currently pending for the Property.

6. The individual Unit Owners are responsible for reviewing and/or challenging the real estate tax assessments of their Units and any costs or expenses arising therefrom shall be borne solely by the individual Unit Owners. Notwithstanding the foregoing, if proceedings are pending for the reduction of real estate taxes on the land and building for the tax year in which the First Unit Closing occurs, the Condominium will continue such proceedings with the attorney previously employed by the Sponsor. Sponsor shall have the sole right to negotiate and settle all claims in connection with said proceedings. The cost of such proceedings, including legal fees, and in the event taxes are reduced any refund shall be apportioned between the Sponsor and the respective Unit Owners based on the ownership of the Unit or Units during respective portions of the tax year. Any refund covering a period prior to the First Unit Closing and all expenses incurred in connection with the obtaining of such refund, shall belong to and be incurred by the Sponsor alone.

INCOME TAX DEDUCTIONS TO UNIT OWNERS AND TAX STATUS OF CONDOMINIUM

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

As more fully set forth in the tax opinion of Bernard Bronner, Esq., counsel to the Sponsor, in section Opinion(s) of Counsel in Part I of this Plan (the "Tax Opinion"), under present law, a Commercial Unit Owner, by using its Unit for its trade or business will be entitled to deduct from its gross income for Federal, New York State and New York City income tax purposes the real estate taxes assessed against the Unit and paid by it with respect to the Unit, and the amount of interest charges paid by it with respect to the Unit during the taxable year on any mortgage indebtedness covering the Unit.

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

- (i) qualifies and elects to be taxed under section 528 of the Internal Revenue Code:
- (ii) is treated as a conduit; or
- (iii) is treated as a corporation

Section 528. The Condominium will not qualify as "homeowners' association", which is taxable under Section 528 of the Internal Revenue Code but not subject to tax under other provisions of the Code. The Condominium will not qualify as a homeowners' association because at least 60 percent or more of the gross income for the taxable year will consist solely of amounts received as fees or assessments from commercial Unit Owners, not residential units as required under Section 528.

Board as Conduit. 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 will be taxed to the Unit Owners. There appears to be no judicial precedent 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.

Taxable as a Corporation. The Service, and local taxing authorities, are likely to contend that the Condominium is taxable as corporation, and therefore is a separate taxpayer with respect to income, deductions and return-filing requirements. The Condominium would be taxable on that portion of the Common Charges which exceeds the deductible expenses paid or incurred by the Board for the operation of the Condominium property. The Condominium would also be taxed 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 subject to inclusion 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.

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 the 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 substantive amount of income other than the Common Charges.

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 THEIR OWN TAX COUNSEL AS TO THE TAX CONSEQUENCES OF THE PLAN AND OF COMMERCIAL UNIT OWNERSHIP.

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March 23, 2001

81 Walker LLC
320 Dean Street
Brooklyn, NY 11217

Re: Offering Plan for Cortlandt Place Condominium
Relating to the Premises located at
81 Walker Street, New York, New York

Ladies and Gentlemen:

You have requested my opinion concerning certain Federal, New York State and New York City income tax consequences of the transactions pursuant to the Offering Plan (the "Plan") for the Cortlandt Place Condominium relating to the premises located at 81 Walker Street, New York, New York (the "Premises"). 81 Walker LLC, a New York Limited Liability Company and the sponsor of the Plan (the "Sponsor"), proposes to transfer condominium interests in the Premises.

You have requested my opinion as to: (i) the availability to Unit Owners of tax deductions for real estate taxes and mortgage interest under Federal, New York State and New York City Law; (ii) the tax status of the Condominium with respect to income taxes and the treatment of its income for Federal, New York State and New York City tax purposes; and (iii) compliance with Section 339-i of the New York Real Property Law in assigning the percentage of common interest to Units.

I have reviewed the Plan, relevant sections of the Internal Revenue Code of 1986 ("Code"), the New York State Tax Law, the New York City Administrative Code, the Regulations promulgated thereunder and such other materials as I deemed relevant in reaching the opinions set forth below.

I. Deductions of Real Estate Taxes and Mortgage Interest

In my opinion, (i) a corporate Commercial Unit Owner may deduct real estate taxes and purchase mortgage interest paid (or, if an accrual-method taxpayer, accrued) during its taxable year in determining taxable income for Federal corporate income tax purposes; (ii) to the extent that a corporate Commercial Unit Owner may deduct real estate taxes and purchase mortgage interest paid or accrued during its taxable year in determining taxable income for Federal corporate income tax purposes, it may also take such deductions in determining its "entire net income" under the New York State Corporation Franchise Tax and the New York City General Corporation Tax; (iii) an individual Commercial Unit Owner who itemizes deductions and who owns a Unit in connection with his or her trade or business may deduct real estate taxes and purchase mortgage interest paid or accrued during the taxable year in determining taxable income for Federal, New York State and New York City Resident personal income tax purposes; and (iv) non-corporate Commercial Unit Owners who own Unit(s) in connection with a trade or business that they conduct in New York City generally may deduct real estate taxes and purchase mortgage interest paid or accrued during the taxable year in determining taxable income under the New York City Unincorporated Business Income Tax. This opinion does not address the deductibility for income tax purposes of mortgage interest and real estate taxes for the caretaker component of the sixth floor commercial unit. Counsel is currently not aware of any IRS Revenue Rulings or any section of the Internal Revenue Code which addresses this particular issue. I strongly advise the purchaser of the sixth floor unit to consult with his or her own tax advisor as to the deductibility of mortgage interest and real estate taxes for income tax purposes.

This opinion does not address the availability of state or city programs which provide tax exemptions or adjustments for real estate taxes which may be available to Unit Owners. Each Unit Owner should independently determine whether any such state or city real property tax exemptions or adjustments are available under his or her circumstances.

II. Taxation of the Condominium

Upon conversion of the Building to condominium ownership, the operation, management and business of the Condominium will be governed by the Board of Managers. The Board of Managers will assess Unit Owners common charges in proportion to their respective Common Interests ("Common Charges") to pay the costs of operating, repairing and maintaining the Common Elements (and not to derive a

profit). The Board of Managers may receive investment income on idle operating funds and reserves.

Under present law, the exact tax status of the Condominium Board is uncertain and accordingly I express no opinion with respect to this matter. The Federal income tax consequence 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 is treated as a corporation, or is treated as a conduit.

Taxable as Corporation. The Internal Revenue Service, and local taxing authorities, will likely treat the Condominium as a corporation for tax purposes, and therefore as a separate taxpayer with respect to income, deductions and tax return filing requirements. The Condominium would be taxed on that portion of the Common Charges which exceeds the deductible expenses paid or incurred by the Board for the operation of the Condominium property. The Condominium would also be taxed on income, if any, derived from the investment of the Common Charges, 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 be able to successfully argue that portions of the Common Charges that it receives should not be included in its gross income i.e. those it collects for special assessments for capital improvements and for some of the personal property to be used by all Unit Owners. Internal Revenue Service Ruling 75-370 indicates 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 because the funds collected are to be used directly for the benefit of an individual owner. Additionally, Internal Revenue Service Ruling 75-371 requires accumulated assessments for the purchase of personal property by the Board for the Condominium be considered contributions to capital of Unit Owners.

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 the 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.

It should be noted that in the event that the Condominium is required to pay any Income taxes, and the Board of Managers 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.

Section 528 of the Internal Revenue Code permits certain condominium and homeowner's associations to be treated as tax exempt organizations. The Condominium will not qualify for treatment under Section 528 as a "homeowners' association" because at least 60 percent of the gross income for the taxable year will consist solely of amounts received as fees or assessments from commercial Unit Owners, not residential units as required under Section 528.

Board as Conduit. If the Condominium Board is treated as a conduit, it will not be subject to tax. Items of income, expenses, credits and deductions will be attributed to each Unit Owner in proportion to his Common Interest. For example, interest earned on funds reported by the Condominium Board will be taxed to the Unit Owners. There currently are no judicial precedents directly supporting such treatment and the position of the Internal Revenue Service, which is more fully described above, appears to be that a condominium management association is taxable as a corporation.

III. Assignment of Percentage of Common Interest

The Opinion of Fairness of Allocation of Common Interest by Sponsor's expert (the "Common Interest Opinion") provides that the assignment of percentages of Common Interest appurtenant to each Unit contained in the Plan is based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the condominium, the uniqueness of the Unit, the availability of common elements for exclusive or shared use, and the overall dimensions of the Unit. This method of assignment is one of the methods set forth in Section 339i(1) of the New York Real Property Law.

Assuming that the floor space, relative values, and other factors listed in the immediately preceding paragraph have been correctly determined, and further assuming that the actual determinations of the assigned percentages of Common Interest appurtenant to each Unit have been properly and accurately made, the assignment of percentages of Common Interest appurtenant to each Unit has been made in compliance with Section 339i(1) of the New York Real Property Law.

This opinion is based on the opinion of Coldwell Banker Commercial Properties Unlimited, a licensed real estate broker. I express no opinion as to the determination of the floor space or values of any or all of the Units, the actual determination of the assigned percentages of Common Interest appurtenant to each Unit, or the accuracy of such assigned percentages. I have not conducted any independent verification of the Common Interest Opinion and I express no opinion with respect to the matters discussed therein. See the discussion "Compliance with Real Property Law Section 339i" prepared by Coldwell Banker Commercial Properties Unlimited contained in Part I of the Plan.

IV. Miscellaneous

This opinion letter does not address the Federal, New York State, New York City or other state, local or foreign tax consequences that may result to a Unit Owner that is not solely resident in New York City and that is not subject solely to Federal, New York State and New York City Resident Income Taxes, or to other investors who may be subject to special treatment under the income tax laws.

This opinion letter is not a guarantee that Unit Owners will be entitled to the treatment discussed herein. This opinion letter is based upon existing rules of law applied to the facts and documents referred to above, and relies upon the accuracy and completeness of each of the Governing Documents and of the other documents and authorities that I have reviewed in connection with the delivery of this opinion letter. No assurances can be given that the laws and decisions upon which I base this opinion will not change. In no event will the Sponsor, the Sponsor's counsel, the board of managers of the condominium, any selling agent or any other person be liable if there are changes in the facts on which counsel relied in issuing this opinion, or if there are changes in the applicable statutes, regulations, decisional law or Internal Revenue Service rulings. This opinion is specifically limited to the opinions contained herein. No opinion is given with respect to any other issues. I strongly advise each person contemplating the purchase of a Unit to consult with his or her own tax advisor as to all tax matters, including the tax matters discussed herein.

You have advised me of your intention to incorporate this opinion in the Plan, and I hereby consent thereto.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Bernard Bronner". The signature is fluid and cursive, with the first name "Bernard" and last name "Bronner" clearly distinguishable.

Bernard Bronner, Esq.

RESERVE FUND AND WORKING CAPITAL FUND

1. Reserve Fund

No provision has been made for any Reserve Fund. Sponsor can make no guaranty or warranty that there will be no need for renewal or replacement of building components or systems or to remedy major building defects within five (5) years subsequent to the First Unit Closing. However, as a result of the Sponsor partially renovating the building, it is not anticipated that major capital improvements will be needed within the next five years.

2. Working Capital Fund

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

3. General

No provision has been made for any Reserve Fund or for any Working Capital Fund other than the above. If additional funds are required, it may be necessary to increase Common Charges or make Assessments on Unit Owners.

4. Closing Adjustments with Condominium Board

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

- (a) Any Common Charges which are Sponsor's obligation for the period from the First Unit Closing to the end of the month in which same occurs.
- (b) employees' wages and any vacation pay, pension and welfare benefits and all other payments or obligations relative to the employees of the Building, if any;

- (c) fees for assignable permits and licenses, if any;
- (d) cost of gas plus sales tax, if any;
- (e) charges for electricity and natural gas, (if any) pertaining to the Common Elements;
- (f) payments under survive and maintenance contracts;
- (g) water charges and sewer rents on the basis of the fiscal year or calendar year for which assessed (unless separately assessed to individual Units);
- (h) cost of supplies on hand at Sponsor's cost (plus sales tax);
- (i) premiums for any transferable insurance policies; and

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

IDENTITY OF PARTIES

Sponsor

The Sponsor of the Offering Plan is 81 Walker LLC, a New York Limited Liability Company with a business address at 320 Dean Street, Brooklyn, New York, NY 11217. The Manager of 81 Walker LLC is Walker MM Corp., a New York Corporation with a business address at 320 Dean Street, Brooklyn, New York, NY 11217. Walker MM Corp. is also a member of the Sponsor and is comprised of two shareholders: Peter Moore, a self-employed real estate developer and investor with a business address at 515 Canal Street, New York, NY 10013. and Bernard Dillenberger, a self-employed real estate investor having a business address at 320 Dean Street, Brooklyn, NY 11217. Peter Moore has been involved in the conversion of commercial buildings to Condominiums or Cooperatives for more than 10 years and a partial list of condominium properties that were developed by Mr. Moore or entities in which he was a principal of the Sponsor are: 153 Hudson Street, New York, NY 10013 (8 condominium units); 459 Washington Street, New York, NY 10013 (13 condominium units); Mr. Dillenberger has not been involved in any offerings for sale of cooperatives, condominiums, planned unit development homes, or time shares within the past five years. Additional Members of the Sponsor, 81 Walker LLC, are Jacob Getz, a self-employed photographer and real estate investor having a business address at 81 Walker Street, New York, NY 10013; William Bialosky, a self-employed architect and real estate investor having a business address at 56 Lispenard Street, New York, NY 10013; Brenda English-Manes and Paul Manes, self-employed real estate investors, having a business address at 81 Walker Street, New York, NY 10013. None of the additional members of the Sponsor has been involved in any offerings for sale of cooperatives, condominiums, planned unit development homes, or time shares within the past five years. Jacob Getz, William Bialosky, Brenda English-Manes and Paul Manes will not participate in the sale or proceeds of the sale of Unit 3 and 6, the proceeds of which shall be distributed to Walker MM Corp. Unit 1 is reserved for conveyance to Jacob Getz, Units 2 and 5 are reserved for conveyance to Brenda English-Manes and Paul Manes, and Unit 4 is reserved for conveyance to William Bialosky. In the event that the Sponsor Members desire to offer some or all of their Units, the same shall be disclosed in a duly filed amendment to this Plan.

Counsel to Sponsor

The Sponsor has retained Bernard Bronner, Attorney at Law, having a business address at Ten Cutter Mill Road , Suite 301, Great Neck, NY 11021, to represent it in the preparation and consummation of the Offering Plan. Mr. Bronner 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 Sponsor in connection with all legal matters incidental thereto. No separate counsel has been retained to represent the Condominium. Mr. Bronner will also represent the Sponsor in connection with the individual unit closings and will act as the Escrow Agent. Mr. Bronner has no financial interest in the property or the Sponsor, except that he may be paid for his services. It is suggested and expected

that each purchaser will consult and be represented by his own counsel in connection with this offering.

Managing Agent

Sponsor has not retained the services of a managing agent for the operation and management of the condominium. The condominium will be self-managed by the Board of Managers and/or the Unit Owners, as the case may be.

Selling Agent

Sponsor has not retained the services of a brokerage company as an exclusive selling agent for the sale of condominium units to prospective purchasers.

Sponsor's Architect

Sponsor has retained Charles Loomis & Chariss McAfee, Architects, having a business address at 1906 Rittenhouse Square, Philadelphia, PA 19103, as the Project Architect. The Sponsor's Architect has no financial relationship, past or present, to the Property or to the Sponsor, except in its capacity as architect. Mr. Loomis has over ten (10) years experience in planning, design and construction management and specializes in loft conversions. An example of other representative buildings planned by Charles Loomes & Chariss McAfee is 72 Reade Street, New York, New York 10013, a seven-story gut rehabilitation and condominium conversion project.

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:

- (1) The financial statement of the condominium prepared by a certified public accountant or public accountant by March 15th of each calendar year for the prior fiscal year; such statement shall be certified while the Sponsor is in control of the board of managers and be delivered to all Unit Owners on or before May 15th of each calendar year for the prior fiscal year;
- (2) Prior notice of the annual Unit Owner's meeting;
- (3) A copy of the proposed annual budget of the Condominium within ten (10) days, prior to the date set for adoption thereof by the Board of Managers.

DOCUMENTS ON FILE

Copies of this Plan, all documents referred to herein and all exhibits submitted to the Department of Law in connection with the filing of this Plan, shall be available for inspection by prospective purchasers without charge and copying at a reasonable charge 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.

GENERAL

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

There are no lawsuits, administrative proceedings or other proceedings now pending that could materially affect this offering, the Purchasers of Units, the Property, Sponsor's capacity to perform all of its obligations under the plan, the Condominium or the operation thereof.

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

In accordance with the provisions of the law of the State and City of New York, neither the Sponsor nor any agent engaged by Sponsor will discriminate against any person on the basis of race, creed, color, national origin, sex, disability, marital status or other grounds prohibited by law in the sale of Units offered by the Sponsor pursuant to this Plan, or in the leasing of any such Units.

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 the 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 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 all monies paid thereunder, with any interest earned thereon. However such rescission, as to a Purchaser who first became a tenant of the Building after the acceptance date of this Plan and pursuant to a Purchase Agreement, will be conditioned on the cancellation of any interim use and occupancy agreement and surrender of possession of his Unit within thirty (30) days thereafter.

All statements and representations made in this Plan with respect to items prepared by others such as the section of the Plan titled "Sponsor's Statement of Specifications or Building

Condition" and the Floor Plans of the Building, have been made in reliance upon the respective firms and their authority as experts.

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

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

The Sponsor is not reserving the right to transfer any air or developmental rights to other buildings. Neither the current owner nor a prior owner has conveyed, transferred or reserved air or developmental rights for use in other buildings. The Sponsor is not reserving the right to add to the building except as is necessary to complete the Units being offered hereunder.

The Property is located in the TriBeCa East Historic District by Notice recorded in the Register's Office in Reel 1962 Page 250. The Property is accordingly subject to the restricted use as provided in the New York City Charter, Chapter 8-a Section 205-1.0 to Section 207-21.0. This designation imposes special restrictions upon construction, alteration, demolition, or reconstruction as such activities affect the Building. In the event any alteration of the Building is needed or desired, the Condominium must apply to the Landmarks Preservation Commission for permission to make such alteration. The Commission, before approving said work, may impose certain conditions and/or standards, making the work more costly than it would otherwise be if the Building were not in a Historic Landmark District. Additionally, there may be added legal costs in connection with obtaining approval for such alteration. Landmark status should be viewed as a general limitation upon alterations to the Building and may also have an effect upon a subsequent resale of the Condominium Units.

The Property has a Certificate of Occupancy, Certificate No. 56664, allowing light manufacturing or commercial use of the Property, issued on November 14, 1962.

An entity controlled by the principals of the Manager of the Sponsor has acquired the adjacent unimproved lot at 83 Walker Street and intends to develop that parcel into a commercial office building or, in the event the Board of Standards and Appeals grants a variance, the parcel will be developed into a residential building.

SPONSOR'S STATEMENT OF SPECIFICATIONS OR BUILDING CONDITION

1. Sponsor adopts the Description of Property and Specifications or Building Condition set forth in Part II of the Plan. The Sponsor represents that, to the best of its knowledge, the Description of Property and Specifications or Building Condition set forth in Part II, prepared by Charles Loomis, Architect, a registered Architect in the State of New York, accurately states the description of property and specifications or building conditions as of the date it was prepared and it accurately summarizes the general nature of the systems, materials, fixtures and equipment 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 of the Plan, materials, equipment, and fixtures of substantially similar or better quality. Sponsor further reserves the right to make all decisions relative to construction methods, practices and designs. Sponsor does not know of any material defect or need for material repairs except as indicated in such Description.

2. 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.

3. Regulations governing disclosure of information regarding Residential Lead-Based Paint, issued by US Environmental Protection Agency ("EPA") and the U.S. Department of Housing and Urban Development ("HUD") became effective on September 9, 1996 (the "Regulations"). The Regulations apply generally to the sale of Residential Condominium Units and Cooperative Apartments, and not to the sale of Commercial Condominiums. Since the Regulations do not apply to the sale of Commercial Condominium Units as offered under this Plan, Sponsor provides the following information for the sole purpose of informing and educating prospective Purchasers about lead-based paint and lead-based paint hazards.

(i) In general, exposure to lead from lead-based paint may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The Sponsor does not make any guaranty, representation and/or warranty as to the accuracy of the disclosure contained herein or as to the presence (including the magnitude thereof) or thereof of lead-based paint hazards, in the Units being purchased. For more information on lead-based paint and lead-based paint hazards, refer to a brochure prepared by HUD, EPA and the Consumer Product Safety Commission entitled "Protect your Family From Lead In Your Home". This brochure can be obtained from Sponsor.

(ii) In connection with Sponsor's acquisition of the premises in November of 1999, a Phase 1 Environmental Site Assessment was conducted by Giorgio Engineering, P.C., Consulting and Environmental Engineers, 98 Rose Avenue, Staten Island, NY 10306. The findings of Giorgio Engineering, P.C. are as follows: "Generally, lead based paint and formaldehyde are other hazards that are commonly found in this type of building. Formaldehyde may be emitted from certain types of foam insulation. This type of wall insulation was not

observed in the building. According to the building superintendent, no record of eye irritation or odor complaint was noticed by the personnel or tenants in the building. The presence of lead-based paint in the building can be determined only by testing. No apparent peeling or cracking on painted surfaces was observed during this inspection".

(iii) Sponsor has not undertaken any separate investigation or risk assessment as to the presence of lead-based paint hazards in the Building and/or the Units. The Sponsor does not have any knowledge that anyone else has undertaken such investigations or risk assessment. The Sponsor does not have any actual knowledge of any lead-based paint or lead-based paint hazards in the Units or in the Building. Since the Building was constructed in 1868, either the Building and/or the Units may have in the past contained lead-based paint and lead-based paint hazards. Although the common areas of the building, including but not limited to the public stairwell, the lobby, front and rear windows, and the tenant storage units in the basement have been or will be rehabilitated by the Sponsor, many of the old plaster surfaces in the commercial units, if any, might still contain lead-based paint and lead-based paint hazards. The portion of the 6th floor Commercial Unit designated as the Caretaker Unit will be newly constructed and all interior surfaces of such Caretaker Unit will be painted with lead-free paint. Prospective Purchasers may undertake their own separate and independent risk assessment or inspection for possible lead-based paint hazards in an offered unit prior to becoming obligated under a Purchase Agreement to purchase a Unit with a qualified inspector at a mutually agreed upon time with the Sponsor.

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PART II

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PURCHASE AGREEMENT

Date of this Agreement: _____, 2001

Purchaser(s) Name: _____

Purchaser's Social Security Number _____
(or Employer Identification Number
if taking Title in the name of an entity)

Address: _____

Telephone: _____

Unit Number: _____

Down payment Herewith \$ _____

* Amount of Mortgage \$ _____
(for a term of not less than years)

Balance Due at Closing
(Unfinanced) \$ _____

Total Purchase Price \$ _____

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

* If Purchase Agreement is contingent on financing, see Paragraph numbered 8 herein.

WHEREAS, 81 Walker LLC, with an office at 320 Dean Street, Brooklyn, NY 11217 ("Seller" or the "Sponsor"), has prepared a Plan of Condominium Ownership of Cortlandt Place ("the Plan") and desires to offer for sale, pursuant to Article 9-B of the Real Property Law of the State of New York, certain Condominium Units (the "Units") to be situated on the land owned by it located at 81 Walker Street, New York County, City of New York, and State of New York. and the Purchaser is desirous of purchasing a Unit in the Condominium, as designated in the Declaration and on the floor plans filed or to be filed in the Office of the Register of the City of New York, County of New York, together with an undivided interest in the Common Elements appurtenant thereto (the above-numbered Unit and the undivided interest being hereinafter collectively called the "Unit").

NOW, THEREFORE, in consideration of the mutual promises and obligations set forth in this Purchase Agreement, the parties mutually agree as follows:

1. Purchaser's Review of Plan and Right of Rescission.

After delivering an executed Purchase Agreement, together with the required deposit, Purchaser will be afforded seven (7) days to rescind this Purchase Agreement and have the full deposit refunded to promptly, provided that Purchaser has not had an opportunity to review the offering plan and any filed amendments for at least three (3) business days prior to such delivery. Such rescission must be by written notice, addressed to the Sponsor, and be postmarked or hand delivered no later than midnight of the 7th day subsequent to Purchaser's delivery of the executed Purchase Agreement. If Purchaser has had an opportunity to review the offering plan and any filed amendments for not less than three (3) business days prior to delivering the executed Purchase Agreement, Purchaser shall not be permitted the aforementioned seven (7) day time period to rescind this Purchase Agreement. Said Plan, which includes the Declaration to be made by the Seller and to be recorded in the Office of the Register of the City of New York, County of New York, the schedules, By-Laws and Rules and Regulations attached thereto, are incorporated herein by reference and made part of this Agreement with the same force and effect as if fully set forth herein.

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

2. Purchaser's Review of Architectural Plans.

Purchaser has been given an opportunity to examine the architectural plans for the above numbered Unit and for the building in which it is located (the "Building"), prepared by Charles Loomis, Architect (the "Architect"). Purchaser is desirous of purchasing the above-numbered Unit as designated in the Declaration and delineated in the floor plans filed or to be filed in the aforesaid Register's Office.

3. Sale of Unit.

Purchaser hereby agrees to purchase and the Seller agrees to sell or have conveyed the Unit designated above as shown on the plot plan which forms a part of the Plan attached hereto, together with an undivided interest in the Common Elements appurtenant thereto for the Total Purchase Price stated above.

4. Payment for Unit.

The Down Payment stated above has been made on the signing of this Agreement, receipt of which by check subject to collection is hereby acknowledged by Seller. The Balance Due at Closing (including the proceeds of the mortgage loan referred to in Paragraph 10 hereof, if any) shall be payable at the closing of title, as hereinafter provided in Paragraph 4, by unendorsed certified check of the Purchaser drawn on, or a cashier's check of, a bank or trust company

which is a member of the New York Clearing House Association to the order of Seller or as otherwise directed by Seller.

5. Closing of Title.

The closing of title shall take place on no less than thirty days' prior written notice to Purchaser at such place as Seller may designate, at an hour and on a date (hereinafter called the "Closing Date") to be specified by Seller. Such date shall be no earlier than thirty(30) days after the date on which written notice is given to Purchaser that the Plan has been declared effective (unless Purchaser and Seller shall agree on an earlier Closing Date). Seller shall have the right, from time to time, to adjourn the Closing Date on written notice to Purchaser. If adjourned, Seller shall fix a new date and time for the closing of title to the Unit and shall give Purchaser not less than five (5) days written notice of the newly scheduled Closing Date. Purchaser shall be entitled to one reasonable adjournment of up to fifteen (15) days, on five (5) days written notice by Purchaser to Seller. In addition to any other rights Seller may have by reason of Purchaser's failure to timely close title when requested, Seller shall be reimbursed by Purchaser for the cost of any real estate taxes and Common Charges which Seller would not otherwise have had to pay if there had been no delay in closing of title by Purchaser.

At the closing of title Seller shall deliver to Purchaser or direct the delivery to Purchaser of a bargain and sale deed, with covenant against grantor's acts, conveying the Unit to Purchaser. Such deed to be in the form contained in Part II of the Plan, executed and acknowledged by Seller or as directed by Seller in a recordable form.

Simultaneously with the delivery of the deed, Purchaser (i) shall pay the Total Purchase Price plus any adjustments less the Down Payment in funds as described above in Paragraph 4 and (ii) shall execute and deliver to the mortgagee the note and mortgage, and any other documents required by the mortgagee, as well as any documents required by Seller.

6. Power of Attorney to Board of Managers.

At the closing of title and simultaneously with the delivery to Purchaser of the deed conveying the Unit, Purchaser shall execute and acknowledge the power of attorney to the Board of Managers in the form contained in Part II of the Plan. Purchaser agrees to deliver such power of attorney to Seller or as directed by Seller at the closing of title for recording and to pay the recording fee.

7. Binding Effect of Declaration, By-Laws, Plan, Rules and Regulations.

Purchaser hereby agrees to be bound by the Declaration, the By-Laws, the Rules and Regulations and the Plan.

8. Condition of Title.

Seller agrees to convey and the Purchaser agrees to accept title in fee simple to the Unit free and clear of all liens and encumbrances, subject to the Declaration, By-laws, and Rules and

Regulations and those permitted exceptions set forth in the Plan, specifically in the section titled "Terms of Sale," and Exhibits submitted in connection therewith and the mortgage referred to in Paragraph 9 hereof, if any (as well as other mortgages, if any, obtained by Purchaser).

Notwithstanding the foregoing, the existence of unpaid taxes or liens of any kind at the time of title closing shall not constitute an objection to title, provided that a reputable title insurance company licensed to do business in the State of New York shall be willing to insure against collection of same from the Unit herein described. The parties agree that the Seller may pay and discharge any liens and encumbrances upon the Property, not provided for in the Plan or this Agreement, out of the monies to be paid by the Purchaser at the time of closing title.

9. Closing Costs and Closing Adjustments.

Purchaser will pay the closing costs and expenses referred to in the Section of the Plan (as same may be amended to date) titled "Unit Closing Costs and Adjustments," including, but not limited to, the amount of any credit for mortgage recording tax as set forth in such Section, payment for title insurance, if Purchaser elects or is required by lender to obtain same, recording fees for recording the Deed and Power of Attorney, New York City Real Property Transfer Tax, New York State Transfer Tax, Seller's attorney's fees for closing the Unit, Purchaser's attorneys fees, and costs associated with obtaining a mortgage loan including Lender's attorneys fees, if any. The legal fees of Seller's attorneys in the amount of \$750.00 will be payable by Purchaser to Bernard Bronner, Esq. provided that an additional fee of \$250.00 per closing shall be due and payable for any Unit closing which occurs other than in the City of New York. A further fee of \$200.00 shall be payable by Purchaser to Seller's attorney for the work involved for each assignment and/or cancellation of a purchase agreement or contract. Assignments are permitted only pursuant to the terms of the Plan. Purchaser will also pay to the Board of Managers a sum equal to two months of Common Charges for the Unit being purchased as Purchaser's contribution to the Working Capital Fund of the Condominium. Except as otherwise provided in this Purchase Agreement or in the Plan, real estate taxes and Common Charges and expenses shall be adjusted between Seller and Purchaser as of midnight preceding the Closing Date in accordance with the provisions of the Plan. Any such expenses or adjustments payable to Seller in excess of \$400.00 will be paid by certified check or bank check drawn on a bank or trust company which is a member of the New York Clearing House Association or any successor organization.

10. Agreement Subject to Mortgages.

Purchaser agrees that all terms and provisions of this Agreement are and shall be subject and subordinate to the lien of any present or future building loan mortgage or development loan mortgage on the Condominium property and any advances heretofore or hereafter made thereon and any payments or expenses already made or incurred or which may hereafter be made or incurred, pursuant to the terms thereof, or incidental thereto, or to protect the security thereof, to the full extent thereof without the execution of any further legal documents by Purchaser. This subordination shall apply whether such advances are voluntary or involuntary and whether made in accordance with the building loan schedule of payments or accelerated thereunder by virtue of lender's right to make advances before they become due in accordance with the schedule of

payments. The Seller shall satisfy all such mortgages or obtain a release of the Unit from the lien of such mortgages at or prior to the Closing Date, except Seller shall not be obligated to satisfy or obtain releases for the individual mortgage of Purchaser thereon, whether same be by extension, assumption, consolidation or otherwise.

11. Financing Contingency (DELETE THIS NUMBERED PARAGRAPH IF PURCHASE WILL NOT BE CONDITIONED ON FINANCING)

This Agreement is conditioned upon Purchaser obtaining a written mortgage loan commitment from a lending institution in the amount of not less than \$_____ for a term of not less than _____ years at a prevailing rate of interest. Purchaser agrees to make all necessary applications for such financing and represents that he shall furnish to Seller and to any prospective mortgagee such information and data pertaining to his financial condition as may be required by Seller or such prospective mortgagee. Purchaser must submit a copy of such financing application to Seller within five (5) days after Seller delivers a fully executed Purchase Agreement to Purchaser. Seller has the right, but not the obligation, to cancel the mortgage financing contingency if Purchaser fails to deliver a copy of the application for mortgage financing within such five (5) day period. Purchaser shall have forty-five (45) days from the date Sponsor accepts and delivers the fully executed Purchase Agreement to obtain a 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 subsequent to such forty-five (45) day period or the date the loan commitment is withdrawn, whichever is applicable, or the financing contingency is deemed waived. Sponsor shall have the right, if it so desires, for a period of sixty (60) days after receipt of such notice to either (i) secure a mortgage loan commitment for Purchaser from the same lender, or another lender in the same amount at the same or the then prevailing interest rate or (ii) agree to take back a purchase money mortgage in the same amount at the same or then prevailing interest rate on the terms of monthly payments of interest and principal on a 15 year amortization schedule with the principal balance and any accrued interest due and payable in five (5) years. In the event no such financing is furnished, the Purchase Agreement may be declared null and void by Sponsor pursuant to written notice to the Purchaser postmarked or delivered within ten (10) days subsequent to such sixty (60) day period or within ten (10) days subsequent to such notification by Sponsor to Purchaser that such financing will not be furnished, whichever is sooner. In the event no such financing is furnished, Purchaser, provided Purchaser has not already waived the financing contingency as set forth above, may also declare the Purchase Agreement null and void by written notice to the Sponsor postmarked or delivered within ten (10) days subsequent to such sixty (60) day period or within ten (10) days subsequent to such notification by Sponsor to Purchaser that such financing will not be furnished, whichever is sooner. If the Purchase Agreement is properly declared null and void pursuant to this paragraph, the Down Payment shall be returned to Purchaser with interest, if any. If the notice declaring the Purchase Agreement null and void is not sent within the above mentioned (10) day period, this financing contingency clause shall be deemed waived. No other financing contingency is permitted by this Purchase Agreement. Notwithstanding anything to the contrary contained herein, Sponsor shall have no obligation to either secure a mortgage loan for Purchaser from another bank or take back a purchase money mortgage from Purchaser.

Anything to the contrary in the preceding paragraph of this Financing Contingency clause notwithstanding, if Purchaser obtains a mortgage loan commitment within the time period set forth above, this Agreement shall nonetheless be subject to Purchaser's loan commitment being in full force and effect at the time of Closing. Purchaser shall take all possible steps to maintain his commitment, including good faith application for an extension of such commitment to the same lending institution and written application to at least one (1) other lending institution, all at the prevailing rate of interest. In the event Purchaser notifies Sponsor within thirty (30) days after the expiration date of his previous loan commitment by registered mail of his inability to obtain an extension of such previous loan commitment or a new loan commitment, this Agreement shall be null and void and Purchaser's down payment shall be returned by Seller. Failure to provide such notification shall be deemed a waiver of this paragraph by Purchaser and that this Agreement is deemed binding.

However any expiration of a commitment as a result of Purchaser's refusal, inability or unwillingness to close title or delay in closing title or the revocation of a commitment by a lending institution resulting from Purchaser's acts or omissions, including but not limited to, Purchaser's failure to satisfy any of the conditions of the commitment, shall be excepted from this requirement, and Purchaser shall be deemed to have waived any financing contingency within this Purchase Agreement and the Purchase Agreement shall not be subject to the Purchaser's loan commitment.

12. Default under Purchase Agreement.

If Purchaser shall fail to pay any portion of the Purchase Price when due, fail to close title on the date, hour and place specified by Seller pursuant to the terms of the Purchase Agreement hereof or fail to perform any of Purchaser's other obligations hereunder (including without limitation the obligation to furnish any lender promptly with such information as such lender may require, and the obligation to accept a commitment on the terms set forth in this Agreement), such failure shall constitute a default by Purchaser and Seller may send notice to Purchaser of Seller's intention to cancel this Agreement if such default shall not be cured within twenty (20) days from the mailing date of such notice or fifteen (15) 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 twenty (20) days from the mailing date or fifteen (15) days after personal delivery of such written notice, Sponsor may (but shall not be obligated to) elect to cancel the Purchase Agreement by notice of cancellation to Purchaser sent after the cure period has expired. In the event that Seller shall elect so to cancel this Agreement, Seller shall certify to its attorneys, Bernard Bronner, Esq., that title has not closed because of Purchaser's default and that Seller has elected to cancel this Agreement by reason thereof, and Bernard Bronner, Esq. shall thereupon pursuant to the default provisions hereunder, cause to have paid over to Seller as liquidated damages the Down Payment (and the actual cost incurred by Seller for any special work in the Unit ordered by Purchaser) and any interest earned thereon (if any), and upon such payment being made each of the parties hereto shall be relieved of any further liabilities or obligations hereunder except Paragraph 28. If this Agreement shall be cancelled by Seller pursuant to the provisions of this Paragraph 12, Seller may sell the Unit to any third party and shall be under no

obligation to account to Purchaser for any part of the proceeds of such sale. Bernard Bronner, Esq. may rely upon the truth and accuracy of the facts contained in Seller's certification and the authority of the person or persons executing the same and shall have no liability as a result of such reliance.

Subject to the foregoing, the Escrow Agent, will hold funds in escrow until:

- (i) otherwise directed in a writing signed by both Sponsor and Purchaser: or
- (ii) directed to disburse the funds by a determination of the Attorney General pursuant to the dispute resolution procedures contained in the Attorney General's regulations; or
- (iii) a judgment or order of a court of competent jurisdiction is served on the escrow agent directing the Escrow Agent to disburse or otherwise handle the funds.

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

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

- (i) a Purchaser who timely rescinds in accordance with the rescission provisions 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 down payment and any interest thereon. The Sponsor must apply to the Attorney General if there is a dispute on the disposition of the Down Payment and any interest thereon. A form for this purpose is attached as Exhibit "A" to this Purchase Agreement. The Party applying for a determination must send a copy of the application to all other parties. Pending the determination of the Attorney General to grant or deny the application, the Sponsor, Purchaser, and Escrow Agent shall abide by any interim directive issued by the Attorney General.

13. Default of Purchaser-Occupant.

If Purchaser becomes an occupant of the Building pursuant to an Interim Use and Occupancy Agreement, his failure to pay rent or otherwise comply with his use and occupancy

obligations shall constitute a default under this Purchase Agreement. Upon the occurrence of such default, Seller shall have the right to cancel this Purchase Agreement upon sending Purchaser ten (10) days prior written notice of its intention to do so. If Seller elects to cancel, Purchaser shall have twenty (20) days from the giving of the cancellation notice within which Purchaser must cure the specified default. If the default is not timely cured the lease or use and occupancy agreement will be deemed cancelled by Seller upon the occurrence of either of the following: (i) Seller having obtained an order of eviction or other judgement or order from a court or agency of competent jurisdiction against the Purchaser or (ii) the Purchaser having vacated the Unit. Upon such cancellation, Purchaser shall immediately remove himself and any of his personal possessions from the Unit and Sponsor shall have the right to retain, as and for liquidated damages, all payments made hereunder (but in no event to exceed ten percent (10%) of the Total Purchase Price, plus any interest, excluding the actual cost incurred by Seller for any special work in the Unit ordered by Purchaser and the cost for repairs and maintenance necessitated by Purchaser's occupancy). Any additional deposits in excess of ten percent (10%) of the Total Purchase Price, plus any interest, subject to the exception with respect to the actual cost incurred by Seller for any special work in the Unit ordered by Purchaser and the cost for repairs and maintenance necessitated by Purchaser's occupancy, shall be refunded to Purchaser promptly thereafter. Upon cancellation of this Agreement and making such refund to Purchaser (if any), the Purchaser and the Seller will be released and discharged of all further liability and obligation hereunder and under the Plan except Paragraph 28. The Unit may thereafter be sold to another as though this Agreement had never been made and without accounting to Purchaser for the proceeds of such sale.

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

14. Binding Nature of Purchase Agreement, and Assignability.

This Agreement shall not be effective or binding on Seller until a counterpart hereof is executed by Seller and delivered to Purchaser. Subject to the provisions hereof, this Purchase Agreement shall bind and inure to the benefit of the parties hereto, their heirs, personal representatives, successors and assigns. Purchaser shall have no right to assign this Purchase Agreement without Seller's prior written consent. Any purported assignment of this Purchase Agreement in violation thereof shall be void at the option of Seller.

15. Notices.

Any notice to be given hereunder shall be in writing and sent by registered or certified mail or personal delivery to Purchaser at the address given above and to Seller at 320 Dean

Street, Brooklyn, New York 11217 (with copy to Bernard Bronner, Esq., Ten Cutter Mill Road, Suite 301, Great Neck, NY 11021) or at such other address as either party may hereafter designate to the other in writing. The date of mailing shall be deemed to be the date of the giving of notice, except that the date of actual receipt shall be deemed to be the date of the giving of any notice of change of address.

16. No Representation.

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

17. Recording of Deed and Power of Attorney.

At the closing of title, Purchaser will deliver the executed deed received from Seller and executed and acknowledged power of attorney to the representative of the title company, if any, or to Seller for recording in the Office of the Register of the City of New York, County of New York. Such deed and power of attorney will be in the form set forth in the Plan.

18. Agreement Subject to Plan Becoming Effective; Seller's Right to Cancel.

This Purchase Agreement is contingent upon the Plan being declared effective. The Plan may be abandoned by Seller at any time prior to its being declared effective, provided Purchase Agreements for two or more of the Units offered pursuant to this Plan have not been executed and accepted by the Sponsor. If the Plan is abandoned or does not become effective, this Purchase Agreement shall be deemed cancelled, and the Plan terminated and Purchaser is to receive back, not later than twenty (20) days thereafter, in full, all monies paid by him hereunder, and upon such repayment no party shall have any claim against any other party, person or entity, and all parties shall be released from all obligations hereunder and under the Plan. If, after the Plan is declared effective, title to the Unit shall not close within the time set forth in the Plan for any reason other than Purchaser's default, then, at Purchaser's option, upon prior written notice sent by Purchaser to Seller within fifteen (15) days subsequent to the end of the scheduled closing date, after permitted adjournments, this Purchase Agreement shall be deemed cancelled. If this Purchase Agreement is cancelled pursuant to the provisions of this paragraph, then not

later than twenty (20) days thereafter, Purchaser shall receive a refund in full, of all monies paid by Purchaser hereunder, with the interest earned thereon, if any. Upon such repayment, neither party shall have any claim against the other and both shall be released from all obligations except Purchaser's obligation pursuant to Paragraph 28.

19. Monies to be Held in Trust; Payment of Purchase Price; Notice of Closing.

The required Down Payment pursuant to this Agreement will be ten percent (10%) of the purchase price for the Unit set forth in the Plan, as amended, which Down Payment shall be increased by special work or materials, if any, offered by Seller and ordered by Purchaser as itemized in this Agreement. All monies, including all deposits, down payments or advances, received by Seller through its agents or employees pursuant to this Agreement either prior to or subsequent to the Consummation of the Plan will be deposited with North Fork Bank, in a segregated, special escrow account or accounts titled "Bernard Bronner, Esq., Escrow Account" or similar name, with the name of Purchaser and Unit number used in the title of each sub-account at its branch located at 1001 Avenue of the Americas, New York, New York. Such account or accounts shall be interest bearing if so requested by Purchaser in accordance with Section 71-a(3) of the Lien Law. Such funds shall be deposited within five (5) business days after this Agreement is executed by all necessary parties. Such funds will be held in trust in accordance with the escrow and trust provisions of Sections 352(h) and 352-e(2-b) of the New York General Business Law, the terms and conditions of the Plan and the Regulations promulgated pursuant to said Section 352-e(s-b) by the Attorney General's Office. Such funds will be disbursed only upon written instructions of Bernard Bronner, Esq., Seller's attorney, as follows: (i) to Seller or as directed by Seller if the Plan is declared effective and title closes hereunder or if Purchaser defaults hereunder; or (ii) to Purchaser if the Plan is abandoned or withdrawn or title does not close because of Seller's default, or this Agreement is cancelled (without default by either party) in accordance with its terms. Down Payments, with any accumulated interest, shall remain the property of the Purchaser except as provided by law.

Down Payments will be retained in the special account as set forth above until: (i) Seller performs under the terms of the Purchase Agreement or (ii) Purchaser rescinds or defaults in performance, thereby excusing performance by Seller or (iii) release or discharge of Seller's liability to refund such down payment or (iv) upon transfer of title to the Unit to the Purchaser, or (v) by mutual consent of Seller and Purchaser, including provisions in the previous paragraph, or (vi) as provided for in the section of the Plan titled "Procedure to Purchase", which is incorporated herein by reference.

As an alternative to depositing Down Payments in escrow as set forth above, Seller, provided it first obtains an exemption from the Department of Law, may 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.

In the event of an uncured default by the Purchaser in its obligations under the Purchase Agreement, no more than ten percent (10%) of the purchase price plus any interest earned thereon, may be retained as liquidated damages. Notwithstanding the above, the actual cost incurred by Sponsor for any special work in the Unit ordered by Purchaser may also be retained

as liquidated damages. Seller agrees not to seek the remedy of specific performance in connection with Purchase Agreements as to which there has been a default by Purchaser. No Down Payment or other monies shall be released pursuant to an uncured default by Purchaser prior to the First Unit Closing.

The balance of the purchase price will not be payable until closing of title to the Unit.

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

20. Equipment and Furnishings.

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

21. Acceptance of Condition of Unit; Risk of Loss.

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

(ii) Prior to the closing of title to a Unit, no Purchaser shall be permitted to enter the Unit without the prior consent of Seller. Purchaser may enter and inspect such Unit prior to the closing of title, upon scheduling an inspection appointment with Seller. Under no circumstances shall Purchaser perform or cause to be performed any work in such Unit prior to the closing of title thereto.

(iii) Purchaser represents to Seller that he has examined the Unit and agrees that his execution of this Purchase Agreement shall constitute acceptance of the Unit and the Building and all fixtures, machinery, equipment, furnishings, appliances, installations and other personal property contained therein, in their present condition on the date of this Purchase Agreement, subject to reasonable use, wear, tear and natural deterioration between the date of this Purchase Agreement and the Closing Date and subject to any other obligations of Seller under the terms of the Plan to complete the Unit.

(iv) Except as set forth below, the risk of loss from fire or other casualty with respect to the Unit shall remain with the Seller until the closing of title for the Unit. The Seller, 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. Subsequent to the filing of an amendment substantiating effectiveness of the Plan, Seller may be required to repair or restore as set forth below. Notwithstanding the above, in the event that Purchaser, or one claiming by or through Purchaser, enters into possession of the Unit prior to the closing of title, then Purchaser shall bear the risk of loss or other casualty with respect to the Unit and shall be obligated to pay for the repair of the Unit and the restoration of the Unit to the condition it was to be sold in (including any additions). Additionally, Purchaser shall be solely responsible for any damage to, or loss or other condition in, the Unit and Seller shall not be obligated to repair any damages to the Unit or his appliances, fixtures and equipment. Further, Purchaser's failure to repair the damage shall not excuse him from paying the balance due under this Purchase Agreement and accepting title to the Unit.

(v) If Seller or (in the event the Declaration is filed) the Unit Owners elect to repair or replace the loss or damage which Seller is not required to repair or replace, this Agreement shall continue in full force and effect, Purchaser will not have the right to reject title to the Unit or to receive a credit against, or abatement of, the purchase price, and Seller will be entitled to a reasonable period of time to complete (or to permit the Condominium Board to complete) such repairs or replacements. Purchaser will not be required to pay the balance of the purchase price unless and until (i) the Unit has been substantially repaired to as near as reasonably possible to its condition immediately prior to the casualty and (ii) its essential services (such as gas, electricity and heat) and a reasonable means of ingress and egress to the street have been restored. Any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss will belong entirely to Seller (subject to the rights, if any, of the Condominium Board or other Unit Owners) and if such proceeds are paid to Purchaser, Purchaser will promptly, upon receipt, turn them over to Seller. The provisions of the preceding sentence will survive the closing.

(vi) In the event Seller is not obligated to restore or repair as set forth above and notifies Purchaser that it does not elect to repair or restore the Unit or if the Unit Owners do not resolve to make such repairs or restoration pursuant to the Condominium's By-Laws, this Agreement will be deemed cancelled and of no further force or effect and Seller will instruct the Escrow Agent to return to Purchaser all sums deposited hereunder (with interest, if any) whereupon the parties will be released and discharged from all obligations and liability hereunder and under the Plan, except that if Purchaser is then in default hereunder (beyond the applicable grace period, if any), Seller will retain the sums as liquidated damages.

22. Possession of Unit Prior to Closing.

It is expressly understood and agreed that the Purchaser shall in no event take possession of the Unit prior to the time of the delivery of the deed and full compliance by the Purchaser with the terms of this Agreement, and should the Purchaser violate this provision, the Purchaser consents that the Seller shall have the right to remove him from the Unit as a squatter and intruder by summary proceedings. Upon the Purchaser's unauthorized possession, the Purchaser shall be deemed in default hereunder at the option of the Seller, and if the Seller so elects, the Seller may cancel this Agreement and the amount deposited hereunder shall belong to the Seller as liquidated damages deemed earned hereunder. In the event of a loss, Purchaser shall be

responsible to Seller for the cost of repair and restoration to the Unit and to the Sponsor or Condominium, whichever the case may be, for the cost of repair and restoration to the Building. It is further understood and agreed that the Seller will not be responsible for damage or loss to any property belonging to Purchaser whether same is delivered to the Property before, on or after the closing of title herein. Seller may, in its discretion, grant Purchaser possession of the Unit prior to closing under an interim use and occupancy agreement, if the Unit is currently or hereafter becomes vacant.

23. Limitation of Seller's Liability.

The Seller's liability under this agreement for failure to complete and/or deliver or have delivered title for any reasons whatsoever shall be limited to the return of the money deposited hereunder (with interest, if any), and upon the return of said money, this Agreement shall be null and void and the parties hereto released from any and all liability hereunder. In any event, the Seller shall not be required to bring any action or proceeding to render the title to the Unit marketable or to cure any objection to title.

24. Definitions.

The terms used herein shall have the same meanings as ascribed thereto in the Plan.

25. Number and Gender.

The use of the singular in this Purchase Agreement shall be deemed to refer to the plural when the context so requires, and the plural shall be deemed to refer to the singular when the context so requires. The term "Purchaser" shall be read as "Purchasers" if more than one person are purchasers, in which case their obligations shall be deemed joint and several. Further, the use of the masculine gender in this Purchase Agreement shall be deemed to refer to the feminine gender or to an entity whenever the context so requires.

26. Other Agreements.

This Purchase Agreement supersedes any and all understandings and agreements between the parties and constitutes the entire agreement between them and no oral or written representations or statements shall be considered a part hereof, except those contained in the Plan.

27. Amendment of Purchase Agreement.

This Purchase Agreement may not be amended, altered or changed except by agreement in writing signed by the party sought to be charged therewith or by his, her or its duly authorized agent.

28. Brokerage.

Purchaser represents and warrants to Seller that Purchaser did not negotiate with any broker for the purchase of the Unit other than _____. Purchaser hereby agrees to indemnify, defend and hold Seller harmless from any claims by any broker that alleges that he has dealt with Purchaser in connection with the purchase of the Unit. The obligation of Purchaser to indemnify, defend, and hold Seller harmless for claims of brokers shall survive Closing or the termination of the Purchase Agreement.

29. Governing Law.

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

30. Trial by Jury Waiver.

Purchaser hereby waives trial by jury in any action, proceeding, or counterclaim involving any matter whatsoever arising out of, or in any way connected with this Purchase Agreement or the relationship of the parties as Purchaser and Seller, or the right of Purchaser to any statutory relief or remedy.

31. Acceptance by Seller.

Within twenty (20) days after delivery to Seller or its Agent by Purchaser of this Purchase Agreement, executed by Purchaser, with the Down Payment, Seller will either:

- (a) accept this Agreement and cause to be returned to Purchaser a fully executed counterpart thereof or;
- (b) reject this Agreement offer and refund the down payment tendered by Purchaser.

32. Transfer Tax Return.

At closing, Purchaser will complete and sign before a Notary Public the transfer tax return required to be filed with the City of New York and the appropriate New York State form (TP-584 or its successor) required to be filed with the New York County Register's office. This transfer tax return forms shall be delivered at closing to the representative of Purchaser's title insurance company (or, if none, to Seller's attorney) for filing with the proper governmental officer. Additionally, at the execution of this Agreement, Purchaser shall execute and deliver to Seller any such other documents required pursuant to New York State or New York City Law. Seller shall have the right, but not the obligation, to hold Purchaser in default if Seller accepts this Purchase Agreement without the required documents and Purchaser then fails to execute and deliver the required documents within five (5) days after request is made therefor by written notice of Seller. Purchaser shall also execute and deliver to Sponsor a W-9 Internal Revenue Service form or its successor form.

32. Survival.

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

33. Conflict with Plan.

Any conflict between the Plan and this Purchase Agreement will be resolved in favor of the Plan.

34. Foreign Investment in Real Property Tax Act.

Pursuant to the Foreign Investment in Real Property Tax Act (FIRPTA), upon disposition of a United States real property interest by a foreign person on or after January 1, 1985, the Purchaser of such real property interest must deduct and withhold a tax equal to ten percent (10%) of the purchase price unless the Seller furnishes a certificate that it is not a foreign entity or individual. Seller, a New York limited liability company, will furnish to Purchaser a non-foreign certification at closing, thereby complying with FIRPTA and relieving Purchaser from any withholding obligations.

35. Captions.

The captions in this Purchase Agreement are for convenience and reference only and in no way define, limit or describe the scope of this Purchase Agreement, or the intent of any provision hereof.

Dated: _____, New York

_____ L.S.

Purchaser

Accepted:

81 WALKER LLC

By: Walker MM Corp.,
Managing Member of 81 Walker LLC

By: _____
Bernard Dillenberger
President of Walker MM Corp.

Date: _____

ETF-1

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

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

Re: _____
Address of Building or Name of Project

File Number: _____

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

1. Name of Applicant _____
2. Address of Applicant _____
3. Name, Address, and Telephone Number of Applicant's Attorney (if any) _____

4. This is an application for

		return of downpayment.
		forfeiture of Downpayment.
		other: _____
5. The project is

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

		a cooperative.
		a condominium.
		a homeowners association.
		a timeshare.
		other: _____

2/6/92

7. Name and Address of Sponsor: _____

- Name and Address of Escrow Agent: _____

9. If downpayments are maintained in an escrow account:
- (a) Name of account _____
 - (b) Name and address of bank _____
 - (c) Account number (if known) _____
 - (d) Initial interest rate (if known) _____
10. If downpayments have been secured by bonds:
- (a) Name and address of bond issuer or surety: _____

 - (b) Copy of bond included in this application. (DO NOT SEND ORIGINAL BOND). If not included, explain:

11. If downpayments have been secured by a letter of credit:
- (a) Name and address of bank which issued the letter of credit: _____

 - (b) Date of expiration of the letter of credit, if known:

12. Plan information:
- (a) Date of filing of plan: _____

- (b) Plan
- | | | |
|--|--|--|
| | | has been declared effective. Approximate date: _____ |
| | | has not been declared effective. |
- (c) If effective, the plan
- | | | |
|--|--|--|
| | | has closed or the first unit has closed. Approximate date: _____ |
| | | has not closed. |
| | | don't know. |
- (d) Downpayments are secured by
- | | | |
|--|--|-------------------|
| | | escrow account. |
| | | bonds. |
| | | letter of credit. |

13. Contract information:

- (a) Copy of contract and of all riders or modification letters are attached. (DO NOT SEND ORIGINALS.)
- (b) Date on which subscription or purchase agreement was signed: _____
- (c) Date(s) of downpayment(s): _____
- (d) Total amount of downpayment(s): _____
- (e) Names and addresses of subscribers or purchasers affected by this application:

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

15. I am contemporaneously sending a copy of this application to the following persons:

Note: You are required to mail a copy of this Application to all other affected parties.

In filing this application, I understand that the Attorney General is not my private attorney, but represents the public in enforcing laws designed to protect the public from unlawful business practices. I also understand that if I have any questions concerning my legal rights or responsibilities I may contact a private attorney. The above application is true and accurate to the best of my knowledge. False statements made herein are punishable as a Class A Misdemeanor under Section 175.30 and/or Section 210.45 of the Penal Law.

Signature: _____ Date: _____

Name (Printed): _____

Telephone: (Home) _____ (Business) _____

Mailing Address: _____

2/6/92

ETF-3

**ATTORNEY GENERAL
OF THE STATE OF NEW YORK
MODEL FORM
FOR ESCROW AGREEMENT**

AGREEMENT made this 21st day of March, ~~19~~2001, between ("SPONSOR") as sponsor of the offering plan and Bernard Bronner, Esq. ("ESCROW AGENT") as escrow agent.

WHEREAS, 81 Walker LLC is the sponsor of an offering plan to convert to ~~cooperative~~/condominium ownership the premises located at 81 Walker Street NY, NY which premises are known as Cortlandt Place; and

WHEREAS, Bernard Bronner, Esq. 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 agree as follows:

Eff. 2/6/92

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 _____
1001 Avenue of the Americas
North Fork Bank at its branch located at New York, NY. The
depository bank address
account number is XXXXXXXXXXXX.
- 1.2 The name of the account is Bernard Bronner, Esq., Escrow Management Acct
XXXXXXXXXXXX
- 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~~ is not an IOLA established pursuant to Judiciary Law § 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 Bernard Bronner, Esq.
as escrow agent for Cortlandt Place offering plan. Any instrument payable
or endorsed other than as required hereby, and which cannot be deposited into such
escrow account, shall be returned to the prospective purchaser or subscriber
promptly, but in no event more than five 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 received 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 contained 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

RECORDKEEPING

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 cancelled, by either:

- (a) Written notice given by SPONSOR to ESCROW AGENT of cancellation of designation of ESCROW AGENT to act in said capacity, which cancellation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or
- (b) The resignation of ESCROW AGENT upon giving notice to SPONSOR of its desire to so resign, which resignation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor

ESCROW AGENT; or

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

7.2 Upon termination of the duties of ESCROW AGENT as described in paragraph 7.1 above, ESCROW AGENT shall deliver any and all funds held by 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 This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

10. **ESCROW AGENT'S COMPENSATION**

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

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 to the day and year first written above.

ESCROW AGENT

_____/s/

By: Bernard Bronner, Esq.

Print Name

SPONSOR

81 Walker LLC

_____/s/

B. Dillenberger, President of
Walker MM Corp., Manager of 81 Walker LLC
By: _____

Print Name & Title

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POWER OF ATTORNEY

The undersigned, _____, the Owner of Unit No. _____ in the Condominium known as CORTLANDT PLACE, located at 81 Walker Street. New York. NY 10013, 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 _____. 2001, and recorded in the New York County office of the Register of the City of New York on _____, 2001 in Reel _____ at Page _____ and on the Floor Plans on file in said office as Map No. _____, do hereby nominate, constitute and appoint the persons who may from time to time constitute the Board of Managers of CORTLANDT PLACE 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 Interest, any Unit whose Owner desires to abandon or sell the same, the undivided interest in the Common Elements appurtenant thereto, the interest of such Unit Owner in any other Units theretofore acquired by the Board of Managers, or its designee, on behalf of all Unit Owners, or in the proceeds of sale or lease thereof, if any, and the rights and privileges appurtenant thereto, the interest of such Unit Owner in all other assets of the Condominium as defined in the aforementioned Declaration or any Unit, which shall be the subject of a foreclosure or other judicial sale, or to lease any Unit whose Owner desires to rent the same, at such price or on such rental, as the case may be, pursuant to the offer as required by the right of first refusal, and on such terms as said attorneys-in-fact shall deem proper, subject to the rights of any mortgagee whose mortgage was not extinguished as a result of such foreclosure, judicial sale or acquisition, and thereafter to convey, sell, lease, sublease or mortgage (but not to vote the votes appurtenant thereto) to otherwise deal with any such Units so acquired by them, 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 81 Walker 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 shall be required by (a) an institutional lender procured by Sponsor to make a mortgage loan secured by a mortgage on any Unit, (b) any governmental agency having regulatory jurisdiction over the Condominium, or (c) any title insurance company selected by Sponsor to insure title to any Unit, provided, however, that any amendment made pursuant to the terms of this paragraph shall not (i) change the Common Interest of the undersigned's Unit, (ii) require a material, physical modification to the undersigned's Unit, or (iii) adversely affect the priority or validity of the lien of any purchase money mortgage or any mortgage held by an institutional lender covering the undersigned's Unit unless the undersigned (in the event described in subdivision (i) or (ii) of this paragraph) and the holder of such mortgage (in the event described in subdivision (iii) of this paragraph) shall consent thereto by joining in the execution of such amendment. The terms, covenants and

conditions contained in, and the powers granted pursuant to this paragraph shall remain in full force and effect until such time as the Sponsor or Sponsor-designee(s) shall cease to own any Units in the Condominium.

This Power of Attorney shall be irrevocable.

IN WITNESS WHEREOF, the undersigned, has executed this Power of Attorney this
day of _____, 2001.

[illegible]

On the _____ day of _____, 2001, before me personally came to me known to be the individual(s) described in and who executed the foregoing instrument. and acknowledged that he executed the same.

Notary Public

[illegible]

On the _____ day of _____, 2001, before me personally came to me known, who being duly sworn, did depose and say that he resides at No. _____; _____ that he is the _____ of _____ the corporation described in, and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that is was affixed by order of the Board of Directors of said corporation and that he signed his name thereto by like order.

Notary Public

FORM OF UNIT DEED

THIS INDENTURE made the _____ day of _____, 2001, between 81 Walker LLC, a New York Limited Liability Company having an office at 320 Dean Street, Brooklyn, New York, New York, 11217 "Grantor", and _____, residing at _____, as "Grantee",

WITNESSETH:

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

The Unit known as Unit No. _____ in the Building known as 81 Walker Street, New York, New York, and also designated and described as Unit No. _____ in the Declaration comprising Cortlandt Place (hereinafter called the "Property") made by the Grantor under the Condominium Act of the State of New York, as amended (Article 9-B of the Real Property Law of the State of New York), dated _____, 2001, and recorded in the New York County Office of the Register of the City of New York, on the _____ day of _____, 2001, in Reel at Page _____ (hereinafter called the "Declaration"), which Unit is also designated as Tax Lot No. _____ on the Floor Plan of the Building, certified by _____ on the day of _____, 2001, and filed simultaneously with said Declaration in the said Office of the Register of the City of New York, County of New York as Map Nos. _____ (hereinafter called the "Unit"). The Property is described as follows:

ALL that certain plot, piece or parcel of land, situate, lying, and being in the Borough of Manhattan, County, City, State of New York, bounded and described as follows:

BEGINNING at a point on the southerly side of Walker Street distant 36 feet easterly from the corner formed by the intersection of the southerly side of Walker Street and the easterly side of Cortlandt Alley and part of the distance through a party wall 100 feet; thence easterly parallel with the southerly side of Walker Street 36 Feet; thence northerly parallel with the easterly side of Cortlandt Alley and part of distance through a party wall 100 feet to the southerly side of Walker Street; and thence westerly along the southerly side of Walker Street 36 feet to the point or place of beginning.

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

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

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

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

TOGETHER with and SUBJECT to easements, rights of way, restrictions and encumbrances created by the Declaration for Cortlandt Place recorded in the New York County Office of the Register of the City of New York on the _____ day of _____, 2001.
in Reel _____ at Page _____

TOGETHER with and SUBJECT to, the rights, obligations, easements, rights of way, encumbrances, restrictions and other 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 New York County Office of the Register of the City of New York, which provisions, together with any amendments thereto, shall constitute covenants running with the land and shall bind any person having at any time any interest or estate in the Unit, as though such provisions were recited and stipulated at length herein;

SUBJECT also to such other liens, agreements, covenants, easements, restrictions, consents and other matters of record as pertain to the Unit(s), to the Land and/or to the Building.

EXCEPT as otherwise specifically permitted by the Board of Managers of the Condominium or provided in the Declaration or in the By-Laws, the Unit is intended for Commercial use only;

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

The Grantor covenants that the Grantor has not done or suffered anything whereby the said premises have been encumbered in any way whatsoever, except as set forth in the Declaration and the By-Laws (and the Rules and Regulations adopted under the By-Laws) and except further the agreements, covenants, easements, restrictions, declarations and other matters of record. This covenant is for the personal benefit of Grantee only and cannot be assigned to, or exercised by, or inure to the benefit of anyone else. In the event of any breach of these covenants, Grantee shall first look to Grantee's title insurance company, if any, and Grantor's liability hereunder shall be limited to the extent only that Grantee's loss or damage is not insured.

If any provisions 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 to the provisions of the Condominium Act, the applicable provisions of Article 16 of the Declaration shall control.

The Grantor, in compliance with Section 13 of the Lien Law, covenants that the Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund for the purpose of paying the cost of the improvement, if any, 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.

This conveyance is made in the regular course of business actually conducted by Grantor.

The word "Grantee" shall be construed as "Grantees" whenever the sense of this indenture so requires.

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

81 WALKER LLC

By: _____

[illegible]

On the day of , 2001, before me personally came to me known, who being duly sworn, did depose and say that he is the President of Walker MM Corp., which is the Manager of 81 Walker LLC, the limited liability company described in and which executed the foregoing instrument; and that he had authority to sign such instrument and that he acknowledged that he executed the same as the act and deed of said firm.

Notary Public

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**CHARLES LOOMIS
CHARISS MCAFEE**

ARCHITECTS

1906 RITTENHOUSE SQUARE PHILADELPHIA PA 19103 TEL 215.546.4468 FAX 215.546.9124

Description of Property and Specifications or Building Condition

A. Location and use of property

- (1) Address: 81 Walker Street, New York, NY 10013
- (2) Block and lot number: Block 195, Lot 11
- (3) Zoning: M1-5
- (4) Permissible use: Light Manufacturing/Commercial Use

B. Status of construction

- (1) Year built: Approximately 1868-1869
- (2) Class of construction: Class II -C/non-fireproof wood framed construction
- (3) Certificate of Occupancy, type and number: There is an existing Certificate of Occupancy, Certificate No. 56664, allowing light manufacturing or commercial use, issued on November 14, 1962.
- (4) Alteration permit numbers and description of work done:
The following applications are on file with the NYC Department of Buildings.
 - (i) Alteration Application Type 2, No. 102330158-01 has been approved for renovation of the building.
 - (ii) Permit No. 102330158-01-EW.OT has been issued for general construction/partial demolition of mezzanine on ground floor, miscellaneous minor demolition on floors C-6/construction of minor interior partitions, new toilets on the 6th floor.
 - (iii) Permit No. 102330158-01-EW.MH has been issued for mechanical/HVAC/partial demolition of mezzanine on ground floor, miscellaneous minor demolition on floors C-6/construction of minor interior partitions, new toilets on the 6th floor.
 - (iv) Permit No. 102330158-01-PL has been issued for plumbing and related work.
 - (v) Permit No. M187126 has been issued for electrical work on the first floor.
 - (vi) An Alteration Application for sprinkler and standpipe system modification and installation, if any, shall be filed, and permits for each work type shall be obtained.
 - (vii) A Certificate of No Effect, docket # 006856, has been issued by the New York City Landmarks Preservation Commission for the renovation of the existing sidewalk.

C. Site

- (1) Size: The lot measures 36'-0" x 100'-0" in its greatest dimensions.
- (2) Number of buildings and use: One building/commercial use
- (3) Streets owned or maintained by the project: None
 - (i) Paving: N/A
 - (ii) Curbing: N/A
 - (iii) Catch basins, drainage: N/A
 - (iv) Street lighting: N/A.
 - (v) The above items, paving, curbing, drainage and lighting, are in conformity with local fire and municipal codes.
- (4) Drives, sidewalks and ramps: There are approximately 10-foot-wide sidewalks extending the entire north frontage of the building.
 - (i) Paving: The part of the sidewalk directly adjacent to the building frontage, projecting approximately 5 feet from the building line, is gray concrete in fair to poor condition with concrete patching in multiple areas. The other part of the sidewalk, starting approximately 5 feet north of the property line and extending another 5 feet up to the street, is granite and is in fair to good condition. The sponsor will repair the structural support beneath the sidewalk where necessary, upgrade waterproofing and perform cosmetic refurbishing of sidewalk surfaces as part of the building's renovation.
 - (ii) Curbing: The curbing abutting the property is granite and is in good condition.
 - (iii) Catch basins, drainage: The street is pitched to drain through cast iron catch basins which are part of the New York City storm water drainage system.
 - (iv) Street lighting: Mercury sulfide lamps on metal poles approximately 18'-0" in height and approximately 100' on center illuminate the block on Walker Street between Cortland Alley and Lafayette Street as provided by the New York City public lighting grid. They are owned and maintained by the City of New York.
 - (v) The above items, paving, curbing, drainage and lighting, are in conformity with local fire and municipal codes.

D. Utilities

- (1) Water: Water is provided by the City of New York from mains under the streets. Water consumption for the building is supplied through an existing 1½-inch domestic water service pipe from the Walker Street water main. The meter is located in the meter room. The Condominium is responsible for maintenance, repair and replacement of water meters and service pipes to the building.
- (2) Sewer: Sewers are provided and maintained by the City of New York. Sewer service charges are based on the amount of water used. The Condominium is responsible for maintenance, repair and replacement of the sewer line from the main to the building. The existing house sewer is not visible. The house drain is an existing 6-inch heavy-duty cast iron pipe in fair condition at the Walker Street side.
- (3) Gas: Gas service is provided and maintained by Consolidated Edison, a regulated public utility. There is existing gas service piping to each unit.

Individual gas meters are located in each unit. The utility company is responsible for maintenance and repair of the gas meters and gas service outside the building. The Condominium is responsible for gas piping to the units. Each individual unit owner is responsible for their gas-operated equipment and gas piping within their unit.

- (4) Electric: Electricity is provided and maintained by Consolidated Edison, a regulated public utility. Electric service for the common areas is metered and billed to the Condominium. Electricity used within each unit shall be separately metered and billed to the respective individual unit owner. The management is responsible for all electrical equipment and wiring from the meters to the individual units. The meters and electrical service to the building are the responsibility of the utility company.
- (5) Telephone: Telephone service is provided and maintained by Bell Atlantic, a regulated public utility. Services to and usage by each individual unit owner are separately monitored and billed. A common telephone riser and common junction provides telephone service to individual units. Such wiring and equipment shall be maintained by the Condominium. Within each unit there may be several telephone outlets. The telephone wiring and equipment within each unit shall be the responsibility of each individual owner or user. Maintenance and installation of the wiring and equipment from the service connection to the individual unit and within the individual unit may be contracted by the individual unit owner to a variety of vendors. Other equipment and wiring may be installed at the expense of the individual user.

E. Sub-soil conditions

- (1) The subsoil was not visible at the time inspection. There appears to be no obvious indication of settlement or other failure in the structure due to inadequacy of the foundation or the load-bearing capacity of the soil.
- (2) There was no evidence of water seepage or moisture at the time of inspection.
- (3) There appears to be no evidence or danger of flooding in this building.

F. Landscaping and enclosures

- (1) Grass cover (type, location): N/A
- (2) Plantings (type, location): N/A
- (3) Trees (location) N/A:
- (4) Fencing:
 - (i) A chain link fence enclosing the rear yard and on top an existing retaining wall, is in adequate condition.
- (5) Gates (type, location): N/A
- (6) Garden walls (type, location): N/A
- (7) Retaining walls:
 - (i) A masonry retaining wall encloses three sides of the rear yard and is in fair condition.
- (8) Display pools and fountains (location, materials): N/A

G. Building Size

- (1) Total Height: eighty-four (84) feet
- (2) Crawl spaces (floor to ceiling height): N/A
- (3) Number of (sub) cellars: One cellar.
- (4) Number of floors: six (6) floor plus cellar plus one (1) mezzanine.
- (5) Equipment room: Equipment rooms are located in the cellar. Cellar mechanical rooms shall be used for gas meters, electric meters, water meters, telephone equipment, sprinkler & standpipe equipment, heating and hot water equipment.
- (6) Parapet: The east, south and west parapets are masonry, in adequate condition. The south parapet is approximately 1'-6" high. The west parapet varies from 1'-2" high to 1'-4" high. The east parapet varies from 1'-1" high to 1'-5" high. There is no north parapet and the roof slopes directly into the existing pediment of the north façade of the building. At roofs where access is provided and parapets are less than 3'-6" high or are nonexistent, roof railings shall be provided to maintain a minimum effective height of 3'-6" above such roof area.

H. Structural System

- (1) Exterior of buildings
 - (i) Walls: The west party wall of the building is load bearing masonry brick. The east party wall of the building is load bearing masonry, is exposed on one side and is in adequate condition. The south wall of the building is load bearing masonry brick with lintels. Some cracks are evident and spot pointing will be required. The north wall of the building from the second to sixth floors is load-bearing brick and stone and is in good condition. The first floor of the north wall is composed of load bearing cast-iron columns, pedestals and beams all in good condition. There will be a new painted wood and glass storefront infill between the columns. Interior surfaces of the exterior walls shall be exposed brick, plaster or drywall construction.
 - (ii) Columns: Wood joists and rafters bear on party walls and a center wood girder supported by cast iron columns from the basement to the fifth floor and wood columns on the sixth floor. The new mezzanine will be supported by beams spanning from party wall to party wall with joist and rafter spanning from beam to beam. The southern most cast-iron column in the basement has cracked and the sponsor has retained an engineer to design reinforcement of this column. This work has been completed.
 - (iii) Windows: All windows at the south façade are new double glazed painted aluminum windows with painted aluminum frames and sashes. All windows at the north façade will be new double hung painted wood windows.
 - (iii) Landmark status: The area in which the premises is located has been designated as a Historic District, commonly referred to a "TriBeCa East", by notice recorded in the Register's Office in Reel 1962 Page 250. The premises are accordingly subject to the restricted use as provided in New York Charter, Chapter 8-A.
- (2) Parapets and copings: All parapets are existing masonry to remain, except for the parts of the east and west parapet at the location of the new

mezzanine penthouse which will be concrete masonry units. All existing copings are made of stone. All existing parapets and copings are in fair to good condition.

- (3) Chimney and caps: There is one existing 10' high brick masonry chimney, in good condition, located at the north/east corner of the building. This chimney will be used to enclose the new cellar boiler flue.
- (4) Balconies and terraces: The remaining balance of the sixth floor roof space not covered by the new mezzanine shall be considered a private roof terrace for the exclusive use of the 6th floor unit.
 - (i) Deck finish: The deck finish shall be new modified bitumen roofing.
 - (ii) Balustrade (type, material): N/A
 - (iii) Railings (material): The sixth floor roof perimeter is surrounded by brick walls or a parapet and railings 3'-6" high as described in Section G(6), above.
 - (iv) Copings: The copings are as described in section H(2), above.
 - (v) Soffits (material): N/A
 - (vi) Doors to balconies and terraces (type, material): The mezzanine has several doors which open directly onto the private roof terrace of the sixth floor unit.
- (5) Exterior Entrances
 - (i) Exterior doors and frames: All exterior doors, transoms and frames at exterior entrances shall be new painted wood and glass equipped with self-closing devices and locks. The public entrance of the building shall be equipped with an intercom/door-release system.
 - (ii) Vestibule doors and frame: N/A
 - (iii) Exterior stairs (material, location): None at exterior entrances.
 - (iv) Railings (material, location): None at exterior entrances.
 - (v) Mail boxes (type, location): At least six U.S. Postal Service-approved, aluminum mailboxes shall be provided in the lobby of the building. The postal service employee shall have access to the building by a key provided to the postal carrier.
 - (vi) Lighting (type, location): Interior incandescent and/or fluorescent lighting shall be provided inside the public entrance and inside the cellar egress.
- (6) Service Entrances
 - (i) Doors and frames: Service entrance to the basement, on the north façade shall be as describe in H(5)(I).
 - (ii) Gates (material, type, lock): N/A
 - (iii) Exterior stairs (material, location): N/A
 - (iv) Railings (materials, location): N/A
- (7) Roof and structures
 - (i) Type of roofs for all areas
 - (a) Material: The existing sixth floor roof will receive new modified bitumen. The new mezzanine roof shall be modified bitumen.

- (b) Insulation (size, type and insulating value): The existing roof in un-insulated. The new mezzanine roof will be insulated.
- (c) Surface finish: Granular mineral.
- (d) Bond or guarantee: None.
- (e) Flashing materials including counter flashing: New modified bitumen flashing with metal termination bars.
- (ii) Drains
 - (a) Location, material and type: There is one existing roof drain located at the south/west corner of the stair bulkhead, in good condition. There shall be an additional roof drain located north of the new mezzanine. Both roof drains are made out of lead stub with strainers.
 - (b) Gutters and leaders (type, material): The existing and new aluminum gutters are emptying through existing leaders, which are in fair condition, terminating at a splash block at the lower roof level.
- (iii) Skylights:
 - (a) There will be one metal and plain glass skylight, with wire guards on both sides over the new egress stair bulkhead.
- (iv) Bulkheads
 - (a) Stairs (material): There shall be a new stair bulkhead adjacent to the west party wall, located approximately 15 linear feet north of the south wall. The new stair bulkhead shall be constructed of metal framing gypsum sheathing and standing seam metal siding or equivalent.
 - (b) Elevator (material): The existing elevator bulkhead is in good condition and is located at north/west corner of the sixth floor roof level and is steel stud construction with corrugated metal exterior.
 - (c) Other: None
- (v) Metal work at roof levels
 - (a) Exterior, metal stairs: There will be three new open metal grate stairs with guard and hand rails at the existing roof level to provide access from the new stair bulkhead to the existing fire escape.
 - (b) Vertical ladders, including gooseneck (material): There are vertical metal ladders, in fair condition, leading to the existing roof tanks and there will be one access ladder from the existing roof to the new mezzanine roof
 - (c) Railings (material): There will be new 3'6" high roof rails wherever access is provided as described in G(6), above.
 - (d) Hatches to roof: None
 - (e) Other: The existing steel dunnage required for the support of the water tanks is in good condition and shall be retained, reinforced and maintained.
- (vi) Rooftop facilities: The remaining balance of the sixth floor roof space not covered by the new mezzanine shall be considered a private roof terrace for the exclusive use of the 6th floor unit as described in Section (h)(4), above.

(8) Fire escapes

- (i) Location (describe how attached and supported): There is one (1) existing metal fire escape located at the north side of the building anchored to the wall with metal ties. The entire fire escape is in fair condition and shall be spot repaired, as required, and entirely re-painted.
- (ii) Floors covered: The existing fire escape covers floors 2 through 6 (roof level).
- (iii) Drop ladder: There is one existing drop ladder, leading from the 2nd floor level to the sidewalk.
- (iv) Type: The existing fire escape is basket type fire escape.
- (v) Materials: The existing fire escape is made out of steel.

(9) Yard and courts (there is one (1) courtyard to the rear of the building).

- (i) Paving (material): Concrete in fair to bad condition.
- (ii) Drainage (type and material): The condition of the existing area drain is undetermined.
- (iii) Railings (material): N/A
- (iv) Stairs (material): N/A
- (v) Fencing (type and material): Chain link fencing on top of masonry brick.
- (vi) Walls (type and material): Masonry Brick, in fair condition.

(10) Interior stairs

- (i) Number of stairs of each type: There is an existing straight stair, in good condition, located at the north/east corner of the building, providing egress from the cellar to the street level. The stringers of this stair are steel with concrete filled metal pan treads, steel risers and steel railings. In addition, there is one switch back stair, in good condition, located at the exterior west wall, set back approximately 15 feet from the north wall, providing egress from the cellar to the lobby of the building. The stringers of this stair are steel with concrete filled metal pan treads, steel risers and steel railings. There is an existing straight run stair, in good condition, extending from the 1st floor lobby to the 2nd floor of the building. The stringers of this stair are steel with concrete filled metal pan treads, steel risers and steel railings. There is an existing straight run stair, in fair condition, extending from the 2nd floor to the 3rd floor of the building. The stringers of this stair are wood with wood treads covered with steel diamond plates, wood risers and wood railings. There is a new concrete filled metal pan switch back stairs with steel risers and steel pipe railings extending from the 3rd floor to the 6th floor roof level. There shall be two (2) accessory stairs with metal stringers and metal treads leading from the 6th floor level of the sixth floor unit to the mezzanine level of the sixth floor unit.
- (ii) Enclosure (construction and interior finishes): All egress stairs shall be enclosed with two-hour rated walls.
- (iii) Stair construction (steel, concrete, wood: see (10)(i) above.
- (iv) Stringers (material): see (10)(i) above.
- (v) Treads (material): see (10)(i) above.
- (vi) Risers (material): see (10)(i) above.

- (vii) Guard rails (material): see (10)(i) above.
- (viii) Balustrade (material): N/A
- (11) Interior doors and frames
 - (i) Unit entrance and interior doors and frames: Unit entrance doors shall be new metal, fireproof, self-closing doors with new steel frames. Interior doors, where indicated, shall be hollow core doors or equivalent.
 - (ii) Corridor doors and frames: None
 - (iii) Stair hall doors and frames: See section H(11)(i) above.
 - (iv) Roof doors, basement doors and frames: Roof doors and cellar doors shall be metal, fireproof, self-closing doors with steel frames.
- (12) Elevators
 - (i) Number of passenger and service elevators: There is one existing passenger elevator in good to fair condition.
 - (ii) Manufacturer, age of each and capacity: The elevator manufacturer is Hollister-Whitney. The elevator was installed in 1991 and has a capacity of 2,000 lbs.
 - (iii) Type of operation of each elevator by elevator number or location in building: The existing passenger elevator is an overhead traction elevator and is located at the north/western corner of the building.
 - (iv) Automatic (type of controls): The elevator is controlled by keyed push buttons except the first floor which is push button controlled without a key.
 - (v) Floors served: The elevator has stops at the basement through the sixth floor (7 stops).
 - (vi) Type (hydraulic, gearless): The elevator is an overhead-traction elevator.
 - (vii) Doors (sliding, swinging, manual, automatic): The doors of the existing passenger elevator are automatic sliding, fireproof, self-closing doors.
 - (viii) Location of machine rooms: The machine room is located in the mechanical room at the 6th floor roof level.
 - (ix) DC motor (manufacturer): The manufacturer of the elevator motor is The Imperial Electric Company.
 - (x) AC motor-generator set (manufacturer): N/A
 - (xi) Other: None
- (13) Elevator cabs
 - (i) Kind (manufacturer): Damone Elevator Co., Inc.
 - (ii) Floor (material): The elevator cab floor is covered with an existing rubber walk-off mat in fair condition.
 - (iii) Walls (material): Walls of the existing elevator cab are stainless steel panels in fair condition.
 - (iv) Ceiling (material): The ceiling of the existing elevator cab is plastic with recessed lighting, in fair condition.
 - (v) Lighting: The interior of the existing elevator cab shall be lighted by incandescent and/or fluorescent bulbs.

- (vi) Alarm, safety system: The existing elevator cab is provided with emergency stop switch.

I. Auxiliary facilities

- (1) Laundry rooms
 - (i) Location and number of rooms: N/A
 - (ii) Clothes washers: N/A
 - (iii) Clothes dryers: N/A
 - (iv) Room ventilation: N/A
 - (v) Dryer ventilation: N/A
- (2) Refuse disposal
 - (i) Incinerator(s): N/A
 - (ii) Compactor(s): N/A
 - (iii) Approvals by authority having jurisdiction: N/A
 - (iv) Initial storage location: N/A
 - (v) Pick-up schedule, and whether public or private provider: Private vendors will supply service to commercial units as per contract.

J. Plumbing and drainage

- (1) Water supply: The building's domestic water supply is provided by the street distribution system of the City of New York through an existing 1 and 1/2" line, in fair condition (ductile iron) from the City street main. There is one (1) abandoned water and one (1) existing domestic water meters. The individual units on all floors are provided domestic water via street pressure.
- (2) Fire protection system
 - (i) Standpipes: Existing 4" fire standpipe riser is located in the fire stairs and is in fair condition.
 - (ii) Hose racks, hoses and nozzles: Each floor will have valved 2 1/2" hose outlets. A locked cabinet on the first floor will contain hose, nozzles, spanner wrenches, couplings, etc as required by code. Existing fire standpipe piping is schedule 10 black steel piping.
 - (iii) Sprinkler heads: Sprinkler heads are provided for the entire building. Sprinkler heads are either pendent or upright, ordinary hazard type, rated at 165 degrees, have B.S.&A. approval. Existing sprinkler piping is schedule 40 black steel with screw fittings.
 - (iv) Siamese connection: There are two (2) existing 3" x 3" x 4" Siamese connections located at the front of the building.
- (3) Water storage tank(s) and enclosures
 - (i) There is one (1) standard 5,000 gallon wood standpipe tank in fair condition and one (1) standard 7,000 gallon wood sprinkler tank in fair condition, both located on elevated steel platforms on the roof of the 6th floor. The standpipe tank is located in the south/west corner of the building and the sprinkler tank is located adjacent to the east parapet wall, approximately 25' set back from the north façade/wall of the building. Steel ladders extend from the 6th floor roof level up to the tanks. Steel ladders with goosenecks provide

access to interior of the tanks. Existing tanks are provided with a heat loop for wintertime freeze protection.

- (ii) Material: Wood.
- (iii) Access to tank: There are vertical metal ladders leading to both existing water storage roof tanks.
- (iv) Capacity (total gallons): see (3) (i) above.
- (v) Capacity: see (3) (i) above.
- (4) Water pressure and how maintained: Water pressure for all units will be maintained by street pressure as provided by the City of New York.
- (5) Sanitary sewage system
 - (i) Sewage piping (materials): Soil, waste and vent piping above grade are new standard weight cast iron soil pipe no-hub with neoprene sealing sleeve and stainless steel shield and clamp assembly.
 - (ii) Sewage pumps (if any): N/A
 - (iii) Sewage disposal: Sewage will be discharged via gravity to the existing 6" building sewer, which is in fair condition, exiting on Walker Street. All building sewers connect to City street sewers.
- (6) Permit(s) required. List and include date(s) obtained: Permit No. 102330158-01-PL has been issued for plumbing and related work.
- (7) Storm drainage system.
 - (i) Catch basins: N/A
 - (ii) Yard and roof drains: There is one area drain in the rear yard. The pipes servicing this area drain are below grade and their condition is unknown. There is one existing roof drain, in fair condition, located at the south/west corner of the stair bulkhead. There shall be an additional roof drain located north of the new mezzanine.
 - (iii) Piping (materials): Storm drainage piping within the building is cast iron and is in fair condition.
 - (iv) Eject or sump pumps: N/A

K. Heating

- (1) Heating and distribution of domestic hot water: Domestic hot water will be distributed through two (2) new hot water supply risers including hot water/hot water return pipes. Heating will be distributed through two (2) sets of hot water supply risers. Heating distribution within the individual units (i.e. horizontal distribution) including radiation units will be provided by the respective unit owners themselves.
- (2) Number of boilers and description: There is one (1) new gas-fired heat and hot water boiler with integrated burner.
- (3) Manufacturer and age of boiler(s): The new heat and hot water boiler is manufactured by Raypack, Model # 962, with a capacity of 961.7 MBH input and 769.4 MBH output.
- (4) Manufacturer and age of burner(s): N/A
- (5) Type of controls: Heat timer control.
- (6) Radiators, piping, insulation, valves, pumps: Radiation units within the units will be provided by the individual unit owners themselves.
- (7) Fuel: N/A

- (8) Location of oil tank, materials, enclosure: There is one (1) existing oil tank located in the basement of the building. The oil tank is enclosed with concrete and/or cement. The oil tank is out of service and will not be used in the future.
- (9) Capacity of oil tank: The capacity of the oil tank is approximately 2,000 gallons.

L. Gas supply

- (1) Gas is supplied to the building by Consolidated Edison, a regulated public utility. (See Section d, Utilities.)
- (2) Type: Natural
- (3) Meters: There shall be separate meters for the building boiler and for each individual unit.
- (4) Piping: There is existing gas service piping to each unit which is in good condition. The piping is schedule 40 black steel pipe with threaded joints and black malleable fittings. The individual unit owner is responsible for the gas piping within their unit.

M. Air conditioning

- (1) Type of system: N/A
- (2) Central system: N/A
- (3) Cooling towers, condensers: N/A
- (4) Individual units covered by the offer: N/A

N. Ventilation

The individual unit owners are required to provide the required ventilation for all interior spaces and equipment in their respective units. Natural light and ventilation are provided by operable windows located on both the north and south façade of the building. There are no existing lot line windows that could provide light or air. The mechanical rooms in the cellar are ventilated pursuant to Code.

O. Electrical System

- (1) Service from main service switch gear: There are two (2) existing 400A, 120V/208V, 3-Phase service switches that supply the service/meter equipment in the building.
- (2) Service to individual units (risers, etc): Individual units shall be served by one set of new No. 2 wire in 1 ½" conduit or two sets of new No. 6 wire in two sets of 1" conduit. Individual units shall each have a service of 100 amps fused at 80 amps.
- (3) Compartment switch gear (location and floor of sectional meter boards and transformers supplying power to the meters): Sub-feeder protection is provided at each meter location for each unit as well as at the meter serving the House areas. The House sub-feeder protection is by circuit breakers and/or fuses.
- (4) Unit service (ratings of fuses and circuit breakers): Circuit breaker panels and switches are appropriately rated according to the corresponding carrying capacity of the wire and the estimated loads. Generally, each unit

shall have a minimum of twelve (12) circuits and the house shall have a minimum of four (4) circuits.

(5) **Adequacy**

- (i) Service: The service described above shall be adequate to provide electricity for all appliances and air conditioning pursuant to New York City Electrical Code.
- (ii) Lighting and fixtures: Adequate lighting and light fixtures shall be provided in all public areas pursuant to New York City Electrical Code.
- (iii) Convenience outlets, appliance outlets: N/A

P. Intercommunication and/or door signal systems, security closed circuit TV

- (1) An intercom with door-release shall serve all individual units.

Q. Public area lighting

- (1) The lobby and main stairs shall have incandescent or fluorescent lighting operating continuously to provide light for egress. Other common spaces shall have adequate lighting.

R. Garages and parking areas (non applicable)

- (1) Location of garages: N/A
- (2) Location of parking areas: N/A
- (3) Surfaces (materials used, lighting, fencing): N/A
- (4) Parking (attended or unattended): N/A
- (5) Garage ventilation: N/A
- (6) Garage fire protection: N/A
- (7) Drainage: N/A

S. Swimming pools (non applicable)

- (1) Type: N/A
- (2) Size: N/A
- (3) Enclosure: N/A
- (4) Pumping and filter system: N/A
- (5) Water heating equipment: N/A
- (6) Structural support system: N/A

T. Tennis courts, playgrounds and recreation facilities (non applicable)

- (1) Tennis courts
 - (i) Type: N/A
 - (ii) Number and size: N/A
 - (iii) Lighting (number and type): N/A
 - (iv) Fencing or enclosure: N/A
- (2) Playgrounds: N/A
- (3) Other recreational facilities: N/A

U. Permits and certificates

- (1) See B(4) above.

V. Violations

- (1) The following violations are pending:
- (i) NYC Department of Buildings violation # 040379C06X1 - Loose handrails at stair which shall be repaired or replaced.
 - (ii) NYC Department of Buildings violation # 040379C06X2 - Fourth floor exit sign which is missing shall be installed.
 - (iii) NYC Department of Transportation violation # 25389 - Vault under sidewalk is compromised and is being repaired as evidenced by the Certificate of No Effect, docket # 006856, that has been issued by the New York City Landmarks Preservation Commission for the renovation of the existing sidewalk.

W. Unit information

- (1) Cellar:
- (i) The cellar shall have a room for electrical meters and equipment, an area for gas meters and water/fire service meters and pumps, a boiler room and an area for individual storage rooms. In addition, the rear part of the cellar will be part of the first floor unit. The entire cellar is in fair condition.
- (2) 1st Floor Unit:
- (i) The existing walls are exposed brick masonry and/or furred gypsum board and/or plaster. The existing flooring is plank flooring and/or plywood flooring and/or concrete and is in fair to bad condition. The ceilings are plaster and/or suspended gypsum board. The existing walls demising the subject space are gypsum board and/or plaster.
 - (ii) Presence, type and condition of all bathroom fixtures: There is an existing bathroom in this unit, with one water closet and a lavatory. The water closet and the lavatory are in fair to bad condition. The floors are ceramic tile and/or concrete and/or stone tile and/or wood. Walls and ceilings are gypsum board and/or plaster.
 - (iii) Presence, type and condition of kitchen and laundry equipment: N/A
- (3) 2nd Floor Unit:
- (i) The existing walls are exposed brick masonry and/or furred gypsum board and/or plaster. The existing flooring is plank flooring and/or plywood flooring and/or concrete and is in fair to bad condition. The ceilings are plaster and/or suspended gypsum board. The existing walls demising the subject space are gypsum board and/or plaster.
 - (ii) Presence, type and condition of all bathroom fixtures: There is an existing bathroom in this unit, with one water closet and a lavatory. The water closet and the lavatory are in fair to bad condition. The floors are ceramic tile and/or concrete and/or

stone tile and/or wood. Walls and ceilings are gypsum board and/or plaster.

- (iii) Presence, type and condition of kitchen and laundry equipment:
N/A

(4) 3rd Floor Unit:

- (i) The existing walls are exposed brick masonry and/or furred gypsum board and/or plaster. The existing flooring is plank flooring and/or plywood flooring and/or concrete and is in fair to bad condition. The ceilings are plaster and/or suspended gypsum board. The existing walls demising the subject space are gypsum board and/or plaster.
- (ii) Presence, type and condition of all bathroom fixtures: There is an existing bathroom in this unit, with one water closet and a lavatory. The water closet and the lavatory are in fair to bad condition. The floors are ceramic tile and/or concrete and/or stone tile and/or wood. Walls and ceilings are gypsum board and/or plaster.
- (iii) Presence, type and condition of kitchen and laundry equipment:
N/A

(5) 4th Floor Unit:

- (i) The existing walls are exposed brick masonry and/or furred gypsum board and/or plaster. The existing flooring is plank flooring and/or plywood flooring and/or concrete and is in fair to bad condition. The ceilings are plaster and/or suspended gypsum board. The existing walls demising the subject space are gypsum board and/or plaster.
- (ii) Presence, type and condition of all bathroom fixtures: There is an existing bathroom in this unit, with one water closet and a lavatory. The water closet and the lavatory are in fair to bad condition. The floors are ceramic tile and/or concrete and/or stone tile and/or wood. Walls and ceilings are gypsum board and/or plaster.
- (iii) Presence, type and condition of kitchen and laundry equipment:
N/A

(6) 5th Floor Unit:

- (i) The existing walls are exposed brick masonry and/or furred gypsum board and/or plaster. The existing flooring is plank flooring and/or plywood flooring and/or concrete and is in fair to bad condition. The ceilings are plaster and/or suspended gypsum board. The existing walls demising the subject space are gypsum board and/or plaster.
- (ii) Presence, type and condition of all bathroom fixtures: There is an existing bathroom in this unit, with one water closet and a lavatory. The water closet and the lavatory are in fair to bad condition. The floors are ceramic tile and/or concrete and/or stone tile and/or wood. Walls and ceilings are gypsum board and/or plaster.
- (iii) Presence, type and condition of kitchen and laundry equipment:
N/A

(7) 6th Floor Unit (including caretaker unit):

- (i) The existing walls at the sixth floor level are exposed brick masonry and/or furred gypsum board and/or plaster. The existing flooring is plank flooring and/or plywood flooring and/or concrete and is in fair to bad condition. The ceilings are plaster and/or suspended gypsum board. The existing walls demising the subject space are gypsum board and/or plaster. The party walls at the new mezzanine will be CMU block. All other walls at the mezzanine will be metal frame with exterior gypsum sheathing and gypsum board interiors. The new flooring at the mezzanine level will be constructed of one (1) layer of 3/4" plywood.
- (ii) Presence, type and condition of all bathroom fixtures: The existing bathroom, with one water closet and one lavatory is in fair condition. There shall be one (1) new full bath at the sixth floor level, with one (1) new water closet, one (1) new bath tub and one (1) new lavatory. The water closet shall be American Standard "Plebe" or equivalent and the lavatory shall be a standard 17" x 19" wall mounted vitreous china as manufactured by Gerber or equivalent. The tub shall be a standard 5' Americast or equivalent. The floors shall be ceramic tile. Walls and ceilings shall be gypsum board and/ceramic tile. In addition, there shall be one (1) bathroom on the mezzanine level, located in the caretaker unit, with one (1) water closet, one (1) lavatory and one tub. The water closet shall be American Standard "Plebe" or equivalent and the lavatory shall be a standard 17" x 19" wall mounted vitreous china as manufactured by Gerber or equivalent. The tub shall be a standard 5' Americast or equivalent. The floors shall be ceramic tile. Walls and ceilings shall be gypsum board and/ceramic tile.
- (iii) Presence, type and condition of kitchen and laundry equipment:
N/A

X. Finish schedule of spaces other than units.

<u>Room</u>	<u>Floor</u>	<u>Walls</u>	<u>Ceiling</u>
Meter, Boiler & Equipment Rooms, Cellar	Concrete	Masonry & gyp. bd.	Plaster and/or gyp. bd.
(1) The floors are in fair condition; walls are in good condition; ceilings are in bad condition.			
Elev. Vestibule, Cellar	Concrete	Gyp. bd.	Plaster and/or gyp. bd.
(2) The floor is in fair condition; walls are in fair condition; ceiling is in bad condition.			
Other Spaces, Cellar	Concrete	Masonry & gyp. bd.	Plaster and/or gyp. bd.
(3) The floor is in fair condition; walls are in fair condition; ceiling is in bad condition.			
Public Stairs, Cellar-1 st flr	Concrete	Masonry & gyp. bd.	Plaster and/or gyp. bd.
(4) The floor is in fair condition; walls are in fair condition; ceiling is in fair condition.			
Public Stairs, 1 st flr-3 rd flr	Wood	Masonry & gyp. bd.	Plaster and/or gyp. bd.
(5) The floor is in fair condition; walls are in fair condition; ceiling is in fair condition.			

Public Stairs, 3 rd flr-6 th flr	Steel	Masonry & gyp. bd.	Plaster and/or gyp. bd.
(6)	The floor is in good condition; walls are in good condition; ceiling is in good condition.		
Lobby, 1 st flr	Tile	Stone/Gyp. bd.	Gyp. bd.
(7)	The Lobby will be new.		

Y. Safety and warning devices

- (1) Portions of the building shall be protected by a wet pipe sprinkler/standpipe system with water gong. Mechanical ventilation systems shall be equipped with appropriate smoke detection/shutoff devices. Smoke detectors shall be provided in each unit. The elevator is equipped with the required alarm safety devices.

Z. Additional information required

- (1) A site plan showing landscape features, roads, etc.: N/A
- (2) An area map showing the location of the condominium with respect to its surroundings, if the condominium is not located in a highly suburban area: N/A
- (3) Floor plan of each line or type of unit: drawn to scale, indicating room dimensions and unit boundaries: See attached drawings.
- (4) Floor to ceiling heights of units: See attached drawings referenced in Z(3) above.
- (5) Approximate total area of each unit: See attached drawings referenced in Z(3) above.
- (6) A master floor plan showing unit boundaries and the relationship of units to each other: N/A

AA. Further development

- (1) The Sponsor does not intend to add additional units to the building other than those set forth in this report, either above the existing roof or by altering space within the building.

BB. Asbestos

- (1) See attached asbestos report provided by the Sponsor under separate cover.

CC. Lead-based paint

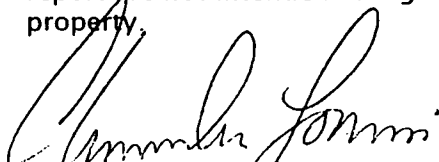
- (1) In connection with Sponsor's acquisition of the premises in November of 1999, a Phase 1 Environmental Site Assessment has been conducted by Giorgio Engineering, P.C., Consulting and Environmental Engineers, 98 Rose Avenue, Staten Island, NY 10306. The findings of Giorgio Engineering, P.C. were as follows: "Generally, lead based paint and formaldehyde are other hazards that are commonly found in this type of building. Formaldehyde may be emitted from certain types of foam

insulation. This type of wall insulation was not observed in the building. According to the building superintendent, no record of eye irritation or odor complaint was noticed by the personnel or tenants in the building. The presence of lead-based paint in the building can be determined only by testing. No apparent peeling or cracking on painted surfaces was observed during this inspection."

END OF REPORT

Certification:

I have inspected the premises on various occasions and the last inspection upon which this report is based took place on 14 April 2001. To the best of my knowledge and belief, this report contains an accurate description of the building and its proposed renovation. Except as noted in this report, no representation is made as to the condition or legality of the various elements of the building. Many of the components of the building are concealed, obstructed or are not available for inspection, and no representation can be made as to length of time components and systems currently in working order will remain. In addition, the information and statements contained in this report are not intended as a guarantee or warranty of the physical condition of the property.


Charles Loomis, Architect
31 May 2001

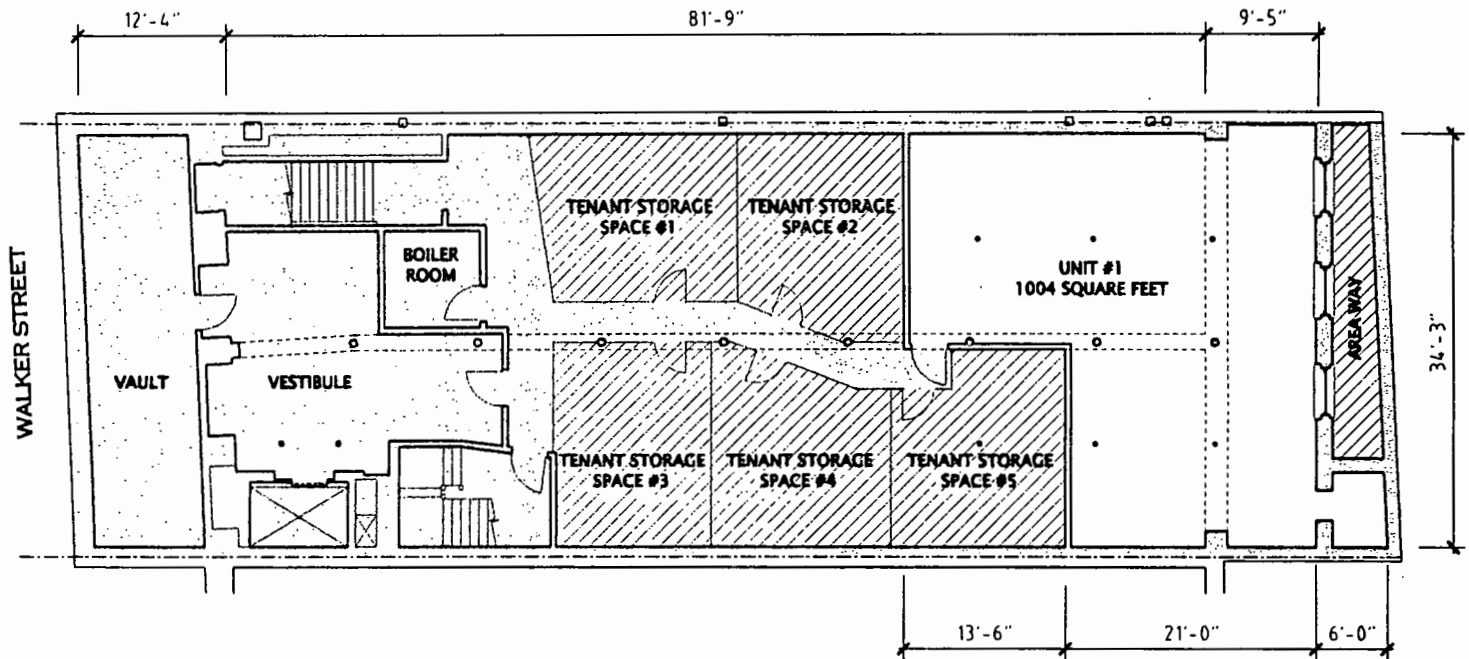


*Signed before me
on May 31, 2001
by Charles Loomis*



5/31
Notarial Seal
Cornelius M. Mohsin, Notary Public
Philadelphia, Philadelphia County
My Commission Expires Mar. 29, 2004

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UNIT 1

Approximate Unit Area: See First Floor Plan

Approximate Floor to Ceiling Height: 9' 6"

BASEMENT PLAN



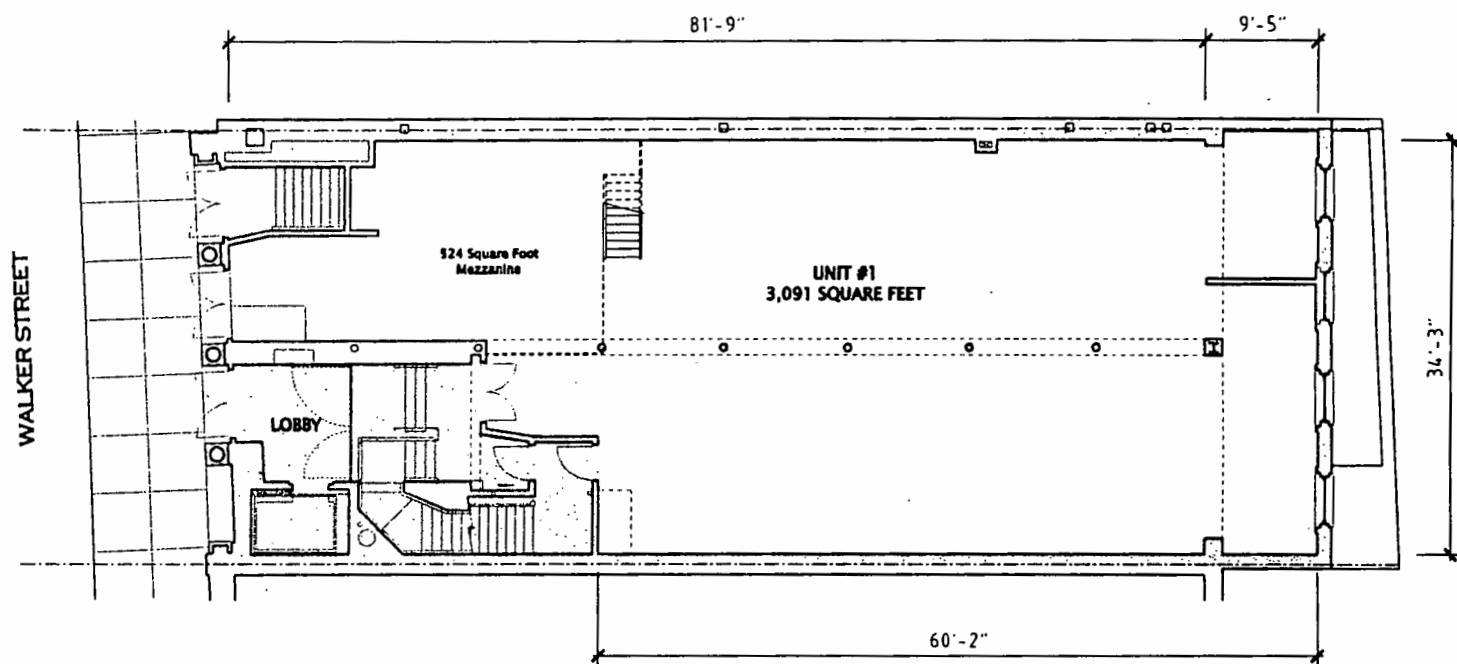
81 WALKER STREET CONDOMINIUM

81 Walker Street, New York, NY 10013

CHARLES LOOMIS CHARISS McAFEE, ARCHITECTS

1906 Rittenhouse Square, Philadelphia, PA 19103 T(215) 546-4468, F(215) 546-9124

12 December 2000

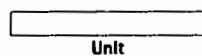


UNIT 1

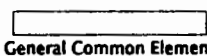
Approximate Unit Area: 4,095 square feet

Approximate Floor to Ceiling Height: 15' 6-1/2"

FIRST FLOOR PLAN



Unit



General Common Element



Limited Common Element



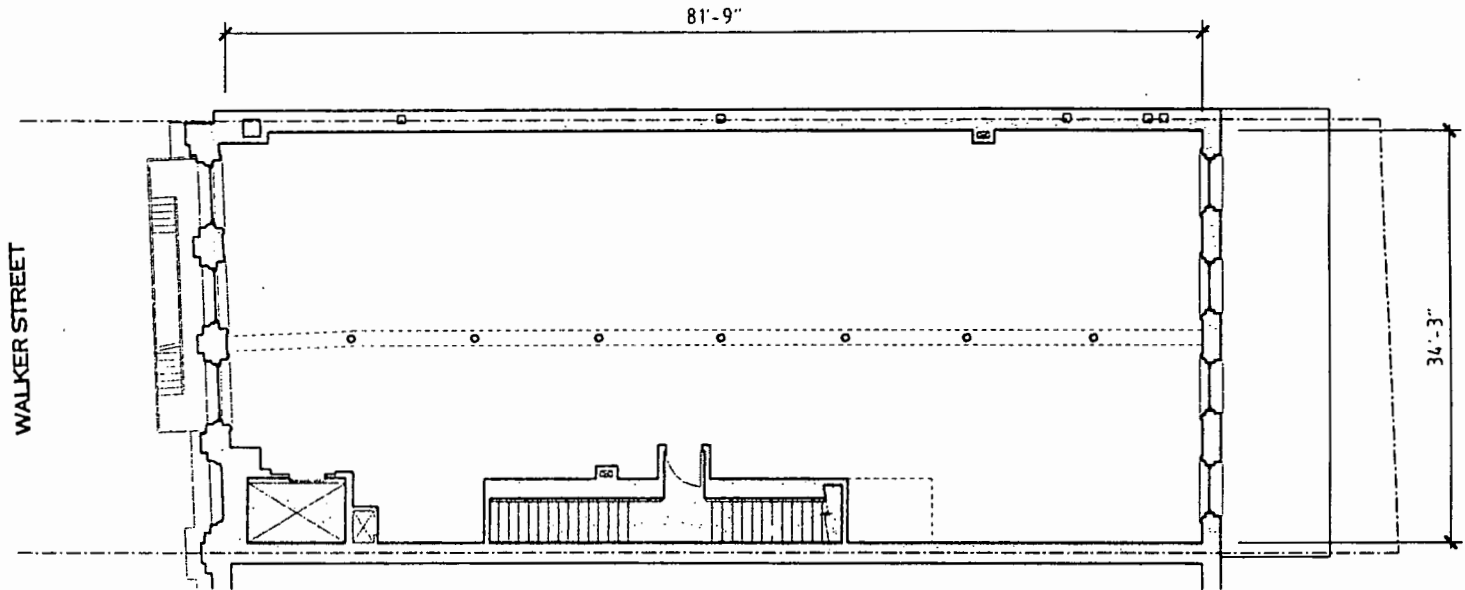
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UNIT 2

Approximate Unit Area: 2,563 square feet

Approximate Floor to Ceiling Height: 14' 0"

SECOND FLOOR PLAN



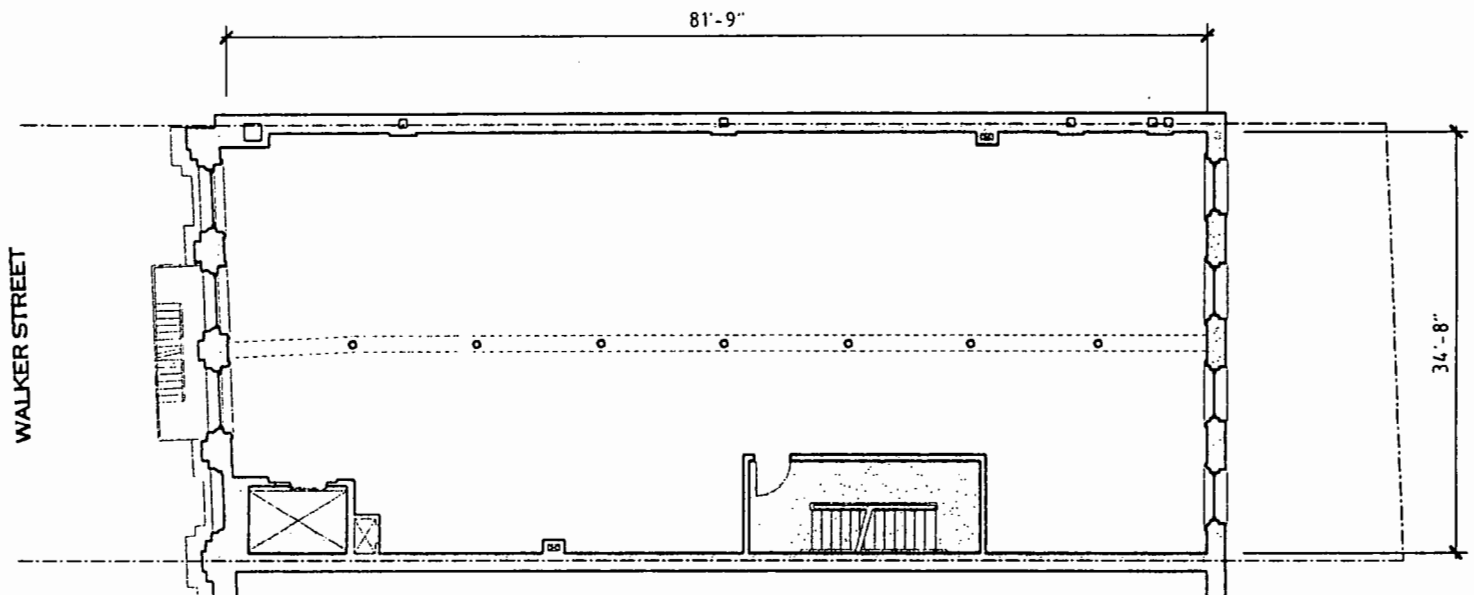
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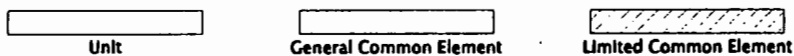


UNIT 3

Approximate Unit Area: 2,625 square feet

Approximate Floor to Ceiling Height: 12' 8"

THIRD FLOOR PLAN



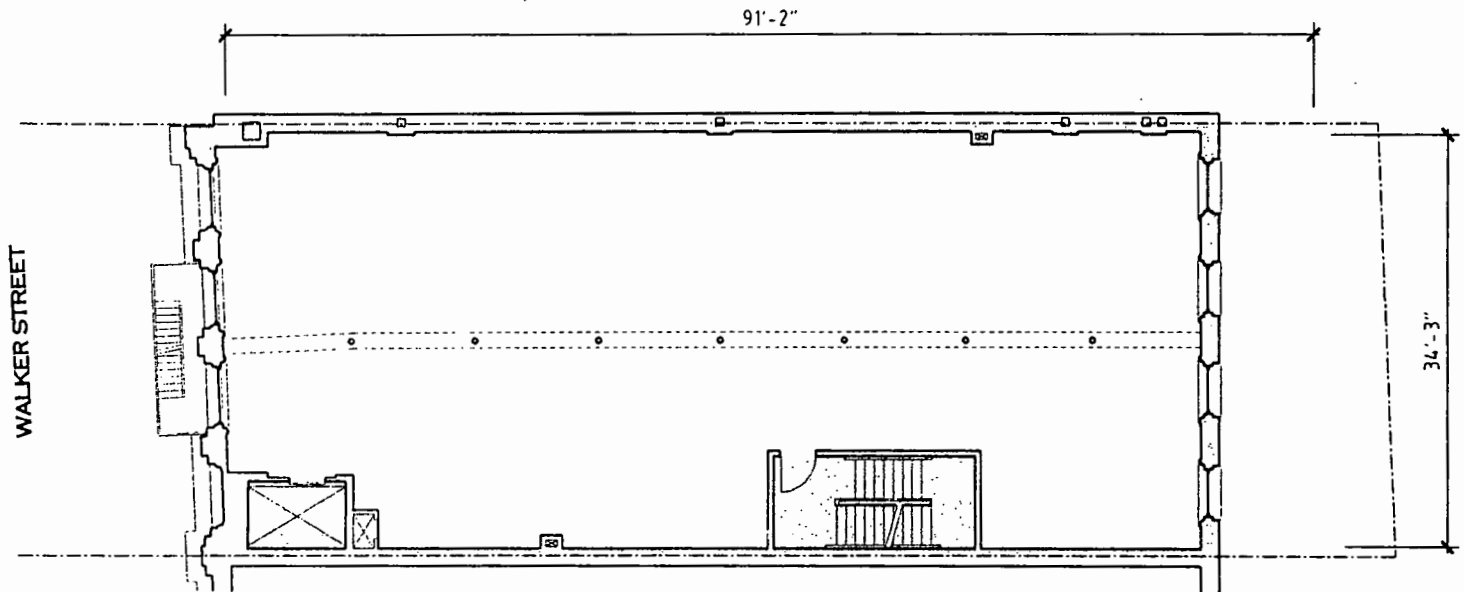
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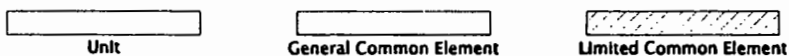


UNIT 4

Approximate Unit Area: 2,625 square feet

Approximate Floor to Ceiling Height: 12' 0"

FOURTH FLOOR PLAN



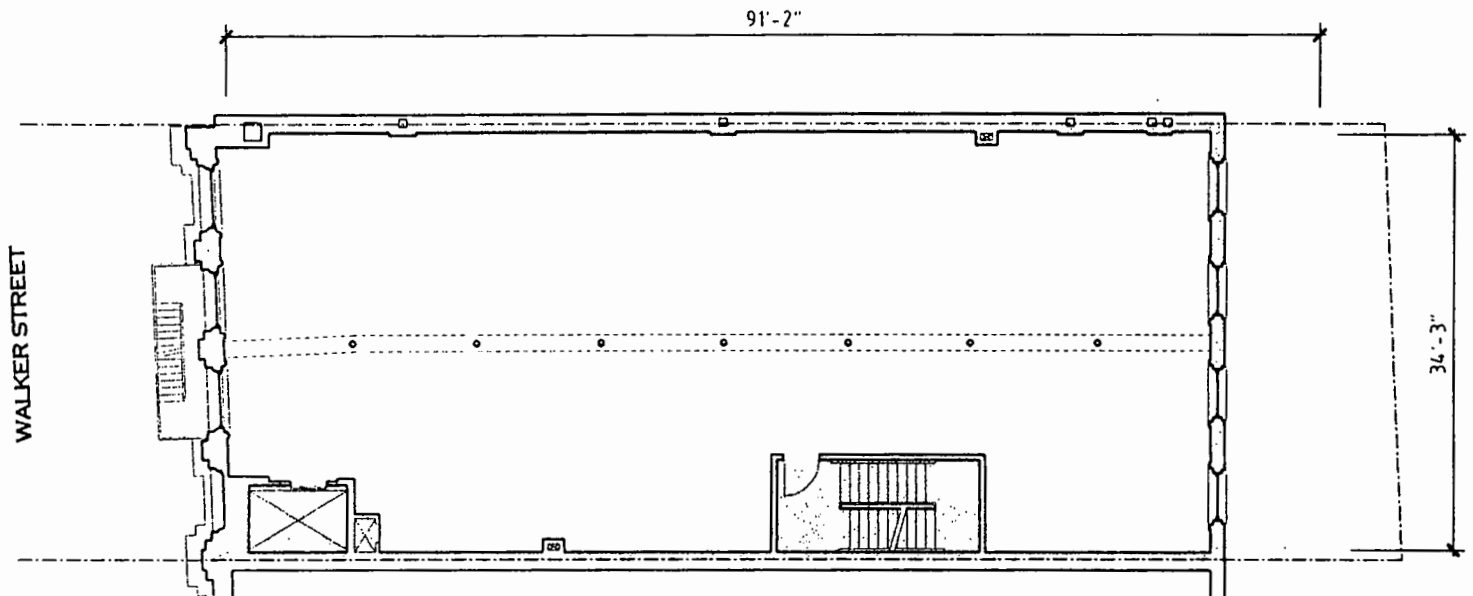
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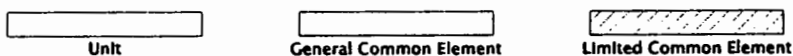


UNIT 5

Approximate Unit Area: 2,638 square feet

Approximate Floor to Ceiling Height: 10' 11"

FIFTH FLOOR PLAN



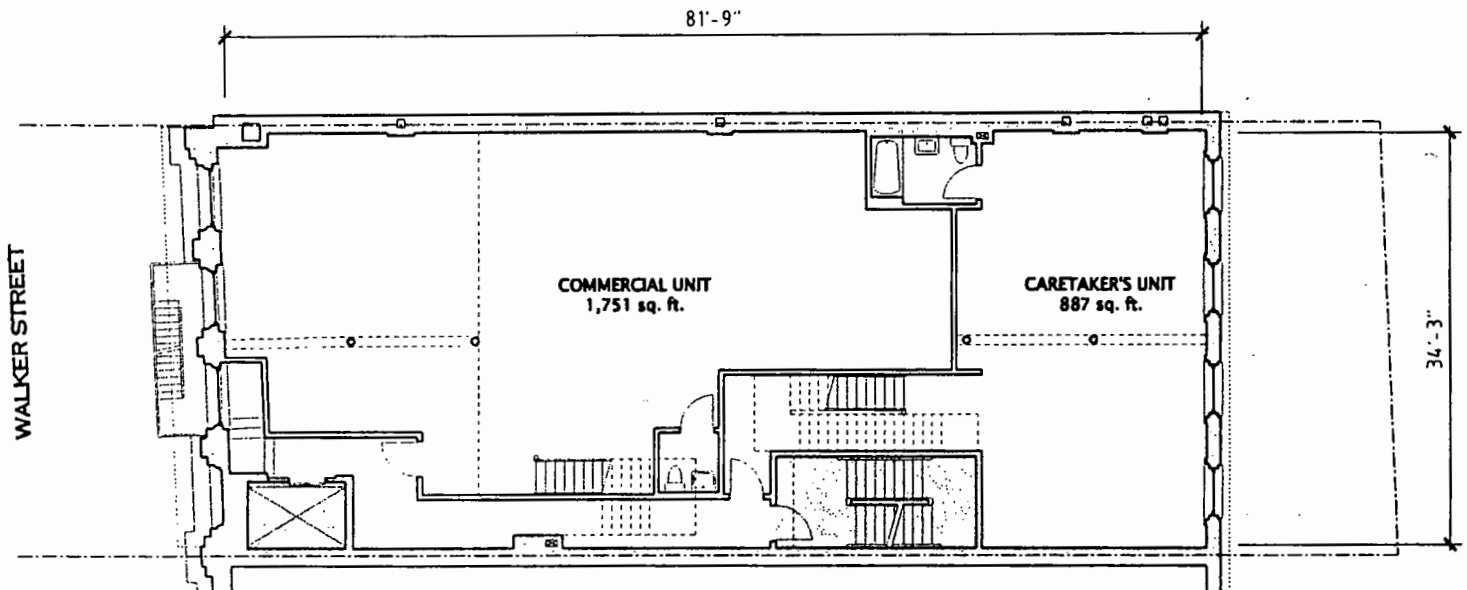
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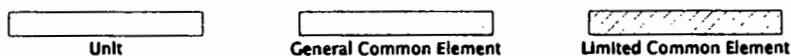


UNIT 6

Approximate Unit Area: 3,474 square feet

Approximate Floor to Ceiling Height: Varies (13' 8", average)

SIXTH FLOOR PLAN

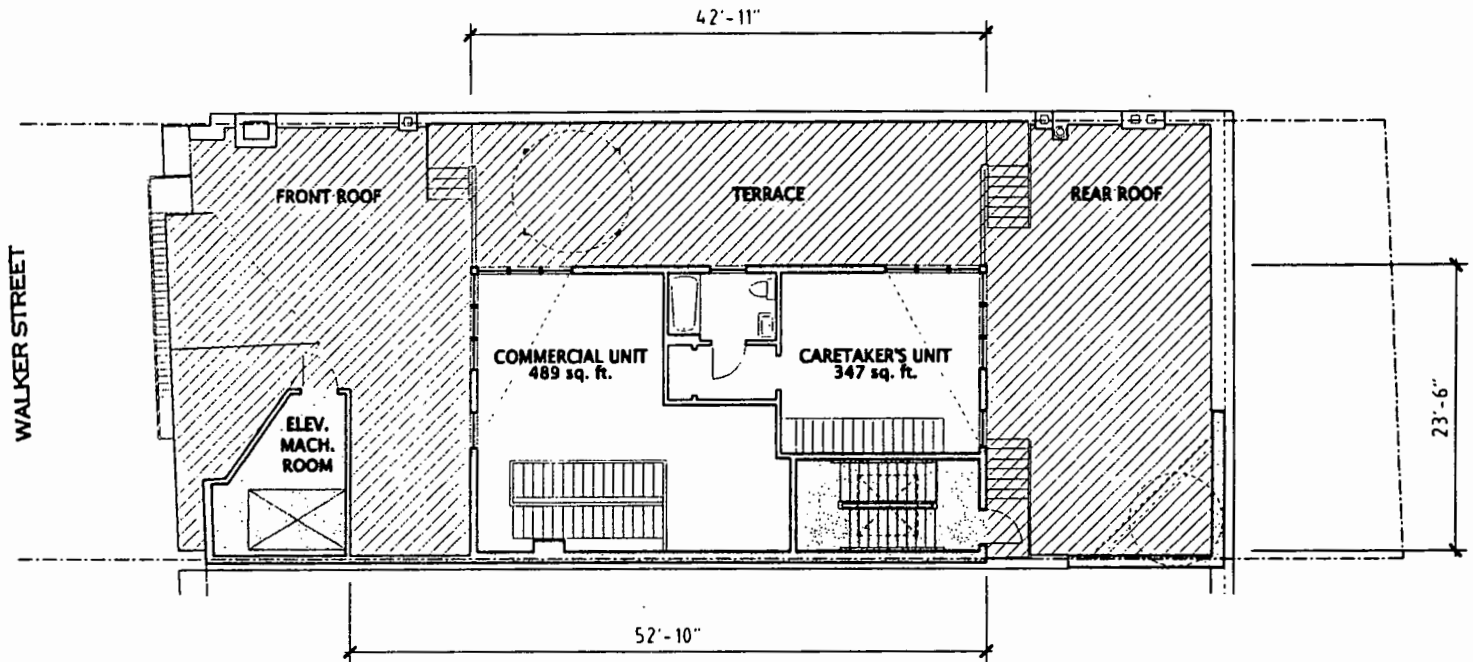


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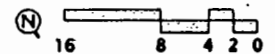
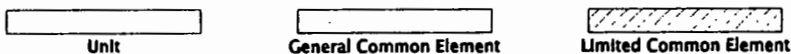


UNIT 6

Approximate Unit Area: See Sixth Floor Plan

Approximate Floor to Ceiling Height: 9' 0"

MEZZANINE PLAN

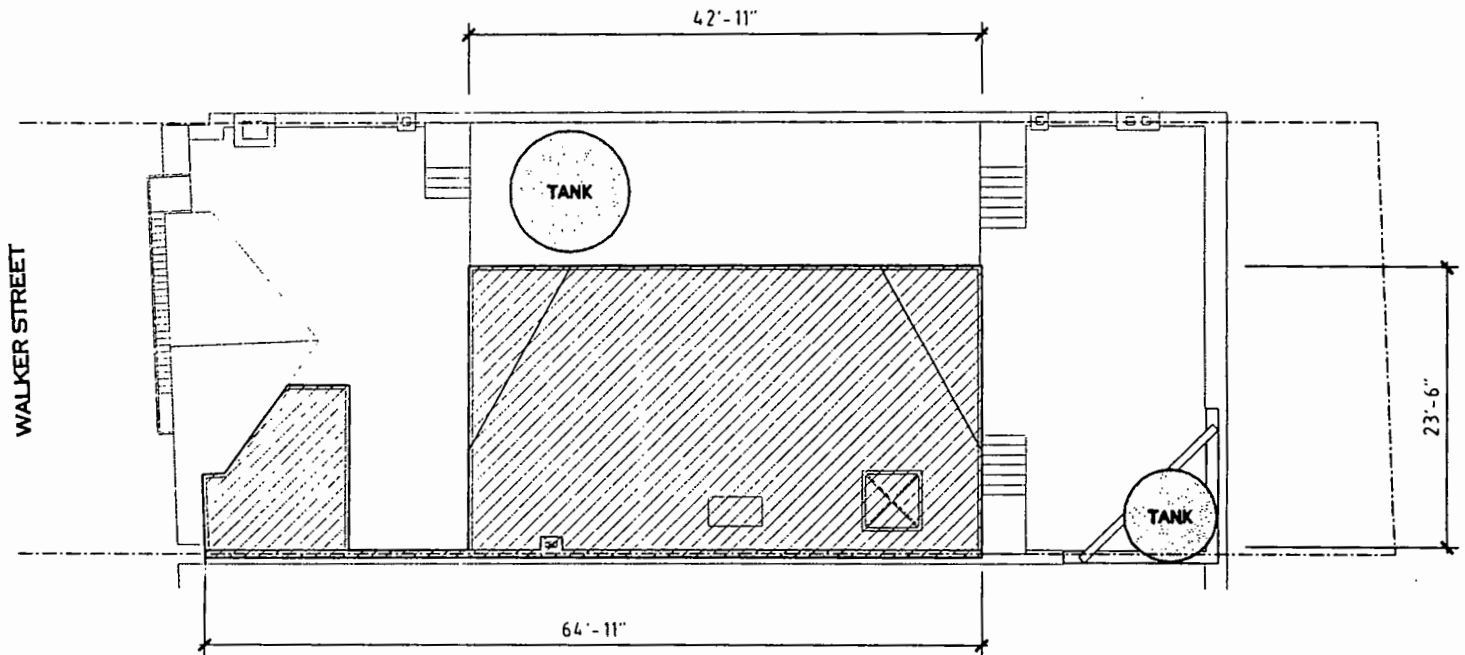


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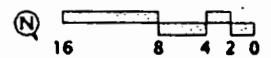
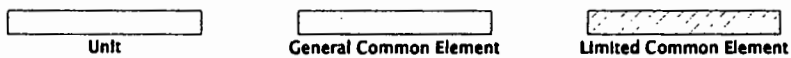
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1906 Rittenhouse Square, Philadelphia, PA 19103 T(215) 546-4468, F(215) 546-9124



ROOF PLAN



81 WALKER STREET CONDOMINIUM

81 Walker Street, New York, NY 10013

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CHARLES LOOMIS CHARISS McAFEE, ARCHITECTS
1906 Rittenhouse Square, Philadelphia, PA 19103 T(215) 546-4468, F(215) 546-9124

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ENVIRONMENTAL SERVICES INC.

433 KINGSTON AVENUE • SUITE 7 • BROOKLYN, NEW YORK 11225
PHONE: 718-756-6205 • FAX: 718-756-5782

March 1, 2001.

New York Office of the Attorney General
120 Broadway, 23rd Floor
New York, NY 10271

Re: 81 Walker Street, New York, 10013
Presence of Asbestos

Dear Sir/Madam:

Pursuant to Section 20.7 (cc) of the Regulations Governing Newly Constructed, Vacant or Non residential Condominiums, I am making the following statement regarding the presence of Asbestos Containing Material (ACM) on the above captioned building

(1) Qualifications: I have maintained a status of New York City Certified Asbestos Investigator from 1989 to the present. My certification number at the time of my investigation listed below was 75634 which will expired on November 4, 2001. I also maintain a current status of New York State Certified Asbestos Inspector and Management Planner. My certification number with the State is AH 90-15615 and will expired on November 30, 2001. Airplus Environmental Services Inc. (Airplus) the company that I work for, is licensed by the New York State Department of Labor to conduct Asbestos inspections. Airplus current license number is 99-0149 and will expired on March 31, 2001.

(2) Asbestos Inventory: I performed and asbestos investigation throughout the entire (100% of) the building on July 3, 2000 and re-inspected it on March 1, 2001.

Location: ACM was found in asphalt materials.

Amount: There are approximately 4,500 square feet of non-friable ACM on the roof of the building.

Type: Chrysotile

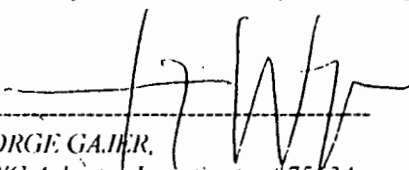
Concentration: All samples of asphalt roofing material contained between 9.3% and 12% of asbestos.

Condition: The existing ACM asphalt roofing material is in poor condition.

(3) Recommendations: I Recommend that all ACM asphalt roofing material be abated from the site.

(4) Implementation: A New York State certified Abatement contractor and hauler must be employed for removal of the ACM asphalt roofing material. A New York State certified third party Air Monitory company must be employed to test the air during the abatement work. All the work must be done in accordance to Title 15 of New York City Asbestos Regulations and New York State Department of Labor ICR 56.

(5) Future Recommendations: The sponsor shall request and ensure that only non-asbestos materials shall be used in the replacement of the asphalt roofing material. Also, no new ACM may be installed in the building.


JORGE GAJER,
NYC Asbestos Investigator #75634 exp. date 11/04/01
NYS DOL RUI Asbestos Inspector AH-90-15615
Airplus License AC-99-0149



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DECLARATION

Establishing a Plan for Condominium Ownership of Premises located at 81 Walker Street, County of New York, City and State of New York Pursuant to Article 9-B of the Real Property Law of the State of New York.

NAME: CORTLANDT PLACE

**SPONSOR: 81 Walker LLC
320 Dean Street
Brooklyn, NY 11217**

DATE OF DECLARATION:

The land affected by the within instrument lies in Block 195, Lot 11 on the Tax Map of the Borough of Manhattan, County of New York, City and State of New York.

Record and Return:

BERNARD BRONNER, ESQ.
Attorney for Sponsor
Ten Cutter Mill Road - Suite 301
Great Neck, NY 11021

Declaration Establishing a Plan for Condominium Ownership of Premises to be known as Cortlandt Place, located at 81 Walker Street, New York, New York, Borough of Manhattan, County of New York, City and State of New York, Pursuant to Article 9-B of the Real Property Law of the State of New York.

81 Walker LLC, a limited liability company organized under the laws of the State of New York, whose principal office is located at 320 Dean Street, Brooklyn, NY 11217, hereinafter referred to as the "Sponsor", does hereby state:

Article One - Submission of Property. Sponsor hereby submits the land hereinafter described, together with the building and improvements thereon erected (the "Property") to the provisions of Article 9-B of the Real Property Law of the State of New York.

Article Two - Area and Location of Land. The land ("Land") has an area of approximately 3,600 square feet and consists of all that certain tract, plot, piece and parcel of land situate, lying and being in the County of New York, City and State of New York, more particularly described on Schedule A annexed hereto and made a part hereof. The Land is owned by the Sponsor in fee simple absolute.

Article Three - Name of Condominium. The Condominium shall be known as Cortlandt Place.

Article Four - The Property and the Building. Included in the Property is the Building, having one below grade level (cellar), six stories above grade and one mezzanine at the 6th floor roof level to be added pursuant to the plans filed herewith. The Building will be comprised of (i) 6 commercial units, one unit on the first floor which also encompasses parts of the cellar, one unit each on the second, third, fourth and fifth floors, and one unit on the sixth floor which also encompasses a portion of the mezzanine; (ii) one caretaker unit located on the sixth floor and a portion of the mezzanine; (iii) the Common Elements; and (iv) the Limited Common Elements.

Article Five - Units. The term "Units" shall refer to the units contained in the condominium as more particularly described in Schedule B annexed hereto and made a part hereof which sets forth the with respect to each Unit: unit designation; tax lot number; approximate area; number of rooms/toilets; location; the portion of the Common Elements, including Limited Common Elements, if any, to which the Unit has immediate access and the percentage of interest in the Common Elements. The location of each Unit is more clearly designated on the Floor Plans (as hereinafter defined).

As shown on the Floor Plans of the Building (the "Floor Plans"), certified by _____, registered architect, and intended to be filed in the New York County Office of the Register of the City of New York, simultaneously with the recording of this Declaration, the approximate physical dimensions of each Unit is comprised of the area enclosed horizontally on each of one or two floors by the interior exposed face of the masonry and brick exterior walls of the Building and by the unit side face of the studs or interior face of masonry dividing the Units from corridors, elevator shaft, stairs, Common Elements or other Units. Vertically measured, each Unit is comprised of the space between the upper face of the flooring

joists and the lower face of the joists at the ceiling on each of one or two floors. Doors, windows and skylights which open from or form the border of a Unit shall be deemed part of the Unit.

Any Common Element located within a Unit is not to be considered a part of such Unit.

Article Six - Common Elements. The Condominium's Common Elements consist of the entire Property, including all parts of the Building and improvements thereon other than the Units. The Common Elements are further categorized as General Common Elements and Limited Common Elements. They include, without limitation, the following:

A. General Common Elements.

- (1) The land on which the Building is erected and all other land, if any, within the boundaries of the Property, with the exception of the courtyard located in the rear of the building.
- (2) All foundations, columns, girders, beams, supports, bearing walls; those portions of the exterior walls beyond the interior face of the exterior wall; those portions of the walls and partitions dividing the Units from corridors, lobby, elevator shaft and stairs located beyond the unexposed face of the drywall partitions enclosing the Unit, or, where applicable, the block, brick or concrete work of the interior walls of the Building separating one Unit from another Unit, or from the corridors, elevator shaft, lobby or stairs not within the Unit; concrete floor slabs; the support beams, joists and archways, including any framing attached to such joists from which the drywall ceiling of the Unit below is attached, roof bulkheads; skylights which do not open from or form the border of a Unit, water towers and tanks, if any; roofs, excluding the roof terraces allocated to a specific Unit; corridors, halls, stairs and stairway areas located beyond the unexposed face of drywall partitions or block, brick or concrete work of the walls enclosing a Unit; any storage and utility areas which are not part of a Unit or not otherwise specifically designated as a Limited Common Element, located beyond the unexposed face of drywall partitions or block, brick or concrete work enclosing a Unit or the unexposed face of a drywall partition enclosing all or part of such Units; and the entrances to and exits from the Building;
- (3) The lobby, mailboxes in the lobby, the gas and electric meter rooms, the gas meter equipment and electric meter equipment in the cellar, and all other cellar areas which are not designated as part of a Unit, but excluding the street vault. The street vault area is owned by the City of New York;
- (4) All installations outside the Units for services such as gas, power, light, telephone and water; and intercom system;
- (5) All sewer pipes, drainage pipes, water risers and heating risers;

- (6) The elevator, elevator shaft, pit and bulkhead; elevator room, mechanical and equipment rooms for apparatus and installations for common use;
- (7) Any tanks, pumps, motors, fans, ducts and in general all apparatus and installations existing for common use; and
- (8) All other apparatus and installations existing in the Building for common use or necessary or convenient to the existence, maintenance or safety of the Building.

B. Limited Common Elements. The following portions of the Common Elements will be Limited Common Elements:

- (1) The entire roof area located on both the north and south side of the new mezzanine on the sixth floor roof level and the entire roof area located at the roof level of the new mezzanine, as indicated on the floor plans annexed hereto, shall be for the exclusive use of the sixth floor Unit Owner. The maintenance and repair of the roof surface including waterproofing and the replacement of the roof surface when necessary is the sole responsibility of the sixth floor Unit Owner.
- (2) The courtyard to the rear of the building, accessible through the basement space of the first floor unit, as indicated on the floor plans annexed hereto, shall be for the exclusive use of the first floor Unit Owner.
- (3) The storage areas in the basement, as described on the floor plans annexed hereto, shall be for the exclusive use of the Unit Owners to which the storage areas are allocated.

Article Seven - Use of Units. The Units may not be used for any of the following:

- i. Food wholesaling, retailing, storage, processing, catering or services;
- ii. Discotheque or supper club;
- iii. Nightclub or bar;
- iv. Veterinarian's office or pet shop;
- v. Martial arts studio or school;
- vi. Machine shop or welding shop;
- vii. Dry cleaning or laundry service;
- viii. Chemical wholesaling, storage, retailing or manufacturing;
- ix. Heavy trucking;
- x. Methadone clinic, drug or alcohol rehabilitation;
- xi. Exterminating service;
- xii. Bicycle messenger center;
- xiii. Bowling alley;
- xiv. Manufacturer or sale of tobacco products;

- xv. Adult and/or child care facilities;
- xvi. Leather dying or coloring;
- xvii. Motel/hotel/hostel/homeless shelter or any transient use;
- xviii. Sweat shop;
- xix. Roller/ice skating rink;
- xx. Tattoo parlor;
- xxi. Waste disposal/refuse center;
- xxii. Amusement arcade;
- xxiii. Auditorium;
- xxiv. Billiard parlor;
- xxv. Brewery;
- xxvi. Heavy manufacturing of any kind;
- xxvii. Discount house, cut rate or discount type of business;
- xxviii. Adult bookstore or video shop or other adult entertainment facility;
- xxix. Lottery ticket sales or gambling; and
- xxx. Public health club.

The Units may be used for any other lawful purpose not prohibited above and which does not violate the Certificate of Occupancy for the Building and the rules and regulations contained in the Zoning Resolution.

Article Eight - Common Interest Allocation. The allocation of percentage of Common Interest to each Unit is based on: the location of each unit, upon floor space and dimensions of the Unit, relative value to other space in the Condominium, the uniqueness of the Unit, the Limited Common Elements appurtenant thereto and the availability and proximity of General Common Elements.

Article Nine - Encroachments. The Unit Owners agree that if any portion of the Common Elements now encroaches upon any Unit, or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements, or if any encroachment shall occur hereafter as a result of (a) settling or shifting of the Building, or (b) alteration or repair to the Common Elements made by or with the consent of the Board of Managers, or (c) as a result of repair or restoration of the Building or a Unit after damage by fire or other casualty, or (d) as a result of condemnation or eminent domain proceedings; a valid easement shall exist for such encroachment and for the maintenance of the same so long as the Building or reconstructed Building shall stand.

Article Ten - Easements.

- A. Subject to the terms of the By-Laws and the Rules and Regulations, each Unit Owner shall have an easement in common with all other Unit Owners to use all pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements located in any of the other Units and serving his Unit. Each Unit shall be subject to an easement in favor of the Owners of all other Units to use the pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements serving such other Units and located in such Unit. The Board of

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

- B. Subject to the terms of the By-Laws and the Rules and Regulations, the Unit Owners, all other permitted tenants and occupants of the Building, the Managing Agent, the Board and all officers, partners, employees, agents, guests, invitees and licensees of the foregoing shall have, in common with all of the others, an easement for ingress and egress through, as well as for the use and enjoyment of, all of the Common Elements and the Common Elements shall be subject to such easement. Notwithstanding the foregoing, however, no Person shall use or enjoy the Common Elements except in accordance with the reasonable purposes for which they are intended and without encroaching on the rights of other persons to do so.
- C. Each Unit shall have an easement for the exclusive use of its Limited Common Elements.
- D. The Board of Managers shall have the right to grant such additional electric, gas, steam, cable, television, telephone, water, storm drainage, sewer and other utility easements in, or to relocate any existing utility easements to any portion of the Property as it shall deem necessary or desirable for the proper operation and maintenance of the Building or any portion thereof or for the general health or welfare of the owners, tenants and occupants of the appropriate Units, provided, however, that the grant of such additional utility easements or the relocation of existing utility easements, shall not unreasonably interfere with the use of the Units for their permitted purposes. Any utility company as well as its officers, employees and agents, shall have a right of access to each Unit and to the Common Elements in furtherance of such easement. However, such right of access shall be exercised in such a manner as will not unreasonably interfere with the use of the Units for their permitted purposes.
- E. Each Unit Owner shall have an easement on the roof area of the elevator bulkhead and/or stairwell bulkhead and/or the roof of the rooftop mechanical room for the limited purposes of installation, repair and maintenance of air conditioning equipment.
- F. Each Unit shall be subject to an easement in favor of the Unit Owner(s) of the Unit located directly above such Unit for the purpose of utilizing a portion of the ceiling of such Unit for the installation of plumbing pipes within a ten (10') foot radius of the two (2) existing plumbing stacks, provided that said plumbing pipes to not extend greater than twelve (12") inches below the ceiling of such Unit.
- G. In addition to the specific easements set forth in this Article Ten hereof, the Property and every portion thereof shall be subject to all easements and rights of

access prescribed in the Condominium Act, or in any agreements made with the City of New York or any agencies or departments thereof or with any utility companies in effect prior to the recording of this Declaration.

Article Eleven - Power of Attorney. Each Unit Owner shall grant the Board of Managers, an irrevocable power of attorney, coupled with an interest, to acquire title to or lease any Unit whose owner desires to surrender, sell or lease the same, or which may be the subject of a foreclosure or other judicial sale, in the name of the Board of Managers or its designee, corporate or otherwise on behalf of all Unit Owners, and to convey, sell, lease, mortgage (but not to vote the votes appurtenant thereto) or otherwise deal with any such Units so acquired or to sublease any Unit so leased by the Board of Managers subject to the rights of any mortgagee whose mortgage was not extinguished as a result of such foreclosure, judicial sale or acquisition.

Article Twelve - Units Acquired by the Board of Managers. In the event any Unit Owner shall surrender his Unit pursuant to the provisions of Section 339-x of the Real Property Law of the State of New York, together with (i) the undivided interest in the Common Elements, general and limited, appurtenant thereto; and (ii) the interest of such Unit Owner in any other Units acquired by the Board of Managers or its designee on behalf of all Unit Owners or the proceeds of the sale or lease thereof, if any; and (iii) the interest of such Unit Owner in any other assets of the Condominium; (hereinafter collectively called the "Appurtenant Interests"), or if the Board of Managers shall purchase from any Unit Owner his Unit, together with the Appurtenant Interests, or in the event the Board of Managers purchases a Unit together with the Appurtenant Interests at a foreclosure or other judicial sale, title to any such Unit, together with the Appurtenant Interests, shall be held by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners, in proportion to their respective Common Interests. The lease for any Unit leased by the Board of Managers, or its designee, corporate or otherwise, shall be held by the Board of Managers, or its designee, on behalf of all Unit Owners, in proportion to their respective Common Interests.

Article Thirteen - Service of Process. Until such time as Sponsor relinquishes control of the Board of Managers, 81 Walker LLC, with an office at 320 Dean Street, Brooklyn, NY 11217, is hereby designated to receive service of process in any action brought against the Condominium. After Sponsor relinquishes control of the Board of Managers, service of process in any action brought against the Condominium shall be served on the President of the Condominium at the Office of the Condominium, 81 Walker Street, New York, NY 10013.

Article Fourteen - Applicability of Declaration, By-Laws and Rules and Regulations to Units. All present and future Owners, tenants, subtenants, occupants of Units, and any other person that might use the facilities of the Building in any manner shall be subject to and shall comply with the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time. The acceptance of a deed or conveyance or the entering into a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time, are accepted and ratified by such Owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall

bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease thereof.

Article Fifteen - Amendments. This Declaration may be amended, modified, added to or deleted from by an instrument executed by the Board of Managers upon the vote of at least sixty-six and two-thirds (66 2/3%) percent in Common Interest of all Unit Owners, cast in person or by proxy at a meeting duly called and held in accordance with the provisions of the By-Laws, or in lieu of a meeting, any amendment may be approved, in writing by sixty-six and two-thirds (66 2/3%) percent in Common Interest of all Unit Owners, provided, however:

- (a) No amendment, modification, addition or deletion which adversely affects the lien of any mortgage may be made without the written consent of the mortgagee;
- (b) No amendment which shall change the percentage of Common Interests allocated to any Unit or Units may be made without the written consent of such Unit Owner(s); no amendment which shall increase the percentage of Common Interest allocated to any Unit or Units may be made without the written consent of the mortgagee(s) of such Unit, or Units, if any;
- (c) No amendment which changes the provisions of Article Eighteen (ii) of this declaration may be made without first being authorized by an affirmative vote of Unit Owners who own not less than eighty-five (85%) percent in Common Interest of the Units.
- (d) The Sponsor hereby reserves to itself and its designee(s) the right to amend this Declaration at any time without the requirement of a vote and without the approval or consent of any Unit Owners or mortgagees for the purpose of filing the Floor Plans required by the New York Real Property Law Section 339-p for any portion or portions of the Building and appurtenances which are incomplete at the time the Declaration is recorded or which are changed pursuant to Article Eighteen below and filing along with said amendment to the Declaration and the Floor Plans, the verified statement of a registered architect or licensed professional engineer certifying that the plans being filed with such amendment, fully and fairly depict the layout, location, unit designation and approximate dimensions or the particular Unit or Units as built, as provided in said Section 339-p.
- (e) No amendment shall be effective until recorded in the New York County Office of the Register of the City of New York.

Article Sixteen - Invalidity. If any provision of this Declaration or of the By-Laws is invalid under, or would cause this Declaration or the By-Laws to be insufficient to submit the Property to the provisions of the Condominium Act, such provision shall be deemed deleted from this Declaration or the By-Laws, as the case may be, for the purpose of submitting the Property to the provisions of the Condominium Act, but shall nevertheless be valid and binding upon, and shall

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

Article Seventeen - Condominium Termination. The Condominium may be terminated by (i) casualty loss, condemnation or eminent domain, in accordance with the provisions of the By-Laws, or (ii) by withdrawing the Property from the provisions of the New York Condominium Act if authorized by an affirmative vote of Unit Owners who own not less than eighty-five (85%) percent in Common Interest of the Units. No such vote under clause (ii) in the preceding sentence shall be effective without the written consent of the holders of any mortgages which are liens on the Units, if any, which consent shall not be unreasonably withheld or delayed. In the event said withdrawal is authorized as aforesaid, the Property shall be subject to an action for partition by any Unit Owner or lienor as if owned in common, and the net proceeds of sale shall be divided among all the Unit Owners in proportion to their respective Common Interests, provided, however, that no payment shall be made to a Unit Owner until all liens on his Unit, in the order of priority of such liens has first been paid off out of his share.

Article Eighteen - Changes in Units. To the extent not prohibited by the New York Condominium Act (as the same may be amended), the Unit Owners shall have the right without the vote or consent of the Board of Managers, other Unit Owners or the holders of mortgages on other Units to (i) make non-structural alterations and improvements to Units; (ii) change the layout or number of rooms in the Unit; (iii) change the size and/or number of such Units by subdivision or otherwise, into one or more Units, altering the boundary walls between any subdivided Unit or otherwise; and (iv) reapportion among such Units affected by such change in size or number, subdivision, combination or alteration, their appurtenant interests in the Common Elements; provided, however, that the Unit Owner(s) shall comply with the Declaration, By-Laws, Rules and Regulations of the Condominium, as the same may be amended, all rules, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Board of Managers and all other Unit Owners harmless from any costs or liability arising therefrom. The Common Elements appurtenant to each Unit as established in this Declaration shall not be altered without the prior written consent of all Unit Owners affected. Written consents will be obtained from Unit Owners and contract vendees, if any, who are adversely affected as a result of the above changes. The provisions of this Article Eighteen may not be added to, amended or deleted without the prior written consent of all Unit Owners.

Article Nineteen - Common Expenses. The Common Expenses of the Condominium include all expenses of operation of the Property and all sums designated Common Expenses by or

pursuant to the provisions of Article 9-B of the Real Property Law of the State of New York, the Declaration or the By-Laws.

Article Twenty - Successors and Assigns. The rights and/or obligations of, and limitations imposed on Sponsor or its designee as set forth herein shall inure to the benefit of, and shall be binding upon, its respective successors and assignees as well as any designated transferee of its Units. Subject to the foregoing, the Sponsor shall have the right, at any time, in its sole discretion, to assign or otherwise transfer its interest herein, whether by merger, consolidation, lease, assignment, or otherwise.

Article Twenty-one - Waiver. No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Article Twenty-two - Captions. The captions herein are inserted only for reference and convenience, and is not intended to define, limit or describe the scope of this Declaration nor the intent of any provision thereof.

Article Twenty-three -Gender and Number. The use of the masculine gender in this Declaration shall be deemed to refer to either the feminine gender or the masculine gender and the use of the singular shall be deemed to refer to the plural, and the plural to the singular, whenever the context requires.

IN WITNESS WHEREOF, the parties have caused this Declaration to be executed by its duly authorized representatives this day of , 2001.

81 WALKER LLC

By:

Bernard Dillenberger
President of Walker MM Corp.
Manager of 81 Walker LLC

**SCHEDULE A
TO THE DECLARATION OF
CORTLANDT PLACE**

Parcel

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, County, City, State of New York, bounded and described as follows:

BEGINNING at a point on the southerly side of Walker Street distant 36 feet easterly from the corner formed by the intersection of the southerly side of Walker Street and the easterly side of Cortlandt Alley: running thence southerly parallel with the easterly side of Cortlandt Alley and part of the distance through a party wall 100 feet;

THENCE easterly parallel with the southerly side of Walker Street 36 Feet;

THENCE northerly parallel with the easterly side of Cortlandt Alley and part of distance through a party wall 100 feet to the southerly side of Walker Street;

THENCE westerly along the southerly side of Walker Street 36 feet to the point or place of beginning.

**SCHEDULE B
TO THE DECLARATION OF
CORTLANDT PLACE**

UNIT	TAX LOT	SQUARE FOOTAGE	LOCATION	PERCENTAGE OF INTEREST IN COMMON ELEMENTS	NUMBER OF ROOMS/ TOILETS	APPURTNANT LIMITED COMMON ELEMENTS
1		4,095	1 st Floor plus Part of Cellar	16 2/3 %	1/1	Rear Courtyard
2		2,563	2 nd Floor	16 2/3 %	1/1	Storage Room 2
3		2,625	3 rd Floor	16 2/3 %	1/1	Storage Room 5
4		2,625	4 th Floor	16 2/3 %	1/1	Storage Room 3
5		2,638	5 th Floor	16 2/3 %	1/1	Storage Room 1
6 *		3,474	6 th Floor plus Mezzanine	16 2/3 %	1/2	Storage Room 4 plus 6 th floor and mezzanine roof terrace space

* An area of approximately 1,200 square feet of Unit 6 will be designated as a Caretaker Unit. For further information, please refer to "Caretaker Unit" as more fully described in Schedule C to the Declaration.

**SCHEDULE C
TO THE DECLARATION OF
CORTLANDT PLACE**

- "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 Elements; (ii) any other Units owned or leased at the time in question by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners; (iii) any proceeds of the sale or lease of Units of the nature described in subdivision (ii) above; and (iv) any other assets of the Condominium.
- "Assessments"** The charges allocated and assessed by the Board of Managers to the Unit Owners, pro rata, in accordance with their respective Common Interest, (except as otherwise provided in the Declaration or in the By-Laws).
- "Board of Managers" or
"Condominium Board"** The governing board of the Condominium composed of representatives elected by Unit Owners voting in accordance with their respective percentages of Common Interest.
- "Building"** The structure located at 81 Walker Street, New York, New York.
- "Caretaker Unit"** "Caretaker Unit" has the same meaning as such term is defined in the New York City Zoning Resolution, Section 12-10, as amended from time to time. In accordance with the aforementioned Section 12-10 of the New York City Zoning Resolution, a portion of the sixth floor Commercial Unit will be designated as a Caretaker Unit. The exact layout, size and location of the Caretaker Unit is more fully described on the Floor Plans of the Building which will be filed herewith and approved by the New York City Department of Buildings. A "Restrictive Declaration" for the use of such Caretaker Unit has been filed in the Office of the City Register.. "Restrictive Declaration" has the same meaning as such term is defined in the New York City Zoning Resolution, Section 12-10, as amended from time to time. A copy of such Restrictive Declaration shall also be provided to the New York City Department of Buildings.
- "Commercial Unit or
Units"** Each and every Unit in the Condominium, except the Caretaker Unit, as delineated on the Floor Plans, which is owned in fee simple. The Commercial Units may be used for any lawful purpose

not violated by the Certificate of Occupancy for the Building, subject to the rules and regulations contained in the Zoning Resolution and subject to the use restrictions set forth in this declaration and the By-Laws.

- "Commercial Unit Owner" The Person owning a Commercial Unit in fee simple absolute.
- "Common Charges" Each Unit's proportionate share of the Common Expenses in accordance with its Common Interest.
- "Common Elements" All portions of the Property other than Units. Common Elements are comprised of General Common Elements and Limited Common Elements.
- "Common Expenses" Common Expenses of the Condominium mean and include all expenses of operation of the Property and all sums designated Common Expenses by or pursuant to the provisions of Article 9-B of the Real Property Law of the State of New York, the Declaration or the By-Laws.
- "Common Interest" The proportionate, undivided interest in fee simple absolute in the Common Elements appertaining to each Unit as expressed in the Declaration.
- "Condominium" A form of ownership of real property in which individual Units as component parts of a whole are owned in fee simple with the right of exclusive use, by separate individuals or entities, which separate individuals and/or entities jointly own those parts of the whole designated as Common Elements. In the context of this Offering Plan "Condominium" specifically refers to "Cortlandt Place".
- "Condominium Act" Article 9-B of the Real Property Law of the State of New York, as the same may be amended from time to time.
- "Condominium Documents" The Declaration and all Schedules thereto, the By-Laws, the Rules and Regulations, the Floor Plans, form of Unit Deed and the form of Unit Owners Power of Attorney.
- "Declaration" The instrument, as may be amended from time to time, by which the Property is submitted to the provisions of the New York State Condominium Act, consistent with the provisions of the New York Condominium Act and the By-Laws.
- "First Unit Closing" The first closing of title with a bona fide Purchaser of a Unit.

"Floor Plans"

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

"General Common Elements"

The General Common Elements include, without limitation:

- 1) The land on which the Building is physically erected and the land, if any, on all sides of the Building within the boundaries of the Property, with the exception of the courtyard located in the rear of the building.
- 2) All foundations, columns, girders, beams, supports, bearing walls; those portions of the exterior walls beyond the interior face of the exterior wall; those portions of the walls and partitions dividing the Units from corridors, lobby, elevator shaft and stairs located beyond the unexposed face of the drywall partitions enclosing the Unit, or, where applicable, the block, brick or concrete work of the interior walls of the Building separating one Unit from another Unit, or from the corridors, elevator shaft, lobby or stairs not within the Unit; concrete floor slabs; the support beams, joists and archways, including any framing attached to such joists from which the drywall ceiling of the Unit below is attached, roof bulkheads; skylights which do not open from or form the border of a Unit, water towers and tanks, if any; roofs, excluding the roof terraces allocated to a specific Unit; corridors, halls, stairs and stairway areas located beyond the unexposed face of drywall partitions or block, brick or concrete work of the walls enclosing a Unit; any storage and utility areas which are not part of a Unit or not otherwise specifically designated as a Limited Common Element, located beyond the unexposed face of drywall partitions or block, brick or concrete work enclosing a Unit or the unexposed face of a drywall partition enclosing all or part of such Units; the entrances to and exits from the Building;
- 3) The lobby, mailboxes in the lobby, the gas and electric meter rooms, the gas meter equipment and electric meter equipment in the cellar, and all other cellar areas which are not designated as part of a Unit, but excluding the street vault. The street vault area is owned by the City of New York.

- 4) All installations outside the Units for services such as gas, power, light, telephone, water, and intercom system;
- 5) All sewer pipes, drainage pipes, water risers, and heating risers;
- 6) The elevator, elevator shaft, pit and bulkhead, elevator room, mechanical and equipment rooms for apparatus and installment for common use;
- 7) Any tanks, pumps, motors, fans, compressors, ducts and in general all apparatus and installations existing for common use;
- 8) All other apparatus and installations existing in the Building for common use or necessary or convenient to the existence, maintenance or safety of the Building;

“Insurance Trustee”

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

“Land”

All that certain tract, plot, piece and parcel of land situated, lying and being at 81 Walker Street, in the County, City, and State of New York, as more particularly described in Schedule A to the Declaration.

“Law”

The laws and ordinances of any or all of the Federal, New York State, New York City, and New York County governments, the rules, regulations, orders and directives of any of 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.

“Limited Common
Elements”

Parts of the whole which are owned as Common Elements, but the exclusive use of which is granted to a single Unit Owner or several Unit Owners and, unless otherwise specified, the maintenance and repair of which is the responsibility of the Board of Managers as Common Expenses. In this Plan, the following are Limited Common Elements:

- (1) The entire roof area located on both the north and south side of the new mezzanine on the sixth floor roof level and the entire roof area located at the roof level of the new

mezzanine, as indicated on the floor plans annexed hereto, shall be for the exclusive use of the sixth floor Unit Owner. The maintenance and repair of the roof surface including waterproofing and the replacement of the roof surface when necessary is the sole responsibility of the sixth floor Unit Owner.

- (2) The courtyard to the rear of the building, accessible through the basement space of the first floor unit, as indicated on the floor plans annexed hereto, shall be for the exclusive use of the first floor Unit Owner.
- (3) The storage areas in the basement, as indicated on the floor plans annexed hereto, shall be for the exclusive use of the respective owners of the Units to which the storage areas are allocated.

"Majority"	Majority of Unit Owners means more than fifty per cent in Common Interest in the aggregate as may be specified herein or in the Declaration or the By-Laws with respect to any matter or matters. Any specified percentage of Unit Owners means such percentage in Common Interest in the aggregate as may be specified herein or in the Declaration or the By-Laws with respect to any matter or matters.
"Managing Agent"	A person employed by the Board of Managers pursuant to the By-Laws, who shall have authority as granted by the Board of Managers and perform the duties and services that the Board of Managers shall direct, as limited by these By-Laws.
"Offering Plan"	The document filed with the New York State Department of Law which describes the condominium property and pursuant to which individual Units in the Condominium are offered for sale, as the same may be amended from time to time. Sometimes herein referred to as the "Plan".
"Operation of the Property"	The administration and operation of the Property and the maintenance, repair and replacement of, and the making of any additions and improvements to, the Common Elements.
"Permitted Mortgages"	Either a first mortgage or second mortgage obtained by a Unit Owner in accordance with the provisions of the Plan either with an institutional lender, the Sponsor, family member, a business

associate or employer, a selling Unit Owner or other lender approved by the Sponsor, if the Sponsor is in control of the Board of Managers, or the Board of Mangers.

"Person" A natural person, corporation, partnership, association, trustee or other legal entity.

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

- (i) the Board of Managers as attorney-in-fact, on behalf of all Unit Owners, to lease any Unit, or acquire any Unit the Unit Owner of which wishes to sell or abandon together with the Appurtenant Interest thereto, or acquire any Unit in foreclosure, and to deal with any such Units so acquired or leased as they may determine, subject to the rights of any mortgagee whose mortgage was not extinguished as a result of such foreclosure, judicial sale or acquisition.
- (ii) the Sponsor, as attorney-in-fact, to amend the Declaration, the By-Laws, and the Rules and Regulations of the Condominium or any of said documents under the conditions set forth in the Power of Attorney.

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

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

"Recording officer" and
"Recording" or
"Recorded" Shall have the meanings stated in section two hundred ninety of the New York State Real Property Law.

"Restrictive Declaration" "Restrictive Declaration" has the same meaning as such term is defined in the New York City Zoning Resolution, Section 12-10, as amended from time to time.

"Rules and Regulations" The rules and regulations of the Condominium, which are annexed as an addendum to the By-Laws, as any of the same may be amended, modified, added to, or deleted from time to time

pursuant to the terms of the By-Laws, provided that they are not in conflict with the terms of the Condominium Act, the Declaration, or the By-Laws.

"Sponsor"

The promoter of the project and/or Offering Plan to convert a particular parcel of property to Condominium Ownership; 81 Walker LLC is the Sponsor of this Offering Plan. The term "Sponsor" shall also include any successor Sponsor under the Condominium Act or the Attorney General's regulations.

"Sponsor-designee"

Any Person designated in writing by Sponsor's Manager, or a successor Sponsor, to hold title to any Unit. Such written statement shall be conclusive evidence of status as Sponsor-designee so as to entitle such Person to all the rights of a Sponsor-designee under this Offering Plan. A Sponsor-designee, with the written approval of Sponsor's Manager or the successor Sponsor, shall have the right to designate a Person to succeed to its rights and any such designee shall also be deemed a "Sponsor-designee".

"Unit"

Any space in the Building designated as a Unit. "Unit" has the same meaning as such term is defined in the Condominium Act, and shall refer to any of the units constituting the Condominium. Such Units are a part of the Property intended for any lawful use not violated by the Certificate of Occupancy for the Building, subject to the rules and regulations contained in the Zoning Resolution and subject to the use restrictions set forth in this Declaration and the By-Laws, and adjoin an exit to a public street or highway or a Common Element or elements leading to a public street or highway, and may include such appurtenances as a storage room or terrace, if applicable.

"Unit Deed"

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

"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.

"Unit Owner"

The person or persons, or entity owning a Unit in fee simple absolute.

"Unsold Units"

Any Unit owned by Sponsor or its designee at the time in question.

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BY-LAWS
OF
CORTLANDT PLACE

Borough of Manhattan
County of New York, City and State of New York

BERNARD BRONNER, ESQ.
Attorney for Sponsor
Ten Cutter Mill Road, Suite 301
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BY-LAWS
OF
CORTLANDT PLACE

ARTICLE I
PLAN OF UNIT OWNERSHIP

Section 1. Condominium Unit Ownership. The property located at 81 Walker Street in the Borough of Manhattan, County of New York, City and State of New York (the "Property") has been submitted pursuant to the provisions of Article 9-B of the Real Property Law of the State of New York by the Declaration recorded in the New York County Office of the Register of the City of New York, simultaneously herewith. The Condominium thereby created shall hereinafter be known as Cortlandt Place.

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

Section 3. Personal Application. All present or future owners, mortgagees, lessees and occupants of Units and their employees, and any other persons who may use the facilities of the Property in any manner are subject to these By-Laws, the Declaration and the Rules and Regulations attached hereto as Schedule A. The acceptance of a deed or conveyance or the entering into of a lease for a Unit or the mere act of occupancy of a Unit shall constitute an agreement that these By-Laws, the Rules and Regulations and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.

Section 4. Office. The office of the Condominium and of the Board of Managers shall be located at 320 Dean Street, Brooklyn, New York until such time as Sponsor relinquishes control of the Board of Managers, thereafter the office of the Condominium and the Board of Managers shall be located at the Property.

ARTICLE II

VOTING, QUORUM, AND UNIT OWNER MEETINGS

Section 1. Voting. Each Unit Owner, or some person designated by such Owner or Owners to act as proxy on his or their behalf, who need not be an Owner, shall be entitled to cast the votes appurtenant to such Unit at all meetings of Unit Owners. The designation of a proxy shall be made in writing to the Secretary and signed by the Unit Owner, and shall be revocable at any time by written notice to the Secretary by the Unit Owner or Owners so designating. A notation of such proxies shall be made in the minutes of the meeting. Each Unit Owner (including the Sponsor, if the Sponsor shall then own one or more Units) shall be entitled to cast one vote for each 1% of interest in the Common Elements attributable to the Unit or Units owned by them on all matters where a vote is taken at all meetings of Unit Owners i.e. each Unit has 16 2/3% interest in the Common Elements and therefore each Unit has 16.66 votes; except that, when voting for the election of members to the Board of Managers, each Unit Owner: (i) shall be entitled to one vote for each 1% of Common Interest attributable to his Unit per member to be elected, and (ii) shall not have the right to cumulate his votes in favor of any one or more members to be elected. If Units are owned by more than one individual as joint tenants, tenants by the entirety or as tenants in common or by a partnership, corporation or other entity, the persons owning said Unit shall agree among themselves and cast the votes for their Unit as a single entity. Any Unit or Units owned by the Board of Managers or its designee shall not be entitled to vote.

Section 2. Majority of Unit Owners. The term "majority of Unit Owners" shall mean those Unit Owners having greater than 50% of the total authorized votes of all Unit Owners present in person or by proxy and voting at any meeting of the Unit Owners, determined in accordance with the provisions of Section 1 of this Article II.

Section 3. Quorum. Except as otherwise provided in these By-Laws, the presence of Unit Owners, in person or by proxy, whose common interest together is greater than sixty six and two thirds percent (66 2/3%) of the total authorized votes will constitute a quorum at all meetings of the Unit Owners.

Section 4. Majority Vote. The vote of a majority of Unit Owners at a meeting at which a quorum is present shall be binding upon all Unit Owners for all purposes except where a higher percentage vote is required in the Declaration or these By-Laws or by law.

Section 5. Annual Meetings. Within thirty (30) days, after the earlier of (i) the closing of title to five (5) Units or (ii) one half (1/2) year from the First Unit Closing, or such earlier time as Sponsor deems appropriate, the Sponsor shall call a special Unit Owners meeting for the purpose of electing the Board of Managers. At such meeting the Interim Board shall resign and a successor-member Board shall be elected. Thereafter, annual meetings shall be held on or about the anniversary of such date each succeeding year. At the annual meeting, there shall be elected by ballot of the Unit Owners a Board of Managers in accordance with the requirements of these By-Laws. The Unit Owners may also transact such other business of the Condominium as may properly come before them.

Section 6. Place of Meetings. Unit Owner meetings shall be held at the principal office of the Condominium or at such other place convenient to the Unit Owners as may be designated by the Board of Managers.

Section 7. Special Meetings. It shall be the President's duty to call special meetings of the Unit Owners as directed by the Board of Managers or upon a petition signed by a majority of the Unit Owners having been presented to the Secretary

Section 8. Notice of Meetings. It shall be the Secretary's duty to give notice of each annual or special meeting of the Unit Owners, at least ten (10) but not more than thirty (30) days prior to such meeting, stating the time, place where the meeting will be held and the purpose thereof, to each Unit Owner of record, at the building or at such other address as such Unit Owner shall have designated by notice in writing to the Secretary. Such notice may be given to any Unit Owner by personal delivery, mail, or fax. No business other than as stated in the notice shall be transacted at a special meeting. If any meeting is called to act upon a proposed amendment to the Declaration or to these By-Laws, the notice of meeting shall be given at least thirty (30) days prior to such meeting and such notice shall be accompanied by a copy of the text of the proposed amendment.

Section 9. Adjournment of Meetings. If any meeting of Unit Owners cannot be held because a quorum was not present, a majority of the Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 10. Order of Business. All meetings of the Unit Owners shall be conducted as follows:

- a. Roll call;
- b. Proof of notice of meeting or waiver of notice;
- c. Reading of minutes of the preceding meeting;
- d. Reports of officers;
- e. Report of Board of Managers;
- f. Reports of committees;
- g. Election of inspectors of election (when required);
- h. Election of members of the Board of Managers (when required);
- i. Unfinished business;
- j. New business.

Section 11. Action Without Meeting. Any action required or permitted to be taken by the Unit Owners may be taken without a meeting if the number of Unit Owners required by the Declaration, these By-Laws or applicable law, consent in writing to the adoption of a resolution authorizing such action and the writing or writings are filed with the records of the Condominium.

ARTICLE III

BOARD OF MANAGERS

Section 1. Number and Term. Until the first annual meeting of the Unit Owners is held pursuant to the terms of Article II Section 5 hereof, the first Board of Managers shall consist of three individuals (the "Interim Board") to be designated by the Sponsor. From and after the first annual meeting of the Unit Owners, Board of Managers shall consist of not less than three (3) and not more than six (6) members. All members of the Board shall be Unit Owners or officers, directors, shareholders, partners, principals, employees or beneficiaries of corporations, partnerships, fiduciaries or any other entity owning a Unit. No Unit may have more than one representative elected to each Board of Managers except as provided below to fill a vacancy on the Board of Managers. Thereafter, within the limits above specified, the number of Managers shall be determined by the Unit Owners at their annual meetings. The Managers shall hold office until their successors have been elected and hold their first meeting.

Section 2. Vacancies. Vacancies in the Board of Managers caused by any reason, other than by removal by a vote of the Unit Owners, shall be filled promptly after the occurrence of any vacancy by a vote of the majority of the remaining Board of Managers members at a special meeting of the Board of Managers held for that purpose. Each person so elected shall be a member of the Board of Managers to serve the remaining term until a successor is elected at the next annual meeting of the Unit Owners.

Section 3. Removal and Resignation. Any one or more of the members of the Board of Managers, may be removed with or without cause by an affirmative vote of Unit Owners whose aggregate Common Interest exceed sixty-six and two-thirds percent (66 2/3%) of the Common Interest, and a successor may then and there or thereafter be elected to fill the vacancy thus created. The vote for removal of any one or more members of the Board of Managers may be taken at any regular or special meeting of Unit Owners. Any member of the Board of Managers whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at the meeting prior to the vote. If a member of the Board of Managers ceases to be a Unit Owner, the principal or officer of a Unit Owner or the spouse of a Unit Owner, he shall be deemed to have resigned, effective as of the date such ownership interest ceased. Any member of the Board of Managers may resign their membership at any time by giving written notice to the Board.

Section 4. First Board of Managers. The First Board of Managers shall consist of three individuals (the "Interim Board") to be designated from time to time by the Sponsor, who shall hold office and exercise all powers of the Board of Managers until the first meeting of Unit Owners called for the purpose of electing the Board of Managers. Any or all of said Board of Managers shall be subject to replacement in the event of resignation or death in the manner set forth in Section 3 of this Article.

Section 5. Powers and Duties. The property and business of the Condominium shall be managed by its Board of Managers which shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things except as

by law or by the Declaration or by these By-Laws may not be delegated to the Board of Managers by the Unit Owners. The powers and duties of the Board of Managers shall include, but are not limited to, the following:

- a. Contracting for the necessary services for operation, care, upkeep and maintenance of the Common Elements.
- b. Determination of the Common Expenses and Common Charges required for the affairs of the Condominium, including, without limitation, the operation and maintenance of the Property.
- c. Collection of the Common Charges and expenses of the Condominium from the Unit Owners.
- d. Employment and dismissal of the personnel and independent contractors necessary for the maintenance and operation of the Common Elements.
- e. Adoption and amendment of Rules and Regulations covering the details of the operation and use of the Property subject to a right of the Unit Owners to overrule the Board of Managers.
- f. Opening of bank accounts on behalf of the Condominium and designating the required signatories.
- g. Purchasing or leasing or otherwise acquiring in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners, Units offered for sale or lease or surrendered by their Owners to the Board of Managers.
- h. Purchasing of Units at foreclosure or other judicial sales in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners.
- i. Acquiring in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners, rights and interests in real and personal property for use in connection with the ownership and operation of the Property as a condominium, as described in the Declaration and these By-Laws.
- j. Selling, leasing, mortgaging (but not voting the votes appurtenant to), or otherwise dealing with Units acquired by, and subleasing Units leased by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners.
- k. Organizing corporations to act as designees of the Board of Managers in acquiring title to or leasing of Units on behalf of all Unit Owners.

- l. Obtaining and reviewing insurance pursuant to the provisions of these By-Laws.
- m. Making repairs, additions and improvements to or alterations of the Property and repairs to and restoration of the Property in accordance with the other provisions of these By-Laws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.
- n. Negotiation and settlement of all claims and actions relating to the Condominium.
- o. Borrowing money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the Common Elements, provided, however, that (i) the consent of a majority of all Unit Owners shall be required for the borrowing of any sum in excess of \$20,000.00 and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements without the written consent of the Unit Owner. If any sum borrowed by the Board of Managers on behalf of the Condominium pursuant to the authority contained in this paragraph (o) is not repaid by the Board, a Unit Owner who pays to the creditor such proportional share thereof as his interest in the Common Elements bears to the interest of all the Unit Owners in the Common Elements shall be entitled to obtain from the creditor a release of any judgment or other lien which said creditor shall have filed or shall have the right to file against the Unit Owner's Unit.
- p. Levying fines against Unit Owners for violations of the By-Laws and the Rules and Regulations governing the operation and use of the Property and levying late payment charges against Unit owners for late payment of their Common Charges.
- q. Notwithstanding anything to the contrary contained in these By-Laws, so long as the Sponsor shall continue to own at least one or more Condominium Units but in no event for a period in excess of two (2) years from the closing of title to the first Unit ("First Unit Closing"), the Board of Managers may not, without the Sponsor's prior written consent, (i) make any addition, alteration or improvement to the Common Elements or to any Unit or (ii) assess any Common Charge for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund except that the Sponsor will consent to replacements to the contingency fund provided for in Schedule B of the Offering Plan for the Property to the extent that the aggregate amount of such fund does not exceed 5.00% of the budgeted expenses of the Condominium or (iii) borrow money on

behalf of the Condominium (except where necessary to perform work required by applicable laws or regulations, or to remedy a notice of violation or remedy a work order by an insurer to the extent that existing reserves are insufficient). As long as the Sponsor shall continue to own a Unit, the Board of Managers may not, without the Sponsor's prior written consent (i) amend the Declaration or these By-Laws so as to in any way adversely affect the Sponsor or (ii) interfere with: the offer and sale or leasing of Units at the Property; operation of general or sales and leasing offices at the Property; actions necessary for construction, renovation, repair or correction at the Property, as required by the Sponsor. The Sponsor shall have the right to withhold its consent to any of the foregoing actions. However, notwithstanding the provisions of this Section 5q, the Sponsor shall not withhold its consent to the making of repairs to the Common Elements or assessment of any Common Charge for expenses required to comply with applicable laws or regulations, to remedy any notice of violation or to make repairs ordered by the Sponsor's insurer.

Section 6. Managing Agent and Manager. The Board of Managers may employ a managing agent and/or a manager for the Condominium at a rate of compensation established by the Board of Managers to perform such duties and services as the Board of Managers shall authorize. The Board of Managers may delegate any of the powers granted to the Board of Managers by these By-Laws to the manager or managing agent, except the powers set forth in subdivisions (b), (e), (f), (g), (h), (i), (j), (k), (n), (o), and (p) of Section 5 of this Article III. All Unit Owners of Units occupied by a non-purchasing tenant herein agree to irrevocably appoint the Managing Agent of the Condominium and its successors and assigns or to appoint the Board of Managers, if no Managing Agent is employed by the Condominium, as his or her Agent to provide to the non-purchasing tenant(s) all services and facilities required by law.

Section 7. Organization Meeting. The first meeting of the members of the Board of Managers following the annual meeting of the Unit Owners shall be held within ten (10) days thereafter, at such time and place as shall be fixed by a majority of the members of the Board of Managers elected at the meeting. No notice shall be necessary to the newly elected members of the Board of Managers to legally constitute such meeting, providing a majority of the whole Board of Managers shall be present.

Section 8. Regular Meetings. Regular meetings of the Board of Managers may be held at such times and places as shall be determined by a majority of the members of the Board of Managers. At least two regular meetings shall be held during each calendar year. Notices of regular meetings of the Board of Managers shall be given to each member of the Board of Managers, by mail, fax or personal delivery, at least five (5) business days prior to the date of such a meeting.

Section 9. Special Meetings. Special meetings of the Board of Managers may be called by the President on three (3) business days' notice to each member of the Board of Managers, given by mail, fax or personal delivery to the Unit owned by such member of the Board of Managers. Such notice shall state the time, place and purpose of the meeting. Special meetings

of the Board of Managers shall be called by the President or Secretary in the same manner as described above and on three (3) business days notice on the written request of at least two (2) members of the Board of Managers if the number of members is three (3) and at least three (3) members of the Board of Managers if the number of members is six (6).

Section 10. Waiver of Notice. Any member of the Board of Managers may at any time waive notice of any meeting of the Board of Managers in writing. Attendance by a member of the Board of Managers at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. If all of the members of the Board of Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 11. Quorum of Board of Managers. At all meetings of the Board of Managers, a majority of the members thereof shall be sufficient to constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board of Managers present at a meeting at which a quorum is present shall constitute the decision of the Board of Managers. If there shall be less than a quorum present at any meeting of the Board of Managers, a majority of those present may adjourn the meeting from time to time. At any adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called, may be transacted without further notice. Any action required or permitted to be taken by the Board of Managers or any committee thereof may be taken without a meeting if all members of the Board or the committee consent in writing to the adoption of a resolution authorizing such action, and the writing or writings are filed with the minutes of the proceedings of the Board or the committee.

Section 12. Fidelity Bonds. The Board of Managers may obtain fidelity bonds in an adequate amount for all officers and employees of the Condominium responsible for handling Condominium funds and for the managing agent. The premiums paid for the purchase of fidelity bonds shall be a Common Expense.

Section 13. Liability of the Board of Managers and Unit Owners. The members of the Board of Managers shall not be personally liable with respect to any contract made by them on behalf of the Condominium within the scope of their authority. The Unit Owners shall indemnify and hold harmless each of the members of the Board of Managers against all contractual liability to others arising out of contracts made by the Board of Managers on behalf of the Condominium in good faith and not contrary to the provisions of the Declaration or of these By-Laws. The liability of any Unit Owner arising out of any contract made by the Board of Managers or out of the aforesaid indemnity in favor of the members of the Board of Managers shall be limited to the proportion of the total liability thereunder as his interest in the Common Elements bears to the interests of all the Unit Owners in the Common Elements. Every agreement made by the Board of Managers or by the managing agent or by the manager on behalf of the Condominium shall provide that the members of the Board of Managers, or the managing agent, or the manager, as the case may be, are acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interest of all Unit Owners in the Common

Elements. The members of the Board of Managers shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. It is understood and it is hereby declared permissible for the Interim Board of Managers, who are members of the Sponsor, to contract with the Sponsor and affiliated corporations without fear of being charged with self-dealing.

Section 14. Executive Committee. The Board of Managers may, by duly adopted resolution, appoint an Executive Committee of three (3) or more members of the Board of Managers. The Executive Committee shall have and may exercise all the powers of the Board of Managers in the managing of the affairs of the Condominium during the intervals between the meetings of the Board of Managers. However, the Executive Committee shall not have power (a) to determine the Common Charges and expenses required for the affairs of the Condominium, (b) to determine the Common Charges payable by the Unit Owners to meet the Common Charges and expenses of the Condominium, (c) to adopt or amend the Rules and Regulations covering the details of the operation and use of the Property or (d) to exercise any of the powers set forth in subdivisions (g), (h), (i) and (o) of Section 5 of Article III. The Executive Committee shall keep regular minutes of their proceedings and shall report the same to the Board of Managers as required.

Section 15. Other Committees. The Board of Managers may, by resolution, create other committees as it shall deem appropriate and such committees shall have such powers and authority as the Board of Managers shall vest therein, except such other created committees shall not have power to do any act which the Executive Committee may not do under subsections (a)-(d) of Section 14 of Article III. The members of any such committee shall be appointed by the President of the Condominium and need not be a member of the Board of Managers, but must be eligible to be elected to the Board of Managers. All committees shall keep regular minutes of their proceedings and shall report the same to the Board as required.

Section 16. Compensation. Members of the Board of Managers and committee members shall not receive any compensation from the Condominium for acting as such.

ARTICLE IV

OFFICERS

Section 1. Designation. The principal officers of the Condominium shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Managers. The Board of Managers may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary. The President and Vice President, but no other officers, must be members of the Board of Managers. All officers must be eligible for election to the Board of Managers. Two or more offices may not be held by the same person, except for the offices of Secretary and Treasurer, which may be held by the same person.

Section 2. Election. Elections of the officers of the Condominium shall be conducted annually by the Board of Managers at the organization meeting of each new Board of Managers. The officers shall hold office at the discretion of the Board of Managers and until their successors are elected. If the office of any officer becomes vacant for any reason other than removal by the Board, the Board shall replace such officer in the manner described below in section 3.

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

Section 4. President. The President shall be the chief executive officer of the Condominium and shall be responsible for the general and active management of the Condominium. The President shall preside at all meetings of the Unit Owners and of the Board of Managers and shall see that all orders and resolutions of the Board are carried into effect. He shall have all such other powers and duties which are incident to the office of president of a stock corporation organized under the Business Corporation Law of the State of New York, including but not limited to the power to appoint members of committees created by the Board of Managers from among the Unit Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Condominium.

Section 5. Vice President. The Vice President shall perform such duties as shall be imposed upon him by the Board of Managers or by the President. The Vice President shall take the place of the President and perform the President's duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Managers is to act in the place of the President, on an interim basis.

Section 6. Secretary. The Secretary shall attend all meetings of the Board of Managers and of the Unit Owners and record all votes and keep the minutes of all such meetings; he shall have charge of such books, records and papers as the Board of Managers may direct; he shall give notice, or cause notice to be given of all meetings; and he shall in general perform all the duties incident to the office of secretary of a stock corporation organized under the Business Corporation Law of the State of New York.

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

Section 8. Compensation. No officer shall receive any compensation from the Condominium for his service as an officer.

Section 9. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed by two (2) officers of the Condominium, one of which must be the President.

Section 10. Liability of Officers. The officers of the Condominium shall have the same rights and liabilities as the members of the Board of Managers as described in these By-Laws.

ARTICLE V

NOTICES

Section 1. Definition. Whenever the Declaration or the By-Laws requires notice to be given to the Board of Managers, any manager, Unit Owner or mortgagee, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same in a post office or letter box, in a postpaid sealed wrapper, addressed to the Board of Managers, such manager or Unit Owner or mortgagee at such address as appears on the books of the Condominium. Members of the Board of Managers may be given notice in writing personally delivered to them.

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

ARTICLE VI

OPERATION OF THE PROPERTY

Section 1. Determination of Common Expenses and Fixing of Common Charges. The Board of Managers shall annually, or more often if the Board of Managers deems appropriate, prepare a budget for the Condominium and determine the amount of the Common Charges payable by the Unit Owners to meet the Common Expenses of the Condominium and allocate and assess Common Charges among the Unit Owners according to their respective Common Interests. The Common Expenses for the Condominium shall include, but not be limited to, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Managers pursuant to the provisions of Article VII and the fees and disbursements of the Insurance Trustee, if any. The Common Expenses shall also include such amounts as the Board of Managers may deem proper for the operation and maintenance of the Property, including, without limitation, an amount for working capital of the Condominium for a general operating reserve, and for a reserve fund for replacements, to make up any deficit in the Common Expenses for any prior year. The Common Expenses may also

include amounts that may be required for the purchase or lease by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners, of any Unit whose owner has elected to sell or lease such Unit or of any Unit which is to be sold at a foreclosure or other judicial sale. The Common Expenses shall include such amounts as may be necessary to maintain the Unit or Units purchased or leased by the Board of Managers on behalf of all Unit Owners. The Board of Managers shall also, where necessary, impose an assessment or additional Common Charge in order to meet any unanticipated Common Expense. The Board of Managers shall promptly advise all Unit Owners, in writing, of the amount of Common Charges payable by each Unit Owner, respectively, as determined by the Board of Managers, and shall furnish copies of the budget on which the Common Charges are based, to all Unit Owners and to each Unit Mortgagee who requests such budget by written notice to the Board of Managers.

Section 2. Payment of Common Charges. All Unit Owners shall be obligated to pay the Common Charges assessed by the Board of Managers monthly in advance or at such time or times as the Board of Managers determines.

No Unit Owner shall be liable for the payment of any part of the Common Charges assessed against his Unit subsequent to a sale, transfer or other conveyance by him (made in accordance with the provisions of Section 1 of Article VIII of these By-Laws) of such Unit, together with the Appurtenant Interests, as defined in Section 1 of Article VIII hereof. In addition, any Unit Owner may, subject to the terms and conditions specified in these By-Laws, convey his Unit, together with the "Appurtenant Interests" to the Board of Managers, or its designee, corporate or otherwise, on behalf of all other Unit Owners, provided that his Unit is free and clear of liens and encumbrances, other than permissible mortgages and the statutory lien for unpaid Common Charges, and in such event be exempt from Common Charges thereafter assessed. A purchaser of a Unit shall be liable for the payment of Common Charges assessed and unpaid against such Unit prior to the purchaser's acquisition of such Unit. Notwithstanding the foregoing, a mortgagee or other purchaser of a Unit at a foreclosure sale of such Unit shall not be liable for and such Unit shall not be subject to a lien for the payment of Common Charges assessed prior to the foreclosure sale.

Section 3. Collection of Common Charges and Assessments. The Board of Managers shall at least annually assess Common Charges against the Unit Owners and shall promptly act to collect any Common Charge(s) due from any Unit Owner which remains unpaid for more than 30 days from the due date for payment. Common Charges are payable and shall be paid by the fifth day of the month in which they are due or they shall be considered to be late. The Board of Managers shall also take prompt action to collect any assessment due from any Unit Owner which remains unpaid for more than 30 days from the due date of the assessment.

Section 4. Default in Payment of Common Charges or Assessments. If any Unit Owner defaults in paying the Common Charges or any assessment as determined by the Board of Managers, such Unit Owner shall be obligated to pay interest at the highest legal rate on such Common Charges or assessments from the due date thereof, together with all expenses, including late fees charged by the Board of Managers and attorneys' fees incurred by the Board of

Managers in any proceeding brought to collect such unpaid Common Charges or assessments. A Unit Owner defaulting in payment of Common Charge(s) or assessments shall not be permitted to vote at any meeting of Unit Owners until such default is cured.

The Board of Managers has the right and duty to attempt to recover unpaid Common Charges or assessments, together with interest thereon, and the expenses of the proceeding or any action brought to recover the same, including attorneys' fees, brought against a Unit Owner, or by foreclosure of the lien on such Unit granted by Section 339-z of the Real Property Law of the State of New York, in the manner provided in Section 339-aa thereof.

Section 5. Foreclosure of Liens for Unpaid Common Charges. In any action brought to foreclose a lien on a Unit because of unpaid Common Charges commenced by the Board of Managers, the Unit Owner shall be required to pay a reasonable rental for the use of his Unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board of Managers, acting on behalf of all Unit Owners, may purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage (but not to vote the votes appurtenant thereto), convey or otherwise deal with the same. A suit to recover a money judgment for unpaid Common Charges shall be maintainable without foreclosing or waiving the lien on the Unit.

Section 6. Statement of Common Charges and Assessments. Upon the written request of a Unit Owner the Board of Managers, managing agent or manager, shall promptly provide a written statement of all unpaid Common Charges and assessments due from such Unit Owner to such Unit Owner.

Section 7. Water Charges and Sewer Rents. The Units and the Common Elements shall be supplied with water through one or more building meters. All charges for water consumed by the Units and the Common Elements together with all related sewer rents arising therefrom, shall be a Common Expense paid by the Board of Managers promptly after the bills for the same have been rendered. At the request of a selling Unit Owner, the Board of Managers, shall execute and deliver a letter to the purchaser of such Unit or to the purchaser's title insurance company, agreeing to pay all charges for water and sewer rents affecting the Unit as of the date of closing of title to such Unit, promptly after such charges shall have been billed.

Section 8. Electricity and Gas. The utility company serving the area shall supply electricity to each Unit and its appurtenant Limited Common Element through separate meters. Each Unit Owner shall be required to register with such utility and pay the bills for electricity consumed or used in his Unit and his appurtenant Limited Common Element. The electricity supplied to the General Common Elements shall be metered by one or more meters, and the Board of Managers shall pay the bills for consumption of electricity by the General Common Elements as a Common Expense. Any gas serving the individual Units shall be metered separately and each Unit Owner shall be required to pay the bills for gas consumed in his Unit and any gas usage for the appurtenant Limited Common Element, if any. Any gas serving the General Common Elements shall be metered by one or more meters and the Board of Managers shall pay the bills for such consumption as a Common Expense.

Section 9. Vault Charges. The charges, license fees and all periodic taxes for street vaults, if any, or other protrusions beyond the lot line shall be paid by the Board of Managers to the City of New York as a Common Expense.

Section 10. Review of Real Estate Tax Assessments. The individual Unit Owners are responsible for reviewing and/or challenging the real estate tax assessments of their Units and any costs or expenses arising therefrom shall be borne solely by the individual Unit Owners. Notwithstanding the foregoing, if proceedings are pending for the reduction of real estate taxes on the land and building for the tax year in which the First Unit Closing occurs, the Condominium will continue such proceedings with the attorney previously employed by the Sponsor. Sponsor shall have the sole right to negotiate and settle all claims in connection with said proceedings. The cost of such proceedings, including legal fees, and in the event taxes are reduced any refund shall be apportioned between the Sponsor and the respective Unit Owners based on the ownership of the Unit or Units during respective portions of the tax year. Any refund covering a period prior to the First Unit Closing and all expenses incurred in connection with the obtaining of such refund, shall belong to and be incurred by the Sponsor alone.

Section 11. Restrictions on Use of Units. Subject to the Certificate of Occupancy of the Building and the restrictions set forth in the Declaration and these By-Laws, the Units may be used for commercial purposes or for any other lawful purpose permitted under applicable zoning laws and ordinances, building code or other rules and regulations of governmental authorities having jurisdiction.

a. The following uses are not permitted in any Unit:

- i. Food wholesaling, retailing, storage, processing, catering or services;
- ii. Discotheque or supper club;
- iii. Nightclub or bar;
- iv. Veterinarian's office or pet shop;
- v. Martial arts studio or school;
- vi. Machine shop or welding shop;
- vii. Dry cleaning or laundry service;
- viii. Chemical wholesaling, storage, retailing or manufacturing;
- ix. Heavy trucking;
- x. Methadone clinic, drug or alcohol rehabilitation;
- xi. Exterminating service;
- xii. Bicycle messenger center;
- xiii. Bowling alley;
- xiv. Manufacturer or sale of tobacco products;
- xv. Adult and/or child care facilities;
- xvi. Leather dying or coloring;
- xvii. Motel/hotel/hostel/homeless shelter or any transient use;
- xviii. Sweat shop;
- xix. Roller/ice skating rink;
- xx. Tattoo parlor;
- xxi. Waste disposal/refuse center;

- xxii. Amusement arcade;
 - xxiii. Auditorium;
 - xxiv. Billiard parlor;
 - xxv. Brewery;
 - xxvi. Heavy manufacturing of any kind;
 - xxvii. Discount house, cut rate or discount type of business;
 - xxviii. Adult bookstore or video shop or other adult entertainment facility;
 - xxix. Lottery ticket sales or gambling;
 - xxx. Public health club; and
 - xxi. Any other noxious use (as defined by the Board of Managers).
- b. The Common Elements shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of Units.
- c. No nuisances shall be allowed on the Property nor shall any use or practice be allowed which is a source of annoyance to its occupants or which interferes with the peaceful possession or proper use of the Property by its occupants.
- d. No improper, offensive, or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be eliminated and remedied to the satisfaction of the issuing agency, by and at the sole expense of the Unit Owner(s) causing such violation or improper use, or the Board of Managers if not caused by a Unit Owner, whichever shall have the obligation to maintain or repair such portion of the Property.
- e. No portion of a Unit or Limited Common Elements appurtenant thereto (other than the entire Unit, including the Limited Common Elements appurtenant thereto) may be rented or leased.

Section 12. Rules of Conduct. The Board of Managers may promulgate Rules and regulations pertaining to the use of the Units and the Common Elements. A majority vote of Unit Owners at a meeting may overrule the Board of Managers. The Board of Managers shall furnish copies of the rules and regulations to each Unit Owner prior to the time when the same shall become effective. The initial Rules and Regulations, which shall be effective until amended by the Board of Managers are annexed hereto and made a part hereof as Schedule "A." Anything to the contrary notwithstanding, for as long as the Sponsor or its designee remains the Owner of one or more Units, the Rules and Regulations of the Condominium may not be amended or modified in any way which would adversely affect the Sponsor or its designee without the prior written consent of the Sponsor.

Section 13. Use of Common Elements and Facilities. A Unit Owner shall not place or cause to be placed in the lobby, public halls, stairways or other common areas or common facilities, any furniture, packages or objects of any kind. The public halls and stairways shall be used only for normal egress and ingress from the Building to the Units.

Section 14. Right of Access. A right of access to each Unit shall be granted by each Unit Owner to the Board of Managers, manager and/or the managing agent and/or any other person authorized by the Board of Managers, the manager or the managing agent, for the purpose of: making inspections; correcting any condition originating in his Unit and threatening another Unit or a Common Element; or for performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in his Unit or elsewhere in the Building in which the Unit is located. Requests for access shall be made in advance and any such access shall be at a reasonably convenient time to the Unit Owner. The right of access shall be immediate in the event of an emergency whether the Unit Owner is present at the time or not. In the event of the exercise of the right of access provided herein, any costs for repairs shall be borne in accordance with the provisions of this Article VI.

Section 15. Abatement and Enjoinment of Violations by Unit Owners. The breach of any By-Law contained herein or of the Declaration, or the violation of any rule or regulation adopted by the Board of Managers, shall give the Board of Managers the right, in addition to any other rights set forth in these By-Laws: (a) upon reasonable notice to the Unit Owner, to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof (no prior notice shall be required in the event the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the Property; for the safety of tenants of the Condominium or other persons; or required to avoid the suspension of any necessary service to the Condominium); or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach; and (c) charge the Unit Owner with the cost of reasonable legal and other fees and costs incurred in enjoining, abating or remedying any such violation.

Section 16. Maintenance and Repairs. Each Unit Owner will be responsible for the costs and expenses (except as otherwise specifically provided herein) for all maintenance of and repairs to the Unit Owner's Unit, ordinary or extraordinary, including the skylights of a Unit, 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 and equipment within the Unit or belonging to the Unit Owner.

All maintenance, repairs and replacements to the General Common Elements as defined in the Declaration, and the painting and decorating of the exterior side of Unit entrance doors and windows shall be made by the Board of Managers and be charged to all the Unit Owners as a Common Expense, except to the extent that the same are necessitated by the negligence, misuse or neglect of a Unit Owner, his tenant or any occupant of the Unit Owner's Unit, in which case such expense shall be charged to such Unit Owner. Maintenance, repair and replacements in or

to the Limited Common Elements as defined in the Declaration will be performed (a) by the Board of Managers as a Common Expense, if such Limited Common Element involves structural or extraordinary maintenance, repairs or replacements (including, but not limited to, the repair of any leaks that are not caused by the acts or omissions of the Unit Owner, having direct and exclusive access thereto), or (b) by the Unit Owner having direct and exclusive access thereto at his sole cost and expense, if it is involving nonstructural ordinary maintenance, repairs or replacements, such as a roofing surface including waterproofing and/or a roof deck above such surface, or as a result of the Unit Owner's negligence, misuse or neglect.

Section 17. Additions, Alterations or Improvements by the Board of Managers. Whenever the Board of Managers determines that the Common Elements shall require additions, alterations or improvements (exclusive of maintenance), subject to the provisions of these By-Laws, costing in excess of \$5,000.00 and the making of such additions, alterations or improvements shall have been approved by a majority of the Unit Owners, the Board of Managers shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a Common Expense. The Board of Managers may, without approval of the Unit Owners, make additions, alterations or improvements costing \$5,000.00 or less and the cost thereof shall constitute a Common Expense.

Section 18. Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any structural addition, alteration or improvement in or to his Unit, or which affects the exterior of the Building or the structure of the Building or the value of other Units, without prior written consent thereto of the Board of Managers. The Board of Managers shall answer in writing any written request by a Unit Owner for approval of such Unit Owner's proposed structural addition, alteration or improvement or which affects the exterior of the Building or the value of other Units, within thirty (30) days after such request or respond with a request for additional information within such thirty day period, and failure to do so within thirty (30) days time shall constitute a consent by the Board of Managers to the proposed addition, alteration or improvement. Any application for a permit to make an addition, alteration or improvement in and to any Unit made to any department of the City of New York or to any other governmental authority shall be executed by the Board of Managers only, without incurring any liability on the part of the Board of Managers or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom.

In the event the Board of Managers grants its consent, either affirmatively or by its inaction, to any structural addition, alteration or improvement or addition, alteration or improvement which affects the exterior of the Building or the structure of the building or the value of other units to be made by a Unit Owner, the consent shall provide that any such work shall be at the Unit Owner's sole cost and expense, that work shall be done in accordance with all governmental or quasi-governmental laws, rules, regulations, codes and ordinances, that all work shall be done by reputable contractors with adequate liability, property damage and workmen's compensation insurance (certificates for such insurance in a form acceptable to the Board of Managers shall be delivered to the Board of Managers prior to the commencement of construction), that any additions, alterations or improvements, shall be maintained in their entirety by said Unit Owner who shall also be responsible for any repairs, including structural

repairs, to such area in any event, and to the Unit and any Common Elements where such repairs become necessary, due to additional stresses caused by the structural alteration, addition or improvement, or due to improper design or construction of the structural alteration, addition or improvement, and such approval shall further provide that the Unit Owner shall reimburse the Board of Managers any expenses incurred by the Board of Managers in connection with the granting of such approval and in connection with any services provided to such alteration, addition or improvement; such expenses may include, but shall not be limited to, any fees of an attorney and/or fees of an architect consulted in connection with any request by a Unit Owner for approval of such work. Any consent given by the Board of Managers, through inaction or otherwise pursuant to this paragraph, shall be subject to regulation by the Condominium as to any one or more of the following aspects of construction:

- a. time periods during which work is permitted;
- b. the manner in which construction debris will be handled;
- c. measures which must be taken to prevent compromising security of the building during construction;
- d. the interruption of services during construction;
- e. measures which must be taken to protect the Common Elements and other Units during construction;
- f. insurance coverage for contractors during construction.

The provisions of this Section 18 which require the consent of the Board of Managers in connection with a structural addition, alteration or improvement or which affect the exterior of the Building or the value of other Units shall not apply to Units owned by the Sponsor and shall not apply with respect to any Limited Common Element for which the Sponsor has exclusive use. The Sponsor shall not need such consent with respect to such Unit or Limited Common Element. All other provisions of this Section 18 shall apply to all Units. With respect to any structural addition, alteration or improvement to a Unit which is owned by the Sponsor, such work shall be at the sole cost and expense of the Sponsor, and be done in accordance with all governmental or quasi-government laws, rules, regulations, codes and ordinances. All work must be done by reputable contractors with adequate liability, property damage and workmen's compensation insurance (certificates, in a form acceptable to the Board of Managers, shall be delivered to the Board of Managers prior to the commencement of construction). Any such additions, alterations or improvements, shall be maintained in their entirety by the Sponsor, who shall also be responsible for any repairs, including structural repairs, to such area in any event, and to the Unit and any Common Elements where such repairs become necessary, due to additional stresses caused by any structural alteration, addition or improvement, or due to improper design or construction of any structural alteration, addition or improvement. The Board of Managers may request reimbursement from the Sponsor for reasonable expenses incurred by the Board of Managers in connection with any services provided to such alteration, addition or improvement.

Improvements to Units that do not affect the exterior of the Building or the value of or use of other Units and nonstructural alterations may be made without the prior approval of the Board of Managers. All such improvements must be made in accordance with all applicable laws, regulations and ordinances and all insurance requirements set forth in this section and as

may be supplemented by the Board of Managers must be met. The Board of Managers may regulate any one or more of the aspects of construction listed above in this section 18 (a) through (f).

ARTICLE VII

INSURANCE

Section 1. Insurance. The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance: (1) fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring the Building containing the Units (excluding interior unit build-outs, furniture, furnishings, or other personal property), together with all service machinery and equipment contained therein and covering the interests of the Condominium, the Board of Managers and all Unit Owners and their mortgagees as their interests may appear, in an amount to be determined by the Board of Managers but in no event less than eighty (80%) percent of the full replacement cost of the Building, including the above noted items, as approved by a fire insurance company or a qualified insurance broker; each of said policies shall contain a Condominium Property Endorsement and a New York standard mortgagee clause in favor of each mortgagee of a Unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee, if any, as herein provided; (2) worker's compensation insurance, if the Condominium has employees; (3) disability benefits insurance if the Condominium has employees; and (3) such other insurance as the Board of Managers may deem necessary to protect the interests of the Condominium. All policies of physical damage insurance shall provide that adjustment of loss shall be made by the Board of Managers (with the approval of the Insurance Trustee, if any, if more than \$100,000.00), and that the total proceeds thereof, if \$100,000.00 or less, shall be payable to the Board of Managers and if more than \$100,000.00 shall be payable to the Insurance Trustee, if any.

Unit Owners who obtain policies of physical damage insurance shall make every reasonable effort to have such policies contain waivers of subrogation and of any reduction of pro-rated liability of the insurer as a result of any insurance carried by Unit Owners or of invalidity arising from any acts of the insured or any Unit Owners, and the individual Unit Owners as well as the Condominium shall be primary insureds to the extent as their interests shall also appear. Such policies may not be cancelled or substantially modified without at least ten (10) days prior written notice to all of the insured, including all Unit mortgagees. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all mortgagees of Units at least ten (10) days prior to expiration of the then current policies if so requested in writing by them.

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Board of Managers may from time to time determine, covering each member of the Board of Managers, the managing agent, the manager and each Unit Owner. Such public liability coverage shall also cover cross liability

claims of one insured against another. Until the first meeting of the Board of Managers elected by the Unit Owners the public liability insurance will be in a limit of at least \$1,000,000 covering all claims for bodily injury with respect to any one occurrence.

Unit Owners may carry other insurance for their own benefit, provided that the liability of the carriers issuing insurance procured by the Board of Managers shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner. Such policies shall be so endorsed as to state that they will in no way conflict with any insurance carried by the Board of Managers. Unit Owners shall use their best efforts to insure that such policies contain waivers of subrogation.

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

Section 2. Repair or Reconstruction after Fire or other Casualty. In the event of damage to or destruction of the Building containing the Units as a result of fire or other casualty [unless seventy-five percent (75%) or more of the Building containing the Units is destroyed or substantially damaged and Unit Owners whose percentage of Common Interest totals seventy-five (75%) in the aggregate of the total Common Interest do not duly and promptly resolve to proceed with repair or restoration] the Board of Managers shall arrange for the prompt repair and restoration of the Building containing the Units (including any damaged Units, but not including any wall, ceiling or floor decorations or coverings or other furniture, furnishings, build-outs, fixtures or equipment installed in the Units), and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies in appropriate progress payments for distribution to the contractors engaged in such repairs and restoration. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a Common Expense and the Board of Managers may assess all the Unit Owners for such deficit as part of the Common Charges.

If seventy-five percent (75%) or more of the Building containing the Units is destroyed or substantially damaged and Unit Owners whose percentage of Common Interest totals seventy-five percent (75%) in the aggregate of the total Common Interest do not duly and promptly resolve to proceed with repair or restoration, the Property shall be subject to an action for partition at the suit of any Unit Owner or lienor, as if owned in common, in which event the net proceeds of sale, together with the net proceeds of insurance policies (or if there shall have been a repair or restoration pursuant to the first paragraph of this Section 2, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration, then the excess of such insurance proceeds) shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among all the Unit Owners in proportion to their respective Common Interest, after first paying out of the share of each Unit Owner the amount of any unpaid liens on his Unit, in the order of the priority of such liens.

Whenever in this Section the words "promptly repair" are used it shall mean repairs are to begin not more than sixty days from the date the Insurance Trustee notified the Board of Managers and the Unit Owner or Unit Owners that it shall hold proceeds of insurance funds sufficient to pay the estimated costs of such work; or not more than ninety days after the Insurance Trustee notified said Board of Managers and Unit Owner or Unit Owners that such funds are insufficient to pay said estimated costs and advising them of the amount of the required completion bond, if necessary. If there is no Insurance Trustee, then the aforementioned sixty and ninety-day periods shall be from date of notification by an insurance adjuster retained by the Board of Managers. Wherever the words, "promptly resolve" are used it shall also mean not more than sixty days from the date of receipt of said insurance funds.

Section 3. Insurance Trustee. The Insurance Trustee, if selected, shall be a bank, trust company or savings and loan association in the State of New York, designated by the Board of Managers. In the event that the Insurance Trustee shall resign, the new Insurance Trustee shall also be a bank, trust company or savings and loan association in the State of New York, designated by the Board of Managers. The Board of Managers shall pay the fees and disbursements of any Insurance Trustee and such fees and disbursements shall constitute a Common Expense of the Condominium.

ARTICLE VIII

SALES, LEASES AND MORTGAGES OF UNITS

Section 1. Sales and Leases. No Unit Owner other than the Sponsor or Sponsor-designee may sell or lease his Unit or any interest therein except by complying with the provisions below. Sponsor or a Sponsor-designee need not comply with such provisions.

Any Unit Owner who receives a bona fide offer for the sale of his Unit together with: (i) the undivided interest of the Common Elements and any Limited Common Elements appurtenant thereto; (ii) the interest of such Unit Owner in any Units acquired by the Board of Managers, or its designee, on behalf of all Unit Owners, or the proceeds of the sale or lease thereof, if any; (iii) the interest of such Unit Owner in any other assets of the Condominium; as defined in the Declaration, (hereinafter collectively called the "Appurtenant Interests"), or a bona fide offer for a lease of his Unit; (hereinafter called an "Outside Offer"), which he intends to accept, shall give notice by certified or registered mail to the Board of Managers of such offer and of such intention, the name and address of the proposed purchaser or lessee, the terms of the proposed transaction and such other information as the Board of Managers may reasonably require, and shall offer to sell such Unit, together with the Appurtenant Interests, or to lease such Unit, to the Board of Managers, or its designee, corporate or otherwise, on behalf of the Owners of all other Units, on the same terms and conditions as contained in such Outside Offer. The giving of such notice shall constitute a warranty and representation by the Unit Owner who has received such offer, to the Board of Managers on behalf of the other Unit Owners, that such Unit Owner believes the Outside Offer to be bona fide in all respects. Within twenty (20) days after receipt of such notice, the Board of Managers may elect, by notice given within five (5) days after

making such election, and in any event, within said twenty (20) day period, to such Unit Owner, by certified or registered mail, to purchase such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be (or to cause the same to be purchased or leased by its designee, corporate or otherwise), on behalf of all other Unit Owners, on the same terms and conditions as contained in the Outside Offer and as stated in the notice from the offering Unit Owner.

In the event the Board of Managers shall elect to purchase such Unit, together with the Appurtenant Interests, or to lease such Unit, or to cause the same to be purchased or leased by its designee, corporate or otherwise, title shall close or a lease shall be executed at the office of the attorneys for the Condominium in accordance with the terms of such offer but in no event less than forty-five days after the giving of notice by the Board of Managers of its election to accept such offer. At the closing, the Unit Owner, if such Unit, together with the Appurtenant Interests, is to be sold, shall convey the same to the Board of Managers, or to its designee, on behalf of all other Unit Owners, by deed in the form required by Section 339-o of the Real Property Law of the State of New York, with all transfer stamps affixed, and shall pay all other taxes arising out of such sale. In the event such Unit is to be leased, the offering Unit Owner shall execute and deliver to the Board of Managers, or to its designee, a lease between the offering Unit Owner, as landlord, and the Board of Managers, or its designee, as tenant, covering such Unit, for the rental and term contained in such Outside Offer.

In the event the Board of Managers or its designee fails to notify the offering Unit Owner of its decision to accept such offer within twenty (20) days after receipt of notice or notify the offering Unit Owner within said period of its decision not to accept such offer, the offering Unit Owner shall be free to contract to sell such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be, within thirty (30) days after the expiration of the (20) day period in which the Board of Managers or its designee might have accepted such offer, to the Outside Offeror, on the terms and conditions set forth in the notice from the offering Unit Owner to the Board of Managers of such Outside Offer. The deed to any Outside Offeror shall provide that acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the By-Laws and the Rules and Regulations, as the same may be amended from time to time. Any such lease shall be consistent with these By-Laws and shall provide that it may not be modified, amended, extended or assigned, without the prior consent in writing of the Board of Managers, and that the tenant shall not sublet the demised premises, or any part thereof, without the prior consent in writing of the Board of Managers, and that the Board of Managers shall have power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of default by the tenant in the performance of such lease. Except as set forth herein, the form of any Unit lease shall be the then current form of commercial lease recommended by Julius Blumberg, Inc., or the Real Estate Board of New York, Inc., with such modifications as shall be approved in writing by the Board of Managers. In the event the offering Unit Owner shall not, within such thirty (30) day period, contract to sell such Unit together with the Appurtenant Interests, or to lease such Unit, as the case may be, to the Outside Offeror on the terms and conditions contained in the Outside Offer, or if the Unit Owner shall so contract to sell or lease his Unit within such thirty (30) day period, but such sale or lease shall not be consummated pursuant to the terms of such contract, then should such offering Unit Owner thereafter elect to sell such Unit, together with the Appurtenant Interests, or

to lease such Unit, as the case may be, to the same or another Outside Offeror on the same or other terms and conditions, the offering Unit Owner shall be required to again comply with all of the terms and provisions of this Section 1 of this Article VIII.

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

Anything to the contrary notwithstanding, the provisions of this section shall not apply with respect to any sale or conveyance or lease by a Unit Owner of his Unit, together with the Appurtenant Interests, to his spouse or to any of his children or to his parent or parents or to his brothers or sisters, or any one or more of them, or to any Unit owned by the Sponsor or its designee, or to the acquisition or sale of any Unit, together with the Appurtenant Interests, by a mortgagee herein authorized who shall acquire title to such Unit by foreclosure or by deed in lieu of foreclosure. However, the provisions of this section shall apply with respect to any purchaser of a Unit from a mortgagee unless such purchaser becomes a Sponsor.

Section 2. Consent of Unit Owners to Purchase or Lease Units by Board of Managers. The Board of Managers shall not exercise any option to purchase or lease any Unit without the prior approval of a majority of the Unit Owners.

Section 3. Title to Units. Title to Units may be taken in the name of an individual or in the names of two (2) or more persons, as tenants in common or as joint tenants with right of survivorship or as tenants by the entirety or in the name of a corporation or partnership, or in the name of a fiduciary or trust, estate, unincorporated association, syndicate, joint venture, organization, government or any department or agency thereof, or any other entity permitted to own real property in the State of New York. The term "Unit Owner" as used in these By-Laws shall include any person, group of persons, association or entity taking title as set forth in this Section. The above shall not constitute consent or acceptance of any activity not permitted under existing certificates of occupancy, zoning requirements or other applicable laws or regulations.

Section 4. No Severance of Ownership. No Unit Owner shall execute any deed, mortgage, or other instrument conveying or mortgaging title to his Unit without also including therein the Appurtenant Interests. There shall be no severance of ownership of the Units and their Appurtenant Interests, nor shall any portion of the Appurtenant Interests be sold, transferred or otherwise disposed of except as part of a sale, transfer or other disposition of the Unit to which such interest or interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the Appurtenant Interests of all Units. Any deed, mortgage, or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein.

Section 5. Board of Managers Release of Right of First Refusal. The Board of Managers may waive or release their right of first refusal contained in Section 1 of Article VIII, and thereafter the Unit, together with the Appurtenant Interests, may be sold, conveyed, or leased, free and clear of the provisions of such section.

Section 6. Certificate of Termination of Right of First Refusal. A certificate, executed and acknowledged by the Secretary of the Condominium, stating that the provisions of Section 1 of this Article VIII have been met by a Unit Owner, or have been duly waived by the Board of Managers and the rights of the Board of Managers thereunder have terminated, shall be binding upon the Board of Managers in favor of all persons who rely thereon in good faith. Upon request of a Unit Owner, a certificate of termination of right of first refusal shall be furnished by the Board of Managers to any Unit Owner who has in fact complied with the provisions of Section 1 of this Article VIII or in respect to whom the provisions of such section have been waived.

Section 7. Financing Purchase of Units by Board of Managers. The Board of Managers may apply monies from its working capital and/or Common Charges for the acquisition or lease of Units by the Board of Managers, or its designee, on behalf of all Unit Owners. If such funds are insufficient, the Board of Managers may levy an assessment against each Unit Owner, other than the offering Unit Owner, in proportion to his ownership in the Common Elements, as a Common Charge, which assessment shall be enforceable in the same manner as provided in Article VI. Alternatively, the Board of Managers, in its discretion, may borrow money to finance the acquisition or lease of such Unit. However, no financing obtained for such Unit purchase may be secured by an encumbrance or hypothecation of any property other than the Unit to be acquired together with the Unit's Appurtenant Interests. Notwithstanding the above, no assessment may be levied under this Section 7 against any mortgagee who has acquired title to a Unit, whether by foreclosure or deed in lieu thereof.

Section 8. Waiver of Right of Partition. Upon the acquisition of a Unit by the Board of Managers, or its designee, on behalf of all Unit Owners as tenants in common, all such Unit Owners shall be deemed to have waived all rights of partition with respect to such Unit.

Section 9. Gifts and Devises, etc. Any Unit Owner shall be free to convey or transfer his Unit by gift or to devise his Unit by will, or to pass the same by intestacy, without restriction, so long as such transfer does not violate any provision herein.

Section 10. Payment of Common Charges and Assessments. No Unit Owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his Unit unless and until he shall have paid in full to the Board of Managers all unpaid Common Charges and assessments theretofore assessed by the Board of Managers against his Unit and until he shall have satisfied all unpaid liens against such Unit, except Permitted Mortgages.

Section 11. Mortgage of Units. Each Unit Owner shall have the right to mortgage his or her Unit without the consent of the Board of Managers subject to conditions set forth below. A first mortgage or second mortgage shall be either with an institutional lender, the Sponsor, family member, a business associate or employer or a selling Unit Owner. Purchasers pursuant to the Plan, however, if they seek mortgage financing, shall be required to follow procedures set forth in the Purchase Agreement in Part II of the Plan. A mortgage may be made with a reputable private lender other than the Sponsor or selling Unit Owner subsequent to obtaining written permission of either the Sponsor, prior to Sponsor's relinquishing control of the Board of Managers of the Condominium (sometimes herein referred to as the "Condominium Board" or

the "Board of Managers"), or the Board of Managers. No Unit Owner shall be permitted to encumber his Unit with a third mortgage. No such mortgage shall encumber the interests of the condominium or any other Unit Owner. A Unit Owner who mortgages his or her Unit, or the holder of such mortgage, shall supply the Board of Managers with the name and address of his or her mortgagee and shall file a conformed copy of the note and mortgage with the Board of Managers. A Unit Owner who satisfies a mortgage covering his or her Unit shall notify the Board and shall file a conformed copy of the satisfaction of the mortgage with the Board. The Secretary of the Condominium shall maintain such information in a book entitled "Mortgages of Units".

Section 13. Notice of Unpaid Common Charges. The Board of Managers, when requested in writing by a mortgagee of a Unit, shall promptly notify any mortgagee of a Unit of such Unit Owner's default, including non-payment of Common Charges, in the obligations of such Unit Owner under the Declaration, By-Laws, Rules and Regulations, as the same are amended from time to time, or of any order of the Board of Managers issued with respect thereto.

Section 14. Notice of Default. The Board of Managers, when giving notice to a Unit Owner of a default in paying Common Charges or other default, shall send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has heretofore been furnished to the Board of Managers.

Section 15. Fees and Charges. The Board of Managers shall have the right to require the Unit Owner who is selling or is a prospective lessor to pay a fee to the Board of Managers and/or the Managing Agent to cover reasonable legal and other expenses of the Board of Managers and the Managing Agent in connection with the sale or lease of a Unit, except such charges and fees shall not apply to a sale or lease of any Unit by the Sponsor, any designee of the Sponsor or any partner of any entity affiliated directly or indirectly with the Sponsor. Further, such charges and fees shall not apply to mortgagees acquiring a Unit or selling a Unit in a foreclosure action. Any other fees in connection with the sale or lease of a Unit may only be imposed by action of Unit Owners, except any such fee shall not apply to a sale or lease of any Unit by the Sponsor, any designee of the Sponsor or any partner of any entity affiliated directly or indirectly with the Sponsor.

ARTICLE IX

REMEDIES

Section 1. Self Help. If any Unit Owner shall breach or violate any of the provisions of the Condominium Documents to be observed or performed, including, without limitation, any breach of his obligation to paint, decorate, maintain, repair, or replace his Unit or its appurtenant Limited Common Elements pursuant to the terms of these By-Laws, and shall fail to cure such violation or breach within five days after receipt of written notice from the Board of Managers, the Managing Agent, or any manager (or, with respect to any violation or breach of the same not reasonably curable within such period, to commence such cure within such five day period and,

thereafter, to prosecute such cure with due diligence to completion), the Board of Managers shall have the right to enter such Unit Owner's Unit and/or its appurtenant Limited Common Elements to abate, remove, or cure such violation or breach without thereby being deemed guilty or liable in any manner of trespass. In addition, in the event that the Board of Managers shall determine that the abatement, removal, or cure of any such violation or breach is immediately necessary for the preservation or safety of the Building, the safety of the occupants of the Building or other individuals, or is required to avoid the suspension of any necessary service in the Building, the Board of Managers may take such action immediately, without prior notice and without allowing the Unit Owner any period of time within which to cure or to commence to cure such violation or breach.

Section 2. Abatement and Enjoinment. In the event that any Unit Owner shall violate or breach any of the provisions of the Condominium Documents on his part to be observed or performed, the Board of Managers shall have the right to enjoin, abate, or remedy the continuance or repetition of any such violation or breach by appropriate proceedings brought either at law or in equity.

The violation or breach of any of the terms of the Condominium Documents with respect to any of the rights, easements, privileges, or licenses granted to Sponsor or its designee shall give Sponsor or its designee the right to enjoin, abate, or remedy the continuation or repetition of any such violation or breach by appropriate proceedings brought at law and/or in equity.

Section 3. Remedies Cumulative. The remedies specifically granted to the Board of Managers or to the Sponsor or its designee in these By-Laws and in any of the Condominium Documents shall be cumulative, and are in addition to all other remedies available at law or in equity and may be exercised at one time or at different times, concurrently or in any order, in the sole discretion of the Board of Managers or Sponsor or such designee, as the case may be. Further, the exercise of any remedy shall not operate as a waiver, or preclude the exercise, of any other remedy.

Section 4. Costs and Expenses. All sums of money expended, and all costs and expenses incurred, by (i) the Board of Managers in connection with the abatement, enjoinment, removal, or cure of any violation, breach, or default committed by a Unit Owner pursuant to the terms of Section 1 or of Section 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 Section 2 hereof, shall be immediately payable by such Unit Owner to the Board of Managers in the event set forth in subparagraph (i) hereof or by the offering party (i.e., the Board of Managers or the Unit Owner) to Sponsor, in the event set forth in subparagraph (ii) hereof, which amount shall, in either event, bear interest (calculated 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 Board of Managers pursuant to the terms of this section shall constitute Common Charges payable by such Unit Owner.

ARTICLE X

CONDEMNATION AND EMINENT DOMAIN

Section 1. Condemnation and Eminent Domain. In the event of a taking of part or all of the Common Elements in condemnation or by eminent domain, if the award made for such taking is \$25,000.00 or less it shall be paid to the Board of Managers, and to the Insurance Trustee, if any, if such award amounts to more than \$25,000.00. If seventy-five percent (75%) or more of the Unit Owners duly and promptly approve the repair and restoration of such Common Elements, the Board of Managers or the Insurance Trustee, as the case may be, shall arrange for the repair and restoration of such Common Elements, and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of such award to the contractors engaged in the repair and restoration in appropriate progress payments. In the event that seventy-five (75%) or more of the Unit Owners do not duly and promptly approve the repair and restoration of such Common Element, the Board of Managers shall disburse the net proceeds of such award in the same manner as they are required to distribute insurance proceeds where there is no repair or restoration of the damage, as provided in these By-Laws. As used in this Section, the words "promptly approve" shall mean not more than sixty (60) days from the date of such taking.

ARTICLE XI

RECORDS

Section 1. Records and Audits. The Board of Managers or the managing agent shall keep detailed records of the actions of the Board of Managers and the managing agent, minutes of the meetings of the Board of Managers, minutes of the meetings of the Unit Owners, and financial records and books of account of the Condominium, including a chronological listing of receipts and expenditures, as well as a separate account for each Unit which, among other things, shall contain the amount of each assessment of Common Charges and other assessments against such Unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. In addition, it is the obligation of the Board of Managers of the Condominium to annually give all Unit Owners, the following:

- a. The financial statement of the Condominium prepared by a certified public accountant or public accountant by March 15th of each calendar year for the prior fiscal year;
- b. Prior notice of the annual Unit Owner's meeting;
- c. A copy of the proposed annual budget, if any, of the Condominium, within ten (10) days prior to the date set for adoption thereof by the Board of Managers.

Section 2. Examination of Books. Every Unit Owner and his Unit mortgagee shall be permitted to examine the books of account of the Condominium at reasonable times, upon

reasonable notice to the manager, managing agent or Board of Managers but not more often once a month.

ARTICLE XII

AMENDMENTS

Section 1. Amendments. These By-Laws may be added to or modified by amendment ratified by the vote of 66 2/3% in Common Interest of all Unit Owners at a meeting of Unit Owners duly held for such purpose. Additionally, (i) no such amendment shall adversely affect the lien of any mortgage without the written consent of the mortgagee; (ii) no such amendment may change the percentage of Common Interests allocated to any Unit or Units without the written consent of such Owners; (iii) no such amendment shall increase the percentage of Common Interests allocated to any Unit or Units without the written consent of the mortgagee(s) of such Unit, or Units, if any. Anything to the contrary notwithstanding, for as long as the Sponsor remains the Owner of one or more Units, these By-Laws, including the Rules and Regulations of the Condominium attached hereto, may not be amended or modified in any way so as to adversely affect the Sponsor, in the Sponsor's sole discretion, without the Sponsor's prior written consent.

ARTICLE XIII

COMPLIANCE WITH ARTICLE 9-B

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

ARTICLE XIV

MISCELLANEOUS

Section 1. Severability. If any term, covenant or provision of these By-Laws shall be void or become unenforceable or otherwise invalid, the validity, enforceability or effect of the balance of these By-Laws shall not be impaired or affected in any manner.

Section 2. Captions. The captions, article names, and section names herein are inserted only as a matter of convenience and for reference, and in no way define, describe or limit the scope of these By-Laws, or the intent of any provision.

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

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

Section 5. Definition of "Mortgagee". As used in these By-Laws, the term "mortgagee" shall also include the holder of any construction loan mortgage which shall be a lien on a unit.

SCHEDULE A

RULES AND REGULATIONS OF CORTLANDT PLACE

1. Subject to the Certificate of Occupancy of the Building and the restrictions set forth in the Declaration and By-Laws, the Units may be used for commercial purposes or for any other lawful purpose permitted under applicable zoning law and ordinances, building code or other rules and regulations of governmental authorities having jurisdiction.
 - a. The following uses are prohibited in any of the Units and the Property:
 - i. Food wholesaling, retailing, storage, processing, catering or services;
 - ii. Discotheque or supper club;
 - iii. Nightclub or bar;
 - iv. Veterinarian's office or pet shop;
 - v. Martial arts studio or school;
 - vi. Machine shop or welding shop;
 - vii. Dry cleaning or laundry service;
 - viii. Chemical wholesaling, storage, retailing or manufacturing;
 - ix. Heavy trucking;
 - x. Methadone clinic, drug or alcohol rehabilitation;
 - xi. Exterminating service;
 - xii. Bicycle messenger center;
 - xiii. Bowling alley;
 - xiv. Manufacturer or sale of tobacco products;
 - xv. Adult and/or child care facilities;
 - xvi. Leather dying or coloring;
 - xvii. Motel/hotel/hostel/homeless shelter or any transient use;
 - xviii. Sweat shop;
 - xix. Roller/ice skating rink;
 - xx. Tattoo parlor;
 - xxi. Waste disposal/refuse center;
 - xxii. Amusement arcade;
 - xxiii. Auditorium;
 - xxiv. Billiard parlor;
 - xxv. Brewery;
 - xxvi. Heavy manufacturing of any kind;
 - xxvii. Discount house, cut rate or discount type of business;
 - xxviii. Adult bookstore or video shop or other adult entertainment facility;
 - xxix. Lottery ticket sales or gambling; and
 - xxx. Public health club.

2. Except as otherwise provided in the Declaration and the By-Laws, no "For Sale", "For Rent" or "For Lease" signs or other window displays or advertising shall be maintained or permitted in any Unit. The right is hereby given to any mortgagee, who may become the owner of any Unit, to place such signs on any Unit owned by such mortgagee, but in no event will any such sign be larger than one (1) foot by two (2) feet.
3. No group tour 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 Board of Managers or the Managing Agent in each instance.
4. No window decorations shall be used in or about any Unit, except such as shall have been approved in writing by the Board of Managers or the Managing Agent, which approval shall not be unreasonably withheld or delayed. In no event, however, shall any glass surfaces of any exterior windows on any Unit be colored or painted.
5. Each Unit Owner, and not the Condominium, is responsible for complying with the applicable laws governing window guards. Installation of any window guards (even those as may be required by law) shall be at the cost and expense of the Unit Owner.
6. No exterior shades, 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 Board of Managers, which approval may be granted or refused in the sole discretion of the Board of Managers, nor shall anything be projected out of any window of any Unit without similar approval.
7. Except for those portions of the sides of the Building and of the roof which are designated as Limited Common Elements, 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 Unit Owner in any manner, without prior written consent of the Board of Managers, except as provided in the By-Laws.
8. No personal articles (including, but not limited to, garbage cans, bottles, mats, bicycles, etc.) and no furniture, artwork, equipment or doormats shall be placed or stored in entrances, hallways, stairways, or other Common Elements which are not limited to the exclusive use of a specific Unit Owner without consent of the Board of Managers. 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, which are not limited to the exclusive use of a specific Unit Owner. Notwithstanding the foregoing, a Unit Owner has the right to change the lock on the door to his Unit or to add an additional lock, provided that such lock conforms in color and style with the other lock or locks and a copy of the new key is provided to the Board of Managers.
9. No Unit Owner shall make, cause, or permit any unusual, disturbing, or objectionable noises or odors to be produced upon or emanate from his 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 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.
10. Each Unit Owner shall keep his Unit in a good state of preservation and cleanliness and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors or window of a Unit, any dirt or other substances.
 11. Except as provided in the By-Laws, no sign, notice, lettering, or advertisement shall be inscribed or exposed on or at any window, door, or other part of the Building. except such as shall have been approved by the Board of Managers, nor shall anything be projected out of any window of the Building without similar approval.
 12. 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 time and in such manner as the Board of Managers may direct. Each Unit Owner shall comply with all legal requirements and regulations of the Board of Managers regarding recycling of trash. All Unit Owners shall separate their trash into "recyclable" and "non-recyclable" materials. The Board of Managers may designate from time to time the types of materials which must be separated for recycling, the types of containers or binding to be used by the Unit Owners for the disposal of designated recyclable materials and the locations where designated recyclable materials shall be deposited. The Board of Managers may also establish other regulations regarding recycling of trash. Any costs incurred by the Board of Managers in the enforcement against the Unit Owner of recycling requirements imposed by law or by the Board of Managers, including (but not limited to) legal fees and fines or penalties imposed on the Board of Managers by any governmental agency shall be payable by the Unit Owner as additional Common Charges.
 13. Water closets and other water apparatus in the Building shall not be used for any purpose 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.
 14. No radio or television aerial or dish shall be affixed to or hung from the exterior of the Building without written approval of the Board of Managers. The Board of Managers, upon request of any Unit Owner, shall allow the installation of any hook-up necessary to provide cable television service to the Units. The method for said installation must be approved by the Board of Managers prior to the commencement of the installation.
 15. 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.

16. No Unit Owner or any visitor, guest, patient, employee or any client of a Unit Owner shall be allowed in any heating, electrical or mechanical equipment area without the express permission of the Board of Managers.
17. All damage to the Buildings 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.
18. Any damage to the Building or equipment caused by Unit Owners, Unit Owner's guests, visitors, clients, patients or employees shall be repaired at the expense of the said Unit Owner.
19. 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 written consent of the Board of Managers.
20. Except as provided above, the Unit Owner shall not be allowed to put the Unit Owner's 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.
21. No Unit Owner shall interfere in any manner with any portion of the heating or lighting apparatus which are part of the Common Elements and not part of the Unit Owner's Unit.
22. Complaints regarding the management of the Building or regarding the actions of other Unit Owners shall be made in writing to the Board of Managers.
23. No Unit shall be used or be occupied in such manner as to obstruct or interfere with the enjoyment of occupants or owners of adjoining Units; nor shall any nuisance or illegal activity be committed or permitted to occur in or about any Unit or upon any part of the Common Elements.
24. Certain parts of the Common Elements are intended for the purpose of affording pedestrian movement within the Condominium and of providing access to the Units. No part of the General Common Elements shall be obstructed in any way which may interfere with its use for the purposes herein-above described, nor shall any part of the General Common Elements be used for general storage purposes, except maintenance storage; nor shall anything be done thereon in any manner which shall increase the rate of hazard and liability insurance covering said area and improvements situated thereon.
25. The sidewalks, entrances, passages, public halls, 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.

26. No improper, offensive, or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be eliminated, by and at the sole expense of the Unit Owners, or the Board of Managers if not caused by a Unit Owner, whichever shall have the obligation to maintain or repair such portion of the Property.
27. Nothing shall be done or kept in any Unit or in the Common Elements that will increase the rate of insurance for the Property without the prior written consent of the Board of Managers. No Unit Owner shall permit anything to be done or kept in his/her Unit or in the Common Elements that will result in the cancellation of insurance for the Property.
28. The agents of the Board of Managers or the Managing Agent, and any contractor or workman authorized by the Board of Managers 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.
29. The Board of Managers or the Managing Agent shall retain a pass-key to each Unit. If any lock is altered or a new lock is installed, the Board of Managers or the Managing Agent shall be provided with a key thereto immediately upon such alteration or installation. If the Board of Managers or the Managing Agent must gain access to a Unit for emergency purposes and a Unit Owner has not furnished a key to the Board of Managers or Managing Agent 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 the Board of Managers or Managing Agent in gaining access to such Unit. If the Unit Owner is not personally present to open and permit any entry to his Unit at any time when an entry therein is necessary or permissible under these Rules and Regulations or under the By-Laws, and has not furnished a key to the Board of Managers or the Managing Agent, then the Board of Managers or Managing Agent or their agents (but, except in an emergency, only when specifically authorized by an officer of the Condominium or any 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).
30. If any key or keys are entrusted by a Unit Owner, by any family member thereof, or by his agent, servant, employee, licensee, or visitor to an employee of the Condominium or of 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 Board of Managers nor the Managing Agent shall be liable for injury, loss, or damage of any nature whatsoever, directly or indirectly resulting therefrom or connected therewith.

31. No Unit Owner or other occupant of the Building shall engage any employee of the Condominium or of the Managing Agent for private business without prior written consent of the Board of Managers.
32. 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 Board of Managers. Further, any consent or approval may, in the discretion of the Board of Managers or the Managing Agent, be conditional in nature.
33. The Rules and Regulations govern the use of the Units and Common Elements and may be amended from time to time by the Board of Managers. However, no amendment of the Rules and Regulations shall be applicable to any unit owned by the Sponsor unless agreed to by the Sponsor or a designee of the Sponsor, as the case may be.

**CERTIFICATION BY SPONSOR
PURSUANT TO SEC.20.4(b)
OF THE REGULATIONS ISSUED
PURSUANT TO GENERAL BUSINESS LAW,
ARTICLE 23-A, AS AMENDED**

New York State Department of Law
120 Broadway, 23rd Floor
New York, NY 10271

Attn: Real Estate Financing Bureau

Re: Cortlandt Place
81 Walker Street
New York, NY 10013

The undersigned certify as follows:

We are the sponsor and the principals of sponsor of the condominium offering plan for the captioned property. We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Department of Law in Part 20 and such other laws and regulations as may be applicable.

We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for this certification. We jointly and severally certify that the offering plan does, and that 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 judgement;
- (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.

81 WALKER LLC

Sworn to before me

this 1st day of June, 2001

Cassandra Dillenberger
Notary Public, State of New York
No. 02015073271
Qualified in New York County
Commission Expires Feb. 18, 2003

Notary Public

Walker MM Corp.

Manager of 81 Walker LLC

Bernard Dillenberger
Bernard Dillenberger, President

Sworn to before me

this 2nd day of June, 2001

Cassandra Dillenberger
Notary Public, State of New York
No. 02015073271
Qualified in New York County
Commission Expires Feb. 18, 2003

Notary Public

Walker MM Corp.

Manager of 81 Walker LLC

Peter Moore
Peter Moore, Vice-President

Sworn to before me

this 1 day of June, 2001

Stanley Tischler
COMMISSIONER OF DEEDS
CITY OF NEW YORK NO. 4-3961
CERTIFICATE FILED IN NEW YORK COUNTY
COMMISSION EXPIRES MAY 1, 2002

81 Walker LLC

Jacob Getz
Jacob Getz, Member

Sworn to before me

this 1 day of June, 2001

Stanley Tischler
COMMISSIONER OF DEEDS
CITY OF NEW YORK NO. 4-3961
CERTIFICATE FILED IN NEW YORK COUNTY
COMMISSION EXPIRES MAY 1, 2002

81 Walker LLC

Brenda-English Manes
Brenda-English Manes, Member

Sworn to before me

this 1 day of June, 2001

Stanley Tischler
COMMISSIONER OF DEEDS
CITY OF NEW YORK NO. 4-3961
CERTIFICATE FILED IN NEW YORK COUNTY
COMMISSION EXPIRES MAY 1, 2002

81 Walker LLC

Paul Manes
Paul Manes, Member

Sworn to before me

this 1 day of June, 2001

Stanley Tischler
COMMISSIONER OF DEEDS
CITY OF NEW YORK NO. 4-3961
CERTIFICATE FILED IN NEW YORK COUNTY
COMMISSION EXPIRES MAY 1, 2002

81 Walker LLC

William Bialosky
William Bialosky, Member

**CHARLES LOOMIS
CHARISS McAFEE**

ARCHITECTS

1906 RITTENHOUSE SQUARE PHILADELPHIA PA 19103 TEL 215.546.4468 FAX 215.546.9124

**CERTIFICATION OF SPONSOR'S ARCHITECT
PURSUANT TO SECTION 20.4(c)
OF THE REGULATIONS ISSUED PURSUANT
TO GENERAL BUSINESS LAW, ARTICLE 23-A
AS AMENDED.**

31 May 2001

New York State Department of Law
120 Broadway, 23rd Floor
New York, NY 10271

Attn: Real Estate Financing Bureau

Re: **81 Walker Street
New York, NY 10013**

I, the undersigned, an architect registered in New York State, certify as follows:

The sponsor of the offering plan to convert the captioned property to condominium ownership retained me to prepare a report describing the construction and/or renovation of the property (the "Report"). I visually inspected existing portions of the renovated property on 14 April 2001, and I examined the building plans and specifications that were prepared by me, dated 31 July 2000 and prepared the Report dated 31 May 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 Department of Law in Part 20 insofar as they are applicable to this Report.

I have read the entire Report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this certification. This certification is made for the benefit of all persons to whom this offer is made.

I certify that the Report:

- I. sets forth in narrative form the description and/or physical condition of the entire property as it will exist upon completion of renovation and/or construction, provided that renovation and/or construction is in accordance with the plans and specifications that I examined;
- II. in my professional opinion affords potential investors, purchasers and participants an adequate basis upon which to found their judgement 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 I examined;

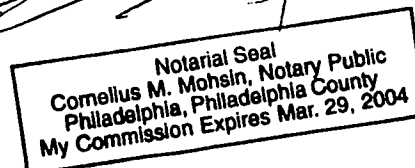
- III. does not omit any material fact;
- IV. does not contain any untrue statement of a material fact;
- V. does not contain any fraud, deception, concealment, or suppression;
- VI. does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- VII. does not contain any representation or statement which is false, where I:
 - A. knew the truth;
 - B. with reasonable effort could have known the truth;
 - C. made no reasonable effort to ascertain the truth; or
 - D. did not have knowledge concerning the representation or statement made.

I further certify that I am not owned or controlled by and have no beneficial interest in the sponsor and that my compensation for preparing this Report is not contingent on the conversion of the property to a condominium or on the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.


Charles Loomis
Registered Architect



*Signed before me
by Charles Loomis
on May 31, 2001*



262 West 38th Street, Suite 305
New York, N.Y. 10018
Phone: (212) 302-1500
Fax: (212) 302-3855

March 9, 2001

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

Re: 81 Walker Street, New York, NY 10013

The undersigned, Harriet Kyrous, certifies as follows:

The sponsor of the condominium offering plan for the above-captioned property retained my firm to review Schedule B which includes projections of common charges payable by the owners of the commercial units.

My experience in this field includes:

West 24th Street - 96 Unit Cooperative
40 West 22nd Street - 15 Unit Cooperative
74 Fifth Avenue - 36 Unit Cooperative
139 East 66th Street - 21 Unit Cooperative
407 East 91st Street - 34 Unit Cooperative
57 - 59 East 72nd Street - 20 Unit Cooperative
362 West Broadway - 7 Unit Cooperative
44 East End Avenue - 25 Unit Rental
48 East End Avenue - 16 Unit Rental
50 East End Avenue - 16 Unit Rental
161 Madison Avenue - 35 Unit Condominium
22-29/37/45/51/59 Dix Avenue - 115 Unit Rental

I understand I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to the commercial units listed in Schedule B.

I have reviewed the Schedule as it impacts upon the commercial units and investigated the facts underlying it with due diligence in order to form a basis for this certification. I also have relied on my experience in managing residential buildings.

I certify that the projections in Schedule B for common charges payable by the owners of commercial units appear reasonable and adequate under existing circumstances to meet the anticipated operating expenses fairly attributable to such commercial units for the projected first year of the condominium operation, and that the allocation of common charges attributable to the commercial units also reflects special or exclusive use or availability or exclusive control of particular common areas.

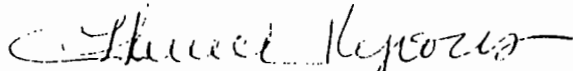
I certify that the estimates in Schedule B for the common charges payable by the owners of commercial units:

- (i) set forth in detail the projected common charges for the commercial units for the first year of condominium
- (ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgement concerning the common charges payable by the owners of the commercial units;
- (iii) do not omit any material fact;
- (iv) do not contain any untrue statement of a material fact;
- (v) do not contain any fraud, deception, concealment, or suppression;
- (vi) do not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) do not contain any representation or statement which is false, where I;
 - (a) knew the truth;
 - (b) with reasonable effort could have known the truth;
 - (c) made no reasonable effort to ascertain the truth; or
 - (d) did not have any knowledge concerning the representation or statement made.

I further certify that I am not owned or controlled by the sponsor. I understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the common charges fairly attributable to the commercial units for the first year of condominium operation.

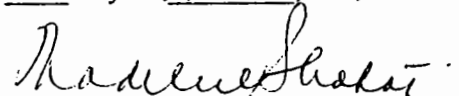
This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. I understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

KYROUS REALTY GROUP, INC.


Harriet Kyrour, President

MADELINE SHABOT
Notary Public, State of New York
No. 24-4706187
Qualified in Kings County
Expires December 31, 2021

Duly sworn to before me this
22nd day of March 2008


NOTARY PUBLIC

