Condominium Offering Plan
for the Sale of Units in a Condominium to be known as

Chocolate Factory Condominium

Premises located at

689 Myrtle Avenue
Kings County
Brooklyn, New York 11205

45 Residential Condominium Units $ 13,085,000.00

Name and Address of Sponsor
Chocolate Partners LLC
689 Myrtle Avenue
Brooklyn, New York 11205

Name and Address of Sponsor's Attorney
MARVIN L. SCHWARTZ
52 South Main Street
Spring Valley, New York 10977

THE DATE OF ACCEPTANCE FOR FILING THIS OFFERING PLAN IS MAY 1, 2002. THIS PLAN MAY NOT BE USED AFTER APRIL 30, 2003 UNLESS EXTENDED BY AMENDMENT.

SEE PAGE (ii) FOR SPECIAL RISKS TO PURCHASERS.

This offering plan is the sponsor's entire offer to sell these condominium units. New York law requires the sponsor to disclose all material information in this plan and to file this plan with the New York State Department of Law prior to selling or offering to sell any condominium units. Filing with the department of law does not mean that the department or any other government agency has approved this offering.

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SPECIAL RISKS

1. The Community as fully developed will not provide any off-street or handicapped parking. See Section III, "Description of Property and Improvements".

2. Below grade storage or recreation rooms may not be used as bedrooms; to do so could result in violations being posted against the building. See Part I, Section III, "Description of Property and Improvements".

3. Common charges will be collected semi-annually in July and January of each year. See Section XV, "Schedule A".

4. Two months common charges will be collected at closing for the reserve fund and six months common charges will be collected at closing for the working capital fund. See Section XV, "Schedule A"

5. The taxing authority may view a home on a lower level as a premium location and assess the unit accordingly in the future. See Section XV, "Schedule A".

6. No capital fund is provided for in the Budget. Funds to repair, replace or add capital items will be obtained by raising common charges. See Section VII, "Schedule B".

7. All deposits, down payments, or advances made by Purchasers prior to closing of each individual transaction, whether received before or after the date of consummation of the Plan, must be placed within five (5) business days after the agreement is signed by all necessary parties, in a segregated special escrow account of Marvin L. Schwartz, Esq., the Escrow Agent. The bank is covered by the federal bank deposit insurance to a maximum of $100,000.00 per individual deposit. The account will be an Interest-On-Lawyer's Account, ("IOLA") pursuant to Judiciary Law Section 497. There is no interest on this IOLA account accruing to the Purchaser. See Section XI, "Procedure to Purchase".

8. 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%, 50% or 70%) of the apartments in a building be sold before the lender will consider making a loan. Thus, it may be possible for a purchaser to experience difficulty obtaining a loan in a building where the percentage of units purchased is lower than a lender's particular sales minimum. See Section XI, "Procedure to Purchase".

9. Purchase agreement contracts are not subject to financing. In the event Purchasers do not obtain a mortgage they may forfeit the entire downpayment. See Section XI, "Procedure to Purchase".

10. All funds received by the Sponsor for upgrades or extras must initially be placed in the escrow account. However, purchasers should note as a special risk that such funds may be released from the escrow account by the escrow agent as

long as the Sponsor uses the funds for such upgrades or extras. As a result, in the event the purchaser is entitled to recission, the purchaser will not receive a refund of any funds used for upgrades or extras. See Section XI, "Procedure to Purchase".

11. Pursuant to existing law and regulation the sponsor may declare the plan effective by selling a minimum of fifteen percent of the apartments in the building. Even if the plan is declared effective with a minimum number of sales, it is possible that the sponsor may be able to convert the building with fewer than the minimum number of sales, if purchasers counted towards effectiveness do not ultimately purchase an apartment. See Section XII, "Effective Date of the Plan".

12. Each purchaser shall pay the Sponsor the sum of not more than $500.00 per unit for final "as built" plans and survey. This shall be Sponsor's actual cost for same. Each purchaser shall also pay 1/45th of the Sponsor's cost for engineering, architect, legal fees and other expenses to create the condominium, the cost for all of these together not to exceed $5,000.00. Each purchaser shall reimburse the Sponsor 1/45th of the annual premium for property and liability insurance from the date of closing until the policy anniversary not to exceed $750.00 per unit. Therefore, each purchaser may be obligated to pay $6,250.00 at closing for these charges in addition to the purchase price. In addition the Purchaser must pay Sponsor's attorney fee in the amount of $1000.00. See Section XV, " Unit Closing Costs and Adjustments" and Section V, Schedule A, for these and other costs and expenses.

13. At closing, the purchaser must pay the Sponsor's attorney fee in the amount of $1000.00. Purchaser must pay seller's transfer tax in the amount of 4% per $1,000 of the purchase price for New York State transfer tax, and 1% for NYC RPT transfer tax. The amount of the transfer taxes must be added to the purchase price in computing the transfer tax. Therefore, both the City and the State Transfer Tax will be based upon the sales price plus a sum equal to 1.4% of the sales price. See Section XV, " Unit Closing Costs and Adjustments" and Section V, Schedule A, for these and other costs and expenses.

14. No bond or other security has been furnished to secure the performance of Sponsor's obligations. See Section XVI, "Rights and Obligations of the Sponsor".

15. The Sponsor, as owner of unsold Homes, will have voting control of the Board of Managers until five (5) years after closing of the first Home or whenever seventy five per cent (75%) of the Homes have closed, whichever is sooner. 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 Home Owners, including the Sponsor and the enforcement of the Sponsor's obligations. See Section XVII, "Control by Sponsor".

16. So long as the Sponsor or its designee has voting control of the Board of Managers the Board of Managers may not, without the Sponsor's prior written

consent: (i) make any additions, alterations or improvements to the common elements or to any Home costing cumulatively more than $10,000, the foregoing not to include necessary repairs and maintenance work; or (ii) assess any common charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund in excess of the reserve for contingencies provided in Schedule B; or (iii) hire any employee in addition to the employees referred to in the Plan; or (iv) enter into any contracts not in existence on the date of the first closing of title to a Home; (v) borrow money on behalf of the Condominium; or (vi) reduce the services or maintenance set forth in Schedule B. See Part I, Section XVII, "Control by Sponsor".

17. According to the terms of this plan all obligations regarding the sponsor's payment of common charges shall only be enforceable by the board of directors. The Sponsor may control this board for up to five years. See Section XVII, "Control by Sponsor".

18. Even once 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. See Section XVIII, "Rights and Obligations of Homeowners".

19. The condominium insurance coverage does not cover fire and liability insurance for the purchaser's personal effects and interior of the home. Purchasers are advised to secure such coverage. (HO-6 Policy) See Section XVIX, "Rights and Obligation of Board of Managers".

20. If the Condominium is required to pay income taxes for its common charges income, the amount thereof will be levied as an additional common charge. See Part I, Section XXI, "Taxes".

21. The Sponsor is applying for the J-51 Tax Abatement and Exemption. The Sponsor will use his best effort to obtain these tax benefits but does not guarantee that they will be obtained. The Sponsor makes no representation that its application will be granted. Purchasers are purchasing with no guarantee of obtaining tax benefits. The Sponsor does not anticipate obtaining the tax benefits before the first closing of a Unit. See Section XXI, "Taxes".

22. No appliances are provided by Sponsor. Each purchaser must incur the additional expense of purchasing a refrigerator, additional stove, oven, dishwasher, washer, dryer, or any other appliance, if desired. The building department will refuse to grant a certificate of occupancy until a stove is installed. Upon the signing of the contract the Purchaser will have five business days to install a stove so that the Sponsor may obtain a certificate of occupancy for the Unit. If the Purchaser fails to install the stove Sponsor will do so at an additional $350.00 to Purchaser. See Part II, Schedule C, "Description of Property and Specifications".

23. The New York State Legislature has enacted Article 36-B of the General Business Law, which pertains to warranties on the sale of certain new Homes. This new law is applicable to all Purchase Agreements entered into on or after March 1, 1989, for the Homes offered for sale under this Plan. Pursuant to the terms of this law, the Sponsor is giving a Limited Warranty to Purchasers. This limited warranty is extended to the owner/purchaser named on page 1 of the Purchase Agreement, while the owner/purchaser owns the home. It does not extend to subsequent owners of the home or other persons. See Part I, Section XV, Rights and Obligations of Sponsor, and the complete terms of the Limited Warranty contained in the Rider to the Purchase Agreement set forth in Schedule D-1.

24. The use of the condominium unit is for single family residence purpose. A home cannot be used for commercial, office, home office, home occupation, or any other non-residential uses. See Part II, Schedule H, "By-Laws", Article VIII.

25. There will be no resident or nearby superintendent for the Condominium. This complies with the requirements of the Multiple Dwelling Law and the Housing Maintenance Code of the New York City Administrative Code.

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OFFERING PLAN

CHOCOLATE FACTORY CONDOMINIUM

689 Myrtle Avenue
Borough of Brooklyn
Kings County, New York

PART I

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CHOCOLATE FACTORY CONDOMINIUM

PLAN OF CONDOMINIUM OWNERSHIP

I. INTRODUCTION

This is an Offering Plan (the "Plan") for the sale of Condominium Homes (the "Homes") to be known as Chocolate Factory Condominium located in the Borough of Brooklyn, Kings County, New York. The purpose of the Plan is to set forth all the terms of the offer for the benefit of prospective purchasers.

The Plan may be amended at any time and from time to time provided that the amendment is duly filed with the Department of Law of the State of New York and is served on purchasers and Homeowners.

A Declaration submitting the property to Article 9-B of the Real Property Law of the State of New York (hereinafter referred to as the "Condominium Act") and By-laws will be recorded prior to conveyance of title to the first Home by the Sponsor. The property will be subject to the Condominium Act. The Declaration and By-laws will be substantially similar to those set forth in this offering Plan and will not be changed so as to adversely affect the purchaser. This offering Plan and the accompanying documentation should be carefully studied by prospective purchasers and their attorneys prior to the purchase of a Home.

The Sponsor of the Plan is Chocolate Partners LLC, with an address at 689 Myrtle Avenue, Brooklyn, New York 11205.

The Community will consist of forty-five (45) residential Units (the "Homes") to be located in one residential apartment building as set forth on the Plot Plan herein. The building is serviced by one elevator. There is no basic model type of Home. Copies of the floor plans are included in Part II of this Offering Plan, Schedule C . Each Home will be sold to one or more Owners each Owner obtaining fee ownership in, and exclusive right of occupancy and possession of the Home, together with an undivided interest in the common elements of the Community, as listed Declaration, contained in Part II of the Offering Plan, Schedule "H", 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. Each unit owner is obligated to comply with the declaration, by-laws, rules and regulations and any other requirement of the Board. The designation of the number of rooms, interior partitions and kitchen and bathroom facilities may be changed by mutual consent of the owner and the Home owner at the time of construction of the Home. The land and all improvements to be erected thereon are hereinafter referred to as the "Community" or the "Condominium".

The common elements of the Community will consist of all of the Community, except the Homes, including, but without limitations, outside walls and roofs of the Building, the land, building and improvements (other than the Homes) comprising the

Community (including the land under the Homes and under the improvements), all utility or other pipes and material located outside of the Homes. For a more detailed description of the common elements see Article "FIFTH" of the Declaration.

All the units have a Living Space, Bathroom and Kitchen. All units have a storage area as part of their units located within their units. For a more detailed description of the Units and their percentage of common interest see Schedule A.

The Sponsor acquired title to the condominium property on March 13, 2001.

The prices for the Homes are set forth in Schedule A. THESE PRICES HAVE BEEN SET BY THE SPONSOR ALONE AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY.

Parts I and II along with Parts A, B, and C, and D of the Exhibits submitted along with the Offering Plan together constitute the entire Offering Plan. Copies of the Plan and Parts A, B, C and D of the Exhibits will be available for inspection by prospective purchasers without charge and for copying at a reasonable charge at the condominium site whenever the on site sales office is open. Said copies of the Plan and Exhibits will also be available for inspection and copying at a reasonable fee at the Department of Law.

As in the ownership of a private one-family home, the purchaser of a Home (the "Homeowner") owns his Home in fee simple absolute and is entitled to exclusive possession of his Home. Each purchaser will also own an undivided interest in and right to use the common elements and an exclusive right to use the limited common elements that pertain to his Home. See Article "FIFTH" of the Declaration as to what constitutes limited common elements. All Home Owners will own in common all exterior walls, roofs and all of the land and improvements located outside of the Homes.

The Home basically includes the sheetrock and air space between the sheetrock of the Home. For a detailed description of the Home to be conveyed see Article "THIRD" of the Declaration.

The common elements include without limitation the external walls, space between floors and roofs of the Buildings as well as all of the land, and walks. For a detailed description of the common elements see Articles "FOURTH" and "FIFTH" of the Declaration.

A Home Owner is required to pay monthly common charges assessed by the Board of Managers for the operation and maintenance of the Condominium pursuant to Sections 339(i)and (m) of the New York Condominium Act. See Article "VI" of the By-Laws.

There is no restriction upon ownership of a Home. Occupancy of a Home, however, may only be for residential purposes. See "Rights and Obligations of Unit

Owners". Homes can be sold or leased by a Home Owner, provided that he is not in arrears on the payment of common charges (except where the payment of such unpaid common charges is paid by the Grantee or provided for out of the proceeds of the sale). A purchaser is free to make a gift of his Home to anyone during his lifetime or to devise his Home by will, or to have it pass by intestacy without any restriction. No Home can be sold without a simultaneous sale of the undivided interest in the common elements.

The Home owner may mortgage his Home at any time after he acquires title to the Home in whatever amount and under whatever terms he can obtain. The mortgage may be taken from a bank, savings and loan association, life insurance company, pension fund, trust company or any other lender. Any Home Owner may, upon the resale of his Home, grant a purchase money mortgage to a purchaser of his Home. A Home Owner may mortgage his Home only if all arrears for common charges, if any, are provided for at the closing of the mortgage. The sponsor may provide a purchase money mortgage to a purchaser.

Primary responsibility for operating the Condominium rests with the Board of Managers who are elected by the Home Owners and the Sponsor. See Article III of the By-Laws. For information concerning Sponsor's initial control of the Board of Managers, see "Control by the Sponsor".

Each Home Owner, upon obtaining title, will automatically have one vote at all meetings of the Homeowners for each hundredth of percent of common interest owned.

The Homes can be purchased for all cash or may be purchased partly for cash and partly by mortgage. The Sponsor has not designated any lender as the mortgagee to finance the purchase of Homes. No Home is subject to the lien of a mortgage on any other Home.

Each Home will be taxed separately for real estate tax purposes and, therefore, no Home Owner is liable for the payment of real estate taxes on any other Home. In the opinion of Counsel, a Home Owner is presently entitled to deductions for income tax purposes for his payments for real estate taxes and interest on the mortgage of his Home. See "Counsel's Tax Opinion". Each Home Owner can sell his Home to whomever he desires. Fire and liability insurance covering the common elements is included with other items as part of common charges but fire and liability insurance for the purchaser's personal effects and the interior of the Home should be carried by the individual purchaser. Common charges are levied in proportion to the interest in the common elements" appurtenant to each Home. For possible increases in common charges upon default in payment by a Home Owner see "Rights and Obligations of Unit Owners". Each Home Owner is responsible for the cost of his own interior repairs and decoration in his Home after closing.

There are no restrictions on who may purchase a Home in the Community.

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

II. DEFINITIONS

The following words as hereinafter referred to shall be defined as follows:

1. "Condominium" - Chocolate Factory Condominium, which is composed of the Home Owners.

2. "Homes" - As used herein is equivalent to the term "Units" as used in Article 9-B of the Real Property Law.

3. "Community" - As used herein is equivalent in meaning to the term "Condominium" as same is used in Article 9-B of the Real Property Law.

4. "Home Owners" - The owner of each Home in the Community.

5. "Common Elements" - The common elements of the Community will consist of all of the Community, except the Homes, including, but without limitation, outside walls and roofs of the Buildings, the land, buildings and improvements (other than the Homes) comprising the Community (including the land under the Homes and under the improvements), all utility or other pipes and material located outside of the Homes, grass areas, walks.

6. "Limited Common Elements" - The portions of the common elements that are irrevocably restricted in use to specified Home Owners, such as decks, porches and storage areas.

7. "Common Interest" - The proportionate, undivided interest each Home Owner has in the common elements.

8. "Common Charges" - Each Home's proportionate share of the common expenses in accordance with its common interest.

9. "Common Expense" - (a) Expenses of operation of the property, and (b) All sums designated common expenses by or pursuant to the provisions of the Condominium Act, the Declaration or the By-laws.

10. "Declaration" - The instrument by which the property is submitted to the provisions of the Condominium Act, and such instrument as from time to time may be amended, consistent with the provisions of the Condominium Act and of the

By-laws.

11. "Board of Managers" - The governing body of the Condominium responsible for its affairs.

12. "Property" - The land comprising Chocolate Factory Condominium.

III. DESCRIPTION OF PROPERTY AND IMPROVEMENTS

Location and Acreage

The property on Myrtle Avenue is situated in Kings County adjacent to Skillman Street and Bedford Avenue. Forty-five (45) residential homes will be constructed and sold by the Sponsor. Renovation of the existing building began in October 2001. The project will be completed by November 2002.

Topographical Features

The site consists of a flat, urban, city neighborhood.

Parking Facilities

The Community as fully developed will not provide any off-street or handicapped parking.

Improvements - General Description

The Community if fully developed will consist of forty-five residential (45) units located in one residential building in the manner set forth in the Plot Plan attached hereto in Part II of the Plan. There is no model. The types and number of rooms, layouts and variations of the Homes are set forth in Schedule C of Part II of the Plan.

The address of the Community is 689 Myrtle Avenue, Brooklyn, New York 11205.

The Homes, the Building containing them and all other improvements will comply with all applicable rules, regulations, laws and other requirements of all governmental authorities having jurisdiction thereof including those governing zoning and construction and the Sponsor and all other persons engaged by the sponsor in connection with this Plan have complied and will comply with all applicable laws, rules, regulations and other governmental requirements pertaining thereto. The Building and the surrounding areas are located in a R6, quality housing zone. The buildings shall comply with New York City Local Law 58, Handicapped Access Law. Before the closing of title to a Home, a temporary or permanent Certificate of Occupancy will be issued for the Home or Building in which such Home is located. At the time of closing of title to the first Home, the construction of all Homes in that Building will have been substantially completed. Landscaping will be completed prior to the time of closing of title to such Home or the next

succeeding June 30th.

Common areas include the vestibule, hallways, stairways, refuse room, mechanical room, recreation room, elevator and the front and rear yard.

No appliances are provided by Sponsor. Each purchaser must incur the additional expense of purchasing a refrigerator, stove, oven, dishwasher, washer, dryer, or any other appliance, if desired. The hookups for gas, water and electric services will be in place. The building department will refuse to grant a certificate of occupancy until a stove is installed. Upon signing the Contract Purchaser will have five business days to install a stove so that the Sponsor may obtain a certificate of occupancy for the Unit. If the Purchaser fails to install the stove Sponsor will do so at an additional charge of $350.00.

Below grade recreation rooms may not be used as bedrooms; to do so could result in violations being posted against the building.

The Building Plans are available for inspection at the offices of the Sponsor and the Selling Agent.

Construction Data for Homes and Common Elements

The Homes and common elements will be constructed substantially in the manner set forth-in the Building Plans filed with the Brooklyn office of the Department of Buildings, which Plans will not be changed so as to adversely affect the Homeowners. For a detailed description of such data see Schedule D in Part II of the Plan. Construction of the Homes has commenced and completion and closing of title to the first Homes are expected to commence by approximately, November, 2002, barring any strikes, material shortages, acts of God or other unforeseen delays beyond the control of the Sponsor.

IV. LOCATION AND AREA INFORMATION

Location and Site

The property is located on a street known as Myrtle Avenue, Brooklyn, Kings County, New York. The community as fully developed will not provide any off-street or handicapped parking.

Zoning

The site is located in an R-71 Zone. The building has been converted from manufacturing to residential use as per article 7B of the New York City Multiple Dwelling Laws.

UTILITIES

Water and Sewage

Water and sewage service will be supplied by New York City and will be a common expense of the condominium.

Gas and electricity

Gas service to the property and buildings is supplied by Brooklyn Union Gas Company. Electric service to the property and buildings is supplied by Consolidated Edison Company. Each unit is metered and billed for his or her own electric usage individually.

Trash Removal and Roadway Maintenance

Trash is removed by the City of New York Sanitation Department; there is no separate charge for this service.

Road Maintenance

Myrtle Avenue is owned and maintained by the Streets Department of the City of New York. There are no internal driveways or roadways in the condominium.

Snow Removal

Snow removal for the Community's sidewalk is to be performed by the Community.

Transportation

Buses of the New York City Transportation Authority stop in front of the Community. Subways of the New York City Transportation Authority are located approximately three blocks away from the Community.

Shopping

Myrtle Avenue is a major shopping area and is located within one block of the Community.

Fire and Police

The City of New York Fire Department, Engine 230, serves the Community and has a fire station located at 701 Park Avenue, Brooklyn, New York 11205, less than two mile from the Community.

The 79th Precinct New York City Police Department serves the Community and has

a police station located at 263 Tompkins Avenue, Brooklyn, New York 11205, less than one mile from the Community.

Medical, Educational and Religious Facilities

Woodhull Medical Center and Kings County Hospital, Brooklyn, New York, are located approximately four (4) miles from the Community.

There are public elementary, middle and high schools within six blocks of the Community, operated by the Board of Education of the City of New York.

Brooklyn College is the nearest college and is located in Midwood, approximately six miles (6) from the Community.

The community also has private and parochial schools at the primary and secondary levels.

No representation can be made as to whether the residents of the Community will actually attend these schools or that bus service will be provided.

There are houses of worship for most denominations in Brooklyn, among others the Spanish Free Methodist Church is located at 157 South 9th Street, The Williamsburg Christian Church is located at 103 Lee Avenue, and The Congregation Yetev Lev Synagogue is located at 152 Rodney Street.

Recreation

There will be a recreation room located in the Cellar. There will also be recreation area located on the roof.

Prospect Park is within two (2) miles of the Community.

Purchasers should refer to Schedule C, "Description of Property and Specifications", in Part II for a complete description of the Property and Units.

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V. SCHEDULE A

OFFERING PRICES AND DESCRIPTION OF UNITS*
CHOCOLATE FACTORY CONDOMINIUM

BEGINNING NOVEMBER 1, 2002
45 UNITS

Unit Number	Square Footage (1)	# of Rooms	Description of Rooms	% of Common Interest (2)	Location: Floor	Storage Area (3)	Purchase Price (4)
1A	1,266	1	1 Room, 1 Bath	2.624	First	none	$285,000.00 **
1B	1,106	1	1 Room, 1 Bath	2.293	First	none	$254,500.00 **
1C	1,222	1	1 Room, 1 Bath	2.533	First	none	$285,000.00 **
1D	982	1	1 Room, 1 Bath	2.036	First	none	$244,500.00 **
1E	1,345	1	1 Room, 1 Bath	2.788	First	none	$298,500.00 **
1F	1,338	1	1 Room, 1 Bath	2.773	First	none	$299,500.00 **
1G	1,644	1	1 Room, 1 Bath	3.408	First	none	$353,500.00 **
1H	1,348	1	1 Room, 1 Bath	2.794	First	none	$283,000.00 **
1I	1,576	1	1 Room, 1 Bath	3.267	First	none	$331,000.00 **
2A	950	1	1 Room, 1 Bath	1.969	Second	none	$239,500.00 **
2B	830	1	1 Room, 1 Bath	1.720	Second	none	$213,500.00 **
2C	862	1	1 Room, 1 Bath	1.787	Second	none	$225,000.00 **
2D	955	1	1 Room, 1 Bath	1.980	Second	none	$254,000.00 **
2E	1,000	1	1 Room, 1 Bath	2.073	Second	none	$248,000.00 **
2F	1,005	1	1 Room, 1 Bath	2.083	Second	none	$253,500.00 **
2G	1,285	1	1 Room, 1 Bath	2.664	Second	none	$330,500.00 **
2H	1,035	1	1 Room, 1 Bath	2.145	Second	none	$247,500.00 **
2I	1,182	1	1 Room, 1 Bath	2.450	Second	none	$282,500.00 **
3A	950	1	1 Room, 1 Bath	1.969	Third	none	$273,500.00 **
3B	830	1	1 Room, 1 Bath	1.720	Third	none	$242,500.00 **
3C	862	1	1 Room, 1 Bath	1.787	Third	none	$256,000.00 **
3D	955	1	1 Room, 1 Bath	1.980	Third	none	$288,500.00 **
3E	1,000	1	1 Room, 1 Bath	2.073	Third	none	$284,000.00 **
3F	1,005	1	1 Room, 1 Bath	2.083	Third	none	$289,500.00 **
3G	1,285	1	1 Room, 1 Bath	2.664	Third	none	$376,500.00 **
3H	1,035	1	1 Room, 1 Bath	2.145	Third	none	$284,500.00 **
3I	1,182	1	1 Room, 1 Bath	2.450	Third	none	$325,000.00 **

V. SCHEDULE A

OFFERING PRICES AND DESCRIPTION OF UNITS*
CHOCOLATE FACTORY CONDOMINIUM

BEGINNING NOVEMBER 1, 2002
45 UNITS

Unit Number	Square Footage (1)	# of Rooms	Description of Rooms	% of Common Interest (2)	Location: Floor	Basement Storage Area (3)	Purchase Price (4)
4A	950	1	1 Room, 1 Bath	1.969	Fourth	none	$282,000.00 **
4B	830	1	1 Room, 1 Bath	1.720	Fourth	none	$250,500.00 **
4C	862	1	1 Room, 1 Bath	1.787	Fourth	none	$264,000.00 **
4D	955	1	1 Room, 1 Bath	1.980	Fourth	none	$297,000.00 **
4E	1,000	1	1 Room, 1 Bath	2.073	Fourth	none	$292,000.00 **
4F	1,005	1	1 Room, 1 Bath	2.083	Fourth	none	$298,500.00 **
4G	1,285	1	1 Room, 1 Bath	2.664	Fourth	none	$388,000.00 **
4H	1,035	1	1 Room, 1 Bath	2.145	Fourth	none	$294,000.00 **
4I	1,182	1	1 Room, 1 Bath	2.450	Fourth	none	$336,000.00 **
5A	950	1	1 Room, 1 Bath	1.969	Fifth	none	$295,500.00 **
5B	830	1	1 Room, 1 Bath	1.720	Fifth	none	$261,500.00 **
5C	862	1	1 Room, 1 Bath	1.787	Fifth	none	$276,000.00 **
5D	955	1	1 Room, 1 Bath	1.980	Fifth	none	$309,500.00 **
5E	1,000	1	1 Room, 1 Bath	2.073	Fifth	none	$306,000.00 **
5F	1,005	1	1 Room, 1 Bath	2.083	Fifth	none	$312,500.00 **
5G	1,285	1	1 Room, 1 Bath	2.664	Fifth	none	$405,000.00 **
5H	1,035	1	1 Room, 1 Bath	2.145	Fifth	none	$309,500.00 **
5I	1,182	1	1 Room, 1 Bath	2.450	Fifth	none	$359,000.00 **
TOTALS	48,243	20	45 BR, 45 Baths	100.00			$13,085,000 **

See Schedule C-1 for unit floor plans.

** In addition to the purchase price, the following charges must be paid at closing:

--As built plans.....	$1,000.00
--Condominium Creation Expenses.....	$2,500.00
--Liability Insurance (approximate).....	$750.00
--Sponsor's Attorney Fee.....	$1,000.00
--Transfer Tax (.004% of the total PP).....	0.0004
--NYC RPT Transfer Tax (1% of the total PP)...	0.01
--2 Months Common Charges for Reserve Fund.....	
--Two Months Common Charges for the Working Capital Fund	

The total PP is the Purchase Price plus all the transfer taxes

** See Section XV, "Unit Closing Costs and Adjustments"

VI. SCHEDULE A

ESTIMATED*
INDIVIDUAL UNIT EXPENSES FOR THE
FIRST FULL YEAR OF OPERATION COMMENCING NOVEMBER 1, 2002
CHOCOLATE FACTORY CONDOMINIUM
(45 UNITS)

WITHOUT THE J-51 TAX BENEFITS						
Unit No.	Monthly Common Charges (5)	Assessed Valuation	Annual Real Estate Tax **	Monthly Real Estate Tax (6)	Monthly Carrying Charges Deductibe From Income Tax (7)	Total Monthly Carrying Charges (8)
1A	$189.24	$29,467.52	$3,197.52	$266.46	$266.46	$455.70
1B	$165.37	$25,750.39	$2,794.17	$232.85	$232.85	$398.22
1C	$182.68	$28,445.59	$3,086.63	$257.22	$257.22	$439.90
1D	$146.83	$22,864.28	$2,481.00	$206.75	$206.75	$353.59
1E	$201.07	$31,309.24	$3,397.37	$283.11	$283.11	$484.18
1F	$199.99	$31,140.79	$3,379.09	$281.59	$281.59	$481.58
1G	$245.78	$38,271.84	$4,152.88	$346.07	$346.07	$591.86
1H	$201.50	$31,376.62	$3,404.68	$283.72	$283.72	$485.22
1I	$235.61	$36,688.41	$3,981.06	$331.75	$331.75	$567.37
2A	$142.00	$22,111.87	$2,399.36	$199.95	$199.95	$341.95
2B	$124.05	$19,315.60	$2,095.94	$174.66	$174.66	$298.71
2C	$128.88	$20,068.01	$2,177.58	$181.46	$181.46	$310.34
2D	$142.80	$22,235.40	$2,412.76	$201.06	$201.06	$343.86
2E	$149.50	$23,279.79	$2,526.09	$210.51	$210.51	$360.01
2F	$150.22	$23,392.09	$2,538.28	$211.52	$211.52	$361.75
2G	$192.13	$29,916.72	$3,246.26	$270.52	$270.52	$462.65
2H	$154.70	$24,088.35	$2,613.83	$217.82	$217.82	$372.51
2I	$176.69	$27,513.50	$2,985.49	$248.79	$248.79	$425.48
3A	$142.00	$22,111.87	$2,399.36	$199.95	$199.95	$341.95
3B	$124.05	$19,315.60	$2,095.94	$174.66	$174.66	$298.71
3C	$128.88	$20,068.01	$2,177.58	$181.46	$181.46	$310.34
3D	$142.80	$22,235.40	$2,412.76	$201.06	$201.06	$343.86
3E	$149.50	$23,279.79	$2,526.09	$210.51	$210.51	$360.01
3F	$150.22	$23,392.09	$2,538.28	$211.52	$211.52	$361.75
3G	$192.13	$29,916.72	$3,246.26	$270.52	$270.52	$462.65
3H	$154.70	$24,088.35	$2,613.83	$217.82	$217.82	$372.51
3I	$176.69	$27,513.50	$2,985.49	$248.79	$248.79	$425.48

VI. SCHEDULE A

ESTIMATED*
INDIVIDUAL UNIT EXPENSES FOR THE
FIRST FULL YEAR OF OPERATION COMMENCING NOVEMBER 1, 2002
CHOCOLATE FACTORY CONDOMINIUM
(45 UNITS)

Unit No.	Monthly Common Charges (5)	Assessed Valuation	Annual Real Estate Tax **	Monthly Real Estate Tax (6)	Monthly Carrying Charges Deductibe From Income Tax (7)	Total Monthly Carrying Charges (8)
4A	$142.00	$22,111.87	$2,399.36	$199.95	$199.95	$341.95
4B	$124.05	$19,315.60	$2,095.94	$174.66	$174.66	$298.71
4C	$128.88	$20,068.01	$2,177.58	$181.46	$181.46	$310.34
4D	$142.80	$22,235.40	$2,412.76	$201.06	$201.06	$343.86
4E	$149.50	$23,279.79	$2,526.09	$210.51	$210.51	$360.01
4F	$150.22	$23,392.09	$2,538.28	$211.52	$211.52	$361.75
4G	$192.13	$29,916.72	$3,246.26	$270.52	$270.52	$462.65
4H	$154.70	$24,088.35	$2,613.83	$217.82	$217.82	$372.51
4I	$176.69	$27,513.50	$2,985.49	$248.79	$248.79	$425.48
5A	$142.00	$22,111.87	$2,399.36	$199.95	$199.95	$341.95
5B	$124.05	$19,315.60	$2,095.94	$174.66	$174.66	$298.71
5C	$128.88	$20,068.01	$2,177.58	$181.46	$181.46	$310.34
5D	$142.80	$22,235.40	$2,412.76	$201.06	$201.06	$343.86
5E	$149.50	$23,279.79	$2,526.09	$210.51	$210.51	$360.01
5F	$150.22	$23,392.09	$2,538.28	$211.52	$211.52	$361.75
5G	$192.13	$29,916.72	$3,246.26	$270.52	$270.52	$462.65
5H	$154.70	$24,088.35	$2,613.83	$217.82	$217.82	$372.51
5I	$176.69	$27,513.50	$2,985.49	$248.79	$248.79	$425.48
TOTAL	$7,211.93	$1,123,000.00	$121,856.73	$10,154.73	$10,154.73	$17,366.66

* Estimate is for the first year expected to commence November 1, 2002.
This amount is subject to change in subsequent years due to the allocation of constant debt Service payments between interest and principal, or due to changes in the assessed value, the tax rate or in the method of assessing real property which may result in a change in real property taxes.

* Common charges will be collected semi-annually in July and January.

** See Section XXI "Real Estate Taxes"

VI. SCHEDULE A

ESTIMATED*
INDIVIDUAL UNIT EXPENSES FOR THE
FIRST FULL YEAR OF OPERATION COMMENCING NOVEMBER 1, 2002
CHOCOLATE FACTORY CONODMINIUM
(45 UNITS)

WITH THE J-51 TAX BENEFITS						
Unit No.	Monthly Common Charges (5)	Assessed Valuation	Annual Real Estate Tax **	Monthly Real Estate Tax (6)	Monthly Carrying Charges Deductibe From Income Tax (7)	Total Monthly Carrying Charges (8)
1A	$189.24	$29,467.52	$0.00	$0.00	$0.00	$189.24
1B	$165.37	$25,750.39	$0.00	$0.00	$0.00	$165.37
1C	$182.68	$28,445.59	$0.00	$0.00	$0.00	$182.68
1D	$146.83	$22,864.28	$0.00	$0.00	$0.00	$146.83
1E	$201.07	$31,309.24	$0.00	$0.00	$0.00	$201.07
1F	$199.99	$31,140.79	$0.00	$0.00	$0.00	$199.99
1G	$245.78	$38,271.84	$0.00	$0.00	$0.00	$245.78
1H	$201.50	$31,376.62	$0.00	$0.00	$0.00	$201.50
1I	$235.61	$36,688.41	$0.00	$0.00	$0.00	$235.61
2A	$142.00	$22,111.87	$0.00	$0.00	$0.00	$142.00
2B	$124.05	$19,315.60	$0.00	$0.00	$0.00	$124.05
2C	$128.88	$20,068.01	$0.00	$0.00	$0.00	$128.88
2D	$142.80	$22,235.40	$0.00	$0.00	$0.00	$142.80
2E	$149.50	$23,279.79	$0.00	$0.00	$0.00	$149.50
2F	$150.22	$23,392.09	$0.00	$0.00	$0.00	$150.22
2G	$192.13	$29,916.72	$0.00	$0.00	$0.00	$192.13
2H	$154.70	$24,088.35	$0.00	$0.00	$0.00	$154.70
2I	$176.69	$27,513.50	$0.00	$0.00	$0.00	$176.69
3A	$142.00	$22,111.87	$0.00	$0.00	$0.00	$142.00
3B	$124.05	$19,315.60	$0.00	$0.00	$0.00	$124.05
3C	$128.88	$20,068.01	$0.00	$0.00	$0.00	$128.88
3D	$142.80	$22,235.40	$0.00	$0.00	$0.00	$142.80
3E	$149.50	$23,279.79	$0.00	$0.00	$0.00	$149.50
3F	$150.22	$23,392.09	$0.00	$0.00	$0.00	$150.22
3G	$192.13	$29,916.72	$0.00	$0.00	$0.00	$192.13
3H	$154.70	$24,088.35	$0.00	$0.00	$0.00	$154.70
3I	$176.69	$27,513.50	$0.00	$0.00	$0.00	$176.69

VI. SCHEDULE A

ESTIMATED*
INDIVIDUAL UNIT EXPENSES FOR THE
FIRST FULL YEAR OF OPERATION COMMENCING NOVEMBER 1, 2002
CHOCOLATE FACTORY CONODMINIUM
(45 UNITS)

Unit No.	Monthly Common Charges (5)	Assessed Valuation	Annual Real Estate Tax **	Monthly Real Estate Tax (6)	Monthly Carrying Charges Deductibe From Income Tax (7)	Total Monthly Carrying Charges (8)
4A	$142.00	$22,111.87	$0.00	$0.00	$0.00	$142.00
4B	$124.05	$19,315.60	$0.00	$0.00	$0.00	$124.05
4C	$128.88	$20,068.01	$0.00	$0.00	$0.00	$128.88
4D	$142.80	$22,235.40	$0.00	$0.00	$0.00	$142.80
4E	$149.50	$23,279.79	$0.00	$0.00	$0.00	$149.50
4F	$150.22	$23,392.09	$0.00	$0.00	$0.00	$150.22
4G	$192.13	$29,916.72	$0.00	$0.00	$0.00	$192.13
4H	$154.70	$24,088.35	$0.00	$0.00	$0.00	$154.70
4I	$176.69	$27,513.50	$0.00	$0.00	$0.00	$176.69
5A	$142.00	$22,111.87	$0.00	$0.00	$0.00	$142.00
5B	$124.05	$19,315.60	$0.00	$0.00	$0.00	$124.05
5C	$128.88	$20,068.01	$0.00	$0.00	$0.00	$128.88
5D	$142.80	$22,235.40	$0.00	$0.00	$0.00	$142.80
5E	$149.50	$23,279.79	$0.00	$0.00	$0.00	$149.50
5F	$150.22	$23,392.09	$0.00	$0.00	$0.00	$150.22
5G	$192.13	$29,916.72	$0.00	$0.00	$0.00	$192.13
5H	$154.70	$24,088.35	$0.00	$0.00	$0.00	$154.70
5I	$176.69	$27,513.50	$0.00	$0.00	$0.00	$176.69
TOTAL	$7,211.93	$1,123,000.00	$0.00	$0.00	$0.00	$7,211.93

* Estimate is for the first year expected to commence November 1, 2002.
This amount is subject to change in subsequent years due to the allocation of constant debt Service payments between interest and principal, or due to changes in the assessed value, the tax rate or in the method of assessing real property which may result in a change in real property taxes.

* Common charges will be collected semi-annually in July and January.

** See Section XXI "Real Estate Taxes"

FOOTNOTES TO SCHEDULE A

1. Square Footage

The approximate square footage of each Home has been computed based on the floor space of each unit measured to the exterior side of the sheetrock. The room count method used by the Sponsor does not include bathrooms. Floor Plans are included in Part II of this Offering Plan, Schedule C-1.

2. % of Common Interest

Percentage of common interest is based on the approximate proportion that the fair value of the unit bears to the aggregate fair value of all the units, as defined by Real Property Law 339-i(1)(i).

3. Storage Area

There will be no storage areas outside the units themselves.

4. Purchase Price

No change in the sales price will be made other than pursuant to a duly filed amendment, except that the Sponsor reserves the right to decrease the sale prices below the Offering Plan prices without filing an amendment to the Plan at any time during the Offering where a reduction in sales price does not constitute a general offering but is rather the result of an individually negotiated Home purchase. Each purchaser shall pay the Sponsor the sum of not more than $500.00 per unit for final "as built" plans and survey. This shall be Sponsor's actual cost for same. Each purchaser shall also pay 1/45th of the Sponsor's cost for engineering, architect, legal fees and other expenses to create the condominium, the cost for all of these together not to exceed $5,000.00. Each purchaser shall reimburse the Sponsor 1/45th of the annual premium for liability insurance from the date of closing until the policy expires, not to exceed $750.00 per unit. Therefore, each purchaser may be obligated to pay $6,250.00 at closing for these charges in addition to the purchase price. In addition to this $6,250 the Purchaser will also pay the Sponsor's attorney fee of $1,000.00. See Section IX, Changes in Prices of Homes. See Section XIV, Closing Costs and Adjustments, which costs are in addition to the sale prices set forth herein.

5. Monthly Common Charges

Common charges have been estimated by the Sponsor and include fire and liability insurance for the Homes and common elements, maintenance and operation of the Common Elements. Common charges exclude repair and decoration to the inside of a home, electricity and gas for each home and insurance for personal belongings. See Schedule B-1 for estimated heating and electrical costs for each

Home. The sponsor is not offering financing. If the Purchaser procures a money mortgage any cost related to debt service will be an additional monthly charge. Monthly common charges will be billed and collected semi-annually, on July 1 and January 1 of each year.

6. Monthly Real Estate Tax

This figure is the monthly real estate tax. Real estate tax estimates are based upon assessed values for each unit upon completion estimated by New York Advisory Services, Inc., 888 Seventh Avenue, New York, New York 10106-0299, by letter dated September 13, 2001, multiplied by the estimated tax rate of $9.768 per $100 of assessed value for New York City. Actual assessments for individual homes may vary depending on such factors as optional features, premium locations, assessed valuation, condition of the property, and the mil rate. Optional features include any and all extras paid for by the individual unit owner. The taxing authority may view a home on a lower level as a premium location and assess the unit accordingly in the future. The amount of carrying charges are not deductible. The amount may vary depending upon changes in tax laws, assessed valuation, and tax rates. In accordance with the New York State Condominium Act, real estate taxes applicable to each Home will be separately assessed and a unit owner will not be responsible for the payment of, nor will the unit be subjected to, any lien arising from the non-payment of taxes on other units. There is no provision in the by-laws applicable to the review of real estate taxes by the Board of Managers. Each unit owner must contest his own assessment, if he so desires.

The Sponsor has applied for a real estate tax exemption and abatement pursuant to Section J-51 of the Tax Law. However, the Sponsor makes no representation that its application will be granted. See Section XXII, "Tax Opinion".

7. Monthly Carrying Charges Deductible From Income Tax

This figure is the same as the monthly real estate tax and is subject to existing tax laws, tax rates, and assessed value. The amount of carrying charges deductible for income tax purposes may vary in subsequent years due to changes in the interest rate on the unit owner's mortgage, or from changes in the allocation of constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from changes in the assessed value, the tax rate, or the method of assessing real property. See Section XXII, Counsel's Tax Opinion.

8. Total Monthly Carrying Charges

This figure represents the addition of the following two items: (1) common charges; (2) real estate taxes.

VII. SCHEDULE B

PROJECTED BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION

CHOCOLATE FACTORY CONDOMINIUM

43 Units

Estimated to Begin April 1, 2002*

INCOME

Common Charges	$ 86,543.18

EXPENSES

Labor (1)	$ -0-
Heating (2)	3,009.00
Utilities (3)	15,768.50
Water Charges and Sewer Rents (4)	17,265.68
Repair, Maintenance and Supplies (5)	2,500.00
Service Contract (6)	10,000.00
Insurance (7)	15,500.00
Management Fees (8)	8,500.00
Office Expenses (9)	2,000.00
Audit Fees (10)	2,000.00
Contingency (11)	5,000.00
Reserve Fund (12)	5,000.00
TOTAL	$ 86, 543.18

* In the event the estimated first year differs from the actual commencement of the budget year of six (6) months or more, Sponsor will amend the plan to include a revised budget. See explanatory footnotes. If the amended budget exceeds this budget by 25% or more the Sponsor will offer all purchasers the right to rescind their purchase agreement upon written notice of not less than 15 days after presentation to exercise such right, and have their deposits returned, with interest, if any.

The Sponsor expects the first closing of a unit to occur on November 1, 2002. If such date is delayed twelve (12) months or more, purchasers will have the right to rescind the contract of sale by giving written notice of such intention, either by delivering said notice to Sponsor personally not later not than fifteen (15) days after November 1, 2003 (November 16, 2003) or, by mail, post-marked not later than November 30, 2003.

The Sponsor may not declare the plan effective where there are any material changes to the budget if theses changes have not been disclosed by a filed amendment to the plan.

FOOTNOTES TO SCHEDULE B

1. Labor

The Condominium has no paid employees. This level of staffing complies with all applicable housing and labor laws. Should employees be hired, the common charges will increase.

2. Heating

Figures are based on an estimate received by the Sponsor from New York Lighting, 222 Beach 11th Street, Far Rockaway, New York 11691, by letter dated September 20, 2001. Heat for the common areas are provided in the vestibule and hallways. The estimated yearly usage is 3,820 CCF at a cost of 0.63 per CCF. Heat for the common areas is a common expense paid for by all forty-five unit owners from common charges paid by unit owners. This usage is metered and paid for by the Board of Managers. . All sales taxes are included in this estimate. The principal of New York Lighting, Robert Schwartz, is the brother of Marvin L. Schwartz, the Sponsor's attorney. Each unit will be separately metered and billed for individual heating used in the Home. See Schedule B-1 for estimated heating cost for each Home.

3. Utilities

Figures are based on an estimate received by the Sponsor from New York Lighting, 222 Beach 11th Street, Far Rockaway, New York 11691, by letter dated September 20, 2001. Common electrical facilities are provided in the form of hall and stair lighting, outside and emergency lighting, mechanical room lighting, recreation room lighting, refuse room lighting, mechanical room lighting and the operation elevator. Electricity for common facilities is a common expense paid for by all forty-five unit owners from common charges paid by unit owners. This usage is metered and paid for by the Board of Managers. The estimated yearly usage is 44,346 KWH for the lighting, and 68,285 KWH for the elevator, at a cost of .14 per KWH. All sales taxes are included in this estimate. Each unit will be separately metered and billed for individual electricity used in the Home. See Schedule B-1 for estimated electricity cost for each Home.

4. Water Charges and Sewer Rents

Figures are based on an estimate received by the Sponsor from New York Lighting, 222 Beach 11th Street, Far Rockaway, New York 11691, by letter dated September 20, 2001. Water service to the property is provided from a municipal system operated by the City of New York. Estimates are based on the prevailing rates of Department of Environmental Protection of New York City Water Department of

$3.37 per 100 cubic feet of water consumed, and a usage of 6,582 gallons or 8.8 cubic feet of water per square foot. Water is a common expense paid for by all forty-three unit owners from common charges paid by unit owners. This usage is metered and paid for by the Board of Managers. Costs include the latest utility company surcharges for fuel adjustments plus applicable taxes. All sales taxes are included in this estimate.

5. Repair, Maintenance and Supplies

The Sponsor estimates that the cost of supplies is estimated at $1,800 per year for items expected to be consumed in the normal course of building operation, including light bulbs, cleaning supplies, paints and hardware items The cost of repairs and maintenance for windows, locks, and doors, is estimated at $700 per year.

6. Service Contract

Based on an estimate from Economy Elevator, 43-50 11th Street, Long Island City, New York 1191, by letter dated January 17, 2001, service contract for the elevator is estimated at $4,000.00 annually. No service contract has been entered as of yet. There will be a maintenance contract, to perform duties such as grass cutting, routine gardening and snow removal, and the cleaning of the common areas. The cost is estimated at $ 6,000.00.

7. Insurance

Based on an estimate received by the Sponsor from Alwex, Inc., 29 John Street, New York, New York 10038, by letter dated October 1, 2001 for $7,000,000.00, all risk replacement cost fire and casualty property insurance subject to a $2,500.00 deductible, which said coverage is adequate to replace the building in the event of a total loss and so that the insured shall not be a co-insured in the event of a partial loss; $1,000,000 combined single limit comprehensive general public liability coverage; $1,000,000 director and officers coverage, subject to self-insured retention of $1,000 deductible. Each unit owner will be an additional insured party. There will be no cancellation without notice to the Board of Managers. The policy shall contain the following provisions: waiver of subrogation; waiver of invalidity because of the acts of the insured and the unit owners; and waiver of pro-rata reduction if unit owners obtain additional coverage. The unit owners' furniture, clothing, personal property, window treatments and floor coverings are not covered. All unit owners are advised to secure such coverage (HO-6 Policy). The estimated premium was $15,500.00.

8. Management Fees

The sponsor estimates that the cost of a management contract for the operation of the Condominium is approximately 10% of the budget. This figure is part of the

budget. No management contract has been entered as of yet.

9. Office Expenses

To provide office supplies, duplicating, photocopying, postage and other miscellaneous office expenses.

10. Audit Fees

To provide for audit fees for a Certified Public Accountant to provide an annual certified financial statement and federal tax returns based on a proposal from Leonard Ledereich, CPA, 4920 15th Avenue, Brooklyn, New York 11219, by letter dated September 21, 2001. There is no provision made for legal fees for contract review and common charge collection requirements. This estimate does not include the cost of litigation, if any, that might arise during this initial period. Litigation may arise if the Board of Managers commences an action to foreclose a lien incurred by the non-payment of common charges.

11. Contingency

This contingency is to provide for unanticipated expenses that may arise from time to time without the necessity of resorting to a special assessment to unit owners. While the exact nature of unanticipated expenses cannot be defined, this contingency may be used to offset the costs of insurance deductibles on claims, to provide for additional management or maintenance services or improvements not otherwise classified in this budget. It will not be used to replace capital items.

12. Reserve Fund

To provide for major repairs and/or capital improvements during the first five years of projected operation. This is sufficient to pay for major capital repairs or replacement items likely to be needed within the first five years of condominium operation.

VIII. SCHEDULE B - 1

PROJECTED BUDGET FOR INDIVIDUAL
GAS AND ELECTRIC, COSTS

GAS AND ELECTRIC COSTS

Unit No.	Square Feet	Model	Heat, Hot Water & Cooking Usage		Heat, Hot Water & Cooking Cost	Electric Usage		Electric Cost	Total Gas & Electric Cost Annually
1A	1,266	1 Room	1,138	CCF	$896.18	5,064	KWH	$886.20	$1,782.38
1B	1,106	1 Room	994	CCF	$782.78	4,424	KWH	$774.20	$1,556.98
1C	1,222	1 Room	1,098	CCF	$864.68	4,888	KWH	$855.40	$1,720.08
1D	982	1 Room	883	CCF	$695.36	3,928	KWH	$687.40	$1,382.76
1E	1,345	1 Room	1,209	CCF	$952.09	5,380	KWH	$941.50	$1,893.59
1F	1,338	1 Room	1,203	CCF	$947.36	5,352	KWH	$936.60	$1,883.96
1G	1,644	1 Room	1,478	CCF	$1,163.93	6,576	KWH	$1,150.80	$2,314.73
1H	1,348	1 Room	1,212	CCF	$954.45	5,392	KWH	$943.60	$1,898.05
1I	1,576	1 Room	1,417	CCF	$1,115.89	6,304	KWH	$1,103.20	$2,219.09
2-5 A	950	1 Room	854	CCF	$672.53	3,800	KWH	$665.00	$1,337.53
2-5 B	830	1 Room	746	CCF	$587.48	3,320	KWH	$581.00	$1,168.48
2-5 C	862	1 Room	775	CCF	$610.31	3,448	KWH	$603.40	$1,213.71
2-5 D	955	1 Room	858	CCF	$675.68	3,820	KWH	$668.50	$1,344.18
2-5 E	1,000	1 Room	899	CCF	$707.96	4,000	KWH	$700.00	$1,407.96
2-5 F	1,005	1 Room	903	CCF	$711.11	4,020	KWH	$703.50	$1,414.61
2-5 G	1,285	1 Room	1,155	CCF	$909.56	5,140	KWH	$899.50	$1,809.06
2-5 H	1,035	1 Room	930	CCF	$732.38	4,140	KWH	$724.50	$1,456.88
2-5 I	1,182	1 Room	1,062	CCF	$836.33	4,728	KWH	$827.40	$1,663.73

The above estimates of the cost of electricity for electric lights, air conditioning and general consumption of electricity is provided by New York Lighting, by letter dated September 20, 2001. The dollar amounts are based upon the prevailing rates of $.14 per KWH for electricity and $.63 per CCF for gas plus. These estimates also allow for a 25% increase due to inflation rates and/or price increases, governmental surcharges, municipal, M.T.A. and sales taxes.

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

Although the Sponsor is under obligation to provide accurate information to prospective purchasers, factors beyond its control may substantially effect the cost of heating and cooling after the purchase of a Home or in subsequent years. Sponsor represents, however, that it has followed the plans and specifications provided by the manufacturer of the heating, hot water and air conditioning units together with the recommendation of the utility company and other experts to enable these items of equipment to operate at optimum efficiency at the lowest cost. Sponsor further represents that it has not been induced to select the heating system described herein on the basis of any financial inducement other than the comparative advertising and price of the system made to it by the manufacturer or distributor of the system or by the supplier of energy to be used in connection therewith or by any of their agents or employees.

IX. COMPLIANCE WITH REAL PROPERTY LAW 339-i(1)(i)

DAVID WAXMAN
REAL ESTATE
8 SUZANNE DRIVE
MONSEY, NEW YORK 10952
(845) 352-1903

Commercial
Industrial
Residential
Acreage
Investments
Appraisal

September 13, 2001

Chocolate Factory LLC
689 Myrtle Avenue
Brooklyn, New York 11205

Re: Chocolate Factory Condominium

Gentlemen:

I am a real estate broker licensed by the State of New York, active in the sale and leasing of residential property, including condominiums, in the New York metropolitan area for over twenty-five years.

I am neither the selling agent nor the managing agent for Chocolate Factory Condominium.

The method selected for determining the percentage of common interest allocated to each unit of Chocolate Factory Condominium is based on the approximate proportion that the fair value of each unit bears to the aggregate fair value of all the units, pursuant to Section 339-i(1)(i) of the Real Property Law. The factual basis for this method is the differential desirability of the units as expressed by their varying purchase prices.

Yours very truly,

David Waxman

X. CHANGES IN PRICES OF HOMES

Sponsor will not make any changes in the size or number of Units and/or, their respective percentage of common interest, and Sponsor will not make any material changes in the size or quality of common elements except by receiving the consent of all purchasers and by amending the plan and, when applicable, the Declaration.

Unless an affected purchaser consents, no material change will be made in unit size, layout, or percentage of common interest if a purchase agreement has been executed and delivered to the Sponsor for that unit and the Purchase is not in default.

The prices for these condominium interests may be changed from those set forth in this Offering Plan so that purchasers may pay different prices for similar interests. No such change will be made other than pursuant to a duly filed amendment, except that the Sponsor reserves the right to decrease the sales prices below the Offering Plan prices without filing an amendment to the Plan at any time during the offering where a reduction in sales prices does not constitute a general offering but is rather the result of an individually negotiated Home purchase.

XI. PROCEDURE TO PURCHASE

The Sponsor hereby offers for sale the Homes to be constructed in the Condominium for residential occupancy in accordance with applicable municipal zoning regulations.

Any person may accept Sponsor's offer to sell the Homes by entering into a Purchase Agreement with the Sponsor. The Agreement provides that the purchaser will purchase from the Sponsor a designated Home in the Condominium described in the Declaration creating such Condominium. Said Purchase Agreement is contained in Part II of the Offering Plan, Schedule D. Purchaser will be afforded a minimum three (3) business days to review the Offering Plan and all filed amendments prior to executing a Purchase Agreement. Any conflict between the Offering Plan and the Purchase Agreement shall be resolved in favor of the Offering Plan. Upon signing the Purchase Agreement the purchaser shall make a down payment of not less than $1,000.00 and not more than 10% of the total price of his Home plus the cost of special work ordered by the Purchaser and upon full payment of the purchase price at the closing, in cash or by mortgage, 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 Home 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 those set forth in Section XII of this plan. The Purchase Agreement may be modified with the consent of purchaser and Sponsor in a manner not inconsistent with law, subject to the terms of this Offering Plan. Sponsor must either return a fully executed Purchase Agreement within ten (10) days to

the purchaser or reject the Purchase Agreement and refund the deposit monies.

The purchase agreement may not contain, nor be modified to contain, a provision waiving purchaser's rights or abrogating sponsors' obligations under the offering plan or under article 23A of the General Business Law.

Sponsor will comply with the escrow and trust fund requirements of General Business Law Sections 352-e(2-b) and 352-h and the Attorney General's regulations promulgated pursuant thereto. These provisions cannot be waived or modified. Purchasers shall not be obligated to pay any legal or other expense of Sponsor in connection with the establishment, maintenance or defense of obligations arising from the handling or disposition of trust funds.

All deposits, down payments, or advances made by Purchasers prior to closing of each individual transaction, whether received before or after the date of consummation of the Plan, must be placed within five (5) business days after the agreement is signed by all necessary parties, in a segregated special escrow account of Marvin L. Schwartz, Esq., the Escrow Agent, with offices at 52 Main Street, Spring Valley, New York 10977, (845) 425-1832. The signatory on this account authorized to release funds is Marvin L. Schwartz, Esq., 52 South Main Street, Spring Valley, New York 10977. The name of the account "Marvin L. Schwartz, Attorney IOLA Account, Chocolate Factory Condominium", which is located in the North Fork Bank, Main Street, New City, New York. The bank is covered by the federal bank deposit insurance to a maximum of $100,000.00 per individual deposit. The account will be an Interest-On-Lawyer's Account, ("IOLA") pursuant to Judiciary Law Section 497. Interest accrued on "IOLA" Accounts is transferred to the State's Client Security Fund. The interest is not paid to either the Seller or the Purchaser. All instruments shall be made payable or endorsed to the order of Marvin L. Schwartz, Attorney, as escrow agent.

Within ten (10) business days after tender of the deposit submitted with the Purchase Agreement, the escrow agent will notify the Purchaser that such funds have been deposited into the escrow account and will provide the account number. In the event Purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the deposit, the Purchaser may cancel the purchase and rescind so long as the right to rescind is exercised within ninety (90) days after tender of the deposit, 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 in conformity with the Attorney General's regulations.

Under no circumstances shall Sponsor apply for release of the escrowed funds of a defaulting Purchaser until after consummation the Plan. Consummation of the Plan does not relieve the Sponsor of its obligations pursuant to GBL Section 352-h.

All funds received by the Sponsor for upgrades or extras must initially be placed in the escrow account. however, purchasers should note as a special risk that such funds may be released from the escrow account by the escrow agent as long as the Sponsor uses the funds for such upgrades or extras. As a result, in the event the purchaser is entitled to recission, the purchaser will not receive a refund of any funds used for upgrades or extras.

Marvin L. Schwartz, Esq., the Escrow Agent, will hold funds in escrow until otherwise directed in:

1. a writing signed by both Sponsor and Purchaser; or

2. a determination of the Attorney General pursuant to the dispute resolution procedures contained herein; or

3. a judgment or order of a court of competent jurisdiction.

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

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

1. a Purchaser who timely rescinds in accordance with an offer of rescission contained in the plan or an amendment to the plan;

2. all Purchasers after an amendment abandoning the plan is accepted for filing by the Department of Law.

In the event of a dispute, Purchasers and the escrow agent may apply to the Attorney General for a determination on the disposition of the down payment and any interest thereon. The Sponsor must avail itself of this procedure if there is a dispute which needs to be resolved. A form for this purpose is shown as Schedule I in Part II of the Offering Plan. The party applying for a determination must send all other parties a copy of the application.

Pending the determination of the Attorney General to grant or deny the application, the Sponsor, the Purchaser, and the escrow agent shall abide by any interim directive issued by the Attorney General. If the application permitting release funds is granted the deposit and any interest earned shall be disposed of in accordance with the determination of the Attorney General, subject to any court action in which preliminary relief is granted.

A copy of the model form of the escrow agreement which incorporates the terms of the Attorney General's regulations is shown as Schedule J in Part II of the Offering Plan.

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

Sponsor may apply to the Attorney General to use security in the firm of a surety bond or a letter of credit in lieu of escrow of such funds upon showing of adequate insurance of such funds to the satisfaction of the Attorney General.

Sponsor must submit an affidavit which contains full information as to the proposed usage of such funds, the Sponsor's financing of construction work, expected completion date, the terms and conditions of the proposed surety bond or letter of credit, and required undertakings and covenants.

Surety Bonds - In the event Sponsor applies to the Attorney General for use of alternative security, and provided the Attorney General such application, Sponsor may meet its obligation to insure the availability of such funds to Purchasers by effectuating the insurance of surety bonds to such Purchasers by a licensed insurance company which agrees to act as surety for the amount of such down payments or deposits.

All down payments and deposits received after the Attorney General's approval of use of surety bonds as alternate security shall be placed, within five (5) business days after the Purchase Agreement is signed by all necessary parties, in an attorney's segregated escrow account established in accordance with the terms herein provided. Such funds shall be released by the escrow agent to the Sponsor upon receipt by the escrow agent of a copy of the surety bond issued to the Purchaser whose funds are being released.

The surety company must be licensed to write insurance in the State of New York by the New York State Department of Insurance. The surety company with which the Sponsor proposed to contract has a current rating for debt securities no lower than the third highest grade conferred by at least two (2) of the national reporting services regularly evaluating insurance companies.

The surety bond must specify the name and address of the Sponsor as principal, the name and address of the surety company to which claims for payment can be made, provision for the name and address of the Purchaser as oblige on the bond; provision for the amount of the down payment or deposit secured and the rate of interest, if any, to accrue on such funds, the term of bond, and, if the bond is for a finite period, a guarantee by the surety that it will pay the amount secured to the Purchaser-obligee prior to expiration of the bond or a guarantee by Sponsor that the bond will be renewed before expiration.

Each surety bond and any accompanying agreement shall provide that it will continue in effect or will be renewed periodically until consummation and closing of the sale of the unit, or until the secured funds of a Purchaser have been returned in full, or have been placed in escrow or until there is an undisputed Purchaser default or a determination by the Attorney General or judgment of a court of competent jurisdiction that the Purchaser has defaulted and that Sponsor is entitled to the secured funds. The Sponsor shall cause the surety to mail or personally deliver the surety bond to the Purchaser before the funds are released to Sponsor from the escrow account. The Sponsor, escrow agent and surety company shall each retain a copy of the bond.

Purchaser shall have the right to demand payment of the amount secured by the bond directly from the surety without first requesting payment from Sponsor. The surety shall be obligated to pay the amount secured by the bond to the Purchaser without the consent or despite any objection of Sponsor upon the happening of any of the following:

1. Timely rescission of a purchase agreement by a Purchaser pursuant to an offer of rescission;

2. Acceptance for filing by the Department of Law of an amendment abandoning the Plan;

3. Attorney General's determination on disposition of down payments that rescission or return of funds is required;

4. Failure by Sponsor to obtain a commitment by the surety company to renew the bond sixty (60) days prior to its expiration; and

5. Direction of Sponsor upon request by Purchaser.

In the event of a dispute, Sponsor shall apply, and the Purchaser or the surety issuing the bond may apply, to the Attorney General for a determination on the disposition of the down payment. Forms for this purpose are available from the Department of Law. This form can be found in Part II, Schedule I. The party applying shall contemporaneously send to each of the other parties a copy of such application. Pending the determination of the Attorney General to grant or deny the application, the Sponsor, Purchaser or the surety agrees to abide by any interim directive issued by the Attorney General.

If the Attorney General determines:

1. that Purchaser is entitled to the down payment, the surety shall pay funds to the Purchaser in accordance with the Attorney General's determination.

2. that the Purchaser is not entitled to the down payment, such determination

may provide that the surety bond shall be continued in effect or the bond may be cancelled.

The Attorney General shall act upon the application within (30) days after submission of the Department of Law by either making a determination or by notifying the parties that an extension of time in which to do so is necessary for stated reasons. In no event shall the secured funds be paid by Purchaser nor shall the surety bond be discharged until any dispute is finally resolved either by written agreement of the parties directing payment of the funds or discharge of the surety bond, or by a determination of the Attorney General or by order or judgment of a court of competent jurisdiction.

Letters of Credit - A Sponsor may meet its obligation to insure the availability of down payments to Purchasers by effectuating the issuance of a letter of credit for the benefit of the Purchaser by an issuer qualifying as herein set forth.

The amount of the letter of credit shall be at least 125% of the aggregate of all down payments expected to be received from Purchasers, and not retained in escrow, during such period of time as the letter of credit will be needed, as estimated by the Sponsor in the application to the Department of Law. The amount of the letter of credit may be reduced or increased as warranted by circumstances and pursuant to a filed amendment to the offering plan.

The letter of credit must be irrevocable during the stated term and any renewal term.

The beneficiary must be qualified attorney, or firm of attorneys, who shall act as a fiduciary for the benefit of Purchasers under the plan.

The letter of credit must provide that the beneficiary shall have sole power to draw upon the letter of credit without the consent or despite the objection of the Sponsor or of any provider of underlying credit, at such time or upon such events as are set forth herein.

The issuer must be a bank authorized to act as a commercial bank or savings institution under supervision of the New York State banking Department of a federally supervised banking institution located in the State of New York. In order for the application for alternate security to be approved by the Attorney General the applicant must show that the issuer bank has surplus funds and net worth of at least ten times the amount of letter of credit, and must have a current rating with respect to its debt securities that is within "investment grade" by one of the generally accepted national reporting services regularly rating the debt securities of banking institutions and that the provisions of the letter of credit include the right of the beneficiary to draw down the letter of credit in conformity with these regulations.

The letter of credit and related agreement and any accompanying undertaking shall

provide that it will continue in effect or that it shall be periodically renewed until consummation and closings of sales of all units referred to in the application for alternate security of until the covered funds of Purchasers have been returned to them in full.

If the letter of credit will expire prior to the latest date of closings of sales of all such units, provision for renewal of the letter of credit without loss of irrevocability and without any change of terms shall be afforded by (a) an "evergreen" or automatic renewal clause, if obtainable, and (b) the irrevocable undertaking and covenant of the Sponsor and by any other provider of underlying credit to provide successive renewals thereof until consummation and closings of sales of all units or until the covered funds of Purchaser have been returned in full.

Upon approval of a Sponsor's application for use of a letter of credit as alternate security:

1. Deposits into escrow account. All down payments and deposits received shall be placed, within five (5) business days after the purchase agreement is signed by all necessary parties, in an attorney's segregated special escrow account. The escrow agent shall release such funds to the Sponsor provided that the escrow agent has documentation showing that the letter of credit or a renewal or replacement letter of credit has been issued and is in effect. Such escrow agent receives notice or information warranting drawdown of the letter of credit as herein provided.

2. All funds received from Purchasers whether in the form of checks, drafts, money orders, wire transfer, or other instruments which identify the payor, shall be made payable to or endorsed by the Purchaser to the order of the escrow agent.

The escrow agent, as the beneficiary of the letter of credit, acting as a fiduciary for the benefit of Purchasers under the plan whose funds were released from escrow by reason of the grant of Sponsor's application, shall have the duty and the right to draw upon and collect the proceeds of the letter of credit, ten (10) business days after notice to the Sponsor and Sponsor's failure or refusal to restore such funds the escrow agent, without the consent or despite the objection of the Sponsor or the provider of the credit, upon the following events or circumstances:

1. Timely rescission of a purchase agreement by a Purchaser pursuant to an offer of rescission contained in the Offering Plan or an amendment to the Offering Plan;

2. Acceptance for filing by the Department of Law of an amendment abandoning the Plan;

3. Determination by the Attorney General pursuant to mandating that rescission or the return of funds is required;

4. Failure by the Sponsor to obtain a renewal of replacement letter of credit no later than sixty (60) days prior to the expiration of the existing letter of credit;

5. Direction by the Sponsor upon request of the Purchaser;

6. Notice of impending cancellation of the letter of credit has been given or received, or the issuer has filed a bankruptcy or insolvency petition or has been taken over by a federal or state authority, and no proper replacement of the letter of credit has been furnished although continuation of the same in effect is required.

In the event of a dispute, the Sponsor shall apply, and the Purchaser, the escrow agent or the bank issuing the letter of credit may apply to the Attorney General for a determination on the disposition of funds secured by the letter of credit, the deposit and any interest earned thereon. Forms for this purpose shall be available from the Department of Law. This form can be found in Part II, Schedule I. The party making such application shall contemporaneously send to the other three parties of a copy of such application. Pending the determination of the Attorney General to grant or deny the application, the Sponsor, the Purchaser, the escrow agent and the bank shall abide by any interim directive issued by the Attorney General.

If the application permitting release of funds is granted, such funds secured by the letter of credit, and any interest earned thereon shall be disposed of in accordance with the determination of the Attorney General, subject to any court action in which preliminary relief is granted.

The Attorney General shall act upon the application within thirty (30) days after submission to the Department of Law by either making a determination of notifying the parties that an extension of time in which to do so is necessary for stated reasons.

In no event shall the disputed funds secured by the letter of credit be paid to the Purchaser nor shall the letter of credit be terminated until any dispute is finally resolved either by written agreement of the parties directing payment of the funds, or by a determination of the Attorney General or by order or judgment of a court of competent jurisdiction.

Where alternate security as provided under a filed offering plan is no longer needed by the Sponsor, or new or additional alternate security cannot be obtained by a Sponsor or its successor, Sponsor shall submit an amendment for filing which provides that any future purchase deposits or down payments shall be held in the escrow account. Such amendment shall not affect the Sponsor's obligation to account for funds previously released to the Sponsor unless the funds representing all such deposits or down payments are restored to the escrow account.

Review and Audit

The Department of Law may perform random reviews and audits of any record involving escrow accounts to determine compliance with statute and regulations.

Waiver Void

Any provision of any contract of agreement, whether oral or in writing, by which a purchaser purports to waive or indemnify any obligation of the escrow agent holding trusts funds is absolutely void. The provisions of this section of the regulations shall prevail over any conflicting or inconsistent provision in the offering plan or in a purchase agreement.

Trust Obligation of Sponsor

Nothing contained herein shall diminish or impair the sponsor's statutory obligation to each purchaser pursuant to GBL section 352-h to hold in trust all deposits, advances or payments made in connection with the offer until consummation of the transaction with such purchaser. Consummation of the plan does not relieve sponsor of its obligations pursuant to GBL section 352-h. Funds from the escrow account remain the property of the purchaser until employed in connection with the consummation of the transaction. Such funds shall not be a part of the estate of the sponsor or the escrow agent upon any bankruptcy, incapacity or death.

Transition

All funds required to be held pursuant to GBL sections 352-e(2-b) and 352-h on the effective date of this section shall be transferred into escrow accounts in compliance with this regulation within 60 days thereafter.

Miscellaneous

Sponsor must make a written demand for payment after default at least 30 days before forfeiture of the deposit maybe declared.

The Sponsor expects the first closing of a unit to occur on November 1, 2002. If such date is delayed twelve (12) months or more, purchasers will have the right to rescind the contract of sale by giving written notice of such intention, either by delivering said notice to Sponsor personally not later not than fifteen (15) days after November 1, 2003 (November 16, 2003) or, by mail, post-marked not later than November 30, 2003.

A date for the closing of title will be set by the Sponsor in accordance with the Purchase Agreement upon at least thirty (30) days written notice to the Purchaser. Said notice will also include notice of purchasers obligation to pay the balance of the purchase price and when the Purchaser is to pay his first month's common charges.

The Purchaser will be required to sign a Power of Attorney to the Board of Managers of the Condominium at the closing of his Unit. This Power of Attorney gives the

Board of Managers to power to acquire any Condominium Unit whose owner desires to abandon the same, or which shall be the subject of a foreclosure sale or in lieu of a foreclosure sale, at such price and on such terms as the Board, in their sole discretion deem proper and thereafter to convey, sell, lease, sublease, mortgage, vote or otherwise deal in such Condominium Unit so acquired, at such terms as the Board may in their sole discretion determine. It also nominates, constitutes and appoints the Board of Managers of Chocolate Factory Condominium to vote at any Home Owners meeting for, and to file an amendment to the Declaration of Chocolate Factory Condominium permitting the certification by a registered architect or professional engineer, certifying that the floor plans filed as part of an amended Declaration are an accurate copy of portions of the plans of the building and fully and fairly depict the layout, location, designation and approximate dimensions of the Units as built or amending such Declaration to create any utility easements or to carry out any of the provisions of the Offering Plan of such Condominium.

The risk of loss or damage to the Home by fire or any other cause until the delivery of the deed or purchaser takes actual possession of the Home pursuant to written agreement is assumed by the Seller.

The purchase agreement contracts are not subject to financing. In the event Purchasers do not obtain a mortgage they may forfeit the entire downpayment.

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 at 35%, 50% or 70%) of the apartments in a building be sold before the lender will consider making a loan. Thus it may be possible for a purchaser to experience difficulty obtaining a loan in a building where the percentage of units purchased is lower than a lender's particular sales minimum.

The Sponsor has applied for a real estate tax exemption pursuant to Section J-51 of the Tax Law. However, the Sponsor makes no representation that its application will be granted. A table showing the reduction in real estate taxes for each unit appears in Part I, Schedule A.

XII. ASSIGNMENT OF PURCHASE AGREEMENTS

No purchase agreement shall be assigned without the written permission of the Sponsor and shall be approved only if the assignee is deemed to be qualified to be a Purchaser. Such permission shall not unreasonable be withheld. In the event the Sponsor approves of such assignment, all down payment funds shall be deemed assigned. No portion of the down payment funds shall be disbursed or refunded prior to closing.

XIII. EFFECTIVE DATE OF THE PLAN

Sponsor's offer to sell the Homes is contingent upon the Plan being declared effective and no closing to a Home will be held until the Plan is declared effective. This

Offering Plan will not become effective until executed Purchase Agreements by bona fide Purchaser including investors have been accepted by Sponsor for at least 15% in number of the residential units offered (which is 7 units).

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) signed by purchasers who have not been afforded the protection required by 13 NYCRR 20.3(0)(10), at least three business days to review the offering plan and all filed amendments prior to execution a purchase agreement; or

(iii) with any purchaser who is the sponsor, the selling agent, or the managing agent or is a principal of the sponsor, the selling agent or the managing agent or is related to the sponsor, the selling agent or the managing agent or to any principal of the sponsor or the selling agent or the managing agent by blood, marriage, or adoption or as a business associate, an employee, a shareholder or 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 by mail on each contract purchaser a notice stating that the plan is declared effective. Sponsor will within five (5) days of said notice submit for filing an amendment to the plan disclosing that the plan was declared effective on the date of the service of the notice on the contract purchasers, and will file an affidavit of service of the notice on all purchasers. Sponsor will not close title to the first Home until the Amendment disclosing the effectiveness of the Condominium has been accepted for filing by the Department of Law. Further, the Sponsor has the option not to close title to the Homes if less than 80% in number of the Homes offered hereby are sold within eighteen months after the date of this Offering Plan, title to any Home has not been conveyed within that time and the Declaration has not been recorded. In the event Sponsor exercises such option, it shall forthwith return to the Purchaser all monies paid with interest, if any, within twenty (20) days of the abandonment of the Plan. When purchase agreements for 80% of the residential Homes (which is 35 Homes) have been entered into the Sponsor must declare the Plan effective. Sponsor will declare the Plan effective prior to the closing of title to the first Home. In the event Sponsor abandon the Plan it shall promptly file Form RS-2 and an amendment to the Plan confirming the abandonment or file a notice of abandonment on a form required by the Department of Law.

The Sponsor may not abandon the plan after the effectiveness amendment is filed for any reason other than (i) a defect in title which cannot be cured without litigation or cannot be cured for less than one-half of one percent of the total amount of the offering , or (ii) work orders of a mortgagee or violations that cannot be cured for less than one-half of one percent of the total amount of the offering, or (iii) substantial damage or destruction of the building by fire or other casualty which cannot be cured for less that one-half of one

percent of the total amount of the offering, or (iv) the taking of any material portion of the property by condemnation or eminent domain. Any stated dollar amount relied upon as a basis for abandonment after effectiveness must exclude any attorney fees or any such title defects or determinations of any authority or regulatory association which exist on the date of presentation of the plan and are either known to the Sponsor or are a matter of public record.

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

XIV. TERMS OF SALE

A date of the closing of title will be set by the Sponsor in accordance with the Purchase Agreement upon at least thirty (30) days written notice to the Purchaser. Said notice will also include notice of the obligation to pay the balance of the purchase price and the date when the purchaser will be required to commence payment of his first semi-annual common charges. On the closing date fee title to the Home will be conveyed to the Purchaser together with the Home's undivided interest in the common elements. The closing of title to the first Homes are expected to commence by approximately November 1, 2002. Such closing, however, will only take place after or simultaneously with the happening of the following events:

1. The issuance of a temporary or permanent Certificate of Occupancy to the Home or Building in which the Home is located and any other necessary permits.

2. The Declaration, By-laws, floor plans and engineers and tax authority certification 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.

3. The Home 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 requested by the purchaser at the time of closing representing a purchase money mortgage or mortgages taken by the purchaser.

4. The Purchaser having received at least thirty (30) days written notice of the closing and having had an opportunity to inspect the Home and other property subject to the Declaration.

5. The filing of an amendment to the Offering Plan disclosing that the Plan has been declared effective pursuant to the terms of this Section XII.

6. The delivery to the Home Owner of a Bargain and Sale Deed with covenants against grantor's acts. The Sponsor will convey title to each unit and its

appurtenant interests in the common elements at the closing free and clear of all liens, encumbrances or title exceptions other than those described in the plan. A form of the deed is in Part II herein.

7. Purchaser shall receive any manufacturers' warranty certificates with respect to equipment and appliances installed in the Home and Sponsor shall assign any warranties with respect to equipment and appliances installed in common elements to the Board of Managers. Purchaser shall also receive a limited warranty as prescribed by law. See "Purchase Agreement".

8. No escrow will be established for unfinished items, except for the lack of a permanent certificate of occupancy. In such case Sponsor will maintain all deposits and funds in the special escrow account required by GBL Section 352-3(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 Sponsor must 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 Department of Law. At closing the Sponsor and purchaser will agree on a list of unfinished items, to be signed by both parties, in which the Sponsor agrees to complete said items. All representations under the offering plan, all obligations pursuant to the GBL, and such additional obligations under the offering plan which are to be performed subsequent to the closing date will survive delivery of the deed.

9. 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 sole purpose of managing, selling, mortgaging, leasing, voting or otherwise dealing with any Homes acquired by the Board of Managers in accordance with any of the provisions of the By-laws, and for no other reason.

10. If so requested by the purchaser, a title insurance company licensed to do business in New York State, through Rockwell Abstract or such other title company that is licensed to do business in New York State shall agree to insure that such purchaser has good and marketable fee title in the Home, free and clear of all liens and encumbrances except those set forth in this Section XIII of this Offering Plan, and subject to the provisions of the Declaration and By-laws and any mortgage executed by the purchaser and that the Condominium was validly formed pursuant to Article 9-B of the Real Property Law.

The Homeowner, at his option, may purchase title insurance covering his interest in the Home. See Section XIV for the cost of such insurance. Title to the Home will be subject to the following:

1. State of facts of the property as shown on a survey to be made prior to the

closing of title provided such facts would not render title unmarketable and any state of facts which an accurate survey of the Home would show provided such state of facts would not render title unmarketable.

2. Any sewer, water, gas, electric, drainage, telephone or utility easements granted or to be granted hereafter.

3. All of the terms, covenants and conditions of the Declaration, the By-laws and the Building Plans as they are subsequently filed or recorded and the Offering Plan and any amendment thereto.

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

(a) Easements in favor of the Owners of other Homes to use the pipes, wires, conduits and public utility lines located in the common elements or in the Home itself servicing such other Homes and/or the common elements.

(b) Easements in favor of the Board of Managers, its agents, contractors or employees to have a right of access to the Home and to the common elements to inspect, maintain or repair or to make repairs to the Home to prevent damage to the common elements or any other Homes, to make repairs to the common elements, to any wires, pipes or conduits system servicing any of the Homes or to make repairs to any other Home;

(c) Easements in favor of those Homes having restricted use to portions of the common elements; and

(d) Easements for the continuance of encroachments on the Home and on the common elements by other Homes or portions of the common elements, now existing by reason of the construction of the Homes, or hereafter occurring by reason of the settling or shifting of the Homes, or by reason of the repair and/or restoration by the Board of Managers of the Homes or such. other Homes or such 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 encroachments may remain as long as the Homes stand.

(e) No personal property of any kind is to be conveyed to Purchaser.

The Sponsor is obligated to repair any damage from a casualty or other cause that occurs before the closing of a purchaser's unit. The rights and obligations of purchasers of damaged units shall be the same as those of purchasers of undamaged units, except that the purchaser may rescind the purchase agreement and receive back any down payment,

less the actual cost of extras or special work, at any time before reconstruction of the unit is completed by giving written notice of such intention to the Sponsor.

The Sponsor has been advised by its counsel that, in counsel's opinion, none of the exceptions to title interfere with the quiet use or enjoyment of the purchaser's Home.

At closing, Purchaser must pay Sponsor's New York State transfer tax of $2.00 per $500 of the purchase price, and 1% of the purchase price for NYC RPT transfer tax. The amount of transfer taxes must be added to the Purchase Price in computing the transfer tax. Therefore both the city and state transfer tax will be based upon the sales price plus a sum equal to 1.4% of the sales price.

XV. CLOSING COSTS AND ADJUSTMENTS

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

TYPICAL UNIT CLOSING COSTS		
	WITHOUT MORTGAGE	WITH MORTGAGE (80%)
Purchase Price	$285,000.00	$285,000.00
Title Insurance (1)	$1,489.00	$1,489.00
Mortgage Title Insurance (1)		$290.00
Recording of Deed (2)	$100.00	$100.00
Recording Power of Attorney (2)	$50.00	$50.00
Recording of Mortgage (3)	N/A	$100.00
Mortgage Tax (.75%-25) (3)	N/A	$1,685.00
NYS Seller's Transfer Tax (4)	$1,140.00	$1,140.00
NYC Real Property Tax (4)	$2,850.00	$2,850.00
6 Months Common Charges (as initial working capital) (5)	$1,135.44	$1,135.44
2 Months Common Charges (for the Reserve Fund) (6)	$378.48	$378.48
Sponsor's Attorney Fee (7)	$1,000.00	$1,000.00
Tax Escrows (8) (Estimated)	$1,500.00	$1,500.00
Condominium Creation Expenses (9)	$6,250.00	$6,250.00
TOTAL	$15,892.92	$17,967.92

1. Fee title insurance charges, if ordered, are shown in the table below. They are in accordance with the schedules of rates set by the title company and filed with the New York State Department of Insurance. The title policy premiums and the recording charges set forth herein are those in effect as of the date of this Offering Plan, and may be increased by the title company, the State, or municipality.

WITHOUT MORTGAGE		WITH MORTGAGE			
Purchase Price	Title Insurance	Mortgage Amount (80%)	Fee Insurance	Mortgage Insurance	Total
250,000	1,344	200,000	1,344	266	1,610
275,000	1,439	220,000	1,439	285	1,724
300,000	1,534	240,000	1,534	304	1,738
325,000	1,629	260,000	1,629	323	1,952
350,000	1,724	280,000	1,724	342	2,066
375,000	1,819	300,000	1,819	361	2,180
395,000	1,895	316,000	1,895	876	2,271

2. Approximately $100.00 recording fee for the deed and approximately $50.00 for recording the power of attorney.

3. In the event the purchaser shall obtain a purchase money mortgage, he shall pay at the closing of title the sum of the following costs: recording fees for the mortgage of approximately $100.00 and mortgage tax (subject to certain possible adjustments) of 1.75% of the principal amount of the mortgage if under $500,000.00 and 1.875% of the principal amount if the mortgage is $500,000.00 or more, minus $25.00 credit as the Unit is a single-family home, mortgage title policy charges, lending institution's attorney's fees, and origination fees, mortgage application fees, credit reporting fees and bank attorney fees. If applicable, a portion of the mortgage recording tax set forth above will be computed in accordance with Section 339-ee, subsection 2, of the New York Condominium Act, and shall be paid to the Sponsor in reimbursement of mortgage recording taxes which the Sponsor will have previously paid in connection with existing mortgage on the Community. In addition, should the purchaser elect to obtain a purchase money mortgage he may be required by the lending institution to provide to the lending institution a deposit towards the payment of real estate taxes based upon a multiple of estimated monthly real estate taxes which will vary with the closing date. There will be no mortgage closing costs pursuant to this Section 3 on Homes which are not covered by mortgages.

4. New York State transfer tax of $2.00 per $500 of the purchase price, and 1% of the purchase price for NYC RPT transfer tax. The amount of transfer taxes must be added to the Purchase Price in computing the transfer tax. Therefore both the city and state transfer tax will be based upon the sales price plus a sum equal to 1.4% of the sales price.

5. Six months common charges to be paid to the Condominium as initial working capital. While Sponsor is in control of the Board of Managers the working capital fund will not be used to reduce the maintenance charges. If any portion of the working capital fund is used during this period to pay for items in the budget set forth as Schedule B, such amounts will be repaid to such fund out of common charges collected.

6. Two months common charges to be paid to the Condominium as reserve fund. The amount collected at closing will be the base of the reserve fund. The amount which will be allocated as a portion of common charges to the reserve fund each year will be in addition to this amount collected. The projected amount for this base of the reserve fund after all the Units have closing is $20,000.00. While Sponsor is in control of the Board of Managers the reserve fund will not be used to reduce the maintenance charges. If any portion of the working capital fund is used during this period to pay for items in the budget set forth as Schedule B, such amounts will be repaid to such fund out of common charges collected.

7. Sponsor's attorney fee in the amount of $1,000. Purchaser will be charged $350 for the preparation by Seller's attorney of a purchase money mortgage. Each purchaser shall be responsible for the payment of fees of his own attorney.

8. In the event the Homes have not been separately assessed for real estate purposes prior to the closing of title to the first Home, Purchasers will be required to pay to Sponsor an amount equal to the estimated unpaid real estate taxes which will be levied against the parcel until the units are separately assessed. Sponsor on behalf of the Board of Managers will place said monies in an escrow account and will pay the real estate taxes from the escrow account when the taxes are due and payable. In the event the actual taxes are greater than the amount collected, Sponsor shall be entitled to a pro rata share of the additional taxes from each such Homeowner. In the event the actual taxes are less than collected, the Sponsor will reimburse the pro rata share of the taxes to each such Home Owner. Any money collected by Sponsor will be placed in a segregated special escrow account of Marvin L. Schwartz, Esq., the Escrow Agent, with offices at 52 Main Street, Spring Valley, New York 10977, (845) 425-1832. The signatory on this account authorized to release funds is Marvin L. Schwartz, Esq., 52 South Main Street, Spring Valley, New York 10977. The name of the account "Marvin L. Schwartz, Attorney IOLA Account, Chocolate Factory Condominium", which is located in the North Fork Bank, Main Street, New City, New York. The bank is covered by the federal bank deposit insurance to a maximum of $100,000.00 per individual deposit. The account will be an Interest-On-Lawyer's Account, ("IOLA") pursuant to Judiciary Law Section 497. Interest accrued on "IOLA" Accounts is transferred to the State's Client Security Fund. The interest is not paid to either the Seller or the Purchaser. All instruments shall be made payable or endorsed to the order of Marvin L. Schwartz, Attorney, as escrow agent.

9. Each purchaser shall pay the Sponsor the sum of not more than $500.00 per unit for final "as built" plans and survey. This shall be Sponsor's actual cost for same. Each purchaser shall also pay 1/45th of the Sponsor's cost for engineering, architect, legal fees and other expenses to create the condominium, the cost for all of these together not to exceed $5,000.00. Each purchaser shall reimburse the Sponsor 1/45th of the annual premium for liability insurance from the date of closing until the Policy anniversary, not to exceed $750.00 per unit. Therefore, each purchaser may be obligated to pay $6,250.00 at closing for these charges in addition to the purchase price.

The Sponsor anticipates that the only items which will be apportioned at the closing of title to Homes will be liability insurance, real estate taxes, sewer charges, if any, and common charges, if they have been declared by the Board of Managers. The adjustments will be made as of 11:59 P.M. on the day preceding the closing date. In the event there are any other items which are to be apportioned at closing, the Sponsor will advise the purchaser in writing of such items at least thirty days before the closing. The Sponsor will advise the purchaser of the closing date by giving him written notice at least thirty days prior to the closing date.

XVI. RIGHTS AND OBLIGATIONS OF SPONSOR

No bond or other security has been furnished to secure performance of the following obligations. All obligations pertaining to the common elements shall be enforceable only by the Board of Managers on behalf of the Home Owners and not by the individual Home Owners. During the time the principals of the Sponsor control the Board, it is within their sole power to enforce obligations of the Sponsor pertaining to the common elements and, therefore, Sponsor agrees that during such period it will in its capacity as the Board of Managers, enforce such obligations when required to do so by a resolution duly passed by a majority of the home owners, excluding Sponsor, at a special meeting of the home owners called for such purpose. Upon the conveyance of title to the first Home, Sponsor will deliver a letter to the Board of Managers obligating Sponsor to perform the following obligations:

1. If there is a building loan the Sponsor will be obligated to pay off and otherwise comply with the terms of any building loan mortgage on the entire Community. After the recording of the Declaration and before the closing of title to the first Home, the building loan mortgage will be satisfied, or released, or subdivided extended and consolidated with the individual permanent mortgage which will be placed on the Homes of those purchasers obtaining a purchase money mortgage. In addition, before the closing of title to the first Home, all liens and mortgages affecting the Community shall be paid and satisfied or the Home being conveyed and its appurtenant common interest shall be released thereof by partial release duly recorded.

2. The Sponsor will diligently, expeditiously and at its own cost, complete construction of the Community substantially in accordance with the plans and specifications described herein and will diligently perform all of its obligations set forth in this Offering Plan and will deliver to the Board of Managers a copy of the "as built" plans filed with the recording of the Declaration or any amendment thereto and in addition will provide the Board with a full set of building plans filed with the local Municipality together with any "field changes" made during the course of construction.

Although the Sponsor intends to use the materials, fixtures, appliances and equipment described herein and in the building plans, the Sponsor reserves the right to substitute materials, fixtures, appliances and equipment of equal or better quality or design for any of those set forth.

3. Sponsor reserves the right to change the size, number and location of the Buildings and other improvements or common elements, provided such changes do not change or adversely affect the value or percentage of common interest of any Home to which title has closed or for which a purchase agreement has been

executed and is in effect unless all affected Home Owners consent in writing to such a change and all affected purchasers are given the right to rescind their purchase agreement and to receive the return of their down payment with interest, if any. No such change will be made unless it is first disclosed in a duly filed amendment to the Offering Plan and to the Declaration if recorded.

4. The Sponsor will obtain a temporary Certificate of Occupancy, New York Board of Fire Underwriters Certificate, and any other certificate or permit required by law for the building in which the Home is located and will, at its own cost, perform any work and supply any materials necessary to obtain the Certificates or permits.

If a permanent Certificate of Occupancy is not obtained prior to the first closing Sponsor will maintain all deposits and funds in the special escrow account required by GBL Section 352-3(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 Sponsor must 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 Department of Law.

5. The Sponsor will give a Limited Warranty to the Purchaser which provides the following warranty coverage:

FIRST YEAR BASIC COVERAGE: for one year from the Effective Date of the Warranty (as shown on page 1 of the Schedule D-1). The performance standards cannot limit the sponsor's warranty in a manner inconsistent with the requirements of law. The Home will be free from latent defects that constitute:

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

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

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

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

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

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

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

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

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

The Sponsor excludes that portion of the Housing Merchant Implied Warranty set forth in Article 36-B of the General Business Law that which is permitted by statute to exclude, and all other warranties, express or implied, other than the Limited Warranty. This limited warranty is extended to the owner/purchaser named on page 1 of the Purchaser Agreement, while the owner/purchaser owns the home. It does not extend to subsequent owners of the home or to other persons. See the complete terms of the Limited Warranty contained in the Rider to the Purchase Agreement set forth in Schedule D-1. The full text of Article 36-B of the General Business Law is reproduced in Schedule D-2 in Part II of the Offering Plan. To the extent any coverage under this warranty implies to Common Elements of the Condominium, such coverage shall be deemed given to the Board of Managers of the Condominium.

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

7. The Sponsor will advance all expenses incurred prior to the establishment of the Condominium, including, but not limited to, printing costs, architect fees, and costs of filing this Offering Plan and amendments thereto. The Sponsor will bear and pay all costs and expenses incurred in connection with advertising.

8. The Sponsor has no obligation to defend any suits nor to indemnify the Board of Managers or Homeowners arising out of any act or occurrence occurring prior to the recording of the Declaration except claims arising out of the acts, omissions or representations of the Sponsor.

9. Sponsor agrees to pay all common charges, special assessments and real estate taxes with respect to unsold units. Sponsor represents that it has the financial resources to meet its obligations with respect to unsold units. The source of these financial resources are income from projected sales. In the event that the

projected sales are not made, Sponsor will obtain a commercial loan or will supply funds from its other business enterprises.

10. Subsequent to the delivery of the deed Sponsor will be obligated to correct defects to the common elements and to the Homes as disclosed in paragraph 5 herein. In addition, Sponsor will be obligated to finish all common areas.

11. Sponsor will initially procure fire and casualty insurance for the Condominium on the terms set forth in Sections XVIII and XIX herein.

12. Pursuant to Section 352-e (9) of the General Business Law, copies of all documents mentioned in this Offering Plan, including without limitation the following, are and will be kept on file at the office of Sponsor set forth on the cover page of this Offering Plan for six years from the date the Declaration is recorded for examination by any person who has purchased a condominium interest offered by this Plan or otherwise has participated in this offering: This Offering Plan; the proposed Declaration and By-laws of the Condominium; public liability, fire and casualty policy, and Exhibits submitted to the Department of Law in conjunction with this Plan. A copy of the form of Home Owner's purchase agreement is submitted with this offering Plan.

13. No bond or other security has been posted to secure Sponsor's obligations, but until (i) eleven months after the transfer of control of the Board, or (ii) eleven months after the closing of title to the last Home, whichever is sooner, provided the Community is completed, the Sponsor will not voluntarily assign, transfer or sell its interest in the real estate which is the subject of this offering, in accordance with this Offering Plan, and amendments thereto, and the principals of the Sponsor will not voluntarily reduce by more than 49% their ownership of stock or their voting rights therein, in the Sponsor. Further, during such period the principals of the Sponsor shall not voluntarily liquidate or dissolve the Sponsor or make any distribution of the assets of the Sponsor except for the payment of any expenses (including salaries, fees and other expenses) and repayment or reduction of the obligations of the Sponsor pertaining directly or indirectly to this offering.

In the event of the dissolution or liquidation of the sponsor or the transfer of 20 percent 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 the sponsor for those units under the offering plan, applicable laws or regulations.

This paragraph 13 shall in no way be deemed as a limitation of any of the Sponsor's liabilities or of any of the rights and remedies of the Home Owners pursuant to law.

14. The Sponsor reserves all easements, licenses, rights and privileges of a right-of-way in, through, over, under and across the property and the common elements of the Condominium for the purpose of completing construction and sale

of Homes and facilities in the Condominium and on The Properties and, towards this end, reserves the right to grant and reserve easements and rights-of-way in, through, under, over and across the common elements and Properties for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage and other utilities and for any other materials or services necessary for the completion of the work. Sponsor also reserves the right to connect with and make use of the utility lines, wires, pipes, conduits, sewers and drainage lines which may from time to time be in or along the streets and roads or other areas of the common elements. Sponsor will be obligated to pay for the cost of any utilities it uses as a result of its use of the easements, licenses, rights and privileges of a right-of-way. Finally, the Sponsor reserves the right to continue to use the common elements and Properties and any facilities, sales offices, model homes, signs, and parking spaces located on the Properties or common elements, in its efforts to market Homes constructed in the Condominium. Sponsor will be obligated to repair any damages to the Properties caused as a result of its use of the easements, licenses, rights and privileges of a right-of-way to complete the Condominium.

15. The Sponsor will deliver to the purchaser and/or the Board of Managers upon the recording of the Declaration all manufacturers' and sub-contractors' heating, electrical, plumbing, roofing and appliance warranties and bonds relating to the purchaser's Home or the common elements respectively, if any, to the extent made by such manufacturers and subcontractors and to the extent such warranties and bonds are assignable.

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

17. In the event of damage from a casualty or other cause that occurs before the closing of a purchaser's unit the Sponsor will complete all necessary repairs. In the event repairs are not complete within six months of the casualty Purchaser has a right to rescind the contract and receive his down payment back.

18. All representations under the Offering Plan, all obligations pursuant to the GBL, and such additional obligations under the Offering Plan which are to be performed subsequent to the closing date will survive delivery of the deed.

Sponsor has procured a firm commitment for construction financing.

No bond or other security has or will be posted to insure performance of Sponsor's obligations under this Section XVI.

XVII. CONTROL BY SPONSOR

The Sponsor, as owner of unsold Homes, will have voting control of the Board of Managers until five (5) years after closing of the first Home or whenever seventy five per cent (75%) of the Homes have closed, whichever is sooner. Within one year after the transfer of title to the first Home, the Sponsor shall call the first annual Home Owners meeting. At such meeting a new Board of Managers shall be elected by the Home Owners and the former members of the Board shall thereupon retire. Thereafter annual meetings shall be held on the anniversary of such date each succeeding year. The Sponsor will still have voting control of the Board of Managers until the fifth anniversary of the recording of the Declaration of Condominium or until 75% of the Homes in the Community are sold, whichever occurs first. There may be unit owners on the Board of Managers during the Sponsor Control period if the Sponsor elects them before the first annual meeting, or if they are elected at the first or succeeding annual meetings. If the Sponsor control period ends before one year after the transfer of title to the first Home, At that time there shall be a meeting within 30 days to elect a new board. 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 Home Owners, including the Sponsor and the enforcement of the Sponsor's obligations. However, during such control period, Sponsor will not increase or decrease the services set forth in the Estimate of Income and Expenses (Schedule B) and this Offering Plan without the consent of a majority of all Home Owners (other than Sponsor voting as a Home Owner) present at duly called meeting of the Home Owners.

The first Board of Managers of the Condominium will be the Sponsors, Nik Lavrinioff and Lon Bernell and/or their designees, who are the sole shareholders and directors of the Sponsor. The Sponsor shall retain the right to substitute other persons in the place of the above named individual until the resignation of the First Board as set forth below. At such time as 75% of the Homes are closed or five years from the recording of the Declaration, whichever is sooner, Sponsor must convey control of the Board of Managers. Upon the election of the new Board, the members of the first Board will resign. Members of the Board of Managers shall not be compensated for their services. Members of the Board of Managers may be removed for cause by an affirmative vote of a majority of the Home Owners. officers of the Condominium may be removed with or without cause, at anytime, by the affirmative vote of a majority of the whole Board of Managers. While the Sponsor is in control of the Board of Managers any contract with a Managing Agent will include a clause that said contract can be terminated upon 90 days written notice of any party.

So long as the Sponsor or its designee shall continue to own Homes representing 25% or more in common interest, or five years after the date of the filing of the Declaration of Condominium whichever shall first occur, the Board of Managers may not, without the Sponsor's prior written consent: (i) make any additions, alterations or improvements to the common elements or to any Home costing cumulatively more than $10,000, the foregoing not to include necessary repairs and maintenance work; or (ii) assess any common charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund in excess of the reserve for contingencies provided in Schedule B; or (iii) hire any employee in addition to the employees referred to

in the Plan; or (iv) enter into any contracts not in existence on the date of the first closing of title to a Home; (v) borrow money on behalf of the Condominium; or (vi) reduce the services or maintenance set forth in Schedule B.

The 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.

The detailed provisions for the management of the Community are set forth in the By-laws attached. The By-laws contain provisions, among others, dealing with the election of the Board of Managers, and Condominium officers, powers of the Board of Managers, voting rights of Home Owners, assessment of common charges, foreclosure of liens for non-payment of common charges, management of the Condominium and the use of the Homes. The By-laws provide that the Community shall be governed by the Board of Managers, but that the Board of Managers shall have the right to designate Committees or a Managing Agent to carry out such function.

XVIII. BOARD OF MANAGERS

The form of the Declaration of Condominium and the By-laws referred to in the Plan appear in Part II as Schedules G and H, respectively.

The following is a summary of certain provisions of the By-laws and Declaration.

Board of Managers

The affairs of the Condominium shall be governed by a Board of Managers (the "Board"). The first Board shall be the principals of the Sponsor, Nik Lavrinoff and Lon Bernell. They shall serve without compensation. At the first annual meeting of Home Owners, three (3) Managers shall be elected by the Home Owners for staggered terms.

Every Home Owner shall be entitled to cast one vote on each ballot for each percentage of common interest owned. All Managers other than designees or nominees of the Sponsor shall be Home Owners. See Section XV as to the Sponsor's initial control of the Board. At the expiration of the initial term of office of each respective Manager, his successor shall be elected to serve a term of three (3) years. Elections are to be held annually.

The first annual meeting of Home Owner's is tentatively projected to take place on November, 2003. Annual meetings will be held thereafter on November 1 of each year. It shall be the duty of the President to call a special meeting of the Home Owners as directed by the Board of Managers or upon a petition signed by a majority of the Home Owners having been presented to the Secretary.

Removal of Members of the Board of Managers

Managers may be removed for cause by an affirmative vote of a majority of the Home Owners. No manager other than a member of the first Board of Managers or Sponsor's designees or nominees shall continue to serve on the Board if, during his term of office, he shall cease to be a Home Owner.

Powers and Duties of Board of Managers

The property and business of the Condominium shall be managed by its Board of Managers. The powers of the Board of Managers include, but are not limited to, the following items:

1. To determine and levy monthly assessments ("common charges") to cover the cost of common expenses, payable in advance.

2. To collect, use, and expend the assessments collected to maintain, care for and preserve the Homes, Buildings, and other common elements;

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

4. To enter into and upon the Homes when necessary and at as little inconvenience to the Home Owners as possible in connection with the maintenance, care and preservation of the property;

5. To insure and keep insured the common elements and Homes;

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

7. To make reasonable rules and regulations;

8. 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 powers of a manager in connection with the matters hereinabove set forth.

9. To bring and defend actions by or against more than one Home Owner and pertinent to the operation of the Condominium and to levy special assessments to pay for the cost of such litigation.

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

11. To make additions, alterations, or improvements to the common elements of the Community, the cost of which addition, alteration, or improvement does not exceed $5,000.00. The Board of Managers may make additions, alterations or improvements to the common elements costing in excess of $5,000 only with the approval of a majority of the Home owners. While the Sponsor is in control of the Board of Managers, the Board may make additions, alterations, or improvements to the common elements costing in excess of $2,500 or enter into service or maintenance contracts the duration of which will extend more than one year after the Sponsor loses control of the Board of Managers, only with the approval of a majority of the Home Owners, excluding the Sponsor, voting at a duly held meeting of the Home owners.

12. 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 (i) the consent of at least 66-2/3% in number of all Home 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 $10,000 and (ii) no lien to secure repayment of any sum borrowed may be created on any Home or its appurtenant interest in the common elements without the written consent of the Owners of said Home, Pursuant to § 339-jj of the Real Property Law .

13. Since each condominium home is separately assessed for real estate tax purposes, each condominium unit owner must institute his own proceeding to review real estate tax assessments against such unit. However, the Board of Managers may institute such proceeding on their behalf with the consent of the Home Owners.

Liability of Board of Managers and Home Owners

In order to limit the liability of the Home Owners, any contract, agreement or commitment made by the Board of Managers or Officers of the Condominium shall state that it is made by the Board of Managers as agent for the Home Owners as a group only and that no member of the Board of Managers or Officers of the Condominium nor individual Home owner shall be liable for such contract, agreement or commitment except that every Home Owner shall be liable to the extent that his proportionate interest in the common elements bears to the total liability under such commitment. The Board of Managers and Officers of the Condominium shall have no liability to the Home Owners in the management of the Community except for wilful misconduct or bad faith and the Home 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. Such several liability of the Home Owners shall, however, 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.

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 Home Owners or members of the first Board of Managers. Two or more offices may not be held by the same person.

The President shall be the chief executive officer of the Condominium, shall preside at all meetings, shall have general and active management of the business of the Condominium and shall see that all orders and resolutions of the Board are carried into effect.

The Vice President shall take the place of the President and perform his duties whenever the President is unable to do so.

The Secretary shall record all votes and the minutes of all proceedings in a book.

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

Repairs, Alterations and Improvements to Common Elements

All maintenance, repairs and replacements to the common elements of the property including but not limited to exterior walls of the Buildings, roof and roof members as well as all maintenance, repairs and replacements to any pipes, wires, conduits and public utility lines, any portion of which is located in one Home and services another Home or more than one Home or so much of any pipes, wires, conduits and public utility lines as are located in the common elements but serve one or more Homes shall be made pursuant to the By-laws and the Declaration of the Condominium.

Restoration or Reconstruction After Fire or Other Casualty

In the event of damage to or destruction of the Buildings as a result of fire or other casualty, the Board of Managers shall arrange for the prompt repair and restoration of the Building and the Board of Managers or the Insurance Trustee 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 Home Owners for such deficit as part of the common charges.

If 75% or more of the Homes are destroyed or substantially damaged and 75% or more of the Home Owners do not resolve to proceed with repair or restoration, the Property shall be subject to an action for partition at the suit of any Home Owner or lien or, as if owned in common in which event the net proceeds of sale, together with the net proceed of insurance policies shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among all the Home Owners in proportion to their respective common interests, after first paying out of the share of each Home Owner the amount of any unpaid liens on his Home, in the order of the priority of such liens.

Insurance

The Board of Managers shall obtain and maintain, to the maximum extent obtainable, fire insurance with extended coverage, water damage, vandalism and malicious mischief endorsements insuring the Buildings, including all of the Homes and the bathroom, kitchen and laundry fixtures, cabinets and equipment initially installed therein by the Sponsor, together with all heating and hot water equipment and other service machinery contained therein, covering the interest of the Condominium, the Board of Managers and all Home Owners and their mortgagees, as interest may appear, in an amount equal to the full replacement value of the Buildings. Each of such policies shall contain a New York Standard Mortgagee clause in favor of each mortgagee of a Home which shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee hereinafter set forth; and such other insurance as the Board of Managers may determine.

Reports to Home Owners

All Home Owners will receive within 3 months of the end of each fiscal year, copies of a financial statement of the Condominium including a balance sheet and profit and loss statement by a certified public accountant, a statement regarding any taxable income attributable to the Home Owners, and a notice of the holding of the annual Home Owners meeting. These statements will be certified as long as the Sponsor is in control. All Home Owners shall be entitled to examine the books and records of the Condominium on reasonable notice to the Board.

Amendments

The Declaration may be amended upon a vote of 80% of the Home Owners in number held at a duly called meeting of the Home Owners, provided however, that:

1. No amendment shall change any condominium parcel, nor a Home Owner's proportionate share of the common charges, nor the voting rights appurtenant to any home, unless all of the affected record owner(s) in number and common interest thereof and the first mortgagees, if any, of each of these same homes agree to such revocation by recorded instrument.

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

The By-laws may be amended at any duly called Home 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 percent 80%) of the Home Owners in number and common interest and (3) said amendment shall be set forth in a duly recorded amendment to the Declaration. However, no amendment will affect or impair the validity or priority of the Home Owners' interest and the interests of holders of a mortgage encumbering a Home or Homes.

Homes Acquired by the Board of Managers

All Homes which are acquired by the Board of Managers, or its designee, shall be held by it on behalf of all Home Owners whose respective interests shall be in proportion to the common interest to such Home Owners and the votes appurtenant to such Homes shall be cast by the Board of Managers or its designee at all meetings of the Home Owners, except that the Board will not vote in any election of members of the Board.

Termination of Condominium

This property shall not be withdrawn from the provisions of Article 9-B of the Real Property Law unless at least 80% of the Home Owners in number and in common interest and the first mortgagees, if any, of these same Homes agree to the withdrawal of this property from the provisions of such Article. The Sponsor or its nominee will not cast any of its votes for withdrawal, unless 80% of Home Owners other than Sponsor so vote.

Covenant Against Partition of Common Elements

The common elements are not subject to partition nor are they severable from the Homes except in accordance with the Real Property Law.

Reserves

The Condominium has the right to accumulate reserves for capital replacements or other general repairs of the Condominium. However, the Condominium will be taxed on any excess of income over expenses from unrelated sources. Examples of unrelated source income includes interest earned on reserve or other invested funds.

Easements

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

casualty or as a result of condemnation or eminent domain proceedings, or by reason of an alteration made by the Board to the common elements so that any such encroachment may remain undisturbed so long as the Home stands. Each Home will be subject to such encroachments and easements in favor of all other Homes. The Board of Managers, its agents and employees shall have a right of access to the Homes and to the common elements (irrespective of the restricted nature of such common element) to inspect, maintain or repair the common elements or any pipe, wire, or conduit therein or to make repairs to the Home to prevent damage to the common elements or any other Home.

Allocation of Common Interest

The common interest of the Condominium establishes the Home Owners percentage of ownership in the common elements and percentage of liability for the payment of common charges. Each Home Owner has the percentage of common interest in the Condominium set forth on Schedule A. Such allocation has been based upon the approximate proportion that the fair value of the unit bears to the aggregate fair value of all the units.

The percentage of the undivided interest in the common elements shall not be changed except with the consent of all of the Home Owners affected expressed in a duly recorded amendment to the Declaration.

Management Services

The Sponsor will enter into a management contract for the operation of the condominium. Prevailing costs of management services in the area is 10% of income, which, in this case, is the common charges. However, no representation is made as to the cost, terms or availability of management services after the initial one year period. While Sponsor is in control of the Board of Managers, it will not enter into any contract which will bind the Condominium for a period in excess of two years from the recording of the Declaration unless the contract provides that it may be canceled by the Condominium upon 90 days notice.

XIX. RIGHTS AND OBLIGATIONS OF UNIT OWNERS

Sale or Lease of Homes

Homes may be sold or leased by a Home Owner, provided that he is not in arrears on the payment of common charges (except where the payment of such unpaid common charges is paid by the Grantee or provided for out of the proceeds of the sale). A purchaser is free to make a gift of his Home to anyone during his lifetime or to devise his Home by will, or to have it pass by intestacy without any restriction. No Home can be sold without a simultaneous sale of the undivided interest in the common elements.

Even once 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.

Restrictions on Occupancy and Use

There is no restriction upon ownership of a Home. Occupancy of a Home, however, may only be for residential purposes in accordance with the applicable zoning regulations of the municipality having jurisdiction over the Community. The By-laws of the Condominium contain the following use restrictions: No immoral improper, offensive or unlawful use shall be made of the Community nor any part thereof and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Home Owners, their families, employees, guests and pets shall not use or permit the use of the Homes and common elements in any manner that would be illegal, disturbing or a nuisance to other homeowners. No resident shall put any advertisement or posters of any kind in or on the Community without the consent of the Board of Managers. It is prohibited to hang garments, rugs, etc. from the windows or from the building or to string clothes lines on or over the common elements or to use any of the common elements for storage. No Home owner shall paint the exterior surfaces of the windows, walls or doors opening out of his Home. See By-laws, Article VIII for complete details.

Mortgage of Homes by Home Owners

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

Non-Payment of Common Charges

The New York State Legislature has adopted Section 339-kk of the Real Property Law. Pursuant to the terms of this law, in the event that a non-occupying unit owner ("Landlord") is in default in the payment of common charges the Board of Managers may direct that all rent payments by the Tenant be paid directly to the Board of Managers in order to cure this default. See Part II, Schedule D-3, Real Property Law, Section 339-kk.

XX. RIGHTS AND OBLIGATIONS OF BOARD OF MANAGERS

The first Board of Managers will be the Sponsors, Nik Lavrinoff and Lon Bernell and/or their designees, who are the sole shareholders and directors of the Sponsor Corporation. Control of the Board of Managers will be transferred by the provisions of Section XVII herein, "Control by Sponsor". The governance of the Board of Managers is set forth in Section XVIII herein, Board of Managers.

Common Charges Assessment and Collection

The Board of Managers will prepare and furnish its budget to the Home Owners and their mortgagees annually. Based upon such budget and any modification thereof approved by the Board of Managers, the Home Owners will be charged for the cost of the operation of the Condominium in accordance with their interest in the common elements. Any special assessments will be charged to the Homeowners in accordance with their interest in the common elements. The charges assessed by the Board of Managers ("Common Charges"), in addition to the cost of repairing and maintaining the common elements, assessments and other normal operational costs, may include, in the discretion of the Board of Managers, reserves, working capital and other sums necessary to carry on the affairs of the Condominium.

The estimate of Condominium expenditures in Schedule B were made by the Sponsor and passed upon by an expert in the field of apartment and property management. Although the Sponsor is of the opinion that such estimates are accurate and reasonable, they are not intended and cannot be construed as an assurance of the actual expenses and are merely based upon information available at this time. Actual costs may be lesser or greater than as set forth herein.

The Board of Managers has the right to accumulate reserves for capital expenditures or other necessary expenses without restriction. The liability of the unit owners to pay common charges may not be terminated unless the property is withdrawn from the provisions of Article 9-B of the Real Property Law.

It is presently anticipated that the common charges are to be used primarily to pay for fire and other casualty insurance on the Buildings and the common elements, public liability and property damage insurance as set forth in this Section XVII, electricity for the common elements, legal and accounting expenses, supplies and a maintenance reserve. The common charges do not include maintenance, repairs or decoration of interior of the Homes or portions thereof, payments required pursuant to the terms of Home Owners' mortgages or real estate taxes covering the individual Homes.

The common charges which will be collected monthly by the Board of Managers and other costs of maintenance of the Homes are set forth on Schedule A. However, additional services which the Home Owners may desire or other factors can increase

these charges. The Board of Managers will commence the collection of common charges upon the closing of title to the first Home in an amount no greater than as set forth herein and only in such amount as will be necessary to carry out the duties of the Board of Managers as set forth in this Offering Plan and such common charges shall be paid by the Home Owners and the Sponsor as owner of the unsold Homes in accordance with the common interest set forth herein. The common charges will be placed in an account entitled "Chocolate Factory Condominium" under the control of the Board of Managers in the North Fork Bank, Brooklyn, New York.

Where a Home is damaged by casualty and the proceeds of insurance are not sufficient to cover the repair of the damage, the amount necessary to restore the Home over and above the proceeds from any fire insurance on the Homes will be a common charge to all Home Owners. In order to protect the Home Owner against the possibility of such common charges, the Board of Managers determines the amount of blanket casualty insurance covering all Homes (the cost of such insurance is part of the common charges) and reviews the amount of such coverage annually.

The Sponsor shall be liable for the monthly common charges of all Homes, title to which has not been transferred to a bona fide purchaser commencing with the closing of title to the first Home.

Liens for the Non-payment of Common Charges

Under the Real Property Law of the State of New York RPL §339-z, the Board of Managers shall have a lien against each Home for its unpaid common charges and legal interest thereon prior to all other liens except liens for the payment of taxes and all sums unpaid on a first mortgage of record. The lien may be made effective pursuant to RPL § 339-aa. The lien shall continue in force even after resale of a Home except that the Board shall, in accordance with the Declaration, release the lien and right to collect unpaid common charges against any purchaser of a Home where such purchase arises out of a foreclosure of a first mortgage when the Board of Managers has been made a party to the foreclosure action. The Board of Managers may foreclose the lien in the same manner as a mortgage on real property and in doing so shall be entitled to recover all cost incurred including reasonable attorney's fees. The liability of each Home Owner for the payment of common charges thereafter assessed against his Home shall terminate upon a sale, transfer or conveyance of such Home in accordance with the provisions of the Condominium Declaration and By-laws. Further, any Home Owner may convey his Home to the Board of Managers or its nominee, on behalf of all other Home Owners, without any compensation and in accordance with the Declaration and By-laws, and in such event he shall be exempt from any common charges thereafter assessed, but not relieved of his obligation to pay his mortgage. However a Home 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 Home. Upon a resale, the purchaser of a Home shall be liable for the payment of unpaid common charges assessed against such

Home prior to the acquisition of such Home by the purchaser, except that a mortgagee who acquires title to a Home or a purchaser at a foreclosure sale shall not be liable and the Home shall not be subject to a lien for the payment of common charges assessed prior to the acquisition of title to such Home by the mortgagee or purchaser at a foreclosure sale. In such event and in the event of a foreclosure by the Board of Managers of its lien on any Home 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 Home Owners as a common expense. The Sponsor will cause the Board of Managers to file a lien as provided for in §339-aa of the RPL on units in which Sponsor is more than 30 days in arrears of common charges where it is in control of the Board of Managers.

Repairs, Alterations and Improvements to Homes

The Home Owner can make any interior alterations or improvements to the Home he desires without obtaining the consent of the Condominium so long as such alterations or improvements do not affect the Building in which the Home is located or any other common element. In the event such alterations or improvements affect the structural soundness of the Building in which the Home is located, the Home Owner must first obtain the written consent of the Board of Managers. All maintenance (including electrical repairs and plumbing stoppages in the Homes, painting and decorating of the Homes), repairs and replacements to the Homes including windows and doors abutting a Home (except painting or maintenance of the exterior surface of windows and doors which open from a Home, which are performed by the Board of Managers) and repairs to the heating/air conditioning system, pipes, wires and conduits located within and without the Home and servicing the same Home other than as set forth on page in of Schedule H shall be made by the respective Home Owners at their own expense. In the event that the Home Owner fails to make any repair or creates any condition which affects the Building in which his Home is located, the common elements or any other Home, the Board of Managers, may, upon notice given in accordance with the provisions of the By- laws, make such repair or correct such condition and charge the Home for the cost of such service. In the event it becomes necessary for the Board of Managers to bring any lawsuit or other proceeding to enforce its right to make such repair or correct such condition or to collect any sum due on account thereof, the Board of Managers shall also be entitled to collect reasonable attorney's fees in connection with such suit or proceeding. Repairs to common elements shall be the responsibility of the Board of Managers and the cost of such repairs shall be a common expense.

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 Homes and the bathroom, kitchen and laundry fixtures, cabinets and equipment initially installed therein by the Sponsor,

together with all heating, hot water equipment and other service machinery contained therein, covering the interest of the Condominium, the Board of Managers and all Home Owners and their mortgagees, as interest may appear, in an amount equal to the full replacement value of the Buildings. Each of such policies shall contain a New York Standard Mortgagee clause in favor of each mortgagee of a Home which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee hereinafter set forth; and such other insurance as the Board of Managers may determine.

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

The proceeds of all policies of physical damage insurance carried by the Board shall be payable to the Board of Managers in the event of a loss amounting to $40,000 or less, and to the Insurance Trustee if the loss shall amount to more than $40,000 to be applied for the purpose of repairing, restoring or rebuilding the Buildings unless otherwise determined by the Home Owners, as hereinafter set forth.

Each unit owner is an additional insured to the insurance policy set forth herein.

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 the Home owners or of the invalidity arising from any acts of the insured or any Home Owners and shall provide that such policies may not be canceled or substantially modified without at least ten (10) days prior written notice to all of the insureds, including all mortgagees of Homes. 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 Homes at least ten (10) days prior to expiration of the then current policies. The amount of fire insurance to be maintained on the Community upon the transfer of title to all Homes and until the first meeting of the Board of Managers following the first annual meeting of the Home Owners will be in the amount of at least $7,000,000 for all 43 Units. This coverage is on an "agreed amount" basis which waives co-insurance. The Board of Managers shall review the amount of fire insurance annually.

A New York bank or trust company shall be the Insurance Trustee unless or until replaced by a bank or trust company in the State of New York, designated by the Board of Managers. In the event that the Insurance Trustee shall resign or not qualify, the new Insurance Trustee shall also be a bank or trust company in the State of New York designated by the Board of Managers. The Insurance Trustee shall hold all proceeds of insurance policies in accordance with Section 254.4 of the Real Property Law.

The cost of all such insurance and the fees and expenses of the Insurance Trustee shall be paid by the Board of Managers and shall constitute a common expense. 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; (2) Workmen's Compensation insurance; and (3) in order to limit the liability of Home Owners for personal injury and tort, public liability insurance covering each member of the Board of Managers and each Home owner, in such limits as the Board of Managers may deem proper. The Board of Managers shall review such limits once each year. All these coverages are shown in the item in Schedule B entitled "Insurance", with the exception of Workmen's Compensation Insurance. The condominium will have no workers requiring such insurance.

The public liability insurance policy to be maintained until the first meeting of the Board of Managers following the first annual meeting of the Home Owners will be a limit of $1,000,000 per occurrence covering all claims for bodily injury and $1,000,000 for property damage arising out of any one occurrence in the common elements.

Home Owners shall not be prohibited from carrying other insurance for their own benefit provided 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 Home Owner's other insurance.

THE CONDOMINIUM INSURANCE COVERAGE DOES NOT COVER FIRE AND LIABILITY INSURANCE FOR THE PURCHASER'S PERSONAL EFFECTS AND INTERIOR OF THE HOME. PURCHASERS ARE ADVISED TO SECURE SUCH COVERAGE.

The insurance the sponsor will initially procure for the condominium may not contain officers and directors liability or fidelity bond insurance. In the event the Board of Managers obtains this type of insurance the cost of such insurance will be increased.

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

Although there is no requirement for annual appraisals to ascertain whether the insurance coverage is adequate, such appraisals are required prior to renewal of any fire policy. See Schedule B for the estimated insurance costs of the Condominium.

Access by Board of Managers

The Board of Managers and its agents, employees and contractors shall have a right of access to any Home and to all portions of the common elements for the purpose of carrying out any of its obligations under the Declaration and By-laws.

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

Ownership of a Home in the Condominium subjects the Home Owner to compliance with the provisions of the Declaration and By-laws as well as any rules and regulations contained in the Declaration or By-laws or established by the Condominium in accordance therewith. The rules and regulations set forth in the By-laws and Declaration can be found in Part II, Schedule G, Article SEVENTEENTH (Declaration) and Schedule H, Article VIII (By-laws). The Board of Managers can institute legal actions to enforce compliance with the provisions of the Declaration and By-laws as well as the rules and regulations established therewith.

The provision of the Declaration and By-laws that requires written consent of the Board of Managers prior to a Home Owner making an alteration that would impair the structural soundness of the Building does not apply to the Sponsor.

The provisions of the By-laws which requires members of the Board of Managers to be Home Owners will not apply to the first Board of Managers.

Other Liens

There are no other liens or encumbrances on the Home or common elements other than the lien for non-payment of common charges, the lien of a first mortgage which arises if the purchaser obtains a first mortgage on his Home and the liens and encumbrances set forth in Section XIII.

XXI. TAXES

Income Taxes

The Sponsor has been advised by its counsel, Marvin L. Schwartz, Esq., that each Home Owner who uses his Home as his principal residence, or the one other residence selected pursuant to Section 163(b)(5)(A)(I)(II) of the Internal Revenue Code will be entitled under present law to a deduction for Federal and New York State income tax purposes for the real estate taxes paid by him covering his Home and for the interest paid by him on any mortgage covering his Home. See Section XXII, "Opinion of Counsel." Similarly, the Sponsor has been advised by counsel that certain Home Owners who are veterans of the United States Armed Forces may be entitled to deductions covering part of the real estate taxes applicable to their respective Homes. The Sponsor

has been advised by its counsel that the Condominium will be taxed on any excess of income over expenses from unrelated sources. Examples of unrelated source income include interest earned on reserve and other invested funds, income from concessions and income from dues or fees received from persons other than the Home Owners. If the Condominium is required to pay taxes, the amount thereof will be levied as an additional common charge. The amount of the estimated tax deductions for the first year as set forth on Schedule A has been computed by the Sponsor and has not been passed upon by Sponsor's counsel.

Section 528 of the Code, affords certain Condominiums substantially all of whose Units are used for residences, the opportunity to elect to be treated as a tax exempt organization. In order to quality, sixty percent or more of the gross income must consist of amounts received as membership dues, fees or assessments from the Unit Owners and 90 percent or more of the expenditures of each must be for the acquisition, construction, management, maintenance and care of the Condominium properties, which properties, as defined in Section 528 of the Code, include property held by the Condominium, or property within the Condominium held by the members of the Condominium.

Real Estate Taxes

In accordance with the New York State Condominium Act, real estate taxes applicable to each Home will be separately assessed and a unit owner will not be responsible for the payment of, nor will the unit be subjected to, any lien arising from the non-payment of taxes on other units. There is no provision in the by-laws applicable to the review of real estate taxes by the Board of Managers. Each unit owner must contest his own assessment, if he so desires. The estimated monthly costs and charges to be incurred by the owner of each Home in the first year in which the property will be fully subject to real estate taxes together with estimated insurance costs for the fire and liability insurance on each Home and the monthly mortgage and other carrying costs are set forth on Schedule A. The total annual taxes for the condominium for the first year of operation is $121,811. Estimated assessed valuation is based upon estimates prepared by New York Advisory Services, Inc. 888 Seventh Avenue, New York, New York 10106, by letter dated September 13, 2001. The assessing authority is City of New York. The tax rate is currently $9.768 for each $100 of assessed valuation. The estimated assessed valuation after completion of construction is estimated at $1,123,000.00. This amount is allocated to specific units based on each unit's percentage of common interest. However the taxing authority may allocate assessment for units on a basis that differs from the allocation of common interests. Actual assessments for individual homes may vary depending on such factors as optional features, premium locations, condition of the property , and the mil rate. See Footnote 6 to Schedule A for details.

The estimate of projected taxes has not been prepared by the Sponsor and cannot be construed as an assurance of the final tax costs, but is merely an estimate based upon information available at this time.

In the event the Homes have not been separately assessed for real estate purposes prior to the closing of title to the first Home, Purchasers will be required to pay to Sponsor an amount equal to the estimated unpaid real estate taxes which will be levied against the parcel until the units are separately assessed. Sponsor will place said monies in an escrow account and will pay the real estate taxes from the escrow account when the taxes are due and payable. In the event the actual taxes are greater than the amount collected, Sponsor shall be entitled to a pro rata share of the additional taxes from each such Homeowner. In the event the actual taxes are less than collected, the Sponsor will reimburse the pro rata share of the taxes to each such Home Owner.

The Sponsor has applied for a real estate tax exemption and abatement pursuant to Section J-51 of the Tax Law. The Sponsor must request a preliminary certificate of eligibility from HPD. Such opinion letter must be obtained before the plan is declared effective. Sponsor will keep all record required by HPD and will make them available to HPD whenever requested to do so. HPD routinely conducts audits, the result of which can be either be the reduction or revocation of benefits if proper documentation is not provided. Upon closing Sponsor will make all tax benefit documents available to the Board of Managers for inspection and copying for the life of the benefits and it will file all applications and timely comply with all procedures required to properly process and maintain the tax benefits. The Sponsor will use its best efforts to obtain the 421-a benefits, however, the Sponsor makes no representation that its application will be granted.

The reduction in real estate taxes for each unit and the projected monthly carrying charges with and without tax benefits is as follows, (See Part I, Schedule A, footnote 6 for more details):

Reduction in Tax Benefits					
	Year 10	Year 11	Year 12	Year 13	Year 14
Total Annual Taxes	$28,000	$48,300	$64,300	$80,300	$96,300
UNIT NO.	Annual Taxes	Annual Taxes	Annual Taxes	Annual Taxes	Annual Taxes
1A	$734.72	$1,267.39	$1,687.23	$2,107.07	$2,526.91
1B	$642.04	$1,107.52	$1,474.40	$1,841.28	$2,208.16
1C	$709.24	$1,223.44	$1,628.72	$2,034.00	$2,439.28
1D	$570.08	$983.39	$1,309.15	$1,634.91	$1,960.67
1E	$780.64	$1,346.60	$1,792.68	$2,238.76	$2,684.84
1F	$776.44	$1,339.36	$1,783.04	$2,226.72	$2,670.40
1G	$954.24	$1,349.50	$1,796.54	$2,243.58	$2,690.62
1H	$782.32	$1,577.96	$2,100.68	$2,623.40	$3,146.12
1I	$914.76	$1,646.06	$2,191.34	$2,736.62	$3,281.90
2A	$551.32	$951.03	$1,266.07	$1,581.11	$1,896.15
2B	$481.60	$830.76	$1,105.96	$1,381.16	$1,656.36
2C	$500.36	$863.12	$1,149.04	$1,434.96	$1,720.88
2D	$554.40	$956.34	$1,273.14	$1,589.94	$1,906.74
2E	$580.44	$1,001.26	$1,332.94	$1,664.62	$1,996.30
2F	$583.24	$1,006.09	$1,339.37	$1,672.65	$2,005.93
2G	$745.92	$1,286.71	$1,712.95	$2,139.19	$2,565.43
2H	$600.60	$1,036.04	$1,379.24	$1,722.44	$2,065.64
2I	$686.00	$1,183.35	$1,575.35	$1,967.35	$2,359.35
3A	$551.32	$951.03	$1,266.07	$1,581.11	$1,896.15
3B	$481.60	$830.76	$1,105.96	$1,381.16	$1,656.36
3C	$500.36	$863.12	$1,149.04	$1,434.96	$1,720.88
3D	$554.40	$956.34	$1,273.14	$1,589.94	$1,906.74
3E	$580.44	$1,001.26	$1,332.94	$1,664.62	$1,996.30
3F	$583.24	$1,006.09	$1,339.37	$1,672.65	$2,005.93
3G	$745.92	$1,286.71	$1,712.95	$2,139.19	$2,565.43
3H	$600.60	$1,036.04	$1,379.24	$1,722.44	$2,065.64
3I	$686.00	$1,183.35	$1,575.35	$1,967.35	$2,359.35
4A	$551.32	$951.03	$1,266.07	$1,581.11	$1,896.15
4B	$481.60	$830.76	$1,105.96	$1,381.16	$1,656.36
4C	$500.36	$863.12	$1,149.04	$1,434.96	$1,720.88
4D	$554.40	$956.34	$1,273.14	$1,589.94	$1,906.74
4E	$580.44	$1,001.26	$1,332.94	$1,664.62	$1,996.30
4F	$583.24	$1,006.09	$1,339.37	$1,672.65	$2,005.93
4G	$745.92	$1,286.71	$1,712.95	$2,139.19	$2,565.43
4H	$600.60	$1,036.04	$1,379.24	$1,722.44	$2,065.64
4I	$686.00	$1,183.35	$1,575.35	$1,967.35	$2,359.35
5A	$551.32	$951.03	$1,266.07	$1,581.11	$1,896.15
5B	$481.60	$830.76	$1,105.96	$1,381.16	$1,656.36
5C	$500.36	$863.12	$1,149.04	$1,434.96	$1,720.88
5D	$554.40	$956.34	$1,273.14	$1,589.94	$1,906.74
5E	$580.44	$1,001.26	$1,332.94	$1,664.62	$1,996.30
5F	$583.24	$1,006.09	$1,339.37	$1,672.65	$2,005.93
5G	$745.92	$1,286.71	$1,712.95	$2,139.19	$2,565.43
5H	$600.60	$1,036.04	$1,379.24	$1,722.44	$2,065.64
5I	$686.00	$1,183.35	$1,575.35	$1,967.35	$2,359.35

XXII. COUNSEL'S TAX OPINION

MARVIN L. SCHWARTZ
ATTORNEY AND COUNSELLOR AT LAW
52 SOUTH MAIN STREET
SPRING VALLEY, NEW YORK 10977

TELEPHONE (845) 425-1832
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ALSO ADMITTED IN LOUISIANA

October 15, 2001

Chocolate Partners LLC
689 Myrtle Avenue
Brooklyn, New York 11205

Re: CHOCOLATE FACTORY CONDOMINIUM

Gentlemen:

I note that the Offering Plan states that it is believed that the monthly payments of interest on any mortgage which becomes a lien on a Condominium Residential Unit by a Residential Unit Owner who uses his Residential Unit as his principal residence or the one other residence that he selects pursuant to Section 163 (h)(5)(A)(i)(II) of the Internal Revenue Code of 1986 (the "Code") and the real estate taxes payable by a Residential Unit Owner which are assessed against his Residential Unit by any governmental taxing authority, are a proper deduction in connection with Federal and State Income Taxes payable by the owner of such Condominium Residential Unit.

I have given this matter careful study and it is my opinion that, pursuant to the provisions of the Code (See Revenue Ruling 64-31, C.B. 1964-300) and the corresponding provision of the New York State Law (See Section 615 of the Tax Law), such interest payments and the aforesaid real estate payments are proper deductions by the owner of a Condominium Residential Unit, in connection with his Federal and State income taxes. In addition, certain Residential Unit Owners who are veterans of the United States Armed Forces may be entitled to deductions covering part of the real estate taxes applicable to their Residential Units.

Section 528 of the Code, affords certain Condominiums substantially all of whose Units are used for residences, the opportunity to elect to be treated as a tax exempt organization. In order to quality, sixty percent or more of the gross income must consist of amounts received as membership dues, fees or assessments from the Unit Owners and 90 percent or more of the expenditures of each must be for the acquisition, construction, management, maintenance and care of the Condominium properties, which properties, as defined in Section 528 of the Code, include property held by the Condominium, or property within the Condominium held by the members of the Condominium.

Based upon my examination of the Offering Plan and subject to the Condominium actually satisfying the minimum percentage income and expenditure criteria set forth above, it is my opinion that the Condominium will be eligible to be treated as a tax exempt organization under Section 528 of the Code.

Such an election may entail the filing of tax returns and will exempt from Federal and New York State Income Taxation all amounts received by the Condominium from the Unit Owners as

ESTIMATED ASSESSMENTS, REAL ESTATE TAXES, AND TOTAL MONTHLY CARRYING CHARGES

	WITHOUT TAX BENEFITS				WITH TAX BENEFITS				
UNIT NO.	ASSESSMENTS	ANNUAL TAXES	MONTHLY TAXES	MONTHLY CARRYING CARGES	ASSESSMENTS	ANNUAL TAXES	MONTHLY TAXES	MONTHLY CARRYING CHARGHES	DIFFERENCE
1A	$29,467.52	$3,197.52	$266.46	$455.70	$29,467.52	$0.00	$0.00	$189.24	$266.46
1B	$25,750.39	$2,794.17	$232.85	$398.22	$25,750.39	$0.00	$0.00	$165.37	$232.85
1C	$28,445.59	$3,086.63	$257.22	$439.90	$28,445.59	$0.00	$0.00	$182.68	$257.22
1D	$22,864.28	$2,481.00	$206.75	$353.59	$22,864.28	$0.00	$0.00	$146.83	$206.75
1E	$31,309.24	$3,397.37	$283.11	$484.18	$31,309.24	$0.00	$0.00	$201.07	$283.11
1F	$31,140.79	$3,379.09	$281.59	$481.58	$31,140.79	$0.00	$0.00	$199.99	$281.59
1G	$38,271.84	$4,152.88	$346.07	$591.86	$38,271.84	$0.00	$0.00	$245.78	$346.07
2A	$22,111.87	$2,399.36	$199.95	$485.22	$22,111.87	$0.00	$0.00	$201.50	$283.72
2B	$19,315.60	$2,095.94	$174.66	$567.37	$19,315.60	$0.00	$0.00	$235.61	$331.75
2C	$20,068.01	$2,177.58	$181.46	$341.95	$20,068.01	$0.00	$0.00	$142.00	$199.95
2D	$22,235.40	$2,412.76	$201.06	$298.71	$22,235.40	$0.00	$0.00	$124.05	$174.66
2E	$23,279.79	$2,526.09	$210.51	$310.34	$23,279.79	$0.00	$0.00	$128.88	$181.46
2F	$23,392.09	$2,538.28	$211.52	$343.86	$23,392.09	$0.00	$0.00	$142.80	$201.06
2G	$29,916.72	$3,246.26	$270.52	$360.01	$29,916.72	$0.00	$0.00	$149.50	$210.51
2H	$24,088.35	$2,613.83	$217.82	$361.75	$24,088.35	$0.00	$0.00	$150.22	$211.52
2I	$27,513.50	$2,985.49	$248.79	$462.65	$27,513.50	$0.00	$0.00	$192.13	$270.52
3A	$22,111.87	$2,399.36	$199.95	$372.51	$22,111.87	$0.00	$0.00	$154.70	$217.82
3B	$19,315.60	$2,095.94	$174.66	$425.48	$19,315.60	$0.00	$0.00	$176.69	$248.79
3C	$20,068.01	$2,177.58	$181.46	$341.95	$20,068.01	$0.00	$0.00	$142.00	$199.95
3D	$22,235.40	$2,412.76	$201.06	$298.71	$22,235.40	$0.00	$0.00	$124.05	$174.66
3E	$23,279.79	$2,526.09	$210.51	$310.34	$23,279.79	$0.00	$0.00	$128.88	$181.46
3F	$23,392.09	$2,538.28	$211.52	$343.86	$23,392.09	$0.00	$0.00	$142.80	$201.06
3G	$29,916.72	$3,246.26	$270.52	$360.01	$29,916.72	$0.00	$0.00	$149.50	$210.51
3H	$24,088.35	$2,613.83	$217.82	$361.75	$24,088.35	$0.00	$0.00	$150.22	$211.52
3I	$27,513.50	$2,985.49	$248.79	$462.65	$27,513.50	$0.00	$0.00	$192.13	$270.52

ESTIMATED ASSESSMENTS, REAL ESTATE TAXES, AND TOTAL MONTHLY CARRYING CHARGES

	WITHOUT TAX BENEFITS				WITH TAX BENEFITS				
UNIT NO.	ASSESSMENTS	ANNUAL TAXES	MONTHLY TAXES	MONTHLY CARRYING CARGES	ASSESSMENTS	ANNUAL TAXES	MONTHLY TAXES	MONTHLY CARRYING CHARGHES	DIFFERENCE
4A	$22,111.87	$2,399.36	$199.95	$341.95	$22,111.87	$0.00	$0.00	$142.00	$199.95
4B	$19,315.60	$2,095.94	$174.66	$298.71	$19,315.60	$0.00	$0.00	$124.05	$174.66
4C	$20,068.01	$2,177.58	$181.46	$310.34	$20,068.01	$0.00	$0.00	$128.88	$181.46
4D	$22,235.40	$2,412.76	$201.06	$343.86	$22,235.40	$0.00	$0.00	$142.80	$201.06
4E	$23,279.79	$2,526.09	$210.51	$360.01	$23,279.79	$0.00	$0.00	$149.50	$210.51
4F	$23,392.09	$2,538.28	$211.52	$361.75	$23,392.09	$0.00	$0.00	$150.22	$211.52
4G	$29,916.72	$3,246.26	$270.52	$462.65	$29,916.72	$0.00	$0.00	$192.13	$270.52
4H	$24,088.35	$2,613.83	$217.82	$372.51	$24,088.35	$0.00	$0.00	$154.70	$217.82
4I	$27,513.50	$2,985.49	$248.79	$425.48	$27,513.50	$0.00	$0.00	$176.69	$248.79
5A	$22,111.87	$2,399.36	$199.95	$341.95	$22,111.87	$0.00	$0.00	$142.00	$199.95
5B	$19,315.60	$2,095.94	$174.66	$298.71	$19,315.60	$0.00	$0.00	$124.05	$174.66
5C	$20,068.01	$2,177.58	$181.46	$310.34	$20,068.01	$0.00	$0.00	$128.88	$181.46
5D	$22,235.40	$2,412.76	$201.06	$343.86	$22,235.40	$0.00	$0.00	$142.80	$201.06
5E	$23,279.79	$2,526.09	$210.51	$360.01	$23,279.79	$0.00	$0.00	$149.50	$210.51
5F	$23,392.09	$2,538.28	$211.52	$361.75	$23,392.09	$0.00	$0.00	$150.22	$211.52
5G	$29,916.72	$3,246.26	$270.52	$462.65	$29,916.72	$0.00	$0.00	$192.13	$270.52
5H	$24,088.35	$2,613.83	$217.82	$372.51	$24,088.35	$0.00	$0.00	$154.70	$217.82
5I	$27,513.50	$2,985.49	$248.79	$425.48	$27,513.50	$0.00	$0.00	$176.69	$248.79

membership dues, fees or assessments. The Condominium will be taxed, however, on any excess of income over expenses from unrelated sources. Examples of unrelated sources income include interest earned on reserve funds, income from concessions and income from dues or fees received from persons other than the Unit Owners. In the event either the Condominium fails to qualify for and elect Section 528 taxation status in any year, it may, to the extent it has any income from unrelated sources or from accumulated revenues received by virtue of dues, fees and assessments received from Unit Owners not expended in any taxable year, be subject to Federal and New York State Income Taxation (see Rev. Ruling 74-99, 1974-1 C.B. 131).

No warranty or representation can be made that the United States Treasury Department, the Department of Taxation and Finance of the State of New York will allow the income tax deductions referred to herein if the tax laws or the regulations issued thereunder or any judicial interpretation thereof change. The Sponsor or counsel to the Sponsor or any person will not be liable if the United States Treasury Department, Department of Taxation and Finance of the State of New York fail to allow the income tax deductions by future changes of fact or law including statutes, regulations, rulings and judicial determinations.

I have considered the relevant cases and rulings on the tax status of the Condominium, including Revenue Rulings 74- 17, 7499, 75-370 and 75-371. These rulings, under certain circumstances, permit assessments for capital replacements and new or replacement equipment to be excluded from the Condominium's income and be treated for tax purposes as additional capital contributions. In such case each Unit Owner's assessment for such purposes would add to his tax basis. Although the Condominium described in the plan may be deemed a taxable entity under such Rulings, assuming that assessments for capital purposes, including reserves, are properly designated and accounted for, and that certain other special purpose assessments are properly treated as trust funds, the Condominium should not realize any significant amount of taxable income, other than with respect to incidental investment income, such as interest earned on reserve funds deposited in bank accounts.

Sponsor has complied with Section 339-i(1)(i) of the Real Property Law in assigning the percentage of common interest to each unit; the approximate proportion that the fair value of each unit bears to the aggregate fair value of all the units. My opinion on this matter is based on other expert factual determinations as required by 13 NYCRR 20.3(i).

It is my understanding that this letter will be made a part of the Offering Plan of Chocolate Factory Condominium.

Yours very truly,

MARVIN L. SCHWARTZ

MLS:rz

NEW YORK ADVISORY SERVICES, INC.

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

April 17, 2002

Chocolate Partners, LLC
c/o Mr. Nik Lavrinoff
1465 50th Street
Brooklyn, NY 11219

Re: 689 Myrtle Avenue, Brooklyn
Block 1734 Lot 36
J-51 Tax Abatement & Exemption

Gentlemen:

You have retained us to estimate for inclusion in an Offering Plan to be submitted to the New York State Attorney General's Office, the assessed value and the resultant real estate taxes for the subject premises upon completion of the renovation and conversion of the subject premises to a condominium.

The subject premises was formerly a five-story elevator building containing approximately 56,000 square feet of floor area. The building is vacant and will be gut-renovated and converted into a 45 unit residential condominium.

The subject property is designated on the Tax Map for the Borough of Brooklyn as Block 1734 Lot 36. For tax year 2001/02 the premises was assessed as a Class 4 property (commercial) as follows:

	LAND	TOTAL
Actual	$43,650	$323,100
Transitional	$43,650	$323,280

Assuming that the tax rate for commercial property remains at 9.712% per $100 of assessed valuation, taxes due for the subject premises for tax year 2001/02 will be $323,100 x 9.712% = $31,379.47.

Upon completion of the gut-rehabilitation of the property, the City will very likely re-assess the property to reflect the value of the renovation. We estimate that the new assessment will include an increase of approximately $800,000 to take into account the value of the renovation which is expected to be completed by June 1, 2002. In addition, it is possible that the City may increase the assessment on the land because of market conditions.

The J-51 program consists of two aspects:

- Exemption for increases in assessment attributable to physical improvements;
- Abatement, which is a credit against real estate taxes.

In the instant case, we assume there will be an exemption representing the increase in assessment attributable to the physical improvements at the premises. We estimate the increase, as stated above, to be $800,000, all of which will be exempt from taxation for ten years and beginning in the eleventh year, the exemption will decline in 20% increments until the 15th year when the exemption will expire.

The other aspect of the J-51 program is the abatement which is implemented as follows:

After the project is completed, the City (HPD) reviews the J-51 Application which includes copies of contracts for work and the checks used to pay for the work. Assuming that HPD is satisfied with the veracity and adequacy of the submission, it will issue a Certificate of Eligibility stating that the project is entitled to a certified value of "X" dollars. We believe that in this case, the Certificate of Eligibility will provide for a certified value of approximately $620,000. It should be borne in mind that the aforementioned figure is based on the City's guidelines for each aspect of the job, as opposed to the cost of the job. Assuming the City issues a Certificate of Eligibility for $620,000, the building will be entitled to a total abatement of approximately $310,000 over a period of 6.7 years (please see enclosed schedule 1-A.

We estimate that the assessment for 2003/2004 will be approximately $1,123,000 which should reflect the increase resulting from the renovation, assuming that the work is essentially finished by June 1, 2002. It will take approximately three to six months to process the J-51 Application and consequently, we believe the tax abatement/exemption, as above described, will probably not commence until July 1, 2003.

Based on an assessment of $1,126,700, the annual real estate taxes will be approximately $121,593 per annum before the abatement/exemption is applied. This estimate is calculated by using the current tax rate for residential buildings. Of course, we have no way to determine with exactitude what, in fact, the assessment will be, nor do we know what the tax rate will be. We have prepared a schedule and have attached same to this letter setting forth what we believe will be the taxes for each unit both with and without J-51 benefits.

The estimates presented in this document are based on our experience with matters of this type and are subject to variation depending on rules and policies issued by the Department of Finance and HPD.

The estimate of the actual assessed value upon completion of the project is a good faith estimate. It is not intended, and should not be construed, as a warranty or guarantee as to future assessed valuations or tax rates for the subject property. In no event will we, the Sponsor, Sponsor's Counsel, or any other person, be liable if the assessed value (or tax rate), when rendered, varies from our estimate.

This document has been prepared for inclusion in the Offering Plan and we consent to its use for this purpose.

Very truly yours,

New York Advisory Services, Inc.

689 Myrtle Avenue, Brooklyn
Block 1734, Lot 36

4/17/02

Unit	Rooms Bd-Bath	Sq. Feet	Comm % Int.	Purchase Price	Est. Assessment & Real Estate Taxes Before Exemption Assessment	Annual	After Abatement & Exemption
1A	1 . 1	1,266	2.624	$ 285,000.00	$ 29,467.52	$ 3,196.34	$0.00
1B	1 . 1	1,106	2.293	$ 254,500.00	$ 25,750.39	$ 2,793.14	$0.00
1C	1 . 1	1,222	2.533	$ 285,000.00	$ 28,445.59	$ 3,085.49	$0.00
1D	1 . 1	982	2.036	$ 244,500.00	$ 22,864.28	$ 2,480.09	$0.00
1E	1 . 1	1,345	2.788	$ 298,500.00	$ 31,309.24	$ 3,396.11	$0.00
1F	1 . 1	1,338	2.773	$ 299,500.00	$ 31,140.79	$ 3,377.84	$0.00
1G	1 . 1	1,644	3.408	$ 353,500.00	$ 38,271.84	$ 4,151.35	$0.00
1H	1 . 1	1,348	2.794	$ 283,000.00	$ 31,376.62	$ 3,403.42	$0.00
1I	1 . 1	1,576	3.267	$ 331,000.00	$ 36,688.41	$ 3,979.59	$0.00
2A	1 . 1	950	1.969	$ 239,500.00	$ 22,111.87	$ 2,398.47	$0.00
2B	1 . 1	830	1.720	$ 213,500.00	$ 19,315.60	$ 2,095.16	$0.00
2C	1 . 1	862	1.787	$ 225,000.00	$ 20,068.01	$ 2,176.78	$0.00
2D	1 . 1	955	1.980	$ 254,000.00	$ 22,235.40	$ 2,411.87	$0.00
2E	1 . 1	1,000	2.073	$ 248,000.00	$ 23,279.79	$ 2,525.16	$0.00
2F	1 . 1	1,005	2.083	$ 253,500.00	$ 23,392.09	$ 2,537.34	$0.00
2G	1 . 1	1,285	2.664	$ 330,500.00	$ 29,916.72	$ 3,245.07	$0.00
2H	1 . 1	1,035	2.145	$ 247,500.00	$ 24,088.35	$ 2,612.86	$0.00
2I	1 . 1	1,182	2.450	$ 282,500.00	$ 27,513.50	$ 2,984.39	$0.00
3A	1 . 1	950	1.969	$ 273,500.00	$ 22,111.87	$ 2,398.47	$0.00
3B	1 . 1	830	1.720	$ 242,500.00	$ 19,315.60	$ 2,095.16	$0.00
3C	1 . 1	862	1.787	$ 256,000.00	$ 20,068.01	$ 2,176.78	$0.00
3D	1 . 1	955	1.980	$ 288,500.00	$ 22,235.40	$ 2,411.87	$0.00
3E	1 . 1	1,000	2.073	$ 284,000.00	$ 23,279.79	$ 2,525.16	$0.00
3F	1 . 1	1,005	2.083	$ 289,500.00	$ 23,392.09	$ 2,537.34	$0.00
3G	1 . 1	1,285	2.664	$ 376,500.00	$ 29,916.72	$ 3,245.07	$0.00
3H	1 . 1	1,035	2.145	$ 284,500.00	$ 24,088.35	$ 2,612.86	$0.00
3I	1 . 1	1,182	2.450	$ 325,000.00	$ 27,513.50	$ 2,984.39	$0.00
4A	1 . 1	950	1.969	$ 282,000.00	$ 22,111.87	$ 2,398.47	$0.00
4B	1 . 1	830	1.720	$ 250,500.00	$ 19,315.60	$ 2,095.16	$0.00
4C	1 . 1	862	1.787	$ 264,000.00	$ 20,068.01	$ 2,176.78	$0.00
4D	1 . 1	955	1.980	$ 297,000.00	$ 22,235.40	$ 2,411.87	$0.00
4E	1 . 1	1,000	2.073	$ 292,000.00	$ 23,279.79	$ 2,525.16	$0.00

689 Myrtle Avenue, Brooklyn
Block 1734, Lot 36

4/17/02

Unit	Rooms Bd-Bath	Sq. Feet	Comm % Int.	Purchase Price	Est. Assessment & Real Estate Taxes Before Exemption Assessment	Annual	After Abatement & Exemption
4F	1 . 1	1,005	2.083	$ 298,500.00	$ 23,392.09	$ 2,537.34	$0.00
4G	1 . 1	1,285	2.664	$ 388,000.00	$ 29,916.72	$ 3,245.07	$0.00
4H	1 . 1	1,035	2.145	$ 294,000.00	$ 24,088.35	$ 2,612.86	$0.00
4I	1 . 1	1,182	2.450	$ 336,000.00	$ 27,513.50	$ 2,984.39	$0.00
5A	1 . 1	950	1.969	$ 295,500.00	$ 22,111.87	$ 2,398.47	$0.00
5B	1 . 1	830	1.720	$ 261,500.00	$ 19,315.60	$ 2,095.16	$0.00
5C	1 . 1	862	1.787	$ 276,000.00	$ 20,068.01	$ 2,176.78	$0.00
5D	1 . 1	955	1.980	$ 309,500.00	$ 22,235.40	$ 2,411.87	$0.00
5E	1 . 1	1,000	2.073	$ 306,000.00	$ 23,279.79	$ 2,525.16	$0.00
5F	1 . 1	1,005	2.083	$ 312,500.00	$ 23,392.09	$ 2,537.34	$0.00
5G	1 . 1	1,285	2.664	$ 405,000.00	$ 29,916.72	$ 3,245.07	$0.00
5H	1 . 1	1,035	2.145	$ 309,500.00	$ 24,088.35	$ 2,612.86	$0.00
5I	1 . 1	1,182	2.450	$ 359,000.00	$ 27,513.50	$ 2,984.39	$0.00
Totals:			100.00	$ 13,085,000.00	$ 1,123,000.00	$ 121,811.81	$0.00

68_ Myrtle Avenue, Brooklyn
Block 1734, Lot 36

9/13/01

Year	Post-Project Assessment	Post-Project Taxes	Exemption	Taxable Assessment	Post-Exemption Taxes	Used Abatement	Unused Abatement	Total Payable Tax
1	$1,123,000.00	$ 121,811.00	$ 800,000.00	$ 323,000.00	$ 32,300.00	$ 32,300.00	$ 262,700.00	$ -
2	$1,123,000.00	$ 121,811.00	$ 800,000.00	$ 323,000.00	$ 32,300.00	$ 32,300.00	$ 230,400.00	$ -
3	$1,123,000.00	$ 121,811.00	$ 800,000.00	$ 323,000.00	$ 32,300.00	$ 32,300.00	$ 198,100.00	$ -
4	$1,123,000.00	$ 121,811.00	$ 800,000.00	$ 323,000.00	$ 32,300.00	$ 32,300.00	$ 165,800.00	$ -
5	$1,123,000.00	$ 121,811.00	$ 800,000.00	$ 323,000.00	$ 32,300.00	$ 32,300.00	$ 133,500.00	$ -
6	$1,123,000.00	$ 121,811.00	$ 800,000.00	$ 323,000.00	$ 32,300.00	$ 32,300.00	$ 101,200.00	$ -
7	$1,123,000.00	$ 121,811.00	$ 800,000.00	$ 323,000.00	$ 32,300.00	$ 32,300.00	$ 68,900.00	$ -
8	$1,123,000.00	$ 121,811.00	$ 800,000.00	$ 323,000.00	$ 32,300.00	$ 32,300.00	$ 36,600.00	$ -
9	$1,123,000.00	$ 121,811.00	$ 800,000.00	$ 323,000.00	$ 32,300.00	$ 32,300.00	$ 4,300.00	$ -
10	$1,123,000.00	$ 121,811.00	$ 800,000.00	$ 323,000.00	$ 32,300.00	$ 4,300.00	$ -	$ 28,000.00
11	$1,123,000.00	$ 121,811.00	$ 640,000.00	$ 483,000.00	$ 48,300.00	$ -	$ -	$ 48,300.00
12	$1,123,000.00	$ 121,811.00	$ 480,000.00	$ 643,000.00	$ 64,300.00	$ -	$ -	$ 64,300.00
13	$1,123,000.00	$ 121,811.00	$ 320,000.00	$ 803,000.00	$ 80,300.00	$ -	$ -	$ 80,300.00
14	$1,123,000.00	$ 121,811.00	$ 160,000.00	$ 963,000.00	$ 96,300.00	$ -	$ -	$ 96,300.00
15	$1,123,000.00	$ 121,811.00	$ -	$ 1,123,000.00	$ 112,300.00	$ -	$ -	$ 112,300.00
		$ 1,827,165.00			**$ 724,500.00**	**$ 295,000.00**	$ 295,000.00	**$ 429,500.00**

Total Est. Savings $ 1,397,665.00

XXIII. RESERVE FUND

At closing the Sponsor will collect two months common charges from each purchaser to be paid to the Condominium as reserve fund. The amount collected at closing will be the base of the reserve fund. The amount which will be allocated as a portion of common charges to the reserve fund each year will be in addition to this amount collected. The projected amount for this base of the reserve fund after all the Units have closed is $20,000.00. While Sponsor is in control of the Board of Managers the reserve fund will not be used to reduce the common charges. If any portion of the working capital fund is used during this period to pay for items in the budget set forth as Schedule B, such amounts will be repaid to such fund out of common charges collected. Neither the Department of Law nor any other Governmental Agency has passed upon the adequacy of the reserve fund. The reserve fund should be sufficient to pay for the replacement of capital items likely to be needed with the first five years of condominium operation.

XXIV. WORKING CAPITAL FUND

At closing the Sponsor will collect six months common charges from each purchaser to be paid to the Condominium as initial working capital. While Sponsor is in control of the Board of Managers the working capital fund will not be used to reduce the common charges. If any portion of the working capital fund is used during this period to pay for items in the budget set forth as Schedule B, such amounts will be repaid to such fund out of common charges collected. Neither the Department of Law nor any other Governmental Agency has passed upon the adequacy of the working capital fund.

XXII. IDENTITY OF PARTIES

SPONSOR

The Sponsor, Chocolate Partners LLC, is a New York limited liability company, incorporated January 2001, with an address at 689 Myrtle Avenue, Brooklyn, New York 11205. The sole officers, directors, and shareholders are Nik Lavrinoff and Lon Bernell. They are the principals of Chocolate Partners LLC, a firm specializing in residential and construction. Lon Bernell has made a previous public offerings of cooperative interests in real estate, to-wit: Textile Building Condominium located in New York, New York. The project is all sold out. Neither Mr. Lavrinoff, Chocolate Partners LLC, nor any affiliate own 10% or more of any other condominium project. The Sponsor is current with respect to all its obligations.

SELLING AGENT

The Sponsor has not designated a selling agent as of yet.

ATTORNEY

All legal matters in connection with the establishment of the Condominium, the tax opinion of counsel contained herein and the preparation of this Offering Plan have been passed upon for the Sponsor by Marvin L. Schwartz, Esq., 52 South Main Street, Spring Valley, New York 10977. Mr. Schwartz has also been selected by the Sponsor to represent the Condominium in connection with all legal matters incident to the operation and management of the Condominium. Litigation may arise if the Board of Managers commences an action to foreclose on a lien for the non-payment of common charges. No legal fee will be charged for such representation except for work actually performed after the formation of the condominium. The Condominium can at any time choose to select different attorneys to represent it. Marvin L. Schwartz, Esq. has also been retained to represent Sponsor with respect to contracts and closings, and to act as escrow agent.

BUDGET

The budget in Schedule B has been approved by David Waxman, president of David Waxman Real Estate, 8 Suzanne Drive, Monsey, New York 10952, who has over twenty-five years experience in the residential real estate market in the New York metropolitan area. No contract has been entered into with David Waxman Real Estate or Mr. Waxman for the management of this condominium.

INSURANCE

The estimated insurance rates have been passed upon Alwex, Inc. 29 John Street, New York, New York 10038. The aforementioned estimate has been included in this Offering Plan in reliance upon the opinions of said agency and upon its authority as an expert. The Sponsor has no knowledge that this estimate is incorrect.

ARCHITECT

Henry Radosky, R.A. has been selected by the Sponsor as the architect for the Condominium. He does business as Bricolage Designs, AIA, at 6321 New Utrecht Avenue, Brooklyn, New York, and holds New York State license number 015629. Mr. Radusky has thirty years experience as a licensed architect and has designed hundreds of residential apartment buildings.

XXVI. REPORTS TO UNIT OWNERS

It is the obligation of the Board of Managers of the condominium to give all unit

owners annually:

(1) a financial statement of the condominium prepared by a certified public accountant or public accountant by a specified date; such statement shall be certified while the sponsor is in control of the board of managers;

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

(3) a copy of the proposed annual budget of the condominium. Said copy to be given no less than 30 days prior to the date set for adoption. While the sponsor is in control of the Board of Managers such budget shall be certified.

XXVII. DOCUMENTS ON FILE

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

XXVIII. GENERAL

Pending Litigation

There is no litigation or administration proceedings pending against the Condominium, or the Sponsor or any other party which would affect their ability to perform their obligations relating to this offering, or which would in any way affect this offering.

Prior Offerings

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

Non-discrimination

In accordance with the provisions of the laws of the State of New York, the Sponsor represents that it will not discriminate against any person because of his or her race, creed, sex, color, disability, marital status, national origin or ancestry in the sale of Homes under this Plan.

Amendment of Plan

The Plan may be amended at any time and from time to time provided that, if the

amendment is a material and substantial modification of the Plan which adversely affects Purchasers, then anyone who has theretofore executed a Purchase Agreement shall be given not less than thirty days after a copy of the duly filed amendment is mailed or otherwise delivered to them by written notice to the Sponsor to cancel the Purchase Agreement and to obtain a refund, in full, of the down payment made therewith with interest, if any. No person has been authorized to make any representation which is not expressly contained herein. This Plan may not be changed or modified orally.

XXIX. SPONSOR'S STATEMENT OF SPECIFICATION OR BUILDING CONDITION

The Sponsor adopts the Description of Property and Building Condition as set forth in Part II of the plan, and represents that Sponsor has no knowledge of any material defects or need for major repairs to the property except as set forth in the Description of Property and Building Condition.

Dated: April 10, 2002
Spring Valley, New York

Chocolate Partners LLC
Sponsor

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OFFERING PLAN

CHOCOLATE FACTORY CONDOMINIUM

689 Myrtle Avenue
Borough of Brooklyn
Kings County, New York

PART II

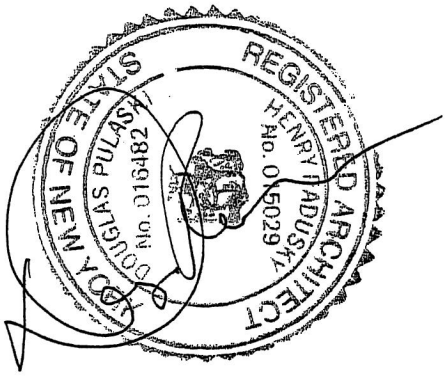
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ARCHITECT'S REPORT

PREMISES KNOWN AS THE CHOCOLATE FACTORY CONDOMINIUM

689 Myrtle Avenue
Brooklyn, New York

Tax Block Number 1734
Tax Lot Number F/K/A 36



Prepared By:

Bricolage Designs, A.I.A.
6321 New Utrecht Ave
Brooklyn, N.Y. 11219
718-259-1100
March 22nd, 2002

This "**Report**" describes the structure know as THE CHOCOLATE FACTORY CONDOMINIUM, located in the Borough of Brooklyn, County of Kings, City and State of New York. The structure is located on the Northwest corner of Myrtle Avenue and Spencer Street, in the Tompkins Park Section of Brooklyn, located in Tax Block 1734 and designated as Tax Lot 36.

ZONING AND PERMISSIBLE USE

The site is located in an M1-2/R7-1 Zone. The building will be converted from a manufacturing use to a residential use as per article 7B of N.Y.C. Multiple Dwelling Laws.

STATUS OF CONSTRUCTION

The building will be renovated as per plans, which were filed with, the Brooklyn Office of the New York City, Department of Buildings. The plans will be reviewed and approved under Building Department application number 301231405. The class of Construction is Class 1, fireproof construction, as described under the "Old" (pre 1968) Administrative Building Code.

A certificate of occupancy will be issued when the work is completed to the satisfactory of the Department of Buildings.

SITE

The site is located on the Northwesterly corner of Myrtle Avenue and Spencer Street.

STREETS

Myrtle Avenue is a 75'-0" wide, two way street, and Spencer Street is a 50'-0" wide, one-way street with existing concrete sidewalks and curbs. The streets beyond the lot lines are, existing New York City sidewalks, curbs and roadways. The existing sidewalks and curb are of concrete construction and are in good condition.

The existing roadways are of asphalt paving and are in good condition. Catch basins are located in the roadway to catch the storm run-off, into the existing New York City Sewer System. They are located in the roadway on Myrtle Avenue.

Street lighting is provided by the City of New York, and consists of vertical stanchions surmounted with mercury arc lamps.

UTILITIES

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

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

Electricity; shall be provided by the Consolidated Edison Company, and there will be a common meter billed directly to the condominium association.

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

The entire **Sanitary** waste and **Storm** water runoff will be carried from the building into the New York Sewer System.

SUB-SOIL CONDITIONS

No unusual water conditions such as flooding, ponding, or wetness were observed in the area, and no water was apparent at the cellar floor level.

BUILDING SIZE

The existing building, consists of a cellar and five (5) stories and has a total height of approximately 70'-0" measured from the adjoining grade to the roof above the fifth floor. The lowest level is the cellar, with a floor to ceiling height of approximately 14'-5". The first floor has a floor to ceiling height of approximately 17'-0". The second to fifth floors, each have a floor to ceiling height of approximately 13'-0".

The approximate measurements; (gross square footages) are as follows:

Cellar	approximately	= 1,700 sq. ft.
First Floor	approximately	= 10,775 sq. ft.
Second Floor	approximately	= 10,775 sq. ft.
Third Floor	approximately	= 10,775 sq. ft.
Fourth Floor	approximately	= 10,775 sq. ft.
Fifth Floor	approximately	= 10,775 sq. ft.

STRUCTURAL SYSTEM

The structural system for the building is mainly a concrete column and floor slab type construction, with exterior masonry bearing walls. The concrete slab spans between the interior columns and the masonry bearing walls at the exterior of the building.

The foundation consists of spread footings of concrete on earth, for the bearing walls and interior columns. The foundation walls are of concrete and the exterior bearing walls are of load-bearing masonry. The interior floor at the cellar is a concrete slab on grade. The interior floor assembly at the upper floors is a concrete slab supported by concrete columns and masonry bearing walls.

The roof area is a built up roofing assembly on a concrete slab. The construction classification of the entire building is a fireproof, Construction Class 1 as designated by the "Old", N.Y. City Building Code.

EXTERIOR OF BUILDING

The existing exterior walls are of load bearing masonry. The exterior wall composition shall have a maximum thermal performance value (Uo) of 0.20 to comply with Table 4-1 of the New York State Energy Conservation Construction Code.

The existing exterior walls are in good condition.

WINDOWS

New windows shall be installed in the existing masonry openings. Windows shall be double-glazed, and of the casement and double hung types, and shall be custom made. The windows shall have with an air infiltration rate of approximately 0.04 cfm/ft and a U/R value of 0.31/3.2. to comply with the N.Y. State Energy Conservation and Construction Code.

There will be lot line windows at the first through fifth floors of the building that neighboring property owners have the potential rights to block in the future if they build on their property adjacent to lot line.

Windowsills are constructed of masonry. Lintels above window openings are of steel fabrication.

AREAWAYS

There is one (1) areaway approximately 3'-0" x 4'-0" at the cellar level of the building, adjacent to the Myrtle Avenue facade. The areaway opening shall be protected with a metal grating, set flush with the adjacent grade.

MAILBOXES

U.S. Approved type mailboxes shall be provided in the common entrance hall at the first floor level.

ROOF AND ROOF STRUCTURES

There is an existing flat roof area, located above the fifth floor level of the building. The existing roof will be repaired with a rubberoid type roof, as manufactured by Firestone, with a N.Y. City approval number (M.E.A. 421-84-M). The existing roof parapet walls are in good condition. Roof areas shall be repaired with new non-corrosive metal flashing as necessary.

Penetration of ducts, pipes, skylights, etc. shall be properly flashed and waterproofed. The expected life span of the roof type is ten (10) to fifteen (15) years. No bond or guarantee other than the six (6) year warranty on all construction materials and workmanship will be furnished.

The roof area shall be a common area. There can be no type of construction eg., deck, roof garden, storage space etc., done on the roof area without filing plans with and obtaining a permit from the New York City Department of Buildings. The financial responsibility for the replacement of the roof or common elements in or passing through the unit and who has the decision making power on that subject, shall be as indicated in the Declaration.

In the event that a tenant shareholder or condominium unit owner wishes to construct on the roof, or in the cellar, the Cooperative Corporation or Board of Managers of the Condominium may regulate any one or more of the following aspects of the construction:

(a) Time periods during which work is permitted,

(b) The manner, in which construction debris will be handled,

(c) Measures, which must be taken to prevent compromising the security of the building during construction,

(d) The interruption of services during construction,

(e) Liability Insurance for contractors during construction,

The above requirements shall also be in compliance with the rules and regulations of the N.Y. City Department of Buildings.

ROOF DRAINAGE

The roof area is pitched and drained to roof drains and vertical cast iron leaders. The run-off from the roof area is transported via the leaders and existing horizontal drains to the existing street sewer located in the roadway beneath Myrtle Avenue.

SKYLIGHTS

There are no skylights provided at the roof area.

INTERIOR STAIRS

Interior stairs within the public stair-halls; shall be of metal pan construction with metal handrails. Interior stairs within the units may be of wood with wood handrails.

INTERIOR DOORS AND FRAMES

All interior doors to mechanical spaces, electrical meter rooms and residential unit entrance doors, are to be fireproof self-closing metal doors with metal frames. All other doors inside the units may be of wood or metal.

Exterior entrance doors to the building located at the first floor level does not have to be fire rated.

EXTERIOR STAIRS & RAMPS

There will be one (1) concrete exterior stair and one (1) ramp to be provided on Spencer Street, adjacent to the main entrance to the building.

ELEVATORS

There will be one elevator in the building, which will provide access to the cellar through fifth floors.

The existing elevator shall be replaced by an oildraulic type elevator, model Fleetwood 21-H, manufactured by the Dover Elevator Company. The clear inside dimensions of the cab shall be approximately 12'-6"x 8'-0" and shall have a capacity of approximately ten persons. The interior of the cabs shall be a baked enamel finish.

Elevator applications shall be filed with and approved by the elevator division of the N.Y. City Department of Buildings, prior to the installation of elevator equipment.

The Sponsor reserves the right to provide elevator equipment by a different manufacturer, which is equal to or better than noted above.

YARDS

There are no yard areas at the exterior of the building.

COMMON AREAS

The main common areas in the building will be the interior public stairs and hallways and the elevator, which provides access to the units. The roof above the fifth floor, and mechanical areas and recreation room in cellar shall also be common areas.

LAUNDRY AREAS

There will be a laundry closet located within each unit with hook ups for domestic type, stackable, washers and dryers.

PLUMBING AND DRAINAGE

Water shall be supplied to the units through connections from the structure to the New York City Water Distribution System. There shall be a copper water main conveying the water into the building. Each unit shall be supplied with cold water from 1" copper piping. Each unit shall have it's own hot water heating unit. The building relies on normal New York City water pressure for raising the water to the fifth floor level so that no water tanks are required.

DOMESTIC HOT WATER

Domestic hot water shall be provided for the residential units from the first through fifth floors by new gas, hot water heaters. They shall be located within the laundry/mechanical closet within each unit, above the laundry equipment.

The hot water heater for each unit shall be model # PGC-75, as manufactured by A.O. SMITH with a N.Y. City MEA # 180-82-E. Each unit will have an input rating of approximately 30,000 B.T.U. per hour and operates at an efficiency rate of approximately eighty seven percent.

The sponsor reserves the right to provide hot water heaters by a different manufacturers, which are equal to or better than noted above.

HEATING

The furnace/blower for each unit on the first and fifth floors shall be, model # G8T11516UHCI with a N.Y. City MEA # 176-97-E VOL II as manufactured by LUXAIRE. Rated at 110,000 BTUs. The furnace/blower for each unit on the second through fourth floors shall be model # G8T08012UHAI with a N.Y. City MEA # 176-97-E VOL II as manufactured by LUXAIRE rated at 80,000 BTUs.

The sponsor reserves the right to provide hot water heaters by a different manufacturers, which are equal to or better than noted above.

COOLING

Cooling of each residential unit, shall be provided by the refrigeration unit, of the split system, central air conditioning system.

Cooling of each unit shall be achieved by supplying the cooled air to the different spaces within the unit. The typical condenser unit, which will generate the energy required for cooling, the units located at the first and fifth floors shall be **LUXAIRE**, Model # **GFD048H21**, a four ton capacity. The typical condenser unit, for the units located at the second through fourth floors shall be **LUXAIRE**, Model # **GFD036H21**, a four ton capacity. Each unit has a N.Y. City M.E.A. **#(39-97-E).** Each condenser unit will Each condenser unit will operate at an efficiency rate of approximately eighty per cent (80%) which will be adequate to provide cooling for each residential unit.

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

VENTILATION

The spaces that require mechanical ventilation in the units are interior bathrooms. These spaces shall be equipped with ducts with a fan, which terminates to the outside air. The minimum rate of exhaust ventilation shall be 50 cfm for bathroom and toilet room areas as required by the New York City Building Code.

SANITARY SEWAGE SYSTEM

The sanitary waste is conveyed to the New York City sewer system via existing cast iron, sewer pipes in the building, which leads to an existing house trap. The house trap shall be located at the cellar floor level, towards the front of the building. Beyond the house trap is an existing connection to the combined sewer located in the roadway beneath Myrtle Avenue.

STORM DRAINAGE SYSTEM

The storm drainage system consists of, roof drains, vertical leaders and horizontal drains; which will convey the storm water run-off from the roof areas and from the paved areas, via the house storm sewer to the existing combined sewer, located in the roadway beneath Myrtle Avenue.

REFUSE DISPOSAL

There shall be a garbage storage area provided on each floor. The garbage shall be carried from the storage area to the outside; where it will be collected by the New York City Sanitation Department.

GAS SUPPLY

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

ELECTRICAL SYSTEM

The electrical service to the structure shall be brought in from the terminal point of the Consolidated Edison Co. The electrical service to the building will be approximately 1800 Amps. There will be approximately 80 Amps of service and provided for each unit.

The main feed will bring the service to a minimum of forty six (46) separate meters, one (1) each for service to the individual units, and one (1) for the common areas. There will be approximately six (6) circuits equipped with circuit breakers for each residential unit; which will separate air conditioning equipment, dishwashers, kitchen appliances, lights and outlets.

INTERCOM

The building shall be equipped with an intercom system at the entrance connected to the unit panels, which permits voice contact between the residential units and the entrance at the first floor level. An electric door release in the first floor entry door activated by the unit occupant will release the door for entrance into the building. The intercom system shall be model LAF 3 manufactured by Airphone.

The Sponsor reserves the right to provide equipment which is equal or better than those listed above.

TELEVISION RECEPTION FACILITIES

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

PUBLIC AREA LIGHTING

Lighting fixtures shall be provided in public stairways and hallways on all floors. Each lighting fixture shall be provided with one or more lights of a total of not less than sixty (60) watts. In addition, lighting fixtures shall be provided at the front entranceway providing an aggregate illumination of one hundred and fifty (150) watts incandescent illumination or its equivalent.

GARAGES AND PARKING AREA

There will be no on site parking spaces or garages provided in the condominium.

UNITS

The structure shall have nine (9) residential units on each of the first through fifth floors. There will be a total of forty-five (45) residential units in the condominium.

Units 1A and 1B; will each consist of:
Living area, one (1) bathroom, kitchenette, laundry closet and storage area.

Unit 1C; will consist of:
Living area, one (1) bathroom, kitchenette and laundry closet.

Units 1D, 1E and 1F; will each consist of:
Living area, one (1) bathroom/laundry closet and kitchenette.

Unit 1G; will consist of:
Living area, one (1) bathroom/laundry closet, kitchenette and storage area.

Units 2A, 2B and 2C; will each consist of:
Living area, one (1) bathroom, kitchenette and laundry closet.

Units 2D, 2E, 2F, 2G, 2H and 2I; will each consist of:
Living area, one (1) bathroom/laundry closet and kitchenettte.

Units 3A, 3B and 3C; will each consist of:
Living area, one (1) bathroom, kitchenette and laundry closet.

Units 3D, 3E, 3F, 3G, 3H and 3I; will each consist of:
Living area, one (1) bathroom/laundry closet and kitchenettte.

Units 4A, 4B and 4C; will each consist of:
Living area, one (1) bathroom, kitchenette and laundry closet.

Units 4D, 4E, 4F, 4G, 4H and 4I; will each consist of:
Living area, one (1) bathroom/laundry closet and kitchenettte.

Units 5A, 5B and 5C; will each consist of:
Living area, one (1) bathroom, kitchenette and laundry closet.

Units 5D, 5E, 5F, 5G, 5H and 5I; will each consist of:
Living area, one (1) bathroom/laundry closet and kitchenettte.

UNIT SIZES

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

Unit 1A	= 1,266 sq. ft.
Unit 1B	= 1,106 sq. ft.
Unit 1C	= 1,222 sq. ft.
Unit 1D	= 982 sq. ft.
Unit 1E	= 1,345 sq. ft.
Unit 1F	= 1,338 sq. ft.
Unit 1G	= 1,644 sq. ft.
Unit 1H	= 1,348 sq. ft.
Unit 1I	= 1,576 sq. ft.
Units 2A, 3A, 4A & 5A	= 950 sq. ft. each unit.
Units 2B. 3B, 4B & 5B	= 830 sq. ft. each unit.
Units 2C, 3C, 4C & 5C	= 862 sq. ft. each unit.
Unit 2D, 3D, 4D & 5D	= 955 sq. ft. each unit.
Unit 2E, 3E, 4E & 5E	= 1,000 sq. ft. each unit.
Unit 2F, 3F, 4F & 5F	= 1,005 sq. ft. each unit.
Unit 2G, 3G, 4G & 5G	= 1,285 sq. ft. each unit.
Unit 2H, 3H, 4H &5H	= 1,035 sq. ft. each unit.
Unit 2I, 3I, 4I & 5I	= 1,182 sq. ft. each unit.

UNIT INTERIORS

The residential units shall be finished as described herein.

The floors of the living areas shall be of concrete topped with 3" oak wood strip flooring. The floors at the raised portion of the living area shall be of wood. Thereafter the unit owners may finish with carpet or another material of their choice.

The walls and ceilings shall be of sheetrock or concrete, and shall be primed.

Bathrooms shall be equipped with a washbasin, medicine cabinet, water closet and a combination bathtub/shower. Bathrooms shall have ceramic tile floors. Bathroom partitions shall be of ceramic tile and of moisture-resistant sheetrock.

UNIT FINISHES

The following interior finishes shall be installed.

	Location	Floors	Base	Walls	Ceilings
1.	Living Area	Wood	Rubber	G.W.B. or Conc. Primed	Conc. Primed
2.	Kitchen	Wood	Rubber	G.W.B. or Conc. Primed	Conc. Primed
3.	Bathroom	Ceramic Tile	Ceramic Tile	G.W.B. Painted	Conc. Primed
4.	Mechanical Room	Concrete	Masonry	Masonry	Conc. Primed

Note:

G.W.B. = Gypsum Wallboard
Conc. =.Concrete

FIXTURE SCHEDULE

A. Water Closets: shall be manufactured by Gerber. Water closets shall be equipped with a vacuum breaker and meet water saving performance standards as per New York City Local Law 29/89.

B. Lavatories: shall be the pedestal type, porcelain finished, with American Standard faucets.

C. Bathtubs: shall be 6' acrylic tubs.

KITCHEN EQUIPMENT

The kitchens will be provided with the following fixtures, appliances and equipment.

1. Stone/Granite, wood wall counter cabinets and base cabinets.
2. Stainless steel sinks and wood base cabinets.

HANDICAPPED ACCESS

The structure provides access for the handicapped, in that there shall be a handicap access ramp, leading from grade to the first floor level. The elevator, which will provide access to all the floors, will be accessible from the first floor level.

VIOLATIONS AND PERMITS

There are no violations currently on the building. The Sponsor will obtain a Certificate of Occupancy.

LANDSCAPE

There will be no landscaping provided in the condominium.

BRICOLAGE
d·e·s·i·g·n·s

ARCHITECTS
PLANNERS
CONSULTANTS

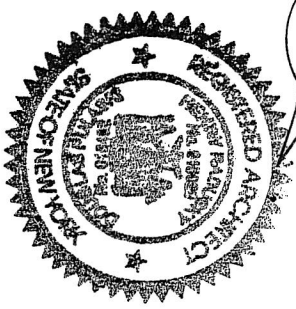
ADDENDUM TO ARCHITECT'S REPORT

689 Myrtle Avenue
Brooklyn, New York

Tax Block Number 1734
Tax Lot Number to be F/K/A 36

1. The existing foundation, cellar floor, exterior walls, lintels, sills, parapets and copings are all in good condition.
2. There will be eighty (80) Amps of electrical service provided for each unit.
3. There will be no kitchen appliances provided in the condominium units. Kitchen appliances shall be the responsibility of each unit's occupant.
4. The roof area is currently a common area. Construction on the roof area shall be permitted, only if the construction is for a common use, or, if any part of the roof is allocated to a particular unit. Construction on roof areas shall be subject to approval by the Condominium Board and shall be as per plans, which shall be filed with and approved by the N.Y. City Department of Buildings.

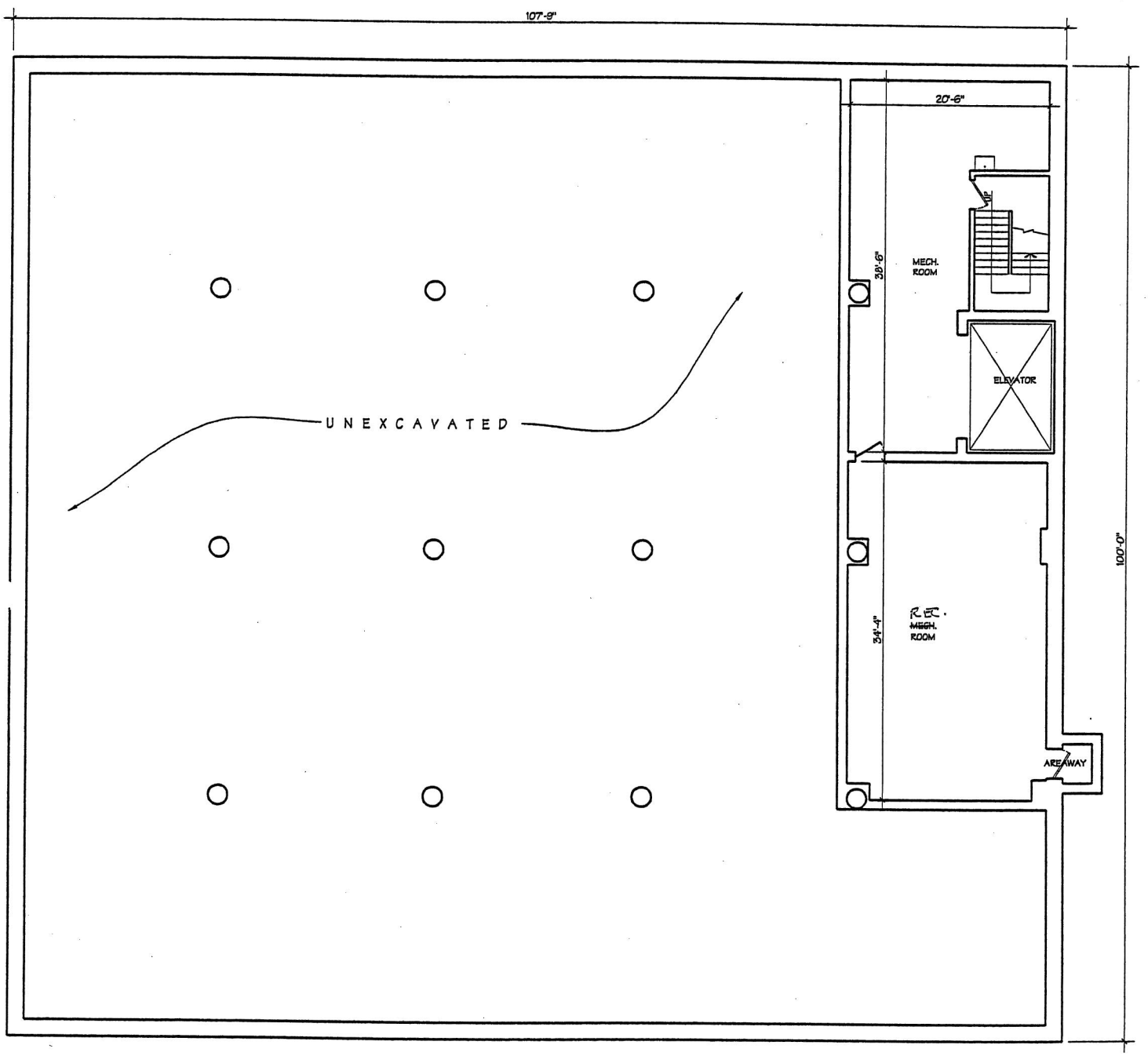
Dated: December 27th, 2001



DOUGLAS PULASKI, R.A.
N.Y.S. LIC # 016482

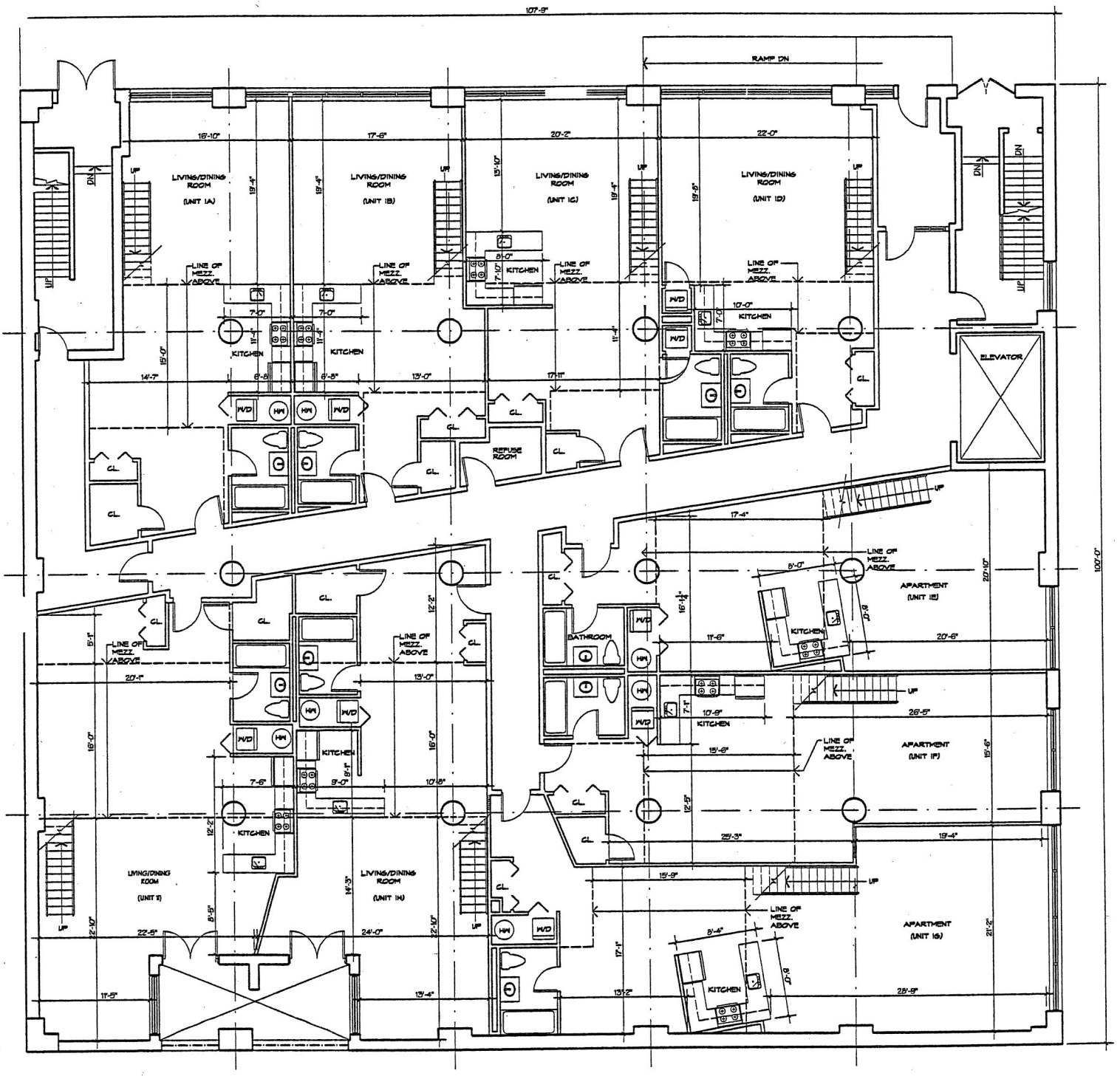
BRICOLAGE DESIGNS
1333 60TH. STREET
BROOKLYN, N.Y.11219
Phone # (718) 435-9000

1333 60th Street • Brooklyn, N.Y. 11219 • Tel. 718.435.9000 • Fax. 718.435.9855 • E-Mail: BricolageD@aol.com

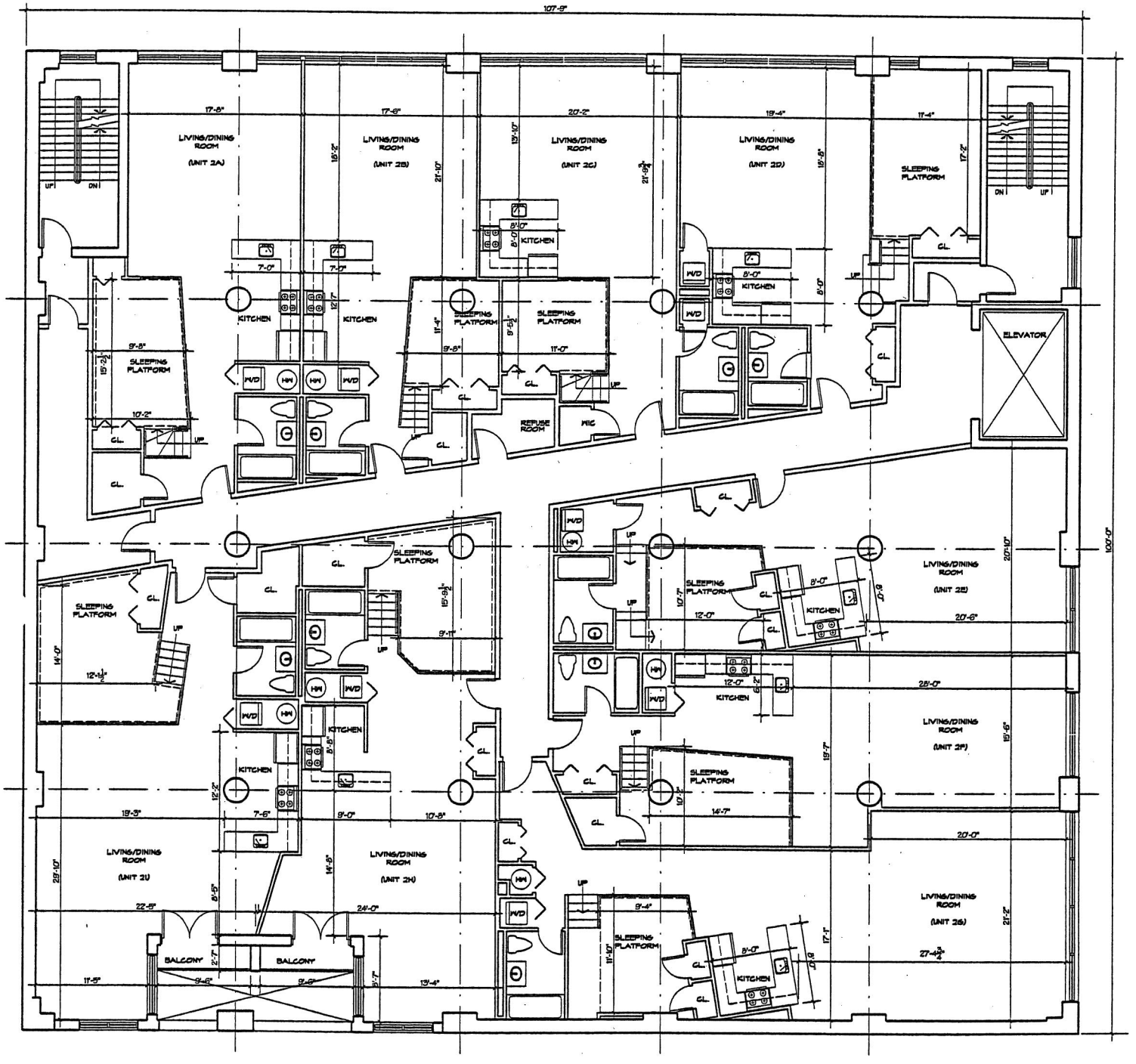


CELLAR FLOOR PLAN

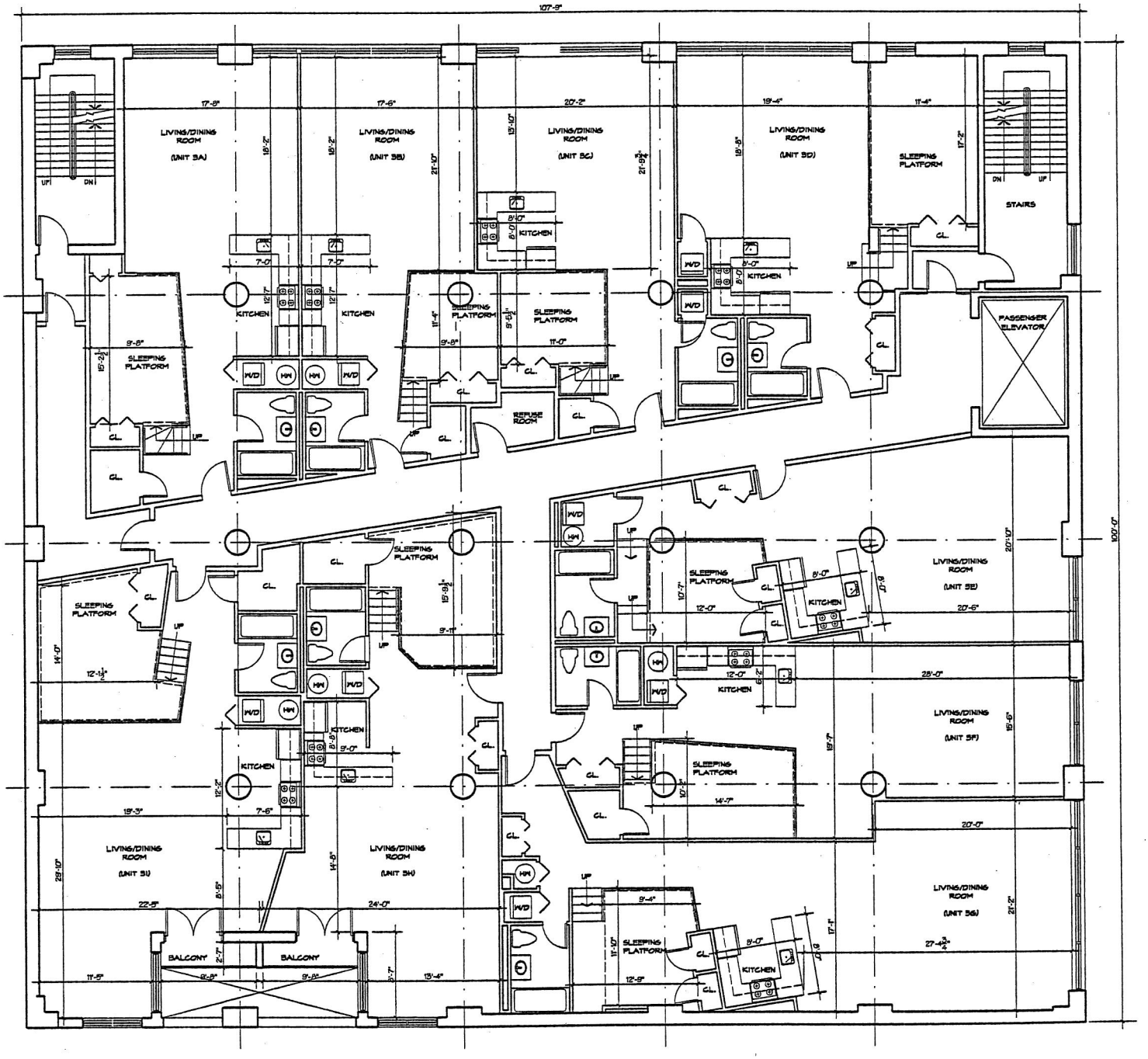
SCHEDULE C-1



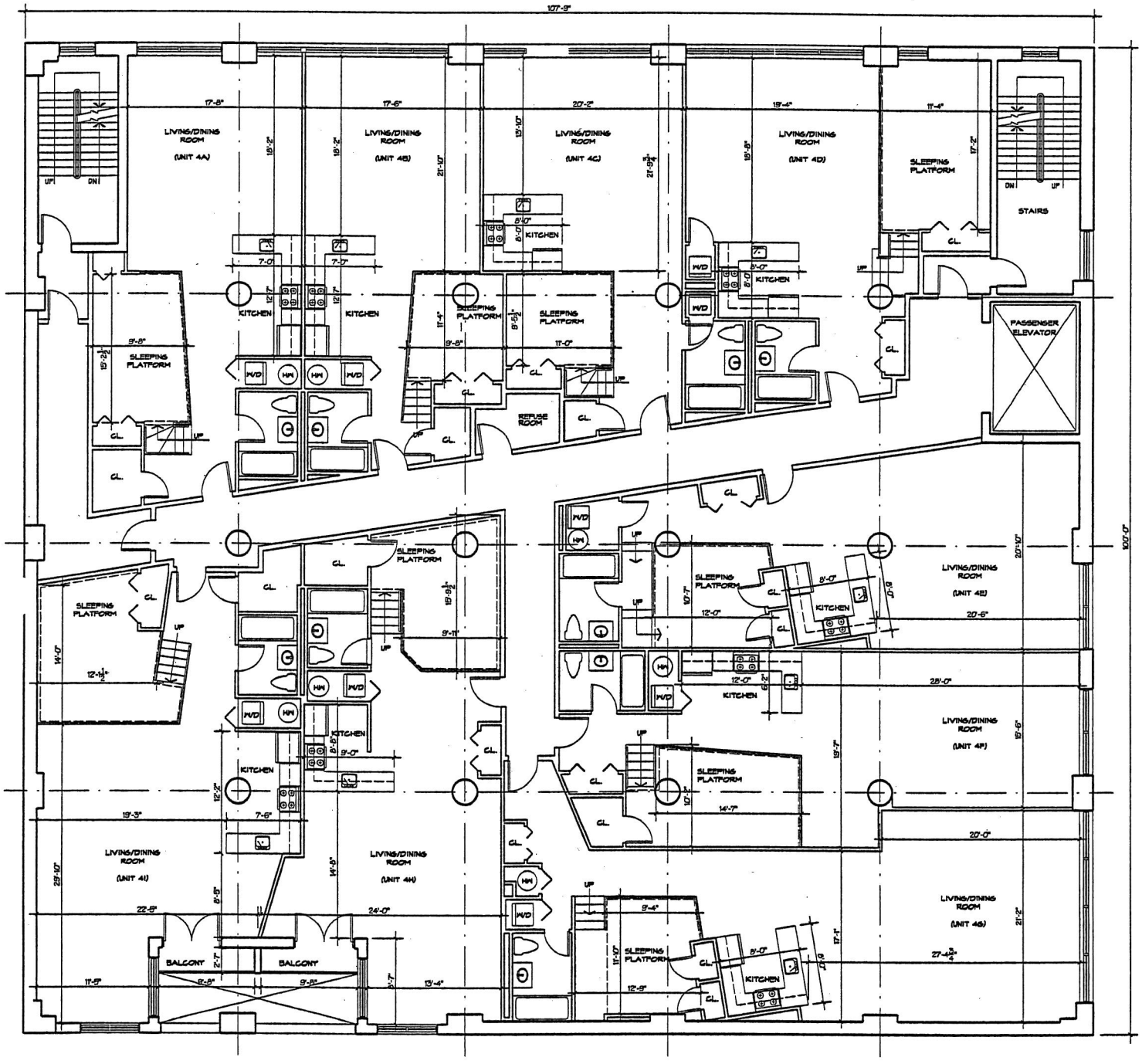
FIRST FLOOR PLAN
SCALE: 1/8" = 1'-0"



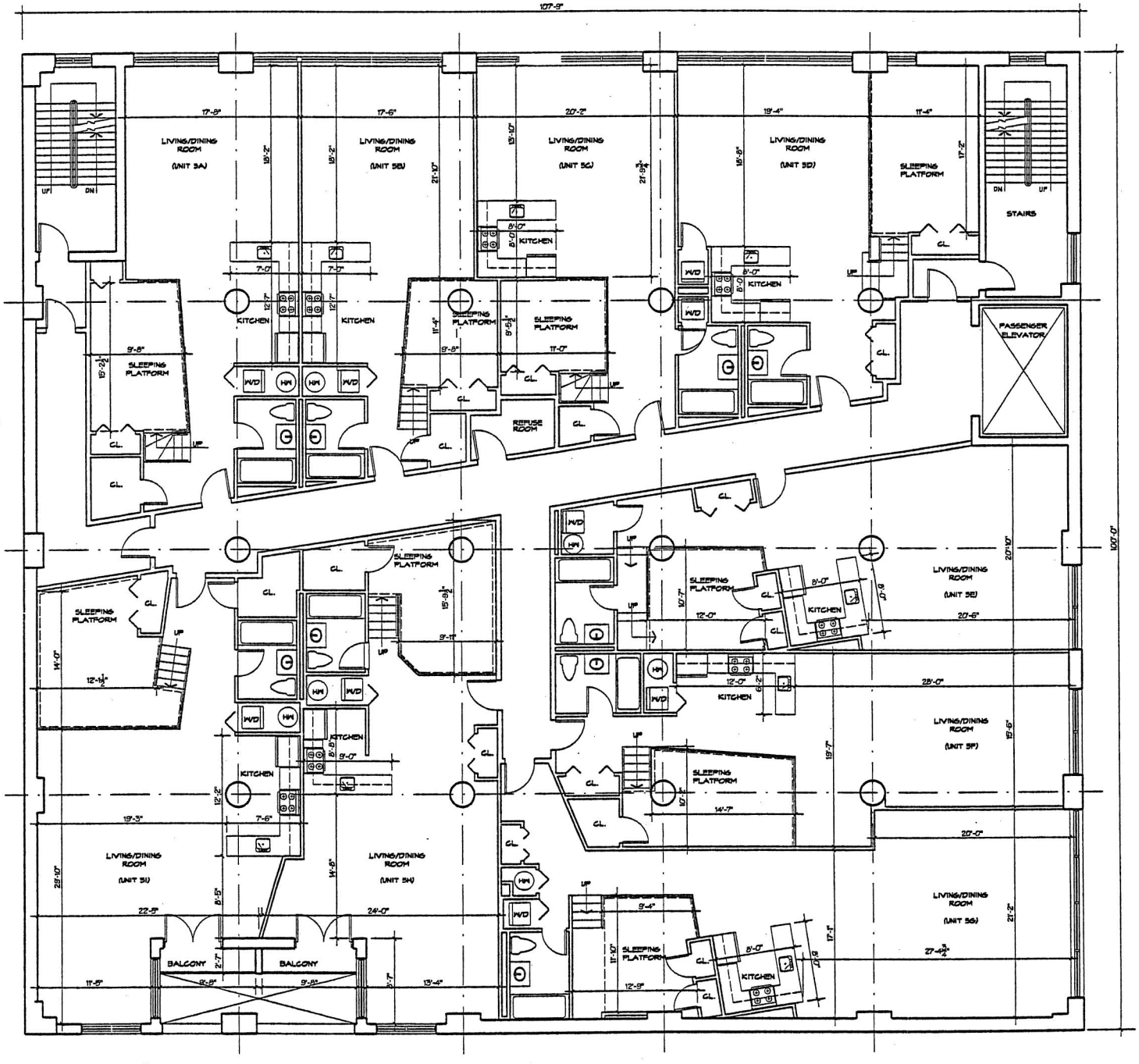
SECOND FLOOR PLAN
SCALE: 1/8" = 1'-0"



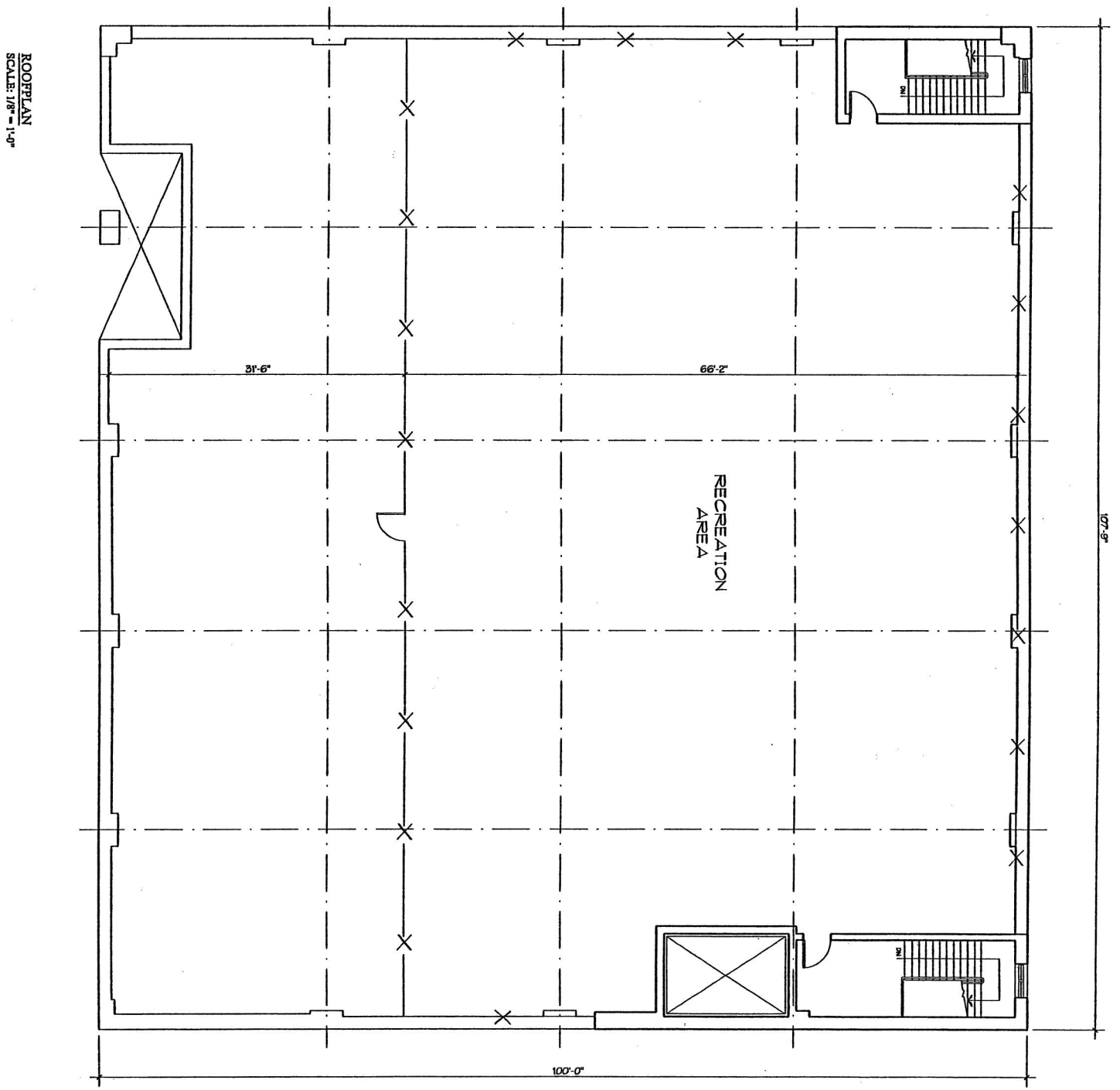
THIRD FLOOR PLAN
SCALE: 1/8" = 1'-0"



FOURTH FLOOR PLAN
SCALE: 1/8" = 1'-0"



FIFTH FLOOR PLAN
SCALE: 1/8" = 1'-0"


ROOFPLAN
SCALE: 1/8" = 1'-0"
31'-6"
66'-2"
RECREATION
AREA
107'-9"
100'-0"

SCHEDULE C-2

PLOT PLAN

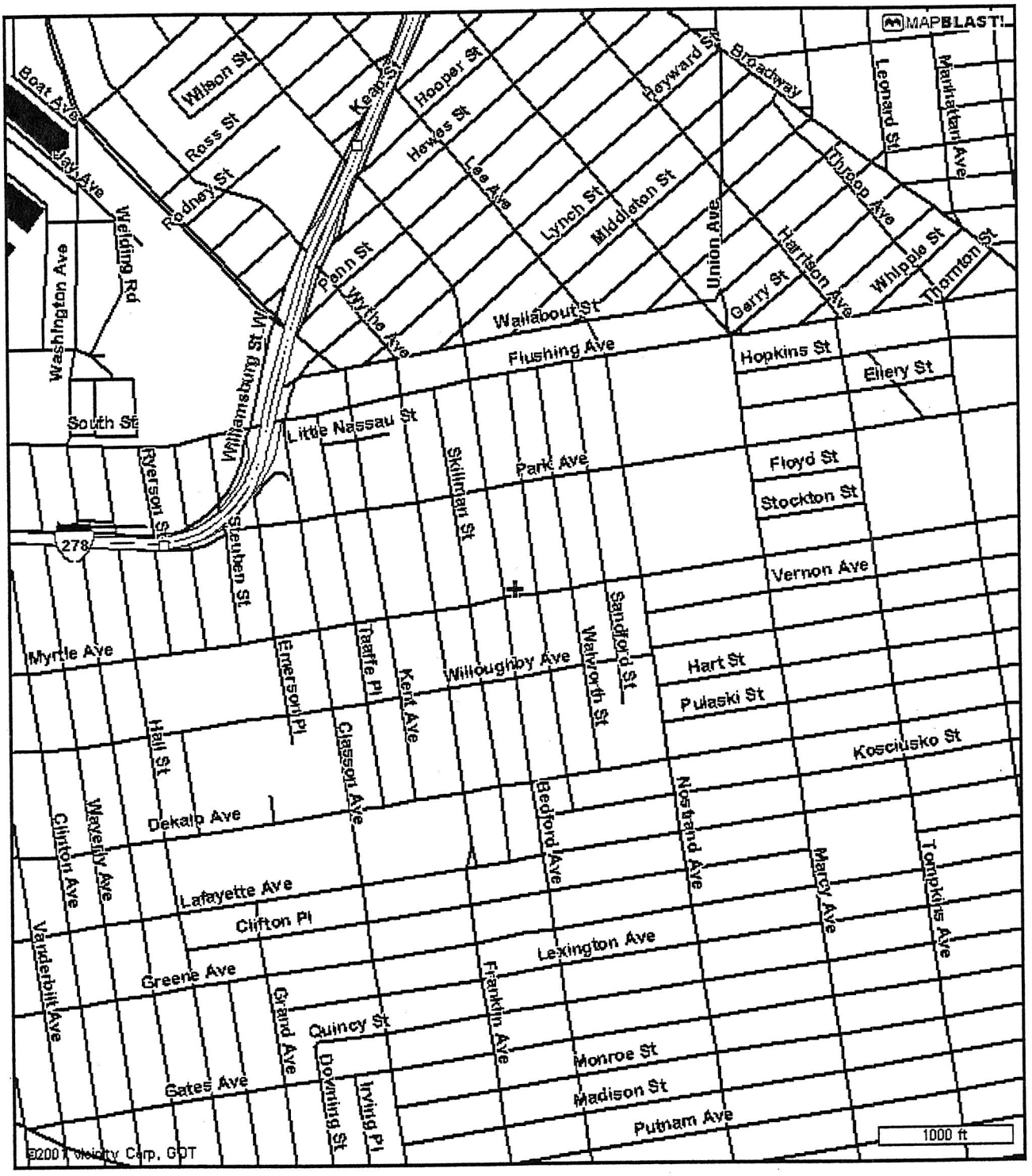
689 MYRTLE AVENUE

SCHEDULE C-2

MYRTLE AVENUE
SPENCER STREET
EXISTING 5 STORY
MASONRY BLD'G
107'-9"
LOT & BLD'G
100'-0"
LOT & BLD'G
N
PLOT PLAN
689 MYRTLE AVENUE

MAPBLAST!
Everyone needs a little direction in life

689 Myrtle Ave
Brooklyn, NY 11205-3928



[Icon Latitude: 40.694776, Longitude: -73.95582]

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FEE TITLE DESCRIPTION

A "Home" as hereinafter referred to shall be defined as follows:

"Each Home is measured horizontally from the exterior surface of the sheetrock of all opposite walls to the exterior surface of the sheetrock of all opposite walls and vertically from the lower surface of the concrete slab or subfloor forming the floor or garage of the Home up to the exterior surface of the sheetrock forming the ceiling of the Home. Doors, windows, interior walls and fire places which abut a Home are part of the Home. The Description of the Homes set forth herein pertains to the location of the walls, floors and roof of the Homes as they are finally set forth in the building plans to be filed simultaneously with the recording of the Declaration."

CHOCOLATE FACTORY CONDOMINIUM

PURCHASE AGREEMENT

Agreement made and dated between **Chocolate Partners LLC**, 689 Myrtle Avenue, Brooklyn, New York 11205, hereinafter called the Seller ("Sponsor") and

residing at No. hereinafter called the Purchaser.

WHEREAS, the Seller will promulgate a Condominium Plan and desires to offer for sale, pursuant to Article 9-B of the Real Property Law of the State of New York, condominium Homes to be situated on the land owned by it located in the Borough of Brooklyn, County of Kings, City and State of New York and the Purchaser is desirous of purchasing a Condominium Home therein;

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

1. Sale of Home. The Purchaser hereby agrees to purchase and the Seller agrees to sell the Condominium Home designated as No. _____, as shown on the plot plan which forms a part of the Offering Plan attached hereto, together with an undivided interest in the common elements appurtenant thereto.

2. Delivery of Deed; Adjustments. The Closing of Title shall take place at an office to be designated by Seller or by the lending institution at _____ o'clock on or about _____, 200____, or at another date and time designated by the Seller upon ten (10) days' written notice mailed to the Purchasers at their address hereinabove set forth. The Seller shall be entitled to a reasonable adjournment in the closing of title as set forth in Paragraph 30 in the event of delay by reason of weather conditions, strikes or material shortages, or delays in inspections and reports thereon, or other requirements. If the Purchaser is not ready to close title at the date and time fixed pursuant to the contract, any adjournment exceeding seven (7) days granted at the request of the Purchaser shall be upon the condition that all adjustments, shall be made as of the date originally fixed for the closing of title and the Purchaser also agrees to apportion with Seller such taxes, electricity, heating, security costs, insurance and Common Charges as may be determined to be due at the time of closing. Nothing herein contained shall be construed to require Seller to grant any adjournment beyond seven (7) days from the date originally fixed for closing.

3. Purchase Price. The total purchase price is $
The purchase price is payable as follows:

$, (10%) on the signing of this agreement, the receipt of which is hereby acknowledged;

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

Any payment made by check is accepted by Seller subject to collection. If any check tendered is not honored, Purchaser shall provide a certified check or bank cashier's check payable directly to Seller within 72 hours after demand for replacement therefor.

Notwithstanding the foregoing, if for any reason whatsoever the check given by Purchaser as the downpayment hereunder is dishonored, Seller shall have the right to cancel this Agreement. Seller's election to cancel shall not be deemed a waiver by Seller of its right to pursue other remedies.

ALL PAYMENTS AT CLOSING ARE TO BE MADE BY GOOD UNENDORSED CERTIFIED CHECK OR BANK CASHIER'S OR OFFICIAL CHECK PAYABLE DIRECTLY TO THE ORDER OF SELLER OR SELLER'S DESIGNEE AND DRAWN ON A BANK WHICH IS A MEMBER OF THE NEW YORK CLEARINGHOUSE. UNCERTIFIED CHECKS OF A FUNDING COMPANY OR ATTORNEY'S ESCROW ACCOUNT WILL NOT BE ACCEPTED BY SELLER ON ACCOUNT OF PROCEEDS DUE FROM PURCHASER.

4. Recording of Condominium Declaration. The Declaration and By-laws will be recorded by Seller in the Office of the Clerk, County of Kings, prior to the conveyance of the first Condominium Home as set forth in the Offering Plan. The Seller shall 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 plans theretofore filed or being filed simultaneously with such amendment fully and fairly depict the layout, location, Condominium Home designation and approximate dimensions of the Condominium Homes as built. The Declaration and By-laws, when recorded by the Seller, will be substantially in the form and substance of the Declaration and By-laws delivered to the Purchaser and any changes therein will not substantially adversely affect the Purchaser.

5. Seller's Failure to Convey. It is specifically understood and agreed that in the event the Seller shall be unable to cause to be delivered a deed to the premises to the Purchaser in accordance with this agreement because of the inability of the Seller to complete the filing of the premises as part and parcel of a condominium plan in accordance with the Offering Plan of Chocolate Factory Condominium and any

amendments thereto, then the Seller shall immediately notify the Purchaser and thereupon this agreement shall terminate and the sole liability between the parties shall be the return by the Seller to the Purchaser of the Purchaser's down payment with interest, if any, under this Agreement.

6. Construction of Condominium. At closing, the Seller will supply a valid certificate of occupancy stated a legal use for the condominium as a single-family home.

7. Purchaser Bound by Offering Plan, etc. The Seller has exhibited and delivered to the Purchaser and the Purchaser acknowledges receipt of the Offering Plan at least 72 hours prior to the execution of this Purchase Agreement and has read and agrees to be bound by the proposed Declaration, By-laws, Declaration of Covenants, Restrictions, Easements, Charges and Liens, Association By-laws, and Offering Plan of the said Condominium (and the Schedules, Plans and Exhibits attached thereto) all of which are incorporated by reference and made a part of this agreement with the same force and effect as if set forth in full herein. Any conflict between the Offering Plan and the Purchase Agreement is to be resolved in favor of the Offering Plan. The Purchaser acknowledges that he is purchasing a Condominium Home in a Condominium to be formed, and that, except as stated in this agreement (and as set forth in the Declaration, By-laws, Exhibits and offering Plan), he has not relied on any representations or other statements of any kind or nature made by the Seller or otherwise, including but not limited to any relating to the description, size or dimensions of the Home or rooms therein, and the estimated common charges or other expense in connection therewith.

8. Purchase of Home Without a Mortgage Loan. This agreement is "all cash" and is not subject to the obtaining of mortgage financing; there is no mortgage contingency.

9. Closing Costs and Adjustments. The Purchaser shall pay the fee of his own attorney and Seller's attorney fee in the amount of $1,000.00. The Purchasers further agree to pay, at the closing of title, the actual cost of title examination, cost of mortgage title insurance, bank attorneys' fees for preparation of the documents necessary for the mortgage loan, bank appraisal fee, origination fee, credit fee, points paid by Sponsor for obtaining purchaser's mortgage, New York State transfer taxes, recording and filing charges paid or payable to public officials, private mortgage insurance premiums, if applicable and other bank or governmental charges assessed on the loan or on the transfer of title. The Purchaser agrees that any mortgage tax credit received pursuant to Section 339-ee of the Real Property Law will inure to the benefit of the Seller.

10. Additional Closing Costs and Adjustments. The Purchaser agrees to pay six months common charges to the Condominium at the closing of title as initial working capital of the Condominium and two months common charges to the Condominium as a reserve Fund. The Purchaser also agrees to apportion with Seller such taxes and common charges as may be determined to be due at the time of closing.

11. Escrow or Bonding of Deposits. Unless stated otherwise in Paragraph 3 herein, the Seller will hold all monies received directly or through its agents or employees hereunder in trust until the closing of title to a home or Sponsor may use said funds prior to closing if a bond or letter of credit is posted to insure a return of such payment in the event a Purchaser is entitled to a refund of such monies pursuant to the terms of this Purchase Agreement or the Offering Plan. If no bond or letter of credit is posted, such funds will be held as trust funds pursuant to Section 352-h and 352 (e) 2b of the General Business Law, in a special account entitled

"Marvin L. Schwartz, Attorney/IOLA Account, "Chocolate Factory Condominium"

or similar in The Bank of New York, 269 North Main Street, Spring Valley, New York. The signature of Marvin L. Schwartz, Esq., Sponsor's attorney, shall be required to withdraw such funds. The funds existing in the trust account will be payable to the Seller after the closing of title to the Home covered by this Purchase Agreement. In the event of default by the Purchaser under this Purchase Agreement, which default continues for thirty days after notice of such default from the Seller to the Purchaser, the down payment of 10% of the purchase price plus the actual cost of any special work ordered may be released to the Seller from such account as liquidated damages and thereafter neither party shall have any rights or obligations against or to the other. If a bond has been posted, it may be withdrawn after such default and notice.

In the event the Seller cannot convey title to the Home, all monies advanced by the Purchaser hereunder shall be returned to the Purchaser with interest, if any. The Seller will not declare the Plan effective until it has purchase agreements for at least 15% in number of all the Homes declared. If the Seller does not record the Declaration within eighteen months of the date of the offering Plan, all monies advanced by the Purchaser will be returned promptly thereafter with interest, if any.

12. Subordination of Purchase Agreement to Building Loan Mortgage. The Purchaser agrees that all terms and provisions of this Agreement are and shall be subject and subordinate to the lien of any building loan mortgage on the condominium property heretofore or hereafter made and any advances heretofore or hereafter made thereon, and any payments or expenses already made or incurred or which may hereafter be made or incurred, pursuant to the terms thereof, to the full extent thereof without the execution of any further legal documents by the Purchaser. This subordination shall apply whether such advances are voluntary or involuntary and whether made in accordance with the building loan schedule of payments or accelerated thereunder by virtue of the lender's right to make advances before they become due in accordance with the schedule of payments. The Seller shall satisfy all such mortgages or obtain a release of the Home from the lien of such mortgages at or prior to the closing date, except for the individual mortgage of Purchaser thereon, whether same be by extension, assumption, consolidation or otherwise.

13. Construction of Home by Seller. The Seller agrees, at its own cost and expense to erect and complete the aforementioned Home in accordance with the requirements as to materials and workmanship of the applicable Building Department and further agrees that when completed, same will be in substantial accordance with the plans as filed with the Building Department. The issuance of a temporary or permanent Certificate of Occupancy shall mean that the Home is substantially complete, in which event the Purchaser agrees to accept a letter agreement from the Seller wherein the Seller shall agree to complete all unfinished items within ninety (90) days from the date of the closing of title, weather permitting. Any such incomplete items shall not constitute an objection to closing provided Seller executes and delivers to Purchaser, a letter agreement in accordance with the foregoing. Purchaser shall permit Seller, its agents, servants and/or employees to enter upon the Premises and shall provide reasonable access thereto subsequent to closing to complete any incomplete items. In the event Seller is required to make any repair or complete any item of work to be performed by Seller after closing, the limit of Seller's liability shall be to make said repair and/or to complete such item. This Paragraph shall survive the delivery of the deed.

14. Personal Property Included in Sale; Excluded Items. All articles of personal property, fixtures and equipment as set forth in the Offering Plan for the Model Type Condominium Home referred to herein are included in this sale, and same will be delivered free and clear of all liens and encumbrances. Decorative fixtures, furniture, furnishings, paint, wall paper, carpeting, ceramic floors, mirrors, shelves, wall and window treatments, built-ins, electric fixtures, site lighting, intercom systems, burglar alarms, special landscaping installed at the model homes, central vacuum systems, brick patios, lighting, additional fixtures and switches added for decorative purposes and wet bars exhibited in the Model Homes, excepting those specifically set forth herein or in the offering Plan, are for display purposes only and are not included in this sale.

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

16. Sellers Right to Make Changes in Materials, etc. The Seller reserves the right to: (a) make changes or substitutions of materials or construction for items as set forth in the Offering Plan or Building Plan, provided any such changes are of comparable value and quality; (b) determine the grading, elevation and design (including reversal of the Home layout) of all plots and dwellings; (c) determine elevation and location of foundations, driveways, walkways and streets to conform with topographical conditions; (d) modify entry walks, relocate parking stalls and garbage bins, etc.; (e) determine the ultimate house type mix and color of Homes in the Condominium; (f) determine the

location of electric meters, leaders and gutters, hose bibs, heating units, and mailboxes; and (g) determine the size of decks and patios.

17. Closing Deed; Power of Attorney. The closing deed shall be in proper statutory form for record; shall be Bargain and Sale with covenants; shall be duly executed and acknowledged by the Seller at the Seller's expense and shall contain such a description of the premises as shall be acceptable and/or approved so as to validly convey under the Condominium Act, the Home and the undivided interest in the common elements referred to herein. At the closing of title the Purchaser agrees to execute and deliver to Seller the Power of Attorney in the form annexed hereto (and made a part hereof) and designated Schedule E".

18. Marketable Title, Subject To. The Seller shall give and Purchaser shall accept a good and marketable title (subject to the terms of the Declaration and By-laws as filed and of the offering Plan), free and clear of all liens and encumbrances and except as set forth in the Offering Plan in Section XIII thereof; and such title as Rockwell Abstract, 39 West 37th Street, New York, New York 10018 as agent for First American Title Insurance Company of New York, will insure. In the event Purchaser uses a title insurance company other than Rockwell Abstract, Purchaser will pay Seller the additional sum of $250 for the cost of reviewing the title report. Fee title insurance, if ordered by Purchaser, shall be purchased at Purchaser's own cost and expense.

19. Completion of Construction Purchaser's Inspection. Purchaser shall accept title (without abatement in or credit against the purchase price or provision for escrow) notwithstanding that construction of (a) minor details of the Home or the building in which it is located or (b) other Homes or (c) the recreational facilities or (d) the landscaped areas or (e) the open parking spaces or (f) other portions of the Common Elements and Common Areas have not been completed. Purchaser will inspect his Home with a representative of the Seller during normal business hours prior to the closing date and will sign and deliver to Seller on or before closing date a Pre-title Inspection Statement supplied by Seller, acknowledging the condition in which he has received his Home.

20. Acceptance of Deed Full Compliance by seller; waiver of Jury Trial. Anything to the contrary herein contained notwithstanding, it is specifically understood and agreed by the parties hereto that the acceptance of the delivery of the deed at the time of the closing of title hereunder shall constitute full compliance by the Seller with the terms of this agreement and none of the terms hereof, except as otherwise herein expressly provided, shall survive the delivery and acceptance of the deed. All representations contained in the Offering Plan shall survive delivery of the deed. The parties hereto do hereby agree that trial by jury in any action, proceeding or counterclaim arising out of or from this agreement is hereby waived.

21. LIMITED WARRANTY. SELLER HEREIN MAKES NO HOUSING MERCHANT IMPLIED WARRANTY OR ANY OTHER WARRANTIES, EXPRESS OR IMPLIED, IN CONNECTION WITH THIS AGREEMENT OR HOME COVERED HEREBY AND ALL

SUCH WARRANTIES ARE EXCLUDED, EXCEPT AS PROVIDED IN THE LIMITED WARRANTY ANNEXED TO THIS AGREEMENT. THE TERMS OF THE LIMITED WARRANTY ARE HEREBY INCORPORATED INTO THIS AGREEMENT AND THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE FACE THEREOF. PURCHASER HEREBY ACKNOWLEDGES THAT A WRITTEN COPY OF THE TERMS OF THE ANNEXED LIMITED WARRANTY HAS BEEN PROVIDED BY SELLER TO PURCHASER FOR PURCHASER'S EXAMINATION AND THAT A REASONABLE PERIOD OF TIME FOR ITS EXAMINATION BY PURCHASER HAS BEEN AFFORDED TO PURCHASER PRIOR TO THE TIME OF PURCHASER'S EXECUTION OF THIS AGREEMENT. PURCHASER UNDERSTANDS AND ACCEPTS THE WARRANTY ANNEXED TO THIS AGREEMENT IN LIEU OF ANY OTHER EXPRESS OR IMPLIED WARRANTIES IN CONNECTION WITH THIS TRANSACTION. THE WARRANTY ANNEXED TO THIS AGREEMENT WILL BE FULLY EFFECTIVE WITHOUT THE EXECUTION OF ANY OTHER DOCUMENT BY EITHER PURCHASER OR SELLER ON THE DATE THAT PURCHASER OR ITS FAMILY SHALL FIRST OCCUPY THE HOME WHICH IS THE SUBJECT OF THIS AGREEMENT AS A RESIDENTIAL HOME OR THE DATE THAT THE DEED TO SUCH HOME SHALL BE DELIVERED TO PURCHASER, WHICHEVER OCCURS FIRST. IN ADDITION TO THE ANNEXED LIMITED WARRANTY, PURCHASER WILL RECEIVE ANY MANUFACTURERS' WARRANTIES APPLICABLE TO THE APPLIANCES INSTALLED IN THE HOME.

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

23. Lien of Deposit; Risk of Loss. All sums paid on account of this Agreement and the reasonable expense of the examination of the title to the Home are hereby made liens hereon, but such liens shall not continue after default by the Purchasers under this Agreement. The risk of loss or damage to the Home by fire or any other cause until the delivery of the deed is assumed by the Seller.

24. Liens Satisfied at Closing. The existence of unpaid taxes or liens of any kind at the time of title closing shall not constitute an objection to title, provided the Seller shall deposit a sufficient amount with a title company so that said company shall be willing to insure against collection of same from the property herein described. The parties agree that the Seller may pay and discharge any liens and encumbrances upon the property,

not provided for in this agreement, out of the monies to be paid by the Purchaser at the time of closing title.

25. Possession Prior to Closing. It is expressly understood and agreed that the Purchaser shall in no event take possession of the premises prior to the time of the delivery of the deed and full compliance by the Purchaser with the terms of this agreement and should the Purchaser violate this provision, the Purchaser consents that the Seller shall have the right to remove them from the premises as a squatter and intruder by summary proceedings. Upon the Purchaser's unauthorized possession, the Purchaser shall be deemed in default hereunder at the option of the Seller, and upon such election, the amount paid hereunder shall belong to the Seller as liquidated damages. It is further understood and agreed that the Seller will not be responsible for damage or loss to any property belonging to Purchaser whether same is delivered to the property on or after the closing of title herein.

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

27. Delay in Closing; Purchaser's Option to Cancel. In the event the Seller shall be unable to schedule the closing of title to the Condominium Home on or before twelve months after the date of delivery of title set forth herein and except for delays due to strikes, acts of God, wars, lockouts, military operations, national emergencies, installation of public utilities, delays in municipal inspections, governmental, municipal and utility company restrictions preventing Sponsor from obtaining necessary supplies and/or materials, in which event the period shall be extended to eighteen months, except for the Purchaser's default, the Purchaser shall have the option to cancel this Agreement and to have the down payment advanced by him returned to the Purchaser with interest, if any. Seller must receive Purchaser's written notice of his intention to exercise such option to cancel no later than ten (10) days after such twelve (12) or eighteen (18) months, whichever applicable, from the date set forth herein for the delivery of title. Failure to so notify Seller shall be deemed a waiver of this provision, and Purchaser shall continue, to be bound by the terms of this Agreement. The Seller has the option not to close title to the Condominium Home described herein if less than 80% of all of the Condominium Homes to be constructed as part of the Condominium are sold within 18 months after the date of the initial filing of the offering Plan so long as title to any Condominium Home has not been conveyed and the Declaration has not been filed at such time. In the event Seller exercises such option, it shall forthwith return the Purchaser's down payment with interest, if any.

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

charge. All funds received by the sponsor for upgrades or extras must initially be placed in the escrow account. However, purchasers should note as a special risk that such funds may be released from the escrow account by the escrow agent as long as the sponsor uses the funds for such upgrade of extra. As a result in the event a purchaser is entitled to rescission, the purchaser will not receive a refund of any funds used for upgrades or extras.

29. Breach of Purchase Agreement. Should Purchaser violate, repudiate, or fail to perform any of the terms of this agreement, Seller may, at its option, retain all or part of the moneys paid on account hereunder as liquidated damages, in which event the parties shall be discharged of all further liability hereunder, or Seller may otherwise avail itself of any legal or equitable rights which it may have under this agreement. This provision shall apply whether or not construction has commenced and regardless of any sale of the Home subsequent to Purchaser's default.

30. Binding Nature of Purchase Agreement, Assignability; Notice. The parties agree that the stipulations and agreements herein contained shall be binding upon them, their respective heirs, executors, administrators and/or assigns. The Purchasers agree that they will not record or assign this agreement or any of their rights hereunder without the written consent of the Seller. In the event Sponsor in its discretion permits an assignment of this Purchase Agreement, it may elect to impose a 5% assignment fee. In no way should this be construed as a requirement that Sponsor must consent to any assignment and Sponsor reserves the right to refuse to permit an assignment of this Purchase Agreement. Any notice to be given hereunder shall be in writing and sent by certified mail to the parties at the address above given or at such address as either party may hereafter designate to the other in writing.

31. Appliances No Appliance are provided by Sponsor. The building department will refuse to grant a certificate o f occupancy until a stove is installed.. Upon the signing of this contract the Purchaser will have five business days to install a stove so that the Sponsor may obtain a certificate of occupancy for the Unit. If Purchaser fails to do so Sponsor will install a stove at an additional charge of $350.00.

31. Broker. The parties agree that no broker brought about this sale and Purchaser agrees to indemnify Seller against any other claim brought for brokerage based upon Purchaser's act.

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

33. Entire Agreement. This Agreement states the entire understanding of the parties and the Seller shall not be bound by any oral representations and/or agreements. Any conflict between this Purchase Agreement and the Offering Plan shall be resolved in favor of the Offering Plan.

THIS AGREEMENT STATES THE ENTIRE UNDERSTANDING OF THE PARTIES AND THE SELLER SHALL NOT BE BOUND BY ANY ORAL REPRESENTATIONS AND/OR AGREEMENTS.

CHOCOLATE PARTNERS LLC

by:

_____
Seller

_____
Purchaser

_____
Purchaser

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

LIMITED WARRANTY

NAME OF PURCHASER(S):

ADDRESS OF PURCHASER(S):

ADDRESS OF HOME WARRANTED:

NAME OF BUILDER:

ADDRESS OF BUILDER:

WARRANTY DATE:

BUILDER'S LIMIT OF TOTAL LIABILITY: $25,000.00

This limited warranty excludes all other warranties on the construction and sale of the home and its components, both expressed and implied. There are no warranties which extend beyond the face hereof and this limited warranty excludes all consequential and incidental damages, except as required by New York State law and nothing contained in this warranty shall be determined to make the builder-seller an insurer of personal property of the owner-purchaser or of any third party. No steps taken by the builder-seller to correct defects shall act to extend the warranty period. The builder-seller shall have the option of selecting the materials and the methods to be used in making any repair. Items covered in this warranty altered by a person or persons other than the builder-seller, its employees, or agents are also excluded and the builder-seller shall not be liable or responsible for any corrective work performed by others or the cost thereof.

1. To Whom Given: This limited warranty is extended to the owner/ purchaser named on page 1, while the owner/purchaser owns the home. **It does not extend to subsequent owners** of the home or other persons.

2. By Whom Made: This limited warranty is made exclusively by the builder/seller whose name and address appears on page 1.

3. Final Inspection of the Home: Before any person takes possession of the Home, or accepts title, there will be a final inspection of the Home. The purpose of this final inspection is to discover or point out any known or visible defects or flaws, or any unfinished work caused by back orders beyond the builder's/seller's control.

There will be a Final Inspection Sheet listing all flaws or defects found or pointed out and it shall include a schedule for each item that will be corrected. The Final Inspection

Sheet will be signed by the owner/purchaser and the builder/seller before taking possession of the Home or transfer of the deed. When any person takes possession of the Home, or accepts the deed, the builder's/seller's responsibility will be limited to:

(a) completion of items shown on the Final Inspection Sheet, as provided in the Final Inspection Sheet, and

(b) performance of warranty obligations under the provisions of this limited warranty, as listed below. The purpose of the Limited Warranty is to identify the builder's/seller's responsibilities for construction defects of a latent or hidden kind that would not have been found or disclosed on final inspection of the Home.

4. Standards. To determine whether workmanship, materials, designs or installation fail to meet or exceed the coverage and period provisions of this warranty and New York State Law, the standard to apply shall be the Accepted Standards which are attached to this limited warranty or the standards and specifications of the New York State Uniform Fire Prevention and Building Code.

5. Warranty Coverages and Periods: The period of this warranty shall begin on the date shown on page 1. The date shall be the day on which any person begins residential occupancy of the Home or the day on which the purchaser takes title to the Home, whichever comes first.

A. FIRST YEAR BASIC COVERAGE: for one year from the Warranty Date, the Home will be free from latent defects that constitute:

(1) defective workmanship performed or materials provided by the Builder/Seller, an agent of the Builder/Seller or subcontractor of the Builder/Seller;

(2) defective design, provided by an architect, landscape architect, engineer, surveyor, or other design professional engaged **solely** by the Builder/Seller.

B. TWO YEAR MAJOR SYSTEM COVERAGE: for two years from the Warranty Date, the Plumbing, Electrical, Heating, Cooling and Ventilation Systems of the Home which have been installed by the Builder/Seller are warranted to be free from latent defects that constitute defective installation by the Builder/Seller.

(1) The Plumbing System means: 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.

(2) The Electrical System means: all wiring, electrical boxes, switches, outlets and connections up to the public utility connection.

(3) The Heating, Cooling and Ventilation System means: all duct work, steam, water and refrigerant lines, registers, convectors, radiation elements and dampers.

(4) Disclaimers.

(i.) The foregoing two-year warranties do not include the relevant System or any of its parts which become defective through faulty operation, lack of routine maintenance, or alteration by the owner-purchaser or his agents. It shall be the owner-purchaser's responsibility to perform the normal maintenance functions, such as lubrication and replacing of filters, which are explained in the instructions supplied by the equipment manufacturer and in its Warranty Manual.

(ii.) All Systems are exclusive of appliances, fixtures and items of equipment.

C. SIX YEAR MAJOR STRUCTURAL DEFECT COVERAGE: for six (6) years from the Warranty Date, the Home will be free from latent defects that are Major Structural Defects, as defined below, and that constitute:

(1) defective workmanship performed or materials provided by the Builder/Seller, an agent of the Builder/Seller or subcontractor of the Builder/Seller;

(2) defective design, provided by an architect, landscape architect, engineer, surveyor, or other design professional engaged **solely** by the Builder/Seller.

A. Major Structural Defect is a defect resulting in **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.

B. Damage to the following non-load bearing portions of the Home do not constitute a Material Defect for the Material Defect coverage period: roofing and sheathing; drywall and plaster; exterior siding; brick, stone and stucco veneer; floor covering material; wall tile and other wall coverings; non-load bearing walls and partitions; concrete floors in attached garages and basements that are built separately from foundation walls or other structural elements of the Home; electrical plumbing, heating, cooling and ventilation systems; appliances, fixtures and items of equipment; paint; doors and windows; trim; cabinets; hardware; insulation.

6. The builder-seller assigns to the owner-purchaser its interest in any manufacturer's warranties for mechanical equipment, appliances, and any other manufactured items furnished with the house.

7. Septic System: If included as part of the builder- seller's responsibility, builder-seller guarantees only that the septic system has been installed in accordance with a septic

layout prepared by a licensed engineer and the installation thereof has been approved by the proper local official.

8. Water System: If a private well is included as part of the builder-seller's responsibility, builder-seller guarantees only the submersible pump for one year against faulty material and workmanship. Builder-seller makes no representation as to the quantity or quality of the water produced by such well. If connection to a municipal or community water system is included, the service line from the curb cock to the house is guaranteed against leakage for a period of one year.

9. Exclusions from All Coverages. The following are excluded from Basic Coverage, Major System Coverage and Major Structural Defect Coverage:

(a) Loss or damage caused by workmanship performed by any person other than (i) the Builder/Seller, (ii) an agent of the Builder/Seller, or (iii) a subcontractor of the Builder.

(b) Loss or damage caused by defective materials supplied by any person other than (i) the Builder/Seller, (ii) an agent of the Builder/Seller, or (iii) a subcontractor of the Builder/Seller.

(c) Loss or damage caused by defective design provided by any person other than a design professional retained exclusively by the Builder/Seller.

(d) Defects in driveways; walkways; patios; boundary walls; retaining walls; bulkheads; fences; landscaping (including sodding, seeding, shrubs, trees and plantings); off-site improvements or any other improvements not a part of the Home itself.

(e) After the first year Basic Coverage, concrete floors of basements and concrete floor of attached garages that are built separately from foundation walls or other structural elements of the Home.

(f) Damage to real property which is not part of the Home covered by this Limited Warranty and which is not included in the purchase price of the Home.

(g) Any damage to the extent that it is caused or made worse by:

(i) negligence, improper maintenance, or improper operation by anyone other than the Builder/Seller, its employees, agents, or subcontractors; or

(ii) failure by the Purchaser/Owner or anyone other than the Builder/Seller, its employees, agents or subcontractors, to comply with the warranty requirements of manufacturers or suppliers of appliances, fixtures or items of equipment; or

(iii) failure of the Purchaser/Owner to give notice to the Builder/Seller of any defects or damage within a reasonable time; or

(iv) Changes in the grading of the ground by anyone other than the Builder/Seller, its employees, agents or subcontractors; or

(v) changes, alterations or additions made to the Home by anyone after the Warranty Date shown on page 1; or

(vi) dampness or condensation due to failure of the Purchaser/Owner or occupant to maintain adequate ventilation.

(h) Any condition which does not result in actual physical damage to the Home.

(i) Loss or damage caused by or resulting from accidents, riot and civil commotion, fire, explosion, smoke, water escape, falling objects, aircraft, vehicles, Acts of God, lightning, windstorm, hail, flood, mudslide, earthquake, volcanic eruption, wind-driven water, and not reasonably foreseeable changes in the underground water table.

(j) Loss or damage caused by seepage of water unless such loss or damage is the direct result of a construction defect.

(k) Any damage caused by soil movement for which compensation is provided by legislation or which is covered by other insurance.

(l) Any damage which the Home Owner has not taken timely action to minimize.

(m) Normal wear and tear and normal deterioration.

(n) Insect damage.

(o) Bodily injury or damage to personal property.

(p) Any items not completed by the Builder/Seller in the event the Builder/Seller does not complete construction of the home.

(q) Loss or damage when which arises while the Home is being used primarily for nonresidential purposes.

(r) Loss or damage due to abnormal loading on floors by the Home Owner which exceeds design loads as mandated by the Building Code.

(s) Costs of shelter, transportation, food, moving, storage or other incidental expenses related to relocation during repair.

(t) Consequential damages (except where required by state law).

(u) Any claim not filed in a manner set forth below in paragraph.

10. Warranty. If a defect occurs in an item covered by this Limited Warranty, the Builder/Seller will repair, replace or pay the Purchaser/Owner the reasonable cost of repairing or replacing the defective item(s) within a reasonable time after the Builder's inspection or testing discloses the problem. The choice amount repair, replacement or payment is solely that of the Builder/Seller.

In no event will the Builder's total liability for deficiencies under this Limited Warranty exceed the Builder's Limit of Total Liability, shown on page 1.

Repair, replacement or payment of the reasonable cost for any Major Structural Defect is further limited to (i) the repair of damage to the load-bearing portions of the Home themselves which is necessary to restore their load-bearing function; and (ii) the repair of those items of the Home damaged by the Major Structural Defect which made the Home unsafe, unsanitary or otherwise unlivable.

When the Builder/Seller finishes repairing or replacing the defect or pays the reasonable cost of doing so, a full release of all legal obligations with respect to the defect must be signed and delivered to the Builder/Seller.

11. Step by Step Claims Procedures. (a) Written notice of any warranty claim must be made on the attached "Notice of Warranty Claim Form" and must be received by the Builder, identified on page 1, no later than the first business day after warranty coverage on that items expires. If this Notice of Warranty Claim Form is not properly completed and received by the Builder by that deadline, the Builder will have no duty to respond to any complaint or demand, and any or all claims may be rejected. NOTICE OF WARRANTY CLAIM IS NECESSARY TO PROTECT RIGHTS TO WARRANTY PERFORMANCE UNDER THIS LIMITED WARRANTY.

(b) No steps taken by the Builder, Purchaser or any other person to inspect, test or correct defects will extend any time period under this Limited Warranty. The Builder's response to any complaint or request, other than to a timely and properly completed Notice of Warranty Claim, will not impair, prejudice or otherwise affect any right of the Builder/Seller, including but not limited to the Builder's/Seller's right to receive a timely and properly completed Notice of Warranty Claim.

12. Legal Actions. (a) No claim or cause of action under this Limited Warranty may be commenced or asserted in any suit, action, or other legal proceeding against the Builder/Seller in any Court or forum unless notice of the claim or cause of action has been received by the Builder in a timely and properly completed Notice of Warranty Claim Form.

(b) No suit, action and proceeding against the Builder/Seller under this Limited Warranty may be commenced in any Court or forum after the later of: (i) the date of expiration of the applicable warranty coverage under paragraph 5 of this Limited

Warranty, or (ii) sixty calendar days after the Warrantor has given written notice of rejection of claim or completion of corrective action.

13. General Provisions. (a) This Limited Warranty may not be changed or amended in any way.

(b) This Limited Warranty is to be binding upon the Builder/Seller and the Purchaser/Owner, their heirs, executives, administrators, successors and assigns.

(c) Should any provision of the Limited Warranty be deemed unenforceable by a court of competent jurisdiction, the determination will not affect the enforceability of the remaining provisions.

(d) Use of one gender in this Limited Warranty includes all other genders, and use of the plural includes the singular, as may be appropriate.

(e) This limited warranty is to be governed in accordance with the laws of New York State.

NOTICE OF WARRANTY CLAIM FORM

Dear Home Owner: to ask the Builder to correct a defect in your Home that you think is covered by the Builder's Limited Warranty, you must complete this form and deliver it to the Builder. This is necessary to protect your rights to warranty performance under the Limited Warranty. Even if you believe that the Builder is aware of the problem, fill out this form and deliver it to the Builder.

The information you will need to fill out the form will be on page 1 of the Limited Warranty. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Your Name: _____

Mailing Address: _____

_____

Phone: _____

Limited Warranty No.: _____

Warranty Date: _____

Describe the defect(s) which you think are covered by the Limited Warranty. Be sure to include when each defect first occurred or when you first noticed it. Use additional sheets, as necessary, to fully describe the problem:

_____ _____

(signature) (date)

_____ _____

(signature) (date)

ACCEPTED STANDARDS

PERFORMANCE STANDARDS - Topic Index

The Performance Standards list specific items (defects) within each separate area of coverage. The first section covers Workmanship and Materials; the second section covers Systems. The standards are expressed in terms of performance criteria. For easy comprehension, the format is designed as follows:

1. Possible Deficiency - a brief statement in simple terms of problems that may be encountered.
2. Performance Standard - a performance standard relating to a specific deficiency.
3. Responsibility - a statement of the corrective action required of the Builder/Seller to repair the deficiency or a statement of the Home Owner's maintenance responsibilities.

Workmanship and Materials, First Year Only

1. Site Work
2. Concrete
3. Masonry
4. Wood and Plastic
5. Thermal and Moisture Protection
6. Doors and Windows
7. Finishes
8. Specialties
9. Equipment
10. Plumbing
11. Heating and Cooling
12. Ventilation
13. Electrical

Systems, First and Second Year

14. Plumbing System
15. Ventilation System
16. Electrical System

1. A. Site Grading. Settling of ground around foundation, utility trenches or other areas. Settling of ground around foundation walls, utility trenches or other filled areas shall not interfere with water drainage away from the Home. If the Builder/ Seller has provided final grading, upon request by the Home Owner, Builder/Seller shall fill settled areas affecting proper drainage, during the first year of the Limited warranty period. Home Owner shall be responsible for removal and replacement of shrubs or other landscaping affected by placement of such fill.

B. Site Drainage. Improper drainage of the site. The necessary grades and swales shall have been established by the Builder/Seller to insure proper drainage away from the Home. Standing or ponding water shall not remain for extended periods in the immediate area after a rain (generally no more than 24 hours), except that in swales which drain other areas, or in areas where sump pumps discharge, a longer period can be anticipated (generally no more than 48 hours). The possibility of standing water after an unusually heavy rainfall should be anticipated. No grading determination shall be made while there is frost or snow on the ground, or while the ground is saturated. The Builder/Seller is responsible only for initially establishing the proper grades and swales. The Home Owner is responsible for maintaining such grades and swales once they have been properly established.

2. A. Expansion and Contraction Joints. Separation or movement of concrete slabs within the structure at expansion and contraction joints. Concrete slabs within the structure are designed to move at expansion and contraction joints.

B. Cast-in-Place Concrete.

(1) Basement or foundation wall cracks: Shrinkage cracks are not unusual in concrete foundation walls. Such cracks greater than 1/8 inch in width shall be repaired. Builder/Seller will repair cracks in excess of 1/8 inch wide.

(2) Cracking of basement floor: Minor cracks in basement floors are normal. Cracks exceeding 3/16 inch in width or 1/8 inch in vertical displacement shall be repaired. Builder/Seller will repair cracks exceeding maximum tolerances by service patching or other methods as required.

(3) Cracking of slab in attached garage: Cracks in garage slabs in excess of 1/2 inch in width or 1/2 inch in vertical displacement shall be repaired. Builder/Seller will repair cracks exceeding maximum tolerances by surface patching or other methods as required.

(4) Uneven concrete floors/slabs: Except for basement floors or where a floor or portion of floor has been designed for specific drainage purposes, concrete floors in rooms designed for habitability shall not have pits, depressions, or areas of unevenness exceeding 1/2 inch in 32 inches. Builder/Seller will correct or repair to meet the Performance Standard.

(5) Cracks in concrete slab-on-grade floors with finish flooring: Cracks which rupture the finish flooring material shall be repaired. Builder/Seller will repair cracks, as necessary, so as not to be readily apparent when the finish flooring material is in place.

(6) Pitting, scaling or spalling of concrete work covered by this Limited Warranty: Concrete surfaces shall not disintegrate to the extent that the aggregate is exposed and loosened under normal conditions of weathering and use. Builder/Seller will take whatever corrective action necessary to repair or replace defective concrete surfaces. Builder is not responsible for deterioration caused by salt, chemicals, mechanical implements and other factors beyond its control.

(7) Settling, heaving or separating of stoops, steps or garage floors: Stoops, steps or garage floors shall not settle, heave or separate in excess of 1 inch from the house

structures. Builder will take whatever corrective action is required to meet the Performance Standard.

(8) Standing water on stoops: Water should drain from outdoor stoops and steps. The possibility of minor water standing on stoops for a short period after rain can be anticipated. Builder/Seller shall take corrective action to assure drainage of steps and stoops.

3. Masonry Coverage: 1st Year Only:

A. Unit Masonry

(1) Basement or foundation wall cracks: Small cracks not affecting structural stability are not unusual in mortar joints of masonry foundation walls. Cracks greater than 1/4 inch in width shall be repaired. Builder/Seller will repair cracks in excess of 1/4 inch by pointing or patching. These deficiencies shall be reported and repairs made during the first year of the Limited Warranty period.

(2) Cracks in masonry wall or veneer: Small hairline cracks due to shrinkage are common in mortar joints in masonry construction. Cracks greater than 3/8 inch in width are considered excessive. Builder/Seller will repair cracks in excess of Performance Standard by pointing or patching. These repairs shall be made during the first year of the Limited warranty period. Builder will not be responsible for color variation between old and new mortar.

4. Wood and Plastic Coverage: 1st Year Only:

A. Rough Carpentry

(1) Floors squeak or subfloor loose: Floor squeaks and loose subfloor are often temporary conditions common to new construction, and a squeak -proof floor cannot be guaranteed. Builder/Seller will correct the problem only if caused by an underlying construction defect.

(2) Uneven wood floors: Floors shall not have more than 1/2 inch ridge or depression within any 32 inch measurement when measured parallel to the joists. Allowable floor and ceiling joist deflections are governed by the applicable building code. Builder/Seller will correct or repair to meet Performance Standard.

(3) Bowed walls: All interior and exterior walls have slight variances on their finished surfaces. Bowing of walls should not detract from or blemish the wall's finished surface. Walls should not bow more than 1/2 inch out of line within any 32 inch horizontal or vertical measurement. Builder/Seller will repair to meet Performance Standard.

(4) Out-of-plumb walls: Walls should not be more than 1/2 inch out of plumb for any 32 inch vertical measurement. Builder/Seller will repair to meet the Performance Standard.

B. Finish Carpentry (Interior): Poor quality of interior trim workmanship. Joints in moldings or joints between moldings and adjacent surface, shall not result in open joints exceeding 3/8 inch in width. Builder/Seller will repair defective joints, as defined. Caulking is acceptable.

C. Finish Carpentry (Exterior): Poor quality of exterior trim workmanship. Joints between exterior trim elements, including siding and masonry, shall not result in open joints in excess of 3/8 inch. In all cases the exterior trim, masonry and siding shall be capable of performing its function to exclude the elements. Builder/Seller will repair open joints, as defined. Caulking is acceptable.

5. A. Thermal and Moisture

(1) Leaks in basement: Leaks resulting in actual trickling of water shall be repaired. Leaks caused by improper landscaping or failure to maintain proper grades are not covered by this Limited Warranty. Dampness of the walls or floors may occur in new construction and is not considered a deficiency. Builder/Seller will take such action as necessary to correct basement leaks except where the cause is determined to result from Home Owner action or negligence.

B. Insulation: Insufficient insulation: Insulation shall be installed in accordance with applicable energy and building code requirements. Builder/Seller will install insulation in sufficient amounts to meet Performance Standard.

C. Louvers and Vents: Leaks due to snow or rain driven into the attic through louvers or vents: Attic vents and/or louvers must be provided for proper ventilation of the attic space of the structure.

D. Roofing and Siding:

(1) Ice build-up on roof: During prolonged cold spells, ice build-up is likely to occur at the eaves of a roof. This condition occurs when snow and ice accumulate and gutters and downspouts freeze up. Prevention of ice build-up on the roof is a Home Owner maintenance item.

(2) Roof or flashing leaks: Roofs or flashing shall not leak under normally anticipated conditions except where cause is determined to result from ice build-up or Home Owner action or negligence. Builder/Seller will repair any verified roof or flashing leaks not caused by ice build-up or Home Owner action or negligence.

(3) Standing water on flat roof: Water shall drain from flat roof except for minor ponding immediately following rainfall or when the roof is specifically designed for water retention. Builder/Seller will take corrective action to assure proper drainage of roof.

(4) Delamination of veneer siding or joint separation: All siding shall be installed according to the manufacturer's and industry's accepted standards. Separations and delaminations shall be repaired or replaced. Builder/Seller will repair or replace siding as needed unless caused by Home Owner's neglect to maintain siding properly. Repaired area may not match in color and/or texture. For surfaces requiring paint, Builder/Seller will paint only the new materials. The Home Owner can expect that the newly painted surface may not match original surface in color.

E. Sheet Metal:

(1) Gutters and/or downspouts leak: Gutters and downspouts shall not leak but gutters may overflow during heavy rain. Builder will repair leaks. It is a Home Owner responsibility to keep gutters and downspouts free of leaves and debris which could cause overflow.

(2) Water standing in gutters: When gutter is unobstructed by debris, the water level shall not exceed one (1) inch in depth. Industry practice is to install gutters approximately level. Consequently, it is entirely possible that small amounts of water will stand in certain sections of gutter immediately after a rain.

F. Sealants:

(1) Leaks in exterior wall due to inadequate caulking: Joints and cracks in exterior wall surfaces and around openings shall be properly caulked to exclude the entry of water. Builder/Seller will repair and/or caulk joints or cracks in exterior wall surfaces as required to correct deficiencies once, during the first year of the Limited Warranty period. Even properly installed caulking will shrink and must be maintained during the life of the Home.

6. A. Door and Windows:

(1) Warpage of exterior doors: Exterior doors will warp to some degree due to temperature differential on inside and outside surfaces. However, they shall not warp to the extent that they become inoperable or cease to be weather resistant or exceed National Woodwork Manufacturers Association Standards (1/2 inch, measured diagonally form corner to corner). Builder/Seller will correct or replace and refinish defective doors, during the first year of the Limited Warranty period.

(2) Warpage of interior passage and closet doors: Interior doors (full openings) shall not warp in excess of National Woodwork Manufacturers Association Standards (1/2 inch measured diagonally from corner to corner). Builder/Seller will correct or replace and refinish defective doors to match existing doors as nearly as possible, during the first year of the Limited Warranty period.

(3) Shrinkage of insert panels show raw wood edges: Panels will shrink and expand and may expose unpainted surfaces.

(4) Split in door panel: Split panels shall not allow light to be visible through the door. Builder/Seller will, if light is visible, fill split and match paint or stain as closely as possible, one time in first year of the limited Warranty period.

B. Glass: Broken glass: Broken glass not reported to Builder/Seller prior to closing is the Home Owner's responsibility.

C. Garage Doors on Attached Garages:

(1) Garage doors fail to operate properly, under normal use: Garage doors shall operate properly. Builder/Seller will correct or adjust garage doors as required, except where the cause is determined to result from Home Owner action or negligence.

(2) Garage doors allow entrance of snow or water: Garage doors shall be installed as recommended by the manufacturer. Some entrance of the elements can be expected

under abnormal conditions. Builder/Seller will adjust or correct garage doors to meet manufacturer's recommendations.

D. Wood, Plastic and Metal Windows:

(1) Malfunction of windows: Windows shall operate with reasonable ease, as designed. Builder/Seller will correct or repair as required.

(2) Condensation and/or frost on windows: Windows will collect condensation on interior surfaces when extreme temperature differences and high humidity levels are present. Condensation is usually the result of climatic/humidity conditions, created by the Home Owner. Unless directly attributed to faulty installation, window condensation is a result of conditions beyond the Builder's/Seller's control. No corrective action required.

E. Weatherstripping and Seals: Air infiltration around doors and windows. Some infiltration is normally noticeable around doors and windows, especially during high winds. Poorly fitted weatherstripping shall be adjusted or replaced. Builder/Seller will adjust or correct poorly fitted doors, windows and poorly fitted weatherstripping.

7. A. Gypsum Wallboard: Defects which appear during first year of the Limited Warranty such as nail pops, blisters in tape, or other blemishes: Slight "imperfections" such as nail pops, seamlines and cracks not exceeding 1/8 inch in width are common in gypsum wallboard installations and are considered acceptable. Builder/Seller will repair only cracks exceeding 1/8 inch in width, one time only, during the first year of the Limited Warranty period.

B. Ceramic Tile:

(1) Ceramic tile cracks or becomes loose: Ceramic tile shall not crack or become loose. Builder/Seller will replace cracked tiles and re-secure loose tiles unless the defects were caused by the Home Owner action or negligence. Builder/Seller will not be responsible for discontinued patterns or color variations in ceramic tile.

(2) Cracks appear in grouting ceramic tile joints or at junctions with other materials such as a bathtub: Cracks in grouting of ceramic tile joints are commonly due to normal shrinkage conditions. Builder/Seller will repair grouting if necessary one time only, during the first year of the Limited Warranty period. Builder/Seller will not be responsible for color variations or discontinued colored grout. Regrouting of these cracks is a maintenance responsibility of the Home Owner within the life of the Home.

C. Finished Wood Flooring: Cracks developing between floor boards: Cracks in excess of 1/8 inch in width shall be corrected. Builder/Seller will repair cracks in excess of l/8 inch within the first year of the Limited Warranty period, by filling or replacing, at Builder's/Seller's option.

D. Resilient Flooring.

(1) Nail pops appear on the surface of resilient flooring: Readily apparent nail pops shall be repaired. Builder/Seller will correct nail pops which have broken the surface. Builder/Seller will repair or replace, at Builder's/Seller's sole option, resilient floor covering

in the affected area with similar material. Builder will not be responsible for discontinued patterns or color variations in the floor covering.

(2) Depressions or ridges appear in the resilient flooring due to subfloor irregularities: Readily apparent depressions or ridges exceeding 1/4 inch shall be repaired. The ridge or depression measurement is taken as the gap created at one end of a six-inch straightedge placed over the depression or ridge with three inches of the straightedge on one side of the defect, held tightly to the floor. Builder/Seller will take corrective action as necessary, to bring the defect within acceptable tolerance so that the affected area is not readily visible. Builder/Seller will not be responsible for discontinued patterns or variations in floor covering.

(3) Seams or shrinkage gaps show at resilient flooring joints: Gaps shall not exceed 1/16 inch in width in resilient floor covering joints. Where dissimilar materials abut, a gap not to exceed 1/8 inch is permissible. Builder/Seller will repair or replace, at Builder's/Seller's sole option, the affected resilient flooring as required. Builder/Seller will not be responsible for discontinued patterns or color variation of floor covering, or for problems caused by Home Owner neglect or abuse.

E. Painting

(1) Exterior paint or stain peels, deteriorates or fades: Exterior paints or stains should not fail during the first year of the Limited Warranty period. However, fading is normal and the degree is dependent on climatic conditions. If paint or stain is defective, Builder/Seller will properly prepare and refinish affected areas, matching color as close as possible. Where repaired area affects the majority of the wall area, the whole area will be refinished.

(2) Deterioration of varnish or lacquer: Natural finishes on interior woodwork shall not deteriorate during the first year of the Limited Warranty period. However, varnish type finishes used on the exterior will deteriorate rapidly and are not covered by the Limited Warranty. Builder/Seller will retouch affected areas of natural finish interior woodwork, matching the color as closely as possible.

(3) Painting required as corollary repair because of other work: Repairs required under the Limited Warranty shall be finished to match surrounding areas as closely as practicable. Builder/Seller will finish repair areas as indicated.

(4) Mildew or fungus on painted surfaces: Mildew or fungus will form on a painted surface if the structure is subject to abnormal exposures (i.e., rainfall, ocean, lake or river front.) Mildew or fungus formation is a condition the Builder/Seller cannot control and is a Home Owner maintenance item unless it is a result of noncompliance with other sections of the Performance Standard.

F. Carpeting:

(1) Open carpet seams: Carpet seams will show. However, no visible gap is acceptable. Builder/Seller will correct.

(2) Carpeting becomes loose, seams separate or stretching occurs: Wall to wall carpeting, installed as the primary floor covering, when stretched and secured properly shall not come up, become loose, or separate from its point of attachment. Builder will re-

stretch or re-secure carpeting as needed, if original installation was performed by Builder/Seller.

(3) Spots on carpet, minor fading. Exposure to light may cause spots on carpet and/or minor fading. No responsibility.

G. Special Coatings: Cracks in exterior stucco wall surfaces: Cracks are not unusual in exterior stucco wall surfaces. Cracks greater than 1/8 inch in width shall be repaired. Builder/Seller will repair cracks exceeding 1/8 inch in width, one time only, during the first year of the Limited Warranty period.

8. Specialties - Coverage: 1st Year Only

A. Fireplaces

(1) Fireplace or chimney does not draw properly: A properly designed and constructed fireplace and chimney shall function properly. It is normal to expect that high winds can cause temporary negative draft situation. Similar negative draft situations can also be caused by obstructions such as large branches of trees too close to the chimney. Some home may need to have a window opened slightly to create an effective draft, if they have been insulated and weatherproofed to meet high energy conservation criteria. Builder/Seller will determine the cause of malfunction and correct, if the problem is one of design or construction of the fireplace.

(2) Chimney separation from structure to which it is attached: Newly built fireplaces will often incur slight amounts of separation. Separation shall not exceed 1/2 inch from the main structure in any l0 vertical measurements. Builder/Seller will determine the cause of separation and correct if standard is not met. Caulking is acceptable.

(3) Firebox paint changed by fire: Heat from fires will alter finish. No responsibility.

(4) Cracked firebrick and mortar joints: Heat and flames from "roaring" fires will cause cracking. No responsibility.

9. Equipment - Coverage last Year Only

A. Residential Equipment

(1) Surface cracks, joint delaminations and chips in high pressure laminates on vanity and kitchen cabinet countertops: Countertops fabricated with high pressure laminate coverings shall not delaminate. Builder/Seller will replace delaminated coverings to meet specified criteria. Builder/Seller will not be responsible for chips and cracks noted following first occupancy.

(2) Kitchen cabinet malfunctions: Warpage not to exceed 1/2 inch as measured from face frame to point of furthermost warpage with door or drawer front closed position. Builder/Seller will correct or replace doors or drawer fronts.

(3) Gaps between cabinets, ceiling or walls: Acceptable tolerance l/4 inch in width. Builder/Seller will correct to meet Performance Standard.

10. Plumbing - Coverage last Year Only

A. Water Supply System: Plumbing pipes freeze and burst: Drain, waste and vent, and water pipes shall be adequately protected, as required by the applicable code, during

normally anticipated cold weather, and as defined in accordance with ASHREA design temperatures, to prevent freezing. Builder/Seller will correct situations not meeting the code. It is the Home Owner's responsibility to drain or otherwise protect lines and exterior faucets exposed to freezing temperatures.

B. Plumbing System:

(1) Faucet or valve leak: No valve or faucet shall leak due to defects in workmanship and materials. Builder/Seller will repair or replace the leaking faucet or valve.

(2) Defective plumbing fixtures, appliance or trim fittings: Fixtures, appliances or fittings shall comply with their manufacturer's standards. Builder/Seller will replace any defective fixture or fitting which does not meet acceptable standards, as defined by manufacturer.

(3) Noisy water pipes: There will be some noise emitting from the water pipe system, due to the flow of water. However, water hammer shall be eliminated. Builder/Seller cannot remove all noises due to water flow and pipe expansion, Builder/-Seller will correct to eliminate "water hammer".

(4) Cracking or chipping of porcelain or fiberglass surfaces. Chips and cracks on surfaces of bathtubs and kitchen sinks can occur when surface is hit with sharp or heavy objects. Builder/Seller will not be responsible for repairs unless damage has been reported to Builder prior to first occupancy.

(5) Decrease in flow and/or volume of domestic hot water: Unit will perform in compliance with manufacturer's specifications. Builder/Seller will repair if failure is the result of defective workmanship or materials. If problem due to water conditions, maintenance and responsibility revert to homeowner.

11. Heating and Cooling - Coverage 1st Year Only

A. Heating: Inadequate heating: Heating system shall be capable of producing an inside temperature of 70 F, as measured in the center of each room at a height of 5 feet above the floor, under local outdoor winter design conditions as specified in ASHREA handbook. Federal, state or local energy codes shall supersede this standard where such codes have been locally adopted. Builder/Seller will correct heating system to provide the required temperatures. However, the Home Owner shall be responsible for balancing dampers, registers and other minor adjustments.

B. Refrigeration: Inadequate cooling: Where air-conditioning is provided, the cooling system shall be capable of maintaining a temperature of 78 F, as measured in the center of each room at a height of 5 feet above the floor, under local outdoor summer design conditions specified in ASHRAE handbook. In the case of outside temperatures exceeding 95 F, a differential of 15 F from the outside temperature will be maintained. Federal, state or local energy codes shall supersede this standard where such codes have been locally adopted. Builder/Seller will correct cooling system to meet temperature conditions, in accordance with specifications.

C. Condensation Lines: Condensation lines clog up. Condensation lines will clog eventually under normal use. This is a Home Owner maintenance item. Builder/Seller shall provide unobstructed condensation lines at time of first occupancy.

D. Evaporative Cooling: Improper mechanical operation: Equipment shall function properly at temperature standard set. Builder/Seller will correct and adjust so that blower and water system operate as designed.

12. Ventilation - Coverage last Year

A. Air Distribution:

(1) Noisy ductwork: When metal is heated it expands and when cooled it contracts. The result is "ticking" or "cracking" which is generally to be expected. No responsibility.

(2) Oilcanning: The stiffening of the ductwork and the gauge of the metal used shall be such that ducts do not "oilcan". The booking noise caused by "oilcanning" is not acceptable.

13. Electrical Coverage: Coverage 1st Year

A. Electrical Conductors, Fuses and Circuit Breakers: Fuses blow or circuit breakers (excluding ground fault interrupters) "kick out": Fuses and circuit breakers shall not activate under normal usage. Builder/Seller will check wiring circuits for conformity with local, state, or approved national electrical code requirements. Builder/Seller will correct circuitry not conforming to code specifications.

B. Outlets, Switches and Fixtures:

(1) Drafts from electrical outlets: Electrical junction boxes on exterior wall may produce air flow whereby the cold air can be drawn through the outlet into a room. The Problem is normal in new home construction. No responsibility.

(2) Malfunction of electrical outlets, switches or fixtures: All switches, fixtures and outlets shall operate as intended. Builder/Seller will repair or replace defective switches, fixtures and outlets.

C. Service and Distribution: Ground fault interrupter trips frequently: Ground fault interrupters are sensitive safety devices installed into the electrical system to provide protection against electrical shock. These sensitive devices can be tripped very easily. Builder/Seller shall install ground fault interrupter in accordance with approved electrical code. Tripping is to be expected and is not covered, unless due to a construction defect.

14. Plumbing System : Coverage 1st and 2nd Year

A. Water Supply: Water supply system fails to deliver water: All on-site service connections to municipal water main and private water supply shall be the Builder's/Seller's responsibility. Private systems shall be designed and installed in accordance with all approved building, plumbing and health codes. Builder/Seller will repair if failure is the result of defective workmanship or materials. If conditions beyond Builder's/Seller's control disrupt or eliminate the sources of the supply, the Builder/Seller has no responsibility.

B. Septic System: Septic systems shall be designed by a licensed engineer and installed by the Builder/Seller in accordance with plans provided by a licensed engineer. Upon installation, the appropriate local official will inspect the installation prior to backfill. After inspection, the area will be finish graded to conform to existing topographical conditions. Builder/Seller will repair only if failure is the result of defective workmanship or materials. (If problem is due to water or drainage beyond the Builder's/Seller's control, responsibility reverts to the Homeowner.)

C. Piping:

(1) Leakage from any pipe: No leaks of any kind shall exist in any soil, waste, vent or water pipe. Condensation on piping does not constitute leakage, and is not covered. Builder will make repairs to eliminate leakage.

(2) Refrigerant lines leak. Refrigerant lines shall not develop leaks during normal operation. Builder/Seller will repair leaking refrigerant lines and re-charge unit, unless damage was caused by the Homeowner.

(3) Stopped up sewers, fixtures and drains: Sewers, fixtures and drains shall operate properly. Builder/Seller will not be responsible for sewers, fixtures and drains which are clogged through the Home Owner negligence. If a problem occurs, the Home Owner should consult Builder/Seller for a proper course of action. Where defective construction is shown to be the cause, Builder/Seller will assume the cost of the repair; where Home Owner negligence is shown to be the cause, the Home Owner shall assume all repair costs.

15. Ventilation System: Coverage 1st and 2nd Year

A. Air Distribution: Ductwork separate or become unattached: Ductwork shall remain intact and securely fastened. Builder will re-attach and re-secure all separated or unattached ductwork.

16. Electrical Systems: Coverage 1st and 2nd Year

A. Wiring: Failure of wiring to carry its designed load: Wiring should be capable of carrying the designed load for normal residential use. Builder/Seller will check wiring for conformity with local, state or approved national electrical code requirements. Builder/Seller will repair wiring not conforming to code specifications.

ARTICLE 36-B—WARRANTIES ON SALE OF NEW HOMES

Section
777. Definitions.
777-a. Housing merchant implied warranty.
777-b. Exclusion or modification of warranties.

§ 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 unliveable: 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.

(Added L.1988, c. 709, § 1.)

§ 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.

(Added L.1988, c. 709, § 1.)

§ 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.

(Added L.1988, c. 709, § 1.)

SCHEDULE D-3 - REAL PROPERTY LAW SECTION 339-KK

§ 3. The real property law is amended by adding a new section 339-kk to read as follows:

§ 339-KK. RENTS. (A) FOR THE PURPOSES OF THIS SECTION, "NON-OCCUPYING OWNER" SHALL MEAN A UNIT OWNER IN A CONDOMINIUM ASSOCIATION WHO DOES NOT OCCUPY THE DWELLING UNIT.

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

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

(D) NOTHING IN THIS SECTION SHALL LIMIT ANY RIGHTS OF UNIT OWNERS OR OF THE BOARD OF MANAGERS EXISTING UNDER ANY OTHER LAW OR AGREEMENT.

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

POWER OF ATTORNEY

I (We)
residing at
the owner of Condominium Unit No. in the Condominium known as Chocolate Factory Condominium, located at 689 Myrtle Avenue, Brooklyn, New York, covering the property located in the Borough of Brooklyn, Kings County, New York, do hereby nominate, constitute and appoint the members of the Board of Managers of Chocolate Factory Condominium, whose address is 689 Myrtle Avenue, Brooklyn, New York, and their successors, jointly, my true and lawful attorneys-in-fact, coupled with an interest, with power of substitution, in my name and on behalf, to acquire, in their own name or in the name of their designee by deed on behalf of all owners of Condominium Units in said property, any Condominium Unit whose owner desires to abandon the same, or which shall be the subject of a foreclosure sale or in lieu of a foreclosure sale, at such price and on such terms as my said attorneys-in-fact shall, in their sole discretion deem proper and thereafter to convey, sell, lease, sublease, mortgage, vote or otherwise deal in such Condominium Unit so acquired, at such terms as my attorneys-in-fact may in their sole discretion determine, granting to my said attorneys-in-fact the power to do all things in the said premises which I could do if I were personally present.

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

This power of attorney shall be irrevocable.

IN WITNESS WHEREOF, I (we) have set my (our) hand(s) and seal this day of 200 .

_____

(Acknowledgement)

SCHEDULE E

DEED

THIS INDENTURE made the day of , 200 between Chocolate Partners LLC, 689 Myrtle Avenue, Brooklyn, New York 11205, Party of the First Part and

Party of the Second Party,

WITNESSETH

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

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

The real property above described is a Unit shown on the plans of a Condominium prepared and certified by Bricolage Designs on , and filed in the Office of the Clerk of the County of Kings on the _____ day of _____, 200 as Map No. ____/0 as defined in the Declaration of Condominium entitled Chocolate Factory Condominium, made by Chocolate Partners LLC under Article 9-B of the New York Real Property Law dated _____ __, 200 and recorded in the Office of the Clerk of the County of Kings on the ____ day of _____, 200 in Liber _____ of Deeds at page _____ covering the property therein described. The land area of the property is described as follows:

(PROPERTY DESCRIPTION)

Together with the appurtenances and all the estate and rights of the Party of the First Part in and to said premises.

TOGETHER with the benefits, rights, privileges, easements and subject to the burdens, covenants, restrictions, rights-of-way, by-laws, rules, regulations and easements all as set forth in the Condominium Documents and as filed and recorded as aforesaid.

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

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

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

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

The unit conveyed herein will be used for residential purposes.

This conveyance is made in the regular course of business actually conducted by the Party of the First Part. This is made with unanimous consent in writing of all the stockholders of the Party of the First Part.

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

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

CHOCOLATE PARTNERS LLC

by:

_____

(Acknowledgement)

DECLARATION

ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP
OF PREMISES LOCATED AT 689 MYRTLE AVENUE
THE BOROUGH OF BROOKLYN,
COUNTY OF KINGS, STATE OF NEW YORK,
PURSUANT TO ARTICLE 9-B OF THE REAL PROPERTY
LAW OF THE STATE OF NEW YORK.

NAME: CHOCOLATE FACTORY CONDOMINIUM

SPONSOR: CHOCOLATE PARTNERS LLC

DATE OF
DECLARATION: _____

MARVIN L. SCHWARTZ, ESQ.
52 South Main Street
Spring Valley, New York 10977

SCHEDULE G

CHOCOLATE FACTORY CONDOMINIUM

DECLARATION

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PLAN OF CONDOMINIUM HOME OWNERSHIP

DECLARATION OF CHOCOLATE FACTORY CONDOMINIUM

PURSUANT TO ARTICLE 9-B OF THE REAL
PROPERTY LAW OF THE STATE OF NEW YORK

In the Borough of Brooklyn, County of Kings, and State of New York on this day of , 200 , Chocolate Partners LLC whose address is 689 Myrtle Avenue, Brooklyn, New York 11205, does hereby state:

FIRST: Submission of Property. By this Declaration the Owner submits the property described in this Declaration, including the land and the Building and all other improvements erected and to be erected thereon, all easements, rights and appurtenances belonging thereto and all other property, real, personal or mixed, mixed, intended for use in connection therewith, to the provisions of Article 9-B of the Real Property Law of the State of New York.

SECOND: Description of Property. The Owner owns all that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Brooklyn, County of Kings and State of New York, and more particularly bounded and described on Schedule A annexed hereto and made a part hereto.

THIRD: Definitions.

(a) The Owner of each Home is hereinafter referred to as the "Home Owner." Every Home Owner shall be treated for all purposes as a single owner, irrespective of whether such ownership is joint, in common or tenancy by the entirety. Where such ownership is joint, in common or tenancy by the entirety, majority vote of such owners shall be necessary to cast the Home Owner's vote referred to in paragraph EIGHTH of this Declaration.

(b) A "Home" as hereinafter referred to shall be defined as follows: Each Home is measured horizontally from the exterior surface of the sheetrock of all opposite walls to the exterior surface of the sheetrock of all opposite walls and vertically from the lower surface of the concrete slab or sub-floor forming the floor or basement of the Home up to the exterior surface of the sheetrock forming the ceiling of the Home. Doors, windows, interior walls and fire places which abut a Home. The Description of Homes set forth herein pertains to the location of the walls, floors and roof of the Homes as they are finally set forth in the building plans to be filed simultaneously with the recording of this Declaration.

(c) A "Building" as hereinafter referred to shall be defined as a number of Homes all of which are constructed under a continuous roof.

(d) "Party Wall" as hereinafter referred to shall be defined as a wall which is common to and separates two Homes.

(e) "Condominium" as hereinafter referred to shall mean Chocolate Factory Condominium which is composed of the Home Owners.

(f) The term "Home" and "Home Owner" as used herein shall be construed to mean Unit and Unit Owner as defined in Section 339-e of Article 9-B of the Real Property Law of the State of New York.

FOURTH: Community. The Owner is constructing on the parcel of land described above a Condominium Home Community known as Chocolate Factory Condominium according to the plans filed simultaneously with the recording of this Declaration in the Office of the Clerk of Kings County, which Plans set forth a description of the buildings stating the number of stories and number of Homes.

The Community will consist of forty-five residential (45) Units, to be located in one residential apartment building as set forth on the Plot Plan filed simultaneously herewith. The Homes are constructed of concrete foundations, wood framing, asphalt roofs, and wood or masonry siding. Each of the Homes has access to a public street by means of a walk, driveway or roadway. For the purposes of describing the location of the buildings, approximate area, type and number of rooms of each Home and the common elements to which each Home has immediate access, each Home is described on Exhibit B annexed hereto. Each Home will be sold to one or more Owners each Owner obtaining fee ownership in, and exclusive right of occupancy and possession of the Home, together with an undivided interest in the common elements of the Community, as listed hereinafter in this Declaration, and referred to as the "common elements", all of the above in accordance with Article 9-B of the Real Property Law of the State of New York. The designation of the number of rooms, interior partitions and kitchen and bathroom facilities may be changed by mutual consent of the owner and the Home owner at the time of construction of the Home.

FIFTH: Common Elements. The common elements of the Community will consist of all of the Community, except the Homes, including, but without limitations, outside walls and roofs of the Building, the land, building and improvements (other than the Homes) comprising the Community (including the land under the Homes and under the improvements), all utility or other pipes and material located outside of the Homes.

IRREVOCABLY RESTRICTED AREAS

Certain portions of the common elements are irrevocably restricted in use to specified Home Owners, subject to the right of the Board of Managers to enter upon any restricted area for maintenance, repair or improvement of a Home or common element and subject to the rules of the Board of Managers (see By-laws, Article VIII). Any portion of the common elements which is not restricted in use may be used by any Home Owner.

The common elements are not subject to partition nor are they severable from the Homes except in accordance with the Real Property Law. Following are detailed descriptions of the irrevocably restricted common elements:

The deck, balcony or patio located adjacent to a Home is restricted in use to the Owner of such Home.

The common elements shall remain undivided and no Home Owner shall bring any action for partition or division unless otherwise provided by law.

The percentage of the undivided interest in the common elements established herein shall not be changed except with the consent of all of the Home Owners affected expressed in a duly recorded amendment to this Declaration.

The undivided interest in the common elements shall not be separated from the Home to which it appertains and shall be deemed conveyed or encumbered with the Home even though such interest is not expressly mentioned or described in the conveyance or other instrument.

SIXTH: Easements. All pipes, wires, conduits and public utility lines located within each Home shall be owned by such Home Owner. Any portion of such pipes, wires, conduits and public utility lines located in the common elements including electric meter banks located on the exterior of a home and servicing one or more other homes, will be owned in common by the Home Owners. The Board of Managers shall have a right of access to all common elements for maintenance, repair or improvement whether such common elements are restricted or not.

The Owner, its successors, assigns, and purchasers, reserves the easements, licenses, rights and privileges of a right-of -way in, through, over, under and across the common elements of the Condominium for the purpose of completing construction and sale of Homes and facilities in the condominium and, towards this end, reserves the right to grant and reserve easements and rights-of- way in, through, under, over and across the common elements for the installation, maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage, cable television and other utilities and for any other materials or services necessary for the completion of the work. The owner, its successors, assigns, and purchasers, also reserve the right to connect with and make use of the utility lines, wires, pipes, conduits, cable television, sewers and drainage lines which may from time to time be in or along the streets and roads or other areas of the common elements. Finally, the Owners, its successors, assigns and purchasers reserve the right to continue to use the common elements and any facilities, sales offices, model homes, signs and parking spaces located on the common elements,

in its efforts to market homes constructed in the Condominium. This paragraph shall not be amended without the consent of the Owner.

SEVENTH: Service of Process: Service of process on the Home owners in any action with relation to the common elements shall be made upon the Board of Managers of Chocolate Factory Condominium, Borough of Brooklyn, County of Kings, State of New York.

EIGHTH: Common Interest. Each Home Owner shall have one vote for each percentage of common interest set forth in Exhibit A. The percentage of interest of each home in the common elements has been based on the approximate proportion that the fair value of each unit bears to the aggregate fair value of all the units.

NINTH: Administration. The administration of the Condominium, the Community and parcel of land described herein shall be in accordance with the provisions of this Declaration and with the provisions of the By-laws which are made a part of this Declaration and are attached hereto as Exhibit "C".

TENTH: Amendments and Withdrawal.

(a) The dedication of the property to condominium ownership herein shall not be revoked or the property withdrawn from Condominium ownership unless 80% of the Home Owners in number and in common interest and the first mortgagees, if any, of each of these same homes agree to such revocation or removal of the property from the Plan by duly recorded instruments.

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

(i) No amendment shall change any condominium parcel, nor a home owner's proportionate share of the common charges, nor the voting rights appurtenant to any home, unless all of affected record owner(s) in number and common interest thereof and the first mortgagees, if any, of each of these same homes agree to such revocation by recorded instrument.

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

There shall be a presumption for a period of 60 days subsequent to the recording of the amendment that the vote of the home owners was made at a duly called meeting and that the requisite voting percentage was obtained. After the 60 day period such presumption will be deemed conclusive.

(c) Any amendment to this Declaration shall not take effect until it is recorded in the Office of the Clerk of the County of Kings. Irrespective of any other provision of this Declaration, no action for partition or division of the common elements shall be brought nor shall this plan of condominium ownership be terminated where such partition, division or termination will result in a violation of the then existing local zoning and building laws and codes.

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

TWELFTH: Common Charges. All sums assessed as common charges by the Board of Managers of the Condominium but unpaid together with the maximum interest permitted in New York thereon, chargeable to any Home Owner shall constitute a lien on his Home prior to all other liens except: (a) tax or assessment liens on the Home by the taxing subdivisions of any governmental authority, including but not limited to State, County, City, and School District taxing agencies; and (b) all sums unpaid on any first mortgage of record encumbering any Home. 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 Home). In the event the proceeds of the foreclosure sale are not sufficient to pay such unpaid common charges, the unpaid balance shall be charged to all Home Owners as a common expense. However, where the holder of an institutional mortgage of record, or other purchaser of a Home at a foreclosure sale of an institutional mortgage, obtains title to the Home as a result of foreclosure, or the institutional mortgage holder obtains title by conveyance in lieu of foreclosure, such acquirer of title, his successors or assigns, shall not be liable and the Home shall not be subject to a lien for the payment of common charges chargeable to such Home which were assessed and became due prior to the acquisition of title to such Home by such acquirer. In such event, the unpaid balance of common charges will be charged to all other Home Owners as a common expense. The term "institutional mortgage" herein used shall mean a first mortgage granted by a bank, savings and loan association, life insurance company, pension fund, trust company or other institutional lender or a mortgage granted by the Owner to a purchaser of a Home or in which the Owner participates with one of the above.

Every Home Owner shall pay the common charges assessed against him when due and no Home 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 Home. However, no Home Owner shall be liable for the payment of any common charges accruing subsequent to a sale, transfer or other conveyance by him of such Home made in accordance with Section 339-x of the Real Property Law or in accordance with the provisions of this Declaration and the By-laws.

THIRTEENTH: Homes Acquired by the Board. In the event any Home Owner shall convey his Home 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 Home at a foreclosure sale in accordance with Article IX of the By-laws, title to such Home or the rights to the lease of such Home shall be held by the Board of Managers or its designee on behalf of all of the other Home Owners.

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

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

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

SIXTEENTH: Conveyance of a Home. In any conveyance of a Home, either by voluntary instrument, operation of law or judicial proceeding in accordance with this Declaration or the By-laws, the Grantee of the Home 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

Home 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 Home at a foreclosure sale of an institutional mortgage.

SEVENTEENTH: Covenants and Restrictions. The use of the Home by the Home Owner or other occupant shall be subject to the rules, regulations and provisions of this Declaration, the By-laws and Rules and Regulations of the Board of Managers and the following covenants and restrictions:

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

(b) No alterations to the exterior of the Home or any part of the common elements may be made and no structure may be built on any portion of the common elements or restricted common elements without the written consent of the Board of Managers. No alterations to the inside of a Home which would impair the structural soundness of the Building may be made without the written consent of the Board of Managers. Consent may be requested by mailing a letter, certified mail, return receipt requested to the Management Agent, if any, or to the President of the Board of Managers, if no Management Agent is employed. The Board of Managers shall have the obligation to answer within sixty days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

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

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

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

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

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

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

(i) Occupancy of the Homes shall be restricted to Residential Occupancy in accordance with the applicable zoning regulations of the municipality having jurisdiction over the Community.

(j) No Home Owner may alter the landscaping located on the common elements.

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

CHOCOLATE PARTNERS LLC

by: _____

(Acknowledgement and Schedule A)

EXHIBIT A TO DECLARATION

Unit No.	Percentage of Common Interest	Tax Lot Number
(To be completed prior to filing of Declaration		

BY-LAWS

of

CHOCOLATE FACTORY CONDOMINIUM

MARVIN L. SCHWARTZ, ESQ.
52 South Main Street
Spring Valley, New York 10977

SCHEDULE H

BY-LAWS
OF
CHOCOLATE FACTORY CONDOMINIUM

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BY-LAWS
OF
CHOCOLATE FACTORY CONDOMINIUM

ARTICLE I. PLAN OF CONDOMINIUM OWNERSHIP

Section 1. Condominium Home Ownership. The property located at 689 Myrtle Avenue, Borough of Brooklyn, County of Kings, as specifically set forth in the Declaration and more commonly known Chocolate Factory Condominium has been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York.

Section 2. By-laws Applicability. The provisions of these By-laws are applicable to the Condominium. The term "Condominium" as used herein shall include the land and the building and improvements thereon including the Condominium Homes (hereinafter referred to as "Homes"), and the common elements and the use and occupancy thereof, the Term Building" as hereinafter used shall be defined as the exterior walls and roof of a Home or number of Homes all of which are constructed under a continuous roof or the entire interior and exterior of any building or structure which shall form a portion of the Condominium but which does not contain any of the Homes.

Section 3. Personal Application. All present or future Home Owners, mortgagees and lessees, or their employees, guests or any other person that might use the facilities of the Community in any manner are subject to these By-laws, the Declaration and any Rules and Regulations established by the Board of Managers. The mere acquisition or rental of any of the Homes or the mere act of occupancy of any of said Homes 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 Home Owners. "Home Owner" as referred to herein shall mean all of the owners of each Home.

Section 2. Voting. Each Home Owner (including the Sponsor and the Board of Managers, if the Sponsor or the Board of Managers shall then own or hold title to one or more Homes) shall be entitled to cast one vote at all Home Owners' meetings for each Home or Homes owned by such Home owner, 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 Home Owners as shall represent at least 51% of the total authorized votes of all Home Owners present in person or represented by written proxy shall constitute a quorum at all meetings of the Home Owners for the transaction of

business, except as otherwise provided by Statute, by the Declaration, or by these By-laws. If, however, such quorum shall not be present or represented at any meeting of the Homes Owners, the Home 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, 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 Home 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 Home 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 Home Owners, every Home 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 Home 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 Home Owners may be dispensed with if all Home 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 Home Owners as may be designated by the Board of Managers.

Section 9. Annual Meetings Control of Board of Managers by Sponsor. Within one year after the transfer of title to the first Home, the Sponsor shall call the first annual Home Owners meeting. At such meeting a new Board of Managers shall be elected by the Home Owners and the former members of the Board shall thereupon retire. Thereafter annual meetings shall be held on the anniversary of such date each succeeding year. At such meetings there shall be elected by ballot of the Home Owners a Board of Managers in accordance with the requirements of Article III of these By-laws. The Home Owners may also transact such other business of the Condominium as may properly come before them. The Sponsor will have voting control of the Board of Managers until the fifth anniversary of the recording of the Declaration of Condominium or

until 75% of the Homes in the Community are sold, whichever occurs first. At the second annual meeting, and at all successive meetings, Sponsor may not cast its vote to elect a majority of-the Board of Managers but may cast its votes to elect no more than two members of the Board of Managers.

Section 10. Special Meetings. It shall be the duty of the President to call a special meeting of the Home Owners as directed by the Board of Managers or upon a petition signed by a majority of the Home 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 Home Owner of record, at least five but not more than ten days prior to such meeting. The mailing of a notice in the manner provided in these By-laws shall be considered notice served.

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

(a) Roll Call
(b) Proof of notice of meeting or waiver of notice
(c) Reading of minutes of preceding meeting
(d) Report of officers
(e) 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

Section 13. Arbitration. In case of a deadlock vote, or where the Board of Managers is unable to obtain a quorum after three attempts to convene duly noticed meetings, the Unit owners shall submit their dispute for binding arbitration by a duly constituted rabbinical court or the American Arbitration Association.

ARTICLE III. BOARD OF MANAGERS

Section 1. Number and Term. The affairs of the Condominium shall be governed by a Board of Managers. The first Board of Managers shall be designated by the Sponsor who shall hold office and exercise all powers of the Board of Managers until the first annual meeting of the Home Owners. Until succeeded by the Managers elected at the first annual meeting of Home Owners, Managers need not be Home Owners; thereafter, all Managers other than designees or nominees of the Sponsor shall be Home Owners. The Managers shall be elected at the annual meeting of the Home Owners. At the first annual meeting of Home Owners called pursuant to Section 9 of Article II, three (3) Managers shall be elected by the Home Owners. The term of office of one of the

Managers shall be fixed for three (3) years, the term of office of one of the Managers shall be fixed at two (2) years, and the term of office of one of the Managers shall be fixed at one (1) year. Separate ballots shall be conducted for each of the three terms of office. Each Home Owner shall be entitled to cast one vote on each ballot for each Home he owns. The two or one nominees(s) on each of the ballots, as the case may be, receiving the highest number of votes on their ballot shall constitute the duly elected Board of Managers. At the expiration of the initial term of office of each respective Manager, his successor shall be elected to serve a term of three (3) years. The Managers shall hold office until their successors have been elected and hold their first meeting. Notwithstanding the foregoing, the Sponsor shall have the right to designate three members of the Board of Managers until the fifth anniversary of the recording of the Declaration of Condominium or until 90% of the Homes in the Condominium are closed, whichever occurs first. After Sponsor turns over control it will have the right to designate one Member of the Board so long as it continued to own at least one Home. This Section 1 may not be amended without the written consent of Sponsor.

Section 2. Vacancy and Replacement. If the office of any Manager or Managers becomes vacant by reasons of death, resignation, retirements, 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 First Board of Managers (see Section 4 of this Article III) 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 Home Owners. No manager other than a member of the First Board of Managers shall continue to serve on the Board if, during his term of office, he shall cease to be a Home Owner.

Section 4. First Board of Managers. The first Board of Managers shall consist of the Sponsor, who shall hold office and exercise all powers of the Board of Managers until the first annual meeting of Home Owners. A Home Owner, who is independent of the Sponsor, shall be elected by a majority of the Home Owners other than Sponsor to the first Board at a meeting held within 60 days of the closing of title to the first Home. 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 resignation or death in the manner set forth in Section 2 of this Article.

Section 5. Powers. The property and business of the Condominium shall be managed by its Board of Managers, which may exercise all such 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 Home 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 Home Owners pro-rata according to their respective common interest;

2. To collect, use, and expend the assessments collected to maintain, care for and preserve the Homes, Buildings, and other common elements;

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

4. To enter into and upon the Homes when necessary and at as little inconvenience to the Home Owners 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 Home 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 Home Owners of the property for violations of the house rules or rules and regulations herein referred to;

8. To make reasonable rules and regulations and to amend the same from time to time, and such rules and regulations and amendments shall be binding upon the Home Owners when the Board has approved them in writing. A copy of such rules and all amendments shall be delivered to each Home;

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

10. To bring and defend actions by or against more than one Home Owner and pertinent to the operation of the Condominium and to levy special assessments to pay for the cost of such litigation;

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

12. To make additions, alterations, or improvements to the common elements of the Community, the cost of which addition, alteration, or improvement does not exceed $5,000. The Board of Managers may make additions, alterations or improvements to the common elements costing in excess of $5,000 only with the approval of a majority of the Homeowners. While the Sponsor is in control of the Board of Managers, the Board may make additions, alterations, or improvements to the common elements costing in excess of $2,500 or enter into service or maintenance contracts the duration of which will extend more than one year after the Sponsor loses control of the Board of Managers, only with the approval of a majority of the Home Owners, excluding the Sponsor, voting at a duly held meeting of the Home Owners;

13. 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 (i) the consent of at least 66-2/3% in number of all Home 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 $10,000 and (ii) no lien to secure repayment of any sum borrowed may be created on any Home or its appurtenant interest in the common elements without the written consent of the Owner of said Home;

14. To institute proceedings to contest the real estate tax assessment against the Homes with the consent of all the Home Owners;

15. To enter into contracts with to provide maintenance and other services which are the duty of the Board of Managers to provide;

16. 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 Home 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 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;

17. Notwithstanding anything to the contrary contained in these By-laws, so long as the Sponsor or its designee shall continue to own Homes representing 5% or more in common interest, or five years after the date of the filing of the Declaration of Condominium whichever shall first occur, the Board of Managers may not, without the Sponsor's prior written consent: (i) make an addition, alteration or improvement to the common elements or to any Home, costing cumulatively more than $10,000, the foregoing not to include necessary repairs and maintenance work, or (ii) assess any common charges for the creation of, addition to, or replacement of all or part of a reserve, contingency or surplus fund, or (iii) hire any employee in addition to the employees referred to in the Plan of Condominium ownership, or iv) enter into any service or maintenance contract for work not covered by contracts in existence on the date the said Plan is declared effective or (v) borrow money on behalf of the Condominium, or vi) reduce the services or maintenance set forth in Schedule B of Chocolate Factory Condominium Offering Plan. The provisions of this paragraph may not be amended without the written consent of Sponsor.

Section 6. Repairs and Maintenance. All maintenance, repairs and replacements to the common elements of the property including but not limited to exterior walls, roof and roof members as well as all maintenance, repairs and replacements to any public utility lines as are located in the common elements and serve one or more Homes, and exterior maintenance shall be a common expense. All maintenance (including electrical and plumbing repairs in the Homes and painting and decorating of the inside of the Homes), repairs and replacements to the Homes including windows (including all glass breakage), doors, windows and doors which open from a Home (except painting and maintenance of the exterior surface which is performed by the Board of Managers), and repairs to the heating/air conditioning system, pipes, wires and conduits located within or without the same Home other than as set forth above shall be made by the respective Home Owners at their own expense. However, the Board of Managers shall repair and replace any public utility lines located underground or overhead of any irrevocably restricted common element except where such repair or replacement is necessitated because of the negligence or misuse or neglect of the Home Owner to which the common element is restricted in use, in which event such Home Owner shall make such repairs or replacements at his own expense. The Board of Managers and its agents, employees and contractors shall have a right of access to any Home and to all portions of the common elements for the purpose of carrying out any of its obligations under these By-laws or the Declaration of the Condominium. The Board of Managers will provide snow plowing for the roadways located on the property. All replacements, repairs, painting or maintenance, whether made by the Home 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 materials, style and color initially provided by the Sponsor. In the event that a Home Owner fails to make any maintenance or repair which maintenance or repair is necessary to protect any of the common elements or any other Home, the Board of Managers shall have the right to make such maintenance or repair (after the failure of the Home Owner to do so after 10 days written notice, or written or oral notice of a shorter duration in the event of any emergency situation) and to charge the Home Owner for the cost of all such repairs and/or maintenance. In the event that the Board of Managers charges a Home Owner for repairs or maintenance to his Home or for repairs to any common element restricted in use to such Home Owner, and-the Home Owner fails to make prompt payment, the Board of Managers shall be entitled to bring suit thereon and, in such event, the Home Owner shall be liable for the reasonable Attorneys' fees and costs of such suit or proceeding together with interest on all sums due.

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

Section 8. Meetings. (a) The first meeting of each Board newly elected by the Home 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 Home Owners meetings, and immediately after the adjournment of same, at which time the dates, places and times of regularly scheduled meetings of the Board shall take place.

(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 two (2) days notice to each manager either personally or by mail or telegram. Special meetings shall be called by the President or Secretary in a like manner and on like notice on the written request of at least 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 thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(e) Before or at any meeting of the Board of Managers, any 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 a 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.

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

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

Section 11. Management Agent. The Board of Managers may employ for the Condominium a management 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, all of the delegable duties of the Board listed in this Article. While Sponsor is in control of the Board of Managers it will not enter into contracts which bind the Condominium for a period of more than two years (except Cable Television agreements) after the recording of the Declaration unless the contract provides that it may be cancelled by the Condominium upon 90 days notice.

Section 12. Liability of the Board of Managers, Officers and Home 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 Home Owners as a group only and that no member of the Board of Managers, Officer of the Condominium nor individual Home Owners shall be liable for such contract, agreement or commitment. The Home Owners shall be liable as a group under such contract, agreement or commitment but the liability of each Home Owner shall be limited to such proportion of the total liability thereunder as his common interest bears to the common interest of all Home owners. The Board of Managers and officers of the Condominium shall have no liability to the Home Owners in the management of the Community except for wilful misconduct or bad faith and the Home Owners shall severally indemnify all members of the Board of Managers and Officers of the Condominium 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 Home Owners shall, however, be limited as to each Home Owner to such proportion of the total liability thereunder as such Home Owner's common interest bears to the common interest of all Home 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 Home Owners or members of the First Board of Managers. 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 Home 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 Home Owners and Managers, he 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 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 Home 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 Home 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 he 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 Home which, among other things, shall contain the amount of each assessment of common charges against such Home, 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 by the President or such other person as may be designated by the Board of Managers.

ARTICLE V. NOTICES

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

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

ARTICLE VI. FINANCES

Section 1. Checks. All checks or demands for money and notes of the Condominium shall be signed by the President and Treasurer, or by such other officer or

officers or such other person or persons as the Board of Managers 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 Home Owner and mortgagee. They shall determine the total amount required, including the operational items such as insurance, repairs, reserves, betterments, maintenance of the common elements and other operating expenses as well as charges to cover any deficits from prior years. The total annual requirements shall be assessed as a single sum against all Homes and prorated against each of said Homes according to the respective common interest appurtenant to such Homes. This perorations of assessments shall remain constant regardless of the percentage of the building square footage included in each Home or the common elements restricted to the use of the Home Owner of said Home. Said assessments shall be payable monthly in advance as ordered by the Board of Managers. Special assessments, should such be required, shall be levied and paid in the same manner as hereinabove provided for regular assessments. The Home Owner agrees to pay promptly when due the monthly and all special assessments assessed against his own Home. In the event of a default in payment of monthly common charge assessments by any Home Owner, the Board, at its sole option, may declare the common charge assessment on said Home Owner's Home 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 Home Owner and the mortgagee, if any, of such Home giving the Home Owner a five day grace period in which to make his payment. The Board may charge the delinquent Home Owner a monthly fee of not more than fifteen dollars to cover the additional burden to the Board occasioned by the lack of timely payment. Interest at the highest legal rate al pi heter iska 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 Home Owner. Special assessments, should such be required, shall be levied and paid in the same manner as hereinabove provided for regular assessments. The Board shall take action to collect any common charges due from any Home Owner which remains unpaid 90 days from its due date by way of foreclosure of the lien on such Home in accordance with Section 339 of the Real Property Law or otherwise.

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

Section 3. Foreclosures of Liens for Unpaid Common Charges. The Board shall have the power to purchase any Home at a foreclosure sale resulting from any action

brought by the Board to foreclose a lien on the Home 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 Home. A suit to recover a money judgment for unpaid common charges shall also be obtainable separately without waiving the lien on the Home.

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

Section 5. Liability for Electricity. All electricity consumed in the Homes shall be an expense of each individual Home 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 Homes. Disbursements from said account shall be for the general need of the operation including, but not limited to, wages, repairs, betterments, maintenance and other operating expenses of the common elements and for the purchase, lease, sale or other expenses resulting from the purchase or lease of Homes.

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

ARTICLE VII. INSURANCE AND INSURANCE TRUSTEE

Section 1. Insurance to be Carried by the Board. 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 Homes and the bathroom, kitchen and laundry fixtures, cabinets and equipment initially installed therein by the Sponsor, together with all heating, hot water equipment and other service machinery contained therein, covering the interest of the Condominium, the Board of Managers and all Home Owners and their mortgagees, as interest may appear, in an amount equal to the full replacement value of the Buildings. Each of such policies shall contain a New York standard mortgagee clause in favor of each mortgagee of a Home which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee hereinafter set forth; and such other insurance as the Board of Managers may determine. All such policies shall provide that adjustment of loss shall be made by the Board of Managers with the approval of the Insurance Trustee, and that the net proceeds thereof, if $40,000 or less, shall be payable to the Board of Managers, and if more than $40,000 shall be payable to the Insurance Trustee.

The fire insurance will commence with the closing of title to the first Home in an amount as required by the mortgagee of such Home and such amount will be increased upon the closing of title to all Homes and until the first meeting of the Board of Managers following the first Home Owners meeting, such amount shall be at least in the sum of $7,000,000 to cover all 43 units.

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 Home owners or of the invalidity arising from any acts of the insureds or any Home 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 Homes. 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 Homes at least ten (10) days prior to expiration of then current policies Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Managers shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the Buildings, including all of the common elements appurtenant thereto for the purpose of determining the amount of fire insurance to be effected pursuant to this Section.

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable, public liability-insurance in such limits as the Board of Managers may from time to time determine, covering each member of the Board of Managers, the managing agent and each Home Owner. Such public liability coverage shall also cover cross liability claims of one insured against another. Until the first meeting of the Board of Managers following the first annual Home Owners meeting, such public liability insurance shall be in a single limit of $1,000,000 covering all claims for bodily injury and for property damage arising out of one occurrence. Such public liability insurance shall commence on the closing of title to the first Home.

Home 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 Home Owner.

Section 2. The Insurance Trustee. A New York Bank or Trust Company shall be the Insurance Trustee and shall constitute a common expense of the Condominium. In the event the Insurance Trustee resigns or fails to qualify, the Board of Managers shall designate a new Insurance Trustee which shall be a bank or trust company located in the State of New York.

Section 3. Restoration or Reconstruction After Fire or Other Casualty. In the event of damage to or destruction of the Buildings as a result of fire or other casualty (unless 75% or more of the Homes are destroyed or substantially damaged and 75% or more of the Home 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 Buildings (including any damaged Homes, and 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 Home Owners in the Homes), and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a common expense and the Board of Managers may assess all the Home Owners for such deficit as part of the common charges.

If 50% or more of-the Homes are destroyed or substantially damaged and 75% or more of the Home Owners do not duly and promptly resolve to proceed with repair or restoration, the Property shall be subject to an action for partition at the suit of any Home Owner or lienor, as if owned in common in which event the net proceeds of sale, together with the net proceed of insurance policies (or if there shall have been a repair or restoration pursuant to the first paragraph of this Section 3, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration then the excess of such insurance proceeds) shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among all the Home Owners in proportion to their respective common interests, after first paying out of the share of each Home Owner the amount of any unpaid liens on his Home, in the order of the priority of such liens.

ARTICLE VIII. HOUSE RULES

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

Section 2. All Homes shall be used for residential purposes

Section 3. Owners of a Home, 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 4. The common elements shall not be obstructed, littered, defaced or misused in any manner.

Section 5. Every Home 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 Home Owner or such other person for whose conduct he is legally responsible.

Section 6.

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

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

Section 7. A Home Owner may not make any alterations to the exterior of the Home or any part of the common elements nor may any structure be built on any portion of the common elements or restricted common elements without the written consent of the Board of Managers. No alterations to the inside of a Home may be made without the written consent of the Board of Managers. Consent may be requested by mailing a letter, certified mail, return receipt requested to the Management Agent, if any, or to the President of the Board of Managers, if no Management Agent is employed. The Board of Managers shall have the obligation to answer within sixty days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

Section 8.

(a) No resident of the Community shall post any advertisement or posters of any kind in or on the Community except as authorized by the Board of Managers.

(b) It is prohibited to hang garments, rugs, etc., from the windows or from the Building or to string clothes lines on or over the common elements or to use any of the common elements for storage purposes.

(c) No Home Owner shall paint the exterior surfaces of the windows, walls or doors opening out of his Home.

(d) No fence or gate shall be erected in the Community without the prior written consent of the Board of Managers nor may any existing wall or fencing be altered without the written consent of the Board of Managers.

(e) Commercial license plate vehicles may not be parked in the Community for a period in excess of 24 hours.

ARTICLE IX. DEFAULT

In the event a Home Owner does not pay any sums, charges or assessments required to be paid when due, the Board of Managers, acting in behalf of the Board shall notify the Home Owner and the mortgagee, if any, of such Home. If such sum, charge or assessment shall remain unpaid for 90 days after the giving of such notice, the Board may foreclose the lien encumbering the Home as a result of the non-payment of the required monies as set forth in the Declaration (subject to the lien of any first mortgage), in the same manner as the foreclosure of a mortgage. In the event the owner of a Home does not pay the assessment required to be paid by him within thirty (30) days of its due date, said sum shall bear interest at the maximum amount permitted by the State of New York from its due date and said Home Owner shall be liable for the Condominium's reasonable costs and a reasonable attorney's fee incurred by it incident to the collection or enforcement of such lien.

ARTICLE X. AMENDMENTS

These By-laws may be altered, amended or added to at any duly called Home 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 percent (80%) of the Home Owners in number and common interest and (3) said amendment shall be set forth in a duly recorded amendment to the Declaration. However, no amendment will affect or impair the validity or priority of the Home Owners I interest and the interests of holders of a mortgage encumbering a Home or Homes.

In addition, in the case of material changes, approval must be obtained from first mortgage holders representing at least 51% of the votes of Homes that are subject to first mortgages. A change to any of the following would be considered as material: voting rights; assessments, assessment liens, or subordination of assessment liens; reserves for maintenance, repair and replacement of common areas; responsibility for maintenance and repairs; reallocation of interests in the general or limited common areas, or rights to their use; boundaries of any Home; convertibility of Homes into common areas or vice versa; expansion or contraction of the project, or the addition, annexation or withdrawal of property to or from the project; insurance or fidelity bonds; leasing of Homes; imposition of any restrictions on a Home Owner's right to sell or transfer his or her unit; a decision by the Condominium to establish self management when professional management had been required previously by an eligible mortgage holder; restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the documents; any action to terminate the legal status of the project after

substantial destruction or condemnation occurs; or any provisions that expressly benefit mortgage holders, insurers or guarantors.

ARTICLE XI. SELLING; MORTGAGING AND LEASING HOMES

Section 1. Selling and Leasing Homes. Any Home may be conveyed or leased by its Home Owner free of any restrictions except that no Home Owner shall convey, mortgage, pledge, hypothecate, sell or lease his Home unless and until all unpaid common charges assessed against his Home shall have been paid to the Board of Managers. However, such unpaid common charges can be paid out of the proceeds from the sale of a Home, or by the Grantee. Further, a Home Owner may convey his Home and his common interest appurtenant thereto, to the Board of Managers on behalf of all Home Owners free of any cost to the Board or the Home Owners and upon such conveyance such Home Owner shall not be liable for any common charges thereafter accruing against such Home. Any sale or lease of any Home in violation of this section shall be voidable at the election of the Board of Managers.

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

Whenever the term "Home" is referred to in this section, it shall include the Home, the Home Owners undivided interest in the common elements and the Home Owners interest in any Homes acquired by the Board of Managers.

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

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

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

ARTICLE XII.CONDEMNATION

In the event all or part of the common elements are taken in condemnation or eminent domain proceedings, the award from such proceedings shall be paid to the Insurance Trustee if the award is more than $40,000 and to the Board of Managers if the award is $40,000 or less, to be distributed in accordance with Section 3 of Article VII but in the following amounts:

(a) So much of the award as is applicable to unrestricted common elements, to the Home Owners pro rata according to the respective common interest appurtenant to the Homes owned by such Home Owners.

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

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

ARTICLE XIII. MISCELLANEOUS

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

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

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

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

Section 5. Examination of Books and Records. Every Home Owner or his representative and mortgagee shall be entitled to examine the books and records of the condominium on reasonable notice to the Board but not more often than once a month.

Section 6. Construction. Wherever the masculine singular form of the pronoun is used in these By-laws, it shall be construed to mean the masculine, feminine or neuter; singular or plural; wherever the context so requires.

Section 7. Compliance with Article 9-B. These By-laws are set forth to comply with the requirements of Article 9-B of the Real Property Laws of the State of New York. In case any of these By- laws conflict with the provisions of said Statute or of the Declaration, the provisions of the Statute or of the Declaration, whichever the case may be, shall control.

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

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

Re: _____
Address of Building or Name of Project

File Number: _____

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

1. Name of Applicant _____

2. Address of Applicant _____

_____

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

_____

_____

4. This is an application for

[ ] return of downpayment.
[ ] forfeiture of downpayment.
[ ] other: _____

_____

5. The project is [ ] a conversion of occupied premises.
[ ] newly constructed or rehabilitated.
[ ] vacant (as is).

6. The project is structured as
[ ] a cooperative.
[ ] a condominium.
[ ] a homeowners association.
[ ] a timeshare.

[ ] other: _____

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: _____

_____

ESCROW AGREEMENT

AGREEMENT made this _____ day of_____, 2001, between the Sponsor of the offering plan for CHOCOLATE FACTORY CONDOMINIUM, "Chocolate Partners LLC", and MARVIN L. SCHWARTZ, 52 South Main Street, Spring Valley, New York, ("Escrow Agent") as Escrow Agent.

WHEREAS, Chocolate Partners LLC, is the Sponsor of an offering plan ~~to convert~~ / to develop a ~~cooperative~~ / condominium / ~~home owner association~~ (strike out inapplicable provisions), the premises located at 689 Myrtle Avenue, Brooklyn, New York which premises are known as Chocolate Factory Condominium; and

WHEREAS, Marvin L. Schwartz, is authorized to act as an escrow agent hereunder in accordance with General Business Law ("GBL") Section 352-e(2-b) and the New York State Attorney General's ("Attorney General") 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 the North Fork Bank (depository bank) at its branch located at North Main Street, New City, New York. The account number is TBA.

1.2 The name of the account is "Attorney IOLA Account, Chocolate Factory Condominium, Escrow Account".

1.3 The 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 or an amendment thereto.

1.5 The escrow account is / ~~is not~~ (cross out inapplicable provision) an Interest-on-Lawyer Account ("IOLA") account 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 shall be made payable to, or endorsed by the purchaser or subscriber to the order of Marvin L. Schwartz, as escrow agent for Chocolate Factory Condominium offering plan. Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser or subscriber promptly, but in no event more than five (5) business days following receipt of such instrument by Escrow Agent. In the event of such return of funds, the instrument shall be deemed not to have been delivered to Escrow Agent pursuant to the terms of this Agreement.

2.2 Sponsor shall deliver to the Escrow Agent all deposits submitted pursuant to a subscription or purchase agreement, within three (3) business days after tender of the deposit by a prospective purchaser to the Sponsor or any agent engaged by the Sponsor, along with the form of tender of deposit attached hereto as Exhibit A to this Escrow Agreement, executed by the Sponsor.

2.3 Within ten (10) business days after tender of the deposit submitted with the subscription or purchase agreement, the Escrow Agent shall notify the purchaser of the deposit of such funds in the bank indicated in the offering plan or amendment thereto, 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 the tender of the deposit, the purchaser may cancel the subscription or purchase agreement 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 the escrow regulations promulgated by the Attorney General 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 deposited by 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 (d) 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 an 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.

3.5 Escrow Agent shall disburse the purchaser's deposit(s) escrowed under this Escrow Agreement within twenty (20) business days after the escrowed funds are permitted to be released in accordance with this Agreement.

4. RECORDKEEPING

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

4.2 Upon the dissolution of a law firm which was the 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 acknowledged its fiduciary obligations.

5.3 No disbursement need or will be made by Escrow Agent until the deposit has actually and finally cleared Escrow Agent's account.

5.4 Escrow Agent shall only be responsible for monies actually received and cleared, and monies earned thereon, if any.

5.5 Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine, may assume the validity and accuracy of any statements or assertions contained in such writing or instrument; and may assume that any person purporting to give any writing, notice, advice or instruction in connection with the provisions hereof has been duly authorized to do so.

5.6 Escrow Agent undertakes to perform only such duties as are expressly set forth in this Agreement and the Escrow Regulations promulgated by the New York State Attorney General's Office, and no implied duties or obligations shall be read into this Agreement against Escrow Agent.

6. RESPONSIBILITIES OF SPONSOR

6.1 Sponsor agrees that Sponsor and its agents, including any selling agents, shall within three (3) business days of receipt of all deposits and payments deliver to Escrow Agent all such deposits and payments received by them prior to closing of an individual transaction.

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. INDEMNIFICATION

7.1 Escrow Agent shall not be liable for Sponsor's failure to tender the purchasers' funds to Escrow Agent within three (3) business days, for any mistakes of fact or errors of judgment, or for any acts or omissions of any kind unless caused by its willful misconduct or gross negligence, and Sponsor agrees to indemnify and hold Escrow Agent harmless from any claims, demands, causes of action, liability, damages, judgments, including the cost of defending any action against it together with any reasonable attorneys' fees incurred therewith and/or reasonable value of services rendered by Escrow Agent's litigation attorneys representing Escrow Agent pro se, in connection with Escrow Agent's undertaking pursuant to the terms and conditions of this Escrow Agreement, unless such act or omission is a result of the willful misconduct or gross negligence of Escrow Agent.

7.2 Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner or execution, or validity of any written instructions delivered to it, nor as to the identity, authority, or rights of any person executing the same.

7.3 The duties of Escrow Agent shall be limited to the safekeeping of the deposits and for disbursements of same in accordance with the written instructions described in this Agreement.

8. TERMINATION OF AGREEMENT

8.1 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.

(d) Escrow Agent shall have no responsibility to verify qualifications of any successor escrow agent.

8.2 Upon termination of the duties of Escrow Agent as described in Paragraph 8.1 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 designated in the duly filed amendment related thereto.

8.3 Upon delivery of all funds held by the Escrow Agent to the new escrow agent pursuant to 8.2 supra, this Agreement shall be terminated and the Escrow Agent shall be released from all liability hereunder.

8.4 Upon Escrow Agent disbursing the deposit of an individual purchaser in accordance with the provisions of this Agreement, the escrow obligation's shall terminate as regards said purchaser's deposit, and Escrow Agent shall thereafter be released of all liability in connection with said purchaser.

9. MISCELLANEOUS

9.1 In the event of a good faith disagreement about the interpretation of this Agreement, or about the rights and obligations, or the propriety, of any action contemplated by Escrow Agent hereunder, Escrow Agent may, at its sole discretion, retain purchaser's deposits and payments in escrow and apply to the Attorney General for a determination on the disposition of the down payment or file an action and deposit any applicable funds in court to resolve said disagreement. Escrow Agent shall be indemnified by Sponsor for all costs, including reasonable attorneys' fees or reasonable value of services rendered by Escrow Agent's litigation attorneys representing Escrow Agent pro se, in connection with the aforesaid action. No such action shall be filed where the Escrow Agent's required course of action is clearly dictated within this Agreement.

10. SUCCESSORS AND ASSIGNS

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

11. GOVERNING LAW

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

12. ESCROW AGENT'S COMPENSATION

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

13. SEVERABILITY

13.1 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.

14. ENTIRE AGREEMENT

14.1 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.

15. NOTICES

15.1 Any notice required to be given or given hereunder shall be given by depositing such notice in a post-paid wrapper, in an official depository under the exclusive care and custody of the United States Postal Services within New York State, or by Express Mail, Federal Express or similar overnight courier, facsimile transmission, messenger service (with proper receipt therefor), addressed to the party at the address hereinabove set forth with a copy of any such notice by regular mail to the attorney for such party as follows:

IF TO ESCROW AGENT: MARVIN L. SCHWARTZ
52 South Main Street
Spring Valley, New York 10977

IF TO SPONSOR: Chocolate Partners LLC
689 Myrtle Avenue
Brooklyn, New York 11205

Any notice may be given by the attorney for a party and shall have the same force as if given by the party. Either party may, by notice, change the address at which notices are to be given hereunder.

16. CAPTIONS AND HEADINGS

16.1 The captions and headings used in this Agreement are intended for convenience and reference only and shall not imply or convey any additional meanings to the contents of the respective provisions.

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

ESCROW AGENT:

By:

_____
Marvin L. Schwartz

SPONSOR: Chocolate Partners LLC

By:

_____
NIK LAVRINOFF

Nik Lavrinoff, President
Print Name and Title

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OFFERING PLAN

CHOCOLATE FACTORY CONDOMINIUM

689 Myrtle Avenue
Borough of Brooklyn
Kings County, New York

CERTIFICATIONS

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CERTIFICATION BY SPONSOR AND SPONSOR'S PRINCIPAL'S
PURSUANT TO 13 NYCRR 20.4(b)

State of New York Department of Law
120 Broadway - 23rd Floor
New York, New York 10271

Re: CHOCOLATE FACTORY CONDOMINIUM
KINGS COUNTY, NEW YORK

Gentlemen:

We are the Sponsors 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 underlaying facts.

We have exercised due diligence to form a basis for this certification. We jointly and severally certify that the Offering Plan does, and the document submitted hereafter by us which amend or supplement the Offering Plan, will:

1. Set forth the detailed terms of the transaction and be complete, current and accurate;
2. Afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;
3. Not omit any material fact;
4. Not contain any untrue statement of a material fact;
5. Not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sales;
6. Not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

7. Not contain any representation or statement which is false, where we: a) knew the truth; b) with reasonable

effort could have known the truth; c) made no reasonable effort to ascertain the truth, or d) did not have knowledge concerning the representation or statement made.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. I understand that violation are subject to the civil or criminal penalties of the General Business Law and Penal Law.

Very truly yours,

CHOCOLATE FACTORY LLC

by: _____
NIK LAVRINOFF, President

_____
NIK LAVRINOFF

Affirmed to before me this 21
day of SEPTEMBER, 2001.

_____
Notary Public

HENRY RADUSKY
Commissioner of Deeds
City of New York # 4-4596
County of Queens
Commission Expires 3-1-03

_____
LON BERNELL

Affirmed to before me this 25th
day of September, 2001.

_____
Notary Public

MARVIN L. SCHWARTZ
Notary Public, State of New York
No. 4924044
Qualified in Rockland County
Commission Expires Feb. 22, ~~199~~ 2002

BRICOLAGE
d·e·s·i·g·n·s
ARCHITECTS
PLANNERS
CONSULTANTS

CERTIFICATION BY SPONSOR'S ENGINEER OR ARCHITECT
PURSUANT TO PART 20.4 OF THE REGULATIONS
ISSUED PURSUANT TO GENERAL BUSINESS LAW,
ARTICLE 23-A, AS AMENDED

Department of Law of the
State of New York
120 Broadway, 23rd Floor
New York, New York 10271
Attention: Real Estate Financing Bureau

Re: 689 Myrtle Avenue
Brooklyn, New York

The Sponsor of the Offering Plan to convert the captioned property to condominium ownership has retained our firm to prepare a report describing the construction and/or renovation of the property (hereinafter "the Report"). I visually inspected existing portions of the renovated property, if any on April 6th, 2001. In addition to preparing the building plans and specifications, dated April 12th, 2001, we also prepared the Report dated, October 17th, 2001, a copy of which is intended to be incorporated into the Offering Plan, so that prospective purchasers may rely thereupon. I am a licensed Architect, registered in the State in which the property is located.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20, insofar as they are applicable to this "Report".

I have read the entire Report and investigated the facts set forth therein and the facts underlying it with due diligence in order to form a basis for this certification. This certification is made for the benefit of all persons to whom this offer is made. I certify that the Report does:

(i) set forth in narrative form the description and/or physical condition of the entire property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications which I examined.

(ii) in our professional opinion, afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the description and/or physical condition of the property as it will exist upon completion of construction provided that construction is in accord with the plans and specifications which I examined.

(iii) not omit any material fact;

(iv) not contain any untrue statement of a material fact;

(v) not contain any fraud, deception, concealment, or suppression;

1333 60th Street • Brooklyn, N.Y. 11219 • Tel. 718.435.9000 • Fax. 718.435.9855 • E-Mail: BricolageD@aol.com

(vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances.

(vii) does not contain any statement or representation as to the future which is false, where I:

(a) knew the truth;
(b) with reasonable effort could have known the truth;
(c) made no reasonable effort to ascertain the truth; or
(d) did not have knowledge concerning the representation or statements made.

I further certify that I am not owned or controlled by, and have no beneficial interest, in the Sponsors, and that my compensation for preparing the Report is not contingent on the conversion of the property to condominium ownership, or on the profitability or price of the Offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

DOUGLAS PULASKI, R.A.
N.Y.S. LIC. # 016482

BRICOLAGE DESIGNS
1333 60TH. STREET
BROOKLYN, N.Y.11219
Phone # (718) 435-9000

Sworn to before me this

18th day of Oct., 2001

Commissioner of Deeds

HENRY RADUSKY
Commissioner of Deeds
City of New York # 4-4596
County of Queens
Commission Expires 3-1-03

DAVID WAXMAN

REAL ESTATE
8 SUZANNE DRIVE
MONSEY, NEW YORK 10952
(845) 352-1903

Commercial
Industrial
Residential
Acreage
Investments
Appraisals

September 24, 2001

New York State Department of Law
120 Broadway - 23rd Floor
New York, New York 10271

Re: Chocolate Factory Condominium
Brooklyn, New York

Gentlemen:

The Sponsor of the condominium offering plan for the captioned property retained our firm to review Schedules B and B-1, containing projections of income and expense for the first year of condominium operation.

Our experience in this field includes: Our firm is a licensed real estate brokerage firm that has been engaged in the real estate business in the New York metropolitan area for over twenty-five years. We have extensive experience with condominium sales and projects. I have managed five to ten residential rental properties for the last ten years.

We understand that we are responsible for complying with the provisions of Article 23-A of the General Business Law, 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 Schedules and investigated the facts set forth in the Schedules and the facts underlying it with due diligence in order to form a basis for this certification. We also have 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 the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of condominium operation.

We certify that the Schedules:

1. set forth in detail the projected income and expenses for the first year of condominium operation;

2. affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of condominium operation;

3. does not omit any material fact;

4. does not contain any untrue statement of a material fact;

5. does not contain any fraud, deception, concealment, or suppression;

6. does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

7. does not contain any representation or statement which is false, where we: a) knew the truth; b) with reasonable effort could have ascertained the truth; c) made no reasonable effort to ascertain the truth, or d) did not have the knowledge concerning the representation or statement made.

We further certify that we are not owned or controlled by the Sponsor. We understand that a copy of this Certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the income and expenses for the first year of condominium operation.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil or criminal penalties of the General Business Law and Penal Law.

DAVID WAXMAN REAL ESTATE

by: _____

David Waxman

Affirmed to and sworn before me
this 24th day of September 2001.

_____

Notary Public

MARVIN L. SCHWARTZ
Notary Public, State of New York
No. 4924044
Qualified in Rockland County
Commission Expires Feb. 22, ~~1997~~ 2002

ASBESTOS STATEMENT

The Sponsor represents that no asbestos containing material (ACM) is present in the project or was or will be used in the construction of this project. That the building plans and specifications were designed without any ACM. That the Sponsor spoke with each sub-contractor and materialman to verify that no ACM was or will be used in the construction of this project.

That the Sponsor represents that no ACM is present in or will be used in the insulating or fire proofing materials anywhere in the building.

SCHEDULE L