

CONDOMINIUM OFFERING PLAN
A PLAN TO CONVERT TO CONDOMINIUM OWNERSHIP
THE SOLITA CONDOMINIUM

161 GRAND STREET, NEW YORK, NEW YORK

(ALSO KNOWN AS 221 CENTRE STREET, NY, NY)

Amount of Offering:

Sixteen (16) residential condominium units and	\$22,600,000
Two (2) commercial units	<u>\$1,700,000</u>
Total Amount of Offering.....	\$24,300,000
Less Reserve Fund to be Provided by Sponsor	\$ 5,000
Less Working Capital Fund to be Provided by Sponsor (*).....	\$ 5,000
Net Purchase price to Sponsor.....	<u>\$24,290,000</u>

* The Working Capital Fund may be reduced to \$3,000 as a result of closing adjustments in favor of the sponsor.

NAME AND ADDRESS OF CONDOMINIUM WHOSE UNITS ARE OFFERED:

The Solita Condominium
161 Grand Street
New York, New York 10013

NAME AND ADDRESS OF SPONSOR:

Soho Grand Center, LLC
254 Canal Street
New York, New York 10013

NAME AND ADDRESS OF SELLING AGENT:

Douglas Elliman, Inc.
575 Madison Avenue
New York, New York 10022

Date of Acceptance for Filing: **OCT - 5 2001**

This plan will be effective for twelve months from the above date. Such date may be extended by amendment to the plan.

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.

SEE PAGE iii FOR SPECIAL RISKS TO PURCHASERS

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PART I

Special Risks

1. Pursuant to existing law and regulation the Sponsor may declare the Plan effective by selling a minimum of fifteen percent of the Units in the Building. Even if the Plan is declared effective with a minimum number of sales, it is possible that the Sponsor may be able to convert the Building with fewer than the minimum number of sales, if Purchasers counted towards effectiveness do not ultimately purchase an apartment.

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

Even after a building undergoes conversion, lenders may still impose minimum sales requirements before granting a loan. It then may be difficult for a purchaser to resell an apartment if prospective buyers are unable to obtain a loan due to such minimum sales requirements.

2. As set forth in the section of the Plan entitled "Unit Closing Costs and Adjustments", Purchasers will be required to pay the New York State Real Property Transfer Tax and the New York City Real Property Transfer Tax in the respective amounts of 0.4% and 1.425% of the purchase price, due on the closing of the purchase of every unit. While the New York State and New York City Transfer Taxes are customarily paid for by the seller in single family home transactions, the burden of paying those taxes may be modified by contract. The amount of such tax will be treated as additional consideration upon which an additional tax of 1.4% to 1.825% will be imposed and paid by the Purchaser.

3. As set forth in the sections entitled "Terms of Sale" and "Unit Closing Costs and Adjustments", the Sponsor's obligation to deliver good and marketable title to a Unit will be deemed satisfied if Summit Associates is prepared to issue such title. A Purchaser electing to utilize a title abstract obtained from a title company other than Summit Associates is required to pay an additional closing fee of \$750. See the section of the Plan entitled "Unit Closing Costs and Adjustments" for additional information.

4. The Sponsor has not furnished any bond or security for the performance of its obligations under the Plan. See the section of the Plan entitled "Rights and Obligations of the Sponsor" for a discussion of such obligations.

5. The Sponsor, as owner of the Unsold Units, will have voting control of the Board of Managers until the earlier of (i) five years from the date of the First Closing; and (ii) conveyance of title to greater than fifty percent (50%) in common interest of the Units. See the section of the Plan entitled "Control by the Sponsor" for additional information.

6. As set forth in the section of the Plan entitled "Procedure to Purchase", Purchasers shall have a period of forty-five (45) days from the date of execution of a Purchase Agreement to obtain financing and five days thereafter to notify the Sponsor of such inability to obtain financing. TIME IS OF THE ESSENCE WITH RESPECT TO SUCH TIME PERIOD. If the Purchaser is unable to secure financing within such time period, the Sponsor may elect to terminate the Purchase Agreement. In such event the Purchaser's down payment, plus any interest earned thereon, will be returned to the Purchaser. The phrase "Time is of the essence" means that strict compliance with such periods is required and the Sponsor may elect not to extend such time period and such time period may be strictly enforced.

7. All Purchasers are required to execute a Power of Attorney in the form annexed to the Purchaser Agreement designating the Board of Managers as his attorneys-in-fact, coupled with an interest, for the purposes of managing, selling, mortgaging, leasing, voting or otherwise dealing with any Units acquired by the Board of Managers in accordance with any of the provisions of the By-Laws; and to amend the Declaration and By-Laws for the purposes set forth in such Power of Attorney.

8. Windows on the north wall of the 4th and 5th floors and on the 6th, 7th and 9th floors on the north and east walls are "lot line" windows that may not be used to provide required natural light and ventilation for enclosed habitable rooms. Lot line windows could be blocked at some point in the future by the expansion of adjacent buildings. The Sponsor is not aware of any present need to block any lot line windows and understands that if such blocking became necessary, the cost thereof would be the obligation of the owner of the adjacent property. See "Description of Property and Building Condition" for additional information about the lot line windows.

9. As discussed below in "Procedure to Purchase", all down payments will be held in an attorney's escrow account at Chase Manhattan Bank. To the extent any down payment exceeds \$100,000, the amount of such excess will not be federally insured.

10. The permitted uses of the commercial unit are not limited to the current use of the commercial premises. See "Commercial Unit" below for a description of the permitted uses of the commercial unit.

11. No unit has been designated as a superintendent's apartment.

12. Sponsor will apply for a partial exemption from real estate taxes pursuant to Section 11-243 of the Administrative Code of the City of New York (the "J-

51" program). While Sponsor has been advised by legal counsel that the Premises will be entitled to such benefits, Sponsor makes no representation as to the amount of such benefits, or whether such program will remain in effect, or when such benefits will be received. Purchase Agreements are not contingent upon the receipt of such benefits. Commercial units will not be entitled to J-51 benefits.

13. As noted in the Sponsor's Report of Building Condition and in the Introduction to the Plan, the Building is located in a zoning district (M1-5B) that permits residential use if occupied as joint living-work quarters by artists certified by New York City's Department of Cultural Affairs. Accordingly, purchasers of units above the ground floor who do not receive certification by the New York City Department of Cultural Affairs may not be able to lawfully occupy their unit for residential use.

14. For a maximum of five years from the date of the First Closing or so long as the Sponsor continues to own Units representing twenty-five (25%) percent or more in number or interest in the Common Elements attributable to all Units, whichever is earlier, the Sponsor's prior written consent shall be required, if the resulting cumulative financial cost to the Condominium for the year, inclusive of any resulting deficiency or liability, would exceed twenty (20%) percent of the Condominium's prior year operating budget, to take any action to (a) make capital additions or improvements; (b) increase or decrease the level of services (without regard to the cost of said services) over those provided for in the prior year's operating budget; (c) establish additional reserve funds; or (d) borrow money. The Declaration and By-Laws may not be amended to eliminate rights expressly granted to Sponsor without the Sponsor's written consent.

INTRODUCTION

Soho Grand Center, LLC (the "Sponsor") presents this offering plan (the "Plan") in order to convert to condominium ownership the land and building known as 161 Grand Street, New York, New York 10013 (the building is also known as 221 Center Street) and to offer for sale the residential units described in the Plan. The land and buildings and the appurtenances thereto together are sometimes referred to in this Plan as the "Building" or the "Property". The condominium shall be known as "The Solita Condominium" and is referred to in this Plan as the "Condominium".

The purpose of the Plan is to set forth all the material terms of the offer to sell the existing spaces as Condominium units. The Condominium will contain a total of sixteen (16) residential units and two (2) commercial units (a "Unit" or the "Units"). The remaining spaces will be common elements of the Condominium available for use by Unit Owners and their guests. All of the Units are currently vacant.

A Declaration submitting the Property pursuant to Article 9-B of the Real Property Law of the State of New York (hereinafter referred to as the "Condominium Act") and By-Laws of the Condominium will be recorded prior to conveyance of title to the first Unit by the Sponsor (the "First Closing"). The Declaration and By-Laws will be substantially similar to the forms set forth in this Offering Plan and will not be changed so as to adversely affect the Purchasers.

The Sponsor may amend this Plan from time to time by filing an amendment with the New York State Department of Law. Any amendment will be served on tenants and Purchasers by personal delivery or by certified mail, return receipt requested, in accordance with the regulations promulgated by the New York State Department of Law.

The Sponsor owns the Property in fee simple absolute, having acquired the Property on December 18, 1998. (See "Identity of Parties" below for additional information concerning the Sponsor and its principals.)

As in the ownership of a conventional parcel of real estate, the purchaser of a Unit (the "Unit Owner") owns his Unit in fee simple. Units may be owned by individuals, partnerships, corporations, trusts, estates or any other entity capable under law of owning real property. As described in "Description of Property and Improvements" below, the sixteen units above the ground floor may be occupied as joint living-work quarters by artists certified as such by the New York City Department of Cultural Affairs. Accordingly, purchasers of such units who do not receive certification by the New York City Department of Cultural Affairs may not be able to lawfully occupy their unit for residential use. All Unit Owners will own in common all exterior walls and roofs of the Building, and all land and improvements located outside the Units (collectively, the "Common Elements"). For a detailed description of the Common Elements see Article SIXTH of the Condominium Declaration, "Irrevocably Restricted Areas".

The Units may be purchased for cash or may be purchased partly for cash and partly by mortgage. The Purchase Agreement in Part II of this Offering Plan is contingent on the Purchaser obtaining financing. Commercial and savings banks are empowered to make loans secured by mortgages on Condominium Units. No Unit will be subject to the lien of a mortgage on any other Unit, and each Unit may be separately mortgaged.

Each Unit will be assessed and taxed separately for real estate tax purposes, and accordingly, no Unit Owner will be liable for the payment of real estate taxes on any other Unit. Each Unit Owner may sell or lease his Unit without restriction to whomever such Owner desires subject to the Condominium's right of first refusal. See the section entitled "Rights and Obligations of the Unit Owners and the Board of Managers". A Unit Owner is required to pay monthly common charges ("Common Charges") assessed by the Board of Managers of the Condominium (the "Board of Managers") for the operation

and maintenance of the Condominium in accordance with the Condominium Declaration and By-Laws and the Condominium Act (including Sections 339-i and 339-m thereof). Fire and liability insurance for the Unit Owner's personal effects and the interior of a Unit should be carried by the individual Unit Owner. Each Unit is individually metered for electricity and gas. The cost of electricity consumed in the Common Elements will be paid for as common charges and the cost of gas, heat and hot and cold water consumed in the Units will be paid by each Unit Owner. Each Unit Owner will be responsible for the cost of repairs and decoration to the interior of his Unit. Common Charges will be levied in proportion to the interest in the Common Elements allocated to each Unit.

Each Unit Owner is obligated to comply with the Condominium Declaration, By-Laws, rules and regulations and other requirements of the Board of Managers. Each Unit Owner has the right to vote for members of the Board of Managers.

THESE PRICES HAVE BEEN SET BY THE SPONSOR AND ARE NOT SUBJECT TO APPROVAL BY THE DEPARTMENT OF LAW OR ANY GOVERNMENTAL AGENCY.

The estimated Common Charges and the estimated real estate taxes for each Unit for the first year of Condominium Operation are set forth in Schedule A.

Penthouse Unit A includes, as an irrevocably restricted common element, approximately 1002 square feet of terrace space and Penthouse Unit B includes, as an irrevocably restricted common element, approximately 172 square feet of terrace space. Commercial Unit A includes cellar space of approximately 1128 square feet of basement storage space and Commercial Unit B includes cellar space of approximately 234 square feet of basement storage space. The Building will have a roof garden of approximately 730 square feet for use of all unit owners.

A detailed description of the Property, which should be carefully reviewed by prospective purchasers, is contained in Part II.

Parts I and II and Exhibit Volumes A, B, and C together constitute the entire Offering Plan. All documents referred to in this Offering Plan are important. All prospective Purchasers are strongly urged to consult their own attorneys or financial advisors and provide them with a copy of this Offering Plan before agreeing to purchase. The Offering Plan and all exhibits are available for inspection and copying at a reasonable fee at the offices of the Department of Law of the State of New York.

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

DESCRIPTION OF PROPERTY AND IMPROVEMENTS

The Sponsor adopts the "Description of Property and Building Condition" (the "Architect's Report") set forth in Part II of this Offering Plan, and represents that it accurately states the description and condition of the Land and Building and the Building's equipment. In making this representation and the following representations, the Sponsor consulted with Peter Poon, Registered Architect.

The Property is an eleven (11) story building. After the completion of the construction described in the section of the Plan entitled, "Description of Building and Condition", the Building will contain two commercial units and sixteen units that may be occupied as joint living-work quarters by artists certified as such by the New York City Department of Cultural Affairs. The closing will not occur until the issuance by the Department of Buildings of the City of New York of a Temporary or Permanent Certificate of Occupancy reflecting such use. The Sponsor will be responsible for obtaining a permanent Certificate of Occupancy for the premises. The Sponsor represents that it does not know of any defect or need for repairs except as stated in the Engineer's Report.

The Property is offered in the condition it will be constructed as described in the Architect's Report. All construction will be done in accordance with all applicable zoning and building laws and requirements, including the Building Code of the City of New York (Titles 26 and 27 of the Administrative Code of the City of New York). All Units will be sold as "loft" space, without interior room dividers and without appliances other than one bathroom, containing a toilet, sink and bathtub/shower. The Sponsor will assign to the Condominium at the closing any existing warranties and guarantees from contractors and suppliers of building materials. Neither the Sponsor nor the Condominium will have any obligation to make repairs or improvements except as set forth in this Plan. The Sponsor will cure or cause to be cured, within a reasonable time after the Closing Date, all dangerous and hazardous conditions and violations of record

against the Property as of the Closing Date. EACH PROSPECTIVE PURCHASER PURSUANT TO SUBSCRIPTION AGREEMENT HAS THE OPPORTUNITY TO INSPECT THE ENTIRE PROPERTY, OR ANY PORTION THEREOF, PRIOR TO SIGNING A SUBSCRIPTION AGREEMENT, PROSPECTIVE PURCHASERS ARE INVITED TO HAVE ANY ARCHITECT OR ENGINEER OF THEIR OWN CHOICE ACCOMPANY THEM WHEN THEY INSPECT THE BUILDING OR ANY PART THEREOF, SUBJECT TO REASONABLE NOTICE. ANY PHYSICAL DIMENSIONS APPEARING IN THIS STATEMENT OR ELSEWHERE IN THE OFFERING PLAN ARE APPROXIMATE.

The Property is located in the "Soho" area of New York City, with frontages on Centre Street and Grand Street.

New York City is the nation's principal financial center and is the home of major banks, stock markets and is corporate headquarters for many of the major American corporations. The area in which the Property is located is a highly urban area, with ready access to shopping of all kinds, recreational facilities, medical services and transportation. Police, fire, water, sanitation, garbage removal and road maintenance services are provided by the City of New York. The Building is located within several blocks of the Canal Street station of the New York City Metropolitan Transit Authority subway and uptown and downtown MTA bus lines. Local taxi and limousine service are also available. The area in which the Property is located is zoned "M1-5B" which allows professional and joint living-working quarters for artists and certain categories of commercial use for the non-residential units. Accordingly, the use of the Property by two Commercial Units and sixteen residential Units as contemplated by this Plan and the Condominium Declaration has been approved under applicable zoning laws.

SCHEDULE A
THE SOLITA CONDOMINIUM
Offering Prices and Related Information

ALL PROJECTED FIGURES ARE FOR THE PERIOD JANUARY 1, 2002 THROUGH DECEMBER 31, 2002

UNIT NO.	No. OF RMS	APPR'X SQ FT	OFFERING PRICE	PERCENT OF COMMON INTEREST	PERCENT OF RESIDENTIAL CONDO	PROJECTED MONTHLY COMMON CHARGES	PROJECTED MONTHLY REAL ESTATE TAXES W/O TAX BENEFITS	PROJECTED ANNUAL REAL ESTATE TAXES W/O TAX BENEFITS	PROJECTED TOTAL MONTHLY CARRYING CHARGES W/O TAX BENEFITS	PROJECTED MONTHLY REAL ESTATE TAXES WITH TAX BENEFITS	PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH TAX BENEFITS
[1] [2]			[3]	[4]	[4]	[5]	[6]	[6]	[7]	[6]	[7]
COM'L A		1,711	\$1,100,000	4.56311%		\$558.17	\$1,057	\$12,678	\$1,614.67		
COM'L B		1,066	\$600,000	2.37282%		\$290.25	\$1,444	\$17,322	\$1,733.75		
2A	*	1,832	\$1,075,000	4.14378%	4.45261%	\$653.12	\$1,083	\$12,990	\$1,735.64	\$1,006.82	\$1,659.94
3A	*	1,771	\$1,050,000	3.65722%	3.92978%	\$576.43	\$955	\$11,465	\$1,531.84	\$888.60	\$1,465.03
4A	*	1,771	\$1,080,000	3.87665%	4.16557%	\$611.02	\$1,013	\$12,153	\$1,623.75	\$941.92	\$1,552.93
5A	*	1,771	\$1,110,000	4.10925%	4.41550%	\$647.68	\$1,073	\$12,882	\$1,721.17	\$998.43	\$1,646.11
6A	*	1,771	\$1,140,000	4.37980%	4.70622%	\$690.32	\$1,144	\$13,730	\$1,834.49	\$1,064.17	\$1,754.49
7A	*	1,771	\$1,170,000	4.62069%	4.96506%	\$728.29	\$1,207	\$14,485	\$1,935.39	\$1,122.70	\$1,850.98
8	*	3,607	\$2,400,000	10.26267%	11.02754%	\$1,617.55	\$2,681	\$32,172	\$4,298.55	\$2,493.54	\$4,111.08
9	*	3,607	\$2,500,000	10.87843%	11.68919%	\$1,714.60	\$2,842	\$34,102	\$4,556.46	\$2,643.15	\$4,357.75
PHA	*	3,607	\$3,500,000	14.59150%	15.67898%	\$2,299.83	\$3,812	\$45,742	\$6,111.69	\$3,545.32	\$5,845.15
2B	*	1,816	\$975,000	3.65964%	3.93239%	\$576.81	\$956	\$11,472	\$1,532.85	\$889.19	\$1,466.00
3B	*	1,831	\$970,000	3.92971%	4.22259%	\$619.38	\$1,027	\$12,319	\$1,645.97	\$954.81	\$1,574.19
4B	*	1,831	\$995,000	4.18514%	4.49706%	\$659.64	\$1,093	\$13,120	\$1,752.96	\$1,016.87	\$1,676.51
5B	*	1,831	\$1,020,000	4.71364%	5.06494%	\$742.94	\$1,231	\$14,777	\$1,974.32	\$1,145.28	\$1,888.22
6B	*	1,831	\$1,045,000	5.09073%	5.47014%	\$802.37	\$1,330	\$15,959	\$2,132.27	\$1,236.90	\$2,039.28
7B	*	1,831	\$1,070,000	5.49799%	5.90775%	\$866.56	\$1,436	\$17,235	\$2,302.85	\$1,335.86	\$2,202.42
PHB	*	1,420	\$1,500,000	5.46722%	5.87468%	\$861.71	\$1,428	\$17,139	\$2,289.96	\$1,328.38	\$2,190.09
Total		33,899	\$24,300,000	100%	100%	\$15,516.67	\$26,812	\$291,743	\$42,328.58	\$22,611.92	\$37,250.17

* All space is sold as "loft" space with a bathroom and kitchen and interior room dividers as shown on the following floor plans.

Penthouse A includes approximately 1002 square feet of terrace space.

Penthouse B includes approximately 172 square feet of terrace space.

Commercial unit A includes approximately 1128 square feet of basement storage space.

Commercial unit B includes approximately 234 square feet of basement storage space.

See floor plans. Numbers in brackets refer to footnotes on following pages.

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FOOTNOTES FOR SCHEDULE A

1. Additional information concerning all of the Units is set forth in the "Description of Property and Building Condition" in Part II.
2. The Units offered for sale as commercial space may be used for commercial purposes under the Building's Certificate of Occupancy, the Condominium Declaration and Condominium By-Laws, subject to certain exceptions as to various specific uses set forth in the By-Laws (See "Rights and Obligations of the Unit Owners -- Use of Units" below for additional information concerning use of Units). The Units offered for sale as residential space will be used for residential space under the new Permanent or Temporary Certificate of Occupancy to be obtained prior to the closing. Any floor plan or sketch shown to a prospective Purchaser is only an approximation of the dimensions and layout of a Unit. The actual layout of a Unit may have been altered. Accordingly, each Unit should be inspected prior to purchase to determine its actual dimensions, layout and physical condition.
3. Prices are subject to change in the manner set forth in the Plan section entitled "Changes in Prices and Units." Purchasers will be responsible for the following charges and costs: (a) fee title insurance; (b) deed recording fees; (c) New York State and New York City Real Property Transfer taxes; (d) mortgage recording taxes on any purchase money mortgage obtained by the Purchaser and (e) an amount equal to one month's Common Charges on the Unit being purchased as initial working capital for the Condominium. See the Plan section entitled "Unit Closing Costs and Adjustments" for additional information concerning the foregoing costs.

The following closing fees will be charged by the attorneys for the Condominium in connection with the closing of each Unit:

- (a) \$750 for each closing,
- (b) \$250 attendance fee if the purchaser desires to have the closing other than at the office of the attorney for the Sponsor (provided that such location is in the borough of Manhattan) and,
- (c) \$750 if the Purchaser uses a title abstract company other than Summit Associates.

The above closing costs are cumulative to the extent applicable to an individual closing.

4. The percentage allocation of Common Interest for each Unit has been based upon the approximate proportion that the floor area of the Unit bears to the aggregate floor area of all Units, reflecting, for the purposes of such determination, exclusive advantages enjoyed by one or more Units, including interior floor space, height above ground floor, terrace space, if any, roof space, if any, the location of such space and the additional factors of relative value of such space to other space in the Condominium, pursuant to the provisions of Section 339-i 1.(iv) of the New York State Real Property Law. The aggregate of the percentages of Common Interest allocated to all of the Units is equal to one hundred percent. As set forth in the Condominium Declaration, each Unit shall consist of the area enclosed horizontally by the unexposed faces of the plaster walls at the exterior walls of the Building and the unexposed faces of the plaster walls of the Unit side of the plaster walls dividing the Unit from corridors, stairs or other Units.
5. The Common Charges have been estimated based upon the "Projected Schedule of Expenses and Income for First Year of Operation" set forth at Schedule B and do not include the cost of heating, cooling, hot water and lighting for each Unit. See Schedule B-1 for information concerning such costs. Common Charges also exclude the cost of mortgage payments and debt services made by a Purchaser who finances the purchase of a Unit, which will be additional expenses. Projected carrying charges do not include costs for which the unit owner is responsible such

as repairs to the interior of the Unit, separately metered gas and electricity, air conditioning, telephone, internet and cable television service.

6. The Annual Real Estate Tax charges are estimated for the first year of operation of the Condominium based on an estimate by Tuchman, Katz, Schwartz, Gelles, Korngold & Weiss, LLP that the eventual assessed valuation of the Property will be approximately \$3,000,000, reflecting the improvements to the premises as a result of the construction described in this Plan. It is estimated that 10% of such assessed valuation will be allocated to the commercial units. Each unit's projected taxes are based in the unit's share of the total assessed valuation determined as a percentage of each unit's share of common interest in the condominium. 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. Sponsor will apply for a partial exemption from real estate taxes pursuant to Section 11-243 of the Administrative Code of the City of New York (the "J-51" program). While Sponsor has been advised by legal counsel that the Premises will be entitled to such benefits, Sponsor makes no representation as to the amount of such benefits, or whether such program will remain in effect, or when such benefits will be received. Purchase Agreements are not contingent upon the receipt of such benefits. The estimated amount of such exemption, \$20,400 is reflected in Schedule A as "Projected Real Estate Taxes With Tax Benefits."

The projected assessed valuation of each Unit, based on each Unit's percentage of Common Interest, as described under "Real Estates Taxes" below, is as follows:

ESTIMATED ASSESSED VALUATION
FOR
REAL ESTATE TAXES

Unit	Valuation
COM'L A	\$ 126,780
COM'L B	\$ 173,220
2A	\$ 125,660
3A	\$ 107,460
4A	\$ 113,910
5A	\$ 120,750
6A	\$ 128,700
7A	\$ 135,780
8	\$ 300,770
9	\$ 318,810
10	\$ 423,730
2B	\$ 105,110
3B	\$ 111,940
4B	\$ 119,210
5B	\$ 134,270
6B	\$ 145,010
7B	\$ 156,610
PH	\$ 152,280

Annual Real Estate Tax charges are based on estimated average class 2 tax rate of 11% of assessed valuation for residential units and 10% for the commercial unit estimated as of January 1, 2002. No representation can or warranty can be made as to whether or not there will be an increase in the Real Estate Tax rate in future years. Under current laws, real estate taxes assessed against a Unit and paid by the Unit Owner will be deductible by such Unit Owner against personal income in connection with a Unit used as a primary or secondary residence or in connection with a Unit used for trade or business, against income from such trade or business, for Federal, New York City and New York State income tax purposes.

No representations or warranties can be made as to (a) whether there will be (i) a further increase in the assessed valuation of the Property, or (ii) an increase in the assessed valuation of the Property by reason of the conversion to a Condominium or otherwise, or (b) the method of determining the assessed valuation (whether on a rent roll, market or other basis), or (c) the amount of any increase in the assessed valuation of the Property, or (d) whether the assignment of individual tax and block numbers to the Unit by the tax authorities will result in higher or lower aggregate tax assessments. See "Real Estate Taxes" below for additional information concerning real estate taxes.

7. Total estimated carrying charges are the sum of Common Charges and estimated real estate taxes.

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SCHEDULE B

Budget for First Year of Condominium Operation

Beginning January 1, 2002

Projected Income

Common charges from Residential Units	\$176,019
Common charges from Commercial Units (Note 10)	<u>\$10,181</u>
Total	\$186,200

Projected Expenses

Wages and Benefits (Note 1)	\$33,500
Electricity (Note 2)	\$65,300
Water and Sewer charges (Note 3)	\$5,171
Repairs, maintenance and supplies (Note 4)	\$5,000
Service contracts (Note 5)	\$8,400
Insurance (Note 6)	\$31,655
Management Fees (Note 7)	\$18,000
Accounting and Legal Fees (Note 8)	\$4,300
Miscellaneous Operating Expenses	\$5,000
Contingencies (Note 9)	<u>\$9,874</u>
Total	\$186,200

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FOOTNOTES FOR SCHEDULE B

General Note

The estimate of the annual Common Charges to be collected during the first year of condominium operation is based on the Sponsor's expectation that the first Unit closing will occur on or about January 1, 2002 and the first year of condominium operation will be from January 1, 2002 to December 31, 2002. The actual first year of operation may differ from such estimate. Because the Building has not been operated as a residential premise, and because additional space is being constructed, no historical information on the cost of operating the premises is available.

If the commencement date of the first year of condominium operation is six months or more after January 1, 2002, the Plan will be amended to include a revised budget disclosing then current budget projections. If the annual Common Charges in the revised budget projections exceed the earlier projections by twenty-five percent (25%) or more, the amendment will provide all Purchasers the right to rescind their Purchase Agreements and have their deposits refunded to them by sending written notice to the Sponsor within thirty (30) days of receipt by such Purchaser of notification of such right, whether or not Sponsor offers to guarantee the previous budget projection. The Sponsor must return within ten (10) days any deposit or downpayment to purchasers who rescind. The right to rescind of a Purchaser who first becomes a tenant of the Building after the presentation of this Plan will be conditioned on the termination of his interim lease and his vacating the Unit within 30 days.

Note 1 Wages and Benefits. Includes a non-resident, non-union, Building Superintendent at \$14.50 per hour for a 35-hour week, plus costs for FICA, federal unemployment insurance, disability, workmen's compensation and vacation time. As set forth in Note 10, the Commercial Units will not utilize the

services of the Building Superintendent and will not bear any cost of such services.

Note 2 Electricity. Includes electricity consumed for heating and lighting the public areas and for elevator operation. Does not include the costs of electricity and gas for heating, hot water or air conditioning for individual Units, which are metered and billed separately. See Schedule B-1 for projections of such costs for each Unit. The budgeted figure for electricity is based on written estimates by Kam Chiu Associates, licensed professional engineer having offices at 207 East 22nd Street, New York, NY, dated June 22, 2001. The rates for electricity utilized by Mr. Chiu were 12.856¢ for the first 250 KWH and 12.269¢ (winter) and 13.769¢ (summer) for KWH beyond 250 KWH, with a basic service charge of \$5.72. Such rates include New York City tax, MTA Surcharge, New York State Surcharge and Sales tax, all aggregating 16.3096%. No inflation factor was added. As set forth in Note 10, the owners of the Commercial Units will pay their pro rata share of the cost of electricity for the Building.

Note 3 Water and Sewer. Water and Sewer costs are based on written estimates by Kam Chiu Associates, licensed professional engineer, having offices at 207 East 22nd Street, New York, NY, dated June 22, 2001. The residential water service and sewer charge rates used were \$1.06 per 100 cubic feet for water use and \$1.69 per 100 cubic feet for sewer use. As set forth in Note 10, the owners of the Commercial Units will pay their pro rata share of the cost of common water charges.

Note 4 Repairs and Maintenance. Includes normal repairs, maintenance and supplies with respect to common areas of the Building including lighting, public walkways and stairways, maintenance and painting of entrances, roof and building structure, and all building supplies. Owners will be responsible for the cost of repairs to the interior of their Units such as interior painting, decorating and repair and maintenance of appliances, including air conditioners,

refrigerators and stoves. As set forth in Note 10, the owners of the Commercial Units will pay their pro-rata share of the cost of common repairs and maintenance for the Building.

Note 5 Service Contracts. Includes contracts for elevator maintenance with Century Elevator Maintenance Corporation, having offices at 12-17 38th Avenue, Long Island City, NY 11101, at \$8,400 per year. As set forth in Note 10, the Commercial Units will not utilize the Building elevator and will not bear any costs relating thereto.

Note 6 Insurance. Multi-peril policy covering all risks of direct physical loss in the amounts shown:

<u>Item Covered</u>	<u>Amount</u>	<u>Exposures Insured Against</u>
Building	\$10,000,000	All Risk of direct physical loss or damage. Special Multi-Peril. Agreed Amount.
Public Liability	\$1,000,000 Per occurrence \$2,000,000 Total	Personal Injury and Compliance General Liability limit.
Umbrella	\$5,000,000	Catastrophe
Fire Damage Legal Liability	\$50,000 Per Occurrence	
Directors and Officers Legal Liability	\$1,000,000	Liability of Managers and Officers for conduct in office.
Employee Dishonesty	\$ 50,000	Theft or other misuse of funds by employees, included in all risks policy.

The insurance set forth above will be adequate to replace the Building in the event of total loss and to avoid being a co-insurer in the event of a partial

loss, in accordance with the written opinion of Lydia Wang, Success Insurance Agency, Inc., 217 Park Row, Suite 4A, New York, New York, 10038. The policies contain a \$1,000 deductible amount for each occurrence.

The projected all risk coverage limit is based upon an agreed replacement cost of the Building on the projected Closing Date. In order to safeguard the investment of its owners in the event of a substantial or total destruction of the Building, the Condominium Board should periodically review the amount of the property and casualty insurance for the Building to ensure that the amounts of coverage are adequate.

This insurance coverage does not include claims for personal injury or property damage resulting from occurrences in Units, nor does it include coverage of the furniture or personal property of Unit Owners. If such additional insurance coverage is desired, each Unit Owner should obtain a separate policy covering such risks as fire and casualty losses to Units contents, replacements, additions, upgraded fixtures and improvements and for liability coverage for occupancy within his Units, at his own cost and expense. No representation is made that if the Building is entirely destroyed by fire, the amount of insurance is sufficient to replace the Building.

The fire, casualty and general liability insurance will be on terms that provide:

- (1) That each Unit owner is an additional insured party;
- (2) That there will be no cancellation of the policies without notice to the Board of Managers;
- (3) A waiver of subrogation;
- (4) A waiver of invalidity because of acts of the insured and Unit owners; and
- (5) A waiver of pro-rata reduction if Unit owners obtain additional coverage.

As set forth in Note 10, the Commercial Units will pay their pro rata share of the cost of insurance for the Building.

Note 7 Management. The Property will be managed by Insignia Residential Group Inc., having offices at 675 Third Avenue, New York, NY. See "Management Agreement" below for additional information concerning management. As set forth in Note 10, the Commercial Units will pay their pro rata share of the cost of management for the Building.

Note 8 Accounting and Legal. Costs for legal and accounting fees are estimates for the first year of operation. The accounting fees will be approximately \$2,500 to be applied for auditing fees in connection with the Condominium's audited financial statements and its Federal State and City income tax returns. An amount of \$1,800, is provided for miscellaneous (but not major) legal services in the event the Board of Managers decides to engage an attorney. As set forth in Note 10, the Commercial Units will pay their pro rata share of the legal and accounting costs.

Note 9 Contingencies. "Contingencies" is intended to provide for any unanticipated expenses and is to be used at the discretion of the Board of Managers elected by the Unit Owners. The reserve for contingencies has been calculated on the basis of approximately 5% of the sum of all operating expenses to cover unanticipated cost increases and possible omitted items. In the event that the actual first year of operation of the Condominium begins later than the projected commencement date of January 1, 2002 as shown on this schedule, then additional operating costs could substantially exceed this amount. The Reserve for Contingencies does not include a reserve for major capital replacements or repairs, for which no provision is made under this budget. The Reserve for Contingencies would include the minimal income taxes that may be imposed on income from non-residential sources in excess of costs allocated thereto. As set

forth in Note 10, the Commercial Units will pay their pro rata share of the contingencies budget.

Note 10 Commercial Units. Commercial Unit A and Commercial Unit B are obligated to pay 4.20724% and 3.07937%, respectively, of the following portions of the Condominium's operating costs: costs of lighting and heating of common areas, legal and accounting fees, management fees, insurance, condominium building system repairs and common water charges. The Commercial Units will pay 100% of the operating costs pertaining solely to the Commercial Units including all costs of refuse collection, electricity and gas related to hot water and space heating, insurance relating to the commercial use of the Commercial Units, extermination services for the Commercial Units, security services, and gas, electricity and water used by the Commercial Units, which will be separately metered. The Commercial Units will not pay any costs associated with the Building passenger elevator or any costs associated with the Building Superintendent.

Accordingly, the Commercial Units are budgeted to pay, in the aggregate, the following amounts:

Utilities:	\$4,768
Legal and accounting fees:	\$314
Insurance:	\$2,311
Repair, maintenance and supplies:	\$365
Contingency:	\$731
Water and Sewer:	\$378
Management:	<u>\$1,314</u>
Total:	\$10,181

SCHEDULE B- 1

**Projected Estimated Average Costs for Heating and Hot Water
for Each Unit in the First Year of Operation
January 1, 2002 – December 31, 2002**

(Gas Fired Individual Units – see footnotes to Schedule B-1)

Unit	Cost of Gas for Heat and Hot Water	Cost of Electricity for Air Conditioning	Total	Period
2A-7A	\$70	\$123	\$193	Per Month
	\$840	\$1,476	\$2,316	Per Year
2B-7B	\$70	\$119	\$189	Per Month
	\$840	\$1,428	\$2,268	Per Year
8-10	\$140	\$242	\$382	Per Month
	\$1,680	\$2,904	\$4,584	Per Year
PH	\$70	\$119	\$189	Per Month
	\$840	\$1,428	\$2,268	Per Year

As described in the Architect's Report below, each residential unit will be provided with a Hydrotherm, Model HC-125E boiler, and a Weil-McClain "gold" model hot water storage tank.

The Commercial Units will determine the amounts of heat and hot water needed for their operations and will provide their own heating and hot water equipment. Accordingly the Commercial Unit Owners will be responsible for determining the costs of providing heat and hot water in their units.

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FOOTNOTES TO SCHEDULE B-1

Heat and hot water are supplied to each Unit by individual gas-fired hot water boilers located in each unit. Electric air conditioning units are supplied to each residential Unit. Gas is supplied by the Consolidation Edison Company and is separately billed to, and paid by, each Unit Owner. Con Edison's rates for gas are adjusted by various factors irrespective of usage, including therm factors, base charges, and weather adjustments, and cannot be set forth as single numbers. The figures set forth on schedule B-1 are based on estimates of consumption provided by Kam Chiu Associates, Licensed Professional Engineers with offices at 207 East 22nd Street, New York, NY. The estimated cost of gas provided by Mr. Kam is \$1.20 per 100 cubic feet, including sales tax; and the estimated consumption of hot water is 150 gallons per apartment per day. The estimated cost of electricity provided by Mr. Kam is \$0.18/kwh.

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Douglas Elliman

575 Madison Avenue
New York, NY 10022
(212) 891-7000
Fax: (212) 891-7209

COMPLIANCE WITH REAL PROPERTY LAW SECTION 339 i

September 14, 2001

Real Estate Financing Bureau
Department of Law, State of New York
120 Broadway-23rd Floor
New York, NY 10271

Re: 161 Grand Street
New York, NY

Ladies and Gentlemen:

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

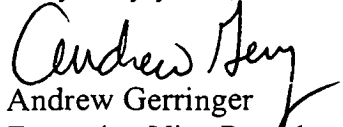
Douglas Elliman has had over twenty years of experience as broker in connection with sales of cooperative and condominiums, and have provided opinions in numerous Offering Plans relating to cooperatives and condominiums.

It is our opinion that the allocation of the Percentages of Common Elements allocated to the respective Units as set forth in Schedule A of the Plan of Condominium Organization are in compliance with regulations issued pursuant to Real Property Law Article 9-B, Section 339-i. 1.

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

Douglas Elliman will be acting as the selling agent for the property.

Very truly yours,


Andrew Gerringer

Executive Vice President
Douglas Elliman LLC

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 **Insignia**
Financial Group

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COMMERCIAL UNITS

The Commercial Units may be used for commercial purposes in accordance with the Building's Certificate of Occupancy and all applicable laws except for the following prohibited uses:

- (a) Any use involving the preparation or storage of food, alcohol or drinks, or
- (b) Any use involving the sale or rental of video tapes, movies, or video software of any kind or nature; or

- (c) Any use involving theatrical, movie or music performances in any form whatsoever;

provided, however, that the limitations on use contained in the forgoing paragraphs (a) through (c) shall not be applicable to a Commercial Unit for so long as the Commercial Unit is owned by the Sponsor.

One Commercial Unit is currently used as a supermarket.

The Commercial Units' share of expenses is based on the Commercial Units' proportional share of those expenses and costs attributable to, or used by, the Commercial Units and are sufficient to cover the expenses fairly attributable to such units.

The Owners of the Commercial Units have no rights or obligations that differ from those of the residential unit owners.

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CHANGES IN PRICES AND UNITS

Prices may be changed only by duly filed prior amendment to the Plan when the change in price is an across-the-board change affecting one or more lines of Units or Unit models or is to be advertised, or a price increase to an individual Purchaser. The purchase prices payable by non-tenant Purchasers may be decreased by the Sponsor on an individual basis. The terms of sale which may be subject to negotiation include, among others, price, renovations or improvements to the Unit or credits or allowances therefor, or reduced or waived downpayment deposit towards the purchase price. The Sponsor reserves the right to amend the Plan from time to time to add additional negotiable terms.

The Sponsor reserves the right at any time prior to the filing of the Declaration of the Condominium: (i) to change the price (as set forth above); (ii) to change the terms of sale and manner of payment for any Unit; (iii) to change the layout of or the number of rooms in any Unit; (iv) to change the size and/or number of Units by subdividing one or more Units into separate units, combining separate Units into one or more Units, altering any boundary walls between Units, or otherwise; (v) to re-apportion among the Units affected by any such change, subdivision, combination or alteration, their appurtenant interests in the Common Elements; (vi) to change the category and use of any Unit to any other category and use, provided that the Sponsor will procure an amendment to the Building's Certificate of Occupancy if necessary in connection with such change of category and use; and (vii) to change the size or quality of the Common Elements. No such change shall be made with respect to a Unit for which a Purchase Agreement has been executed and delivered to the Sponsor, and the Purchaser is not in default, without the consent of the Purchaser. Purchasers of Units affected by any of the foregoing changes may pay more or less than other Purchasers under this Plan for a similar Unit. None of the changes contemplated by this paragraph

will be made by the Sponsor except in compliance with the provisions of Section 339-i (1) (iv) of the New York State Real Property Law, and by amendment to the Plan, and, when applicable, to the Declaration. Unless all Purchasers consent, no material change will be made in the size, and no material adverse change will be made in the quality of common elements. In the event the Sponsor conveys title to any Units to one or more holders of any unsold or retained Units (hereinafter "Unsold Units"), such holders will be required to file appropriate amendments to the Plan in the same manner required from the Sponsor in the event they proceed to change the purchase price, layout, category, size or number of the Units. All such changes will comply with applicable law and no change will decrease the common area of the building.

As presented in detail in the Declaration, once the Condominium Declaration is recorded, no change may be made that would result in an increase or decrease of the common interest of a Unit unless an appropriate amendment to the Condominium Declaration is recorded. As more particularly provided in the Condominium Declaration, the Sponsor or its designee or the holders of any Unsold Unit will have the right to require the Condominium Board of Managers or the officers of the Condominium to amend the Declaration of Condominium to the extent required to reflect any change set forth in clauses (i) - (vii) of the preceding paragraph. However, no change of an Unsold Unit's common interest will be made without obtaining the prior consent of the Condominium's Board of Managers, except for combinations or subdivisions of the Unsold Units which result only in re-apportionments of their aggregate common interests, for which no such consent will be required.

INTERIM LEASES TO PURCHASERS

The Sponsor reserves the right to lease vacant Units to Purchasers and non-purchasers. Any lease to a person who has signed a Purchase Agreement will be an "Interim Lease" on the terms set forth herein. An Interim Lease will be for a mutually agreed upon rent. Such lease will also provide that an uncured default by the Purchaser under his Purchase Agreement will constitute a default under the lease entitling the lessor at his sole option, to immediately terminate such lease and that a default under the Interim Lease will also constitute a default under the Purchase Agreement. A tenant under an Interim Lease will not have the benefits of any rental protection laws. Before the Sponsor may utilize the default under the lease to declare a default under the Purchase Agreement the Sponsor must either obtain an order or eviction or other judgment or order from a court of competent jurisdiction against the lessee unless the lessee has vacated the Unit. An interim lessee has 30 days to vacate the Unit after a default under the Purchase Agreement or rescission of the Purchase Agreement by the lessee. The lease will also provide that in the event that the Purchase Agreement is cancelled, rescinded or terminated for any reason whatsoever, the Sponsor will have the right to cancel such lease. In the event of the termination of the Interim Lease the tenant thereunder shall have 30 days to vacate the unit.

The Sponsor does not now offer a right of rescission to persons who sign and deliver Purchase Agreements. However should such right be offered in the future, then the right of a prospective Purchaser who has signed an Interim Lease to accept such a right of rescission is conditioned upon the surrendering of possession of the leased Unit and vacating the Unit in an empty and broom-clean condition, with all rent then due under the Interim Lease paid in full.

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PROCEDURE TO PURCHASE

Persons may purchase a Unit by entering into a Purchase Agreement with the Sponsor. A Purchaser will be notified within twenty (20) days after the date on which he submits a signed Purchase Agreement whether the Purchase Agreement has been accepted or rejected. If such Purchaser receives no response within the twenty-day period his Purchase Agreement will be deemed rejected. If the Purchase Agreement is rejected, all monies received by Sponsor from Purchaser will be returned to Purchaser within ten (10) days after rejection. The Purchase Agreement provides that the Purchaser will purchase from the Sponsor a designated Unit in the Condominium. Upon signing a Purchase Agreement a Purchaser shall make a downpayment of ten percent (10%) of the total price of the Unit. Upon full payment of the balance of the purchase price at the Closing in cash, the Purchaser will receive a bargain and sale deed with covenant against grantor's acts and containing the provisions set forth in Section 13 Subdivision 5 of the Lien Law, which will convey good and marketable title to him of fee ownership in the Unit and such percentage of common interest in the Common Elements as is set forth on Schedule A, free and clear of all liens and encumbrances other than the Permitted Encumbrances as hereinafter defined. The Purchase Agreement may be modified with the consent of the Purchaser and Sponsor in a manner not inconsistent with law, subject to the terms of this Offering Plan.

Purchasers will be afforded not less than three (3) business days to review the Plan and all filed amendments prior to executing a Purchase Agreement. Purchasers will be afforded the right, to be exercised not more than seven (7) days after delivering an executed Purchase Agreement, together with the required downpayment, to rescind the Purchase Agreement and have the full downpayment refunded. A non-tenant Purchaser desiring to rescind must either personally deliver written notice of rescission to the Sponsor within the seven day period or mail a notice of rescission to the Sponsor and have the mailing post-marked within the seven day period.

Obligations of Purchasers under the Purchase Agreement are contingent upon the Purchaser obtaining a financing commitment in an amount of no less than 75% of the total purchase price for the Unit. Purchasers shall have forty-five days from the date the Agreement is executed to obtain a financing commitment. If the commitment is not obtained within the forty-five day period, then the Purchaser must notify Sponsor within five days thereafter of his inability to obtain the commitment; thereupon unless Sponsor elects to either extend the purchaser's time to obtain the commitment or obtain for Purchaser a financing commitment upon comparable terms from another lending institution, the Agreement shall be rescinded and all monies theretofore deposited by Purchaser shall be returned to him. TIME IS OF THE ESSENCE WITH RESPECT TO EACH OF THE TIME PERIODS CONTAINED IN THIS PARAGRAPH. If a Purchaser obtains a financing commitment, but the commitment expires prior to the actual closing date, such Purchaser shall make a good faith effort to obtain an extension of the commitment, notwithstanding that Purchaser's lending institution may change the terms of the commitment (including but not limited to terms such as the interest rate, term or fees or "points" charged) in order to obtain the extension. Any conflict between the Purchase Agreement and the Plan will be resolved in favor of the Plan.

The Purchase Agreement does not contain, and may not be modified to contain, a waiver of any of the Purchaser's rights or the Sponsor's obligations under Article 23-A of the General Business Law.

The Purchaser will pay the amount, if any, of the New York State and New York City Real Property Transfer Taxes due with respect to each sale. (See "Unit Closing Costs and Adjustments".)

Pursuant to the Purchase Agreement, at closing a Purchaser will be obligated to sign the New York State Real Property Transfer Tax Return and New York City Real Property Transfer Tax Return and all related documents. See "Unit Closing Costs and Adjustments" for provisions regarding payment of such tax.

After the Plan has been declared effective, a date for the closing of title will be set by the Sponsor upon at least thirty (30) days prior, written notice to the Purchaser in accordance with the Purchase Agreement. Closings will only take place after all of the following have occurred:

1. The Declaration, By-Laws, floor plans and engineer's and tax authority certifications required by Section 339-p of Article 9-B of the Real Property law of the State of New York shall be recorded or filed as required by law.

2. The Purchaser shall execute an instrument in the form annexed to the Purchase Agreement designating the Board of Managers as his attorneys-in-fact, coupled with an interest, for the purposes of managing, selling, mortgaging, leasing, voting or otherwise dealing with any Units acquired by the Board of Managers in accordance with any of the provisions of the By-Laws; and to amend the Declaration and By-Laws for the purposes set forth in such Power of Attorney.

3. The Unit and its undivided interest in the Common Elements shall not be subject to the lien of any mortgage at the time of closing except any mortgage obtained by the Purchaser at the time of closing representing a purchase money mortgage or mortgages taken by the Purchaser.

A Purchaser will not be deemed to have suffered a forfeiture of his Purchase Agreement unless written demand for payment is made by the Sponsor and the Purchaser is given thirty (30) days to cure the default.

The Sponsor anticipates that the first closing will occur on or about January 1, 2002. If such date is delayed twelve months or more, Purchasers will be offered rescission.

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ESCROW TERMS

All downpayments being held in escrow will be placed in or transferred to an account in conformity with this paragraph. The Sponsor will comply with the escrow and trust fund requirements of General Business Law Sections 352-e(2-d) and 352-h, Lien Law Sections 71-a 3. and 71-a 3(e) and the Attorney General's regulations promulgated pursuant thereto.

Any provisions of any contract or agreement, whether oral or in writing, by which a Purchaser purports to waive or indemnify any obligation of the Escrow Agent holding trust funds is void. The provisions of the Attorney General's regulations concerning escrow/trust funds shall prevail over any conflicting or inconsistent provision in the Plan or in a purchase or subscription agreement. Purchasers shall not be obligated to pay any legal or other expense of the Sponsor in connection with the establishment, maintenance or defense of obligations arising from the handling or disposition of trust funds.

All deposits, downpayments, or advances made by Purchasers prior to closing of each individual transaction, whether received before or after the date of consummation of the Plan, will be placed, within five business days after the agreement is signed by all necessary parties, in a segregated special escrow account of Arthur I. Weinstein, Esq., the Escrow Agent, whose address is 924 West End Avenue, Suite 4, New York, N.Y. and whose telephone number is 212-222-5034. The signatory on this account authorized to withdraw funds is Arthur I. Weinstein. The name of the account is "Arthur I. Weinstein, Special Escrow Account", located in Chase Manhattan Bank, 2824-26 Broadway, New York, N.Y. 10025. This bank is covered by federal bank deposit insurance to a maximum of \$100,000 per individual deposit.

Interest earned on this account will be paid to the New York State IOLA fund in accordance with the provisions of Judiciary Law Section 497.

All instruments shall be made payable to or endorsed to the order of Arthur I. Weinstein as Escrow Agent.

Within ten (10) business days after tender of the deposit submitted with the purchase or subscription agreement, the Escrow Agent will notify the Purchaser or subscriber that such funds have been deposited into the escrow account and will provide the account number. If the Purchaser or subscriber does not receive notice of such within fifteen (15) business days after tender of the deposit, the Purchaser or subscriber may cancel the purchase and rescind so long as the right to rescind is exercised within ninety (90) days after tender of the deposit or, the Purchaser 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 and requisite notice was timely mailed to the purchaser or subscriber in conformity with the Attorney General's regulations.

Under no circumstance shall Sponsor apply for release to Sponsor of the escrowed funds of a defaulting purchaser until after consummation of the Plan.

The Escrow Agent will hold funds in escrow until the consummation of a closing of the sale of the subject Unit, in which event the funds shall be paid to the Sponsor, or as otherwise directed in:

- (i) a writing signed by both Sponsor and Purchaser or subscriber; or
- (ii) a determination of the Attorney General pursuant to the dispute resolution procedures contained in the Attorney General's regulations; or
- (iii) a judgment or order of a court of competent jurisdiction.

If there is no written agreement between the parties to release the escrowed funds, the Escrow Agent may pay the funds to the Sponsor provided that the Escrow Agent has given the Purchaser written notice thereof of not fewer than ten business days; in which event the funds may be paid to the Sponsor unless the Purchaser or subscriber has already made application to the Department of Law pursuant to the dispute resolution provisions of the Attorney General regulations and has so notified the Escrow Agent in accordance with such provisions.

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

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

Purchasers and the escrow agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the downpayment and any interest thereon. The Sponsor must avail itself of this procedure in the event of an unresolved dispute. A form for this purpose is attached to this Plan as an exhibit. The party applying for a determination must send all other parties a copy of the application.

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

Attached as an Exhibit to this Offering Plan is a copy of the escrow agreement, which incorporates the terms of the Attorney General's regulations.

The Escrow Agent will maintain all records concerning the escrow account for seven years after the release of funds. The Office of the Attorney General may perform random reviews and audits of any records involving escrow accounts to determine compliance with statutes and regulations. Any provision of any contract or agreement, whether oral or in writing, by which a purchaser purports to waive or indemnify any obligation of the escrow agent holding trust funds is absolutely void. The provisions of this section of the Plan shall prevail over any confliction or inconsistent provision in the Plan or in a purchase agreement.

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EFFECTIVE DATE AND CLOSING DATE

The Plan may not be declared effective until written Purchase Agreements have been executed and delivered for at least three units representing more than fifteen (15%) percent of all Units in the Building to bona fide Purchasers.

When Purchase Agreements have been executed and accepted for the sale to Purchasers of fifteen units, representing eighty (80%) percent of the Units offered hereby, the Plan must be declared effective.

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

(i) signed by Purchasers who have been granted a right of rescission that has not yet expired or been waived; or

(ii) if the Purchaser was not afforded the 7-day right of rescission or the three day review period described in the section entitled "Procedure to Purchase";

(iii) with any Purchaser who is the Sponsor, the Selling Agent, or is a principal of the Sponsor, or the Selling Agent, or the managing agent, or is related to the Sponsor, the Selling Agent, or the managing agent or to any principal of the Sponsor, Selling Agent or managing agent 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 the Sponsor or a principal of the Sponsor, may be included if the Sponsor has submitted proof satisfactory to the Department of Law establishing that the purchaser is bona fide.

The Sponsor will declare the Plan effective by serving notice on each tenant and Purchaser (in the manner required for service of amendments to the Plan) and submitting an amendment to the Department of Law within five (5) days confirming that the Plan was declared effective and the date it was declared effective. No closing will be scheduled until such amendment is accepted for filing by the Department of Law.

The Sponsor will record the Declaration of Condominium after the Plan has been declared effective. Thereafter, title to the Units will be transferred on dates to be fixed by the Sponsor. The First Closing will occur not less than thirty (30) days nor more than one hundred eighty (180) days after the date of presentation of the amendment that discloses that the Plan has been declared effective, unless the closing is adjourned or unless the Plan is abandoned. The Sponsor will not commence closing titles to the Units until the amendment disclosing that the Plan has been declared effective has been accepted for filing by the Department of Law and copies of the amendment have been presented to the tenants and Purchasers.

The Sponsor may, at its option, declare the Plan abandoned for any reason whatsoever before it is declared effective (and before the 80% sales level described above has been reached) provided, however, that within fifteen (15) days after abandonment, all monies will be returned to purchasers with interest, if any, earned thereon. Once the Plan has been declared effective (or the 80% sales level has been reached), it may not be abandoned except in the event there shall be (i) a defect in title unknown to the Sponsor at the date of presentation of the Plan which cannot be cured without litigation or expenses in excess of \$125,000 or (ii) substantial damage or destruction of the Building by fire or other casualty which cannot be cured for less than \$125,000 or (iv) in the event of the taking of any material portion of the Premises by condemnation or eminent domain. Any stated amount of money relied upon as a basis for abandonment after a declaration of effectiveness must exclude any title defects, violations, work orders, attorneys' fees, or determinations of any authority or regulatory association which exist on the date of presentation of the Plan and either are known to the Sponsor or are a matter of public record.

Abandonment of the Plan will be by either duly filed amendment and Form RS-2 or other form then required by the Department of Law submitted promptly after abandonment explaining the reasons for abandonment of the Plan and setting forth the disposition of any funds belonging to Purchasers.

After the Plan has been declared effective and the amendment so declaring has been accepted for filing by the Department of Law, Sponsor will, from time to time, fix one or more dates for closing title to Units for which Purchase Agreements are in effect, but in no event sooner than thirty (30) days after the date upon which notice is given that the Plan is declared effective, unless the Closing is adjourned or the Plan abandoned. If the First Closing is adjourned beyond one hundred eighty (180) days, then the sole remedy of each Purchaser will be to rescind his Purchase Agreement and be refunded all monies deposited thereunder, together with any interest earned thereon. However, written notice of Purchaser's election to rescind must be sent before the date of the First Closing.

The closing of title to each Unit will take place in accordance with the terms of the applicable Purchase Agreement. On such closing date, fee title to the Unit will be conveyed to each Purchaser in accordance with the terms of the applicable Purchase Agreement, and each Purchaser will thereupon become obligated for the payment of common charges whether or not he has taken possession of his Unit and whether or not the tenant in possession, if any, pays the rent required to be paid to him.

The foregoing provisions of this section are based upon the laws in effect on the date of presentation of the Plan. The Sponsor reserves the right to amend this section if such laws, or any of them, expire or are modified or repealed during this offering. A copy of each amendment to this Plan reflecting a change in the law will be furnished to all tenants after acceptance for filing.

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TERMS OF SALE

The form of bargain and sale deed with covenants against grantor's acts to be delivered to a Unit Owner at closing of title to his Unit is set forth in Part II of the Plan.

A closing will take place only after the issuance of a temporary or permanent certificate of occupancy for the entire project or issuance of a partial, temporary, or permanent certificate of occupancy for the Unit closed or the Building in which the Unit is located.

Title to each Unit and its appurtenant interest in the common elements will be conveyed at the closing so that the Purchaser has good and marketable fee title in the Unit, free and clear of all liens and encumbrances, except the Permitted Encumbrances as hereinafter defined and subject to the provisions of the Declaration and By-Laws and any mortgage executed by the Purchaser. While the Purchaser will be free to select a title company of his choice, the Sponsor's obligation to deliver good and marketable title to the Unit will be deemed satisfied if Summit Associates insuring through Chicago Title Insurance Company, or such other title insurance company as may be selected by the Sponsor, which is a member of the board of title underwriters and is licensed to do business in New York State, is prepared to insure such title.

The Unit Owner, at his option, may purchase title insurance covering his interest in the Unit. See the following section for the estimated cost of such insurance. Title to the Unit will be subject to the following (the "Permitted Encumbrances"):

1. Any state of facts an accurate survey would show, provided such state of facts does not render title to the Unit unmarketable.
2. Sewer, water, drainage, electric, plumbing, heating, gas, telephone and other utility easements and consents, if any, granted or to be granted hereafter, including the right to maintain and operate lines, wires, cables, pipes, conduits, poles and distribution boxes in, over, under and upon the Condominium.

3. All of the terms, covenants and conditions of the Declaration, By-Laws and any amendments thereto as they are subsequently filed or recorded and the Plan and any amendments thereto.

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

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

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

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

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

5. Rights of tenants in possession.

6. Consents by Sponsor or any former owner of the Land for the erection of any structure or structures on, under or above any street or streets on which the Land may abut.

7. Revocability of licenses for vault space, if any, under the sidewalks and streets and lien of any unpaid vault tax (which is to be paid by the Condominium Board of Managers).

8. Leases and service, maintenance, union, employment, and license agreements, if any, of the other Units or portions of the Common Elements, provided

that all such leases and agreements of any portion of the Common Elements are disclosed in this Plan or in any duly filed amendments hereto, or are cancelable by the Sponsor or the Board of Managers on not more than thirty (30) days' notice.

9. The lien of any unpaid Common Charges, real estate tax, water charge, or sewer rents, provided such liens are adjusted at closing of title.

10. Any violations against the Property (other than the Unit) which are the obligation of the Condominium Board of Managers or another Unit Owner to correct.

11. The standard printed exceptions in the title policy of the company insuring title.

Any underlying documents concerning the above exceptions will be available to a Purchaser's attorney for inspection at the office of the Sponsor's attorney both prior to and following the execution of the Purchase Agreement.

If Purchaser is the existing tenant of the Unit or takes possession of the Unit under an interim lease or otherwise, then Purchaser will be solely responsible for any damages, casualty or loss in the Unit occurring prior to the closing of Purchaser's Unit resulting from Purchaser's use or occupancy, and Sponsor will not be obligated to make any repairs to the Unit. Except as aforesaid, all other risk of loss prior to the closing of Purchaser's Unit is assumed by Sponsor, but without any obligation or liability of Sponsor to repair the damage or restore the Unit. If Sponsor elects to repair or replace the loss or damage, the Purchase Agreement shall continue in full force and effect. In the event Sponsor notifies Purchaser that it does not elect to repair or restore the Unit, the Purchase Agreement will be cancelled and Sponsor will return all downpayments (with interest, if any). For a more detailed discussion of the rights and obligations of Sponsor and Purchaser in the event the Unit is damaged prior to closing, see paragraph 14 of the form of Purchase Agreement in Part II of the Plan.

The Declaration, By-Laws and floor plans will be recorded or filed prior to the First Closing as required by the New York Condominium Act in the New York County Clerk's Office.

The Property is owned in fee simple by the Sponsor and is presently encumbered by a first mortgage. Prior to, or simultaneously with the First Closing, the Sponsor will either satisfy this mortgage in full or the Unit being conveyed and its appurtenant common interest shall be released therefrom by partial release duly recorded and the mortgagee will either (i) consent to the formation of a condominium and acknowledge that its lien will be limited to unsold condominium units or (ii) subordinate the lien of its mortgage to the Declaration of Condominium.

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 sale of the Unit, unless specifically excluded in this Plan. All personal property affixed to or located within the Common Elements that is owned by the Sponsor is included in the property transferred to the Condominium unless specifically excepted in this Plan.

UNIT CLOSING COSTS AND ADJUSTMENTS

The estimated closing costs and expenses to be borne by each Purchaser are as follows:

(a) Fee title insurance, if ordered, in accordance with the schedule of rates set by Summit Associates insuring through Chicago Title Insurance Company or other title insurance company duly licensed under New York law, and filed with the New York State Superintendent of Insurance, of \$5,525, based on a purchase price of \$1,400,000, with additional costs of \$3.38 for each additional \$1,000 of purchase price. Where a mortgage title insurance policy is simultaneously issued, reduced fee title rates are set by the title company for such mortgage title insurance policy. Assuming a \$1,000,000 mortgage the cost of mortgage insurance would be \$1,041, with additional charges of 85¢ for each additional \$1,000 of insurance. As set forth at Note 5 to Schedule A, there will be a fee of \$750 if a Purchaser elects to utilize a title abstract obtained from a company other than Summit Associates

(b) Fee for recording the deed covering the Unit and the power of attorney in favor of the Board of Managers (all recordation charges are approximately \$11 per instrument plus \$1 per page), the New York State real property transfer tax of \$2 per \$500 (or fractional portion thereof) of the purchase price and the New York City Real Property Transfer Tax of 1% to 1.425%, depending on the amount of the sale price, of the gross sale price. WHILE THE NEW YORK STATE AND NEW YORK CITY TRANSFER TAXES ARE CUSTOMARILY PAID FOR BY THE SELLER IN SINGLE FAMILY HOMES TRANSACTIONS, THE BURDEN OF PAYING THOSE TAXES MAY BE MODIFIED BY CONTRACT. AS IS NOT UNCOMMON IN OTHER CONDOMINIUM DEVELOPMENTS IN NEW YORK STATE, THE SPONSOR'S PURCHASE AGREEMENT PROVIDES THAT THE PURCHASER OF A UNIT WILL BE REQUIRED TO PAY THESE TRANSFER TAXES AT THE CLOSING. The amount of such tax will be treated as additional consideration upon which an additional tax of 1.825% will be imposed and paid by the Purchaser. A purchaser of a Unit priced at \$1,500,000 would pay approximately \$27,900 for recording fees and transfer taxes.

(c) If the Purchaser obtains a purchase money first mortgage from a lending institution he will customarily pay to the lending institution at the closing of title the following costs (on the basis of a \$1,000,000 mortgage): (i) mortgage recording tax in the amount of 1 1/2% of the mortgage less \$25 (\$14,975); (ii) the premium for the mortgage title insurance policy (\$1,041; see paragraph (a) above for information

regarding a simultaneous fee/mortgage policy rate); (iii) mortgage recording fees of approximately \$25; and (iv) the lending institution's attorney's fee pertaining to the mortgage. The Sponsor makes no representation as to what additional closing costs may be charged by a particular lender in the event Purchasers seek such institutional financing. Purchaser shall pay to the Sponsor a sum equal to the partial mortgage tax credit to which the Purchaser is entitled pursuant to Section 339-ee(2) of the Condominium Act. There will be no mortgage closing costs pursuant to this subsection (c) on Units which are not covered by mortgages. In the event Purchaser's lending institution requires the closing of title to be held at a location (within the borough of Manhattan) other than one designated by the Sponsor, Purchaser shall pay Sponsor's attorney an attendance fee in the amount of \$250 in addition to the normal attorney closing fees of \$750 set forth at note 4 to Schedule A.

(d) Each Purchaser shall contribute a sum equal to one month's Common Charges on the Unit or Units purchased as initial working capital for the Condominium. The initial working capital will be used to pay for insurance premiums and other items in the budget which will be payable prior to the time that sufficient monthly common charges and assessments have accrued to pay these items. While the Sponsor is in control of the Board of Managers of the Condominium, the working capital funds will not be used to reduce the Common Charges. If any portion of the working capital funds are used during this period, those amounts will be repaid to the funds out of Common Charges collected and the entire balance of the funds will be turned over intact to the new Board when the Sponsor turns over control of the Board.

(e) In the event that on or before the closing date the Unit has not been separately assessed, then each purchaser shall contribute a sum in a sufficient amount so that the semi-annual or quarterly installment of real estate taxes can be paid not later than the first day of the month in which said installment is due. Such sum shall be held by the Board of Managers as a reserve (the "Tax Reserve") to be used for the payment of taxes on the Property. The amount of the Tax Reserve will be calculated on the basis of Purchaser's percentage of ownership in the Common Elements. Should there be any amount remaining in such fund following separate assessment, such excess amount shall be applied as a credit against Common Charges on a pro rata basis for all Unit Owners (including the Sponsor and holders of Unsold Units) who have contributed to such fund.

All real estate taxes and any common charges (i) assessed during the month in which title closed or (ii) established as a reserve shall be adjusted as of the closing date based upon the last bill rendered for such taxes or charges. If a Unit has not been separately assessed on the closing date for the then current fiscal tax year, the

apportionment of taxes shall be based upon the assessment of the Condominium and the percentage of interest in the Common Elements appurtenant to the Unit.

Each Purchaser shall be responsible for the payment of fees of his own attorney and the cost of any increase in the real property transfer tax or any other tax imposed with relation to delivery of the deed. The mortgage and fee title policy premiums, the recording charges and the transfer tax rates set forth above are those in effect as of the date of this Plan. Each Purchaser shall be required to pay the title policy premiums, recording charges and transfer taxes in effect as of the date of the closing of title to his Unit.

The Sponsor anticipates that the only items which will be apportioned between Sponsor and Purchasers at the closing of title to the Units will be real estate taxes and Condominium common charge assessments, if such items have been declared due and payable by the Board of Managers of the Condominium, and rent and other charges, if any, pursuant to a lease for or tenancy of the Unit. If any other items are to be apportioned at closing, the Sponsor will advise the Purchaser in writing of those items at least ten days before the closing. In addition, fuel, labor costs, and other normal closing adjustments will be made at the time of the First Closing between Sponsor and the Board of Managers. The Sponsor will advise the Purchaser of the closing date by giving written notice at least thirty days prior to the closing date.

A Purchaser who purchases a unit for a price of \$1,000,000 or more will be obligated to pay a New York State Real Property Transfer Tax of 1% of the purchase price, in addition to the foregoing costs.

The following are the estimated closing costs for the purchase of a condominium for \$1,500,000, assuming a bank mortgage of \$1,000,000:

Fee and Mortgage Title Insurance Policies	\$ 6,566
Deed Recording Fees and Real Property Transfer Tax	\$ 42,900
Mortgage Recording Tax and Fees	\$ 15,000
Bank Attorney Fees	\$ 500
Sponsor/Condo Attorney Fees	\$ 750
Contribution to Working Capital Fund	<u>\$ 1,750</u>
Total	\$ 53,916

RIGHTS AND OBLIGATIONS OF THE SPONSOR

The Sponsor reserves the right to change the purchase price, manner of payment, terms and other factors of sale for individual Units from the amounts and terms shown in Schedule A and other parts of the Plan. If the purchase price of any Unit is changed, a purchaser may pay more or less than another Purchaser for a similar Unit, but this will not affect any prior or later sale of any other Unit.

Although the Schedule A price list may be changed from time to time during this Offering, no price change will be made other than pursuant to a duly filed amendment, except that the Sponsor reserves the right to decrease the sales price below the Offering Plan prices without filing an amendment to the Plan where a reduction in sales price does not constitute a general price change, a price change affecting one or more lines of Units, a prohibited discriminatory inducement, or a price change to be advertised in a newspaper or other media, but is rather the result of individually negotiated Unit purchases.

The Sponsor will pay all expenses incurred in connection with the operation of the Property prior to the First Closing. The Sponsor will also pay all expenses incurred in connection with the creation of the Condominium. Upon the conveyance of title to the first Unit to a bona fide Purchaser, the Sponsor will be responsible for and pay all common charges, special assessments and real estate taxes assessed by the Board of Managers on Units to which title has not passed. The Sponsor represents that it has sufficient resources to make such payments, however Sponsor will not post any bond with respect to such obligation.

The Sponsor will build and complete the condominium in accordance with the building plans and specifications identified in the Plan. The Sponsor may substitute equipment or materials and make modifications of layout or design, provided however, that the Sponsor may not

- (i) substitute equipment or materials of lesser quality or design; or

(ii) change the size, location of units, other improvements or common elements if such changes affect the percentage of common interests or adversely affect the value of any unit to which title has closed or for which a purchase agreement has been executed and is in effect unless all affected Unit Owners and contract vendees consent in writing to such change.

Prior to closing the first unit, Sponsor must obtain a permanent certificate of occupancy for the property or, alternatively, obtain a temporary or partial certificate of occupancy for the unit or the building in which the unit is located. The Sponsor and its principals must obtain a permanent certificate of occupancy within two years after closing the first unit. Sponsor must obtain the permanent certificate of occupancy before the partial or temporary certificate of occupancy expires, unless extended.

If the first closing takes place prior to the issuance of a permanent certificate of occupancy for the property the Sponsor will maintain all deposits and funds in the special escrow account required by GBL Section 352-e(2-b) unless the Sponsor's engineer, architect or other qualified expert certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain a permanent certificate of occupancy, in which case the sum exceeding the amount so certified by the Sponsor's engineer, architect or other qualified expert may be released from the special escrow account. Alternatively, the Sponsor may deposit with an escrow agent an unconditional, irrevocable letter of credit, post a surety bond in the amount so certified, or provide other collateral acceptable to the Office of the Attorney General.

The Sponsor warrants the materials or workmanship of each Unit (and limited common elements) or common elements as delivered by the Sponsor to the Purchaser (and excluding any materials or workmanship performed by, or at the expense or direction of the Purchaser) in the manner provided by the Housing Merchant Implied Warranty Law (GBL Article 36-B). Such law provides, among other things:

(i) One year from the date of passing of title or first occupancy, whichever first occurs (the "Warranty Date"), the Unit will be free from defects due to a failure to have been constructed in a skillful manner; and

(ii) Two years from the Warranty Date the plumbing, electrical, heating, cooling and ventilations systems (to the extent included in the description of the Unit and provided to the Purchaser by the Sponsor under the terms of the Plan) will be free from defects due to a failure of the Sponsor to have installed such systems in a skillful manner; and

(iii) Six years from the Warranty Date the Unit (to the extent included in the description of the Unit and provided to the Purchaser by the Sponsor under the terms of the Plan) will be free of material defects.

The text of the Housing Merchant Implied Warranty Law is set forth in Part II of the Plan.

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

The Sponsor will deliver a set of "as-built" plans to the Board of Managers.

The Sponsor may require access to any and all units to complete construction of the condominium, however the Sponsor will repair any damages to any units caused by such access and the Sponsor will use its best efforts to minimize any interference with Owners' use of such units resulting from Sponsor's access thereto.

All obligations pertaining to the Common Elements shall be enforceable only by the Board of Managers on behalf of the Unit Owners and not by the individual Unit Owners. During the time the Sponsor and its designees control the Board, it is within their sole power to enforce the obligations of the Sponsor pertaining to the Common Elements. Therefore, the Sponsor agrees that during that period it will enforce those

obligations in its capacity as Board of Managers when required to do so by a resolution duly passed by a majority of the Unit Owners called for that purpose.

Before the First Closing, all liens and mortgages affecting the Condominium shall be paid and satisfied or the Unit being conveyed and its appurtenant common interest shall be released therefrom by partial release duly recorded. The Sponsor has no obligation to defend any suits arising out of anything occurring prior to the recording of the Declaration except claims arising out of the acts, omissions, or misrepresentations of the Sponsor. Until the First Closing the Sponsor will maintain the Units and the Building in substantially the same manner and condition as on the date of presentation of this Plan, normal wear and tear excepted. While the Board of Managers, rather than the Sponsor, will control the operations of the Condominium after the First Closing, the Sponsor, so long as it controls the Board, will arrange to have the Building maintained in substantially the same manner and condition as on the date of presentation of this Plan (the "Presentation Date") on a non-discriminatory basis as required by law.

Prior to the First Closing, Sponsor shall obtain the insurance coverage described in the Notes to Schedule B.

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

Sponsor is not obligated to offer or sell any Units (including any vacant Units) and may if it chooses withhold one or more Units for future sale. Sponsor has the right to reject any prospective purchaser without cause or explanation, provided that such rejection is not based on sex, race, creed, color, national origin, ancestry or other ground proscribed by law.

The Unsold Units may be used for any lawful purposes, whether or not such uses are or may be offensive to individual tenants, including, without limitation, the leasing or renting of any or all such Units for such rents, and upon such terms and conditions as Sponsor and any tenant may agree upon (whether or not such tenant is or has agreed to become a Unit Owner or Purchaser).

Sponsor agrees to defend at its sole expense and indemnify the Board of Managers and Unit Owners against any claim made against the Condominium arising solely from the acts, omissions or representations of Sponsor.

Subject to the terms and conditions of this Plan, the Sponsor has not furnished any bond or security for the performance of the foregoing obligations.

All representations under the Plan, all obligations pursuant to the New York State General Business Law, and any additional obligations under the Plan which are to be performed subsequent to the closing date will survive the delivery of the deed.

For a discussion of whether and to what extent Sponsor is obligated to repair any damage that occurs prior to a closing, see paragraph 14 of the form of Purchase Agreement contained in Part II of this Plan.

Sponsor shall procure fire and casualty insurance pursuant to the agreed amount replacement value policy reflected in Schedule B.

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OBLIGATIONS OF NON-OCCUPYING OWNERS

Section 339-kk of the Condominium Law (Article 9-B of the Real Property Law) establishes the following rules with respect to non-payment of common charges by a "Non-Occupying Owner". The law defines a "Non-Occupying Owner" as a Unit Owner who does not occupy the Unit.

If a Non-Occupying Owner rents any Unit to a rental tenant and then fails to make payments due for common charges, assessments or late fees for such Unit within sixty days of the expiration of any grace period after they are due, upon notice made in accordance with the following paragraph, all rental payments from the tenant shall be directly payable to the condominium association.

If the common charges, assessments or late fees due for any Unit have not been paid in full, within sixty days after the expiration of any grace period of the earliest due date, the board of managers shall provide written notice to the tenant and the Non-Occupying Owner providing that, commencing immediately and until such time as all payments for common charges, assessments or late fees are made current, all rental payments due subsequent to the issuance of such notice are to be made payable to the Condominium at the address listed on the notice. Where a majority of the board of managers has been elected by and from among the Unit Owners who are in occupancy, the board may elect not to require that rental payments be made payable to the condominium association. At such time as payments for common charges, assessments and late fees from the Non-Occupying Owner are once again current, notice of such fact shall be given within three business days to the rental tenant and Non-Occupying Owner. Thereafter all rental payments shall be made payable to the Non-Occupying Owner or a designated agent. A Non-Occupying Owner who disputes the association's claim to rental payments pursuant to this section shall be entitled to present facts supporting such owner's position at the next scheduled meeting of the

board of managers, which must be held within thirty days of the date that such board receives notice that such owner seeks to dispute such claim.

Payment by a rental tenant to the condominium made in connection with this section shall relieve that rental tenant from the obligation to pay such rent to the Non-Occupying Owner and shall be an absolute defense in any non-payment proceeding commenced by such Non-Occupying Owner against such tenant for such rent.

CONTROL BY THE SPONSOR

The Sponsor, as owner of Unsold Units, will have voting control of the Board of Managers until the earlier of (i) five years from the date of the First Closing, or (ii) the conveyance of title to greater than fifty (50%) percent in common interest of the Units. A meeting will be held to elect new board members within 30 days of the expiration of the control period. Thereafter the Sponsor will no longer control the Board of Managers. The Sponsor, during this indeterminate period, thus will have control of maintenance, facilities and services to be provided and will determine the common charges to be paid by all Unit Owners, including the Sponsor and the enforcement of the Sponsor's obligations. Notwithstanding the foregoing, the Sponsor will have the right to designate two members of the Board so long as it owns two or more units and one member of the Board so long as it owns at least one Unit.

For a maximum of five years from the date of the First Closing or so long as the Sponsor continues to own Units representing twenty-five (25%) percent or more in number or interest in the Common Elements attributable to all Units, whichever is earlier, the Sponsor's prior written consent shall be required, if the resulting cumulative financial cost to the Condominium for the year, inclusive of any resulting deficiency or liability, would exceed twenty (20%) percent of the Condominium's prior year operating budget, to take any action to (a) make capital additions or improvements; (b) increase or decrease the level of services (without regard to the cost of said services) over those provided for in the prior year's operating budget; (c) establish additional reserve funds; or (d) borrow money. The Declaration and By-Laws may not be amended to eliminate rights expressly granted to Sponsor without the Sponsor's written consent.

Sponsor may not exercise veto power over expenses described in Schedule B, or over expenses required (i) to comply with applicable laws or regulations; (ii) to remedy any notice of violation; or (iii) to remedy any work order by an insurer.

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BOARD OF MANAGERS

The first Board of Managers of the Condominium will consist of two of Sponsor's principals; namely, Kin Chung Lam and Yuk Jin Lam. Within ninety days of the First Closing the Sponsor will call the first annual meeting of the Unit Owners at which time a new Board of Managers will be elected, including at least one Unit Owner who is independent of the Sponsor and who will be elected to the Board by a majority of the then Unit Owners other than the Sponsor. Upon the election of the new Board, the members of the first Board will resign (unless also elected members of the new Board).

The number of managers, which shall constitute the initial elected Board, shall be five (5); thereafter the number may be established at not less than three (3) and not more than nine (9). Until succeeded by the Managers elected at the first annual meeting of Unit Owners, Managers need not be Unit Owners; thereafter, all Managers shall be individual Unit Owners or occupants of Units or officers, directors, shareholders or partners of Unit Owners which are corporations or partnerships (except that members of the Board of Managers designated or elected by the Sponsor or its designees need not be Unit Owners). In any event, at least one-third of the terms of the members of the Board of Managers shall expire annually.

The first meeting of each Board newly elected by Unit Owners shall be held immediately upon adjournment of the meeting at which they were elected. Special meetings of the Board may be called by the President on two (2) days' notice to each Manager.

Managers and officers shall serve without compensation for services as managers or officers. Managers may be removed for cause by an affirmative vote of a majority of the Unit Owners.

At all Unit Owners meetings each Unit Owner shall have a vote equal to the percentage of interest in the common elements owned by such Unit Owner.

All Units which are acquired by the Board of Managers or its designee shall be held by it on behalf of all Unit Owners. Unit Owners shall hold their respective interests in the Unit in proportion to their percentage interest in the Common Elements and the votes appurtenant to such Unit shall be cast by the Board of Managers or its designee at all meetings of the Unit Owners, except that the Board will not vote in any election of members of the Board.

In order to limit the liability of the Unit Owners, any contract, agreement or commitment made by the Board of Managers shall state that it is made by the Board of Managers as agent for the Unit Owners as a group only and that no member of the Board of Managers nor individual Unit Owners shall be liable for such contract, agreement or commitment, except that every Unit Owner shall be liable to the extent that his proportionate interest in the Common Elements bears to the total liability to the Unit Owners in the management of the Condominium except for willful misconduct or bad faith and the Unit Owners shall severally indemnify all members of the Board of Managers against any liabilities or claims arising from acts taken by a member of the Board of Managers in accordance with his duties, except acts of willful misconduct or acts made in bad faith. However, the several liability of a Unit Owner shall be limited to the extent that his proportionate interest in the Common Elements bears to the total liability of the member of the Board of Managers.

The Condominium Declaration or By-Laws may be amended upon approval of eighty percent (80%) of the Unit Owners in number and common interest. See Article Eleventh of the Declaration and Article XII of the By-Laws for certain restrictions on amendments. 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 applicable civil rights laws.

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

Sale or Lease of Units

Units can be sold or leased by a Unit Owner, provided that he is not in arrears on the payment of Common Charges (except where the payment of the unpaid Common Charges is paid by the Purchaser or provided for out of the proceeds of the sale), and provided further that the sale or lease is first offered to the Condominium under the same terms and conditions as the prospective purchaser or lessee has offered to purchase or lease the Unit. Within ten days after receipt of such notice, the Board of Managers may elect to purchase or lease such Unit by giving written notice by registered mail to such Unit Owner. In the event that the Board shall elect to purchase or lease any such Unit, the closing of title or lease shall be held at the office of the attorneys for the Condominium sixty (60) days after the giving of notice by the Board of its election to accept said offer and the Board may thereupon assess all other Unit Owners for the cost of such purchase or lease. In the event that the Board acquires a Unit on behalf of the Unit Owners, such Unit may be resold or leased by the Board of Managers for such use as is permitted under the provisions of the Condominium Declaration and By-laws. The proceeds of any such sale or lease may be used by the Board of Managers for any valid Condominium purpose. Notwithstanding the foregoing, there shall be no such obligation to offer the Condominium a first right of refusal on the sale or lease of (i) any Unsold Unit prior to conveyance of same to a bona fide purchaser and/or (ii) any Unit by individual Unit Owners to certain members of their family or by non-individual Unit Owners to certain affiliates, as more particularly set forth in Article XIII of the By-Laws. A purchaser is free to make a gift of his Unit to anyone during his lifetime or to devise his Unit by will or to have it pass by intestacy without any restriction, except that the new Unit owner shall be bound by and his Unit shall be subject to the foregoing restrictions and all other provisions of the Declaration and By-Laws. No Unit can be sold or leased without a simultaneous sale or lease of the

undivided interest in the Common Elements. A Unit Owner should consult with his attorney to determine whether a proposed lease must comply with applicable state or local laws regulating rent and other terms of the lease. The Sponsor, its assignees and designees may sell and/or lease Units to which any one of them holds title without prior approvals.

Any mortgagee acquiring title to a unit in a foreclosure sale can sell or lease the Unit free of the foregoing restrictions. Further, the Sponsor or its designees may rent a Unit to the purchaser of the Unit if the purchaser so desires prior to the conveyance of title to that Unit and the Sponsor or its designees may lease or sell Unsold Units on such terms it deems appropriate.

Mortgaging of Units

The Unit Owner may mortgage his Unit at any time after he acquires title to the Unit in whatever amount and under whatever terms he can obtain. A Unit Owner may mortgage his Unit only if payment of all past due Common Charges, if any, is made at the closing of the mortgage.

Common Charges - Assessment and Collection

The Board of Managers will prepare and furnish its budget to the Unit Owners annually. Based upon that budget and any modification approved by the Board of Managers, the Unit Owners will be charged for the cost of the operation of the Condominium in accordance with their percentage interest in the Common Elements. The charges assessed by the Board of Managers ("Common Charges") include the cost of repairing and maintaining the Common Elements, management charges, charges for water consumed in the Units, charges for water, gas and electricity consumed in the Common Elements, labor and insurance costs, and other normal operation costs. In the discretion of the Board of Managers, the Common Charges may also include reserves, working capital and other sums necessary to carry on the affairs of the Condominium.

It is presently anticipated that the Common Charges are to be used primarily to pay for insurance (including, without limitation, fire and other casualty insurance on the Units and the Common Elements and comprehensive general liability and property damage insurance), maintenance of the Common Elements, a reserve for future contingencies, and operation of the Condominium. The Common Charges do not include maintenance, repairs or decoration of any of the Units or portions thereof, or of irrevocably restricted Common Elements, payments required pursuant to the terms of Unit Owners' mortgages, and real estate taxes covering the individual Units following separate assessment thereof.

The Common Charges which will be initially collected monthly by the Board of Managers and other costs of maintenance of the Units are set forth on Schedule A. However, additional services which the Unit Owners may desire or other factors can increase these charges. The Board of Managers may commence the collection of Common Charges upon the First Closing or at any subsequent date as in its sole discretion it may determine. The Board's collection of Common Charges will be only in such amount as will be necessary to carry out the duties of the Board of Managers as set forth in the Plan. All such Common Charges will be paid by the Unit Owners and the Sponsor or its designees, as the owner of the Unsold Units, in accordance with their respective percentages of common interest as set forth in the Plan. The Common Charges will initially be placed in an account in the name of the Board of Managers in Chase Manhattan Bank, 2824-26 Broadway, New York, New York 10025.

Where a Unit is damaged by casualty and the proceeds of insurance are not sufficient to cover the cost of repairing the damage, the amount necessary to restore the Unit over and above the proceeds from any fire insurance on the Units will be a Common Charge to all Unit Owners. In order to protect the Unit Owners against the possibility of such Common Charges, the Board of Managers shall determine the

amount of blanket casualty insurance covering all Units (the cost of which is part of the Common Charges) and shall review the amount of that coverage annually.

Liens for Non-Payment of Common Charges

Under the provisions of Section 339-z of the Real Property Law of the State of New York, the Board of Managers shall have a lien against each Unit for its unpaid Common Charges (plus legal interest) prior to all other liens except liens for the payment of taxes and all sums unpaid on a first mortgage of record. The Board of Managers may foreclose the lien in the same manner as a mortgage on real property and in so doing shall be entitled to recover all costs incurred including reasonable attorney's fees. The liability of each Unit Owner for the payment of Common Charges thereafter assessed against his Unit shall terminate upon a sale, transfer or conveyance of the Unit in accordance with the provisions of the Declaration and By-Laws. Further, any Unit Owner may convey his Unit to the Board of Managers or its nominee on behalf of all Unit Owners, without any compensation and in accordance with the Declaration and the By-Laws, provided that all existing Common Charges are paid. Thereafter, such Unit Owner shall be exempt from any Common Charges thereafter assessed, but he shall not be relieved of his obligations, if any, to pay a mortgage. A Unit Owner may not exempt himself from liability for his Common Charges by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. Upon a resale, the purchaser of a Unit shall be liable for the payment of unpaid Common Charges assessed against the Unit prior to the acquisition of the Unit by the purchaser, except that an institutional mortgagee who acquires title to a Unit or a purchaser at a foreclosure sale of an institutional mortgage shall not be liable for, and the Unit shall not be subject to, a lien for the payment of Common Charges assessed prior to the acquisition of title to the Unit by such mortgagee or purchaser at a foreclosure sale. In that case and in the event of a foreclosure by the Board of Managers of its lien on any Unit for unpaid Common Charges where the proceeds of

the foreclosure sale are not sufficient for the payment of such unpaid Common Charges, the unpaid balance shall be charged to all Unit Owners as a common charge.

The Sponsor will cause the Board of Managers to file a lien as provided for a Section 339-aa of the Real Proprietary Law on units in which the sponsor is more than 30 days in arrears of common charges while is in control of the Board of Managers.

Repairs, Alterations and Improvements to Units and Common Elements

A Unit Owner can make any non-structural alterations or improvements to the Unit without obtaining the consent of the Board of Managers so long as the alterations or improvements do not affect the Building or any other Common Element. All maintenance to the Units, including (i) plumbing stoppages, window cleaning, painting and decorating in the Units (except for painting and cleaning of exterior surface of doors and windows which open from a Unit, which painting and cleaning are performed by the Board of Managers), (ii) repairs and replacements to Units including windows and doors (including all glass breakage) and repairs to exposed portions of pipes, wires and conduits located in and servicing the same Unit, other than as set forth herein, shall be made by the respective Unit Owners at their expense.

Each Unit Owner will also be responsible for the maintenance of portions of the Common Elements irrevocably restricted to his use, except structural repairs thereto not required due to his negligence or misuse. If the Unit Owner fails to make any repair or creates any condition which in the opinion of the Board of Managers adversely affects the Building, the Common Elements or any other Unit, the Board of Managers may make the repair or correct the condition upon notice given in accordance with the By-Laws and charge the Unit Owner for the costs of the service. If it becomes necessary for the Board of Managers to bring any lawsuit or other proceeding to enforce its right to make a repair or correct a condition or to collect any sum due on account thereof, the Board of Managers shall also be entitled to collect reasonable attorney's fees and expenses in connection with the suit or proceeding.

All maintenance, repairs and replacements to (i) the Common Elements of the Building, including but not limited to exterior walls, roofs and roof members, or (ii) any pipes, wires, conduits and public utility lines, any portion of which is located in one Unit and serves another Unit or more than one Unit or so much of any pipes, wires, conduits and public utility lines as are located in the Common Elements but serves one or more Units, or unexposed portions of pipes, conduits, and wires within any Unit, provided such repairs are not necessitated by the neglect, misuse or negligence of the Unit Owner, in which event such repairs shall be made by or at the sole expense of such Unit Owner, shall be a common expense. All Irrevocably Restricted Common Elements must be maintained and repaired by the Unit Owner to which such Common Element is restricted in use. The Board of Managers shall repair and replace any pipes, wires, conduits and public utility lines located underground or overhead of any Irrevocably Restricted Common Element and will make any structural repairs to such Irrevocably Restricted Common Element, except where such repair or replacement is necessitated because of the negligence, misuse or neglect of the Unit Owner, in which event such Unit Owner shall make such repairs or replacements at his own expense. The Board of Managers shall have a right of access to any Unit and to all portions of Common Elements for the purpose of carrying out any of its obligations under this Plan, the By-Laws or the Declaration of Condominium.

No Unit Owner (other than Sponsor or its designees) will make any structural alteration, addition, improvement or repair in or to his Unit or its appurtenant restricted Common Elements without the prior written approval of the Board of Managers. As a condition of granting any such approval, the Unit Owner will be required to procure such insurance, architect's renderings and other plans in such form as the Board may require.

All alterations, additions, improvements and repairs by Unit Owners must, of course, be made in compliance with the law, including but not limited to the filing of plans and the obtaining of permits from the appropriate governmental agency. In the

event that a unit owner wishes to make any alteration or construction, the Board of Managers may regulate all aspects of the construction, including, without limit, any one or more of the following:

1. The time periods during which work is permitted.
2. The manner in which construction debris will be handled.
3. Measures that must be taken to prevent compromising the security of the Building during construction.
4. Limits on the interruption of services during construction.
5. Required liability insurance for contractors during construction.

The Condominium will have unlimited access to all areas of the roof or cellar for the purpose of making inspections and repairs. The Condominium Board of Managers will determine what repairs must be made to the roof of the Condominium and the expenses of such repairs will be the obligation of the Condominium.

Insurance

The Board of Managers shall obtain and maintain, to the extent obtainable, fire insurance with extended coverage, water damage vandalism and malicious mischief endorsements insuring the Building, including all of the Units (but not including furniture, appliances, furnishing or other personal property supplied or installed by Unit Owners), together with all fixtures and other service machinery contained therein, covering the interest of the Condominium, the Board of Managers and all Unit Owners and their mortgagees, as such interest may appear, in an amount equal to not less than eighty (80%) percent of the replacement value of the Building or in a lesser amount with Agreed Endorsement Coverage so as to avoid co-insurance. Each of such policies shall contain a New York Standard Mortgagee clause in favor of each mortgagee of a Unit which shall provide that the loss, if any, thereunder shall be payable to the mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers hereinafter set forth. See

Footnotes to Schedule B for a further explanation of the insurance policies to be obtained by the Board of Managers.

In addition to the insurance set forth herein, a purchaser may desire to insure his personal effects and the interior of the Unit itself for fire and liability. Such insurance, if taken by the purchaser, will be payable by the purchaser directly.

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

All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro-rata liability of the insurer as a result of any insurance carried by Unit Owners or of the invalidity arising from any acts of the insured or any Unit Owners and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days prior written notice to all of the insured, including all mortgagees of the Units. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all mortgagees of Units at least ten (10) days prior to expiration of then current policies. The amount of fire insurance to be maintained on the Building upon the First Closing and until the first meeting of the Board of Managers following the first annual meeting of the Unit Owners will be in the amount set forth at Schedule B, with Agreed Endorsement Coverage. The Board of Managers shall review the amount of fire insurance annually.

The cost of such insurance shall be paid by the Board of Managers and shall constitute a Common Charge. The Board of Managers shall also obtain and maintain, to the extent obtainable: (1) fidelity insurance covering all employees of the Condominium who handle Condominium funds (if deemed appropriate); (2) Workers' compensation insurance; (3) in order to limit the liability of Unit Owners for personal injury and tort, comprehensive general liability insurance covering each member of the

Board of Managers and each Unit Owner in such amounts as the Board of Managers may deem proper; and (4) such other insurance as the Board may from time to time deem appropriate. The Board of Managers shall review such limits once each year.

The comprehensive general liability insurance policy to be maintained until the first meeting of the Board of Managers following the first annual meeting of the Unit Owners, will be \$1,000,000 covering claims for death or bodily injury arising in the Common Elements and \$1,000,000 for claims for property damage arising in the Common Elements. The general liability insurance shall also cover cross liability claims of one insured against another.

Each Unit Owner shall be named as an additional insured party on the insurance maintained by the Condominium. Unit Owners shall not be prohibited from carrying other insurance for their own benefit provided such policies contain waiver of subrogation clauses 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 Unit Owner's other insurance.

The Board will arrange for repair of the Units to the extent hereinabove set forth, in the event of casualty loss. In the event the insurance proceeds are not sufficient to cover the cost of such repairs, the balance of the cost of such repairs will be assessed against all Unit Owners.

Use of Units

Each residential Unit offered for sale herein may be used for residential purposes and for such professional and commercial purposes as may be permitted under the Building's Certificate of Occupancy and all applicable zoning laws except the following uses which are prohibited:

- (a) any use involving the sale, preparation or storage of food, alcohol or drinks, or
- (b) any use involving the sale or rental of video tapes, movies, or video software of any kind or nature; or

(c) any use involving theatrical, movie or music performances in any form whatsoever; or

(d) any use involving services or sales to the public.

The Commercial Unit may be used for any commercial use permitted under the Building's Certificate of Occupancy and all applicable zoning laws.

As set forth in Article NINETEENTH of the Declaration, Sponsor and its designees have the right to change the category and use of any Unsold Unit, subject to the applicable provisions of such Article NINETEENTH.

A Unit may be owned by an individual, corporation, partnership, fiduciary or any other entity.

No portion of a Unit (other than the entire Unit) may be sold or conveyed, leased or subleased.

Notwithstanding the foregoing the Sponsor may, without the permission of the Board use any Unsold Units or Units not offered for sale under the Plan as models and sales and/or promotion offices in connection with the sale or rental of the Units or for any other purpose, subject only to compliance with applicable governmental laws and regulations.

REAL ESTATE TAXES

In accordance with the requirements of the New York State Condominium Act, real estate taxes will be separately assessed on each individual Unit and each Unit Owner will not be responsible for the payment of, nor will his Unit be subjected to, any lien arising from the non-payment of real estate taxes on other Units.

If, prior to the First Closing, the Units have not been separately assessed for real estate tax purposes, each purchaser shall contribute a sum in a sufficient amount so that the semi-annual or quarterly installment of real estate taxes can be paid not later than the first day of the month in which said installment is due. Such sum shall be held by the Board of Managers as a reserve (the "Tax Reserve") to be used for the payment of taxes on the Property.

Real Estate Taxes are levied by the City of New York. Real Estate Taxes for each Unit are estimated by applying to each Unit the pro-rata share of the estimated assessed valuation for the building after completion of the work described in "Description of Building" below, as estimated by Tuchman, Katz, Schwartz, Gelles, Korngold & Weiss, LLP, approximately \$3,000,000, for the fiscal year 2002-2003, at an estimated average class 2 tax rate of 10.851% of assessed valuation for the residential units and 11.167% for the Commercial Unit. The aggregate Real Estate Taxes at the targeted assessed valuation of \$3,000,000, at the above rates, is approximately \$310,000.

No representation or warranty can be made as to whether or not there will be an increase in the Real Estate Tax rate in subsequent years. Further, no representation or warranty can be made as to (a) whether there will be (i) a further increase in the assessed valuation of the property in subsequent years or (ii) an increase in the assessed valuation of the Property by reason of the Declaration declaring the property to be a condominium; (b) the actual method the City of New York

will use in determining the assessed valuation of each Unit; (c) the amount of any increase in the assessed valuation of the Property; or (d) whether there will be an increase in the tax rate. These estimates have been prepared by the Sponsor based on information available at the time and cannot be construed as assurances of final tax costs.

INCOME TAX DEDUCTIONS TO UNIT OWNERS AND

TAX STATUS OF THE CONDOMINIUM

The Sponsor has been advised by its counsel that provided that the Unit is used for residential purposes or in connection with the trade or business of the Unit Owner, each Unit Owner will, in general, be entitled under present law to a deduction for regular Federal, and New York State and New York City income tax purposes, for the real estate taxes and interest paid on any mortgage covering the Unit.

No warranty is or can be made by the Sponsor or any other person that the United States Internal Revenue Service, or the New York State Department of Taxation or the New York City Department of Finance, will allow the aforementioned deductions and neither the Sponsor nor its counsel shall be liable if it shall be held that Unit Owners are not entitled to such deductions by reason of any change in fact or decisional law. No assurance can be given that there will be no changes in the Internal Revenue Code or New York State Law which, if adopted could eliminate or reduce the business deductions for state and local taxes and business related interest.

EACH PURCHASER SHOULD CONSULT WITH THE PURCHASER'S OWN COUNSEL AND TAX ADVISOR AS TO THE TAX CONSEQUENCES OF OWNERSHIP OF A UNIT.

Common Charges will be paid by the Unit Owners and assessed and collected by the Condominium. The status of the Condominium for Federal and New York State income tax purpose is uncertain. If the Condominium were deemed to be merely a conduit for the Unit Owners, all income earned by the Condominium less the expenses incurred in earning such income, would be deemed income to the Unit Owners and taxable to them. However, Common Charges would not be considered income to the Condominium.

However, the Internal Revenue Service may contend that the Condominium constitutes an association taxable as a corporation because of certain of its features, such as centralized management, the attempt to limit the contractual liability of the Unit Owners and the possibility of perpetual life. If the Unit Owners, acting through the Condominium, are treated as an association taxable as a corporation, such association would be subject to Federal and New York State corporate income tax on earned income, if any, for the portion of the Common Charges deemed to constitute gross income less deductible expenses.

The Condominium has the right to be treated as a homeowners association under Section 528 of the Internal Revenue Code should it so elect. Upon qualification as a homeowners association, the Condominium would not be subject to Federal income taxes on amounts received as common charges from residential unit owners. The condominium would be subject to taxation at the rate of 30% on income from other sources to the extent that such income exceeds related expenses. It is expected that any such taxes would be insignificant. (See the income tax opinion in this Plan for a further discussion of the tax status of the Condominium.)

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April 2, 2001

Soho Grand Center, LLC
254 Grand Street
New York, New York 10013

Re: 161 Grand Street
New York, N.Y. 10013

Gentlemen:

You have requested my opinion concerning (i) the availability for Federal, New York State and New York City income tax purposes of tax deductions for real estate taxes and mortgage interest to Purchasers of condominium Units ("Purchasers") in the Solita Condominium; (ii) the tax status of the Condominium with respect to property and income taxes and (iii) compliance with Real Property Law Section 339(i).

I have reviewed the information contained in the plan for the conversion of 161 Grand Street to Condominium Ownership (the "Plan") and have given appropriate consideration to your representations made in connection therewith. My evaluation is based upon consideration of the relevant sections of the United States Internal Revenue Code (the "Code"), New York State Tax Law, regulations promulgated under these statutes, relevant sections of the New York State Real Property Law, and such other material, including decisional law and published interpretive pronouncements of the various tax law enforcement agencies, as I deemed relevant.

I. Deductibility of Mortgage Interest and Real Estate Taxes.

The Plan provides that each Unit Owner will hold title to his Unit and an undivided interest in the Common Elements in fee simple absolute. Pursuant to New York Real Property Law Section 339-y, each Unit will be assessed and taxed separately for real estate tax purposes and, therefore, no Unit Owner will be liable for the payment of real estate taxes on any Units other than his own.

Counsel has been advised by Soho Grand Center, LLC (the "Sponsor") that prior to, or simultaneously with, the conveyance of title to the first Unit to a bona fide Purchaser, the Sponsor will satisfy the mortgage, which presently encumbers the property or release from that mortgage the mortgagee's lien on the Unit to be sold. Although such satisfaction or release will eliminate any mortgage debt due and owing on common areas, each Unit Owner may individually place an institutional or purchase money mortgage on his specific Unit in accordance with the Bylaws, and thereby incur direct liability for mortgage interest or finance charges attributable thereto.

Based on the foregoing, I am of the opinion that provided that the Unit is used by the Purchaser as a primary or secondary residence or in connection with the trade or business of the Purchaser, interest resulting from a mortgage placed on a Unit and real estate taxes assessed against such Units which are paid or accrued by such Unit Owner will be deductible by such Unit Owner against personal income in connection with a Unit used as a primary or secondary residence, or in connection with a Unit used for trade or business against income from such trade or business, for Federal, New York City and New York State income tax purposes in the appropriate year determined according to such Purchaser's method of accounting.

II. Status of the Condominium Board with Respect to Property and Income Taxes.

Pursuant to the Plan, the Condominium will include the land, building and appurtenances thereto of the subject Property located at 161 Grand Street, New York, New York. New York Real Property Law Section 339-y provides that "[n]either the building, the property nor any of the common elements shall be deemed to be a parcel" against which real estate tax may be assessed where the Property has been converted to condominium ownership. Therefore, since the Board of Managers of the Condominium will not own any property against which real estate taxes may be assessed, the Board of Managers will incur no direct liability to pay real estate taxes. However, the Board of Managers may acquire Units as a nominee on behalf of all Unit Owners in proportion to their respective interest in the Common Elements, for example, where the Board of Managers exercises its option to acquire a Unit pursuant to its right of first refusal granted under the Plan. In the event of such an acquisition, the Condominium Board would be required to pay real estate taxes assessed against Units, which it held as nominee. The amount of real estate taxes paid by the condominium Board would then become part of the Common Charges, deductible on a pro rata basis by each Unit Owner in accordance with Revenue Ruling 64-31 and the requirements for, and limitations applicable to, deduction of real estate taxes discussed above.

If the Condominium qualifies as a homeowners association within the meaning of Section 528 of the Code, it may elect not to be subject to Federal income tax on amounts received as membership dues, fees or assessments from residential Unit owners. However, even if the election is made, the Condominium will remain liable for Federal income tax on any taxable income it may have from other sources.

To qualify as a homeowners association, the Condominium must meet all of the following requirements:

1. It must be organized and operated to provide for the acquisition, construction, management, maintenance and care of association property ("exempt functions");
2. 60% or more of its gross income for each taxable year must consist of amounts received as membership dues, fees or assessments from owners of residential units ("exempt function income");

3. 90% or more of its expenditures for each taxable year must be expenditures made for the acquisition, construction, management, maintenance and care of association property ("qualifying expenditures");
4. No part of its net earnings may inure to the benefit of any private shareholder or individual (other than through the performance by the Condominium of exempt functions and other than by a rebate of excess membership dues, fees, or assessments); and
5. Under applicable Treasury Regulations (the "Section 528 Regulations"), at least 85% of the total square footage of all Units within the Condominium must be used by individuals for residential purposes.

Applying these requirements to the Condominium, the Section 528 Regulations provide, for purposes of Requirement (1), that the organization must be organized and operated primarily to carry on one or more exempt functions relating to "association property," and that, in making this determination, all the facts and circumstances shall be considered. The Section 528 Regulations state further that in the absence of other facts, an entity may be treated as "organized" to carry on one or more of such functions where its articles of organization provide that its sole purpose is to carry on such functions. The Bylaws of the Condominium state that its purpose is to carry on the acquisition, construction, management, maintenance and/or care of the Common Elements, and to perform related functions with respect to other portions of the Property. This statement demonstrates that the Condominium was organized primarily (if not "solely") to carry on exempt functions. Thus, assuming compliance with the clear objectives embodied in its governing documents, the Condominium should meet the "organized" test of Requirement (1). Under the Section 528 Regulations, the Condominium will further satisfy the "operated" test of Requirement (1) if it satisfies the 60% and 90% tests, as discussed below.

With respect to Requirement (2) above, the Section 528 Regulations provide that, for an amount to qualify as "exempt function income", it must be received from residential Unit Owners in their capacity as owner-members, and the liability for the payment of such amount must arise solely from membership in the organization. For this purpose, the Section 528 Regulations further provide that dues, fees or assessments which are based on the assessed value of the unit owner's property will be treated as arising solely from membership in the organization. The Section 528 Regulations provide by way of examples that exempt function income generally will include assessments made for the purpose of maintaining association property or paying real estate taxes or debts incurred in the acquisition of such property. Exempt function income will not, however, include interest earned on amounts set aside in a sinking fund, amounts received from non-members, or amounts received from members for work done on privately-owned property or for the special use of facilities not available to all members.

Schedule B of the Plan projects that approximately 96% of the Condominium's gross income for its first full year of operation will consist of Common Charges which, under the Plan, are assessments from Unit Owners which are to be used for the purpose of repairing, maintaining, replacing, restoring, operating and improving the Common Elements. The amount of Common Charges payable by each Unit Owner in

the Condominium is also based upon the size, location and value of his Unit relative to other Units. Accordingly, the Common Charges should constitute "exempt function income" and, assuming that the income of the Condominium for its first taxable year of operation will be of the same type and in the same proportions as shown in Schedule B of the Plan, Requirement (2) should be met. I note that interest income from investment of the Condominium's reserve funds operating reserve funds or operating revenue has not been included in the estimated receipts of the Condominium contained in Schedule B. In addition, "exempt function income" is generally limited to amounts paid by the owners of Units which are used or are expected to be used for "residential purposes", and the Condominium Bylaws permit the Condominium Board to grant special consent to the use of a Unit for purposes other than residential use. However the Sponsor has represented that, to the best of its knowledge and belief, at least 60% of the Condominium's income for its first taxable year of operation will consist of amounts which should qualify as "exempt function income" under the applicable 60% gross income test.

With respect to Requirement (3) above, the Section 528 Regulations provide that "qualifying expenditures" include both current operating and capital expenditures on "association property". Accordingly, assuming that the expenditures of the Condominium for its first taxable year are of the same type and in the same proportions as those shown on Schedule B, we believe that Requirement (3) should be satisfied for the Condominium's first taxable year.

With respect to Requirement (4) above, Code Section 528 and the Section 528 Regulations provide that, to the extent that members receive a benefit from the general maintenance, of association property, or receive rebates of excess membership assessments, such benefits will not constitute inurement. Based on the projections contained in Schedule B, the Condominium is expected to receive only a minimal amount of income other than "exempt function income," and all of such income is expected to be used toward meeting yearly expenses. Accordingly, Requirement (4) should be satisfied for the first taxable year of the Condominium's operation.

With respect to Requirement (5) above, the Section 528 Regulations clarify that a Unit may be treated as "used by individuals for residential purposes" even if it is not currently occupied, so long as it appears to have been constructed for use as a residence and the last individual to occupy it used it as such. The Section 528 Regulations further provide that Units which are used for purposes auxiliary to residential use shall be considered used for residential purposes. All of the residential Units in the Condominium are being constructed for use as residences. The Condominium Bylaws further provide that each residential Unit shall be used only as a residence unless specific consent for a different use is obtained from the Condominium Board and such use does not violate the existing Certificate of Occupancy for the Building. The Plan provides that the Commercial Unit comprises less than 10% of the square footage and common interest of the Condominium. Accordingly, assuming, as anticipated, that during the Condominium's first taxable year more than 85% of the total square footage of the Condominium Units is used by individuals for residential purposes, Requirement (5) will be met.

Accordingly, based on the foregoing discussion, and subject to the assumptions described therein, in my opinion the Condominium will be eligible for tax-exempt status

under Code Section 528 for its first taxable year, and will qualify for such status provided a duly filed election is made. The qualification of an organization under Section 528 is determined annually at the close of each taxable year and, therefore, I express no opinion as to whether the Condominium will qualify for tax-exempt status under Code Section 528 in any future years.

Because the Bylaws provide that the Condominium Board will act as the agent of the Unit Owners, the Condominium Board may take the position that it simply acts as agent for the Unit Owners and is not a separate taxable entity. In such a case, the Unit Owners would include in their gross income, and be taxed on, income derived by the Condominium Board to the extent it exceeds allowable deductions attributable to such income. This income may include interest or similar income which is earned from interim investments of the amounts which are assessed and collected from the Unit Owner, income from the laundry concession and other rental income.

However, the Internal Revenue Service may contend that the Condominium Board constitutes an association separately taxable as a corporation. See Code Section 7701(a)(3), Treas. Reg. Sec. 301.7701-2. In such event, the Condominium Board may be deemed to be subject to Federal corporate income tax on that portion of the Common Charges which is deemed to constitute gross income of the Condominium Board to the extent that such portion (together with any income earned from other sources, such as interim investments of funds by such association) exceeds the current expenses paid or incurred by the respective Board which would be deductible for Federal income tax purposes. In such case, the Board would likewise be subject to the New York State Corporation Franchise Tax.

Notwithstanding that the Condominium Board could be treated as a separate taxable entity, published rulings indicate that the Common Charges assessed by the Condominium Board should not constitute gross income of the Board to the extent that they are designated for use solely to make specified capital improvements and are maintained in a separate bank account, because either the Condominium Board is deemed to receive and hold such Common Charges as agent for the Unit Owners from whom the assessments were collected (Rev. Rul. 75-370, 1975-2C.B. 25) or because the assessed Common Charges are deemed to be non-taxable contributions to the capital of the Condominium Board (Rev. Rul. 75-371, 1975 C.B. 52; cf., Concord Village, Inc., 65 T.C. 142 [1975]). However, if treated as contributions to capital, it should be noted that when such amounts (together with any other funds accumulated by the Condominium Board) are expended for capital improvements, the Internal Revenue Service may contend that the capital expenditures benefit the Unit Owners, and that each Unit Owner should therefore be subject to tax on his pro rata share of the amount expended. See, also, Rev. Rul. 81-152, 1981-1 C.B.

In the event that the Condominium Board is required to pay any Federal or New York State or income taxes, and an additional assessment is made in order to meet such tax, the assessment may itself be subject to tax. See, Old Colony Trust Co. v. Commissioner, 279 U.S. 716 (1929) Rev. Rul., 74-75, 1974-1 C.B. 19.

III. Compliance With Real Property Law Section 339-i

I have reviewed the allocation of common interests for the Units as set forth in Schedule A to the Offering Plan and Exhibit 1 to the Condominium Declaration and find such allocation to be in compliance with Real Property Law Section 339-i. The allocation was determined in accordance with the "floor space, location and additional factors" formula prescribed at RPL § 339-i 1. (iv). In rendering such opinion I have relied on the accuracy of the square footage and other descriptive confirmation concerning the Units set forth in the Plan and the opinion of Insignia Residential Group, licensed real estate broker, set forth in the Plan.

This opinion is not a guarantee; it is based on existing rules of law applied to the facts and documents referred to above. No assurance can be given that the tax laws 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, the selling agent or any other person be liable if there are changes in the facts on which I relied in issuing this opinion or if there are changes in the applicable statutes, regulations, decisional law or Internal Revenue Service rulings on which I relied.

The foregoing opinion is based upon currently applicable statutes and regulations and existing interpretations thereof. Especially in light of the recently proposed revisions to the Federal income tax laws, I can provide no assurance that such statutes or regulations, or existing judicial or administrative interpretations thereof will not be amended, revoked or modified, prospectively or retroactively, in a manner which would affect my conclusions as set forth herein.

You have advised me of your intention to incorporate my Opinion Letter in the Plan and I hereby consent to such use.

Very truly yours,



Arthur I. Weinstein

AIW/cw

WORKING CAPITAL FUND

At the Closing the Sponsor will provide to the Condominium a Working Capital Fund of \$5,000. An additional sum equal to one month's Common Charges will be contributed to the Working Capital Fund by each Purchaser in the manner described in "Unit Closing Costs and Adjustments". The Working Capital Fund is subject to the effect of closing adjustments. It is not anticipated that there will be a substantial credit to the Sponsor as a result of adjustments for prepaid expenses. If closing adjustments are more than \$2,000 the amount of such excess shall be paid by a series of monthly notes from the Board of Managers to the Sponsor, without interest, until such amount is paid. The source of such monthly payments will be pre-paid items included in the Condominium's operating budget. Accordingly, there will be a minimum Working Capital Fund of \$3,000.

While the Sponsor is in control of the Board of Managers, the Working Capital Fund may not be used to reduce projected Common Charges in the Plan.

Neither the Department of Law nor any other government agency has passed on the adequacy of the Working Capital Fund.

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RESERVE FUND

In addition to the Working Capital Fund described above, within thirty (30) days after the First Closing a reserve fund (the "Reserve Fund") in the amount of \$5,000 will be established by the Sponsor and transferred to the Board of Managers to be used exclusively for making capital repairs, replacements and improvements to the Building. The Reserve Fund will be in addition to the Working Capital Fund and will not be subject to reduction for closing adjustments.

So long as the Sponsor is in control of the Board of Managers, the Reserve Fund will be used only for capital expenditures and will not be used to reduce the projected common charges in the Plan.

No representation is made that the Reserve Fund will be adequate to cover current or future expenses including repairs or replacements, and if additional funds are required over and above the Reserve Fund, it may be necessary to increase common charges.

THIS PROPERTY IS OFFERED IN ITS CURRENT CONDITION AS SET FORTH IN THIS OFFERING PLAN WITHOUT ANY OBLIGATION BY THE SPONSOR TO MAKE ANY IMPROVEMENTS EXCEPT AS DESCRIBED IN THIS OFFERING PLAN. NO GOVERNMENT AGENCY HAS PASSED UPON THE ADEQUACY OF THE RESERVE FUND OR THE PHYSICAL CONDITION OF THE BUILDING.

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MANAGEMENT AND SERVICE CONTRACTS

Commencing on the date of the First Closing, the Property will be managed by Insignia Residential Group, Inc., a New York corporation having offices at 575 Third Avenue, New York, NY. Insignia manages numerous residential condominiums and cooperatives. No principal of Insignia is affiliated with the Sponsor.

The services to be rendered by the Managing Agent will include (a) billing and collecting common charges and rent; (b) hiring and discharging employees; (c) supervising repairs; (d) purchasing supplies for the Property; (e) maintaining the Condominium's books and attending Board of Managers' and Unit Owners' meetings; (f) maintaining payroll records and filing withholding tax statements for employees; if any; (g) furnishing monthly reports of receipts and disbursements to the President and the Treasurer of the Board of Managers.

The Managing Agent will not prepare the Building's annual certified financial statement or federal and local income and franchise tax returns. Such statement and tax returns will be prepared by an independent certified public accountant employed by the Board of Managers at the common expense of all Unit Owners.

All officers and employees of the Managing Agent will be bonded at all times from and after the First Closing during the terms of the Management Agreement under a fidelity bond in favor of the Board of Managers in the amount of \$75,000 for each loss. The cost of the bond will be a common expense and has been provided for in the estimate of the Building's expenses contained in Schedule B.

The Managing Agent will have a one-year management contract providing for a management fee of \$18,000 per year, reimbursement for expenses incurred by the Managing Agent on behalf of the Condominium and indemnification for acts properly performed by the Managing Agent on behalf of the Condominium.

The Building's annual certified financial statement or federal and local income and franchise tax returns will be prepared by an independent certified public accountant employed by the Board of Managers at the common expense of all Unit Owners.

The Condominium will have a one-year service contract with Century Elevator Maintenance Corporation, having offices at 12-17 38th Avenue, Long Island City, New York, 11101, at \$8,400 per year. There are no other contractual obligations or concession agreements applicable to the Building.

IDENTITY OF PARTIES

The Sponsor

The Sponsor is Soho Grand Center, LLC, a New York limited liability company with offices at 254 Canal Street, New York, New York 10013. The Sponsor was formed on December 3, 1996 in the name "101 Maiden Lane Realty Co. LLC". That entity subsequently changed its name to "Soho Grand Center, LLC". The principal members of the Sponsor are Kin Chung Lam and Yuk Jin Lam. Neither the Sponsor nor any of its principals has participated in any prior public offering of real estate in New York.

Both Kin Chung Lam and Yuk Jin Lam are managers of companies in the ladies' sportswear business and have offices at 254 Canal Street, New York, NY 10013.

Neither the Sponsor nor any principal of the Sponsor owns ten percent or more of the unsold shares or units of any cooperative or condominium.

Douglas Elliman, Inc., the broker whose opinion is utilized in the Plan, and selling agent for the Plan has been engaged in the real estate brokerage business for more than fifteen years. Douglas Elliman has offices at 575 Madison Avenue, New York, NY 10022 and is not a principal in this transaction.

Sponsor's Attorney

Arthur I. Weinstein is the attorney for the Sponsor in all matters pertaining to this Plan, including the preparation of this Plan and the documents referred to herein and in connection with the closing of title and all other legal matters incidental thereto. Mr. Weinstein has offices at 924 West End Avenue, Suite 4, New York, New York 10025 and is not a principal in this transaction.

Architect

Peter F. Poon, who prepared the Description of Property and Building Condition is a licensed architect in the State of New York. Mr. Poon has offices at 16 Mercer Street, New York, New York 10013 and is not a principal in this transaction.

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REPORTS TO UNIT OWNERS

All Unit Owners will be entitled to receive, annually, from the Board of Managers, and at the common expense of the Unit Owners, copies of the following:

(1) A financial statement of the Condominium prepared by a certified public accountant or public accountant by March 30 of each year; such statement shall be certified while the Sponsor is in control of the Board of Managers.

(2) Prior notice of the annual Unit Owners' meeting to be held on or about April 30 of each year.

(3) A copy of the proposed annual budget of the Condominium within 60 days of the date set for adoption thereof by the Board of Managers. While the Sponsor is in control of the Board of Managers such budget shall be certified in compliance with Section 20.4 (d) of the Regulations of the Department of Law of the State of New York.

The aforesaid dates may be changed by the Unit Owners pursuant to the Declaration of Condominium and the By-Laws.

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DOCUMENTS ON FILE

In accordance with Section 352-e(9) of the General Business Law, copies of this Condominium Offering Plan and all exhibits or documents referred to herein shall be available for inspection without charge and copying at a reasonable charge by prospective purchasers and by any person who shall have purchased Units offered by this Plan or shall have participated in the offering of such Units, at the office of Arthur I. Weinstein, Esq., 924 West End Avenue, New York, New York, and shall remain available for such inspection for a period of six years from the First Closing. Sponsor shall deliver to the Board of Managers a copy of all documents filed with the appropriate recording office at the time of the First Closing.

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GENERAL

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

There are no lawsuits or other proceedings now pending, or any judgments outstanding, either against the Sponsor or the Board of Managers or any person or persons which might become a lien against the Property or which materially affect this offering, the Property, the rights of existing tenants, Sponsor's capacity to perform all of its obligations under the Plan, the Board of Managers or the operation of the Condominium. The foregoing statement does not, however, refer to any action which may be brought by the Sponsor against any tenant to enforce the terms of such tenant's lease or tenancy in the ordinary course of the management of the Premises as a rental property.

This Plan is offered only to persons over 18 years of age resident in the State of New York.

In accordance with the provisions of the laws of the State of New York, the Sponsor represents that the Sponsor, the Board of Managers and the Agent will not discriminate against any person because of race, creed, color, national origin or ancestry in the sale of Units offered by the Plan, or in the leasing of any Unit in the Building. The Property has not, to the best of the Sponsor's knowledge, been the subject of a prior cooperative or condominium offering.

This Plan contains a fair summary of the pertinent provisions of the various documents referred to herein and does not knowingly omit any material factor nor contain any untrue statement of a material fact relating to the Offering. The Plan may be amended from time to time before it is declared effective to change the price at which all or any of the Units are being offered, and in such other aspects as the Sponsor may see fit. While the Plan may also be amended from time to time after it

has been declared effective, no such amendment may increase the sales prices on or materially alter the terms of a Purchase Agreement which the Sponsor has already accepted. If any such amendment is a material and substantial modification of the Plan which adversely affects purchasers, anyone who has previously executed a Purchase Agreement will be given not less than thirty days to cancel the Purchase Agreement by written notice to the Sponsor after a copy of the duly filed amendment is mailed or otherwise delivered to the purchaser and to obtain a full refund of the downpayment made therewith. Should the Plan be substantially amended prior to the First Closing:

As of the date of first presentation of the Plan, neither the Sponsor, or any representative, or agent thereof, has raised funds or made any preliminary offering or binding agreement to or with tenants, subtenants, or non-resident prospective purchasers with respect to Units in the Building.

No person has been authorized to make any representation which is not expressly contained herein. This Plan may not be changed or modified orally except as specifically provided for therein.

SPONSOR'S STATEMENT OF BUILDING CONDITION.

The Sponsor adopts the Description of Property and Building Condition set forth in Part II of this Offering Plan, and represents that it accurately states the description and condition of the Land and Building and the Building's equipment. In making this representation and the following representations, the Sponsor consulted with Peter F. Poon, a licensed architect with offices at 16 Mercer Street, New York, NY 10013.

The Sponsor represents that it does not know of any material defect or need for major repairs except as hereinafter set forth and that to the best of the Sponsor's knowledge, the description accurately states the condition of the Building and its equipment.

The Property is offered in its current condition with those improvements described in the Description of Property below. Neither the Sponsor nor the Board of Managers will have any obligation to make repairs or improvements except as set forth in this Plan. The Sponsor will maintain and operate the Building until the First Closing in substantially the same manner and condition as on the date of presentation of the Plan.

Pursuant to applicable regulations of the United States Environmental Protection Agency, the Sponsor will provide to each Purchaser a "Lead Disclosure Statement" with respect to the Unit being purchased and a pamphlet entitled "Protect Your Family from Lead in Your Home." The "Disclosure Statement" includes a provision affording a purchaser a 10-day opportunity before becoming obligated under any contract to conduct a risk assessment or inspection of the Premises for the presence of lead-based paint hazards.

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**SOLITA CONDOMINIUM
PURCHASE AGREEMENT**

Agreement dated, _____ 2001, between Soho Grand Center, LLC, with offices at 254 Grand Street, New York, New York 10013 (the "Sponsor") and _____ residing at _____ (the "Purchaser").

UNIT NO. _____

Purchase Price payable as follows:

Downpayment (herewith) \$

Balance \$

Total Purchase Price \$

1. Agreement to Purchase. Purchaser agrees to purchase from Sponsor and Sponsor agrees to sell to Purchaser the Condominium Unit in Solita Condominium in the City of New York and County of New York, State of New York, designated as Unit No. _____, together with a _____% undivided interest in the common elements of the Condominium for the Total Purchase Price shown above.

Purchaser has delivered herewith Purchaser's check for the Downpayment as shown above, made payable to "Arthur I. Weinstein, Escrow Account", the receipt of which is hereby acknowledged subject to collection. The above-stated Balance shall be payable by certified check of Purchaser or official bank check drawn on a bank which is a member of the New York City Clearing House ("Acceptable Funds") drawn directly to the order of Sponsor, at the Closing of Title as discussed in Paragraph 2.

2. Delivery of the Deed. The Closing of Title will occur on the date and at the time and place in the City of New York as Sponsor will designate to Purchaser on not less than fifteen (15) days' prior written notice. Sponsor will have the right, from time to time, to adjourn such date and time for closing on written notice to Purchaser. If adjourned, Sponsor will fix a new date and time for closing and will give Purchaser not

less than five business days' prior written notice of the new scheduled date and time for closing. The Closing of Title will occur only after or concurrently with compliance with the prerequisites set forth under "Closing and Terms of Sale" in Part I of the Plan. The First Closing, as defined in the Plan, will take place within the time period specified in the section entitled "Effective Date" in Part I of the Plan. As therein set forth, if the First Closing is adjourned beyond 180 days after the Plan is declared effective, the sole remedy of Purchaser will be to rescind this Agreement and be refunded all Downpayments, together with any interest thereon, provided that written notice of Purchaser's intention to rescind must be sent before the date of the First Closing.

At Closing Purchaser shall pay Sponsor the Balance due in Acceptable Funds and Sponsor shall deliver to Purchaser the deed to Purchaser's Unit. The deed shall be a bargain and sale deed with covenants against grantor's acts in the form contained in Part II of the Plan. Purchaser shall pay the New York State and New York City transfer taxes on such deed and recording charges. In addition, Purchaser shall sign the power of attorney in favor of the Board of Managers of the Condominium in the form contained in Part II of the Plan.

Purchaser agrees that upon delivery of the deed, Purchaser's present lease, if any, or monthly tenancy of the Unit shall be deemed cancelled and terminated as of the date of Closing.

3. Receipt of Documents. Purchaser acknowledges receipt, at least three (3) full business days prior to the execution of this Agreement, of the proposed Declaration, By-Laws, Schedules, Plans and Exhibits contained in the Offering Plan to convert premises 161 Grand Street, New York, New York, to Condominium Ownership (the "Plan"), as amended, all of which are made part of this Agreement as if they were set forth in full in this Agreement. Purchaser acknowledges that he has read the Plan and agrees to be bound by the Plan.

In the event of any inconsistency or conflict between the provisions of this Agreement and those contained in the Plan, the provisions of the Plan will govern and

be binding. Purchaser acknowledges having had full opportunity to examine all documents and investigate all statements made herein and in the Plan.

Purchaser acknowledges that except as stated in this Agreement (and as set forth in the Declaration, By-Laws, and Offering Plan), Purchaser has not relied on any representations or other statements of any kind or nature made by Sponsor, its agents or other persons, including but not limited to any representations relating to the description, size or dimensions of the Unit or rooms, and the estimated common charges or other expenses of the Condominium. No person has been authorized to make any representations on behalf of Sponsor. No oral representations or statements will be considered a part of this Agreement. Purchaser agrees (a) to purchase the Unit, without offset or any claim against, or liability of Sponsor, whether or not any layout or dimension of the Unit or any part thereof, or of the Common Elements, as shown on the Floor Plans, is accurate or correct, provided the layouts and dimensions conform substantially to such Floor Plans and (b) that Purchaser will not be relieved of any of Purchaser's obligations hereunder by reason of any minor inaccuracy or error. The provisions of the Paragraph 3 will survive the Closing.

4. Marketable Title. Sponsor shall convey to Purchaser good and marketable title as Summit Associates writing for Chicago Title Insurance Company of New York or such other title insurance company as Purchaser may select which is a member of the Board of Title Underwriters and licensed to do business in New York State, shall approve and insure for fee title insurance (subject to the terms of the Plan, the Declaration and By-Laws as filed) and free and clear of all liens and encumbrances except the rights of present tenants, if any, as described below, the lien of any mortgage procured by Purchaser, and the title exceptions set forth as "Permitted Encumbrances" in the Plan as filed in the Section of Part I entitled "Closing and Terms of Sale." Any of such title exceptions and or any other title exceptions or objections which have been waived or consented to by Purchaser may for convenience be omitted by Sponsor in the deed to be delivered hereunder, but all of such exceptions shall

nevertheless survive delivery of the deed. Fee title insurance may be purchased at Purchaser's option at Purchaser's own cost and expense.

5. Rights of Present Tenants. The provisions of this paragraph 5 are applicable only if at the date of this Agreement the Unit being purchased is occupied by, or under lease to, a party other than Purchaser.

Purchaser understands and acknowledges that on the date of this Agreement the Unit is occupied under a lease expiring on _____, 200_, at a rent of \$_____ per month.

Purchaser understands that Purchaser is purchasing the Unit subject to the rights of the existing tenant or occupants under the above-described lease.

Purchaser acknowledges that no representation or statement has been made (and if made, Purchaser knows they are unauthorized and has not relied thereon) as to the length of time that may elapse before Purchaser gains possession of the Unit or that Purchaser, in fact, will obtain possession of the Unit.

Upon becoming the owner of the Unit, Purchaser will succeed to, and assume all of, Sponsor's rights and obligations as the landlord of such tenant or occupant, including the right to collect rent (whether greater or less than the Common Charges established from time to time by the Condominium Board) and the obligation to repair, and maintain the Unit (including its equipment and appliances) for the benefit of the existing tenant or occupant. At Closing, Sponsor and Purchaser will sign and deliver to each other an agreement (in form and substance satisfactory to Sponsor) in which Sponsor assigns to Purchaser all of its rights under the then existing lease for the Unit and Purchaser assumes full responsibility for, and indemnifies Sponsor from, all obligations under such lease to be performed from and after the Closing.

6. Condition of Unit; Appliances and Equipment. At Closing, the Unit will contain only those fixtures and equipment currently installed therein that are owned by Sponsor. They shall be delivered free and clear of all liens and encumbrances, other than those to which the Unit is subject pursuant to this Agreement. The Unit is being

■ sold unfurnished. Any appliances, air conditioning units, furnishings, equipment, fixtures and other personal property owned by any tenant of a Unit are not included in this sale. Furniture, wall coverings, furnishings, decorations and the like in or about any model unit are for display purposes only and are not included in the sale. Any floor plans or sketches shown to Purchaser are only approximations of the Unit's dimensions and arrangement, and Purchaser should not rely thereon. There will be no modifications or extras unless agreed to in writing by the parties.

The signing of this Agreement by Purchaser signifies Purchaser's acceptance of the condition of the Unit, and all fixtures, machinery, equipment, furnishings, appliances, installations and other personal property contained therein (hereinafter collectively called "Installations"), in their respective existing conditions, subject to reasonable use, wear and tear and natural deterioration between the date Purchaser signs this Agreement and delivery of the deed to Purchaser. Purchaser acknowledges having read, or having had ample opportunity to read, the Inspection Report of Peter Poon Architect, set forth in Part II of the Plan, which sets forth a description of the existing physical condition of the Building. Purchaser understands that the Sponsor has no obligation to make any repairs, improvements or decorations in or to the Building, the Unit or the Installations, except as specifically set forth in the Plan and subject to Sponsor's representations in the Plan.

Purchaser will be given a reasonable opportunity to examine the Unit prior to Closing and is advised to make a careful examination at such time.

7. Effectiveness of Offering Plan. It is agreed that this Purchase Agreement is contingent upon the Plan being declared effective and that the Plan shall not be declared effective except as provided in the Plan.

The Plan may be abandoned by the Sponsor at any time prior to declaring it effective and shall be abandoned and deemed abandoned if it has not been declared effective within the time prescribed by the Plan.

If the Plan is abandoned, does not become effective, or is not consummated for any reason after being declared effective within the time prescribed by the Plan, the following shall apply: This Purchase Agreement shall be deemed cancelled and within thirty (30) days thereafter, Purchaser will receive all monies paid hereunder together with interest, if any, earned thereon. (Notwithstanding the foregoing, Sponsor will retain as liquidated damages as provided in Paragraph 10 all Downpayments [and any interest thereon] of any Purchaser who is then in default hereunder beyond any applicable grace period, or if this Agreement has previously been cancelled due to default by Purchaser.) Upon such repayment, Purchaser and Sponsor will have no claim against each other or the Selling Agent in connection with this Agreement or the Plan, and all such parties will be relieved and discharged from all liabilities and obligations hereunder and under the Plan.

8. Closing Expenses and Adjustments. At the closing of title, Purchaser shall pay the following: (i) any charges for the cost of title examination, cost of fee and/or mortgage title insurance, New York State Real Property Transfer taxes, mortgage recording taxes, or recording charges for the deed, mortgage documents, and power of attorney in favor of the Board of Managers; (ii) an amount equal to one month's common charges, representing Purchaser's share of initial working capital for the Condominium; and (iii) the closing fees described in Schedule A of the Plan.

Sponsor and Purchaser will apportion, as of midnight on the day preceding the Closing Date, real estate taxes and/or common charges assessed during the month in which title closes or established as a reserve based upon the last bill received, and rent and other charges, if any, pursuant to a lease for or tenancy of the Unit. Any errors or omissions in computing apportionments at Closing will be corrected; this provision will survive Closing.

In the event that on or before the closing the Unit has not been separately assessed for real property taxes, then Purchaser shall contribute at closing a sum equal to six months real estate taxes on the Property (as defined in the Plan) multiplied by

Purchaser's percentage of ownership in the common elements. (Or such sum so that a six-month reserve will be established not later than one month prior to the month in which any such taxes are due and payable.) Such sum shall be held by the Board of Managers as a reserve to be used for the payment of taxes on the Property.

9. Escrow of Downpayment. Sponsor shall hold all Downpayment monies received from Purchaser, directly or through Sponsor's agents or employees, in an escrow account until paid to Sponsor or Purchaser pursuant to the provisions hereof. Sponsor will hold the funds in escrow in a special non-interest bearing account entitled "AIW - 161 Grand Street Escrow Account" in Chase Manhattan Bank, 2824-26 Broadway, New York, New York. The signature of Arthur I. Weinstein, as attorney for the Sponsor, shall be required to withdraw any of the funds. The funds shall be payable to Sponsor upon the closing of title to the Unit covered by this Purchase Agreement with interest, if any, earned on such funds to be turned over or assigned to Sponsor at the Closing. If Purchaser defaults under this Purchase Agreement, all such funds, including interest, if any, earned thereon, shall be released to Sponsor from the account as liquidated damages as set forth in Paragraph 10. If Sponsor cannot convey title to the Unit to Purchaser by reason other than Purchaser's default, all monies advanced under this Agreement shall be returned to Purchaser, together with interest, if any, earned thereon, and in any event not later than 30 days after the filing of an amendment abandoning the Plan, and thereafter neither Sponsor nor Purchaser shall have any rights or obligations against or to the other hereunder or under the Plan.

10. Sponsor's Rights in the Event of Purchaser's Default. All sums paid on account of this Agreement and the reasonable expense of the examination of title to the Unit shall constitute liens on the Unit. However, these liens shall not continue after default by Purchaser under this Agreement.

The following shall constitute Events of Default by Purchaser hereunder:

(i) Purchaser's failure to pay the Additional Downpayment when due or the Balance on the Closing Date designated by Sponsor pursuant to Paragraph 2 hereof;

(ii) Purchaser's failure to duly sign and deliver at Closing any document referred to in the Plan which Purchaser is required to sign when Sponsor delivers the deed to the Unit;

(iii) if Purchaser is or becomes a tenant of the Building, Purchaser's failure to pay rent or to otherwise comply with Purchaser's lease or tenancy obligations which failure is not fully cured within 20 days following written notice to Purchaser of such default even though Purchaser is not evicted from the leased premises as a result thereof or Purchaser's removal from or abandonment of the leased premises (notwithstanding any such default or the cancellation of this Agreement by reason thereof, in no event will Purchaser be excused from paying and performing Purchaser's lease or tenancy obligations);

(iv) the failure to pay, perform or observe any of Purchaser's other obligations hereunder which failure is not fully cured within 15 days following written notice to Purchaser of such default.

Upon the occurrence of an Event of Default, Sponsor may cancel this Agreement on written notice to Purchaser, and upon the giving of such notice this Agreement shall be and be deemed cancelled, Sponsor shall retain, as liquidated damages, all Downpayments and any interest earned thereon and Purchaser, Sponsor and Selling Agent will be released and discharged of and from all further liability and obligations hereunder and under the Plan. Thereafter, the Unit may be sold to another as though this Agreement had never been made, and without accounting to Purchaser for the proceeds of such sale.

11. Rent Security Deposit. If Purchaser is or hereafter becomes a tenant of the Unit, Purchaser's unapplied rent security deposit, if any, will be refunded to Purchaser, together with any interest earned thereon, within 30 days following the

Closing, provided Purchaser is not in default under Purchaser's lease or tenancy obligations. If the Unit is occupied by other than Purchaser, then the unapplied security deposit (if any) of the tenant or occupant will be transferred at Closing to Purchaser, who will upon receipt sign and deliver to Sponsor an agreement acknowledging the amount received, indemnifying Sponsor from all liability in connection therewith and agreeing to hold such security deposit in trust and to deposit it in an interest bearing account pursuant to the provisions of Section 7-103 of the New York General Obligations Law (such agreement to be in form and substance satisfactory to Sponsor). In either event, Sponsor will have the right if permitted by law to deduct from any tenant's security deposit the amount of any rent arrearage owing to Sponsor and to sue the tenant to the extent such rent security is insufficient.

12. Seller's inability to Deliver Deed - Cancellation of Purchase Agreement. It is understood and agreed that if Sponsor is unable to deliver a deed to the Unit in accordance with this Agreement because of Sponsor's inability to complete the filing of the premises as part of a condominium plan in accordance with the Offering Plan of Solita Condominium, as it may be amended, or if Sponsor abandons the Plan (and Sponsor has the unconditional right to abandon the Plan at any time prior to its effective date), Sponsor shall immediately notify Purchaser in writing and this Agreement will terminate. In that case, Sponsor's sole liability shall be the prompt return to Purchaser (unless Purchaser is then in default or this Agreement has previously been cancelled, as provided in Paragraph 7) of the Down Payment together with interest, if any, earned thereon.

In accordance with the Section of the Plan entitled "Effective Date", the Sponsor may, at its option, declare the Plan abandoned for any reason whatsoever before it is declared effective provided, however, that within 15 days after abandonment, all monies will be returned to purchasers with interest, if any, earned thereon. Once the Plan has been declared effective (or 80% sales level has been reached), it may not be abandoned, except for (i) a defect in title (other than a defect

which existed on the date of presentation of the Plan and either is known to the Sponsor or is a matter of public record) which cannot be cured without litigation or cannot be cured for less than \$125,000 in the aggregate or (ii) substantial damage or destruction of the Building by fire or other casualty which cannot be cured for less than \$125,000 or (iii) the taking of any material portion of the Property by condemnation or eminent domain or (iv) work orders of a mortgagee or violations that cannot be cured for less than \$125,000.

Abandonment of the Plan will be by either duly filed amendment or notice of abandonment by Form CD-3 or RS-3 or other form then required by the Department of Law submitted promptly after abandonment explaining the reasons for abandonment of the Plan and setting forth the disposition of all purchasers' funds.

13. Recording of Condominium Declaration. The Declaration and By-Laws establishing the Condominium shall be recorded by Sponsor in the Office of the County Clerk, New York County, prior to the closing of title to the first Unit as set forth in the Plan. Sponsor will file with the Declaration when it is recorded or shall amend the Declaration prior to the closing date and file at such time a verified statement of a registered architect or licensed professional engineer certifying that the floor plans being filed fully and fairly depict the layout, location, Unit designation and approximate dimensions of the Unit. The Declaration and By-Laws, when recorded, shall be substantially in the form of the Declaration and By-Laws set forth in the Plan (subject to Sponsor's right to amend same as therein set forth). Sponsor shall not record the Declaration until the Plan has been declared effective in the manner provided therein. If Sponsor does not record the Declaration within eighteen (18) months after the date of presentation of the Plan, all monies advanced by Purchaser shall be returned promptly thereafter together with interest, if any, earned thereon.

14. Possession, Risk of Loss.

A. Unless Purchaser now occupies in the Unit, Purchaser will not be entitled to occupy the Unit until the deed is delivered to Purchaser at Closing. Sponsor

may, in its discretion, grant Purchaser possession of the Unit prior to the closing under an interim lease, if the Unit is currently or hereafter becomes vacant.

B. If Purchaser is the existing tenant or occupant of the Unit or if Purchaser is given possession of the Unit prior to Closing under an interim lease or otherwise, then Purchaser will be solely responsible for any damage to, or loss or other condition in, the Unit resulting from Purchaser's use or occupancy, and Sponsor will not be obligated to make any repairs required of it as landlord under any existing or interim lease and, after Closing, the Condominium Board will be responsible to make those repairs required of it under the Condominium Declaration and By-Laws.

C. If during Purchaser's occupancy the Unit is damaged by casualty or otherwise, then Purchaser assumes the risk of loss and the obligation to repair the damage, unless the cause thereof originated outside the Unit and did not result from the acts of Purchaser or other occupants of the Unit or Purchaser's guests, invitees or workmen. If Purchaser is obligated to repair the damage, then Purchaser's failure to make such repair shall not excuse Purchaser from paying the Balance and accepting delivery of the deed.

D. Except as provided in the preceding subparagraph C, all other risk of loss prior to Closing is assumed by Sponsor, but without any obligation or liability of Sponsor to repair the damage or restore the Unit. If Sponsor or (in the event the Declaration is filed) the Unit Owners elect to repair or replace the loss or damage, 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 Sponsor will be entitled to a reasonable period of time to complete or to permit the Condominium Board of Managers 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 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 Sponsor (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 Sponsor. The provisions of the preceding sentence will survive the Closing.

E. In the event Sponsor 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 Declaration and By-Laws, this Agreement will be cancelled and of no further force or effect and Sponsor will return to Purchaser all Downpayments (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) or if this Agreement has previously been cancelled due to such default, Sponsor will retain the Downpayment and any interest thereon as liquidated damages pursuant to Paragraph 10 hereof.

15. Existence of Liens Not Objection to Title. The existence of unpaid taxes or liens of any kind at the time of Closing which are not permitted encumbrances hereunder shall not constitute an objection to title, provided Sponsor shall either deliver to Purchaser at the Closing instruments in recordable form and sufficient to satisfy such liens and encumbrances of record together with the cost of recording or filing said instruments; or provided that Sponsor has made arrangements with the Title Company in advance of Closing, Sponsor will deposit with said company sufficient monies, acceptable to and required by it to insure obtaining and recording of such satisfactions and the issuance of title insurance to Purchaser either free of any such liens and encumbrances, or with insurance against enforcement of same out of the Unit. Purchaser, if request is made with a reasonable time prior to the Closing, agrees to provide at the Closing separate checks as requested, aggregating the amount of the

balance of the Purchase Price, to facilitate the satisfaction of any such lens or encumbrances.

16. Execution of Required Documents, etc. Purchaser agrees to deliver to Sponsor all documents and perform all acts required by Sponsor to carry out the provisions of all applicable laws and regulations. This paragraph shall survive delivery of the deed.

17. Binding Nature of Purchase Agreement, Assignability, Use. Purchaser agrees that this Agreement is binding upon Purchaser, his respective heirs, executors, administrators and permitted assigns. Purchaser hereby represents that the Unit is being purchased for a use permitted by the Declaration and By-Laws.

Purchaser will not record this Agreement and any purported recordation thereof by Purchaser shall constitute an Event of Default. Purchaser does not have the right to assign this Agreement without the prior written consent of Sponsor, and any purported assignment by Purchaser in violation of this Agreement will constitute an Event of Default and will be voidable at the option of Sponsor. Sponsor's refusal to consent to an assignment will not entitle Purchaser to cancel this Agreement or give rise to any claim against Sponsor.

18. Notice. All notices, elections, consents, demands and communications (collectively called "notices" or individually called "notice") shall be delivered personally or given in writing by registered or certified mail, return receipt requested, postage prepaid and, if sent to Purchaser, addressed to Purchaser at Purchaser's address given in the preamble to this Agreement and, if sent to Sponsor, addressed to Sponsor c/o Arthur I. Weinstein, Esq., 924 West End Avenue, New York, New York 10025. Either party may, by written notice to the other, change the address to which notices are to be sent. Unless otherwise provided herein, all notices will be deemed given when personal delivery is effected or when deposited in any branch, station or depository maintained by the U.S. Postal Service in the City and State of New York, except that a notice of change of address will be deemed given when actually received.

19. Acceptance of Agreement. If Purchaser was not a bona fide tenant in occupancy (as defined in the Plan) when the Plan was presented to the tenants in occupancy, this Agreement shall not be binding on Purchaser or the Sponsor until Purchaser is accepted, by endorsement of this Agreement by the Sponsor, and a fully signed copy of this Agreement is delivered or mailed to Purchaser. If this Agreement is not accepted within twenty (20) days after the date of this Agreement by the delivery or mailing to Purchaser of an endorsed and fully signed copy, this Agreement shall be deemed to be rejected and cancelled and Purchaser's deposit shall be refunded within fifteen days.

20. No Discriminatory Inducement. Purchaser represents that he is over eighteen (18) years of age, and the offer for sale of the designated Unit was made in good faith pursuant to the terms set forth in the Plan, without fraud or duress.

21. Broker. _____ is the only broker or sales agent with whom Purchaser has dealt in connection with this transaction. Sponsor agrees to pay any commission due to said broker.

22. Definitions. The term "Purchaser" shall be read as "Purchasers" if more than one person is a purchaser. In that case Purchaser's obligations shall be considered joint and several. A reference in this Agreement to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, or vice versa, unless the context otherwise requires.

23. Entire Agreement; Governing Law. This Agreement states the entire understanding between Purchaser and Sponsor and Sponsor shall not be bound by any oral representations or agreement. This Agreement shall be governed by the laws of the State of New York. This Agreement cannot be changed or any provision waived orally.

ANY CHANGE OR ADDITIONAL PROVISIONS OR WAIVERS MUST BE SET FORTH IN A RIDER ATTACHED HERETO OR IN A SEPARATE WRITTEN AGREEMENT SIGNED BY BOTH PARTIES.

24. Waiver. Purchaser waives any right to trial by jury in any action, proceeding or counterclaim in any way connected with this Agreement or the Plan. The failure of the Sponsor to insist upon a strict performance of any of the terms or conditions of this Agreement shall not be deemed a waiver of any subsequent breach or default in the terms and conditions of this Agreement.

25. Survival of Seller's and Purchaser's Obligations. The acceptance of a deed to the Unit by Purchaser shall be deemed to evidence full performance by Sponsor of all its obligations hereunder and Sponsor shall have no obligations under this Agreement or the Plan after Sponsor delivers to Purchaser the deed to the Unit, unless this Agreement or the Plan specifically gives Sponsor an obligation after that time. All representations made by Purchaser in this Agreement shall expressly survive the closing of title.

26. Amendments to Offering Plan. Purchaser understands that the Unit being purchased is covered by a conversion Plan and that the terms of the Plan may be amended before it is declared effective to increase or decrease the prices at which all of the units are being offered or in such other respects as the Sponsor sees fit. Purchaser recognizes that the price and terms of the purchase hereunder may be automatically modified by any such amendment to the Plan. While the Plan may also be amended after it has been declared effective, no such amendment shall increase the sales price of the Unit being purchased hereunder. In the event any amendment to the Plan, whether made before or after the Plan is declared effective, materially alters the Plan in a manner which adversely affects Purchaser, Purchaser will be afforded a thirty (30) day period within which to rescind the Agreement following delivery to Purchaser of a copy of the Plan amendment. Should Purchaser then elect to rescind, Purchaser will receive his Downpayment monies, together with interest, if any, earned thereon.

27. Captions. The captions in this Agreement are for convenience only and are not part of the meaning of this Agreement.

28. Severability. If any provision of this Agreement or the Plan is invalid or unenforceable as against any person or under certain circumstances, the remainder of this Agreement or the Plan and the applicability of such provision to other persons or circumstances shall not be affected thereby. Each provision of this Agreement or the Plan, except as otherwise herein or therein provided, will be valid and enforced to the fullest extent permitted by law.

29. Mortgage Tax Credit. In the event a mortgage recording tax credit becomes available pursuant to Section 330-ee(2) of the Condominium Act, it is specifically understood that such credit shall inure to the benefit of Sponsor. Accordingly, at closing, a Purchaser who elects mortgage financing will be responsible to pay the full amount (but not in excess thereof) of the mortgage recording tax chargeable on the entire amount being financed. Sponsor at closing will be reimbursed by Purchaser to the extent of any mortgage tax credit allowed.

30. Contingent on Financing.

A. Notwithstanding anything to the contrary in the Offering Plan or this Agreement, the Purchaser may, subject to the terms and conditions of this paragraph 29, elect to cancel this Agreement in the event Purchaser has not, within forty-five (45) days from the date hereof, received from a lending institution a commitment in writing in the usual form of such lending institution for a conventional first mortgage loan in the principal amount of no less than seventy-five (75%) percent of the Total Purchase Price at the then prevailing rate of interest.

B. If the Purchaser shall fail to procure the aforementioned commitment on or before the expiration of forty-five (45) days from the date hereof, then and in that event the Purchaser may notify Sponsor to that effect. Such notification shall be accompanied by a statement of the Purchaser stating that Purchaser made application to a lending institution within 10 days of the date hereof and took all other necessary actions as set forth in paragraph 29C below. Such notification shall be sent to Sponsor, c/o Arthur I. Weinstein, Esq., 924 West End

Avenue, New York, New York 10025, by certified mail, return receipt requested, not later than five (5) days after such period. TIME SHALL BE OF THE ESSENCE WITH RESPECT TO THE GIVING OF THE FOREGOING WRITTEN NOTICE BY PURCHASER. If the foregoing written notice is not given within such specified time period, this agreement shall remain in full force and effect. Upon receipt of said notice, Sponsor may at its sole option, (i) extend the Purchaser's period to obtain such commitment for a further period of forty-five (45) days or (ii) obtain for Purchaser a mortgage commitment for a loan upon then prevailing terms for similar loans made by New York lending institutions, (including the same interest rate, terms, fees, charges and "points") in which event the mortgage contingency shall be deemed fulfilled. In the event the financing contingency is not met, this Agreement shall be rescinded and all monies heretofore deposited shall be returned to Purchaser unless within forty-five (45) days after receipt of said notice or extension thereof. If Purchaser shall obtain a financing commitment which expires prior to the actual date of the Closing of Title, Purchaser shall make a good faith effort to obtain an extension of the commitment, notwithstanding that Purchaser's lending institution may change the terms of the commitment (including, but not limited to, terms such as the interest rate, term, fees or "points" charged). If Purchaser notifies Sponsor within five (5) days after he has been notified by his lending institution that the commitment will not be extended, then Purchaser shall have the right to rescind the Agreement (and shall have all monies heretofore deposited returned to him) unless within forty-five (45) days after Sponsor is advised of Purchaser's inability to extend the commitment Sponsor elects to obtain for Purchaser a comparable financing commitment (as to interest rates, terms and "points").

C. The Purchaser agrees to promptly make application to the lending institution as hereinabove described. The Purchaser agrees to promptly furnish and execute any instruments reasonably necessary in connection with such application and to provide the lending institution with all information reasonably required by it. Appraisal

fees and any and all costs and charges made by the lending institution shall be the responsibility of the Purchaser and paid by the Purchaser.

Dated:

PURCHASER: Print name and address and sign below:

Purchaser (print name)

Second Purchaser (print name)

Address

Address

Purchaser signs here

Second Purchaser (if any)
signs here

APPROVED AND ACCEPTED:
Soho Grand Center LLC

By:_____

POWER OF ATTORNEY

Any terms used in this Unit Owner's Power of Attorney that are used (a) in the Declaration establishing a plan for condominium ownership of Solita Condominium, 161 Grand Street, New York, New York 10013, under Article 9-B of the Real Property Law of the State of New York, dated _____, 2001 and recorded in the City of New York office of the State of New York on _____, 2001, in Reel _____, at Page _____ (hereinafter referred to as the "Declaration"), or (b) in the By-Laws of Solita Condominium (hereinafter referred to as the "By-Laws") attached to, and recorded together with, the Declaration, shall have the same meanings in this Unit Owner's Power of Attorney as in the Declaration or By-Laws.

I (We) _____ having an address at _____, the owner(s) of Condominium Unit No. _____ in the Condominium known as Solita Condominium, the address of which is 161 Grand Street, New York, New York, do hereby nominate, constitute and appoint the members of the Board of Managers of Solita Condominium and their successors, my true and lawful attorneys-in-fact coupled with an interest and with power of substitution, in my name and on my (our) behalf, in their own name or in the name of their designee on behalf of all owners of Condominium Units in said property: (i) to acquire or lease any Unit from any Unit Owner desiring to sell or lease same, or (ii) to acquire any Condominium Unit whose owner desires to abandon the same, or which shall be the subject of a foreclosure sale or a deed in lieu of a foreclosure sale; at such price and on such terms as my attorneys-in-fact may in their sole discretion determine, granting to my said attorneys-in-fact the power to do all things in the said premises which I could do if I were personally present.

I (We) do hereby further irrevocably nominate, constitute and appoint the members of such Board, and their successors, my (our) true and lawful attorneys-in-fact coupled with an interest and with power of substitution, in my (our) name and on my (our) behalf to vote in any Unit Owners' meeting for, and to file an amendment to the Declaration of the Condominium amending such Declaration to create any utility easements or to carry out any of the provisions of the Offering Plan of such Condominium.

The acts of a majority of such persons constituting the Board shall constitute the acts of such attorneys-in-fact.

I (We) do hereby further irrevocably nominate, constitute and appoint each of Kin Chung Lam and Yuk Jin Lam, having offices at 254 Grand Street, New York, New York, 10013 as attorney-in-fact for the undersigned, coupled with an interest, with power of substitution, to amend from time to time such Declaration, By-Laws and the Rules and Regulations of such Condominium, or any of such documents, when such amendment will be required to reflect any changes in Unsold Units and/or the reapportionment of the Common Interests of the affected Unsold Units resulting therefrom made by Sponsor or its designee in accordance with Article 19 of the Declaration, or otherwise to evidence or enforce a right granted to Sponsor or its designee under the Plan, Declaration and By-Laws. The terms, covenants and conditions contained in, and the powers granted pursuant to, this paragraph will remain

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UNIT DEED

THIS INDENTURE made the _____ day of _____, 2001, between Soho Grand Center, LLC a limited liability company formed under the laws of the State of New York, having offices c/o Arthur I. Weinstein, Esq. 924 West End Avenue, New York, New York, 10025 (the "Grantor") and _____ residing at _____ (the "Grantee"):

WITNESSETH

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

ALL that certain piece or parcel of real property, with the improvements therein contained, situate and being a part of a condominium in the Borough of Manhattan, City and County of New York State of New York, known and designated as Unit No. ____ together with a _____ percent interest in the common elements of the Condominium as defined in the Declaration of Condominium described below.

The real property described above has been currently designated as Tax Lot ____ in Block No. ____ of Section __, on the tax map of the Real Property Assessment Department of the City of New York, and is a Unit shown on the plans of a condominium prepared and certified by _____ and filed in the Office of the County Clerk of New York, County on the _____ day of _____, 2001, as Plan No. _____ as defined in the Declaration of Condominium entitled Solita Condominium made by Soho Grand Center, LLC, under Article 9-B of the New York Real Property Law dated _____, 2001 and recorded in the Office of the County Clerk, New York County on the ____ day of _____, 2001, in Reel _____, at Page ____ covering the property therein described.

The land area of the property is described as set forth on Schedule A hereto:

Said premises are known as and by street address 161 Grand Street, New York, New York 10013.

TOGETHER with the benefits, rights, privileges, easements and subject to the burdens, covenants, restrictions, by-laws, rules, regulations and easements set forth in the Condominium Documents filed and recorded as described above, all of which will constitute covenants running with the land and will bind any person having at any time any interest or estate in the Unit, as though recited at length herein.

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

THE Grantor covenants that the Grantor has not done or suffered anything whereby the Premises have been encumbered in any way whatever, except as aforesaid.

AND 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 the consideration as a trust fund to be applied first for the purpose of paying the cost of the improvement before using any part of the total of the consideration for any other purpose.

If any provision of the Declaration or the By-Laws above referred to is invalid under, or would cause such Declaration or By-Laws to be insufficient to submit the property to, the provisions of Article 9-B of the Real Property Law (the New York Condominium Act), or if any provision that is necessary to cause such Declaration and By-Laws to be sufficient to submit the property to the provisions of such Condominium Act is missing from the Declaration or the By-Laws, the applicable provisions of Article 23 of the Declaration will control.

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

Soho Grand Center, LLC

By: _____

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

On the ____ day of _____ in the year 2001 before me, the undersigned, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

SCHEDULE A

ALL THAT CERTAIN plot, piece or parcel of land with the buildings or improvements thereon, erected, situate, lying and being in the former 14th Ward of the Borough of Manhattan, City of New York, known as Nos. 161 and 163 Grand Street and numbers 221 and 223 Centre Street, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of Grand Street with the westerly side of Centre Street;

THENCE westerly along the southerly side of Grand Street, 50 feet, 7 ½ inches to the exterior line of the westerly wall of the building standing upon the premises herein described extended to Grand Street;

THENCE southerly nearly parallel with Centre Street and along the exterior line of the said wall and to and/or along the exterior line of the easterly wall of the building erected upon the premises next adjoining the premises herein described on the west, wherever said lines are not contiguous, 80 feet, 3 ¾ inches;

THENCE easterly and at right angles or nearly so with the westerly side of Centre Street and along the exterior line of the southerly wall upon the premises herein described and to and/or along the exterior line of the northerly wall of the building erected on the premises next adjoining the premises herein described on the southwest wherever said line are not contiguous, 53 feet, 3 ½ inches to said westerly side of Centre Street;

THENCE northerly along said westerly side of Centre Street, 80 feet, 1 ¾ inches east to the point or place of BEGINNING.

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Peter F. Poon Architect P.C.

16 Mercer Street

5th Floor

New York, NY 10013

Re: Architect's Report
"Solita" condominium
221 Centre Street
New York, NY 10013

1. LOCATION AND USE OF PROPERTY

- a. The property is located on southwest corner of Centre & Grand Street, in the Borough of Manhattan, the City of New York.
- b. The building is situated on block No.234, Lot No. 12.
- c. The property is located in M1-5B Zoning District.
- d. The upper floors of the building will be used for Joint Live – Work Quarters for Artists. The ground floor unit(s) will be used in conformance with Use Groups 7, 9, 11, 16, 17A, 17B, 17C and 17E requirements of Zoning Resolution.

The sponsor states that the proposed uses will comply with all zoning and use regulations.

2. STATUS OF CONSTRUCTION

- a. The existing building is classified as "non-combustible structure" as defined in 1938 Building Code (Old Code). The building was erected in 1911.
- b. There is no existing Certificate of Occupancy. After completion of construction the Developer will apply for a Certificate of Occupancy from the Department of Buildings of the City of New York, ("Department of Buildings"). The Department of Buildings will inspect the premises for construction, mechanical, plumbing and electrical compliance before issuing a Certificate of Occupancy.
- c. Application #102873277 has been filed and approved by the NYC Department of Buildings for alteration work.
- d. The work proposed is for the following items:
Existing renovation:
 1. Convert existing manufacturing floors to Joint Live–Work Quarters for Artists.

2. Replace existing damaged floor and ceiling areas with new.
 3. Replace existing ornamental roof cornices with new fiberglass cornices.
 4. Replace existing roof with new roof.
 5. Replace existing elevators (2) with new overhead traction elevators.
 6. Replace upper portion of stairs "B" (3/F to roof) at Centre Street with new metal stairs.
 7. Replace existing windows with new double hung thermally insulated windows.
 8. Re-point existing masonry facades along Centre Street and Grand Street.
 9. Repaint existing metal panels at 1/F and 2/F along Centre Street and Grand Street.
 10. Furnish entrances at ground floor except for existing tenant occupied areas.
- * All work indicated above are of non-combustible construction.
- e. New Construction of the building consists of the following:
1. Construction of a new roof top Penthouse Unit (Penthouse "B"), inclusive of new mezzanine floor and mezzanine floor terrace.
 2. Construction of a new skylight, new interior access stair and roof top terrace for 10/F JLWQ (Penthouse "A").
 3. Construction of a new roof top common garden for Live/Work Quarters per Zoning Resolution requirements.
 4. Construction of new metal fire escape along Centre Street.
 5. Construction of new metal stair "A" for JLWQ "A" units.
 6. Construction of two new entrance lobbies, both equipped with audio/visual intercoms and mailboxes.
 7. Construction of new storage rooms for JLWQ units at Cellar Level.
 8. Construction of new mechanical, electrical, plumbing and sprinkler systems for the building, except areas present occupied by ground floor tenant.

9. Construction of new penthouse unit (Penthouse "B") located at the southwest corner of roof. The new penthouse will be constructed with steel beams and concrete floors erected on top of existing roof beams and building columns. The walls of the Penthouse "B" will be built with concrete masonry units and exterior face brick, and will be furnished with double glazed thermally broken glass windows and doors.

10. Construction of new stair and elevator bulkheads at the main roof and upper roofs. Exterior walls of the bulkheads are built similar to new Penthouse "B".

* All work indicated above are non-combustible construction

3. SITE

- a. The site is roughly rectangular in shape with the following dimensions: Beginning on the southwest corner of the intersection of Grand Street and Centre Street distance of 50' - 7 1/2" South thence 80' - 3 3/4" south thence easterly 53' - 2 1/2", thence North 80' - 1 3/4".
- b. The total site area is 4, 167.56 square feet.
- c. The existing building is 10 stories tall. The new Penthouse "B" will be erected on the main roof, with a mezzanine level.
- d. The typical floor area from 1st floor to 10th floor is 4,130 s.f. each. The new Penthouse ("B") will occupy 1,647 s.f. The total building area for all 16 units occupy 42,947 s.f above grade.
- e. Streets are existing and are paved in accordance with New York City Department of Highway Standards. Both Centre and Grand Street appear to be in fair to good condition.
- f. Both existing streets are edged with concrete curbs. Curbing appears to be in fair to good condition.
- g. Both streets are presently pitched towards cast iron catch basins for storm water drainage into the New York City storm drainage system.
- h. The sidewalks that define the edges of the site are concrete in good to fair condition.
- i. There is no vehicle driveway located on the site.

4. UTILITIES

- a. Domestic water is supplied to the building via a 3" main from the city main under Grand Street. The first floor rental space will be separately sub-metered. Domestic water is also pumped to a 5,000-gallon roof tank for domestic service and fire reserve.
- b. Gas is supplied to the building via a 4" main from the Consolidated Edison Electric and Gas Co. under Grand Street. It enters the building at the cellar level into the gas meter room and is individually metered for heating, domestic hot water, cooking and warming fireplaces located at the 8/F, 9/F, 10/F (Penthouse "A") and Penthouse "B". The gas supply system has been designed to provide for adequate service.
- c. Electricity is supplied to the site from the Consolidated Edison Electric and Gas Co. and enters the building at the cellar level into an electric meter room. Each unit and the first floor rental space are individually metered. There is a separate meter for the common areas and lobbies.
- d. Telephone service is supplied to the building by Verizon. Telephone line distribution panel is located at the Cellar Tele-communication room. Each unit will be pre-wired for telephone service.
- e. There will be a 6" combined house and storm sewer connecting to the sewer line underneath Grand Street.

5. ROOF GARDENS

- a. There is a common roof garden located at the main roof designed for the exclusive use of the JLWQ owners. The area of the common roof garden is 730 s.f.
- b. The common roof garden will be covered with 2'-0" x 2'-0" concrete pavers and will be lit with exterior light fixtures in the evening.
- c. In addition to the common roof terrace, there will be a separate private roof terrace for exclusive use of the occupant of the 10th floor (Penthouse "A"), and a smaller one for the exclusive use of Penthouse "B". The private roof terraces are furnished with concrete pavers. Part of the roof deck for Penthouse "A" will also be furnished with a wood deck.

6. ROOF RIGHTS

- a. All construction work on the common roof garden will require a work permit from the Department of Buildings, City of New York, with the following exception:

- Placing of potted plants and shrubberies not exceeding the roof loading limits
- Placing of removable shades and play equipment not exceeding the roof loading limits

- b. All construction work which are not readily removable will require a building permit prior to start of work. As the F.A.R. of the building has been exhausted, any additional square footage increase in floor area, or additional adjustment of height alongside Grand street or Centre Street will require special variance approval.
- c. The existing building is not designated as a Landmark Building, or does it lies within a Landmark District.
- d. If the application for a variance for construction on the roof is opposed by the cooperative corporation or Board of Managers of the condominium, such application will automatically be denied.
- e. The cooperative corporation governing the JLWQ units will reserve unlimited rights to access all areas of the roof and cellars for purposes relating to repair and inspections.

7. BUILDING AND FLOOR HEIGHTS

The floors heights listed below are approximate and they indicate maximum height in living areas. There will be lower ceiling heights in miscellaneous areas such as bathrooms, kitchens and hallway areas.

- a. The total height of the existing building from the average curb elevation is approximately 124'-6".
- b. The cellar floor ceiling height is 7'-5".
- c. The ground floor ceiling height is 10'-8".
- d. The ground floor level at Centre Street is approximately 1'-8" above existing sidewalk.
- e. The 2nd floor ceiling height is 11'-6".
- f. The 3rd floor to 10th floor ceiling heights are 10'-6" typical.
- g. The ceiling height of the Penthouse "B" will be 9' - 0". The living area of the Penthouse unit will have a double height ceiling height of approximately 20' - 0".
- h. All new parapet walls at main roof will match with the existing parapet walls in height. New railings at NW corner of roof will be 3'-6" in height.

- i. The total height of the building will be approximately 149' - 11" +/-, measured from sidewalk level to the roof of the Penthouse "B".

8. OCCUPANCY

- a. There are 16 JLWQ units proposed for the building. Two units each are designed for each floor, from 2nd to 7th floor. The 8th, 9th and 10th floors will each have one unit per floor. The 10th floor unit will also have a private roof terrace. The new Penthouse "B" is located at the southwest corner of the building and also provided with a small private terrace.
- b. The first floor will contain two non-residential condominium units, plus two independent Lobbies for the 16 JLWQ units. One Lobby will enter the building from Grand Street, with the other entering off Centre Street.
- c. The building custodian office, general storage, gas meter room, water meter room, electrical room, tele-communication room, compactor room are all located at the cellar floor. There are also 16 individual storage units reserved for each one of the 16 JLWQ units in the building.

9. STRUCTURAL SYSTEM

- a. The exterior walls of the existing building from the cellar to the 10th floors are of brick masonry walls 12" to 16" in thickness. The existing floor framing system consists of cast iron beams and built-up plate steel columns and appears to be in sound condition.
- b. The foundation appears to be in good condition, without any noticeable settlement, cracking, leaning or moisture penetration. The cellar floor and walls appear to be in good condition.
- c. All new structural steel are fabricated in accordance with the latest ASTM specifications for A-36 steel.

10. EXTERIOR OF BUILDING

- a. Local Law 10/11 inspection requirement is applicable for this building: A copy of the latest inspection report prepared by Harry H. Hong, P.E. is attached with this report.
- b. The existing front facades facing on Centre Street & Grand Street are built with beige bricks. The 1/F and 2/F of the building are clad with metal castings, which will be cleansed and re-painted.
- c. The proposed ground floor facades are to be built of glass and metal storefronts.

11. WINDOWS

- a. New Windows are installed from 2nd floor to Penthouse "B". They are exterior wood double glazed, double hung windows by PELLA WINDOWS. Model #: Architectural series-Classic, clad model type I and II. PELLA WINDOWS will warrant two years labor, 10 years for parts and 20 years for glazing.
- b. Light & air easement rights will be obtained for windows located along the West Side of the building, alongside neighboring property at 157 Grand Street.
- c. Windows providing access to fire escape will be protected with sprinkler heads & glazed laminated safety glass.

12. PARAPETS AND COPING

- a. All parapets at the main roof will be rebuilt with concrete masonry and brick. The coping will be copper.

13. CHIMNEYS

- a. There are two new chimneys built for the building for the warming fireplaces. One chimney (equipped with separate flues) serves the 8th, 9th, and 10th floor. The second chimney serves Penthouse "B". Both chimneys are constructed with insulated metal flues and encased with 2 wythes of brick wall. One chimney is located at the Northwest corner of the private roof garden and the second chimney is located at the north side of the Penthouse "B" roof.

14. BALCONIES AND TERRACES

- a. There are two private terraces: One terrace serves the 10th floor Penthouse "A" unit and the second one serves the Penthouse "B".
- b. Penthouse "B" terrace will be enclosed with masonry parapet wall facing south & metal railings facing North. Both are at 3'-6" in height.
- c. 10th floor Penthouse "A" will have a new wood deck located at the northeast corner of the terrace. The private terrace is directly accessible to the unit via a metal staircase located within a sky-lighted access area.

15. EXTERIOR ENTRANCES AND COMMON AREAS

- a. There are two main entrances to the building. One is located on Grand Street and the other one is located on Centre Street.
- b. The Centre Street entrance will provide direct elevator access to all "B" units of the 2/F to 7/F, as well as to the 8/F, 9/F, 10/F and Penthouse "B". It is

approximately 1'-8" lower than the Lobby at Grand Street and the main 1/F. It will be furnished with a new metal and glass storefront, as well as new glass canopy over the entrance area. A new audio/video intercom will be installed at the entrance of the Lobby.

- c. The Lobby at Grand Street will be furnished similarly.
- d. There will be mailboxes provided at both Grand & Centre Street lobbies for the tenants, of the type approved by US Government postal requirements.
- e. Lobby vestibules are to be kept properly lighted as per NYC, MDL Rules and regulations.
- f. A new roof top common garden is created for the exclusive of the JLWQ tenants.
- g. All common areas will be in excellent condition.

16. SERVICE ENTRANCES

- a. There is no separate service entrance to the building. Service and deliveries are to be brought through the Grand & Centre street Lobby Entrances.

17. NEW CONSTRUCTION / ROOF AND ROOF STRUCTURES

Existing stairs, elevator -top bulkheads, water tower and roof are to be rebuilt. A new roof Penthouse unit is erected. New roofs will be installed throughout. All new construction will be built of non-combustible materials, consisting of new masonry exterior walls, steel beams and bar joists with poured concrete on top Of new metal decks.

New Roofing shall conform to the following:

- I. Material: 4-ply built up roofing system
- II. Insulation: 2" Rigid insulation
- III. Surface material: Concrete pavers in roof top public garden. Concrete pavers & Wood deck in 10th floors (Penthouse I) private terrace.
- IV. Expected useful life: 23 years
- V. Bond or guarantee: Warranty 15 years
- VI. Flashing Material: Copper coping

18. ROOF DRAINS

- a. Four heavy-duty metal roof drains with adjustable top are to be installed at main roof.

19. SKYLIGHTS

- a. One new skylight is located at the 10th floor private terrace. (Penthouse "A") The material of the skylight is break-formed aluminum and ¼" clear tempered over ¼" clear tempered low-energy glass. Skylight is installed & warranted by Kenneth Hargreaves. Co for a period of 3 years after it's installation date.

20. BULKHEADS

- a. New elevator and stair bulkhead walls will be constructed of masonry and brick.

21. METAL WORK AT ROOF LEVEL

- a. There are steel stairs and platforms from the main roof which lead to the elevator machine rooms.
- b. There are vertical steel ladders leading to the Penthouse "B" roof and the water tank.
- c. There is a roof hatch at elevator "B" bulkhead, louvers at stair "B" and elevator "A" bulkhead.

22. FIRE ESCAPES

- a. There is new metal fire escape stair located on the Centre street to comply with Sec. 53 of the Multiple Dwelling Law.
- b. There is a vertical drop ladder attached at the 2nd floor platform to provide access to the street from the fire escape.
- c. Materials of fire escape: Metal angles and brackets

23. YARDS AND COURT

- a. There are no yards.

24. INTERIOR STAIRS

- a. All stair enclosures are to have a minimum 2 hour rating.
- b. Existing stair (Stair "B" – 3/F to 10/F) is concrete steel pan construction with steel balusters and railings. The existing stairs are to be repaired and repainted.
- c. New stairs construction to be concrete steel pan construction.
- d. All new stairs are enclosed with concrete block walls and with steel pipe railings.

e. There are four stairs in the building described as follows:

- I. Stair "A" – An existing egress stairs located at the Grand Street side serving 1st floor to 2nd floor. A new stair will serve from the 2nd floor to the main roof.
- II. Stair "B" – A new egress stair will be constructed at the Centre street side serving 1st floor to 3rd floor and 10th floor to the main roof. Existing egress stair from 3rd floor to 10th floor to remain.
- III. Stair "C" – A new egress stair will be constructed at the Centre Street side serving 1st floor to cellar.
- IV. Stair "D" – A new egress stair will be constructed at the Grand Street side serving 1st floor to cellar.

25. INTERIOR DOOR AND FRAMES

- a. Unit entrance elevator doors shall be 3'-0" x 8'-0", stainless steel finish and will meet the New York City Building Code requirements. The apartment interior doors are wood doors with painted wood frames.
- b. All doors and frames leading to egress stairs shall be hollow metal with wood veneer (facing unit) and will meet the New York City Building Code requirements.
- c. Roof doors, cellar doors and frames shall be hollow metal and will meet the New York City Building Code Requirements.

26. ELEVATORS

- a. There two passenger elevators servicing the building used for both passenger and service purposes.
- b. The existing elevator at the Grand street entrance will be replaced with a new elevator within the existing shaft walls. It is to be a traction type passenger elevator with new motors, new controllers, cables and doors. The shaftway enclosures and doors will be new on all floors. This elevator will serve from cellar floor to 10th floor.
- c. The existing elevator at the Centre street entrance will be replaced with a new elevator within the existing shaft opening. It is to be traction type passenger elevator with all new motors, controllers, doors and cables. Shaftway doors will be new on all floors. The existing shaft will be extended to the common roof garden. The elevator will serve from cellar floor to common roof garden.

- d. Both elevators are to be automatic operation, capacity of 2,000 lbs. ALEX & SON ELEVATOR CO manufacture the elevators.
- e. Elevator doors shall be automatic closing doors.
- f. Both elevator machine rooms are located atop the main roof.

27. ELEVATOR CABS

- a. Walls to be Stainless steel panels in two different patterns, gold mirror checks and plan bronze mirror.
- b. Floors to be 12" x 12" snow-flake granite tile with 6" x 12" black honed border.
- c. Ceilings to be Brushed stainless steel ceiling panel with 2' x 2' recessed lighting by the MARK LIGHTING.
- d. Both elevators are equipped with alarm and " Fireman's Key Switch" (elevator in readiness).

28. AUXILIARY FACILITIES

- a. There will be a room provided in the cellar for trash compactor and refuse storage. ECONO KRUSHER COMPACTOR & TOWER RECYLING SYSTEM CO will manufacture the compactor.

29. PLUMBING AND DRAINAGE SYSTEMS

- a. Sanitary drainage system will convey all soil and waste water from all plumbing fixtures and equipment through vented fixtures branches, stacks and house drains. The Sanitary House Sewer will extend outside the building wall and connect to the exterior combined sewer.
- b. Vent piping extended from the fixtures drains equipment and stacks to point of termination above the roof.
- c. The whole building is supplied with wet sprinkler system and consists of both pendent and recessed horizontal sidewall sprinkler heads throughout all the units. The material of the sprinkler is schedule 40 black steel pipes.
- d. There are two existing siamese connections at the front of the building, one each on the Centre and Grand Street.
- e. A new 6" diameter fire service line runs from the Grand street siamese connection to stair "B". There is a 3" branch-off from the 6" line at the cellar, which connects to the Centre Street Siamese piping.

- f. Storm Drainage system will convey storm water from roof areas, etc., through leaders to new house drain. The storm house drain will extend outside building wall and connect to the exterior NYC Sewage System.
- g. Water and sewage pipings consist of heavy-duty cast iron pipe. There is a 6" combined house sewer with a 6" sanitary house trap and a 6" storm house trap located at the Cellar Level underneath the Grand Street entrance.

30. WATER SUPPLY

- a. Potable water provided and is adequate for each unit. Water is supplied to the building through an existing 3" supply line located at the grand Street side of the building. Approved New York City waters and RPZ valves are to be installed.
- b. Domestic water booster pumps will provide water supply to plumbing fixtures and equipment.
- c. Water pressure will be maintained at appropriate psi. throughout the building.
- d. The water booster pump shall be FEDERAL PUMP, model #SP-8080-2. It will be provided with a cushion tank located at the Cellar level.
- e. For sewage ejection, there is duplex ejector pump located at the water meter room, The pump is manufactured by FEDERAL PUMP, model # VSS-3P-1/2-4, 50 GMP, 20' HD., 1.2 horse power.
- f. Regulator shall by WATTS REGULATOR CO., back flow preventor and model #5 pressure reducing valve.
- g. All plumbing, drainage and sprinkler piping to be new and have been designed to provide for adequate service.
- h. The existing water tank will be removed and replaced with a new tank. The new water tank is made of yellow cedar timber located above the Elevator Machine Room bulkhead. An electric heater will be installed at the bottom of the tank to maintain the water temperature above freezing in winter. The tank has a capacity of 5000 gallons, which includes 3500 gallons for fire reserve and 1500 gallons for domestic water consumption. Water pressure will be maintained by fire-pumps.

31. HEATING AND AIR CONDITIONING

- a. There is a boiler and an indirect hot water storage tank provided in each unit. The boiler is manufactured by HYDROTHERM, model #HC-125E, Mea #90-77-E. The indirect hot water storage tank is manufactured by WEIL-MCLAIN model # gold plus 80.

- b. The hot water boiler will provide comfort heating and domestic hot water for each unit. A circulating pump is provided to circulate hot water to the fin tube radiators located at the perimeter of each JLWQ units. It will also circulate hot water into the coil of domestic water storage tank to provide domestic hot water for domestic hot water consumption.
- c. Baseboard radiators are manufactured by MULTI-PAK 95, model #95-10.
- d. There will be a split air conditioning unit with remote air cooled condensing unit for each unit. For 2nd to 9th floor: The air conditioning unit is manufactured by York Model #F2FP048H06 to be located above hung ceiling, and the air cooled condensing unit is manufactured by York model #4DH048A06 to located on the roof. For 10th floor Penthouse "A": the air conditioning unit is manufactured by Magicaire model #60BHX to be floor mounted, and the air cooled condensing unit is manufactured by York model #H4DH0A06 to be located on the roof of Penthouse "B".
- e. A gas fired package rooftop HVAC unit is provided for the Penthouse "B". It is manufactured by YORK, model #DM090N15N2AAA1.
- f. The entrance lobbies are conditioned by independent Air Handle Units, as manufactured by COOL AIR CO., model #SP12G1AS.
- g. Cooling in the cellar is provided by Air Handle Unit manufactured by YORK AIR CONDITIONING, model #F2FP048H06.
- h. There will be electric heaters located at both stair "A" and stair "B", as manufactured by QMARK model #KSF483081.
- i. Electric heaters will also be provided in the building offices at the cellar level.
- j. Local air conditioning units will be provided at both elevator mechanical rooms, as manufactured by CARRIER, model #XCB183D.
- k. All components of the heating and air conditioning system have been designed to provide adequate service and to meet with the NYC State Energy Codes.
- l. All heating and cooling units will be new and would be sufficient.

32. VENTILATION

- a. All interior toilet, bathrooms and kitchens are mechanically ventilated in accordance with New York City Building Codes. Duct risers with dedicated exhaust fans mounted on the roof are located throughout the building.

- b. All dryers connect to a vertical riser with an exhaust fan mounted on the main roof.

33. ELECTRICAL SYSTEM

- a. Electric service is via new Consolidated Edison from Centre Street. Service will consist of: 3 phase, 208 volt, 60 hz. 800 amps for ground floor tenants and the public areas, with a separate meter. There will also be 1,800 amps servicing the JLWQ units, each with dedicated service meters and individual electrical panels.
- b. For 2nd floor to 7th floor: Each unit will be provided with 100 amps service @ 120/208 volt, 3 phase, 4 wires. For 8th floor to penthouse: Each unit will be provided with 150 amps service @ 120/208 volt, 3 phase, 4 wires.
- c. A secondary service is brought in from Centre Street and is dedicated for fire pump use. It is rated 200 amps, 3 phase, 208 volt and 60 hz.
- d. All electric service is to be new.
- e. On average, there will be twenty-one electrical circuits per JLWQ unit. From 2nd to 7th floor, units "A" will have six outlets at living room, seven outlets at master bedroom, four outlets at second bedroom, seven outlets at kitchen and one outlet at each bathroom, powder room and mechanical room. Units "B" will have six outlets at living room, four outlets at master bedroom, three outlets at each bathroom, powder room and mechanical room. For 8th, 9th and 10th floor (Penthouse "A") units, there will be twelve outlets at living room, four outlets at gallery, five outlets at master bedroom, four outlets at second bedroom, three outlets at library/future bedroom. The Penthouse "B" will have eight outlets at living room, six outlets at kitchen, three outlets at mezzanine level and one outlet each at each bathroom.
- f. Each apartment is to be supplied with new electrical service adequate for the required loads. Each unit is individually metered by CON EDISON.
- g. Distribution panels will have copper buses.
- h. The electrical system for the condominium units will be adequate for modern electrical usage.

34. INTERCOM

- a. The building will be equipped with an integrated video/intercom system permitting the occupants of the units to communicate with guests at each lobby and the building office and permit entry into the building. The video/intercom system is manufactured by SIEDLE and will consist of the following components:

- I. Color Swivel – Tilt camera module at both entrances, elevators and roof top entry.
- II. All the JLWQ units and common roof will have a standard handset with ring volume adjust and Swivel monochrome 4" monitor.
- III. Both lobbies will have a free – standing 62" pedestal unit with an anti – theft accessory lock, digital directory dialer module and code lock module.

35. TELEPHONE AND TELEVISION RECEPTION FACILITIES

- a. Accessibility to cable television connections will be provided to units.
- b. From 2nd floor to 7th floor, both units "A" and "B" will have three phone/cable outlets at living room, two outlets at master bedroom and second bedroom, one outlet at master bathroom. From 8th to 10th floor Penthouse "A", all units will have four phone/cable outlets at Living Room, two outlets at Master Bedroom and second Bedroom, future Bedroom, Library and one outlet at Master Bathroom. Penthouse "B" will have two phone/cable outlets at Living Room, one outlet each at Bathroom and Kitchen, two outlets at mezzanine Bedroom and one at mezzanine Bathroom.

36. SECURITY SYSTEM

- a. There will be video cameras mounted in the lobbies and the two elevators. Monitoring service will be located at the Building Manager's Office.

37. PUBLIC AREA LIGHTING

- a. Lighting will be furnished to the public areas of the building through fluorescent and/or incandescent fixtures, connected via a separate circuits to a dedicated house lighting panel.
- b. Exterior lighting will be provided to service both common and private terraces.
- c. Exterior lights at common roof garden are of fixtures manufactured by KASKO.
- d. Recesses down lights at lobbies are typically manufactured by KURT VERSEN.

38. VIOLATIONS AND CERTIFICATE OF OCCUPANCY

- a. All violations will be removed upon issuance of a final Certificate of Occupancy.
- b. Building sponsor will obtain a temporary or permanent Certificate of Occupancy prior to closing of units.

39. UNIT INFORMATION (APPLIES ONLY TO UNITS CURRENTLY BEING OFFERED)

See plans for configuration and boundaries of units being offered.

- a. Floor Plans depicting layouts of the Units in the Schedule A appear in Part of the Plan. Purchasers should note that the square footage of each unit reflected in the Schedule A and the Floor Plans set forth in Part II of the Plan is approximate. They are measured from the exterior side of the exterior walls (columns, pipes are not deducted) to the midpoint of the interior walls and partition separating Unit from the public corridors, stairs, elevators, and other mechanical equipment space and /or another Unit.

- b. All 2nd to 7th floor Loft units and Penthouse "B" to contain the following finishes:

<u>Room</u>	<u>Floor</u>	<u>Base</u>	<u>Wall</u>	<u>Ceiling</u>
Living/Dining Room	Wood	Wood	Gyp. Board/Paint	Exposed/Paint
Kitchen	Wood	Wood	Ceramic Tile	Gyp. Board/Paint
Bedrooms	Wood	Wood	Gyp. Board/Paint	Exposed/Paint
Bedroom Closets	Wood	Wood	Gyp. Board/Paint	Gyp. Board/Paint
Bathrooms	Stone	Ceramic Tile	Ceramic Tile/Gyp. Board	Gyp. Board/Paint
Hallway	Wood	Wood	Gyp. Board/Paint	Gyp. Board/Paint
Hallway Closet	Wood	Wood	Gyp. Board/Paint	Gyp. Board/Paint
Power Room	Limestone	Limestone Tile	Gyp. Board/Paint	Gyp. Board/Paint
Mech./Laundry Room	Ceramic Tile	Ceramic Tile	Gyp. Board/Paint	Gyp. Board/Paint

- c. All 8th, 9th and 10th floor (Penthouse A) units to contain following finishes:

<u>Room</u>	<u>Floor</u>	<u>Base</u>	<u>Wall</u>	<u>Ceiling</u>
Living/Dining Room	Wood	Wood	Gyp. Board/Paint	Exposed /Paint
Kitchen	Wood	Ceramic Tile	Ceramic Tile	Gyp. Board/Paint
Pantry	Wood	Limestone Tile	Gyp. Board/Paint	Gyp. Board/Paint
Bedrooms	Wood	Wood	Gyp. Board/Paint	Exposed /Paint
Bedrooms Closets	Wood	Wood	Gyp. Board/Paint	Gyp. Board/Paint
Bathrooms	Stone	Ceramic Tile	Ceramic Tile/Gyp. Board	Gyp. Board/Paint
Library / Study	Wood	Wood	Gyp. Board/Paint	Gyp. Board/Paint
Hallway	Wood	Wood	Gyp. Board/Paint	Exposed /Paint
Mechanical Room	Ceramic Tile	Ceramic Tile	Gyp. Board/Paint	Gyp. Board/Paint
Laundry Room	Ceramic Tile	Ceramic Tile	Gyp. Board/Paint	Gyp. Board/Paint
Entry Closet	Wood	Wood	Gyp. Board/Paint	Gyp. Board/Paint

- d. All wood strip flooring with two coat of oil-based polyurethane finish on plywood subfloor.
- e. All interior walls shall be painted in Benjamin Moore, latex flat. Decorators white. All interior ceilings shall be painted in Benjamin Moore, latex flat. Decorators white.

- f. All 2nd to 7th floor Loft units and Penthouse "B" to contain the following kitchen appliances:

<u>Appliances</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Finish</u>	<u>Description</u>
Microwave	Kitchen Aid	Kcms 135G	Stainless Steel	
Dishwasher	Bosch	SHU6805UC	Stainless Steel	24" Dishwasher
Refrigerator	Sub-Zero	#611	Stainless Steel	30" Refrigerator
Wine Cooler	U-Line	15 Series	Stainless Steel	15" Wine Cooler
Range	Viking	VGIC305-4B	Stainless Steel	30" Range
Range Hood	Viking	VWH3048	Stainless Steel	30" Range Hood
Range Backsplash	Viking	T30HS24	Stainless Steel	23 1/2" S. Steel Backsplash
Sink	Franke	PRX110-21	Stainless Steel	Undermounted Sink
Faucet	Franke	FF300	Chrome	

- g. All 8th, 9th and 10th floor (Penthouse "A") units to contain the following kitchen appliances:

<u>Appliances</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Finish</u>	<u>Description</u>
Microwave	Kitchen Aid	Kcms 135G	Stainless Steel	
Dishwasher	Bosch	SHU6805UC	Stainless Steel	24" Dishwasher
Refrigerator	Sub-Zero	#561	Stainless Steel	36" Refrigerator
Wine Cooler	G.E	ZDW24Y	Stainless Steel	
Range	Viking	VGIC365-4Q	Stainless Steel	36" BBQ Range
Range Hood	Viking	VWH3648	Stainless Steel	36" Range Hood
Range Backsplash	Viking	T36HS24	Stainless Steel	23 1/2" S. Steel Backsplash
Sink	Franke	PRX160	Stainless Steel	Undermounted Sink
Faucet	Franke	FF300	Chrome	

- h. All kitchen counter top to be 3/4" Pietra Cordosa stone, slab counter top (honed finish) with 1 1/2" built up edge.
- i. All base cabinets to be in white matt finished with aluminum door pulls and all exposed edges to be finished hardwood. All upper cabinets to be finished in dove gray on Oak and all exposed edges to be finished hardwood.
- j. All units to contain the following powder room and bathroom fixtures:

<u>Powder Room</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Finish</u>	<u>Description</u>
Water Closet	Kohler	No. K-3386	White w/ Polish chrome Trim	
Paper Holder	Kroin	No. T12	Polish Chrome	
Lavatory Fucet	Kroin	No. 111C	Polish Chrome	
Lavatory				Custom soapstone sink

<u>Master Bathroom</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Finish</u>	<u>Description</u>
Water Closet	Kohler	No. K-3394	White w/ Polish chrome Trim	San Rafael pressure lite toilet
Paper Holder	Sepco	No. 12.4-PN	Polish Nickel	
Lavatory Faucet	Sepco	No. 122-X-PN	Polish Nickel	
Lavatory	Kohler	K-2210	White	Tub Caxton undermount lavatory
Bath Tub	Kohler	K-840 / 850	White	* Maestro and Tea for Two
Deck Mounted Tub Set	Sepco	No. 128.1-X-PN	Polish Nickel	
Shower Set	Sepco	No. 123.3-X-PN	Polish Nickel	2 Set
Towel Bar	Sepco	No. 12.2-PN	Polish Nickel	24" Towel Bar
	Sepco	No. 12.1-PN	Polish Nickel	18" Towel Bar
Shower Enclosure	Keystone		Polish Nickel Hardware	Frameless Shower Enclosure w/ 3/8" Safety glass
Cabinet	Basco	No. BV392P		Semi-recessed mirror cabinet
Vanity				Custom, brushed stainless steel vanity w/ marble top

* All units will have Maestro 5'-6" tub except unit "A" (2nd to 5th Fl) will have Tea for Two 5'-0" tub.

<u>Second Bathroom</u>	<u>Manufacturer</u>	<u>Model #</u>	<u>Finish</u>	<u>Description</u>
Water Closet	Kohler	No. K-3394	White w/ Polish chrome Trim	San Rafael pressure lite toilet
Paper Holder	Sepco	No. 12.4-PC	Polish Chrome	
Lavatory Faucet	Sepco	No. 122-Y-PC	Polish Chrome	1 Set
Lavatory	Kohler	K-2211	White	Undermount lavatory
Bath Tub	Kohler	K-515 / 519	White	* Dynametric tub
Pressure Balance Tub Set	Sepco	No. 123.2-Y-PC	Polish Chrome	
Shower Set	Sepco	No. 123.3-Y-PC	Polish Chrome	1 Set
Towel Bar	Sepco	No. 12.1-PC	Polish Chrome	18" Towel Bar
Cabinet	Basco	No. FM333PE-W		Recessed cabinets w/ polished edge

* Unit "A", 8th, 9th and 10th floor units will have Dynametric 5'-0" tub. Unit "B" will have Dynametric 5'-6" tub except 2nd fl. (Shower)

k. All finishes, appliances and bath fixtures are new.

l. There will be washing machine and dryer in each unit. Both washer and dryer are manufactured by GENERAL ELECTRIC COMPANY, washer model #: GE-WSXH208V-120V and Dryer Model #: GE-DSH43EV/GV-240V.

- m. There will be recessed down lights located at hung ceiling areas in each unit. Incandescent light fixtures are manufactured by COLUMBIA. Powder rooms will have ceiling mounted pendant light by LOUIS POULSEN. Wall Scones in bathroom are supplied by URBAN ARCHEOLOGY.

40. FIREPLACES

- a. Gas fired fireplaces are to be installed in the following floors; 8th, 9th 10th (Penthouse "A") and Penthouse "B". Fireplaces are manufactured by SUPERIOR, model #BBV-42.

41. LOBBY FINISH

- a. Floors to be 2' x 2' Verde Alcamo granite tiles with 6" wide Supreme Green granite tile border. Wall bases are of same Supreme Green granite tile.
- b. Walls are to be wood panels with 1/2" wide stainless steel strip.
- c. Ceilings to be gypsum board ceilings with 1/2" wide stainless steel strip and recessed down lights.

42. FIRE PROTECTION SYSTEM

- a. The building is entirely sprinklered from cellar to the new Penthouse "B" level.
- b. The existing roof top water tanks will be removed and be replaced with a new tank. A new fire-pump will serve 10th floor Penthouse "A" and Penthouse "B".
- c. There are existing sprinkler and standpipe Siamese connection at Grand Street and Centre Street.
- d. There are standpipe systems with hose racks connections in both stair "A" and Stair "B" through out the building. The standpipe systems will extend continuous throughout the building stairs.
- e. The standpipe system will be connected to the fire pump, which also serves the sprinkler system.
- f. Each unit will contain smoke detectors located in the ceiling areas of the bedrooms, as NYC Building Code requirements. The smoke detector is hard wired to a 120-volt local power supply and is self-contained within its own sounding device, which will provide a visual signal and audible signal when activated.

43. ASBESTOS COMPLIANCE:

- a. There is no visible asbestos-containing material being seen at the building. Attached is a copy of asbestos inspection report prepared by Mr. Kwong T. Seung, NYC asbestos investigator.

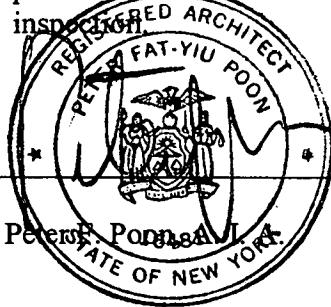
44. LOCAL LAW 58 COMPLIANCE:

- a. Upon completion of all work described in the approved plans, the building will be in compliant with ADA (American Disability Act) requirements for an adaptable, barrier free environment.

45. GENERAL COMMENTS

Peter F. Poon, Registered Architect in State of New York, completed this report.

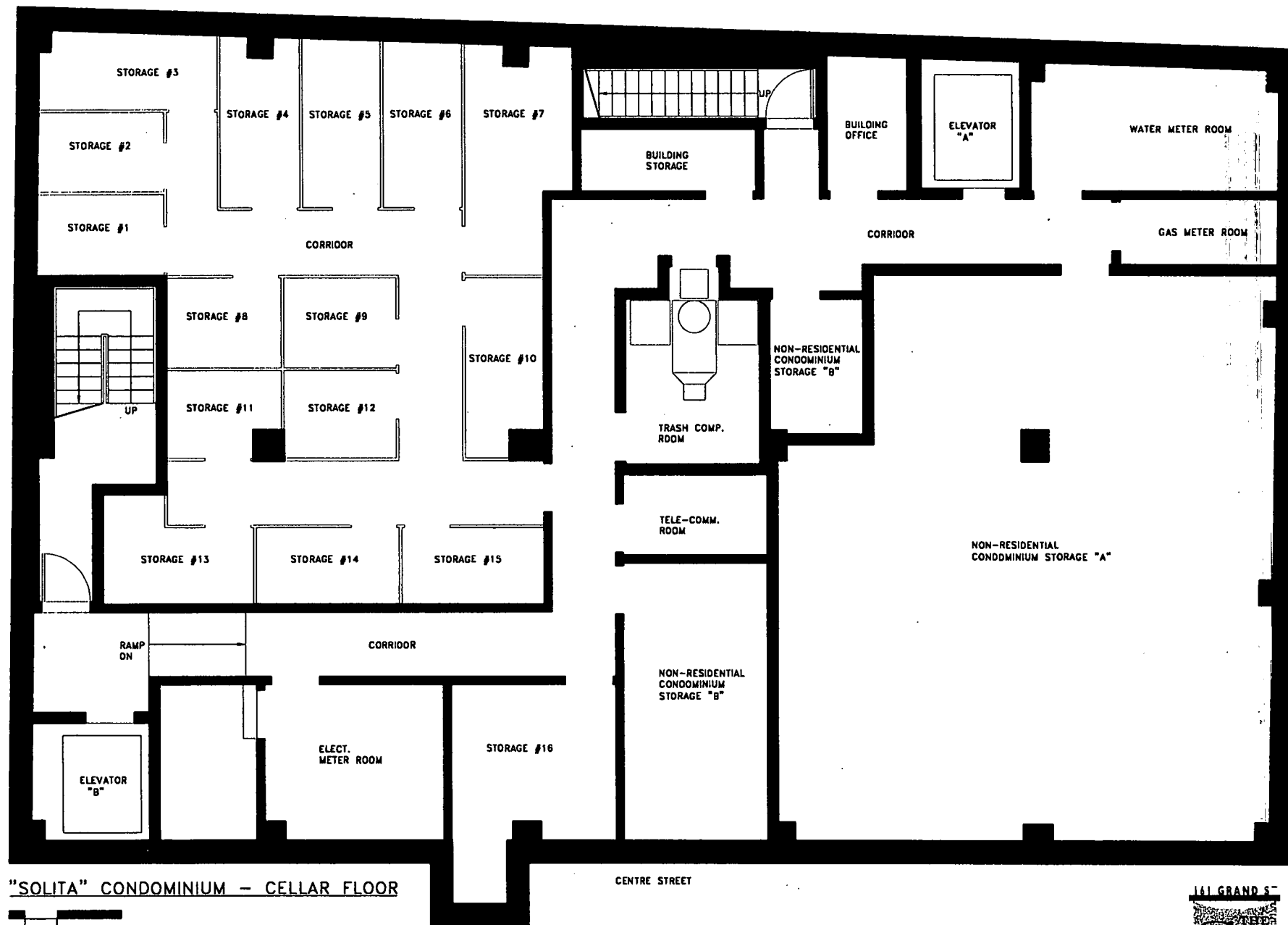
The contents of this new report are correct to the best of my knowledge and belief, and contains all information observed during a walk through inspection of the subject building and review of plans and specifications along with information provided to me. Some of the proposed work was started or complete at the time of inspection.



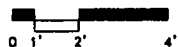
Peter F. Poon, R.A.

dated: July 19 2001

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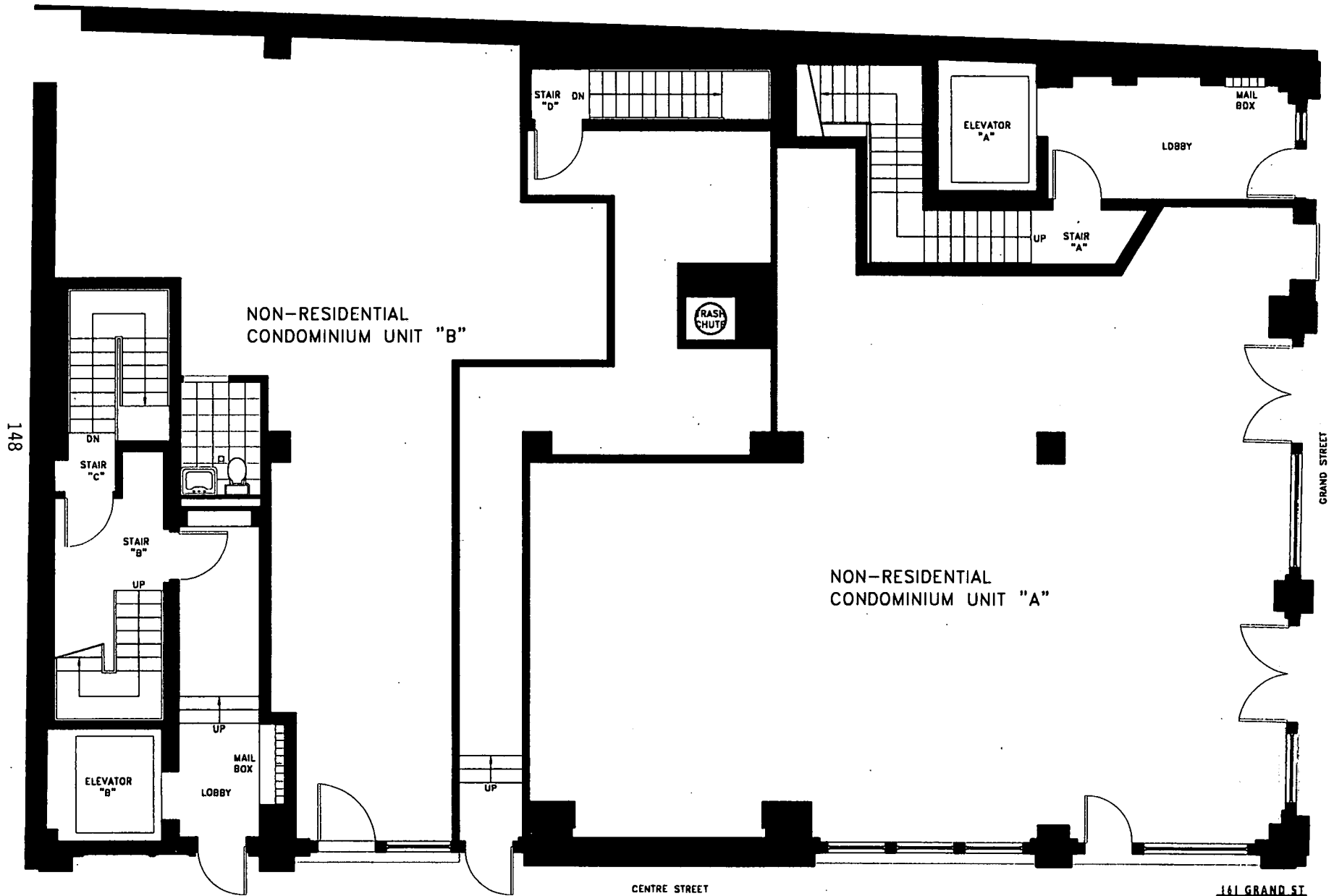


"SOLITA" CONDOMINIUM - CELLAR FLOOR



141 GRAND ST

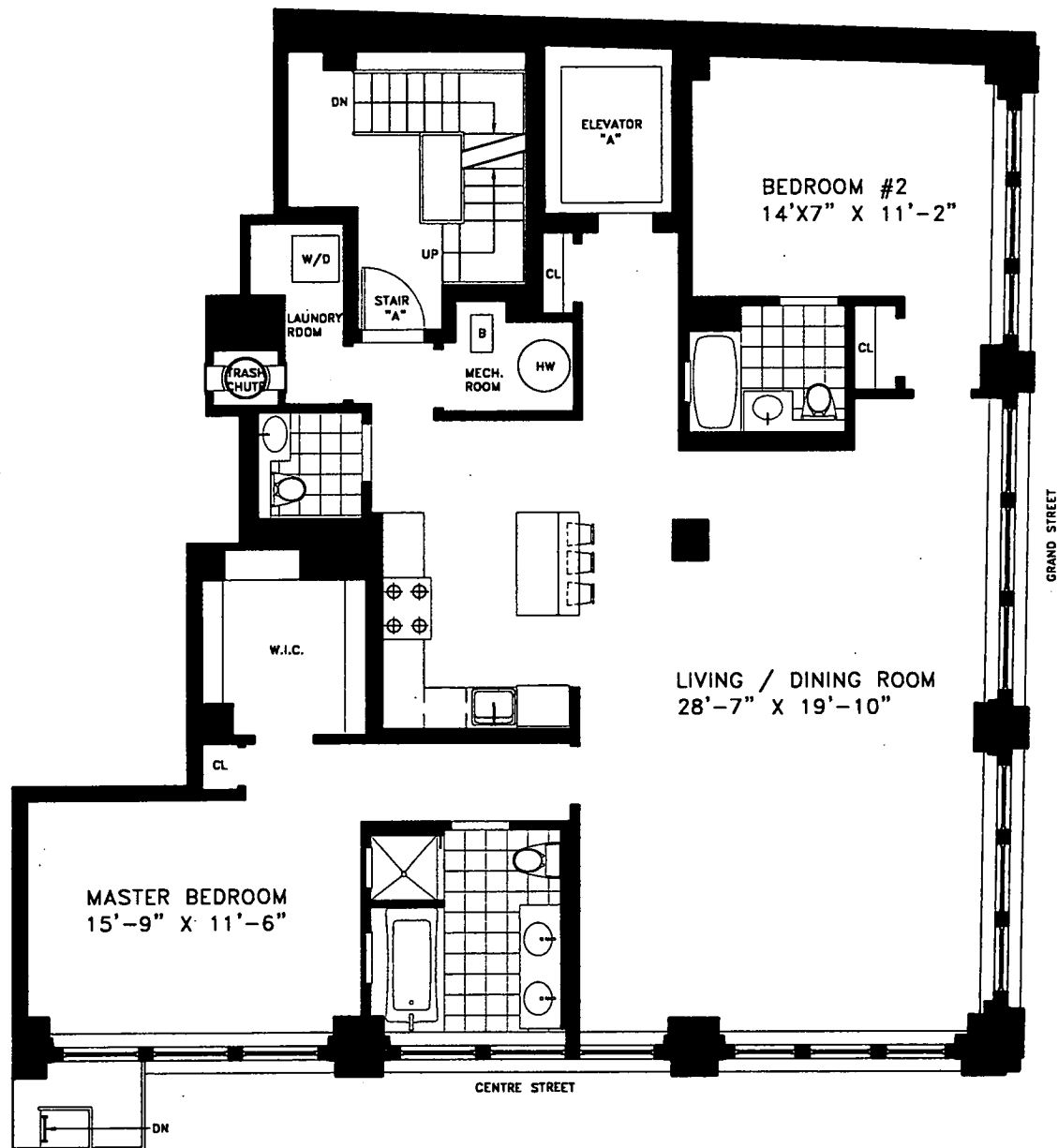




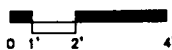
"SOLITA" CONDOMINIUM - FIRST FLOOR

0 1' 2' 4'

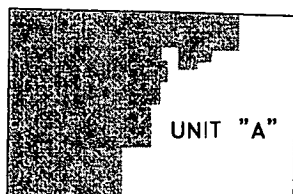




"SOLITA" CONDOMINIUM - SECOND FLOOR UNIT "A"

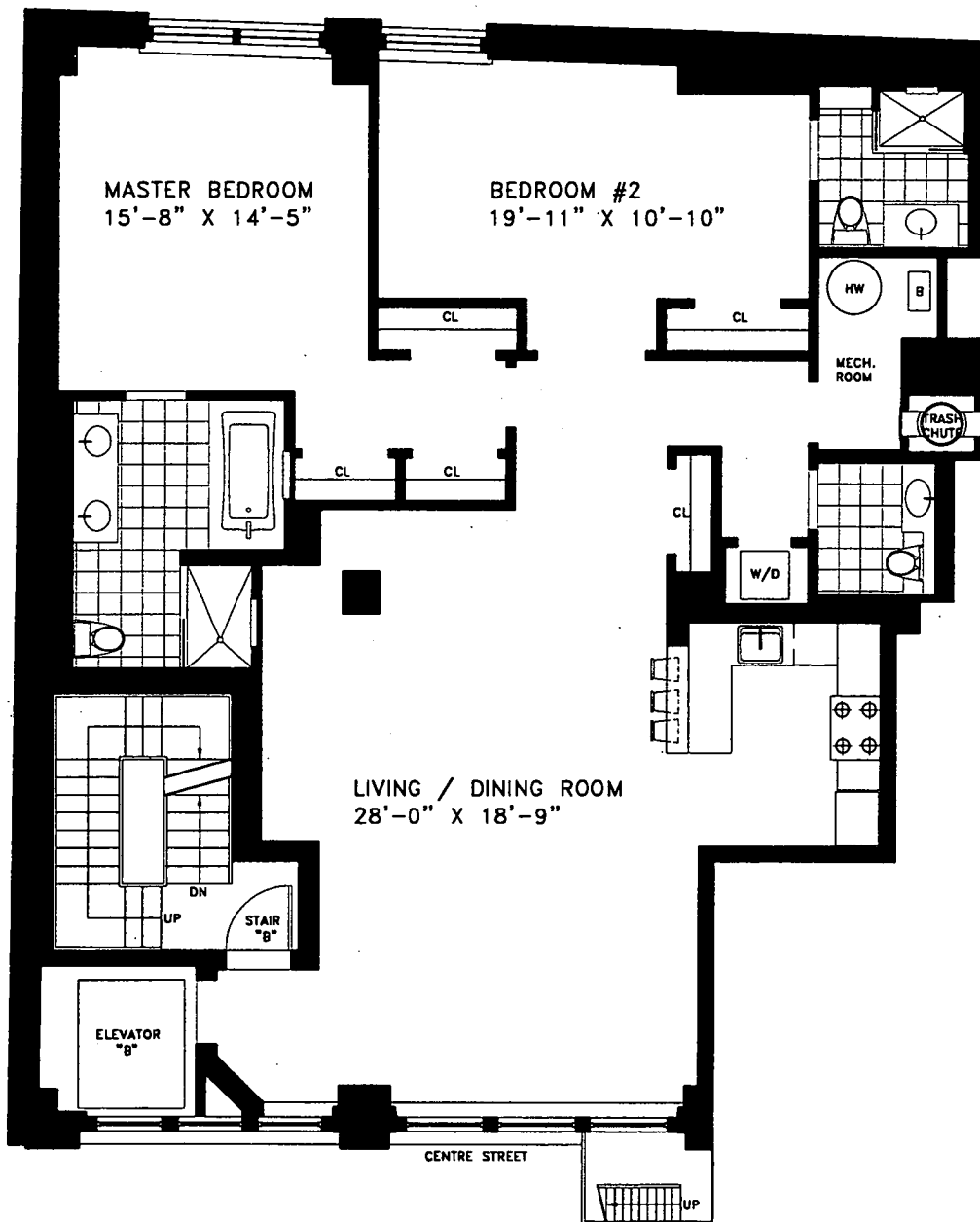


THE ABOVE NUMBERS ARE PRELIMINARY
AND ARE SUBJECT TO FINAL SURVEY.



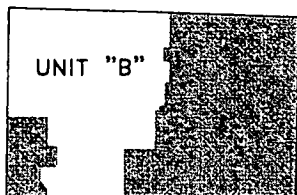
KEY PLAN





"SOLITA" CONDOMINIUM - SECOND FLOOR UNIT "B"

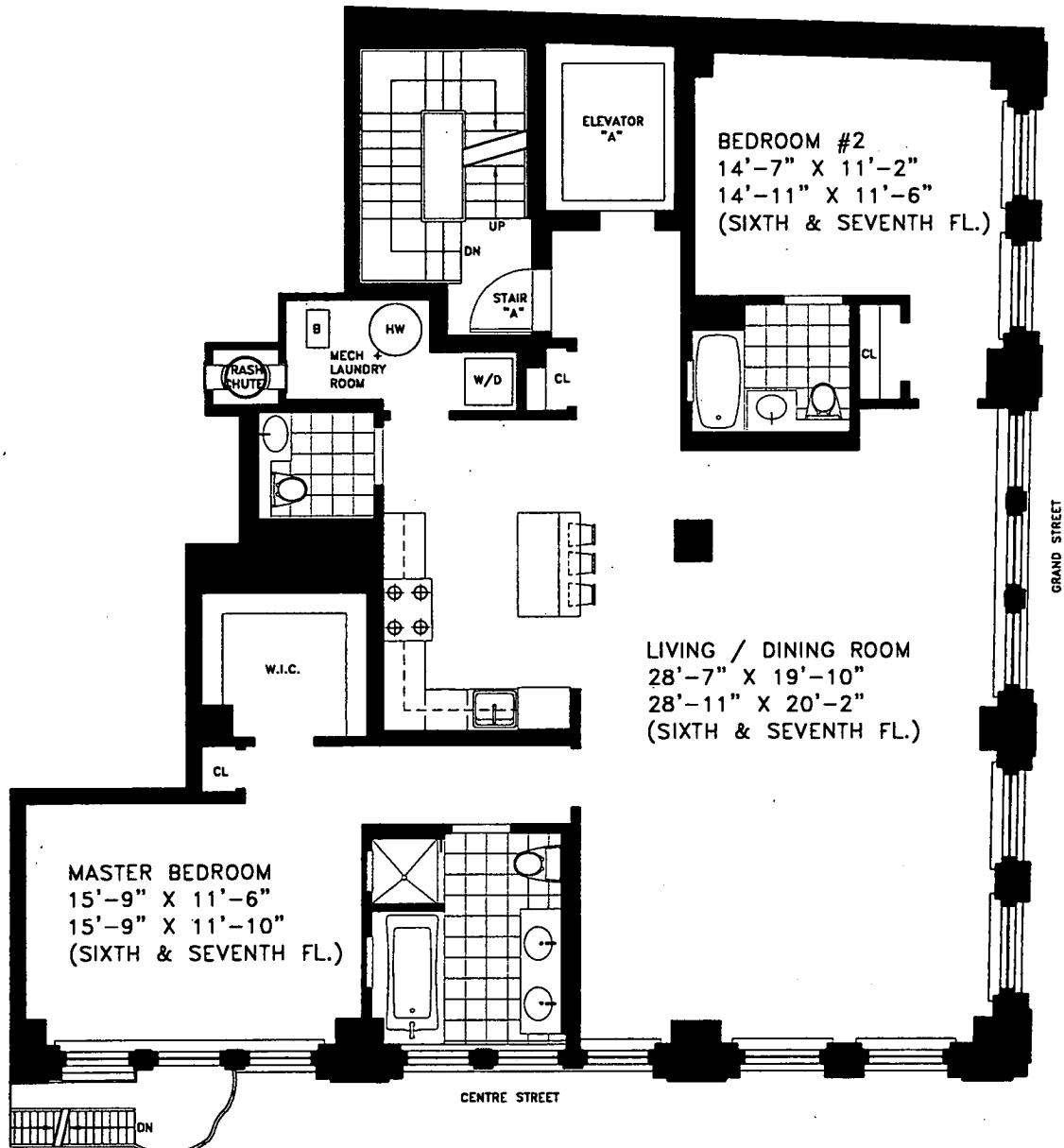
0 1' 2' 4' THE ABOVE NUMBERS ARE PRELIMINARY
AND ARE SUBJECT TO FINAL SURVEY.



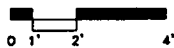
KEY PLAN



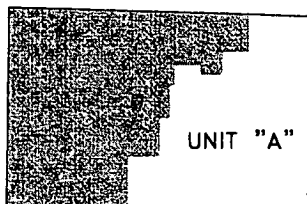
PREPARED BY: [illegible]
 DATE: [illegible]
 SCALE: [illegible]



"SOLITA" CONDOMINIUM - THIRD TO SEVENTH FLOOR UNIT "A"

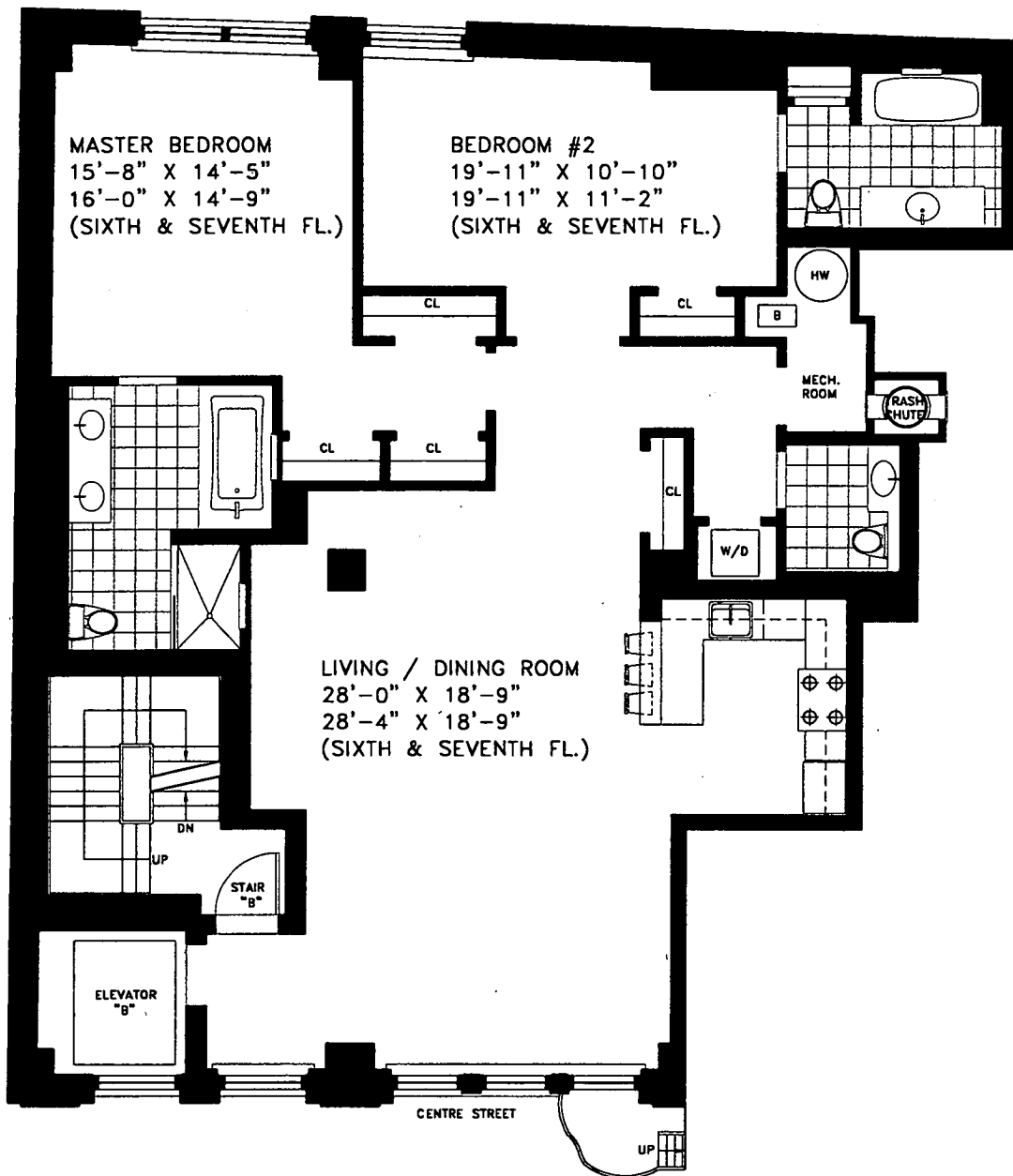


THE ABOVE NUMBERS ARE PRELIMINARY AND ARE SUBJECT TO FINAL SURVEY.

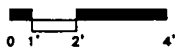


KEY PLAN

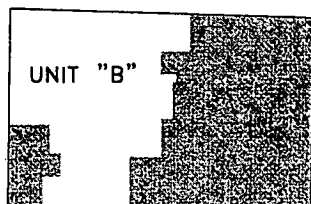




"SOLITA" CONDOMINIUM - THIRD TO SEVENTH FLOOR UNIT "B"



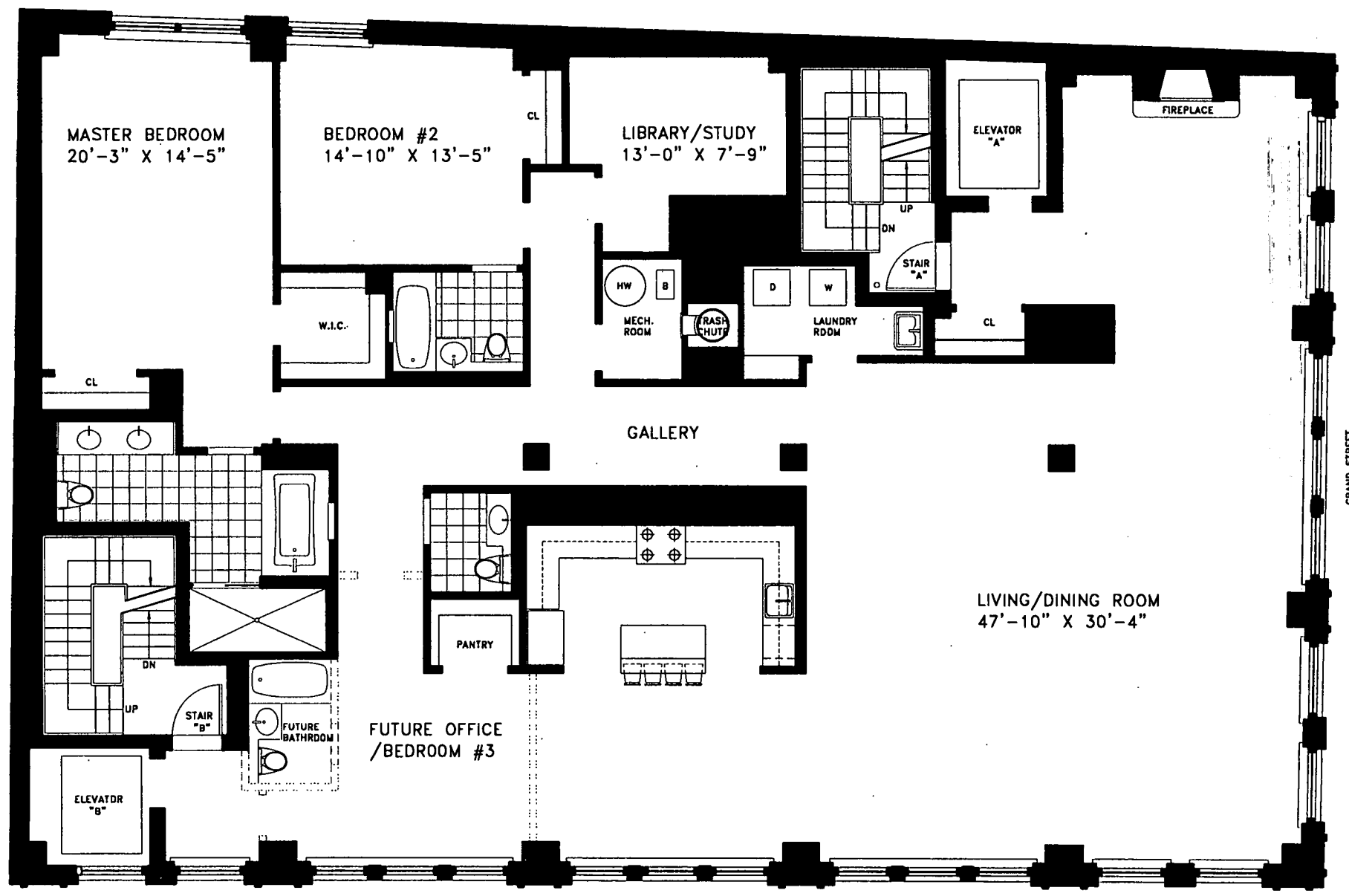
THE ABOVE NUMBERS ARE PRELIMINARY
 AND ARE SUBJECT TO FINAL SURVEY.



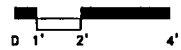
KEY PLAN



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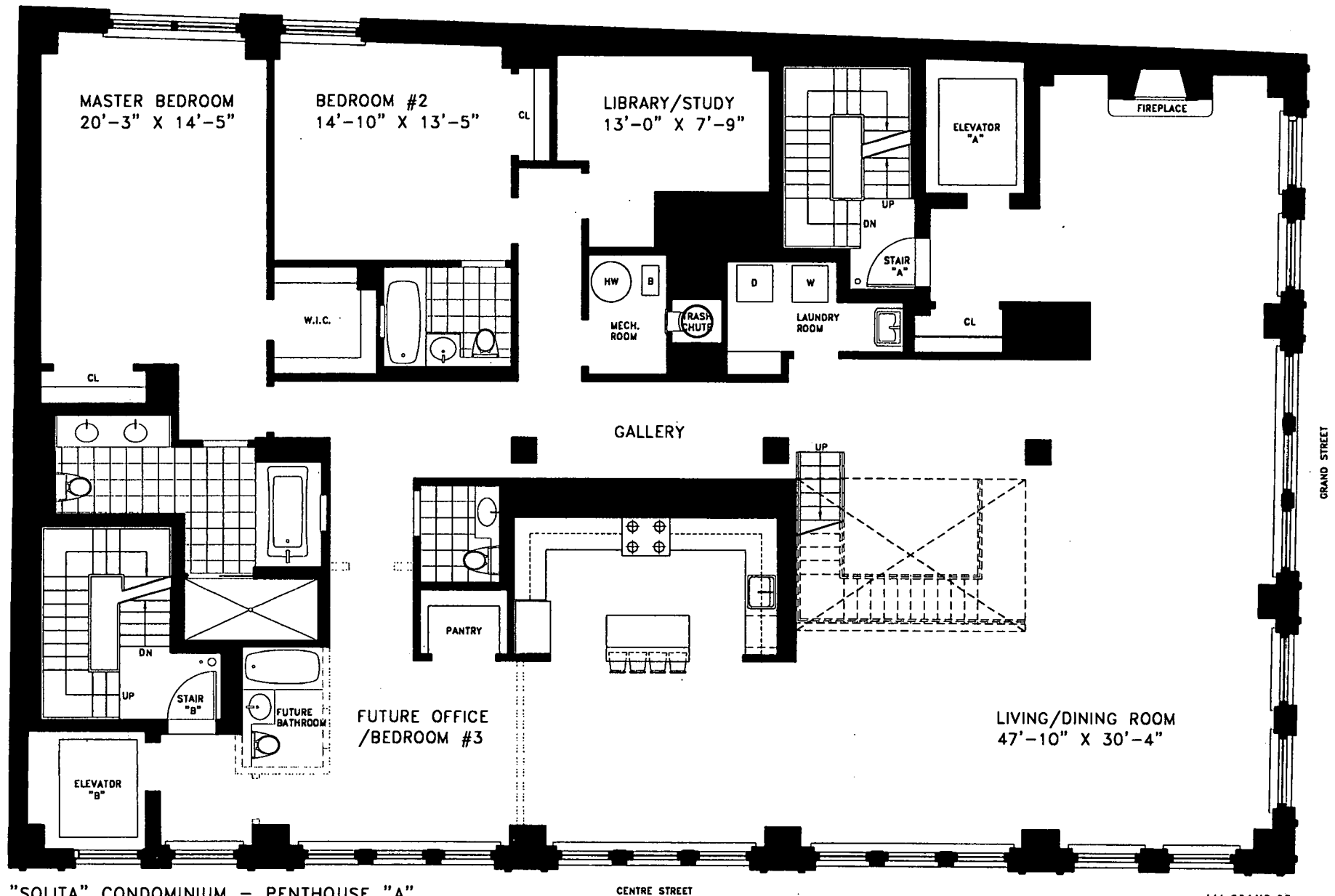


"SOLITA" CONDOMINIUM - EIGHTH & NINTH FLOORS



 THE ABOVE NUMBERS ARE PRELIMINARY
AND ARE SUBJECT TO FINAL SURVEY.

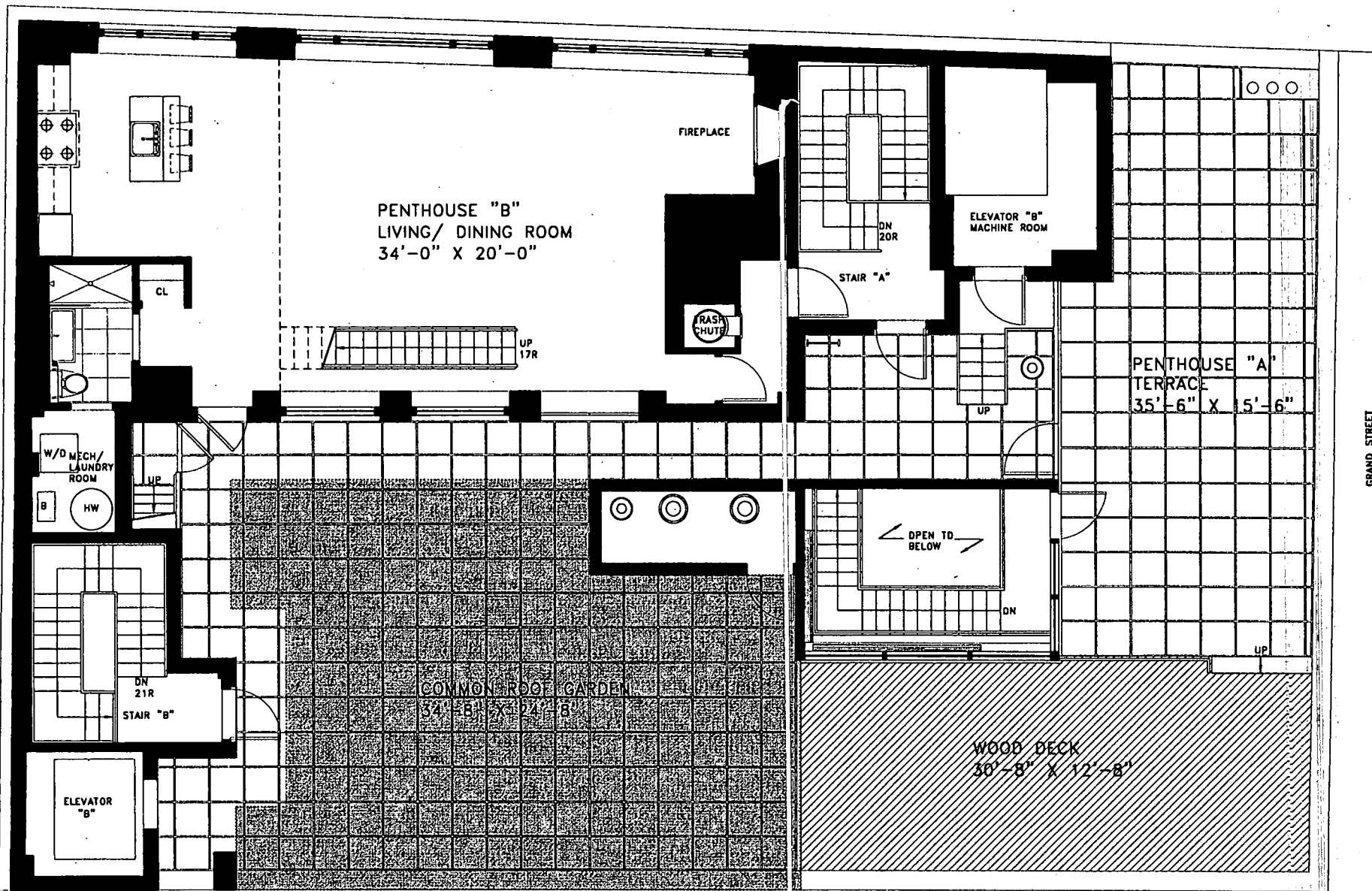




"SOLITA" CONDOMINIUM - PENTHOUSE "A"

THE ABOVE NUMBERS ARE PRELIMINARY
AND ARE SUBJECT TO FINAL SURVEY.





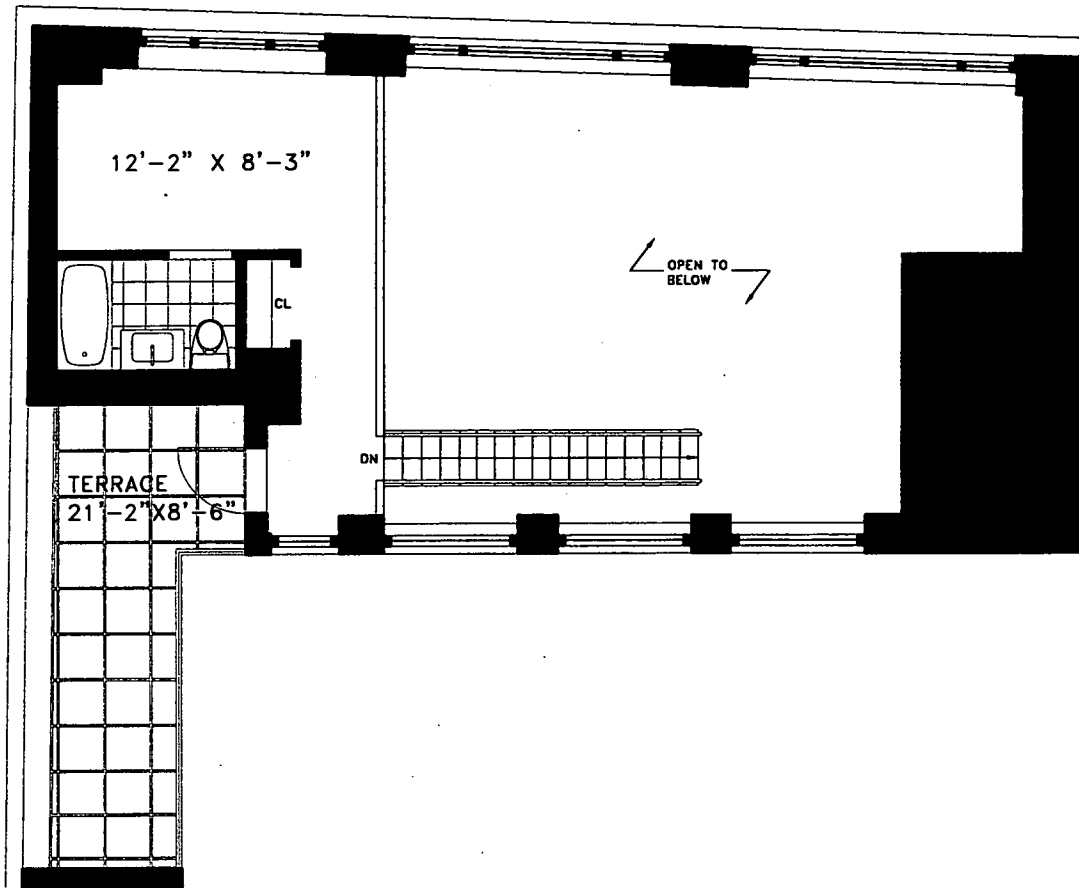
"SOLITA" CONDDMINIUM - ROOF GARDEN

CENTRE STREET

GRAND STREET

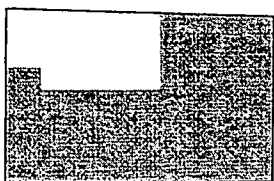
COMMON ROOF GARDEN CALCULATION

TOTAL OPEN ROOF S.F. = 4,035 - 1,968 = 2,067 S.F.
 REQ. COMMON GARDEN S.F. = 1/3 OF OPEN ROOF (15 UNITS) + 100 S.F. (100 S.F. PER ADDITIONAL UNIT)
 = 720 S.F. (16 UNITS)
 ACTUAL COMMON GARDEN S.F. = 730 S.F.



"SOLITA" CONDOMINIUM - PENTHOUSE "B" UPPER LEVEL

0 1' 2' 4' THE ABOVE NUMBERS ARE PRELIMINARY
AND ARE SUBJECT TO FINAL SURVEY.



KEY PLAN



DECLARATION

ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP OF PREMISES
LOCATED AT 161 Grand Street, IN THE COUNTY OF NEW YORK STATE OF NEW
YORK, PURSUANT TO ARTICLE 9-B OF THE REAL PROPERTY LAW OF THE
STATE OF NEW YORK.

NAME: THE SOLITA CONDOMINIUM

SPONSOR: Soho Grand Center, LLC
c/o Arthur I. Weinstein, Esq.
924 West End Avenue
New York, New York 10025

DATE OF DECLARATION:

THE LAND AFFECTED BY THIS INSTRUMENT
LIES IN SECTION __ BLOCK __, LOT __
OF THE TAX MAP OF
THE CITY OF NEW YORK AND THE COUNTY OF NEW YORK

ARTHUR I. WEINSTEIN, ESQ.
Attorney for Sponsor
924 West End Avenue
New York, New York 10025

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PLAN OF CONDOMINIUM OWNERSHIP

DECLARATION OF 161 Grand Street PURSUANT TO ARTICLE 9-B OF THE REAL PROPERTY LAW OF THE STATE OF NEW YORK

In the City of New York, Borough of Manhattan, County of New York, State of New York, on this ____ day of _____, 2001, Soho Grand Center, LLC, a New York limited liability company (the "Owner" or "Sponsor"), having its principal office at 254 Grand Street, New York, New York 10013, hereby states:

FIRST: Submission of Property. The Owner hereby submits the property described in this Declaration to the provisions of Article 9-B of the Real Property Law of the State of New York (the "Condominium Act").

SECOND: Description of Property. The Owner owns those certain plots, pieces or parcels of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Manhattan, County of New York, City and State of New York, being more particularly described on Exhibit A which is annexed to and made a part of this Declaration.

THIRD: Definitions.

(a) "Building" means the building and improvements on the premises, known as 161 Grand Street, New York, New York.

(b) "By-Laws" means the By-Laws of the Condominium which are made a part of this Declaration and are attached hereto as Exhibit C.

(c) "Condominium" means The Solita Condominium.

(d) "Party Wall" means a wall, which is common to and separates two Units.

(e) "Premises" shall mean the land described in Exhibit A.

(f) "Unit" means any of the eighteen (18) units contained in the Building and described in Exhibit B hereto. Each Unit shall consist of the area enclosed horizontally by the unexposed faces of the plaster walls at the exterior walls of the Building and the unexposed faces of the plaster walls of the Unit side of the plaster walls dividing the Unit from corridors, stairs or other Units and vertically by the upper face of the concrete forming the floor of the Unit up to the unexposed face of the plaster wall forming the upper ceiling of the Unit. Doors and windows which open from a Unit and interior walls of a Unit shall be deemed to be part of the Unit.

(g) "Unit Owner" means the owner of a Unit. Every Unit Owner shall be treated for all purposes as a single owner, irrespective of whether such ownership is joint, in common, or tenancy by the entirety or whether the Unit is owned by an individual, corporation, partnership, fiduciary or any other entity. Where such ownership is joint, in common or by tenancy by the entirety, majority vote of such owners shall be necessary to cast any Unit Owner's vote referred to in this Declaration or the By-Laws.

(h) "Zoning Lot" shall have the meaning set forth in Section 12-10 of the Zoning Resolution.

(i) "Zoning Resolution" shall mean the zoning resolution of the City of New York, as amended at any time and from time to time.

FOURTH: The Condominium. The Owner is converting the subject property to a Condominium to be known as The Solita Condominium according to the floor plans filed simultaneously with the recording of this Declaration in the Office of the Clerk of the City of New York (the "Floor Plans"). The Floor Plans contain a description of the Building stating the number of stories and descriptions of the Units.

The Condominium will consist of the Premises and Building containing five Units, all as set forth on the Floor Plans. Each of the Units has access to a street, or a hallway leading to a street on which the Condominium abuts. Exhibit B annexed hereto sets forth the following data (if applicable) with respect to each Unit necessary for the proper identification thereof: (i) its designation number; (ii) its tax lot number; (iii) its approximate location; (iv) its approximate area; (v) the number of rooms contained therein; (vi) the portions of the common elements to which such Unit has immediate access; and (vii) the percentage of common interest appurtenant to such Unit. The precise location of each Unit is shown on the Floor Plans.

Each Unit will be sold to one or more Unit owners. Each Unit Owner will obtain fee ownership in, and exclusive right of occupancy and possession of the Unit, together with an undivided interest in the common elements of the Condominium, as listed hereinafter in this Declaration, and referred to as the "common elements"; all of the above in accordance with Article 9-B of the Real Property Law of the State of New York.

FIFTH: Use of Units. As more particularly set forth in the By-Laws, the two Commercial Units, may be used for commercial purposes in accordance with the Building's Certificate of Occupancy, the Zoning Resolution and all other applicable laws; and all other units shall be used for residential purposes in accordance with the Building's Certificate of Occupancy, the Zoning Resolution and all other applicable laws. Units may only be leased in accordance with the By-Laws and the Rules and Regulations of the Condominium. Sponsor and its designees have the right to change the category and use of any Unsold Unit, subject to the applicable provisions of Article NINETEENTH hereof.

A Unit owned or leased by an individual, corporation, partnership, fiduciary or any other entity, may only be occupied by that individual, or an officer, director, stockholder or employee of such corporation, or a partner or employee of such partnership, or said fiduciary (including directors, officers, stockholders or employees of corporate fiduciaries or partners or employees of partnership fiduciaries) or the beneficiary of said fiduciary, or a principal or employee of such other entity, respectively, or members of the immediate family of any of the foregoing.

Notwithstanding the foregoing or anything contained in the By-Laws or the Rules and Regulations to the contrary, the Sponsor may, without the permission of the Board of Managers, use any Unsold Units, outside walls and roofs of Units, the land, the

Building and improvements (other than the Units) comprising the Condominium, including the land under the Units and under the improvements, all utility or other pipes and material located outside of the Units and sidewalks.

SIXTH: Irrevocably Restricted Areas. Certain portions of the common elements are irrevocably restricted in use to specified Unit Owners, subject to the right of the Board of Managers to enter upon any restricted area for maintenance, repair or improvement of a Unit or common element and subject to the rules of the Board of Managers (see By-Laws, Article IX). Any portion of the common elements which is not restricted in use may be used by any Unit Owner subject to the rules and regulations promulgated by the Board of Managers, in accordance with the purpose for which such common elements are intended, and without hindering the exercise of or encroaching upon the rights of other Unit Owners. The irrevocably restricted common elements be limited in use to the Unit Owner to whose Unit such common element has been allocated, by action of the Board of Managers.

The common elements shall remain undivided and no Unit Owner shall bring any action for partition or division unless otherwise provided in this Declaration or by Law. The percentages of undivided interest in the common elements and the rights and obligations of Unit Owners respecting irrevocably restricted portions of the common elements established herein shall not be changed except with the consent of all of the affected Unit Owners expressed in a duly recorded amendment to this Declaration. The undivided interest in the common elements shall not be separated from the Unit to which it appertains and shall be deemed conveyed or encumbered with the Unit even though such interest is not expressly mentioned or described in the conveyance or other instrument.

SEVENTH: Easements. All pipes, wires, conduits and public utility lines located within each Unit shall be owned by such Unit Owner. Any portion of such pipes, wires, conduits and public utility lines located in the common elements will be owned in common by the Unit Owners. Every Unit Owner shall have an easement in common with the owners of other Units to maintain and use all pipes, wires, conduits and public utility lines located in other Units and servicing such Owner's Unit. Each Unit shall be subject to an easement in favor of the Unit Owners of other Units to maintain and use the pipes, wires, conduits and public utility lines servicing such other Units and located in such Unit and to any easements in favor of public utility or service companies. The Board of Managers and its agents and employees shall have a right of access to each Unit for maintenance, repair or improvements to any pipes, wires, conduits and public utility lines located in any Unit and servicing any other Unit. The cost of such repairs shall be a common expense.

The Board of Managers and its agents and employees shall have a right of access to all common elements for maintenance, repair or improvement whether such common elements are restricted or not.

Sponsor reserves for itself, for so long as it will own any Unsold Unit, and grants to the Condominium Board, on behalf of all Unit Owners, 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 Condominium as Sponsor or the Condominium Board, as the case may be, will 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, will not unreasonably interfere with the use of the Units for their permitted purposes. Any utility company, as well as its officers, employees and agents, will have a right of access to each Unit and to the Common Elements in furtherance of such easement. However, such right of access will be exercised in such a manner as will not unreasonably interfere with the use of the Units for their permitted purposes.

The Sponsor, on behalf of itself and its successors and assigns who may take title to portions of the Condominium for purposes of marketing and sale of Units, reserves the right to continue to use the common elements and any facilities, sales offices, model units and signs located on the common elements, in its efforts to market and sell Units in the Condominium. This paragraph shall not be amended without the written consent of the Sponsor.

EIGHTH: **Service of Process and Building Code Violations.**

Service of process on the Unit Owners in any action with relation to the common elements or more than one Unit and with regard to any violation of local building codes, zoning ordinances and other related building and zoning laws by the common elements or one or more of the Units shall be made upon any member of the Board of Managers of The Solita Condominium, 161 Grand Street, New York, New York. The Board of Managers shall have the principal responsibility for curing any violations of such building or zoning laws (but notwithstanding the foregoing individual Unit Owners may be responsible for any such cure as set forth in the By-Laws) and service upon the Board of Managers shall be deemed service upon the Owner or Owners of the Condominium Unit or Units in which any such violations exist.

NINTH: **Common Interest.** Each Unit Owner shall have such percentage interest in the common elements as is set forth on Exhibit B attached hereto and shall bear such percentage of the common expenses of the Condominium. All expenses of the Condominium shall be common expenses and shall be apportioned among all the Unit Owners according to the method set forth in the By-Laws. Each Unit Owner shall have one vote for each Unit owned by him for all voting purposes at any meeting of the Unit Owners unless otherwise mandated by law or expressly provided for herein. The percentage of interest of each Unit in the common elements has been determined by the Sponsor based upon the approximate proportion that the fair value of the Unit at the date of the Declaration bears to the then aggregate fair value of all of the Units.

TENTH: **Administration.** The administration of the Condominium and parcel of land described herein shall be in accordance with the provisions of this Declaration and with the provisions of the By-Laws.

ELEVENTH: **Amendment and Withdrawal.** The Property shall not be withdrawn from Condominium ownership unless at least 80% of the Unit Owners in number and in common interest and the first mortgagees, if any, of each of those same

Units agree to such removal by duly recorded instruments. Such withdrawal of the Property from Condominium ownership shall not take effect until it is duly recorded in the Office of the Clerk of the City of New York, New York County. In the event that such withdrawal is so authorized, but only in such event, the Property will be subject to an action for partition by any Unit Owner or lienor as if owned in common, in which event the net proceeds of sale will be divided among all Unit Owners in proportion to their respective common interest; provided, however, that no payment will be made to a Unit Owner until there has first been paid, out of such Unit Owner's share of such net proceeds, all liens on the Unit Owner's Unit, in the order of priority of such liens.

The Condominium may also be terminated in the event of casualty or condemnation as more particularly described in the By-Laws.

The provisions of this Declaration may be modified or amended by an instrument executed by the Board of Managers upon an affirmative vote of 80% of the Unit Owners in number and in common interest held at a duly called meeting of the Unit Owners, provided however, that:

(i) No amendment shall alter the percentage interest in the common elements appurtenant to any Unit or alter any rights or obligations respecting portions of the common elements irrevocably restricted in use to the Owners of any Units without the consent of the affected Unit Owners and the first Mortgagees, if any, of the same Units, which consents shall be expressed on the instrument of amendment.

(ii) No amendment shall add any parcel of land to or divest any parcel of land from the Condominium properties unless 80% of the Unit Owners in number and common interest and the first mortgagees, if any, of each of these same Unit Owners agree to such change on the instrument of amendment.

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

Any amendment to this Declaration may be executed: (i) if on behalf of Sponsor pursuant to the terms hereof, by a duly authorized representative of Sponsor or (ii) if on behalf of the Unit Owners or by the Condominium Board, by the President or Vice President and the Secretary or an Assistant Secretary of the Condominium. If the amendment requires the approval of a specified percentage of Unit Owners pursuant to the terms of this Declaration or the By-Laws, then there will be attached to such amendment an original executed Secretary's Certificate, certifying that the requisite number and percentage of Unit Owners approved the amendment at a duly constituted meeting or (when permitted in this Declaration or the By-Laws) in writing without a meeting, in which Certificate will be described the number and percentage of Unit Owners so consenting and (if voted upon at a meeting) the date and time of the meeting.

There shall be a presumption for a period of 60 days subsequent to the recording of the amendment that the vote of the Unit Owners was made at a duly called

meeting and that the requisite voting percentage was obtained. After the 60-day period such presumption will be deemed conclusive. Any amendment to this Declaration shall not take effect until it is recorded in the Office of the Register of the City of New York, Bronx County.

TWELFTH: Subject to Declaration, By-Laws, etc. All present or future Unit Owners, tenants, future tenants, or any other person that might use the facilities of the Condominium in any manner, are subject to the provisions of this Declaration, the By-Laws and Rules and Regulations of the Condominium and the mere acquisition or rental of any of the Units of the Condominium or the mere act of occupancy of any of said Units shall signify that the provisions of the Declaration and By-Laws and Rules and Regulations of the Condominium are accepted and ratified and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed, conveyance or lease thereof.

THIRTEENTH: Common Charges. All sums assessed as common charges by the Board of Managers of the Condominium but unpaid, together with interest at the maximum legal rate thereon, chargeable to any Unit Owner shall constitute a lien on his Unit prior to all other liens except: (a) liens for taxes or assessments on the Unit by the taxing subdivision of any governmental authority, including but not limited to State, County, City, School, special or other district taxing agencies; and (b) all sums unpaid on any first mortgage of record encumbering any Unit or on a subordinate mortgage of record held by the New York Job Development Authority. Such lien may be foreclosed when past due in accordance with the laws of the State of New York, by the Condominium, in like manner as a mortgage on real property, and the Condominium shall also have the right to recover all costs incurred including reasonable attorneys' fees (but such right shall not be a lien against the Unit). Upon the sale or conveyance of a unit, such unpaid common charges shall be paid out of the sale proceeds or by the grantee. The term "institutional mortgage" herein used shall mean a first mortgage granted by a federal or state saving and loan association, savings or commercial bank, life insurance company, pension fund, trust company, agency of the United States Government or of the City or State of New York, or other similar institutional lender or a purchase money mortgage granted by the seller of any Unit.

Every Unit Owner shall pay the common charges assessed against him when due and no Unit Owner may exempt himself from liability for the payment of the common charges assessed against him by waiver of the use or enjoyment of any of the common elements or by the abandonment of his Unit. However, no Unit Owner shall be liable for the payment of any common charges accruing subsequent to a sale, transfer or other conveyance by him of such Unit to the Board of Managers made in accordance with Section 339-x of the Real Property Law, (subject to any applicable provisions of the By-Laws with respect thereto) or otherwise in accordance with the provisions of this Declaration and the By-Laws.

FOURTEENTH: Units Acquired by the Board. In the event any Unit Owner shall convey his Unit to the Board of Managers in accordance with Section 339-x of the Real Property Law or in the event the Board of Managers shall purchase any Unit at a foreclosure sale in accordance with Article XI of the By-Laws or shall otherwise acquire

or lease any Unit, title to such Unit or the rights to the lease of such Unit shall be held by the Board of Managers or its designee on behalf of all of the other Unit Owners, in proportion to their respective common interest.

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

FIFTEENTH: Encroachments. The Unit Owners agree that if any portion of a Unit or the common elements (whether restricted in use to an individual Unit Owner or not) encroaches upon another or shall hereinafter encroach upon another as a result of original construction or settling of the Building, a valid easement for the encroachment and the maintenance of the same, so long as it stands, shall and does exist. In the event the Building is partially or totally destroyed as a result of fire or other casualty or a result of condemnation or eminent domain proceedings and is rebuilt, the Unit Owners agree that encroachments of any portion of the Unit or common elements as aforesaid due to construction, shall be permitted, and that a valid easement for said encroachment and the maintenance thereof shall exist so long as the Building or reconstructed Building shall stand.

SIXTEENTH: Unit Ownership. Upon the closing of title to a Unit, a purchaser shall automatically become a Unit Owner in the Condominium and shall remain a Unit Owner until such time as he ceases to own the Unit for any reason.

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

EIGHTEENTH: Covenants and Restrictions. Except as may otherwise be specifically provided herein, the use of the Unit by the Unit Owner or other occupant shall be subject to the provisions of this Declaration, the By-Laws and Rules and Regulations of the Board of Managers and the following covenants and restrictions:

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

(b) No alterations to the exterior of the Unit or any part of the common elements may be made without the written consent of the Board of Managers, except as set forth in Article Nineteenth (a). No alterations to the inside of a Unit which would impair the structural soundness of the Building may be made without the written consent of the Board of Managers. Consent may be requested by mailing a letter, certified mail, return receipt requested to the Managing Agent, if any, or to the President of the Board of Managers, if no Managing Agent is employed. The Board of Managers shall have the obligation to answer within thirty days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

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

(d) The Board of Managers shall, at the request of the mortgagee of a Unit, report any unpaid common charges due from the Unit Owner of such Unit.

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

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

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

(h) The common charges shall be paid when due.

NINETEENTH: Changes to the Condominium. (a) Except to the extent prohibited by law, the Sponsor or its designee shall have the right, without the vote or consent of the Board of Managers to: (i) make alterations, additions or improvements, whether structural or nonstructural, interior or exterior, ordinary or extraordinary, in, to and upon Units owned by the Sponsor or its designee including any Units not offered for sale by the Plan (hereinafter collectively called "Unsold Units"); (ii) change the layout of, or number of rooms in, any Unsold Units from time to time; (iii) change the size and/or number of Unsold Units by subdividing one or more Unsold Units into two or more separate Units, combining separate Unsold Units (including those resulting from such subdivision or otherwise) into one or more Units, altering the boundary walls between any Unsold Units, or otherwise; (iv) change the category and use of any Unit to any other category and use, provided that the Sponsor shall provide an amendment to the Building's Certificate of Occupancy, if necessary, in connection with such change of present category and use provided that no such change shall modify the character of the Premises; and (v) if appropriate, reapportion among the Unsold Units affected by any such change in size or number pursuant to the preceding clause (iii) their percentage interests in the common elements; provided, however, that the percentage

interest in the common elements of any other Units (other than Unsold Units) shall not be changed by reason thereof unless the owners of such Units shall consent thereto and, provided further, that the Sponsor or its designee shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Board of Managers and all other Unit Owners harmless from any liability arising therefrom. Notwithstanding the other provisions of this Article, no reapportionment of the interest in the common elements appurtenant to any Unit shall be made unless there is first delivered to the Board of Managers a written certification stating that the percentage interests of the respective Units in the common elements, immediately after such reapportionment, will be based upon the approximate proportion that the then fair value of the Unit bears to the then aggregate fair value of all of the Units. The certification referred to in the preceding sentence shall be delivered, at the Sponsor's election, by the Sponsor, the managing agent of the Condominium or any other person reasonably acceptable to the Board of Managers in the case of any Unsold Unit.

If the number of rooms in an Unsold Unit is changed, or the size, category, and/or number of Unsold Units is changed (whether as a result of a subdivision or combination of Unsold Units or alteration of boundary walls between Unsold Units, or otherwise) and/or the appurtenant percentage in the common elements is reapportioned as a result thereof, all in accordance with the provisions of this Article, then the Sponsor or its designees shall have the right to execute, or (on its request) to require any other Unit Owner or the Condominium Board or officers to execute, and record in the office of the Clerk of the City of New York, New York County, an amendment to this Declaration (together with such other documents as the Sponsor or its designee deems appropriate to effectuate the same) reflecting such change in the number of rooms in an Unsold Unit or in the size and/or number of Unsold Units (whether as a result of said subdivision, combination, alteration or otherwise) and/or the category of Unsold Units and/or the reapportionment of the percentage interest in the common elements.

(b) The owner or owners of any two or more Units, which Units are the only Units serviced or benefited by any common element adjacent or appurtenant to such Units (for example, that portion at the end of any residential hallway which is directly adjacent to any such Units located on opposite sides of such hallway) shall, with the consent of the Board (which consent shall not be unreasonably withheld or delayed), have the exclusive right of use of such common element as if it were a part of such Units (including the right, in the above example of a portion of a hallway, to enclose such portion) provided such owner or owners agree, at his or their sole cost and expense, to (a) be responsible for the operation, maintenance and repair of such common element for so long as such owner or owners exercise such exclusive right of use, and (b) restore such common element to its original condition, reasonable wear and tear except, after such owner or owners cease to exercise such exclusive right of use. The Sponsor or its designated successors shall have these rights as to any Unsold Units without the necessity of obtaining the consent of the Board.

Consent as required herein may be requested by mailing a letter, certified mail, return receipt requested, to the managing agent, if any, or to the President of the Board of Managers, if no managing agent is employed. The Board of Managers shall have

the obligation to answer within thirty days and failure to do so within the stipulated time shall mean that there is no objection raised.

In the event the Board is requested to by a Unit Owner duly exercising its rights pursuant to this Article, the Board of Managers shall, if necessary and appropriate, promptly amend the Declaration at the expense of the Unit Owner and shall record such amendment in the Office of the Clerk of the City of New York, New York County.

TWENTIETH: Utilities. Electricity consumed in or on the common elements and the cost of gas, heat and cold water consumed in the common elements shall be paid for by the Board of Managers as items of common expense. Each Unit shall be individually metered for gas and electricity and the expense of gas and electricity consumed within any such Unit shall be paid for by the Owner of said Unit. Each Unit shall be responsible for provision, at the expense of the Owner thereof, of heat and hot water.

TWENTY-FIRST: Sponsor Controls. Notwithstanding any other provisions of this Declaration and the By-Laws, including without limitation Article ELEVENTH, the Declaration and By-Laws may not be amended without Sponsor's or its designee's prior written consent for so long as Sponsor or such designee owns any Unit, if such amendment would (i) unreasonably interfere with the sale, lease or other disposition of a Unit owned by Sponsor or such designee; (ii) abridge, modify, suspend, eliminate or otherwise affect any right, power, easement, privilege or benefit granted or reserved to Sponsor or such designee; or (iii) impose any discriminatory charge or fee against Sponsor or such designee. So long as the Sponsor or its designee shall continue to own Units representing 25% or more in number or interest in the common elements attributable to all Units or for five years after the First Closing, whichever is earlier, the Sponsor's prior written consent shall be required, if the resulting cumulative financial cost to the Condominium for the year, inclusive of any resulting deficiency or liability, would exceed 20% of the Condominium's prior year operating budget, to take any action to (a) make capital additions or improvement; (b) increase or decrease the level of services (without regard to the cost of said services) over those provided for in the prior year's operating budget; (c) establish additional reserve funds; or (d) borrow money.

Wherever the consent, approval, satisfaction, or permission of Sponsor or its designee is required under this Declaration or the By-Laws, such consent, approval, satisfaction, or permission will not be required when Sponsor or such designee no longer owns any Units.

TWENTY-SECOND: Invalidity. Invalidation of any of the covenants, limitations or provisions of this Declaration by judgment or court order shall in no way affect any of the remaining part or parts hereof, and the same shall continue in full force and effect.

If any provision of this Declaration or of the By-Laws is invalid under, or would cause this Declaration and the By-Laws to be insufficient to submit the Property to, the provisions of the Condominium Act, such provision will 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 will nevertheless be valid and

binding upon, and will inure to the benefit of, the owner of the Property and their heirs, executors, administrators, legal representatives, successors and assigns, as covenants running with the Land and with every part thereof and interest therein under other applicable law to the extent permitted under such applicable law with the same force and effect as if, immediately after the recording of this Declaration and the By-Laws, all Unit Owners had signed and recorded an instrument agreeing to each such provision as a covenant running with the Land. If any provision that is necessary to cause this Declaration and 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 will 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.

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

TWENTY-THIRD: Waiver. No provision contained in this Declaration will be deemed to have been abrogated or waived by any failure to enforce such provision, regardless of the number of violations or breaches that may occur.

TWENTY-FOURTH: Gender. A reference in this Declaration to any one gender, masculine, feminine, or neuter, includes the other two, and the singular includes the plural, and vice-versa, unless the context otherwise requires.

TWENTY-FIFTH: Captions. The captions herein inserted are included only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Declaration or the intent of any provision hereof.

Soho Grand Center, LLC

By: _____

State of New York)
) ss.:
County of)

On the ____ day of _____ in the year 2001 before me, the undersigned, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individuals(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

EXHIBIT A

ALL THAT CERTAIN plot, piece or parcel of land with the buildings or improvements thereon, erected, situate, lying and being in the former 14th Ward of the Borough of Manhattan, City of New York, known as Nos. 161 and 163 Grand Street and numbers 221 and 223 Centre Street, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the southerly side of Grand Street with the westerly side of Centre Street;

THENCE westerly along the southerly side of Grand Street, 50 feet, 7 ½ inches to the exterior line of the westerly wall of the building standing upon the premises herein described extended to Grand Street;

THENCE southerly nearly parallel with Centre Street and along the exterior line of the said wall and to and/or along the exterior line of the easterly wall of the building erected upon the premises next adjoining the premises herein described on the west, wherever said lines are not contiguous, 80 feet, 3 ¾ inches;

THENCE easterly and at right angles or nearly so with the westerly side of Centre Street and along the exterior line of the southerly wall upon the premises herein described and to and/or along the exterior line of the northerly wall of the building erected on the premises next adjoining the premises herein described on the southwest wherever said line are not contiguous, 53 feet, 3 ½ inches to said westerly side of Centre Street;

THENCE northerly along said westerly side of Centre Street, 80 feet, 1 ¾ inches east to the point or place of BEGINNING.

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EXHIBIT B

<u>Unit</u>	<u>Tax</u> <u>Lot No.</u>	<u>Location</u>	<u>Approximate</u> <u>Area in</u> <u>Square ft.</u>	<u>Number</u> <u>of</u> <u>Rooms</u>	<u>Street or</u> <u>Common Elements</u> <u>to which Unit</u> <u>Has Immediate Access</u>	<u>Percentage</u> <u>of Interest</u> <u>in the</u> <u>Common</u> <u>Elements</u>	<u>Irrevocably</u> <u>Restricted</u> <u>Common</u> <u>Elements</u>
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BY-LAWS
OF
THE Solita Condominium

ARTICLE I
PLAN OF CONDOMINIUM OWNERSHIP

Section 1. Definitions.

(a) "Unit" means any of the units contained in the Condominium as set forth in Exhibit B to the Condominium Plan (the "Declaration"). The Units are sometimes hereinafter collectively referred to as "Units" and individually as a "Unit".

(b) Each Unit shall consist of the area enclosed horizontally by the unexposed faces of the plaster walls at the exterior walls of the Building and the unexposed faces of the plaster walls of the Unit side of the plaster walls dividing the Unit from corridors, stairs or other Units and vertically by the upper face of the concrete forming the floor of the Unit up to the unexposed face of the plaster wall forming the upper ceiling of the Unit. Doors and windows which open from a Unit and interior walls of a Unit shall be deemed to be part of the Unit.

(c) "Unit Owner" means the owner of a Unit. Every Unit Owner shall be treated for all purposes as a single owner, irrespective of whether such ownership is joint, in common, or tenancy by the entirety or whether the Unit is owned by an individual, corporation, partnership, fiduciary or any other entity. Where such ownership is joint, in common or by tenancy by the entirety, majority vote of such owners shall be necessary to cast any Unit Owner's vote referred to in these By-Laws.

(d) "Building" means the buildings and improvements constructed on the land described in Exhibit A, known as and by 161 Grand Street, New York, New York.

(e) "Party Wall" means a wall which is common to and separates two Units.

(f) "Condominium" as hereinafter referred to shall mean The Solita Condominium.

(g) "Unsold Units" means any Unit owned by the Sponsor or its designee prior to sale thereof to a bona fide purchaser, including any Units not offered for sale by the Sponsor.

(h) The terms "Apartment Unit" and "Unit Owner" as used herein shall be construed to have the meanings attributed to such terms in Section 339-e of Article 9-B of the Real Property Law of the State of New York.

Section 2. Condominium Unit Ownership. The property located at 161 Grand Street, in the City of New York, County of New York, State of New York, as specifically set forth in the Declaration and more commonly known as 161 Grand Street, New York, New York has been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York.

Section 3. By-Laws Applicability. The provisions of these By-Laws are applicable to the Condominium. The term "Condominium" as used herein shall include the land and the Buildings and improvements thereon including the Units, the common elements and the use and occupancy thereof.

Section 4. Personal Application. All present or future Unit Owners, mortgagees and lessees, or their employees, guests, invitees or any other person that might use the facilities of the Condominium in any manner are subject to these By-Laws, the Declaration and any Rules and Regulations established by the Board of Managers. The mere acquisition or rental of any of the Units or the mere act of occupancy or use of any of said Units will signify that these By-Laws, the Declaration and the Rules and Regulations are accepted, ratified, and will be complied with.

ARTICLE II

CONDOMINIUM, VOTING, QUORUM, PROXIES AND WAIVERS

Section 1. Condominium. The Condominium shall be limited to Unit Owners. "Unit Owner" as referred to herein shall mean all of the owners of each Unit.

Section 2. Voting. Each Unit Owner (including the Sponsor and the Board of Managers, if the Sponsor or Board of Managers shall then own or hold title to one or more Units) shall have a vote equal to the percentage of interest in the common elements owned by such Unit Owner for all voting purposes at any meeting of the Unit Owners unless otherwise mandated by law or expressly provided for herein but the Board of Managers shall not cast any of its votes for the election of any member to the Board.

Section 3. Quorum. So many Unit Owners as shall represent at least 51% of the total authorized votes of all Unit Owners shall constitute a quorum at all meetings of the Unit Owners for the transaction of business if present in person or represented by written proxy, except as otherwise provided by Statute, by the Declaration, or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the Unit Owners, the Unit Owners entitled to vote thereat, present in person or represented by written proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

Section 4. Vote Required to Transact Business. When a quorum is present at any meeting, the vote of a majority of the Unit Owners present in person or represented by

written proxy shall decide any question brought before such meeting and such vote shall be binding upon all Unit Owners, unless the question is one upon which, by express provisions of the Declaration, Statute, or of these By-Laws, a different vote is required, in which case such express provisions shall govern and control the decision of such question.

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

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

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

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

Section 9. Annual Meetings. Within 90 days after title to the first Unit is conveyed by the Sponsor, the Sponsor shall call the first annual Unit Owners meeting. At such meeting, a new Board of Managers shall be elected by the Unit Owners and the former members of the Board shall thereupon resign unless also elected to such new Board. Thereafter, annual meetings shall be held on the anniversary of such date in each succeeding year. At such meetings, there shall be elected by ballot of the Unit Owners a Board of Managers in accordance with the requirements of Article III of these By-Laws. The Unit Owners may also transact such other business of the Condominium as may properly come before them.

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

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

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

- a. Roll call
- b. Proof of notice of meeting or waiver of notice
- c. Reading of minutes of preceding meeting
- d. Report of officers

- e. Report of committees
- f. Election of inspectors of election (in the event there is an election)
- g. Election of Managers (in the event there is an election)
- h. Unfinished business
- i. New business

ARTICLE III

BOARD OF MANAGERS

Section 1. Number and Term. The number of Managers which shall constitute the whole Board shall not be less than three (3) and not more than nine (9). Managers need not be Unit Owners. Within the limits above specified, the number of Managers shall be determined by the Unit Owners at the annual meeting, however, in the absence of such determination, the first elected Board shall consist of five members. The Managers shall be elected at the annual meeting of Unit Owners. At the first annual meeting of Unit Owners the terms of office of each of the Managers shall be fixed for one (1) year. The Managers shall hold office until their successors have been elected and hold their first meeting.

The Sponsor shall at all times have the right to designate two members of the Board of Managers as long as it owns at least 40% of the Units in number, and one member of the Board so long as it owns one or more Units. Following the earlier of (i) five years from the conveyance of title to the first Unit or (ii) the conveyance of title to greater than 50% in common interest of the Units to bona fide purchasers, the majority of the members of the Board of Managers, will not be composed of Sponsor affiliates of the Sponsor.

Section 2. Vacancy and Replacement. If the office of any Manager or Managers becomes vacant by reasons of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Managers, though less than a quorum, at a special meeting of Managers duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect to which such vacancy occurred. If the vacancy occurs with respect to any member of the Board of Managers who has been designated by the Sponsor, the Sponsor shall have the sole right to choose such Manager's successor to fill the unexpired portion of his term.

Section 3. Removal. Managers may be removed for cause by an affirmative vote of a majority of the Unit Owners. No Manager, other than a member of the First Board of Managers or a Manager elected or designated by the Sponsor, shall continue to serve on the Board if, during his term of office, he shall cease to be a Unit Owner.

Section 4. First Board of Managers. The First Board of Managers shall consist of Kin Chung Lam and Yuk Jin Lam who shall hold office and exercise all powers of the Board of Managers until the first annual meeting of Unit Owners.

A Unit Owner, who is independent of the Sponsor, shall be elected by a majority of the Unit Owners other than Sponsor at the first annual Unit Owner's

meeting. If no such election has been made, then Sponsor may designate such member. Any or all of said Managers shall be subject to replacement in the event of a resignation or death in the manner set forth in Section 2 of this Article.

Section 5. Powers

(a) The Condominium has been organized, and is operated, to provide for the acquisition, construction, management, maintenance, and care of its property. The property and business of the Condominium shall be managed by its Board of Managers, which may exercise all powers of the Condominium and do all such lawful acts and things as are not by Statute or by the Declaration or by these By-Laws, directed or required to be exercised or done by the Unit Owners personally. These powers shall specifically include, but not be limited to, the following items:

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

2. To collect, use and expend the assessments collected to maintain, care for and preserve the Units, Building, and other common interests;

3. To make repairs, restore or alter any Units or the common elements after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings in accordance with Article VII of these By-Laws;

4. To enter the Units when necessary and with as little inconvenience to the Unit Owner as possible in connection with the maintenance, care and preservation of the Property;

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

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

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

8. To purchase any Unit at a foreclosure sale or in accordance with Article XIII of these By-Laws on behalf of all the Unit Owners;

9. To make reasonable rules and regulations and to amend the same from time to time (subject to any restrictions on amendment herein set forth), and such rules and regulations and amendments shall be binding upon the Unit Owners when the Board has approved them in writing. A copy of such rules and regulations and all amendments shall be delivered to each Unit Owner;

10. To employ and terminate the employment of employees and independent contractors and to purchase supplies and equipment, to enter into contracts, and generally to have the power of manager in connection with the matters hereinabove set forth;

11. To bring and defend actions by or against one or more than one Unit Owner and pertinent to the operation of the Condominium. The Board may, in its discretion, fund the cost of any such litigation out of the common charge assessments. The Board shall also have the right to engage in any litigation it deems necessary to carry out the provisions of the Declaration of Condominium and these By-Laws and may fund the cost of any such litigation out of the common charge assessments. Without limiting the foregoing, the Board may engage in litigation pertaining to the maintenance and operation of the common elements;

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

13. To grant utility or other easements as may, at any time, be required for the benefit of the Condominium and Unit Owners without the necessity of the consent thereto, or joining therein, by the Unit Owners or any mortgagee;

14. To borrow money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the common elements, provided, however, that the consent of at least 66 2/3% in number of all Unit Owners, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these By-Laws, shall be required for the borrowing of any sum in excess of \$50,000 in any fiscal year;

15. To act as an agent of each Unit Owner to complain or apply to the local and county real estate tax assessment agency board of review by filing a single complaint on behalf of all such Unit Owners pursuant to any applicable sections of the Real Property Tax Law. The Board of Managers may retain legal counsel on behalf of all Unit Owners for which it is acting as agent and charge all such Unit Owners a pro rata share of expenses, disbursements, and legal fees for which

charges the Board of Managers shall have a lien pursuant to Article VI of these By-Laws;

16. In the event the Units have not been separately assessed at the time of the First Closing (as defined in the Plan), to receive and maintain the Tax Reserve (as defined in the Plan), to use same for the payment of real estate taxes on the entire Building and land thereunder, and, should there be any amount remaining in such fund following separate assessment of the Units, to apply same as a credit against common charges on a pro rata basis for all Unit Owners who have contributed to such fund;

17. To receive any reserve fund and to hold and use such Reserve Fund exclusively for making capital repairs, replacements, and improvements necessary for the health and safety of residents of the Building;

(b) The Board of Managers may, by resolution or resolutions passed by a majority of the whole Board, designate one or more committees, each of such committees to consist of at least three (3) Managers or Unit Owners, one of whom shall be a Manager, which, to the extent provided in said resolution or resolutions, shall have and may exercise the powers of the Board of Managers in the management of the business and affairs of the Condominium and may have power to sign all papers which may be required, provided the said resolutions shall specifically so provide. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Managers. Committees established by resolution of the Board of Managers shall keep regular minutes of their proceedings and shall report the same to the Board as required.

(c) Notwithstanding anything to the contrary contained in these By-Laws, the Board will not take any of the following actions unless 51% of all members thereof so approve in writing or by vote at a duly constituted meeting called for such purpose:

(i) increase the number, or change the type, of employees from those hired at the time of recording the Declaration;

(ii) provide for new or additional services from those being provided at the time of recording the Declaration; or

(iii) impose any common charge for the purpose of making any capital or major improvement, alteration or addition to the common elements or to any Unit, unless required by Law or necessary for the health or safety of residents of the Building (but nothing contained herein will restrict the right and obligation of the Condominium Board to maintain and repair the common elements and to levy common charges therefor).

(d) Notwithstanding anything to the contrary in these By-Laws, the Board may not take any action to amend the Certificate of Occupancy of the Building so as to render

illegal or improper the existing use of any Unit without the written consent of the owner of such Unit.

(e) Each member of the Board will perform his duties, and will exercise his powers, in good faith and with a view to the interests of the Condominium. To the extent permitted by law, no contract or other transaction between the Board and either (1) any of its members or (2) any corporation, partnership, fiduciary, firm, association or other entity in which any of the members of the Board are officers, directors, employees, partners, fiduciaries, beneficiaries or principals, or are otherwise interested, pecuniary or otherwise, will be deemed either void or voidable because any such interested member of the Board was present at the meeting or meetings of the Board during which such contract or transaction was discussed, authorized, approved or ratified; provided, however, that either:

(i) the material facts as to such member of the Board's interest in such contract or transaction are disclosed in good faith or known to the Board, and the Board approves such contract or transaction by a vote sufficient for such purpose without counting the vote of such interested member of the Board or, if the votes of the disinterested members of the Board are insufficient to constitute a quorum, by unanimous vote of the disinterested directors;

(ii) the fact thereof is disclosed to, or known by, a majority of Unit Owners, and a majority of Unit Owners authorize, approve or ratify such contract or transaction; or

(iii) the contract or transaction is commercially reasonable to the Board at the time that it is authorized, approved, ratified, executed or otherwise consummated.

Any interested member of the Board may be counted in determining the presence of a quorum of any meeting of the Board that authorizes, approves, or ratifies any such contract or transaction, but no such member will be entitled to vote thereat to authorize, approve or ratify such contract or transaction.

Section 6. Repairs and Maintenance. All maintenance, repairs and replacement of or to (i) the common elements of the Property including but not limited to exterior walls, roof and roof members; or (ii) any pipes, wire, conduits and public utility lines, any portion of which is located in one Unit and services another Unit or more than one Unit or so much of any pipes, wires, conduits and public utility lines as are located in the common elements but serve one or more Units, or unexposed portions of pipes, conduits and wires within any Unit (provided such repairs are not necessitated by the neglect, misuse, or negligence of the Unit Owner, in which event such repairs shall be made by or at the sole expense of such Unit Owner), shall be made by the Board of Managers and the cost thereof shall be a common expense. Except as is otherwise specifically provided, all maintenance to the Units, including plumbing stoppages, window cleaning, painting and decorating in the Units (except for painting and cleaning of the exterior surfaces of doors and windows which open from an Apartment Unit which painting and cleaning are performed by the Board of Managers), and repairs and

replacements to the Units including windows and doors (including all glass breakage), and repairs to pipes, wires and conduits located in and servicing the same Unit, other than as set forth above, shall be made by the respective Unit Owners at their own expense.

All irrevocably restricted common elements shall be maintained and repaired by the Unit Owner to whom such common element is restricted in use. However, the Board of Managers shall make any structural repairs thereto and shall repair and replace any pipes, wires, conduits and public utility lines located underground or overhead of any irrevocably restricted common element, except where any such repair or replacement is necessitated by the negligence, misuse or neglect of the Unit Owner or Owners to whom the common element is restricted in use, in which event such cost and expense shall be assessed to and paid for by such Unit Owner or Owners. The Board of Managers shall repair all plumbing stoppages and electrical problems occurring in the common elements.

The Board of Managers and its agents, employees and contractors shall have a right of access to any Unit and to all portions of the common elements for the purpose of carrying out any of its obligations under these By-Laws or the Declaration of the Condominium. All repairs or maintenance, whether made by the Unit Owner or by the Board of Managers to the doors, windows, or the exterior surface of the Building, including roofs, or to any generally visible portion of the common elements shall be carried out in such a manner so as to conform to the existing materials, style and color. In the event that a Unit Owner fails to perform any maintenance, painting or repair, which maintenance, painting or repair is necessary to protect any of the common elements, any other Unit, or, in the event of service of a Building Department violation notice covering the Unit upon the Board of Managers, the Board of Managers shall have the right to perform such maintenance or repair or cure such violations (after the failure of the Unit Owner to do so after 10 days written notice, or written or oral notice of a shorter duration in the event of an emergency situation and to charge the Unit Owner for the cost of all such repairs, maintenance or cure. In the event that the Board of Managers charges a Unit Owner for repairs, maintenance or such cure to his Unit or for repairs, maintenance or such cure to any common element restricted in use to such Unit Owner, and the Unit Owner fails to make prompt payment, such charges shall be considered as additional common charges due from said Unit Owner, and the Board of Managers shall be entitled to bring suit thereon. In the event the Board brings such a suit, the Unit Owner shall be liable for the reasonable attorneys fees and cost of such suit or proceeding together with interest on all sums due at the maximum legal rate permitted to be charged such Unit Owner.

No Unit Owner (other than the Sponsor or its designees as to whom the provisions of this paragraph shall not apply) will make any structural alteration, addition, improvement or repair in or to his Unit or its appurtenant restricted common elements without the prior written approval of the Board. If, however, the Board shall fail to answer any written, reasonably detailed request for such approval within 30 days after such request is received, such failure to respond will constitute the Board's consent thereto. Prior to, and as a condition of, the granting of any such approval, the Board may, at its sole option, require the Unit Owner to procure and agree to maintain during the course of such work such insurance as the Board may reasonably prescribe and to execute an agreement, in form and substance satisfactory to the Board, setting forth the terms and

conditions under which such alteration, addition, improvement or repair may be made, including, without limitation, the indemnity hereinafter referred to and the days and hours during which any such work may be done.

All alterations, additions, improvements and repairs by Unit Owners will be made in compliance with Law. In connection therewith, the Unit Owner (or the Board at the Unit Owner's expense if necessary) will execute applications, to any departments of the City of New York, or to any other governmental agencies having jurisdiction thereof, for any and all permits required in connection with the making of alterations, additions, improvements or repairs in or to a Unit or its appurtenant restricted common elements, provided that all such work of a structural nature was approved by the Condominium Board, if required, pursuant to the terms of the preceding paragraph.

Neither the Board nor any Unit Owner (other than the Unit Owner making or causing to be made any alteration, improvements, additions or repairs in or to his Unit and appurtenant restricted common elements) will incur any liability, cost or expense either (i) in connection with the preparation, execution or submission of the applications referred to in the preceding paragraph; (ii) to any contractor, subcontractor, materialman, architect or engineer on account of any alterations, improvements, additions or repairs made or caused to be made by any Unit Owner; or (iii) to any person asserting any claim for personal injury or property damage arising therefrom. Any Unit Owner making or causing to be made any alterations, improvements, additions or repairs in or to his Unit and/or appurtenant restricted common elements will agree (in a writing executed and delivered to the Board, if the Board will so request), and will be deemed to agree (in the absence of such writing), to indemnify and hold the Board, the members of the Board, the officers of the Board, the Managing Agent and all other Unit Owners harmless from and against any such liability, cost and expense.

Section 7. Compensation. Managers and officers, as such, shall receive no compensation for their services, but shall be entitled to reimbursement for their reasonable and necessary out-of-pocket disbursements in connection with their duties as such.

Section 8. Meetings.

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

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

(c) Special meetings of the Board may be called by the President on 2 days notice to each Manager either personally or by telephone, mail or telegram. Special meetings shall be called by the President or Secretary in a like manner and on like notice on the written request of at least three (3) managers.

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

(e) Before or at any meeting of the Board of Managers, any Manager may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Manager at any meeting of the Board shall be the waiver of notice by him of the time and place thereof. If all the Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

(f) Managers or members of any committee of the Board of Managers may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

Section 9. Annual Statement. The Board of Managers shall furnish to all Unit Owners, their mortgagees and the Department of Law of the State of New York (if legally required) and shall present annually (at the annual meeting) and when called for by a vote of the Unit Owners at any special meeting of the Unit Owners, a full and clear statement of the business conditions and affairs of the Condominium, including a balance sheet and profit and loss statement verified by an independent public accountant and a statement regarding any taxable income attributable to the Unit Owner and a notice of the holding of the annual Unit Owners meeting. Such annual statements shall be given not later than four months after the end of each fiscal year of the Condominium.

Section 10. Fidelity Bonds. The Board of Managers may require that all officers and employees of the Condominium handling or responsible for Condominium funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be a common expense.

Section 11. Managing Agent. The Board of Managers shall employ for the Condominium a managing agent under a term contract or otherwise at a compensation established by the Board, to perform such duties and services as the Board shall authorize including, but not limited to, such duties set forth in subsections 2, 3, 4, 6, 7, 10, 16, 17, and 18 of subsection (a) of Section 5 of this Article III, and such other duties as may, from time to time, be delegated by the Board of Managers; provided, however, that the Board of Managers shall not delegate duties and services except to the extent permitted by law. Notwithstanding anything to the contrary contained in these By-Laws, the Board shall not enter into any management agreement that discriminates against the Sponsor by charging Sponsor a higher management fee for occupied apartments than such fee charged others owning Units occupied by non-purchasing tenants.

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

ARTICLE IV

OFFICERS

Section 1. Elective Officers. The officers of the Condominium shall be chosen by the Board of Managers and shall be a president, a vice president, a secretary and a treasurer. The Board of Managers may also choose one or more assistant secretaries and assistant treasurers and such other officers as in their judgment may be necessary. All officers must be Unit Owners (including the parties set forth in Article III, Section 1 for non-individual Unit Owners) or members of the Board of Managers or employees of the Condominium. Two or more offices may not be held by the same person.

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

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

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

Section 5. The President. The President shall be the chief executive officer of the Condominium; he shall preside at all meetings of the Unit Owners and Managers, shall be an ex-officio member of all standing committees, shall have general and active management of the business of the Condominium, shall see that all orders and

resolutions of the Board are carried into effect and shall have such other powers and duties as are usually vested in the office of President of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 6. The Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act and shall have such other powers and duties as are usually vested in the office of Vice President of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 7. The Secretary. The Secretary and/or Assistant Secretary shall attend all sessions of the Board and all Unit Owners meetings and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all Unit Owners meetings and special meetings of the Board of Managers, and shall perform such other duties as may be prescribed by the Board of Managers or by the President, under whose supervision he shall be.

Section 8. The Treasurer. The Treasurer shall have the custody of the condominium funds and securities and shall keep full and accurate chronological accounts of receipts and disbursements in books belonging to the Condominium including the vouchers for such disbursements, and shall deposit all monies and other valuable effects in the name and to the credit of the Condominium in such depositories as may be designated by the Board of Managers.

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

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

Section 9. Agreements, etc. All agreements and other instruments shall be executed on behalf of the Condominium by the President or such other person as may be designated by the Board of Managers.

ARTICLE V

NOTICES

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

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

ARTICLE VI

FINANCES

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

Section 2. Assessments. The Board of Managers shall from time to time, but at least annually, fix and determine the budget representing the sum or sums necessary and adequate for the continued operation of the Condominium and shall send a copy of the budget and any supplement to the budget to every Unit Owner and Mortgagee. They shall determine the total amount required, including the operational items such as insurance, repairs, reserves, betterment's, maintenance of the common elements and other operating expenses as well as charges to cover any deficits from prior years. The total annual requirements shall be assessed as a single sum against all Units and prorated against each of said Units according to the respective common interests appurtenant to such Units except that the Commercial Units shall not be assessed for expenses solely benefiting the residential units, including, without limitation, lobby doorman or lobby security guard services, building superintendent, or elevator costs. This proration of assessments shall remain constant regardless of the percentage of the building square footage included in each Unit or the common elements restricted to the use of the Owner of said Unit.

All of said assessments whether covering common expenses or special expenses, shall be deemed to be common charges and shall be payable in advance as ordered by the Board of Managers. In the event of a default in the payment of monthly common charge assessment by any Unit Owner, the Board, at its sole option, may declare the common charge assessment on said Unit Owner's Unit for the balance of the fiscal year immediately due and payable. Prior to making any such declaration following a default, the Board shall send notice to the delinquent Unit Owner and the mortgagee, if any, of such Unit giving the Unit Owner a five day grace period in which to make his payment. The Board may charge the delinquent Unit Owner a fee of not more than forty dollars to cover the additional burden to the Board occasioned by the lack of timely payment. Interest at the highest legal rate may also be collected by the Board on the common charge assessment from its due date to the date payment is actually received from the Unit Owner. Special assessments, should such be required, shall be levied and paid in the same manner as hereinabove provided for regular assessments. The Unit Owner agrees to pay promptly when due the monthly and all special assessments assessed against his own Unit. Any Unit Owner who fails to pay any assessment imposed by the Condominium to meet any common expense shall be liable for any expenses incurred

by the Condominium in collecting said assessment including interest at the highest legal rate and reasonable attorneys fees. The Board shall take action to collect any common charges due from any Unit Owner which remain unpaid 90 days from its due date by way of foreclosure of the lien on such Unit in accordance with Section 339 of the Real Property Law or otherwise.

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

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

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

Section 5. Liability for Water, Electricity and Gas. All water consumed in the common elements and the Residential Units and all gas and electricity, consumed in the common elements shall be a common expense. Electricity and gas consumed in each Unit and water consumed in the Commercial Units shall be individually metered and all charges therefor paid for by the respective Unit Owner.

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

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

ARTICLE VII

INSURANCE

Section 1. Insurance to be Carried by the Board. The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance: fire insurance with extended coverage, water damage, and vandalism and malicious mischief endorsements insuring the building, including all of the Units (but not including furniture, furnishings or other personal property supplied or installed by Unit Owners), together with all heating, air conditioning and other service machinery contained therein, covering the interest of the Condominium, the Board of Managers and all Unit Owners and their mortgagees, as such interest may appear, in an amount equal to not less than 80% of the replacement value of the Building or in a lesser amount with Agreed Endorsement Coverage so as to avoid co-insurance. Each of such policies shall contain a New York standard mortgagee clause in favor of each mortgagee of a Unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers hereinafter set forth. All such policies shall provide that adjustment of loss shall be made by the Board of Managers, and that the net proceeds thereof shall be payable to the Board of Managers. The Board of Managers is hereby irrevocably appointed agent for each Unit Owner and for each Owner of a mortgage or other lien upon a Unit and for each owner of any other interest in the condominium property to adjust all claims arising under insurance policies purchased by the Board of Managers and to execute and deliver releases upon the payment of claims.

The fire insurance will commence with the closing of title to the first Unit and until the first meeting of the Board of Managers following the first Unit Owners meeting, such amount shall be at least in the amount set forth in Schedule B to the Offering Plan. The Board of Managers shall review the amount of fire insurance annually.

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

The Board shall also obtain and maintain, to the extent obtainable: (1) worker's compensation insurance; (2) in order to limit the liability of Unit Owners for personal injury and tort, comprehensive general liability insurance covering each member of the Board and each Unit Owner in such amounts as the Board may deem proper, and (3) such other insurance as the Board may from time to time deem appropriate. In addition, there shall be an umbrella policy of at least the amount set forth in Schedule B to the Offering Plan covering losses above such limits. The Board of Managers shall review all such limits once each year.

The comprehensive general liability insurance policy to be maintained until the first meeting of the Board of Managers following the first annual meeting of the Unit Owners, will be \$1,000,000 covering claims for death or bodily injury arising in the common elements and \$100,000 for claims for property damage arising in the common elements and including \$1,000,000 for officers and directors liability. The general liability insurance shall also cover cross liability claims of one insured against another.

Unit Owners shall not be prohibited from carrying other insurance for their own benefit provided that such policies contain waivers of subrogation and further provided that the liability of the carriers issuing insurance procured by the Board of Managers shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

Section 2. Restoration or Reconstruction After Fire or Other Casualty. In the event of damage to or destruction of the Building as a result of fire or other casualty (unless 75% or more of the Units are destroyed or substantially damaged and 75% or more in number and common interest of the Unit Owners 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 (including any kitchen or bathroom fixtures initially installed therein by the Sponsor, any heating, air conditioning or other service machinery which is covered by insurance but not including any wall, ceiling or door decorations or coverings or other furniture, furnishings, fixtures or equipment installed by Unit Owners in the Units), and the Board of Managers shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a common expense and the Board of Managers may assess all the Unit Owners for such deficit as part of the common charges. In the event of a casualty loss, all Unit Owners shall continue to pay common charges.

ARTICLE VIII

USE OF UNITS

Each residential Unit shall be used only for residential purposes in compliance with the uses permitted under the Building's Certificate of Occupancy, the Zoning Resolution, and all other applicable laws, and for such other purposes permitted under the Building's Certificate of Occupancy and all applicable laws except for the following prohibited uses:

- (a) any use involving the sale, preparation or storage of food, alcohol or drinks, or
- (b) any use involving the sale or rental of video tapes, movies, or video software of any kind or nature; or
- (c) any use involving services or sales to the public.

The commercial Units may be used for any lawful use permitted under the Building's Certificate of Occupancy, the Zoning Resolution, and all other applicable laws.

As set forth in Article NINETEENTH of the Declaration, Sponsor and its designees have the right to change the category and use of any Unsold Unit, subject to the applicable provisions of such Article NINETEENTH.

A Unit may be owned by an individual, corporation, partnership, fiduciary or any other entity and may only be used by (i) the individual Unit Owner, (ii) an officer, director, stockholder or employee of such corporation, (iii) a partner or employee of such partnership, (iv) the fiduciary or beneficiary of such fiduciary or (v) a principal or employee of such other entity, as the case may be. Unless otherwise consented to by the Board, users of a leased Unit must be (i) an individual lessee, (ii) an officer, director, stockholder or employee of a corporate lessee, (iii) a partner or employee of a partnership lessee, (iv) a fiduciary or beneficiary of a fiduciary lessee, or (v) a principal or employee of such other entity which is a lessee.

No portion of a Unit (other than the entire Unit) may be sold, conveyed, leased or subleased.

The Sponsor may, without the permission of the Board, use any Unsold Units (as hereinafter defined) or Units not offered for sale as models and sales and/or promotion offices in connection with the sale or rental of the Units or for any other purpose, subject only to compliance with applicable governmental laws and regulations.

ARTICLE IX

HOUSE RULES

In addition to the other provisions of these By-Laws, the following house rules and regulations together with such additional rules and regulations as may hereafter be adopted by the Board of Managers shall govern the use of the Units and the conduct of all occupants thereof; provided that no such additional or amended rule or regulation may restrict or impair any rights of Sponsor or its designees under the Declaration and By-Laws, without such Owner's prior written consent.

Section 1. Owners of a Unit, members of their families, their employees, guests and their pets shall not use or permit the use of the premises in any manner which would be illegal or disturbing or a nuisance to other said Owners, or in such a way as to be injurious to the reputation of the Condominium.

Section 2. The common elements shall not be obstructed, littered, defaced or misused in any manner, except as provided for herein.

Section 3. Every Unit Owner shall be liable for any and all damage to the common elements and the property of the Condominium, which shall be caused by said Unit Owner or such other person for whose conduct he is legally responsible.

Section 4.

(a) Every Unit Owner must perform promptly all maintenance and repair work required to be done to the interior of his Unit and to portions of the common elements irrevocably restricted to his use pursuant to the provisions of the Declaration and these By-Laws which, if omitted, would affect the Condominium in its entirety or in a part belonging to other Unit Owners, or the Building, he being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) Any repairs or maintenance work to any Unit shall only be performed between the hours of 8 a.m. to 5 p.m. Monday through Saturday, unless there is an emergency situation requiring immediate correction or the Board approves in writing other hours.

(c) All the repairs to internal installations of the Unit located in and servicing only that Unit, such as telephones and sanitary installations shall be at the Unit Owner's expense.

Section 5.

(a) 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 windows thereof, any dirt or other substance.

(b) No radio or television aerial shall be attached to or hung from the exterior of the Unit except such as shall have been approved in writing by the Board of Managers or the managing agent; nor shall anything be projected from any window of the Building without similar approval.

(c) No Unit Owner or any of his agents, servants, employees, licensees, or visitors shall at any time bring into or keep in his Unit any inflammable, combustible or explosive fluid, material, chemical or substance.

(d) No Unit Owner shall make or permit any disturbing noises in his Unit, or do or permit anything to be done therein, which will interfere with the rights, comforts or conveniences of other Unit Owners. No Unit Owner shall play upon or suffer to be played upon any musical instrument, or operate or permit to be operated a phonograph or a radio or television set or other loud speaker in such Owner's Unit between the hours of ten o'clock p.m. and the following seven o'clock a.m., if the same shall disturb or annoy other occupants of the Building and in no event shall practice or suffer to be practiced either vocal or instrumental music between the hours of ten o'clock p.m. and the following nine o'clock a.m.

(e) It is prohibited to hang garments, rugs, signs, advertisements etc., from the windows or from the Building or to string clotheslines on or over the common elements (including any irrevocably restricted areas).

(f) No sign or advertisement of any kind shall be displayed to the public view on or in any Unit without the approval of the Board of Managers.

(g) Terraces and patios shall be kept free from snow, ice and water and a Unit Owner shall not install or affix awnings, fences, or objects of any kind to the terraces or

patios of his Unit without the written consent of the Board of Managers. The use of gas or charcoal grills on the terraces or patios is strictly prohibited.

(h) No planters or plantings shall be installed on any terrace, patio, balcony or roof without the prior written approval of the Board. Plantings and/or planters, where allowed, shall conform to the following:

(i) Plantings shall be contained in clay pots or boxes of wood bound with metal.

(ii) Boxes shall stand on supports at least four inches from the terrace, balcony or roof surface.

(iii) Posts must be placed on drainage saucers.

(iv) All planters must be placed a minimum of four inches from any wall, parapet, fence or other planters.

(v) Suitable weep holes shall be provided in all planters to draw off water.

(vi) Planters with a soil depth greater than fourteen inches, must be supported by grating which will properly distribute the weight.

(vii) No plants will be allowed to grow out over the parapet.

(viii) No plants will be allowed over eight feet in height.

(ix) No planter may be attached to, rest on or be suspended from any wall, parapet or fence.

(x) It shall be the responsibility of the Unit Owner to maintain the containers in good condition, and the drainage weep holes in operating condition.

Notwithstanding the foregoing provisions, Unit Owners shall promptly remove any planter upon demand by the Board if in the Board's reasonable judgment such planter is causing or may cause damage to the terrace surface below such planter.

(i) No one shall ride mopeds, skateboards or roller blades on any portions of the common elements.

(j) No animals or reptiles of any kind shall be raised, bred, or kept in any Unit or on the common elements.

The provisions set forth above shall not be applicable to the Sponsor. The Sponsor, its designees, nominees and agents, shall have the right and privilege to maintain general and local sales offices in and about the Condominium, including any model Units located within the Building and shall have the right and privilege to have their representatives, employees and agents present on the Condominium premises to show

the Units to prospective purchasers, to utilize the common elements, and, without limitation, to do any and all things necessary and incident to the sale of the Units, without charge or contribution other than in the form of common charge payments as otherwise provided for herein.

The Sponsor shall have the right to continue to employ signs of its choice upon the Condominium premises in its efforts to sell the Units. Incident to the rights and privileges provided for herein, the officers, employees, agents, contractors, guests and invitees of the Sponsor, its successors and assigns, shall have the right of ingress and egress to and throughout the common elements of the Condominium. The last two paragraphs of this Article IX may not be modified or amended without the written consent of the Sponsor so long as the Sponsor continues to own one or more Units.

ARTICLE X

CHANGES TO CONDOMINIUM

The Sponsor or its designees and other Unit Owners shall have the rights and obligations with respect to changes in the Condominium as set forth in Article NINETEENTH of the Declaration.

ARTICLE XI

DEFAULT

In the event a Unit Owner does not pay any sums, charges or assessments required to be paid when due, the Board of Managers shall notify the Unit Owner and the mortgagee, if any, of such Unit. In such an instance the Board may, at its sole option, declare the common charge assessment on said Unit Owner's Unit for the balance of the fiscal year immediately due and payable. Prior to making any such declaration following a default the Board shall send notice to the delinquent Unit Owner and the mortgagee, if any, of such Unit, giving the Unit Owner a five day grace period in which to make his payment. The Board may charge the delinquent Unit Owner a fee of not more than fifty dollars to cover the additional burden to the Board occasioned by the lack of timely payment. Interest at the highest legal rate may be collected by the Board on the common charge assessment from its due date to the date payment is actually received from the Unit Owner. If any sum, charge or assessment shall remain unpaid for 90 days after the giving of notice by the Board of Managers or Manager, acting on behalf of the Board, that the payment is overdue, the Board may foreclose the lien encumbering the Unit as a result of non-payment of the required monies as set forth in the Declaration (subject to the lien of any first mortgage), in the same manner as the foreclosure of a mortgage. In the event the owner of a Unit does not pay the assessment required to be paid by him within ninety (90) days of its due date, said Unit Owner shall be liable for the Condominium's reasonable costs and reasonable attorney's fees incurred by it incident to the collection or enforcement of such lien. In addition, if the Board brings an action to foreclose the aforementioned lien, the

defaulting Unit Owner will be required to pay a reasonable rental for the use of his Unit, and the plaintiff in such foreclosure action will be entitled to the appointment of a receiver to collect such sum. All such interest, costs and expenses and rentals will be added to and will constitute common charges payable by such Unit Owner.

If any Unit Owner violates or breaches any of the provisions of the Declaration or By-Laws on his part to be observed or performed, the Board will 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 Declaration and By-Laws with respect to any of the rights, easements, privileges or licenses granted to Sponsor or its designee will give to Sponsor or such designee 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 remedies specifically granted to the Board or to Sponsor or its designee in this Article XI or elsewhere in the Declaration and By-Laws will be cumulative, will be in addition to all other remedies obtainable 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 or Sponsor or such designee, as the case may be. Further, the exercise of any remedy will not operate as a waiver, or preclude the exercise, of any other remedy.

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

Subject to the terms and conditions contained in these By-Laws, any Unit Owner may convey his Unit, together with its appurtenant common interest, to the Board or to its designee, corporate or otherwise, on behalf of all Unit Owners without being compensated therefor, and, in such event, be exempt from the payment of common charges thereafter accruing; provided, however, that: (i) all common charges then due and payable with respect to such Unit have been paid; (ii) such Unit is free and clear of all liens and encumbrances other than a first mortgage permitted hereunder and the statutory lien for unpaid common charges which are to be paid as aforesaid; and (iii) no substantial uncured violation of any provision of the Declaration or By-Laws then exists with respect to such Unit.

ARTICLE XII

AMENDMENTS

These By-Laws may be altered, amended or added to at any duly called Unit Owners meeting; provided: (1) that the notice of the meeting shall contain a full statement of the proposed amendment; (2) that the amendment shall be approved by eighty (80%)

percent of the Unit Owners in number and common interest; and (3) said amendment shall be set forth in a duly recorded amendment to the By-Laws. However, no amendment shall materially adversely affect the validity or priority of any Unit Owner's interests or the interests of holders of a mortgage encumbering a Unit or Units, without the prior written consent of such Unit Owner and mortgagee, and no amendment shall affect or impair any rights granted or reserved to Sponsor or its designees under Declaration and By-Laws without the prior written consent of Sponsor or its designees as the case may be.

ARTICLE XIII

SELLING, MORTGAGING AND LEASING UNITS

Section 1. Selling and Leasing of Units. No Unit Owner (other than the Sponsor or its designee or as otherwise specifically excepted by this Section) may convey his Unit or any interest therein by sale or lease except in the manner set forth in this Section.

Any Unit Owner who receives a bona fide written offer for the sale or lease of his Unit and who desires to accept such offer shall give written notice by registered mail to the Board of Managers of such offer and such intention together with the name and address of the proposed purchaser or lessee and the terms of the sale or lease, together with an offer to sell or lease such Unit to the Board of Managers on the same terms and conditions as contained in such offer. The giving of such notice shall constitute a warranty and representation by the Unit Owner to the Board of Managers that the Unit Owner has received such offer, believes it to be bona fide, and intends to accept it.

Immediately upon receipt of such notice, the Board may, if it believes accepting such offer to be in the best interest of the Condominium, call a special Unit Owners meeting to be held no more than five days after the receipt of such a notice for the purpose of voting upon the offer contained in such notice. Within ten days after receipt of such notice, the Board may elect to purchase or lease such Unit by giving written notice by registered mail to such Unit Owner of its intention to buy or lease such Unit on the same terms and conditions as contained in the offer and as stated in the notice from the Unit Owner. In the event the Board shall elect to purchase or lease such Unit, the closing of title or lease shall be held at the office of the attorneys for the Condominium sixty (60) days after the giving of notice by the Board of its election to accept said offer. In the event the Unit is being sold, the Unit Owner shall deliver at the closing a duly executed bargain and sale deed with covenant against grantor's acts in form and substance similar to the standard form of the New York Board of Title Underwriters. In the event the Unit is being leased, then at the closing the Unit Owner shall execute and deliver to the Board a lease on the same terms and conditions contained in the offer and notice sent by the Unit Owner.

In the event the Board shall fail to accept said offer as aforesaid, the Unit Owner shall be free to contract to sell or lease such Unit for a period of 60 days after the expiration of the period in which the Board might have accepted such offer, to the

offeror whose name appears in the notice and on the same terms and conditions as set forth in such notice. In the event of sale of the Unit resulting from a failure of the Board to accept such offer, the deed conveyed to the purchaser shall provide that the grantee upon acceptance of the deed assumes all of the provisions of the Declaration and these By-Laws. In the event of a lease of the Unit resulting from a failure of the Board to accept such offer, the lease conveyed to the lessee shall be consistent with the Declaration and these By-Laws and shall provide that it may not be modified, amended, extended, assigned or sublet without the prior consent in writing of the Board of Managers. Except as set forth herein, the form of such lease shall be the then current form of apartment lease recommended by the Real Estate Board of New York, Inc. with only such modifications as shall be approved in writing by the Board of Managers. In the event the Unit Owner shall not sell or lease the Unit within such sixty-day period, then he shall be again required to comply with all of the terms and provisions of this section before offering the Unit for sale or lease.

In order to purchase or lease any Unit offered for sale or lease in accordance with this section, the affirmative vote of at least 80% of all the Unit Owners cast at a special meeting called by the Board of Managers shall be necessary.

No Unit Owner shall in any event convey, mortgage, pledge, hypothecate, sell or lease his Unit unless and until all unpaid common charges assessed against his Unit shall have been paid to the Board of Managers. However, such unpaid common charges can be paid out of the proceeds from sale of a Unit or by the purchaser. Further, a Unit Owner may convey his Unit and his common interest appurtenant thereto, to the Board of Managers on behalf of all Unit Owners free of any cost to the Board or the Unit Owners and upon such conveyance in compliance with Article XI hereof such Unit Owner shall not be liable for any common charges thereafter accruing against such Unit.

Any sale or lease of any Unit in violation of this section shall be voidable at the election of the Board, and, if the Board shall so elect, the selling or leasing Unit Owner will be deemed to have authorized and empowered the Board to institute legal proceedings to eject the purported purchaser (in the event of an unauthorized sale) or to evict the purported tenant (in the event of an unauthorized leasing) in the name of such Unit Owner as the owner or landlord, as the case may be. Such Unit Owner will reimburse the Board for all costs and expenses paid or incurred in connection with such proceedings, including, without limitation, reasonable attorney's fees and court costs. The Sponsor, its assignees and designees may sell and/or lease Units to which any one of them holds title without prior approvals.

In the event that the Board shall elect to purchase or lease any such Unit, the Board may thereupon assess all other Unit Owners for the costs of such purchase or lease. Such assessment shall be a common charge apportioned among the other Unit Owners pro rata according to the respective common interest appurtenant to the Units owned by such Unit Owners and shall be payable by them within thirty (30) days of the notice of such assessment.

In the event the Board shall not elect to purchase or lease any such Unit in accordance with the provisions of this section, then, on the request of the Unit Owner offering such Unit for sale or lease, the Board shall issue a written statement attesting

to the fact that such offer was made and declined by the Board and including therein the terms and conditions of such offer. If the Board shall fail to call a meeting of Unit Owners as aforesaid with respect to the offer, it shall be deemed to have declined the offer.

The provisions of this section shall not apply to the acquisition or sale of a Unit by a mortgagee who shall acquire title to such Unit by foreclosure or by deed in lieu of foreclosure. Such provisions shall, however, apply to the sale or lease by any purchaser from such mortgagee. Notwithstanding anything to the contrary herein contained, there shall be no obligation to offer the Board a first right of refusal as aforesaid on any sale or lease of (i) any Unsold Unit prior to conveyance of same by the Sponsor or its designees to a bona fide purchaser, or (ii) any Unit by any individual Unit Owner to a member of his family as defined in Article VIII hereof or by any non-individual Unit Owner to any entity or individual which controls, is controlled by, or is under common control with such Unit Owner.

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

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

Section 3. Mortgaging of Units. No Unit Owner shall mortgage his Unit except by a mortgage loan granted by a federal or state savings and loan association, savings or commercial bank, life insurance company, pension fund, trust company, agency of the United States Government or of the City or State of New York or other similar institutional lender or a purchase money mortgage loan granted by the Seller of any Unit; provided that any past due common charges are paid in full at the time of placing any such mortgage. Any sum of money to be paid or any act to be performed by a Unit Owner pursuant to the terms of the Declaration or By-Laws may be paid or performed by his permitted mortgagee, and the Condominium Board will accept such permitted mortgagee's payment or performance with the same force and effect as if the same were paid or performed by such Unit Owner.

Section 4. Gifts, etc. Any Unit Owner may convey or transfer his Unit by gift during his lifetime or devise his Unit by will or pass the same by intestacy, without restriction, except that the new Unit Owner shall be bound by and his Unit subject to all the provisions of the Declaration and By-Laws.

ARTICLE XIV

CONDEMNATION

In the event all or part of the common elements are taken in condemnation or eminent domain proceedings, the award from such proceedings shall be paid to the

Board of Managers to be distributed in accordance with Section 2 of Article VII but in the following amounts:

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

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

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

ARTICLE XV

MISCELLANEOUS

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

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

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

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

Section 5. Examination of Books and Records. Every Unit Owner or his representative and mortgagee shall be entitled to examine the books and records of the Condominium at convenient hours of weekdays.

Section 6. Construction. Wherever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter; singular or plural, wherever the context so requires.

Section 7. Sponsor Controls. Notwithstanding any other provisions of these By-Laws, the By-Laws may not be amended to eliminate any rights expressly granted to the Sponsor without the Sponsor's express written consent. So long as the Sponsor or its designee shall continue to own Apartment Units representing 25% or more in number or interest in the common elements attributable to all Apartment Units or for five years after the closing of the first Unit, whichever is earlier, the Sponsor's prior written consent shall be required, if the resulting cumulative financial cost to the Condominium for the year, inclusive of any resulting deficiency or liability, would exceed 20% of the Condominium's prior year operating budget, to take any action to (a) make capital additions or improvements; (b) increase or decrease the level of services (without regard to the cost of said services) over those provided for in the prior year's operating budget; (c) establish additional reserve fund; or (d) borrow money.

Section 8. Violations. Any violation of any municipal law or ordinance placed on the Condominium or any Unit or common element thereof which is caused by or results from the acts or occupancy of any Unit Owner shall be promptly cured by and at the sole cost of such Unit Owner, and if not so cured may be cured by the Board at the Unit Owner's expense as provided in Article III, Section 6.

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

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**Soho Grand Center, LLC
c/o Arthur I. Weinstein, Esq.
924 West End Avenue
New York, New York 10025**

May 9, 2001

Department of Law State of New York
Real Estate Financing Bureau
120 Broadway – 23rd Floor
New York, NY 10271

Re: 161 Grand Street
New York, NY

Ladies and Gentlemen:

We are the sponsor and the principals of sponsor of the condominium offering plan for the captioned property.

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Department of law in Part 20 and such other laws and regulations as may be applicable.

We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for this certification. We jointly and severally certify that the offering plan does, and that documents submitted hereafter by us which amend or supplement the offering plan will:

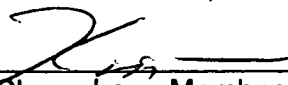
- (i) set forth the detailed terms of the transaction and be complete, current and accurate;
- (ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgments;
- (iii) not omit any material fact;
- (iv) not contain any untrue statement of a material fact;
- (v) not contain any fraud, deception, concealment, suppression, false pretense of fictitious or pretended purchase or sale;
- (vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) not contain any representation or statement which is false, where I/we (a)knew the truth;(b) with reasonable effort could have known the truth; (c) made no reasonable effort to

ascertain the truth; or (d) did not have knowledge concerning the representations or statements 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 civil and criminal penalties of the General Business Law and Penal Law.

Very truly yours,

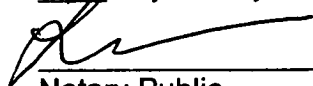
Soho Grand Center, LLC

By: 
Kin Chung Lam, Member


Kin Chung Lam


Yuk Jin Lam

Sworn to before me this
14th day of May, 2001


Notary Public


LEON K. LUK
Notary Public, State of New York
No. 31-4773609
Qualified in New York County
Commission Expires November 12, 2002

PETER F. POON ARCHITECT P.C.

Architecture

16 Mercer Street

Tei 212 941-6800

Interior Architecture

New York, New York

Fax 212 941-4803

Planning

10013

July 31, 2001

CERTIFICATION OF SPONSORS ARCHITECT

State of New York
Department of Law
120 Broadway
23rd Floor
New York, NY 10271

RE: *The Solita Condominiums*
221 Centre Street
New York, NY 10013

Gentlemen:

The sponsor of the offering plan to convert the captioned property to condominium ownership retained my firm to prepare a report describing the construction renovation of the property (the "Report"). I visually inspected existing portions of the renovated property, if any, on July 3, 2001, and I examined the building plans and specifications that were prepared by PETER F. POON ARCHITECT P.C. dated May 19, 2000 and prepared the Report dated July 19, 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, provided that renovation 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 judgment concerning the description and/or physical condition of the property as it will exist upon completion of

renovation and/or construction, provided that renovation and/or construction is in accordance with the plans and specifications that 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.



Sworn to before me this 7th day of August

Patricia Williams
Notary Public

PATRICIA WILLIAMS
Notary Public, State of New York
No. 4708989
Qualified in Bronx County
Term Expires September 30, 2002

Insignia Residential Group, Inc.
675 Third Avenue
New York, NY 10017
Tel: 212/370-9200
Fax: 212/692-6126

www.insigniaresidential.com



**CERTIFICATION BY EXPERT OF THE ADEQUACY OF
COMMON CHARGES PAYABLE BY RESIDENTIAL UNIT
OWNERS PURSUANT TO SECTION 23.4(d) OF REGULATIONS
ISSUED PURSUANT TO GENERAL BUSINESS LAW ARTICLE 23-A,
AS AMENDED**

August 2, 2001

New York State Department of Law
120 Broadway
New York, NY 10271
Att: Real Estate Financing Bureau

RE: 221 Centre Street

Ladies and Gentlemen:

The sponsor of the condominium offering plan for the captioned property retained us to review Schedules B and B-1 containing projections of income and expenses for the first year of condominium operation. The Insignia Residential Group has been involved in the management of a significant number of Cooperatives, Condominiums and Rental Properties in the greater New York metropolitan area for more than 300 properties containing approximately 60,000 residential units. Insignia Residential Group and its predecessor Kreisel Company Inc. have been engaged in the management of Cooperative, Condominium and Rental Properties for more than 20 years.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to Schedules B and B-1.

We have reviewed the Schedule and investigated the facts set forth in the Schedule and the facts underlying them with due diligence in order to form a basis for this certification. We have also relied on our experience in managing residential buildings.

We certify that the projections in Schedules B and B-1 appear reasonable and adequate under existing circumstances, and projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of condominium operations.

We certify that the schedule:

- (i) sets forth in detail the projected income and expenses for the first year of condominium operation;
- (ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgement concerning the first year of condominium operation;
- (iii) does not omit any material fact;
- (iv) does not contain any untrue statement of a material fact;
- (v) does not contain any fraud, deception, concealment, or suppression;
- (vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) does not contain any representation or statement which is false, where we:
 - (a) knew the truth;
 - (b) with reasonable effort could have known the truth;
 - (c) made no reasonable effort to ascertain the truth, or
 - (d) did not have knowledge concerning the representations or statements made.

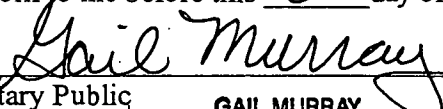
We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the income and expenses for the first year of the condominium operation. This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made.

We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

Insignia Residential Group

By: 
Eli S. Garber
Vice President

Sworn to me before this 6 day of Aug., 2001


Notary Public **GAIL MURRAY**
Notary Public, State of New York
No. 01MU4832220
Qualified in New York County
Commission Expires Sept. 4, 2001

Insignia Residential Group, Inc.
675 Third Avenue
New York, NY 10017
Tel: 212/370-9200
Fax: 212/692-6126

www.insigniaresidential.com



**CERTIFICATION BY EXPERT OF THE ADEQUACY OF
COMMON CHARGES PAYABLE BY COMMERCIAL UNIT
OWNERS PURSUANT TO SECTION 23.4(e) OF REGULATIONS
ISSUED PURSUANT TO GENERAL BUSINESS LAW ARTICLE 23-A,
AS AMENDED**

August 2, 2001

New York State Department of Law
120 Broadway
New York, NY 10271
Att: Real Estate Financing Bureau

RE: 221 Centre Street

Ladies and Gentlemen:

The sponsor of the condominium offering plan for the captioned property retained us to review Schedule B, which includes projections of common charges payable by the owner of the commercial units. The Insignia Residential Group has been involved in the management of a significant number of Cooperatives, Condominiums, and Rental Properties in the greater New York metropolitan area for more than 300 properties containing approximately 60,000 residential units. Insignia Residential Group and its predecessor Kreisel Company Inc. have been engaged in the management of Cooperative, Commercial and Rental Properties for more than 20 years.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to the commercial units listed in Schedule B.

We 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. We have also relied on our experience in managing residential buildings.

i Insignia
Residential Group

We certify that the projections in Schedule B for common charges payable by the owners of the 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 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.

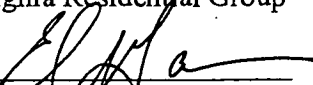
We certify that the estimates in Schedule B for the common charges payable by the owners of the commercial units:

- (i) set forth in detail the projected common charges for the commercial unit for the first year of condominium operation;
- (ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgement concerning common charges payable by the owners of the commercial unit.
- (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 we:
 - (a) knew the truth;
 - (b) with reasonable effort could have known the truth;
 - (c) made no reasonable effort to ascertain the truth, or
 - (d) did not have knowledge concerning the representations or statements made.

We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the common charges fairly attributable to the commercial units for the first year of the condominium operation.

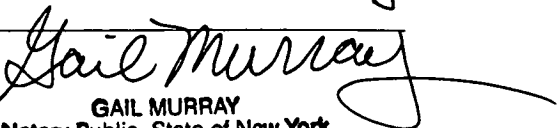
This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

Insignia Residential Group

By: 

Eli S. Garber
Vice President

Sworn to me before this 6 day of Aug., 2001

Notary Public 

GAIL MURRAY
Notary Public, State of New York
No. 01MU4832220
Qualified in New York County
Commission Expires Sept. 4, 2001

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

AGREEMENT made this 29 day of March, 2001,
between SOHO GRAND CENTER, LLC ("SPONSOR") as sponsor of the
offering plan and ARTHUR I. WEINSTEIN, ESQ. ("ESCROW
AGENT") as escrow agent.

WHEREAS, SOHO GRAND CENTER, LLC is the sponsor of an
offering plan to convert to cooperative/condominium ownership the
premises located at 221 Centre Street, New York, NY 10013 which premises are
known as THE SOLITA CONDOMINIUM; and

WHEREAS, ARTHUR I. WEINSTEIN 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:

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 CHASE MANHATTAN BANK at its depository bank branch located at 2824-26 Broadway, New York, NY 10025 address

The account number is [REDACTED]

1.2 The name of the account is ARTHUR I. WEINSTEIN, ESQ. Escrow Account.

1.3 ESCROW AGENT is the sole signatory on the account.

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

1.5 The escrow account is/is not an IOLA established pursuant to Judiciary Law Section 497.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All funds received from prospective purchasers or subscribers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be deposited in the escrow account. All

instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser or subscriber to the order of ARTHUR I. WEINSTEIN as escrow agent for THE SOLITA CONDOMINIUM offering plan. Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser or subscriber promptly, but in no event more than five business days following receipt of such instrument by ESCROW AGENT. In the event of such return of funds, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

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

3. RELEASE OF FUNDS.

- 3.1 ESCROW AGENT shall not release the escrowed funds of a defaulting purchaser until after consummation of the plan as defined in the Attorney General's regulations. Consummation of the plan shall not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.
- 3.2 ESCROW AGENT shall continue to hold the funds in escrow until otherwise directed in (a) a writing signed by both sponsor and purchaser or (b) a determination of the Attorney General or (c) a judgment or order of a court of competent jurisdiction or until released pursuant to the regulations of the Attorney General pertaining to release of escrowed funds.
- 3.3 SPONSOR shall not object to the release of the escrowed funds to (a) a purchaser who timely rescinds in accordance with an offer of rescission contained in the plan or an amendment to the plan or (b) all purchasers after an amendment abandoning the plan is accepted for filing by the Department of Law.
- 3.4 If there is no written agreement between the parties to release the escrowed funds, ESCROW AGENT shall not pay the funds to SPONSOR until ESCROW AGENT has given the purchaser written notice of not fewer than ten (10) business days. Thereafter, the funds may be paid to SPONSOR unless the purchaser has made application to the Department of Law pursuant to the dispute resolution provisions contained in the Attorney General's

regulations and has so notified ESCROW AGENT in accordance with such provisions.

4. 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 of the day and year first written above.

ESCROW AGENT

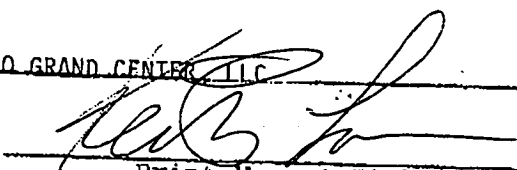
ARTHUR I. WEINSTEIN, ESQ.

By: 

Print Name
Arthur I. Weinstein

SPONSOR

SOHO GRAND CENTER, LLC

By: 

Print Name & Title
Keith Lam, Managing Member

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: THE SOLITA CONDOMINIUM
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: _____
7. Name and Address
 of Sponsor: _____

8. Name and Address
 of Escrow Agent: _____

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

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

11. If downpayments have been secured by a letter of credit:

(a) Name and address of bank which issued the letter of credit: _____

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

12. Plan information:

(a) Date of filing of plan: _____

(b) Plan ☐ has been declared effective. Approximate date: _____
☐ has not been declared effective.

(c) If effective, the plan

☐ has closed or the first unit has closed.
Approximate date: _____

☐ has not closed.

☐ don't know.

(d) Downpayments are secured by

☐ escrow account.

☐ bonds.

☐ letter of credit.

13. Contract information:

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

(b) Date on which subscription or purchase agreement was signed: _____

(c) Date(s) of downpayment(s): _____

(d) Total amount of downpayment(s): _____

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

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

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

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

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

Signature: _____ Date: _____

Name (Printed): _____

Telephone: (Home) _____ (Business) _____

Mailing Address: _____

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General Business Law § 777

ARTICLE 36-B—WARRANTIES ON SALE OF NEW HOMES

§ 777. Definitions

As used in this article, the following terms shall have the following meanings:

1. "Builder" means any person, corporation, partnership or other entity contracting with an owner for the construction or sale of a new home.
2. "Building code" means the uniform fire prevention and building code promulgated under section three hundred seventy-seven of the executive law, local building code standards approved by the uniform fire prevention and building code council under section three hundred seventy-nine of the executive law, and the building code of the city of New York, as defined in title twenty-seven of the administrative code of the city of New York.
3. "Constructed in a skillful manner" means that workmanship and materials meet or exceed the specific standards of the applicable building code. When the applicable building code does not provide a relevant specific standard, such term means that workmanship and materials meet or exceed the standards of locally accepted building practices.
4. "Material defect" means actual physical damage to the following load-bearing portions of the home caused by failure of such load-bearing portions which affects their load-bearing functions to the extent that the home becomes unsafe, unsanitary or otherwise unlivable: foundation systems and footings, beams, girders, lintels, columns, walls and partitions, floor systems, and roof framing systems.
5. "New home" or "home" means any single family house or for-sale unit in a multi-unit residential structure of five stories or less in which title to the individual units is transferred to owners under a condominium or cooperative regime. Such terms do not include dwellings constructed solely for lease, mobile homes as defined in section seven hundred twenty-one of this chapter, or any house or unit in which the builder has resided or leased continuously for three years or more following the date of completion of construction, as evidenced by a certificate of occupancy.
6. "Owner" means the first person to whom the home is sold and, during the unexpired portion of the warranty period, each successor in title to the home and any mortgagee in possession. Owner does not include the builder of the home or any firm under common control of the builder.
7. "Plumbing, electrical, heating, cooling and ventilation systems" shall mean:
 - a. in the case of plumbing systems: gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; water, gas and sewer service piping, and their extensions to the tie-in of a public utility connection, or on-site well and sewage disposal system;
 - b. in the case of electrical systems: all wiring, electrical boxes, switches, outlets and connections up to the public utility connection; and

c. in the case of heating, cooling and ventilation systems: all duct work, steam, water and refrigerant lines, registers, convectors, radiation elements and dampers.

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

§ 777-a. Housing merchant implied warranty

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

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

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

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

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

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

b. An action for damages or other relief caused by the breach of a housing merchant implied warranty may be commenced prior to the expiration of one year after the applicable warranty period, as described in subdivision one of this section, or within four years after the warranty date, whichever is later. In addition to the foregoing, if the builder makes repairs in response to a warranty claim under paragraph a of this subdivision, an action with respect to such claim may be commenced within one year after the last date on which such repairs are performed. The measure of damages shall be the reasonable cost of repair or replacement and property damage to the home proximately caused by the breach of warranty, not to exceed the replacement cost of the home exclusive of the value of the land, unless the court finds that, under the circumstances, the diminution in value of the home caused by the defect is a more equitable measure of damages.

c. In addition to any other period for the commencement of an action permitted by law, an action for contribution or indemnification may be commenced at any time prior to the expiration of one year after the entry of judgment in an action for damages under paragraph b of this subdivision.

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

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

§ 777-b. Exclusion or modification of warranties

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

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

3. A housing merchant implied warranty may be excluded or modified by the builder or seller of a new home only if the buyer is offered a limited warranty in accordance with the provisions of this subdivision.

a. A copy of the express terms of the limited warranty shall be provided in writing to the buyer for examination prior to the time of the buyer's execution of the contract or agreement to purchase the home.

b. A copy of the express terms of the limited warranty shall be included in, or annexed to and incorporated in, the contract or agreement.

c. The language of the contract or agreement for sale of the home must conspicuously mention the housing merchant implied warranty and provide that the limited warranty excludes or modifies the implied warranty. Language to exclude all implied warranties is sufficient if it states, for example, that "There are no warranties which extend beyond the face hereof."

d. The limited warranty shall meet or exceed the standards provided in subdivisions four and five of this section.

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

a. that the warranty is a limited warranty which limits implied warranties on the sale of the home; the words "limited warranty" must be clearly and conspicuously captioned at the beginning of the warranty document;

b. the identification of the names and addresses of all warrantors;

c. the identification of the party or parties to whom the warranty is extended and whether it is extended to subsequent owners; the limited warranty must be extended to the first owner of the home and survive the passing of title but may exclude any or all subsequent owners;

d. a statement of the products or parts covered by the limited warranty;

e. the clear and conspicuous identification of any parts or portions of the home or premises that are excepted or excluded from warranty coverage, and the standards that will be used to determine whether a defect has occurred; provided, however, that:

i. any exception, exclusion or standard which does not meet or exceed a relevant specific standard of the applicable building code, or in the absence of such relevant specific standard a locally accepted building practice, shall be void as contrary to public policy and shall be deemed to establish the applicable building code standard or locally accepted building practice as the warranty standard; and

ii. any exception, exclusion or standard that fails to ensure that the home is habitable, by permitting conditions to exist which render the home unsafe, shall be void as contrary to public policy.

f. what the builder and any other warrantor will do when a defect covered by the warranty does arise, and the time within which the builder and any other warrantor will act;

g. the term of the warranty coverage and when the term begins, provided, however, that such term shall be equal to or exceed the warranty periods of a housing merchant implied warranty, as defined in subdivision one of section seven hundred seventy-seven-a of this article;

h. step-by-step claims procedures required to be undertaken by the owner, if any, including directions for notification of the builder and any other warrantor; an owner shall not be required to submit to binding arbitration or to pay any fee or charge for participation in nonbinding arbitration or any mediation process;

i. any limitations on or exclusions of consequential or incidental damages, and any limitations on the builder's and other warrantor's total liability, conspicuously expressed on the first page of the warranty. Notwithstanding the foregoing, a limited warranty shall not be construed to permit any limitation on or exclusion of property damage to the home proximately caused by a breach of the limited

warranty, where the court finds that such limitation or exclusion would cause the limited warranty to fail of its essential purpose, except that such property damage may be limited by an express limitation on the builder's or other warrantor's total liability in accordance with the provisions of this paragraph.

5. a. This article shall not be construed to authorize or validate any covenant, promise, agreement or understanding which is void and unenforceable under section 5-322.1 of the general obligations law.

b. This article shall preempt any local law inconsistent with the provisions of this article. This article shall not preempt any builder subject to its provisions from complying with any local law with respect to the regulation of home builders except as expressly provided herein.

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

