
CONDOMINIUM OFFERING PLAN

**THE 579 WASHINGTON AVENUE CONDOMINIUM
579 WASHINGTON AVENUE
BROOKLYN, NEW YORK 11238**

Residential 16	\$3,743,000.00
Total Amount of Offering	\$3,743,000.00

SPONSOR AND SELLING AGENT:

**579 WASHINGTON, LLC
32 COURT STREET
SUITE 201
BROOKLYN, NEW YORK 11201**

Approximate date of the first offering of this plan is
This plan may not be used after
extended by a duly filed amendment.

8/19/02
8/18/03

unless

THIS PLAN CONTAINS SPECIAL RISKS TO THE PURCHASER.

SEE PAGE 1.

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 DEPARTMENT OF LAW PRIOR TO SELLING OR OFFERING TO SELL ANY CONDOMINIUM UNIT. FILING WITH THE DEPARTMENT OF LAW DOES NOT MEAN THAT THE DEPARTMENT OR ANY OTHER GOVERNMENTAL AGENCY HAS APPROVED THIS OFFERING.

Prepared By:

**Heath Gurinsky, Esq.
32 Court Street
Suite 201
Brooklyn, New York 11201
(718) 237-2556**

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SPECIAL RISKS

1) The Sponsor has made, and will pursue, an application for abatement and exemption of taxes under the J-51 program established by §489 of the Real Property Tax Law of the State of New York, and shall make all filings necessary to obtain such benefits. Upon closing, the Sponsor will make all tax benefit documents available to the Condominium for inspection and copying for the life of the benefits. The Sponsor will timely file all applications and timely comply with all procedures required to properly process and maintain the benefits. Sponsor will make the initial application at his own cost expense.

No bond or other security has been furnished to secure Sponsor's obligations hereunder.

The Sponsor's projection of tax due for the first year of operation is based on the figures and assumptions in the accompanying expert's opinion as to real estate tax benefits. However, it is not possible to accurately determine what the increase and actual assessed valuation will be. Moreover, it is equally impossible to predict any future increases in real estate tax rates, which affect the amount of tax due on the property.

NO WARRANTY IS OR CAN BE MADE THAT THE BENEFITS SET FORTH THEREIN WILL BE OBTAINED IN THE EVENT THE BENEFITS ARE NOT OBTAINED, OR IN THE EVENT THERE ARE INCREASES IN THE TAX RATE OR THE PROPERTY'S ASSESSED VALUATION OR IN THE STATUTES GOVERNING THE TAX BENEFITS, REAL ESTATE TAXES MAY BE HIGHER THAN SET FORTH ABOVE FOR THE YEAR OF OPERATION AND IN FUTURE YEARS HENCE INDIVIDUAL CARRYING COSTS FOR ALL UNITS WOULD ALSO BE HIGHER.

Prospective purchasers are urged most strongly to read the section entitled REAL ESTATE TAX BENEFITS OPINION included herein.

2) Closing will not take place, and no individual condominium apartment will be sold until a permanent or temporary Certificate of Occupancy has been obtained for the premises. In the event closing occurs after the issuance of a temporary Certificate of Occupancy, but prior to the issuance of permanent Certificate of Occupancy, then it will remain the obligation of the Sponsor to, at its own cost and expense, obtain such permanent Certificate, and the Certificate must be obtained within two (2) years from date of closing. Prior to obtaining the permanent Certificate of Occupancy, the Sponsor is required to either: a) maintain all deposits and funds in a special escrow account required by GBL-352e (2) (b) unless the Sponsor's engineer or architect certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain the permanent Certificate of Occupancy, in which case the sum exceeding the amount so certified may be released; or, b) deposit with an escrow agent an unconditional, irrevocable letter of credit, or post a surety bond, in the aforesaid specified amount, in accord with the regulations of the New York State Department of Law. See OBLIGATIONS OF SPONSOR section of this Offering plan.

3) Due to the size of the building, it is contemplated that the building will be self-managing, and that no managing agent will be employed. Therefore, no amount has been included in the projected budget for the first year of operation for a management fee. In the event the Board of Managers determines that it is in the best interest of the Condominium to employ a managing agent, this item will represent an additional expense not included in the projected budget, and will require an increase in Common Charges of approximately 6 to 10%. In addition, \$4,000.00 is budgeted for a superintendent or custodian and, again, in the event the Board of Managers determines that it is in the best interest of the Condominium to employ a superintendent or custodian, this will also result in an increase in Common Charges. See FOOTNOTES 8 and 9 to SCHEDULE B.

4) There are numerous time constraints imposed in the Purchase Agreement set forth in Part II of this Offering Plan. **Time is of the essence** as to all such time constraints. This means that if the Purchaser fails to perform within the applicable time frame, he may waive substantive rights, or incur a forfeiture of substantial sums of money. Thus, a purchaser who fails to cure a default within thirty (30) days after receipt of written notice of said default, will both have the Contract canceled, and lose his downpayment. Similarly, a purchaser who fails to notify the Sponsor in the event he has failed to obtain mortgage financing within forty (40) days after executing the Purchase Agreement, will be required to "specifically perform" (This means that the terms of the Purchase Agreement must be fulfilled by the parties that are bound to it.) the Purchase Agreement or forfeit his downpayment, whether or not a mortgage commitment is obtained. Purchasers are advised to consult with their attorney concerning all terms of this offering. Please see section of this Plan entitled **PROCEDURE TO PURCHASE**, and the **PURCHASE AGREEMENT**, set forth in Part II, for a statement of all applicable time limitations.

5) The terms of this Offering Plan transfer the statutory obligation to pay New York City Real Property transfer taxes (1% of purchase price for residential units, and New York State Documentary Stamp Taxes (\$4.00 per thousand) to the Purchaser, so that the cost of such taxes represent an additional closing cost to the Purchaser, and an additional item of consideration on which transfer taxes must be paid. Additionally, the Purchaser is responsible for paying to the Sponsor's attorney a document preparation fee of \$650.00, and may be responsible for certain other fees such as travel fees and default fees. See section of the Offering Plan entitled **UNIT CLOSING COSTS AND ADJUSTMENTS**.

6) Units will be provided with a stove, wall oven, dishwasher, and refrigerator. See DESCRIPTION OF PROPERTY AND BUILDING CONDITION included in Part II of this Offering plan.

7) At the earlier of the second anniversary of the first closing date, or such time as less than fifty percent of the units of the Condominium constitute unsold units, control of the Condominium shall be transferred to a Board of Managers elected by unit owners other than Sponsor. Prior to that time, the Condominium will be controlled by a Board of Managers elected by the Sponsor. There are certain limitations on actions which can be taken by the Sponsor while he remains in control of the Board of Managers, which limitations are set forth in the CONTROL BY SPONSOR of this Offering Plan.

Until the earlier of five (5) years from the date of closing, or at the time at which the Sponsor or other Holder of Unsold Units owns units consisting of less than 25% of the common interest of the Condominium, Sponsor may exercise veto power over any expenses other than those described in Item 3 of the section entitled CONTROL BY SPONSOR in the offering plan. Additionally, so long as the sponsor retains ownership of at least one unit in the building, the By-Laws, Declaration, and Rules and Regulations of the Condominium, may not be amended or modified in any way without written consent by the Sponsor.

See section of the Offering Plan entitled CONTROL BY SPONSOR for a more complete explanation.

8) Sponsor is liable for all common charges, special assessments, and real estate taxes with respect to unsold units, and represents that Sponsor has financial resources to meet these obligations. However, no bond or other security has been furnished to secure the Sponsor's obligations. Please see section of the Offering Plan entitled SPONSOR'S OBLIGATIONS for a more detailed explanation.

9) Pursuant to existing law and regulation, the Sponsor may declare the plan effective by selling a minimum of fifteen (15%) 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.

10) Purchasers should note that in the current real estate market, banks and other lenders are imposing various restrictions on loans. Such restrictions include requiring that a certain percentage (such as 35% or 50%) of the 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.

Even after a building undergoes conversion, lenders may still impose minimum sales requirements before granting a loan. It then may be difficult for a Purchaser to resell an apartment if prospective buyers are unable to obtain a loan due to such minimum sales requirements. See PROCEDURE TO PURCHASE section of Offering Plan.

11) All funds received by the Sponsor for upgrades or extras must initially be placed in the escrow account set forth herein. However, Purchaser should note that such funds may be released from the escrow account by the escrow agent as long as the Sponsor uses the funds for such upgrades or extras. See PROCEDURE TO PURCHASE Section of this Offering Plan.

12) The cost of providing heat and hot water for individual units is included in the monthly Common Charges. (see FOOTNOTES TO SCHEDULE B and SECTION B1)

13) Some apartments in the building include the use of balcony areas. No structure of any kind may be erected on these limited common elements. See FOOTNOTES TO SCHEDULE A in part I and DECLARATION set forth in Part II of this Offering Plan.

14) All downpayments will be placed in an IOLA account and will be federally insured up to \$100,000, to the extent that the contract deposits exceed \$100,000, they will not be federally insured.

INTRODUCTION

This is an Offering Plan for the sale of condominium apartments at 579 Washington Avenue, Brooklyn, New York. The purpose of this plan is to fully set forth all material terms of the offer. This plan may be amended from time to time, if such amendment is filed with the New York State Department of Law. Any such amendments will be served on all prospective Purchasers who have executed a Purchase Agreement for any apartment, all unit owners, and all other persons entitled to service pursuant to local law or statute.

The sponsor of this offering is the 579 Washington Avenue LLC. The managing member of 579 Washington Avenue LLC is New Start LLC, a New York Limited Liability Company whose principal is Alfred Thompson. The record titleholder of the premises is Food First Housing Development Fund Company Inc., who holds title as Nominee of the Sponsor and acquired such title on November 30, 2001. The Sponsor is submitting this Offering Plan pursuant to the rights granted to it in the Nominee Agreement between itself and the titleholder. Units will be conveyed free and clear of any mortgages, liens, or other encumbrances. On closing, Sponsor will deliver to Purchaser a Bargain and Sale Deed with Covenants Against Grantor's Acts in the proper form for recording as set forth in Part II of the Offering Plan.

The prices contained in this offering, as set forth in SCHEDULE A, are set by the Sponsors, and are not subject to approval by the New York State Department of Law, or any other governmental agency.

This Condominium will be subject to, and in compliance with, the New York State Condominium Act, Article 9-B of the New York Real Property Law.

This plan, including all schedules and exhibits submitted herewith, constitutes the entire offering plan. Copies of the plan and Parts A, B, C and D of the exhibits will be available for inspection to potential purchasers and their attorneys at the office of the Sponsor indicated on the front cover of this offering plan, and the New York State Department of Law, Real Estate Finance Bureau, 120 Broadway, New York, New York, without charge; and for copying, at a reasonable charge.

The premises consists of a single building containing four stories and a cellar, and located in the Prospect Heights section of Brooklyn. The building will contain 16 residential units. There will be no parking spaces or on-site recreational facilities. There is a laundry room in the basement which will contain two coin operated washers and two coin operated dryers.

This offering is made only to individuals over the age of 18.

In accordance with the provisions of the Laws of the City of New York, the Sponsor represents that neither the Sponsor, nor the Condominium nor the Selling Agent will discriminate against any person because of his race, creed, color, sex, national origin, ancestry, or any other reason prohibited by civil rights law in the sale of apartments offered by this Plan, or in the leasing of

any apartment in the Building. Unit owners have an unrestricted right to lease, sell or mortgage units. Use of units is limited to residential use, and appurtenant home office use.

This is a rehabilitation project. Work on the building is scheduled for completion in August of 2002.

Ownership of a Condominium Unit resembles in many ways ownership of a private home. Basic aspects of condominium ownership include:

(1) Each purchaser owns his unit outright and is entitled exclusive possession of his unit. Each purchaser also has an interest, and a right to use common elements and limited common elements of the building. However, each unit owner is obligated to comply with the Declaration, By Laws, rules and regulations, and any other requirements of the Board of Managers.

(2) Common elements are parts of the Property, in addition to his/her own Unit, which a Unit Owner owns in common with the owners of all other Units, such as entryways, stairways, hallways, utility areas, and similar elements of the building, which serve all Unit Owners. A Unit Owner will share the non-exclusive right to use the Common Elements with all other unit owners.

Limited Common Elements are those areas appurtenant to a particular Unit or Units, the use of which is restricted to the owner(s) of such Unit or Units), but which are not owned by that unit owner.

(3) After conversion to condominium status each unit will be separately taxed and may be separately mortgaged; each unit owner may deduct from adjusted gross income for income tax purposes real estate taxes and mortgage interest.

(4) Each Unit Owner may vote for the members of the Board of Managers, which is the group elected by unit owners to operate the Condominium. The Board of Managers will set common charges based on cash needs of building operation, decide on special assessments, and, in general, make all decisions necessary to run the building.

(5) Each unit owner must pay common charges in accordance with the New York Condominium Act, and any applicable state or local law. The common charges payable under the By-Laws will be based strictly on the projected cash requirements of ownership and operation of the Property and may include an allowance for contingencies, replacements, and/or repairs. Furthermore, the Board of Managers may impose special assessments in order to meet emergencies, contingencies, or other unforeseen events, which will become the financial obligation of each purchaser of a Condominium Apartment. These assessments will be levied in direct proportion to the percentage of common interest allocated to each apartment.

(6) Individual purchasers should explore obtaining insurance coverage, which would

be at their own cost and expense, to insure them for such risks as fire and casualty losses in their apartments to their personal contents therein, as well as liability insurance for each occurrence which might occur within their respective apartments. Unit owners are responsible for maintenance and repairs to their individual units.

(7) Each unit owner is obligated to comply with the Declaration, By-Laws, rules and regulations, and any other requirements of the Board of Managers.

The estimated Common Charges for the first year of Condominium operation are set forth below in SCHEDULE A. The projected budget for the first year of Condominium operation is set forth below in SCHEDULE B.

THE PURCHASE OF A CONDOMINIUM APARTMENT 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 CONSULT WITH AN ATTORNEY BEFORE SIGNING AN AGREEMENT TO PURCHASE A CONDOMINIUM.

DESCRIPTION OF PROPERTY AND IMPROVEMENTS

The structure which is the subject of this offering plan consists of a single building containing a cellar and four stories above, laid out as per the attached floor plans, and containing in total sixteen (16) residential units. There will be no parking spaces on-site. There is a laundry room in the basement which will contain two coin operated washers and two coin operated dryers. All cabinetry and fixtures in the kitchens and baths will be new. No appliances will be provided by the Sponsor except for a refrigerator, stove, and a dishwasher to be installed in each kitchen. This is a gut rehabilitation of an existing building. It is anticipated that construction will be completed in August 2002.

The Sponsor will complete the work set forth in this plan relating to the building, and the apartments contained therein, in conformity with all applicable New York City Administrative Code requirements, and subject to procurement of all applicable and proper permits which are required, if any.

The Sponsor hereby adopts the detailed description of property and building condition set forth in the section entitled DESCRIPTION OF PROPERTY, SPECIFICATIONS, and BUILDING CONDITION of this offering plan. With reference to such material, a licensed architect prepared the description of property and building condition contained therein. Prospective purchasers are urged to refer to said section for a more complete understanding of the physical condition of the subject property and building.

LOCATION AND AREA INFORMATION

The premises are located in the Prospect Heights section of Brooklyn. This is a highly developed area essentially residential in character, but served by a rich and diverse assortment of shopping, recreational, medical, religious, and educational facilities, as well as a network both of streets and roads, and urban transportation. Police, Fire, Water, Sanitation, Snow Removal, and Road Maintenance are provided by the City of New York. Both the Police Precinct and local fire station are located less than ½ mile from the subject premises on Washington Avenue. The local Medical Center is Brooklyn Hospital Center located on Dekalb Avenue. Students living in the premises will be eligible to attend the Public School on Washington Avenue.

Zoning of the site is mixed use. There is no landmark designation of the site. There are no adjoining undeveloped areas of the site. Neither the Sponsor, nor any principals of the Sponsor, own in whole or in part, any adjacent areas which are not fully developed.

SCHEDULE A
PURCHASE PRICE AND ALLOCATION OF COMMON INTEREST

First Year of Operation
September 1, 2002 - August 31, 2003

Unit	Rooms/ Baths	% of Common Interest	Cash Purchase Price	Monthly Common Charges	With Tax Benefit- Monthly Real Estate Taxes	With Tax Benefit- Monthly Carrying Charges	Without Tax Benefit- Monthly Real Estate Taxes	Without Tax Benefit- Monthly Carrying Charges	Square Footage
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1A	5 rms/ 2 bt	0.067	\$250,000	\$187.70	\$9.15	\$196.85	\$49.50	\$237.20	1,143
1B	6 rms/ 2 bt	0.094	\$350,000	\$263.35	\$12.83	\$276.18	\$69.46	\$332.81	1,382
1C	3 rms/ 1 bt	0.045	\$170,000	\$126.07	\$6.14	\$132.21	\$33.24	\$159.31	740
1D	5 rms/ 2 bt	0.088	\$330,000	\$246.54	\$12.01	\$258.55	\$65.01	\$311.55	1,125
2A	2 rms/ 1 bt	0.037	\$137,500	\$103.66	\$5.05	\$108.71	\$27.33	\$130.99	663
2B	4 rms/ 1 bt	0.061	\$230,000	\$170.89	\$8.33	\$179.22	\$45.06	\$215.95	765
2C	3 rms/ 1 bt	0.047	\$175,000	\$131.67	\$6.42	\$138.09	\$34.72	\$166.39	740
2D	5 rms/ 2 bt	0.088	\$330,000	\$246.54	\$12.01	\$258.55	\$65.01	\$311.55	1,125
3A	2 rms/ 1 bt	0.037	\$137,500	\$103.66	\$5.05	\$108.71	\$27.33	\$130.99	663
3B	4 rms/ 1 bt	0.061	\$230,000	\$170.89	\$8.33	\$179.22	\$45.06	\$215.95	765
3C	3 rms/ 1 bt	0.047	\$175,000	\$131.67	\$6.42	\$138.09	\$34.72	\$166.39	740
3D	5 rms/ 2 bt	0.088	\$330,000	\$246.54	\$12.01	\$258.55	\$65.01	\$311.55	1,125
4A	2 rms/ 1 bt	0.039	\$145,500	\$109.26	\$5.33	\$114.59	\$28.81	\$138.07	663
4B	4 rms/ 1 bt	0.064	\$240,000	\$179.30	\$8.74	\$188.04	\$47.28	\$226.58	765
4C	3 rms/ 1 bt	0.047	\$177,500	\$131.67	\$6.42	\$138.09	\$34.72	\$166.39	740
4D	5 rms/ 2 bt	0.09	\$335,000	\$252.14	\$12.29	\$264.43	\$66.49	\$318.63	1,125
TOTALS		100%	\$3,743,000	\$2,801.55	\$136.53	\$2,938.07	\$738.75	\$3,540.30	14,269

Notes:

1) The above figures are rounded off to the nearest cent, which may cause slight discrepancies.

EXHIBIT 1 TO SCHEDULE A

UNIT	ANNUAL REAL ESTATE TAXES WITH TAX BENEFITS	ANNUAL REAL ESTATE TAXES WITHOUT TAX BENEFITS
1A	\$109.77	\$593.96
1B	\$154.01	\$833.31
1C	\$73.72	\$398.93
1D	\$144.18	\$780.12
2A	\$60.62	\$328.01
2B	\$99.94	\$540.77
2C	\$77.01	\$416.65
2D	\$144.18	\$780.12
3A	\$60.62	\$328.01
3B	\$99.94	\$540.77
3C	\$77.01	\$416.65
3D	\$144.18	\$780.12
4A	\$63.90	\$345.74
4B	\$104.86	\$567.36
4C	\$77.01	\$416.65
4D	\$147.46	\$797.85
TOTAL	\$1,638.41	\$8,865.02

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FOOTNOTES TO SCHEDULE A

1. The room count is based on the method suggested by the Real Estate Board of New York. See section entitled DESCRIPTION OF PROPERTY AND BUILDING CONDITION, and FLOOR PLANS, both of which are included in Part II of this Offering Plan, for a more complete description of each apartment.
2. The determination of percentages of Common Interest allocated to each unit is in the approximate proportion that the estimated fair market value of the unit as of the date of conversion to condominium status will bear to the then aggregate fair market value of all condominium units, as per Section 339-1(1)(i) of the New York State Real Property Law. The aforementioned fair market value were determined by a combination of factors as enumerated in the aforementioned section of the real property law, including, but not limited to, floor space, uniqueness of each unit, overall dimensions of a particular unit, condition and amenities in each apartment, layout, location in the building, and any other factors which would have affected the relative desirability and marketability of each apartment.
3. Across-the-board changes in unit prices, advertised price changes, and increases in individual units may be made by duly-filed amendments only; however, individually negotiated reductions in the purchase price of a unit may be made without prior amendment. Purchasers will also incur certain closing costs in connection with the purchase of their unit. See CHANGES IN PRICES AND UNITS and CLOSING COSTS sections of this Offering Plan.
4. Projected Common Charges for the first year of operation include only those expenses which are enumerated in SCHEDULE B. Maintenance charges do not include such expenses as repairs to the interior of the owner's unit, and the owner's individual gas, electricity, and telephone expenses; individual expenses for heat and hot water for each apartment are set forth in SCHEDULE B1 of this Offering Plan. Moreover, if the purchaser should obtain financing for the additional purchase, the debt service on that loan will be an additional expense not covered by the Common Charges. Common Monthly Charges are arrived at by allocating to each unit a share of the Monthly Charges proportionate to the Common Interest which that unit bears in the condominium.
5. After the condominium is divided into individual tax lots, each lot will be separately taxed for New York City property tax purposes. A unit owner will not be responsible for the payment of, nor will the unit be subject to, any lien arising from the nonpayment of taxes on other units. Sponsor, is applying for Real Estate Tax Benefits. This will result in an exemption of the building from an increase in actual assessed valuation due to improvements to the premises for a period of eleven (11) years, with the full assessment thereafter being phased in over a four (4) year period. Sponsor has obtained an opinion from Alfred Thompson as to the likely effects of Sponsor's application for Real Estate Tax Benefits; Purchasers are directed to the section of this Offering Plan entitled EXPERT'S TAX OPINION LETTER for a complete explanation.

Calculations of Real Estate Taxes are arrived at by applying the current tax rate to the assessed value, and then allocating the resulting taxes in direct proportion to the allocation of common interest. In the event Tax Abatement and Exemption benefits are obtained, the assessed value will be based on the pre-construction assessed value of \$16,870. In the event tax exemption benefits are not obtained, the assessed value for calculations is the \$939,860 post-completion assessed value estimated by the Sponsor's real estate tax exemption and abatement expert, and set forth in his letter included in this Plan. In either case, the tax rate used for the calculation is 9.712%, which is the current tax rate. Unit owners shall be entitled to deduct real property taxes paid on the unit for income tax purposes. See TAX OPINION hereinafter set forth for a more complete discussion.

6. Monthly carrying charges are composed of the monthly common charges and the monthly real estate taxes projected against each unit.

7. While Sponsor is applying for real estate tax benefits, and the expert's opinion included in this Offering Plan projects that such benefits are available and will be granted, no guarantee can be, or is, made that said benefits will be obtained, or will continue to be available. Therefore, Sponsor has projected in Schedule A the real estate taxes in the event no such benefits are obtained.

8. Monthly carrying charges in the event benefits are not obtained are composed of the monthly common charges plus the monthly real estate taxes without benefits as set forth in column 7. Unit owners who itemize their deductions should, for federal income tax purposes, be entitled to a deduction for real estate taxes in the year in which same are paid or accrued. Please see the TAX OPINION LETTER set forth on this Offering Plan for a more complete explanation.

9. The estimated square footage of each unit is based on the FLOOR PLANS and ARCHITECT'S DESCRIPTION OF PROPERTY set forth in Part II of this Offering Plan.

SCHEDULE B

BUDGET FOR THE FIRST YEAR OF CONDOMINIUM OPERATION

July 1, 2002 - June 30, 2003

INCOME

Common Charges	\$33,618.00
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EXPENSES

Heat and Hot Water (1)	\$9,000.00
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Electricity (2)	\$3,600.00
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Water and Sewer (3)	\$6,705.60
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Repairs and Maintenance (4)	\$1,600.00
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Services and Supplies (5)	\$800.00
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Insurance (6)	\$8,313.00
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Legal and Accounting Fees (7)	\$2,600.00
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Labor (8)	\$0.00
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Management (9)	\$0.00
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Miscellaneous (10)	\$1,000.00
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TOTAL	\$33,618.60
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Note: All figures are rounded to the nearest dollar.

IF THE ACTUAL OR ANTICIPATED DATE OF COMMENCEMENT OF CONDOMINIUM OPERATION IS TO BE DELAYED MORE THAN SIX (6) MONTHS BEYOND THE BUDGET YEAR PROJECTED AND THE OFFERING PLAN, THE PLAN WILL BE AMENDED TO INCLUDE A REVISED BUDGET DISCLOSING CURRENT PROJECTIONS. IF SUCH AMENDED PROJECTION EXCEEDS ORIGINAL PROJECTIONS BY 25% OR MORE, THE SPONSOR MUST OFFER ALL PURCHASERS THE RIGHT TO RESCIND IN A REASONABLE PERIOD OF TIME THAT IS NOT LESS THAN 15 DAYS AFTER THE DATE OF PRESENTATION OF SAID AMENDED BUDGET, TO EXERCISE SAID RIGHT, WHETHER OR NOT SPONSOR OFFERS TO GUARANTEE THE PREVIOUS PROJECTION. SPONSOR MUST RETURN ANY DEPOSIT OR DOWN PAYMENT TO A PURCHASER WHO RESCINDS WITHIN 10 DAYS AFTER RECEIPT OF NOTICE OF RECISSION.

ADDITIONALLY, PURCHASERS WILL BE OFFERED THE OPPORTUNITY TO RESCIND THEIR PURCHASE AGREEMENT IN THE EVENT THE CLOSING IS NOT SCHEDULED WITHIN 12 MONTHS FROM THE COMMENCEMENT DATE OF THE PROJECTED BUDGET.

FOOTNOTES TO SCHEDULE B

1. The Sponsor has received an estimate from Ro-Sol Plumbing and Heating Inc., 101-11 97th Avenue, Ozone Park, New York 11416, of approximately \$7,200.00 per year in heating costs based on approximately \$1,800.00 therms of gas usage at an estimated rate of \$1.01 per therm an estimate for hot water of \$1,800.00 based on approximately 1782 therms of heat. The projection set forth in SCHEDULE B includes a 10% allowance for inflation and all applicable taxes.

2 The sponsor has obtained an estimate from June Electric Inc., 11-19 49th Avenue, Long Island City, New York 11101 of approximately \$3,600.00 per year of electrical usage for the common areas based on 37,500 kilowatt hours at \$0.08 cents per kilowatt hour. The projected cost in SCHEDULE B includes a 10% allowance for inflation, and the cost of all applicable state and local taxes. Purchasers shall be responsible for individual utility costs for their own apartments.

3. Projected water and sewer costs based upon a current New York City estimate of 350 gallons, or 56 cubic feet, per day per residential unit, current charges of \$1.01 per 100 cubic feet of water consumed, and sewer charges of \$1.37 per 100 cubic feet water consumed. Projected figure also includes a 10% allowance for inflation.

4. Repairs and maintenance to building: The budgeted figure is based on normal maintenance and repairs to the common elements of the building and its systems and equipment. Insofar as this is a newly constructed building it is not anticipated that any major repairs will be required. The budgeted figure includes such items of regular maintenance as extermination, snow removal, cleaning, painting and minor mechanical carpentry, or electrical work. Individual unit owners will be responsible for the cost of interior repairs, and decorations, and painting of their respective apartments, including appliances.

5 Services and supplies: These include items expected to be consumed in the normal course of building operation, including light bulbs, cleaning supplies, paints, and hardware items.

6. Insurance: Sponsor has received a letter from Executive Risk Indemnity, estimating the cost of coverage for the building via a package policy through Simon Pastor and Sons Agency Inc., 381 Sunrise Highway, Lynbrook, NY, in the following coverage amounts:

Building	\$2,500,000 "All Risk" agreed amount Replacement Value.
Rent Loss	\$25,000
Liability	\$1,000,000
Deductible.....	\$25,000

Directors and
Officers Liability \$1,000,000

The foregoing insurance, including the public liability coverage included therein will be in effect at the time of closing. The insurance company has advised the Sponsor via letter that in its opinion, the amount of coverage is adequate to rebuild the building structure if totally destroyed by any insured peril; however, the policy does not guaranty the replacement of individual fixtures and improvements installed by unit owners. This policy waives a standard co-insurance clause, so that no insured thereunder shall be a co-insurer. The policy will provide that:

- (i) each unit owner will be an additional insured;
- (ii) there will be no cancellation without notice to the Board of Managers and individual unit owners;
- (iii) will waive subrogation;
- (iv) will waive invalidity because of the acts of the insured and individual owners;
- (v) and, will waive pro rata reduction if individual unit owners obtain additional individual coverage.

The policy does not include umbrella coverage, boiler coverage, or blanket fidelity, which can be provided at extra cost. Purchasers are advised of the desirability of obtaining additional insurance, at their own cost and expense, to cover such risks as fire and casualty losses to unit contents, replacements, additions, up-graded fixtures and improvements, and liability coverage for occurrences within the unit or, where applicable, on the limited common elements pertinent to the units.

7. Legal and Accounting Fees: This figure is based on the estimated received from Larry Weiser, CPA, 1700 Broadway, New York, New York, a certified public accountant by the Sponsor, for the preparation of a certified financial statement for the first year of operation and City, State and federal tax returns, which estimate was \$2,000.00. The balance of the budgeted figure, \$600.00, anticipates minor legal services during the first year of operation, but would be insufficient to cover any substantial litigation.

8. Due to the size of the building, no superintendent or custodian is required by applicable law. It is anticipated that superintendent and janitorial services will be provided by the unit owners. In the event the Board of Managers should, at any time, employ a superintendent or janitorial personnel, same will be an additional expense to the Condominium which may result in an increase in common charges.

9. Due to the size of the building, it is expected that the building will be self-managing. Should the Board of Managers at any time elect to employ the services of a managing agent, this will represent an additional cost of approximately 6% to 10% of the annual operating budget, which would require a concomitant increase in the common charges.

10. The miscellaneous budgeted item is intended to provide a cushion for unforeseen costs and an opportunity for the condominium to accrue a reserve for future expenses.

CHANGES IN PRICES AND UNITS

The offering price, as set forth in SCHEDULE A, may only be increased or decreased by a duly filed amendment to the plan when the change in price is an across-the-board change affecting one or more lines of units, or unit models, or is to be advertised, or represents a price increase for any individual unit. However, prices are negotiable, and Sponsor may enter into an agreement with a purchaser to sell one or more units at prices lower from those set forth in SCHEDULE A without filing an amendment prior to entering such agreement, as per FOOTNOTES TO SCHEDULE A.

No change will be made in the size or number of units, and/or their respective percentage of common interest; and no material change will be made in the size or quality of common elements; except by amendment to the Plan and when applicable, to the Declaration. Unless an effected 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 Purchaser is not in default. Unless all purchasers consent, no material change will be made in the size, and no material adverse change will be made in the quality, of common elements. No change of any type set forth in this paragraph shall be made except by amendment duly filed with the New York State Department of Law.

Sponsor may change or substitute equipment and materials specified in this Offering Plan except that the Sponsor may not substitute materials or equipment of lesser quality than those set forth herein. See OBLIGATIONS OF SPONSOR section of this Offering Plan.

Franklyn Heights Realty Corp.
753 Franklin Avenue
Brooklyn NY 11238
Phone (718)399-3500 Fax (718)399-3535

J.1. Compliance with Real Property Law 339-i (1) (i)

New Start LLC
50 Greene Avenue
Brooklyn, NY 11238

Gentlemen:

You have requested an opinion from us with regards to your allocation of common interest to units in your proposed condominium development at 579 Washington Grand Avenue Brooklyn, NY, with section 339-i (1) (i) of the New York Real Property Law. You have informed us that the method of allocation chosen is to evaluate the approximate fair market value of the individual unit in proportion to the anticipated aggregate fair value of all units on the day the condominium Declaration will be filed. You have further informed us that the factual basis of calculating the percentage of common interest consists of the size, layout and location within the premises of each individual unit; and the anticipated selling price of each unit. Based on our review of the forgoing factors, we have concluded that the proposed allocation of common interest to individual units is in compliance with section 339 - (1) (i) of the New York State Real Property Law.

We are licensed real estate brokers with extensive experience in the sale, management and rentals of apartment and condominium units in Kings County. We have been licensed real estate brokers in excess of 2 years, and have managed approximately (4) buildings in this area. We are not; in any way, associated with you or any other participant in the project, and have no beneficial interest in your business, or in profitability of the project. This is an opinion only as to the relative value of each unit in relation to the value of the project as a whole; is strictly based on the information provided to us in such reasonable inquiries as to the validity thereof as we deemed appropriate under the circumstances; and is not intended as a guarantee to the value of any individual unit. We consent to the inclusion of this letter in your offering plan.

Sincerely,

Umana Oton
Licensed Real Estate Broker



**BOND,
SCHOENECK
& KING, LLP**

Attorneys at Law Since 1897

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Bond, Schoeneck & King, P.A.
Bonita Springs, FL
Naples, FL

May 8, 2002

New York State Department of Law
120 Broadway
New York, NY 10271

Re: 579 Washington Avenue, Brooklyn, New York
Condominium Offering Plan
Compliance with Real Property law Section 339(i)(1)(i)

Dear Sir or Madam:

We are special counsel for 579 Washington, LLC (the "Sponsor") and have experience in preparing condominium offering plans and preparing contracts of sale and closing title to the units in the offering plans and as such have the requisite experience to prepare this compliance letter. We are not the selling agent or managing agent for this property.

We have reviewed the pertinent data with respect to the floor area, relative values for the units and other pertinent information with respect to the units. Based upon these factors and the annexed Certificate of Sponsor, the allocation of common interest is being made pursuant to Real Property Law section 339(i)(1) subparagraph (i) which provides:

"(i) in the approximate proportion that the fair value of the unit at the date of the declaration bears to the then aggregate fair value of all the units or ..."

We certify that we are not owned or controlled by and have no beneficial interest in the Sponsor and that our compensation for preparing this letter is not contingent upon the conversion of the property to a condominium or upon the profitability of the offering.

Very truly yours,

BOND, SCHOENECK & KING, LLP

Bond, Schoeneck & King, LLP



PROCEDURE TO PURCHASE

Persons desiring to purchase condominium units will be required to execute a Purchase Agreement and Transferee Affidavit in the form contained in Part II of this Plan and return it to the selling agent, together with a check in the amount of 10% of the purchase price, as a down-payment, drawn to the order of HEATH GURINSKY, ESQ., AS ATTORNEY. Sponsor reserves the right to accept a lesser downpayment to accommodate Purchasers, but in no case will downpayment be less than \$1,000.

The prospective purchaser must have the Offering Plan and all filed amendments in his possession at least three (3) business days prior to executing the Purchase Agreement. In the event Purchaser has not had said Offering Plan in his possession for at least three (3) business days prior to execution, Purchaser may rescind the Purchase Agreement by mailing Notice of Rescission to Sponsor or selling agent, or by hand delivering notice, within seven (7) days after, executing same. Notice by mail will be effective if it postmarked within seven (7) days of executing Purchase Agreement. Purchase Agreement shall not be binding on any party until accepted by the Sponsor. Within twenty (20) days after the prospective purchaser has delivered to the selling agent a signed Purchase Agreement, together with the required downpayment, the Sponsor must either accept the Purchase Agreement and return a fully executed counterpart, or reject the Purchase Agreement and refund in full any downpayment taken. If the Sponsor fails to either accept or reject the Purchase Agreement within the time period, the purchase agreement will be automatically canceled and Sponsor will refund the Purchaser in full any downpayment taken. The Plan will expire twelve (12) months from the date of acceptance unless extended by a duly filed amendment.

All downpayments will be place in an account in conformity with the disclosure contained in this Plan.

The Sponsor will comply with the escrow and trust fund requirements of General Business Law Sections 352-3 (2-b) and 352-h, and Lien Law section 71-a (3) and the Attorney General's regulations promulgated pursuant thereto.

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

All deposits, downpayments, or advances, made by purchasers prior to closing of each individual transaction, whether received before or after the date of consummation of the Plan, will be placed, within five (5) business days after the agreement is signed by all necessary parties, in a segregated special escrow account of Heath Gurinsky whose address is 32 Court Street, Suite 201, Brooklyn, New York. The signatory on this account authorized to withdraw funds is: HEATH GURINSKY, 32 Court Street, Suite 201, Brooklyn, New York. The name of the account is Heath Gurinsky ATT, located in

The Dime Savings Bank at, 54 East Parkway, Scarsdale, New York. This bank is covered by federal bank deposit insurance to a maximum of \$100,000.00. To the extent deposits in the account exceed \$100,000.00 they will not be federally insured. If the escrow agents are replaced or funds are transferred to a new escrow account, the Plan will amended to reflect same.

This account will be an IOLA account with no interest accrued to the benefit of either the purchaser or the Sponsor.

All instruments shall be made payable to or endorsed to the order of HEATH GURINSKY, ESQ., 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 and the initial interest rate, if applicable. If the purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the deposit, the purchaser may cancel the purchase and rescind so long as the right to rescind is exercised within ninety (90) days after tender of the deposit. Such purchaser may also 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 of the Plan. Consummation of the Plan does not relieve the Sponsor of its obligations pursuant to GBL Section 352-h.

The escrow agent will hold funds in escrow until other directed in:

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

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

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

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

Purchasers and escrow agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the downpayment and any interest thereon. The Sponsor must avail itself of this procedure if there is a dispute, which needs to be resolved. A form for this purpose is included in Part II of this Offering Plan, and is also available at the New York State Department of Law, 120 Broadway, New York, NY. A party applying to the Department of Law for determination on the disposition of a downpayment must also contemporaneously send a copy of the application to all other parties.

Pending the determination of the Attorney General to grant or deny the application, the Sponsor, the purchaser, and the escrow agent shall abide by any interim directive issued by the Attorney General. If the application permitting release of funds is granted, the deposit and interest earned thereon shall be disposed of in accordance with the determination of the Attorney General, subject to any court action from which preliminary relief is granted. The Attorney General shall act on the application within 30 days after a submission to the Department of Law for either making a determination or notifying the parties that an extension of time in which to do so. If the application seeking release of funds is denied the escrow agent shall continue to hold the deposit and any interest earned thereon until: I) both the Sponsor and Purchaser direct payment to a specified party in accordance with the written direction signed by both Sponsor and Purchaser; or ii) judgment or order of a court of competent jurisdiction is served on the escrow agent; or iii) escrow agent deposits the disputed amount with the court.

In no event shall the escrow agent release funds in dispute, other than a payment of such funds with the court, until such dispute is finally resolved either by determination of the Attorney General, or by order of a court of competent jurisdiction, or by written agreement with the Sponsor and Purchaser.

Set forth in Part II of this Offering Plan is a copy of the escrow agreement between the Sponsor and the Escrowee which incorporates the terms of the Attorney General's regulations.

The escrow agent will maintain all records concerning the escrow account for seven years after the release of funds. The Department of Law may perform random reviews and audits of all such records involving escrow accounts to determine compliance with the statute and regulations.

The Sponsor may apply to the Attorney General to use security in the form of surety bonds or a letter of credit, in accordance with the regulations of New York State Department of Law, in lieu of escrow of such funds. In the event the Sponsor elects to use such alternative security, an amendment to that effect will be filed in the Offering Plan fully complying with all provisions of the Department of Law for proof of satisfactory insurance of said funds

Risk of loss from fire or other casualty remains with the Sponsor until title has passed unless and until the purchaser is given the right of possession of that unit pursuant to a written agreement with the Sponsor.

Purchase Agreements will be contingent on Purchaser obtaining a firm written commitment for financing. Purchaser shall have 40 days from the date on which a signed and executed Purchase Agreement is delivered to such Purchaser within which to obtain such financing. If a Purchaser fails to obtain a firm written commitment for financing within such 40 day period, and fails to notify Sponsor's attorney by written notice within five days after the 40 day period has expired, "time being of the essence" (This means that failure to strictly comply with the time requirements of said provisions, may result in the Purchaser losing his right to complete the purchase, and forfeiting his downpayment hereunder. Thus, a purchaser who fails to cure a default within thirty (30) days after written notice of said default, will both have the Contract canceled, and lose his downpayment; however, Sponsor must make written demand for payment after default at least 30 days before forfeiture the deposit may be declared.) thereto, Purchaser shall conclusively be deemed to have waived the financing contingency and Sponsor will require "specific performance" (This means that the terms of the Purchase Agreement must be fulfilled by the parties that are bound to it.) of the Purchase Agreement by the Purchaser, or for the Purchaser to forfeit his downpayment, whether or not a mortgage commitment is obtained. If Purchaser, after a good faith attempt to do so, fails to obtain a firm written commitment for financing, and notifies Sponsor by written notice within the prescribed time period, then Sponsor will return the downpayment or deposit within 10 days after receipt of such written notice. In the event Purchaser obtains a firm written commitment for financing, and the terms of such commitment are changed prior to closing, such change in terms shall not be an allowable reason for purchaser to cancel the contract. Similarly, if the commitment expires prior to closing, Purchaser shall be under a good faith duty to take all required actions necessary to extend such commitment, including the payment of any extension fee required by the lending institution; however in the event Purchaser has made such good faith effort to extend the commitment, and is unable to do so, then, provided that Purchaser notifies Sponsor within 10 days by written notice after receipt of a written notice from a lending institution that it will not under any circumstances extend the commitment, that Purchaser is exercising his right to rescind the contract, Sponsor will return the downpayment.

After the Plan has been declared effective, the Sponsor will fix dates for closing title to all units for which Purchase Agreements have been executed by serving written notice on each Purchaser stating the date of the first closing and setting such purchaser's closing date. Such notice will be served in compliance with the Attorney General's rules no less than 30 days prior to the closing date set therein. Purchasers may waive this 30 day provision if Sponsor has included such waiver in the Plan, or in an amendment thereto.

The first closing of a Unit is expected to occur on or about September 1, 2002. If such closing is delayed more than twelve (12) months beyond the originally scheduled date, purchaser will be offered the right to rescind this contract. At closing, purchaser will be required to sign a Power of Attorney in favor of the Board of Managers as otherwise set forth in this Offering Plan. Failure to execute a Power of Attorney will result in both cancellation of the Contract and forfeiture of the downpayment.

The Purchase Agreement may not contain, or be modified to contain, a provision waiving purchaser's rights or abrogating Sponsor's obligations under the Offering Plan or Article

23-A of the General Business Law. Any conflict between the Purchase Agreement and the Offering Plan shall be resolved in favor of the Offering Plan. Sponsor will permit the assignment or transfer of Purchase Agreements.

EFFECTIVE DATE

The offer to sell embodied in this offering plan is contingent upon the Plan being declared effective in accord with its terms and conditions, and the terms and conditions imposed by law.

The Plan shall be declared effective by personal service of notice on each Purchaser, or by commencement of service by regular mail, registered or certified mail with or without return receipt addressed to the purchaser at the last known residence of such purchaser; or if the Purchaser has provided written information of an alternative address for notices, addressed to the Purchaser at the alternative address (if Sponsor has no information of the last known residence address, but has written information of the place of business or employment of such Purchaser the mailing shall be addressed to such last business or employment address). The notice shall state that the Plan was declared effective on a particular date, the percentage of sales used to declare the Plan effective, and a list of units being counted to meet the minimum percentage under the terms of the Plan to declare it effective and submitting an amendment to the Department of Law within five (5) days confirming that the plan was declared effective on a specified date. The closing of the first unit shall not occur until the plan is declared effective and the effectiveness amendment is accepted for filing by the Department of Law.

The Plan may be declared effective upon sale of 15% of the Units in the building to bona fide purchasers. A minimum of three (3) units must be sold to declare the Plan effective. The count of Purchase Agreements towards the minimum number for effectiveness shall not include those: signed by Purchasers granted a right of rescission which has neither expired nor been waived; a Purchaser who has not been afforded the protections required by 13NYCRR20.3 (o) (15) with any Purchaser who is the Sponsor, the selling agent, or the managing agent, or is a principal for 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, employee, 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 Plan must be declared effective upon sale of 80% of the Units, which, in the case of this Plan means thirteen (13) units. Prior to the sale of 80% of such Units, or prior to being declared effective, the Plan may be abandoned by the Sponsor at his option. In such case, the Sponsor will return all monies paid by Purchasers, together with interest earned, if any, within ten business days. The Sponsor will also file with the New York State Department of Law an amendment abandoning the Plan and form RS-3, detailing why the Plan was abandoned, and explaining all disbursements of funds.

The Sponsor may not abandon the Plan after it has been declared effective for any reason other than: a defect in title which cannot be cured without litigation, or expenditure of a stated amount in excess of one-half (1/2) of one percent (1%) of the total offering price, substantial damage or destruction of the building by fire or other casualty which cannot be cured for less than one-half (1/2) of one percent (1%) of the total offering price, or the taking of any material portion of the property by condemnation or eminent domain; however, such title defects, as are known to the

Sponsor at time of presentation, shall be excluded from calculations under this section. Additionally, any dollar amount relied on as a basis for abandonment after effectiveness must exclude any attorney's fees.

TERMS OF SALE

On closing, Sponsor will deliver to Purchaser a Bargain and Sale Deed with Covenants Against Grantor's Acts in the proper form for recording as set forth in Part II of this Offering Plan. Title, together with the appurtenant interest in the Common Elements will be conveyed at closing, free and clear of all liens, encumbrances, and title exceptions other than the easement set forth in the aforementioned Deed, the Condominium Declaration, and any state of facts an accurate survey may show, provided same does not render title unmarketable.

Risk of loss from fire or other casualty remains with the Sponsor until title is passed, unless and until the Purchaser is given the right of possession of that unit pursuant to a written agreement with the Sponsor. Upon Purchaser acquiring right of possession of the unit, all risk of loss passes to Purchaser, and Sponsor shall not thereafter be responsible to repair any damage, which occurs before closing. No closing will occur unless and until a partial temporary or permanent Certificate of Occupancy for the unit to be closed has been issued.

All personal property located within the unit on the date the Purchase Agreement is signed, or located within the Common Elements on the date the Declaration is filed, which property is owned by the Sponsor or the Owner of the property, is included in the conveyance unless specifically excepted elsewhere in this Offering Plan

The Declaration, By-Laws, and Floor Plans for the Condominium, and such other documents as are required by law, will be recorded with the New York City Register for the County of Kings in accordance with the New York Condominium Act prior to the first conveyance of title to a unit.

If existing mortgages or constructions loans encumbering the property will be not satisfied at or prior to closing of the first unit, each mortgagee will, at the time of the conveyance of the first unit, either consent to the formation of a Condominium, and acknowledge that its lien will be limited to Unsold Condominium Units; or subordinate the lien of its mortgage to the Declaration of the Condominium; or, release its lien upon the Condominium Unit being conveyed, and its interest in the Common Elements.

CLOSING COSTS AND ADJUSTMENTS

As set forth in the Purchase Agreement, the purchaser will pay the following estimated closing costs at the time of Closing of Title for the purchaser's Unit. These estimates are based on current costs and charges, which are subject to change:

(a) If a purchaser elects to obtain fee title insurance, the purchaser will pay the premium thereof which will vary depending upon the Purchase Price of the Unit. Rates set by the New York Board of Title Underwriters are currently \$1,117.00 on a Purchase Price up to \$200,000.00 and approximately \$4.00 for each additional thousand dollars or fraction thereof; or alternatively, where a mortgage title policy is simultaneously issued, the reduced rate set by the title company. Title insurance will be provided through Lex Terrae.

(b) Fees for recording the Deed and Power of Attorney are \$21.00 per document plus \$4.00 per page and a \$10.00 service charge per instrument. Additionally, there is a \$25.00 charge for recording the Real Property Transfer Tax Return along with the deed;

(c) If the purchaser obtains a mortgage loan, the purchaser will pay a mortgage tax of 1.75% of the principal of the mortgage. If a mortgage tax credit is or becomes available pursuant to Section 339-ee(2) of the Condominium Act, such credit will inure to the benefit of the Sponsor. Accordingly, at closing, the Purchaser will reimburse the Sponsor for any mortgage tax credit allowed; and will pay the balance of the mortgage recording tax as provided by law.

(d) All legal costs, fees and expenses charged by the purchaser's attorney will be the sole responsibility of each purchaser;

(e) New York City Real Property Transfer taxes, currently one (1%) percent of the Purchase Price of a Unit, will be the sole responsibility of the purchaser. Payment of the New York City Real Property transfer tax by the Purchaser is deemed an additional consideration to the Seller, and so is in it of itself taxable. Which will result in a "tax on a tax" effect.

(f) New York State Documentary Stamp taxes presently \$4.00 per \$1,000.00 of the Purchase Price of a Unit less existing and continuing mortgage, will be the sole responsibility of the purchaser. Payment of the New York State Documentary tax stamps by the purchaser is deemed an additional consideration to the Seller, and so is in it of itself taxable. Which will result in a "tax on a tax" effect.

(g) Each purchaser will be required to make a contribution to the Working Capital Fund in the amount of \$200.00

(h) All costs with regard to any mortgage that the purchaser will place on his/her Unit (i.e. loan origination fees, commitment fees, application fees, appraisal fees, credit reports, survey fees, bank attorney fees; tax service fees, bank document preparation fees, etc.) will be his own and sole responsibility.

ALL COSTS FOR RECORDING CHARGES, MORTGAGE, TRANSFER, AND

OTHER TAXES, ARE SUBJECT TO CHANGE. THESE CHARGES ARE NOT SET BY THE SPONSOR, AND SPONSOR SHALL NOT BE LIABLE ON ACCOUNT OF ANY INCREASE IN SUCH CHARGES.

Purchasers shall pay to the Sponsor's Attorney at closing a fee of \$650.00 for the preparation of closing documents. In the event Purchaser fails to fulfill their terms of the Purchase Agreement and Sponsor's Attorney mails a Notice of Default, there will be a \$100.00 for such notice. Purchaser will also pay to the Sponsor \$1,000.00 as partial reimbursement for the cost of preparing the Offering Plan. The above closing fees are cumulative to the extent applicable to an individual closing.

If the Units have not been separately assessed for real estate tax purposes prior to the Closing of Title to the first Unit, the Sponsor will place in escrow, in the name of the Board of Managers, an amount equal to the unpaid real estate taxes (or estimates thereof based on current assessments) due for the next ensuing six months (or until the Units are separately assessed, whichever is shorter), provided, however, that as closings occur, the portion of such funds held in escrow which represent the portion allocable to the Unit being sold shall be released; and interest accrued on such escrow, if any, shall inure to the benefit of, and belong to, the Sponsor. The Sponsor will pay the real estate taxes from the escrow account when taxes are due and payable and is entitled to reimbursement from Unit Owners.

Except as specifically set forth in herein, the Sponsor will pay all costs and expenses incurred in connections with this Plan, the creation of the Condominium and the initial sale of units.

A numerical example of closing costs allocable to a typical Unit are set forth below.

SAMPLE CLOSING COSTS Unit 3A

\$305,000.00 Purchase Price

\$244,000.00 Mortgage

A.	Title Insurance	\$ 1,671.00
B.	Deed and Power of Attorney Recording	\$ 103.00
C.	Mortgage Recording Tax	\$ 3,635.00
D.	New York City Transfer Tax	\$ 2,688.00
E.	New York State Documentary Stamp Tax	\$ 1,076.00
F.	Working Capital Fund Contribution	\$ 200.00
G.	Document Preparation Fee	\$ 650.00
H.	Reimbursement Fee	\$ 1,000.00
	Total:	\$11,073.00

In addition to the foregoing, the purchaser will, of course, be responsible for any fees charged by his own bank; his own Attorney; and additional fees incurred because of Default or failure to close at the scheduled time or place. However, there will be no additional closing fees for mutually agreed upon adjournments.

No fund will be created on closing as a **reserve** for capital expenditures. In the event a need arises for capital expenditures such as renewal or replacement of building components or systems, or to remedy major building defects, it will be necessary to raise needed capital either by assessing individual unit/owners for the cost of such expenditures. However, in the Sponsor's estimation, and in view of the fact that all building systems and components are new, it is anticipated that there will be no needed capital expenditures within the five (5) years immediately following the first closing of a condominium unit under the offering plan.

OBLIGATIONS OF SPONSOR

The Sponsor is using its own capital to complete the construction of the building as set forth herein. The Sponsor has obtained a firm commitment of construction financing from JPMorgan Chase Bank. There are no conditions based on the availability of the construction financing and Sponsor shall complete construction of the units offered.

The Sponsor will complete the work set forth in this Plan relating to the building and the apartments contained therein in conformity with and in accordance with the Building Plans and Specifications, and all applicable New York City Administrative Code requirements, and subject to procurement of all applicable and proper permits which are required, if any. There are currently no housing, building, or fire department violations; however, in the event any housing, building or fire department violations arise prior to closing, all such violations, if any, will be cured prior to closing. The Sponsor may make changes in design, layout, and arrangement of apartments, and substitute equipment and materials, except that the Sponsor may not (i) substitute materials or equipment of lesser quality or design, or (ii) change the size, location, or value of any units, or of other improvements or public areas, if such changes adversely affect the public areas, or effect the percentage of common interest, or adversely effect the value of, any unit to which title has been closed, or for which a Purchase Agreement has been fully executed and is in effect, unless all affected purchasers consent in writing to such change, and all affected contract vendees are given the opportunity to rescind their contracts and receive a refund of the deposit or downpayment given to the Sponsor. All representations under the Offering Plan, and all obligations pursuant to the GBL, and any additional obligations under the Offering Plan which are to be performed subsequent to the closing date, will survive delivery of the Deed.

Closing will not take place, and no individual condominium apartment will be sold until a permanent or temporary Certificate of Occupancy has been obtained for the premises. In the event closing occurs after the issuance of a temporary Certificate of Occupancy, but prior to the issuance of permanent Certificate of Occupancy, then it will remain the obligation of the Sponsor to, at its own cost and expense, obtain such permanent Certificate, and the Certificate must be obtained within two (2) years from date of closing. Prior to obtaining the permanent Certificate of Occupancy, the Sponsor is required to either: (a) maintain all deposits and funds in a special escrow account required by GBL-352e (2) (b) unless the Sponsor's engineer or architect certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain the permanent Certificate of Occupancy, in which case the sum exceeding the amount so certified may be released; or (b) deposit with an escrow agent an unconditional, irrevocable letter of credit, or post a surety bond, in the aforesaid specified amount. In the event option "(b)" is employed, posting of the surety bond or letter of credit must be in compliance with the applicable laws and rules of the New York State Department of Law. Notwithstanding the foregoing, alterations or improvements to the common areas and public portions of the building will be completed before the closing of the first unit.

The Sponsor gives no warranty as to materials or workmanship that shall survive sale of a unit, except as required by the New York State Housing Merchant Implied Warranty Law. New York State General Business Law requires the builder of new dwelling consisting of five stories or less to provide a warranty to the Purchaser as follows:

- (a) For one year, the home must be free from defects caused by workmanship or materials that do not meet the standards of the applicable building code; for the items not covered by code, the construction must be in accordance with locally accepted building practices,
- (b) For two years, the plumbing, electrical, heating, cooling and ventilation systems must be free from defects caused by unskillful installation, and
- (c) For six years, the home must be free from physical defects in the structural elements (foundations, floors, walls, roof framing) which make it unsafe or unlivable.

Each prospective purchaser may have the building and apartments therein inspected by an architect or engineer of their own choosing, and at their own expense, to determine the quality of materials and workmanship.

The Sponsor will pay for the authorized and proper work involved in the conversion of the property that the Sponsor is obligated to complete under the Plan. All mechanic's liens that are lodged against the property by virtue of work done by the Sponsor, or in the Sponsor's behalf, will be promptly discharged or appropriately bonded. Sponsor guarantees payment of all common charges and assessments with respect to unsold units. Such guarantees will remain in effect until all units are sold. Sponsor warrants and represents that he has adequate financial resources to meet its obligations with respect to any unsold unit.

The Sponsor agrees to pay all common charges, special assessments, and real estate taxes with regards to unsold units, and has financial resources to meet its obligations with respect to such unsold units, which source of funding includes both proceeds of the sale of units and existing financial resources of the Sponsor. **No bond or other security has been furnished to secure Sponsor's obligations.** In the event of dissolution or liquidation of the Sponsor, or transfer of 20% or more of the total number of residential 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.

Any suits or proceedings instituted against the Sponsor, which may result in a lien against the property and any suits or proceedings against the condominium arising from the Sponsor's acts or omissions, which acts or omissions occurred prior to closing of title, will be defended by the Sponsor, and the Sponsor does hereby indemnify the condominium, the Board of Managers, and individual unit owners therefore. Nothing contained herein shall limit the rights of the condominium, which are granted pursuant to law and statute.

In the event the work on the building as set forth herein is not fully completed at the time the building becomes occupied, the Sponsor will have the right to enter the premises to complete its obligations under this Plan. Such entry shall be conducted in such a manner so as to produce a minimum of discomfort to those purchasers already in possession.

In the event the Sponsor finds it necessary to enter the property after closing of title to complete work, then such work will be performed between 8 A.M. and 6 P.M. on weekdays and non-holiday weekends. In the event the Sponsor finds it necessary to enter purchasers' individual unit after closing of title to complete work, then Sponsor shall have access to the individual unit for the purpose of completing any building and/or construction obligations under this Plan. Sponsor will send to Purchaser, at the specified unit address, five (5) days, written notice stating Sponsor's need for access to the unit for the purpose of completing any building obligations under this Plan. Damage caused by such work will be repaired in a good and workmanlike manner.

Sponsor will secure, and provide at closing, an agreed amount replacement value multi-peril hazard policy which will prevent the Condominium from being a co-insurer. The cost of such policy will be paid by the Condominium, and is provided for in SCHEDULE B. Sponsor also agrees to deliver a set of "as built" plans to the Board of Managers upon election of the first Board of Managers after closing of the first unit. Sponsor will assign any manufacturer's warranties with respective equipment and appliances installed in any individual unit to the unit owner, and with respect to equipment and appliances installed in the common elements, same will be assigned to the Board of Managers.

The property will be conveyed free and clear of all liens. The Sponsor will not dissolve or liquidate for a minimum of six (6) years. Copies of the plans, exhibits and documents referred to herein shall be kept on file at the office of the Attorney for the sponsor for a period of six years after filing of the Declaration of Condominium. **No bond or other security has been furnished to secure Sponsor's obligations hereunder.** The Sponsor will repair any damage from a casualty or other cause that occurs prior to the closing of any unit; and no Purchaser shall be required to accept a damaged unit.

BOARD OF MANAGERS

The Condominium shall be governed according to the By-Laws in Part II, beginning on page BL-1.

The By-Laws limit the number of Managers to not less than three (3) Managers. However, the first Board of Managers shall consist of one (1) Manager, which shall be New Start, LLC (as described in Article IV, Section 1 of the By-Laws). New Start, LLC will resign in favor of Officers and Managers which will be elected by the Unit Owners at a meeting to be convened within 60 days after the First Closing; they may however, be re-elected at such time.

Managers shall be elected by a plurality of the votes at a meeting at which a quorum shall be present. When voting for Managers, each Unit Owner shall be entitled to cast one vote for each .01% of common interest in the condominium appurtenant to such Owner's Unit, which may be cast all for one nominated manager or divided among any number of candidates. At such time as the Unsold Units constitute less than fifty percent of the Condominium, but in no event later than the second anniversary of the Closing Date, not less than a majority of Managers shall be residents of the Building and unrelated to the Sponsor. Members of the Board of Managers shall serve without compensation, except for reimbursement for expenses actually incurred in the course of any furtherance of business for the Board of Managers.

The Board of Managers shall meet at least annually, and at such regularly scheduled times as shall be adopted by resolution by the Board. Emergency meetings may be called on five (5) days written notice by any two Managers.

The Board Managers will be responsible for the operations of the affairs of the Condominium including, but not limited to, the fiscal operation, repairs and maintenance of the common areas of the Property, replacement and capital improvements to the common areas of the Property; the hiring, supervisions and discharging of employees and Managing Agent (if any), and the enforcement of the provisions of the By-Laws, and shall have the powers and duties necessary for the administration of such affairs. The Managers shall serve without compensation or remuneration.

Any Manager may be removed from office at any time with or without cause upon the affirmative vote of the Unit Owners whose aggregate votes are at least 51% of the votes of the Condominium at a Unit Owner's meeting duly called for the purpose; provided, however, that the Manager(s) elected by the Holder(s) of Unsold Units can be removed only for cause by vote of a majority of the Unit Owners or without cause by the Holders of the Unsold Units.

The members of the Board of Managers shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for willful misconduct or bad faith. The Unit Owners shall severally indemnify the members of the Board of Managers against any liability or claims except those arising out of the bad faith or willful misconduct of a member of members of the Board of Managers. It is intended that the members of the Board of Managers shall have no personal liability with respect to any

contract made by them on behalf of the Condominium. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Managers, or out of the aforesaid indemnity in favor of the members of the Board of Managers, shall be limited to such proportion of the total liability thereunder as his/her interest in the Common Elements of all Unit Owners.

The principal officers of the Condominium shall be the President and the Vice President, who are automatically Board Members, the Secretary and the Treasurer, all of whom shall be elected by the Board of Managers. The President and Vice-President, but no other officers, need be members of the Board of Managers. All officers shall serve without compensation or remuneration. The officers shall be elected annually by the Board of Managers; and, each officer shall hold office at the pleasure of the Board of Managers or until succession, resignation, or death. Upon the vote of a majority of the Board of Managers, any officer may be removed, with or without cause.

The President shall be the chief executive officer of the Condominium, and shall have all of the general powers and duties are incident to the office of a president of a stock corporation organized under the Business Corporation Law of the State of New York.

The Vice-President shall take the place of the President and perform his/her duties whenever the President shall be absent or unable to act. The Vice President shall also perform such other duties as shall from time to time be imposed upon his/her by the Board of Managers or by the President.

The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Board of Managers, and shall have charge of such books and papers as the Board of Managers may direct; and shall, in general, perform all the duties incident to the office of a secretary of a stock corporation organized under the Business Corporation Law of the State of New York.

The Treasurer shall have the responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial records and books of account; and, deposit of all moneys and other valuable effects in the name of the Board of Managers, or the Managing Agent, in such depositories as may from time to time be designated by the Board of Managers.

The Board of Managers, or the Secretary, shall keep detailed records of the actions and minutes of the meetings of the Board of Managers, minutes of the meetings of the Unit Owners, and, financial records and books of account of the Condominium. In addition, an annual audited financial statement of the Condominium, and an income tax deduction statement certified by an independent Certified Public Accountant, shall be rendered by the Board of Managers to all Unit Owners March 1 of each calendar year.

The Secretary shall mail a notice of each annual or special meeting to all Unit Owners of record. The notice shall state the purpose of the meeting as well as the time and place where it is to be held, and the notice will be given at least ten (10), but not more than forty (40) days prior to such meeting.

Each Unit Owner and each mortgagee of a Unit shall, upon prior request, be permitted to

examine the books of account of the Condominium and other records of the Condominium during normal business hours on business days at the office of the Condominium.

Both the Declaration and the By-Laws may be modified or amended by the vote of two-thirds (2/3) of the Unit Owners, as that term is defined in Article II, Section 9 of the By-Laws, at a meeting of Unit Owners duly held for such purpose. Anything herein contained to the contrary notwithstanding, so long as the Sponsor is the owner of one or more unsold units, the By-Laws may not be altered, amended, repealed, or added to, without the consent of the Sponsor.

The Board of Managers shall be required to maintain hazard and casualty insurance on the building in an amount sufficient to ensure that the condominium shall not be a co-insurer (which generally means that the policy must be retained at replacement value); and it shall also maintain liability insurance in an amount which it deems appropriate. The proceeds of the hazard and fire insurance policy shall be payable to the condominium Board in the event of a loss amounting to \$100,000 or less and to the insurance trustee, if the loss exceeds \$100,000. Such proceeds shall be applied to the repairing, restoring or rebuilding the building unless otherwise determined by unit owners. In no event shall the proceeds of any such insurance policy be paid to the holder of any mortgage on a unit unless there has been a determination by unit owners not to rebuild the building. The insurance trustee, if any, shall be a bank or trust company having an office in the city and state of New York.

The Condominium shall continue, unless terminated by reason of casualty, loss, or by condemnation, until such time as the Condominium shall be legally abandoned and terminated as a result of the vote of Unit Owners owning at least eighty (80%) percent of the total votes of the Condominium, at which time the Property shall be subject to an action for partition by any Unit Owner, or any lienor, as if owned in common, and the net proceeds of the sale resulting therefrom shall be divided among all Unit Owners in proportion to their respective interests in the Common Elements, after first applying the share of the net proceeds of such sale otherwise payable to each Unit Owner to the payment of any liens on his/her Unit in the order of the priority of such liens.

Copies of the Declaration and By-Laws are set forth in Part II of the Plan.

CONTROL BY THE SPONSOR

The Sponsor's Control of the Board of Managers of the Condominium will be subject to the following:

The By-Laws are reproduced in Part II, beginning on page BL-1. A summary of certain pertinent provisions of these By-Laws is set forth below. The By-Laws limit the number of Board of Managers (hereinafter called "Managers") to not less than three (3). The first Board of Managers to be elected by the Unit Owners shall consist of three (3) members.

At the time of the First Closing there will be three Managers designated by the Sponsor. However, the Managers will resign in favor of Managers who will be elected by the purchasers at a meeting to be convened within 60 days after First Closing; they may, however, be re-elected at such time.

The By-Laws provide that at such time as the Unsold Units constitute less than Fifty (50%) percent of the Condominium, but in no event later than the second anniversary of the Closing Date, not less than a majority of Managers to be elected at all subsequent annual meetings of Unit Owners shall be elected by Unit Owners other than the Sponsor. A meeting to elect a new Board of Managers will be held within thirty (30) days of 50% of the units being sold, or within thirty (30) days of the second anniversary of the Closing Date, whichever is sooner.

So long as a majority of the Board of Managers consists of managers elected by the sponsor or holders of unsold units, the board:

1. Shall not eliminate or reduce the number of employees, insurance coverages or any service to a level less than that provided in Schedule B unless a majority of board members elected by bona fide unit purchasers vote in favor thereof.
2. Shall, to the extent of their authority as Board Members, use all reasonable efforts to cause the Building (including its equipment, services and installations) to be kept operational, clean, and, in a good state of repair and condition;
3. Shall not veto expenditures required to comply with applicable laws or regulations and/or expenses necessary to remedy notice of violations of law or of an insurance carrier.

Until the earlier of five years from the date of closing, or at the time at which the Sponsor or other Holder of Unsold Units owns units consisting of less than 25% of the common interest of the Condominium, Sponsor may exercise veto power over any expenses other than those described in Item 3 above. Additionally, so long as the Sponsor retains ownership of at least one unit in the building, the By-Laws, Declaration, and Rules and Regulations of the Condominium, may not be amended or modified in any way without written consent by the Sponsor.

All Board Members shall serve without compensation. Any member of the Board of Managers, who is a designee of the Sponsor, may contract or deal with Sponsor, or a partner, affiliate or entity controlled by the Sponsor; however, such Board members shall remain under a fiduciary duty to act in the best interest of the condominium.

RIGHTS AND OBLIGATIONS OF UNIT OWNERS

Unit Owners will have the right to sell, lease, or mortgage units, without restriction, except as set forth herein, subject to the requirements that all Common Charges are current. A Unit Owner may only sell or lease the entire Unit. A Unit Owner may not sell or rent only a portion of a Unit.

The By-Laws provide that the use of the Units shall be restricted to and be in accordance with the following provisions:

- (a) A Unit Owner may only use his/her Unit for a purpose consistent with any applicable ordinance or statute, or regulation of a government authority that has jurisdiction over the Condominium, but in no event for a use that violates the By-Laws of the Condominium.
- (b) The Common Elements shall be used for the furnishing of services and facilities for which they are reasonably suited and capable, and which are incident to the use and occupancy of Units.
- (c) No nuisances shall be allowed on the Property, nor shall any use or practice be allowed which interferes with the peaceful possession, or use of the Property, by its residents or occupants.
- (d) No improper, offensive, or unlawful use shall be made of the Property nor any part thereof. Violations of laws, orders, rules, regulations, or requirements, of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be eliminated by, and at the sole expense of, the respective Unit Owners or by the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property, or comply with such laws.
- (e) Each Unit Owner shall keep his Unit in a good state of cleanliness and repair in accordance with the provisions of the By-Laws, and the rules and regulations of municipal departments or agencies having jurisdiction thereof.
- (f) No pets shall be allowed in the Property for any duration of time.

Each Unit Owner will have an undivided interest in the Common Elements in the respective percentages set forth in SCHEDULE A in Part I. Subject to the provisions of the By-Laws and Rules and Regulations the Common Elements are appurtenant to, serve and benefit each Unit to the extent of such Unit's percentage share of the Common Elements, and the Common Elements are for the common use of all Unit Owners.

Further restrictions on the use of Units are set forth in the By-Laws Rules and Regulations made in accordance with the By-Laws, which are set forth in Part II of the Plan. Rules and Regulations concerning the use of the Units may be promulgated and amended from time to time by the Board of Managers as provided in the By-Laws. Such restrictions include a restriction that the unit shall be used for private residents only, or any home occupation use permitted under applicable zoning law, ordinances, building codes or other governmental regulations. Units may also be used as a profession office

by a resident thereof provided such professional use does not violate zoning regulations and that consent of Board of Managers has been obtained. Units may not be used for any unlawful purpose and any use which amounts to a violation of law or to rules, regulations or requirements of any governmental agency having jurisdiction thereover shall be eliminated at the sole expense of the unit owner.

The Board of Managers shall from time to time, but at least annually, prepare a budget for the Condominium determining the amount of the Common Charges payable by the Unit Owners. Common charges will be established by determining the operating budget for the coming year of condominium operation and allocating to each unit owner a percentage of that budget in accordance with their percentage of ownership for common interest in the condominium. The Common Expenses include, among other things, the cost of all insurance premiums on all policies of insurance required to be, or which have been, obtained by the Board of Managers. The Common Expenses may also include such amounts as the Board of Managers may deem proper for the operation and maintenance of the Property including, without limitation, an amount of working capital and a general operating reserve. The Board of Managers shall advise all Unit Owners promptly, in writing, of the amount of Common Charges payable by each of them, and shall furnish copies of each budget on which such Common Charges are based to all Unit Owners and to their mortgagees of record, if requested.

Under the provisions of Section 339-z of the Condominium Act, the Board of Managers on behalf of the Unit Owners shall have a lien on each Unit for unpaid Common Charges assessed against such Unit by the Board of Managers, together with interest thereon. Such lien shall be subordinate only to liens for real estate taxes on the Unit and to any sums unpaid on the first mortgage or record of such Unit. Any lien for unpaid Common Charges against a Unit shall be effective from and after the filing of a notice thereof in the Kings County Office of the City Register, and until all sums secured thereby with the interest thereon shall have been fully paid, or until six years from the date of filing (unless foreclosure of such lien is started within such six year period) whichever may be earlier. Such lien may be foreclosed by a suit brought in the name of the Board of Managers acting on behalf of the Unit Owners in like manner as the foreclosure of a mortgage on real property, or an action may be brought by the Board of Managers to recover the Unpaid Common Charges without foreclosing the lien. In the event the Sponsor is more than thirty (30) days in arrears on Common Charges for any unsold Unit during the time the Sponsor is in control of the Board of Managers, Sponsor will cause the Board of Managers to file a lien as provided for in section 339-aa of the Real Property law.

Under section 339-kk of the Real Property Law, the board of managers has the right to require the tenant in an apartment owned by a non-occupying owner to make rental payments directly to the board of managers where such non-occupying owner is in default on payments of common charges, assessments or late fees for such unit for a period of 60 days after the expiration of any grace period after they are due. Payments by such rental tenant to the condominium pursuant to this statute relieves such rental tenant from the obligation to pay such rent to such non-occupying owner, and is an absolute defense in any nonpayment proceeding commenced by such non-occupying owner. The

procedures by which the board of managers may enforce this right, including required notice, means of protest, and termination are set forth in the aforementioned section which is recited at page REI of this Offering Plan.

No Unit Owner may exempt himself from liability for Common Charges or Expenses by waiver of the use, or enjoyment of any of the Common Elements, or by abandonment of his Unit. The liability of each Unit Owner for the payment of the Common Charges and Expenses thereafter assessed or becoming due against the Unit shall terminate upon a permissible sale, transfer or other conveyance of such Unit, and the appurtenant interests in the Common Elements. In addition, any Unit Owner may, subject to the terms and conditions specified in the By-Laws, convey his/her Unit together with the said appurtenant interests to the Board of Managers or its nominee on behalf of all other Unit Owners, and in such event be exempt from all Common Charges and Expenses thereafter assessed.

Repairs

All maintenance or any repair to any Unit, ordinary or extraordinary, and to the doors and windows (except the painting and decoration of the side of the elevator doors and stairwell doors which do not face into a Unit, and the exterior side of windows) electrical (except Common Elements) within the Unit or belonging to the Unit Owner, shall be at the Unit Owner's expense, except for structural elements as specifically required herein. All maintenance, repairs, and replacements to the Common Elements (including the exterior walls of the Building and exterior sides of the windows) and the painting and decorating of the side of the elevator doors and stairwell doors which do not face into a Unit shall be made at the direction of the Board of Managers, and be proportionately charged to all the Unit Owners as a Common Expense, except to the extent that the same are necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner. Unit owners who enjoy use of a limited common element are responsible for regular repair and maintenance of such limited common element such as cleaning, painting, repair to surface damage, etc. Damage to the structural or mechanical systems serving such limited common element (except where directly caused by act or omission of the unit owner, their agents, employees or invitees) are the responsibility of the condominium through the Board of Managers.

Additions, alterations and improvements

No Unit Owner may make any structural addition, alteration improvement in his Unit, or do any work which would jeopardize the soundness or safety of the Building, reduce the value thereof, or impair any easement or hereditament of the Property, without the prior written approval of the Board of Managers. As a condition of the granting of its consent to the above acts, the Board of Managers may require the Unit Owner to execute an agreement in form and substance satisfactory to the Board of Managers setting forth the terms and conditions under which such alteration, addition, improvement, or repair, may be made, including without limitation, the days and hours during which any work may be done. No application shall be filed with any governmental authority for a permit covering an addition, alteration, or improvement to be made in a Unit, unless approved and executed by the Board of Managers; such approval, however, shall not result in

liability on the part of the Board of Managers or any of them, to a contractor, subcontractor, materialman, architect or engineer, by reason of such addition, alteration, or improvement, or to any person having any claim for injury to person, or damage to property arising therefrom. The provisions of this paragraph shall not apply to an Unsold Unit, provided that any alterations to such Unsold Units shall be in accordance with, and only as permitted, by the Condominium Act and all governmental regulations. Non-structural alterations and improvements to Residential Units that do not affect the exterior of the Building, or the value of other Units, may be made without prior approval of the Board of Managers.

Unit owners may perform all standard repair and maintenance items within their apartment and standard home improvements items without permission of the Board of Managers. Thus unit owners may repair or replace fixtures, equipment, cabinetry, flooring, sheetrock, etc., without permission of the Board of Managers. However, unit owners may not relocate plumbing, heating, electric or other service lines effecting other units in the building during the course of such repairs or improvements without receiving Board permission.

Insurance

The Board of Managers shall obtain and maintain, to the extent determined by them to be appropriate; (1) hazard insurance, with extended coverage, insuring the Building and Units (but not including furniture, furnishings or other personal property supplied to, or installed by Unit Owners), together with all service machinery contained therein covering the interests of the Condominium, The Board of Managers, and all Unit Owners and their mortgagees, as their interest may appear, in an amount equal to the full replacement value of the insured property without deduction for depreciation;; (2) machinery insurance; (3) water damage legal liability insurance; (4) liability insurance for personal injury or property damage in an amount not less than one million dollars; (5) officer's and director's insurance covering the board of managers; and (6) such other insurance as the Board of Managers may determine. Each of the policies shall contain a New York standard mortgage clause in favor of each mortgagee of a Unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interests may appear, subject, however, to the loss payment provisions in favor of the Board of Managers in the event of casualty or condemnation. Unit Owners shall be entitled to carry casualty insurance protection for their furniture and the interior of their Units and for personal liability coverage for their own benefit at their own expenses, 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 other insurance carried by a Unit Owner.

A Unit Owner by acceptance of a Deed for a Unit shall have granted a right of access to the Unit and storage areas and terrace, if any, to the Managing Agent and/or any other person authorized by the Board of Managers of the Managing Agent, for the purposed of performing installations, alterations or repairs to the mechanical or electrical services of other Common Elements in his/her Unit or elsewhere in the Building in which the Unit is located, to remove violations, cure defaults by a Unit Owner, and for any other purpose provided in the Plan, Declaration, or as may be required by law or governmental

regulation, provided that requests for entry (except in emergency situations) is at a time reasonably convenient to the Unit Owner. Said requests for entry will be sent in written form to the Purchasers' unit address five (5) days before Sponsor's proposed date of entry to Purchasers' unit. In case of emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not. Provided reasonable care is exercised to safeguard the Unit Owner's property, such entry shall not render the Board of Managers or its authorized agents liable for damage incurred in connection with the exercise of such right of entry. Each Unit Owner will deposit with the President of the Board of Managers a key to his/her Unit to allow for entry in an emergency. The Board of Managers may designate responsible individual(s) to hold such keys. The Board of Managers will provide identification of said "designated responsible individuals" to the unit owners. Said "designated responsible individuals" will hold the keys for as long as is reasonably necessary to perform necessary tasks. If said tasks will require more than one (1) business day to complete, said "designated responsible individuals" will be required to return the keys to Board of Managers at the conclusion of their work day.

Each Unit Owner shall be required to pay the Common Charges and Expenses levied by the Board of Managers. All Unit Owners, mortgagees, lessees and occupants of Units and their employees, and any other persons who may use the facilities of the Property in any manner, are subject to the By-Laws, the Declaration and the Rules and Regulations. A copy of the Declaration and By-Laws and Rules and Regulations appear in Part II of this Plan. The violation of any of the Rules and Regulations or the breach of any By-Laws or provision of the Declaration shall give the Board of Managers, in addition to other rights set forth in specific provisions of the By-Laws, the right to: (i) enter any Unit in which, or as to which, such violations or breach exists and to abate and/or remove same summarily, at the expense of the defaulting Unit Owner. The Board of Managers shall not thereby be deemed guilty or liable for trespass nor be liable for any damage to the Unit, nuisances or fixtures incurred in connection with such rights unless such damage is caused by negligence on the part of the Board of Managers; or (ii) enjoin, abate or remedy by appropriate legal proceedings, the continuance of any such violation or breach. The costs incurred by the Board by virtue of the exercise of its rights to correct such breaches or violations, including attorney's fees, shall be due upon demand from the Unit Owner in question, and shall constitute a Common Expense against his/her Unit.

As part of purchase of the Unit, Purchaser will be required to execute a broad Power of Attorney in favor of the Board of Managers of the Condominium. This Power of Attorney will give the board of Managers the right to acquire and otherwise administer defaulted, abandoned or foreclosed units in the name of the condominium. It will also give the board of Managers the right to execute amendments to the Condominium Declaration, Deeds conveying condominium property, filing for severance of tax lots and other functions reasonable or necessary to effectuate the purposes set forth in the Condominium Declaration, on behalf of all of the unit Owners. Please see the POWER OF ATTORNEY set forth in Part II of this Offering Plan.

DEDUCTION TO UNIT OWNERS, AND TAX STATUS OF CONDOMINIUM

Unit Owners who itemize their deductions should, for Federal Income Tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid, or accrued, under Sections 163 and 164 of the IRS Code. These deductions are subject, however, to certain exceptions and limitations that are more particularly discussed in the COUNSEL'S TAX OPINION LETTER. Each individual Unit Owner should, for New York State and New York City Income Tax purposes, be entitled to similar deductions for the mortgage interest and real estate taxes paid, or accrued, during the taxable year.

The Condominium will be governed by a Board of Managers. The Board of Managers will assess and collect Common Charges from the Unit Owners, and will have certain discretionary powers over the operating expenses and the application of the assessments. While there is presently no direct authority as to the tax status of the Condominium for Federal Income Tax purposes, Sponsor's Counsel is of the opinion that the Condominium will not be treated as an association taxable as a corporation, due to the fact that it will qualify as an exempt homeowner's association under section 528 of the IRS code. As a result, the condominium may not be subject to Federal corporate income tax on its taxable income, if any.

The statements set forth herein are based upon an analysis of the Internal Revenue Code of 1986, as amended (the "Code"), New York State Tax Law, the Administrative Code of the City of New York, the applicable regulations promulgated or proposed thereunder, the current position of applicable administrative agency, in particular, the position of the IRS stated in published Revenue Rulings and Revenue Procedures, and judicial decisions. It is emphasized, however, that legislative, judicial or administrative changes may be made which would require modification of such statements, or that, the IRS or other applicable administrative agency may disagree with Counsel's interpretations and conclusions. A more detailed statement of the tax factors involved may be found in the COUNSEL'S TAX OPINION; however, each purchaser should consult with his or her own attorney with regard to tax consequences of this transaction.

The EXPERT'S TAX OPINION LETTER discusses the method of determination of the real estate tax assessment for the first year of condominium ownership of the Property. The projected amount and date of assessed valuation after completion of construction is set forth in the EXPERT'S TAX OPINION LETTER. A more detailed statement of the tax factors involved may be found in the REAL ESTATE BENEFITS, COUNSEL'S TAX OPINION, EXPERT'S TAX OPINION LETTER, and SCHEDULE A; however, each purchaser should consult with his or her own attorney with regard to tax consequences of this transaction.

**BOND,
SCHOENECK
& KING, LLP**

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May 3, 2002

579 Washington, LLC
32 Court Street
Brooklyn, New York 11201

Re: Counsel's Tax Opinion for the 579 Washington Condominium

Gentlemen:

You have requested our opinion regarding (1) the availability of real estate tax and mortgage interest deductions for Federal, New York State, and City of New York income tax purposes for individuals who purchase "Units" (defined below) for residential use ("Unit Owners") under the Offering Plan for The 579 Washington Avenue Condominium (the "Plan"), (2) the Federal income tax treatment of the condominium association (the "Condominium") of The 579 Washington Avenue Condominium and the common charges received from the Unit Owners by the Condominium, and (3) whether the allocation of the common interests among the Units complies with Section 339(i) of the New York Real Property Law.

In connection with rendering this opinion, we have reviewed the Plan, the Declaration of the Condominium Plan (the "Declaration"), the By-Laws of the Condominium (the "By-Laws"), the Certificate of the Sponsor (the "Certificate"), prepared 579 Washington, LLC (the "Sponsor"), the relevant sections of the Internal Revenue Code of 1986, as amended (the "Code"), the Regulations promulgated thereunder (the "Treasury Regulations"), the New York State Tax Law, the Administrative Code of the City of New York, revenue rulings, relevant case law and such other materials as we have deemed relevant.

I. FACTS.

You have represented to us that the following statements are an accurate summary of the relevant facts and our opinion is conditioned upon the accuracy of such facts.

The Sponsor will apply to the Department of Law of the State of New York to establish the premises located at 579 Washington Avenue, Brooklyn, New York, as a condominium (the "Condominium Property") pursuant to the provisions of the New York State Condominium Act. The Condominium Property shall consist of 16 units that are to be used for residential purposes (the "Units" and individually a "Unit"). Each Unit Owner will own his or her Unit plus an undivided interest in the elements common to all Units (the "Common Elements")



as described in the Declaration and the Certificate. Each Unit Owner will be entitled to the exclusive ownership and possession of his or her Unit and will receive a separate deed to such Unit.

The proportionate undivided interest in fee simple of the Common Elements appertaining to each Unit (the "Common Interest"), as expressed in the Declaration and Certificate will be in the approximate proportion that the estimated fair market value of such Unit as of the date of the Declaration will bear to the then aggregate fair market value of all the Units, in accordance with Section 339-i 1. clause (i) of the New York Real Property Law.

The Condominium will be operated by a Board of Managers which, pursuant to the By-Laws, will act only as an agent of all Unit Owners. The primary function of the Board of Managers is to administer the affairs of the Condominium and to provide for the maintenance, management and care of the Common Elements. Currently, New Start, LLC is the only member of the Board of Managers. Once the Sponsor owns less than 50% of the Units, the Board of Managers will be expanded to at least three members, who shall each be elected by the Unit Owners. Presently, the Board of Managers is an unincorporated group; however, nothing prohibits the Board of Managers from incorporating.

II. DISCUSSION.

(A) Deductibility of Mortgage Interest and Real Estate Taxes.

Under the New York State Condominium Act, each Unit (together with its Common Interest) shall constitute real property. As real property, each Unit Owner may mortgage his or her Unit and become individually liable for the payment of the principal and any finance charges or interest on such mortgage indebtedness. Furthermore, each Unit Owner shall be entitled to own his or her Unit and its Common Interest in fee simple, and each such Unit will be taxed as a separate tax lot for real estate tax purposes.

For Federal income tax purposes, the deductibility of the mortgage interest and real estate taxes paid or accrued by the Unit Owner during his or her taxable year will be governed by Sections 163 and 164 of the Code, respectively, and the related Treasury Regulations and the cases and administrative rulings associated therewith.

Section 163 of the Code allows an individual taxpayer that itemizes his or her deductions to deduct all interest paid or accrued by him or her during the taxable year on certain indebtedness, including acquisition indebtedness and home equity indebtedness on a qualified residence. Acquisition indebtedness is indebtedness incurred to, among other things, acquire or substantially improve a qualified residence of a taxpayer and is secured by such residence. Home equity indebtedness is indebtedness, other than acquisition indebtedness, that is secured by a qualified residence of the taxpayer and does not exceed the difference between the fair market value of such residence reduced by the acquisition indebtedness on such residence. The

maximum amounts of acquisition indebtedness and home equity indebtedness are \$1,000,000 and \$100,000, respectively. A qualified residence is a taxpayer's principal residence and one other residence selected and used by the taxpayer as a personal residence.

Section 164 of the Code allows an individual taxpayer that itemizes his or her deductions to deduct real estate taxes he or she paid or accrued during the taxable year. Real estate taxes are not deductible if they (1) are assessed against local benefits which tend to increase the value of the property assessed (and are not properly allocable to repairs, maintenance, or interest charges); or (2) are treated as imposed on another taxpayer (e.g., the real estate taxes that are properly allocable to a seller of real estate).

The Internal Revenue Service (the "IRS") has ruled that an individual owner of a condominium unit that itemizes his or her deductions for federal income tax purposes may deduct otherwise deductible mortgage interest and real estate taxes associated with that condominium. Revenue Ruling 64-31, 1964-1 CB-300.

New York State and City of New York allow deductions for interest on acquisition indebtedness and home equity indebtedness, and real estate taxes, provided such interest and taxes, respectively, are deductible for Federal income tax purposes.

It is our opinion that the acquisition indebtedness, home equity indebtedness and real estate taxes associated with a Unit will be of the type that may be deducted for Federal, New York State and City of New York income tax purposes by an individual taxpayer that itemizes his or her deductions provided the all of the following are true: (1) the Condominium Property is submitted to the New York State Department of Law pursuant to the Declaration and the Declaration is approved thereby, (2) each Unit is a separate parcel of real property for New York State and City of New York real estate tax purposes, (3) the Condominium Property and each Unit is subject to the By-Laws, the Declaration and the New York State Condominium Act and (4) all of the facts stated above and your representations are accurate.

(B) Common Charges-Federal Income Taxation of the Condominium.

The Condominium will be managed by a Board of Managers and will be an unincorporated association. Under the "check the box regulations" (i.e., the Treasury Regulations), the Condominium is classified as a partnership unless it otherwise elects to be taxed as a corporation. Section 301.7701-3 of the Treasury Regulations. We assume that the Condominium will elect to be taxed as a corporation by filing an IRS Form 8823. Alternatively, we assume that the Condominium will incorporate to provide liability protection for the Board of Managers, in which case the Condominium will be taxed as a corporation.

If the Condominium is treated as a corporation for tax purposes, it will be subject to income tax on its taxable income. The taxable income of the Condominium will be the excess of the cash receipts (other than capital contributions and loans) over the ordinary and necessary operating expenses of the Condominium. Additionally, distributions of income from the

Condominium to the Unit Owners generally will result in the Unit Owners recognizing taxable income or to the extent the Condominium has earnings and profits. Provided the Condominium satisfies the requirements described below, it can elect to exempt all dues and fees collected from the Unit Owners (the "Common Charges") from the calculation of its taxable income under Section 528 of the Code. The Condominium's other sources of income (e.g., interest, dividends, etc.), however, will be included in the calculation of its taxable income.

Provided it satisfies the requirements described below, the Condominium may elect to be taxed under Section 528 of the Code for a tax year and the calculation of its taxable income will not include the Common Charges:

- (1) The Condominium must be organized and operated primarily to provide for the acquisition, construction, management, maintenance, and care of its property, substantially all (i.e., at least 85%) of which is used by individuals for residences;
- (2) Sixty percent (60%) or more of the gross income of the Condominium must be from the payment of dues or fees (i.e., Common Charges) from the residential Unit Owners in their capacity as owner-members rather than in the capacity as customers for services;
- (3) Ninety percent (90%) or more of the expenditures of the Condominium for each taxable year must be for the acquisition, construction, management, maintenance and care of the Condominium's property;
- (4) No part of the net earnings of the Condominium inure to the benefit of any individual, other than by acquiring, constructing, or providing management, maintenance and care of, the Condominium property, and other than by rebate of excess Common Charges and assessments; and
- (5) The Condominium timely elects to have Code Section 528 apply for the taxable year (this election is made by filing IRS Form 1120-H for *each tax year*).

The Condominium will be classified as a partnership for tax purposes if the Condominium does not elect to (1) be taxed as a corporation, (2) incorporate or (3) be taxed under Section 528 of the Code. If the Condominium is classified as a partnership for tax purposes, the income, losses, gains, expenses, credits and deductions of the Condominium, if any, will flow through to the Unit Owners (as partners in a partnership). Each Unit Owner will be required to report on his or her income tax returns his or her allocable portion of the Condominium's income, losses, gains, expenses, credits and deductions.

It is our opinion that the Condominium (1) will qualify to be a condominium management association under Section 528 of the Code, (2) may elect to be taxed under Section 528 of the Code and (3) if it properly elects to be taxed under Section 528 of the Code the Common Charges will be exempt from income tax provided all of the following are true: (1) the Condominium Property is submitted to the New York State Department of Law pursuant to the Declaration and the Declaration is approved thereby, (2) each Unit is a separate parcel of real property for New York State and City of New York real estate tax purposes, (3) the Condominium Property and each Unit is subject to the By-Laws, the Declaration and the New York State Condominium Act, (4) all of the facts stated above and your representations are accurate and (5) the Condominium satisfies the five requirements specified above.

(C) Compliance with Section 339 (i) of the New York State Real Property Law.

We have received and reviewed the Declaration and the Certificate regarding the allocation of the Common Interest to each of the Units. Both the Declaration and the Certificate were prepared by the Sponsor, the principals of which represented themselves as experts in the real estate market in Brooklyn, New York. The allocation of the Common Interests to each Unit as provided in the Declaration and the Certificate is based on a proportion equal to the fair market value of each Unit to the fair market value of all Units, pursuant to Section 339-i 1. clause (i) of the New York Real Property Law. It is our opinion that the allocation provided for in the Declaration and the Certificate is permissible under and complies with Section 339-i 1. clause (i) of the New York State Real Property Law.

III. APPLICATION OF OPINION.

Aside from the opinions set forth in this letter, we express no other opinions or views. Our opinions apply to U.S. citizen individual taxpayers that utilize their Unit for residential purposes. Our opinions do not apply to (1) foreign individual, corporate, partnership or other entity types of taxpayers that own a Unit; (2) the use of a Unit as rental property, in connection with a Unit Owner's trade or business, as an investment, or for the production of income; (3) the lease of a Unit by the Condominium; (4) the determination the status of a Unit Owner as a resident of New York State or City of New York; and (5) the laws of any other jurisdiction other than set forth above.

The foregoing opinions are not a guarantee; they are based on existing rules of law applied to the facts, representations and documents referred to above, as they have been presented to us. The foregoing opinions do not discuss the impact of any proposals to amend the Code and Treasury Regulations, or any pending court decisions or administrative rulings, which could change certain of the tax consequences expressed herein. No assurances can be given that the tax laws upon which we base the foregoing opinions will not change. In no event will we be liable if there are changes or misstatements in the facts, representations or documents on which we relied in issuing the foregoing opinions or if there are changes in the applicable statutes, regulations, decisional law or other materials on which we relied in issuing the foregoing opinions. In no event will we be liable if a Unit Owner fails to meet the requirements to deduct the real estate

579 Washington, LLC

May 3, 2002

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taxes or interest associated with his or her Unit, or if the Condominium fails to meet the requirements of Section 528 of the Code. The foregoing opinions are not binding on the Internal Revenue Service, the New York State Department of Taxation and Finance, or the City of New York Department of Taxation.

We hereby authorize the use of this opinion, or a reproduction thereof, in the Plan for the exclusive purpose of soliciting purchasers of the Units.

Very truly yours,

BOND, SCHOENECK & KING, LLP

Bond, Schoeneck & King, LLP

RESERVE FUND

No fund will be created on closing as a reserve for capital expenditures. In the event a need arises for capital expenditures such as renewal or replacement of building components or systems, or to remedy major building defects, it will be necessary to raise needed capital either by assessing individual unit/owners for the cost of such expenditures. However, in the Sponsor's estimation, and in view of the fact that all building systems and components are new, it is anticipated that there will be no needed capital expenditures within the five (5) years immediately following the first closing of a condominium unit under the offering plan.

While the sponsor is in control of the board of managers, the reserve fund may not be used to reduce projected common charges in the plan.

WORKING CAPITAL FUND

At closing of title to each Unit, the Unit Owner for such Unit will contribute \$200.00 to the capital of the Condominium as a Working Capital Fund contribution (see CLOSING COSTS AND ADJUSTMENTS). Thus, there will be a \$3,200.00 working capital fund created on closing. Sponsor will make the required contribution for all unsold units at the time of the closing of the first unit, and will be reimbursed therefore on each subsequent closing of a unit by the unit purchaser. This Working Capital Fund will be used to make repairs and improvements, and for other appropriate purposes as determined by the Board of Managers, particularly to meet emergencies not budgeted for in SCHEDULE A. While the Sponsor controls the Board of Managers (see CONTROL BY SPONSOR), the Working Capital Fund will not be used to reduce estimated Common Charges.

The Working Capital Fund will not be reduced by any closing adjustments to the Sponsor. All closing adjustments to the Sponsor will be paid in equal monthly installments over the twelve (12) month period following closing. All adjustments represent reimbursement for prepayment of expenses already included in the budget set forth herein as Exhibit B, and therefore do not represent an additional expense to Condominium Purchasers.

Adjustments for prepaid expenses between the Sponsor and the Board of Managers may be deducted only from the Working Capital Fund. However, there are no anticipated substantial credits to the Sponsor for prepaid expenses.

No representation is made that the Working Capital Fund will be adequate to cover current or future expenses. If additional funds are required over and above the Working Capital Fund, it may be necessary to increase Common Charges or separately assess all Unit Owners. Neither the Department of Law nor any other government agency has passed upon the adequacy of the Working Capital Fund.

While the sponsor is in control of the board of managers, the working capital fund may not be used to reduce projected common charges in the plan.

IDENTITY OF PARTIES

SPONSOR: The sponsor of this project is 579 Washington, LLC, New York limited liability company with offices located at 32 Court Street, Brooklyn, New York. In turn, the managing member of the sponsoring entity is New Start LLC, also a New York limited liability company with offices at 50 Greene Avenue, Brooklyn, New York. The principals of New Start LLC are Alfred Thompson and Paul Galvin. Mr. Thompson is a Certified Public Accountant and Paul Galvin has a Masters Degree in Administration and Social Work and both have been involved in real estate development and management for several years in both the Bronx and Brooklyn. The Sponsor has not previously been the Sponsor of any Offerings in or from the State of New York during the preceding five years. However, the managing member of 579 Washington, LLC is also the managing member of 500 Grand Avenue, LLC, which is currently the sponsor for the offering plan at 500 Grand Avenue, Brooklyn, New York.

COUNSEL: Sponsor has engaged Heath Gurinsky, Esq., 32 Court Street, Suite 201, Brooklyn, New York: 11201, to represent him in all matters arising or pertaining to the conversion of the premises to condominium ownership. Mr. Gurinsky represents the Sponsor, not the Condominium, which is not represented by counsel. Mr. Gurinsky also prepared this Offering Plan.

ARCHITECT: The architect, Hugo Subotovsky, A.I.A. with offices at 26 Firemen Memorial Drive, Pomona, New York. He is certified by the American Institute of Architects, and has been a licensed architect since 1980. He has examined the physical condition of the property and has rendered his report thereof as set forth in PART II starting at Page ARI. He has prepared a number of such reports similar to the Architects Report in PART II of the Offering Plan. The architect has no financial interest in the property, Sponsor, condominium, selling agent, or any other party interested in this transaction, except for his fee for services rendered in connection with his report.

SELLING AGENT: The Sponsor is the selling agent for the plan.

GENERAL

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

There are no lawsuits or other proceedings now pending, or any judgments outstanding, either against the Sponsor or any other person or persons which might become a lien against the Property or which may materially affect this offering, the Property, Sponsor's capacity to perform all obligations under the Plan, the Condominium, or the operation of the Condominium.

The Property has not been the subject of any prior cooperative or condominium offerings. There are no preliminary binding agreements entered with any purchasers, nor has any money been collected from any perspective purchasers.

In accordance with the provisions of the laws of the State and City of New York, the Sponsor represents that the Sponsor, and the Selling Agent will not discriminate against any person because of race, creed, color, sex, disability, age, marital status, national origin or ancestry in the sale of the units offered by the Plan, or in the leasing of any apartment in the building.

If there is a material amendment to the offering plan that adversely affects a purchaser, purchaser shall have the right to rescind his purchase agreement within fifteen (15) days after the date of presentation by the Sponsor, which rescission shall be made by CERTIFIED MAIL - RETURN RECEIPT REQUESTED, and shall be deemed made on the date when notice of rescission is deposited with the United States Post Office. Sponsor shall return the deposit on contract to any purchaser who validly rescinds.

No person has been authorized to make a representation which is not expressly contained herein. This Plan may not be changed or modified orally

DOCUMENTS ON FILE

Sponsor shall keep copies of the offering plan, all documents referred to in the offering plan, and all exhibits submitted to the Department of Law in connections with the offering plan on file and available for inspection without charge, and for copying at a reasonable charge, at the Sponsor's office as set forth in this offering plan, or at the office of the Sponsor's attorney, for a period of six (6) years from the date of first closing. The Sponsor shall deliver to the Board of Managers of the Condominium, a copy of all documents filed with the appropriate recording office at the time of the first closing of a condominium unit.

REPORT TO UNIT OWNERS

The Board of Managers of the Condominium shall give annually to each and every Unit Owner:

- 1) On or before March 1st of each year, a financial statement. During the period the Sponsor is in control of the Board of Managers, there shall be a certified financial statement prepared by a certified public accountant.
- 2) Prior notice of the annual Unit Owners meeting.
- 3) A copy of the proposed annual budget of the Condominium, no less than thirty (30) days prior to the date set for adoption thereof by the Board of Managers. During the time the Board is controlled by the Sponsor, this statement shall be certified by a qualified budget expert.

SPONSOR'S STATEMENT OF BUILDING CONDITION

The Sponsor hereby adopts the DESCRIPTION OF PROPERTY set forth in Part II of this offering plan. With reference to such material, a licensed architect prepared the description of property and building condition contained therein.

The Sponsor represents that it does not know of any defect or need for major repairs except as hereinafter set forth, and that, to the best of the Sponsor's knowledge, the following description accurately states the condition of the building and its equipment (see DESCRIPTION OF PROPERTY AND BUILDING CONDITION in Part II of the Plan).

The Property will be offered in its present condition as described in this plan. Neither the Sponsor nor the Condominium will have any obligation to make repairs or improvements except as set forth in this plan. The Sponsor will cure, or cause to be cured, all violations of record against the Property on the closing date and eliminate all known dangerous or hazardous conditions, and comply with all work orders from mortgagees.

REAL ESTATE TAX BENEFITS

After the units are separately assessed, each Unit Owner will be taxed as a separate tax lot for real estate tax purposes, and no Unit Owner will be responsible for the payment of, nor subject to, any lien for non-payment of taxes on any other unit. Units will not be separately assessed for the first year of condominium operation. On closing, Sponsor shall deposit with the Board of Managers a sum sufficient to pay all taxes due for the balance of 2002/2003 tax year. The Board of Managers shall be authorized to pay such taxes as and when due from such escrow fund. As each subsequent individual condominium Unit is sold, the purchasers thereof, as a standard closing adjustment, shall reimburse the Sponsor for the portion of their tax liability paid by the Sponsor from the date of closing through the end of the 2002/2003 tax year. It is anticipated that Units will be separately assessed for the 2003/2004 tax year, and that individual Unit Owners (whether purchasers, holders of unsold shares, or the Sponsor) will pay the taxes thereof as set forth in the attached SCHEDULE A.

The Property is taxed by the City of New York which, through the Department of Finance, has assessed the property at a pre-construction value of \$16,870.00, and imposes a tax rate of 9.712%. The real estate taxes payable in SCHEDULE A are determined by applying the applicable tax rate to the non-exempt portion of the assessment as set forth in the attached letter from Alfred Thompson, and then allocating the amount due in conformity with the allocation of Common Interests. The City of New York is not bound by the allocation of Common Interests, and may allocate on a different basis. All figures are estimates.

There are no tax certiorari proceedings currently pending. Individual owners may challenge the assessment of their property by filing a tax protest in accord with the rules of the New York City Tax Commission. The Board of Managers may also file a protest on behalf of all Unit Owners. While there is no specific section of the By-Laws dealing with review of real estate tax assessment, the general grant of power in the Board of Managers to operate the property in the best interest of unit owners is sufficient to delegate to the Board of Managers a right to file tax protests on behalf of all unit owners. The Building benefits from the limitations imposed by Sections 581 and 1805 of the Real Property Tax Law.

The Sponsor has applied for Real Estate Tax Exemption Benefits pursuant to Section 489 of the Real Property Tax Law of the State of New York (aka "J-51 Program"). The benefits provided pursuant to this section are stated in more particularity in the letter, included in this offering plan from Alfred Thompson, who has filed an application on behalf of the Sponsor. Briefly stated however, the program provides an exemption from any increase in assessed value of the property for real estate tax purposes, to the extent that such increase results from the reasonable cost of alteration or improvement to the building, for a period of twenty one (21) years after granting of the exemption.

Thereafter, the exemption declines by 20% ever five years until, after the twenty first (21st) year, real estate taxes will be based on the full assessed value of the property. Sponsor has obtained an estimate from Alfred Thompson of a post-completion assessed value of \$939,860.00, commencing in the July 2002 tax year. SCHEDULE A includes the estimated tax payments in the event the J-51 Tax Benefits are not obtained. The following table indicates the application and expiration of benefits:

YEAR	ASSESSED VALUE
1-10	\$16,870.00
11	\$100,778.18
12	\$184,686.36
13	\$268,594.54
14	\$352,502.72
15	\$520,319.08
16	\$604,227.27
17	\$668,135.44
18	\$755,262.00
19	\$772,043.62
20	\$855,951.80
21	\$939,860.00

The projections set forth herein are based on current New York City Tax rate and assessment procedures. No guarantee or warranty is or can be made that the tax rate will not change in the future, or that the assessed value of the property will not rise due to changes in assessment practices and policies or increases in market value which are reflected in the assessed value. Therefore, the estimate contained in Schedule A for monthly real estate taxes in the event J-51 tax benefits are not obtained may not accurately reflect the taxes which will apply at the expiration of the benefits period.

Sponsor will use best efforts to obtain the aforementioned real estate tax exemption benefits, and will make all filings necessary to obtain such benefits, including a timely filing of all applications, and timely compliance with all procedures required to properly process and maintain the benefits. Upon closing, the Sponsor will make all documents available to the Board of Managers for inspection and copying for the life of the benefit.

The explanation and projection prepared by the Sponsor's tax abatement expert who prepared the J-51 application, is expressly adopted by the Sponsor and included as part of this offering plan.

NEW START LLC



PRINCIPALS

Alfred Thompson, CPA ACIB
Paul Galvin, MSW

Real Estate Development and Management

July 11, 2002

Re: 579 Washington Avenue
Block 1124 Lot I
Brooklyn, New York

Ladies and Gentlemen:

I, the undersigned hereby provide an opinion regarding the eligibility and extent of real estate tax reduction benefits available to the above captioned building (the "Property") pursuant to Section 11-243 of the Administrative Code of the City of New York and §489 of the New York State Real Property Tax Law (aka "J-51 Program"). The opinion was based on the following information regarding the Property:

- The existing structure is a four story, Class A multiple dwelling
- Upon completion of the planned gut renovation of the Property it will consist of a four story building which will have space which will be divided into 16 Class A apartments containing 28 bedrooms to be sold as condominium units
- the Property is privately owned and located in the Prospect Heights Area
- the gross cubic content of the Property is being increased by 500 square feet
- the renovation of the Property will be completed within three years from its commencement, a Certificate of Occupancy will be issued within three years from the date on which the Attorney General has accepted the condominium offering plan for filing and a J-51 application will be filed and completed within four years of construction commencement
- the renovation of the Property will be done pursuant to an Alt I type of permit from the New York City Department of Buildings
- the gut renovation planned will cost approximately \$1,680,000

Based on this information, timely filing of an application for J-51 benefits with the New York City Department of Housing Preservation and Development ("HPD") and compliance with J-51 application procedures, it is my opinion that the Property will qualify for J-51 tax abatement and tax exemption benefits. The exemption benefits provide an exemption for increases in the assessed value of a property due to physical improvements. The abatement benefits are a credit against any real estate taxes due after exemption benefits are taken into account.

Upon completion of the renovation work on the Property an application for J-51 benefits will be submitted to HPD which will review the application and assign a monetary value to the renovation work completed known as the Certified Reasonable Cost ("CRC"). Construction contracts and cancelled checks to contractors will be submitted to prove that the amounts claimed for the renovation work was paid. If HPD is satisfied with the documentation and projected construction costs, I estimate that the CRC will be approximately \$511,800.00. However, new construction is not eligible for J-51 benefits. Consequently, I expect that, based on current HPD policy, abatement benefits will be reduced proportionate to the amount of new construction to the entire project, which is approximately 7%, resulting in a CRC of approximately \$475,974. Up to 8 1/3 % of the CRC may be applied against the Property's real estate taxes in any one year for up to 20 years or until 90% of the CRC is used, whichever comes first. The annual abatement allowed is estimated to be \$39,649 (the "Abatement Amount").

The exemption benefits which may be available for the Property will be 100% of the assessed value increase due to the renovation work for 10 years followed by an incremental phase out over four (4) years.

The subject property is designated on the Tax Map for the Borough of Brooklyn as Block 1124, Lots I and 74. Based on examination of the 2002/2003 tentative assessment role the Property was assessed as two Class 1 buildings with a market value and tentative assessed value were assigned as follows:

Lot 1

	Land	Total
Market Value		250,000
Actual Assessed Value	4,800	15,244

Lot 74

	Land	Total
Market Value		136,000
Actual Assessed Value	5,360	10,584

The two lots will be merged into one. This will most likely result in the tax classification changing from a Class 1 to a Class 4, since the Property will have more than 11 units. Consequently, the Assessed Value will increase from 8% to 45% of the Market Value. The assessed value of the Property after the lots are merged is estimated to be as follow:

	Land	Total
Market Value		386,000
Actual Assessed Value	10,160	173,700

The AV for the two lots (or one if they are merged) for the 2002/03 tax year would be \$173,700 (the "Base AV"). Using the current 2001/02 tax rates of \$9.712 per hundred dollars of assessed value the projected taxes on the unimproved lots is projected to be \$16,870 (the "Base Taxes") for 2002/03.

If the construction is complete and the Property reassessed by the 2003/2004 tax year, we can assume that the market value will be increased by the \$1,680,000 (the amount of the renovation) and the assessed value in the amount of 45% of the renovation cost or \$756,000 (the "Rehab AV"). The assessed value of the Property including the Rehab AV for the 2003/04 tax year is projected to be as follows:

	Land	Total
Market Value		2,066,000
Actual Assessed Value	10,160	939,860

If the J-51 benefits are in effect for the Property, the exemption benefits will result in taxes based on the estimated Base AV for 10 years or \$16,870 per year. As the exemption benefits decrease in years 11-14, the assessed value will increase by 20% increments of the Rehab AV to the Actual Assessed Value of \$939,860 (also to be known as the "Post-Rehab AV") with the amount of taxes projected as due to be \$91,279 (the "Total Taxes") assuming the current tax rate.

It is projected that the Base Taxes due during the first ten years in which the J-51 benefits are in effect will be fully abated by the abatement portion of the J-51 benefits and that the amount due for this period will be zero. As the exemption benefits decline during years 11-14 and for years 15-20, when no exemption benefits are available, the taxes due will exceed the Abatement Amount. It is estimated that the Total Taxes will exceed Abatement Amount by approximately \$51,630 and that this amount, or a portion thereof (during years 11-14), will be due until the abatement benefits terminate in year 21.

The projections above concerning future taxes due assume that: (i) the tax rate will remain the same; and (ii) that there will be no increases in the assessed value due to market increases in the value of the Property. It is possible that the tax rate will change and that the assessed value will go up due to market value increases increasing the taxes due. However, since such changes cannot be accurately predicted, the current tax rate and market value were used in these projections.

Assuming the renovation work is completed by October, 2002, a complete application for J-51 benefits is submitted by December 15, 2002, the processing of the application by HPD takes four months and a Certificate of Eligibility is issued in April, 2003, J-51 benefits will begin in July, 2003 for the 2003/04 tax year. In 2002/03, Property owners will have to pay taxes based on the Base AV in the projected amount of \$16,870 per year. If the J-51 benefits are not available in July, 2003, taxes will be based on the Post-Rehab AV which could result in taxes in an amount of \$91,279 per year until such

time as the J-51 benefits take effect. However, the Rehab AV would be added to the Base AV incrementally over five years, so the taxes due would not reach this amount until five years after the Property was reassessed.

The estimates presented in this document are based on my 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 I, the Sponsor, Sponsor's Counsel, or any other person, be liable if the assessed value (or tax rate), when rendered, varies from any estimates included herein.

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

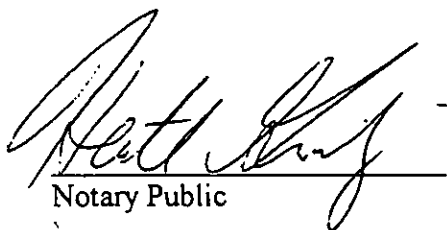
579 Washington, LLC

By:



Alfred Thompson
Principal of New Start, LLC,
Managing Member of the
Sponsor

Affirmed to before me this
15th day of JULY, 2002


Notary Public

HEATH GURINSKY
Notary Public, State of New York
No. 02GU6046105
Qualified in Westchester County
Commission Expires 08/07/2002

PURCHASE AGREEMENT

Purchaser (S) _____

Address _____

Home Telephone _____ Business Telephone _____

Purchaser's S.S.No _____

Attorney _____

Attorney's Address _____

Attorney's Telephone No _____

Broker _____ Telephone No _____

Unit _____ Common Interest _____ % Common Charges \$ _____

Cash Purchase Price \$ _____

Down Payment (herewith) \$ _____

Balance Due on Closing \$ _____

I RECEIVED THE PLAN, AS AMENDED, AT LEAST THREE FULL BUSINESS DAYS AND HAVE READ BOTH PARTS I AND II OF THE PLAN BEFORE EXECUTION HEREOF BY ME.

OFFERING PLAN READ. As Purchaser, I have received and read the Offering Plan of Condominium Organization (the Plan) respect to premises 579 Washington Avenue, Brooklyn, New York.

Said premises, including all documents set forth in Part II thereof, and any amendments thereof are incorporated herein by reference with the same effect as if set forth at length. I hereby accept and approve the Plan (and all of said amendments thereto, if any) and agree to abide and be bound by the terms and conditions thereof. The terms used herein shall have the same meanings as ascribed thereto in the Plan.

2. AGREEMENT TO PURCHASE. I hereby agree to purchase the above apartment and a _____ percent of undivided appurtenant interest in the Common Elements of the Condominium in said premises.

3. DOWN PAYMENT AND BALANCE. Submitted herewith is my check to the order of "HEATH GURINSKY, AS ATTORNEY" for the amount of the above stated Down Payment. I agree that if after the Plan becomes effective, as therein provided, I will pay the above-stated balance of said Cash Purchase Price on closing. The payment due on closing shall be by

certified check or official check drawn on a New York City bank which is a member of the New York City Clearing Housing System to the order or "HEATH GURINSKY, ATTORNEY". The check shall be delivered to the seller.

The Seller will give me prompt written notice thereof when the Plan either becomes effective or is abandoned, unless same has already been declared effective by a duly filed amendment to the Plan submitted to me.

4. MANNER OF PAYMENT AND BALANCE. Provided that I shall have paid the full Cash Purchase Price for said apartment, as provided herein, and shall not be in default hereunder, I am to receive a Deed for the apartment, promptly after the Closing to this apartment. The date of the commencement of my obligations under such Deed, including the payment of Common Charges, shall be the date on which I acquire title to such apartment. At the time the deed is delivered, I shall execute the Power of Attorney to the Board of Managers of the Condominium in the form contained in the Plan and whatever other documents are reasonably necessary to convey the Unit to me, such as real property transfer tax forms.

5. PAYMENTS HELD IN TRUST AT NAMED BANK. The Seller will hold all monies received by it directly or through its agents, employees or escrow agent, in trust, in compliance with the trust fund provisions of section 352-h and section 352-e(2)b of the General Business Law, until actually employed in connection with the consummation to the Offering Plan. All such monies will be deposited with The Dime Savings Bank, 54 East Parkway, Scarsdale, New York, under the name of "HEATH GURINSKY ATT". The funds so deposited will be released by the escrow agent, an attorney at law, only for the purposes of, and in conformity with the consummation of this Plan, or returned to me as herein provided. I shall be entitled to any interest earned on the sums deposited by me. However, it is not anticipated that any interest will be earned.

6. ACCEPTANCE OF CONDITION. My signing of this Purchase Agreement shall constitute my acceptance of said apartment "As Is", except for those matters which are the responsibility of the Sponsor as stated in the Plan.

7. THIS AGREEMENT IS CONTINGENT. It is agreed that this Purchase Agreement is contingent upon the Plan being declared effective.

8. ABANDONMENT OF PLAN. The Plan may be abandoned by and thereafter only for reasons hereto set forth in the plan, the Seller at any time prior to its being declared effective and shall be abandoned by amendment duly filed with the Department of Law of the State of New York and upon notice to all prospective purchasers who have signed the Purchase Agreement.

9. REFUND AND LIMITATION ON CLAIMS. If the Plan is abandoned or does not become effective within twelve (12) months from the date of presentation and is not extended, or, if after being declared effective, the Plan shall not be consummated for any reason within 180 days thereafter, this Agreement shall be deemed canceled and the Plan terminated and I am to receive back, not later than ten (10) days thereafter, in full, all monies paid by me hereunder. Upon such payment no party shall have any claim against any other party or person, the Sponsor, the Seller, or the agent, and all parties shall be released from all obligations hereunder and under the Plan.

10. DEFAULT AND LIQUIDATED DAMAGES. I agree that if I shall fail to pay the balance

of the Cash Purchase Price when due, as herein provided, or, if I am otherwise in default hereunder as such term is defined herein, the Seller may elect to cancel this Agreement by written notice to me at my residence or at the address stated above, by certified mail, and at the expiration of 30 days after the date of mailing thereof (unless I shall have theretofore paid the balance of the Cash Purchase Price in full) said notice shall be effective and this Agreement shall be deemed canceled and all rights of the parties thereunder shall terminate except that the amount of my Down Payment shall be paid over to the Seller as liquidated damages, such liquidated damages not to exceed 10% of the Cash Purchase Price plus the cost of any special work in the apartment ordered by me, together with any interest earned thereon. However, it is not anticipated that any interest will be earned. **TIME IS OF THE ESSENCE TO REMEDY SUCH DEFAULT WITHIN SAID THIRTY (30) DAY PERIOD.** The notice of default is hereby deemed a notice to vacate as well if I occupy the apartment under the terms of an Interim Lease. In the event of such cancellation, the Seller shall have the right to sell said Units to another purchaser as though this Agreement had never been made and without accountability to me for the proceeds received on any sale to another.

11. In the event Purchaser elects to obtain title insurance; or, in the event Purchaser obtains mortgage financing and is required to obtain title insurance; then, in such event, Purchaser agrees that the title insurance shall be ordered.

12. **CLOSING DATE AND PLACE.** The closing of title shall occur on the date and at the time and place in the City and State of New York as Sponsor shall designate to Purchaser on not less than thirty (30) days' prior written notice. Sponsor shall have the right, from time to time, to adjourn such time and date for closing on written notice to Purchaser. If adjourned, Sponsor shall fix a new date and time for title closing and shall give Purchaser not less than ten (10) business days-prior written notice of the new scheduled date and time for closing.

In the event that a Purchaser does not close on the Closing Date set forth in the Notice of Closing, the Sponsor elects not to cancel the Purchase Agreement or if the Sponsor approves the Purchaser's request to adjourn the Purchaser's Closing to his apartment, interest shall accrue on the unpaid amount of the purchase price from the Closing Date until such amount is paid. The interest rate shall be ten percent (10%) per annum. This rate shall be in effect for as long as there is any unpaid amounts owing towards the full purchase price.

13. **APPORTIONMENT OF CHARGES.** At the Closing, the parties shall apportion, as of the day preceding the date of actual closing, the Common Charges, real estate taxes and other charges under the By-Laws, utility charges (if any) due to the Condominium and the use and occupancy charge, if any, to the Apartment. Assessments will not be apportioned and will be payable by the party who is the owner of the Unit when the same became due and payable. A letter from the Condominium or its Managing Agent as to status of Common Charges, utility or other charges shall be sufficient for purposes of determining the adjustments as herein described.

In the event a mortgage recording tax credit becomes available pursuant to Section 339-ee (2) of the New York Condominium Act, it is specifically understood that such credit will inure to the benefit of the Sponsor. Accordingly, on the Closing Date, I will pay the full amount (but not in excess thereof) of the mortgage recording tax chargeable on the entire amount financed, if any. The Sponsor will be reimbursed to the extent of any mortgage tax credit allowed.

14. CLOSING COSTS Purchaser shall be responsible for paying all costs as outlined in the Section of this Offering Plan entitled Closing Costs and Adjustments.

15. ENTIRE AGREEMENT, OPPORTUNITY TO EXAMINE, NON-ASSIGNABILITY.

The entire contract between the parties hereto as set forth herein and in the Plan and as the Plan may be amended from time to time. The only representations made to me are those contained herein and in the Plan, as may be amended. I have not relied upon any representations, statements or warranties, written or oral, as to any matter or estimate, that is not set forth herein and in the Plan. I have had at least three days to read and review the Offering Plan and all amendments and have had the opportunity to examine all the documents filed as Exhibits, volume A, B and C to the Plan. This Agreement is not assignable by me without prior written consent of the Seller and shall bind and apply to the parties hereto and their personal legal representatives, successors and assigns and may not be amended, changed or discharged orally.

16. CONFLICTS WITH THE PLAN. Conflicts between this Agreement and the Plan shall be resolved in favor of the Plan.

17. CONDITIONS FOR BINDING AGREEMENT. This Agreement shall not be binding on me or on the Seller until a fully executed copy thereof shall have been delivered to me. If this Agreement shall not be accepted within twenty (20) days of the date hereof by the delivery to me of such endorsed and fully signed copy, this Purchase Agreement shall be deemed to be rejected and canceled and my deposit shall be promptly refunded to me.

18. CONDITIONS FOR CLOSING. It is a condition of this closing that:

- (a) There shall be no claims or liens against the Unit at the time of the Closing, except for Permitted Encumbrances as described in the Plan; and
- (b) The Seller has full right and authority to sell and transfer the Units.

19. WHEN TITLE PASSES. I shall acquire no right, title or interest in the aforesaid Unit until (i) the entire Cash Purchase Price has been paid in accordance with the terms hereof, and (ii) I have otherwise performed, observed and complied with the terms and conditions of this Agreement.

At the Closing of Title the Seller shall deliver to me a bargain and sale deed, with covenants against the grantor's acts, conveying the Unit to me such deed to be in the form contained In Part II of the Plan, executed and acknowledged by the Seller in form for recording.

20. IDENTIFICATION OF PURCHASER. I represent that I am a person over 18 years of age. The term "I" shall read as "we" and "purchaser" shall be read as "purchasers" if more than one person are purchasers, in which case our obligations shall be deemed joint and several. I further represent to the Condominium and to all of the persons to who are Unit Owners that I am purchasing the Unit for my own account and that Sponsor will have no interest, direct or indirect, in the Unit being purchased hereunder.

21. BONA FIDE PURCHASER. I certify that I have agreed in good faith to purchase the above-described Apartment with no discriminatory re-purchase Agreement or other discriminatory inducement.

22. NOTICES. Notices hereunder shall be delivered or mailed as follows: To the Purchaser(s), at the address stated above; and, to the Seller at the office of the Seller's attorney. The date on which personal delivery is affected, or the date of mailing, as the case may be, shall be deemed the date of giving of notices.

23. AGREEMENT SUBJECT TO MORTGAGES. I agree that all terms and provisions of this Agreement are and shall be subject and subordinate to the lien of any building loan mortgage or development loan mortgage 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, incidental thereto, or to protect the security thereof, to the full extent hereof without the execution of any further legal documents by me. The subordination shall apply whether such advances are voluntary or involuntary and whether made in accordance with the building loan schedule of payments or accelerated thereunder by virtue of lender's right to make advances before they become due in accordance with the schedule of payments. Notwithstanding anything to the contrary contained in this paragraph, however, on the Closing Date the only mortgage to which the Unit will be subject will be the mortgage(s) obtained by me.

24. MORTGAGE FINANCING. In the event Purchaser applies for a mortgage loan from

this Contract will be conditional on Purchaser obtaining such loan in an amount not less than \$ _____ at the rate of interest offered by said finance company. Purchaser shall apply for said loan within five (5) days after receipt of a fully executed copy of this Contract, and shall have forty (40) days from the signing of said Contract to obtain said mortgage commitment. Purchaser agrees to accept any commitment offered by the aforementioned lending institution provided same is in at least the amount set forth above. In the event Purchaser fails to obtain such commitment within forty (40) days from the date of execution of the Contract, either party may cancel this Purchase Agreement on five (5) days written notice to the other party, whereupon this Purchase Agreement shall become null and void, and the down payment shall be returned to the Purchaser. **IN THE EVENT THAT SPONSORS ATTORNEY DOES NOT RECEIVE SUCH NOTICE OF FAILURE TO OBTAIN FINANCING WITHIN FIVE DAYS AFTER EXPIRATION OF THE FORTY-DAY-PERIOD SET FORTH ABOVE (OR ANY EXPIRATION THEREOF), PURCHASER SHALL BE REQUIRED TO CLOSE WHETHER OR NOT PURCHASER RECEIVES FINANCING.**

Purchaser's failure to provide information to the lender promptly upon request therefore, or failure to accept a commitment offered, shall be a default for which the Seller shall have the right to cancel this Purchase Agreement and retain the down payment. Once a bank commitment is issued, Purchaser will be required to use due diligence in obtaining any and all extensions necessary to maintain such commitment in force, notwithstanding that such extension may be at a higher interest rate or require payment of additional fees, or include other changes. Failure to maintain such commitment will constitute a default under the Purchase Agreement, except that if the bank refuses to extend such commitment on any rates or terms, Purchaser may cancel the Contract, and receive return of his down payment hereunder.

Purchaser has the right to apply to other lending institutions for financing, that this Contract shall not be contingent upon Purchaser obtaining such financing.

25. AMENDMENTS. After acceptance of my Purchase Agreement and so long as I am not in default hereunder, there shall be no change in the amount of the Cash Purchase Price, size or layout of the apartment I intend to purchase, without my written consent first being obtained. If there is a material change in the size or quality of common areas, I shall be given written notice thereof by certified mail, return receipt requested, and I shall have fifteen (15) days therefrom to rescind my Purchase Agreement and obtain return of my Down Payment by so notifying the Sponsor or Selling Agent in writing by certified mail, return receipt requested.

26. CAPTIONS. The captions used herein are inserted only as a matter of convenience and for reference and in no way define, limit or described the scope of this Purchase Agreement or the intent of any provision hereof.

27. RECORDING OF DEED AND POWER OF ATTORNEY. At the Closing of Title, I will deliver the executed deed received from Seller and an executed and acknowledged power of attorney to the representative of the title company, if any or to Seller for recording in the Office of the Register of the City of New York, County of Kings. Such deed and power of attorney will be in the form set forth in the Plan.

28. JURY WAIVER. I hereby waive trial by jury in any action, proceeding, or counterclaim involving any matter whatsoever arising out of, or in any way connected with this Purchase Agreement or the relationship of the parties as purchaser and seller, or my right to any statutory relief or remedy.

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

30. EXECUTION OF FORMS. It shall be a conditions of this contract that I shall execute and deliver to the Sponsor's attorney all forms and papers required by the State of New York and City of New York in connection with the purchase of the Unit including but not limited to the "RPT" form and gains tax transferee form.

31. LAWS. The laws of the State of New York shall govern this transaction.

32. PURCHASER'S REMEDIES. In the event that the Sponsor shall for any reason (except for willful default) be unable to convey and deliver the apartment in accordance with terms of the Purchase Agreement, (except for any failure to perform any obligation imposed by applicable statute or regulation, or a failure to perform Sponsor's obligations under the Offering Plan) the sole remedy of the Purchaser shall be to rescind the Purchase Agreement and be refunded the entire downpayment with interest plus the cost of title searches, if any.

Any conflict between the plan and the Purchase Agreement shall be resolved according to the terms of the plan.

Nothing contained in the Purchase Agreement or the Plan shall be construed to waive a Purchaser's right to abrogate Sponsor's obligations under Article 23-A of the GBL.

33. APPLIANCES AND EQUIPMENT. The Unit is being sold unfurnished, without window blinds or shades and will contain only the appliances and equipment described above and in the Plan. The only appliances included in this Plan are a stove, wall oven, dishwasher and refrigerator which will be provided by the Sponsor

B. There will be no modifications or extras unless agreed to in writing by the parties. All modifications and alterations must be approved by Sponsor in writing and, if approved, shall be performed by Sponsor at Purchaser's expenses (payable in the manner to be set forth in addendum to this Agreement or separate agreement).

34. CONSTRUCTION.

A. The construction of the building and the Unit, including the materials, equipment and fixtures to be installed therein, shall be substantially in accordance with the Plan and the architectural "plans and specifications" (defined in the Plan), subject to the right reserved by Sponsor to modify and amend the Plan and the "plans and specifications" in order to substitute materials, equipment or fixtures of equal or better quality and design, provided only the approval of any governmental authorities having jurisdiction thereover and the construction lender are first obtained (if required). The issuance of a Certificate of Occupancy for the Building shall be deemed presumptive evidence that the Building and the Unit have been fully completed in accordance with the Plan and the "plans and specifications". However nothing herein contained shall excuse Sponsor from its obligations to correct any defects in construction in accordance with the conditions set forth in the Plan in the section entitled "Rights and Obligations of the Sponsor.

B. The construction of the Building and the Unit and the correction of any defects in construction to the extent required under the Plan are the sole responsibility of the Sponsor. Purchaser acknowledges and agrees that Sponsor will not be liable for, and will have no obligation to correct, certain variations from the Plan and "plans and specifications" as indicated in the Plan in subparagraph 2(b) of "Rights and Obligations of Sponsor-Construction Obligations" and will only be responsible to correct any construction defects to extent, and on the terms and conditions, set forth in subparagraph 5 of "Rights and Obligations of Sponsor: Construction Obligations."

35. INSPECTION OF UNIT. At least ten (10) days before the Balance is to be paid, the Selling Agent shall notify the Purchaser that the Unit is ready for inspection. Upon receipt of the notice, Purchaser shall promptly arrange an appointment with the Selling Agent to inspect the Unit before the lapse of such ten (10) day period. Purchaser or his duly authorized agent shall attend such inspection and shall complete, date and sign the Inspection Statement (in the form set forth as Exhibit C to this Agreement) and deliver same to the Selling Agent at the conclusion of the inspection. Failure of Purchaser either to arrange such appointment or to inspect the Unit within ten (10) days of receipt of said notice or to so sign and deliver the completed inspection Statement, shall not excuse Purchaser from paying the Balance when due and shall constitute

Purchaser's full acceptance of the Unit. However, nothing herein shall relieve Sponsor of its obligations as set forth in the "Rights and Obligations of Sponsor—Construction Obligations."

36. NOTICES. All notices, elections, consents, demands and communications (collectively called "notices" or individually called "notice") shall be delivered personally or given in writing by registered or certified mail, return receipt requested, postage prepaid, and, if sent to Purchaser, addressed to Purchaser at Purchaser's address given in the preamble to this Agreement and, if sent to Sponsor addressed to the Sponsor, C/O New Start, LLC C/O Heath Gurinsky, Esq. 32 Court Street, Suite 201, Brooklyn, New York 11201. Either party may, by written notice to the other, change the address to which notices are to be sent. Unless otherwise provided herein, all notices shall be deemed given when personal delivery is effected or when deposited in any branch station or depository maintained by the U.S. Postal service in the City and State of New York, except that a notice of change of address shall be deemed given when actually received.

37. BROKER. Purchaser represent to Sponsor that the Selling Agent is the only broker or sales agent with who Purchaser has dealt in connection with this transaction. Sponsor agrees to pay the commission due the Selling Agent pursuant to separate agreement. Purchaser agrees that should any claim be made against Sponsor for commissions by any broker, other than Selling Agent, on account of any acts of Purchaser or of Purchaser's representatives, Purchaser will indemnify and hold Sponsor free and harmless from any and all liabilities and expenses in connection therewith, including (without limitation) reasonable legal fees and disbursements. The provisions of this Paragraph 26 shall survive the Closing.

38. NO LIEN. No lien or encumbrances shall arise against the Property or the Unit as a result of this Agreement or any monies deposited hereunder. This Agreement shall not be recorded and any purported recordation hereof by Purchaser shall constitute an Event of Default.

39. Invalidity or unenforceability of any portion or portions of this Agreement shall not effect the validity or enforceability of the other portions, which shall all be deemed valid and enforceable to the fullest extent of the law.

40. STRICT COMPLIANCE. Any failure by Sponsor to insist upon strict performance by Purchaser of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions hereof, irrespective of the number of violations or breaches which may occur, and Sponsor, notwithstanding any failure, shall have the right thereafter to insist upon strict performance by Purchaser of any and all of the provisions of this Agreement to be performed by Purchaser.

DATE:

Purchaser

Purchaser

APPROVED AND ACCEPTED
579 Washington, LLC by:

Sponsor

PA9

UNIT DEED

THIS INDENTURE made the _____ day of _____, 200 between 579 Washington Avenue, LLC, 32 Court Street, Brooklyn, New York, (hereinafter "Grantor"), and

_____, (hereinafter "Grantee")

WITNESSETH:

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

The Unit described in the attached Schedule A.

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

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

TOGETHER with an easement for the continuance of all encroachment by the Unit on any adjoining Units or Common Elements now existing as a result of settling of the Buildings, or as a result of repair or restoration of the Buildings, or the Unit, after Damage by fire or other casualty, or after taking in condemnation or eminent domain proceedings, or by reason of an alteration or repair to the Common Elements made by or with the consent of the Board of Managers, so that any such encroachments may remain so long as the Buildings shall stand;

TOGETHER with an easement in common with the Owners of other Units to use any pipes, wires, ducts, cables, conduits, public utility lines, and other Common Elements located in any of the other Units or elsewhere on the Property, and serving the Units;

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

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

SUBJECT to easements in favor of adjoining Units and in favor of the Common Elements for the continuance of all encroachments of such adjoining Units or Common Elements on the Unit, now existing as a result of construction of the Buildings, or as a result of repair or restoration of the Buildings, or any adjoining Unit, or of the Common Elements, after damage, condemnation, or eminent domain proceedings, or by reason of an alteration or repair to the Common Elements made by, or with the consent of, the Board of Managers so that any such encroachments may remain so long as the Buildings shall stand. Each Unit shall be subject to the aforesaid easements in favor of all other Units.

TOGETHER with and subject to easements, rights of way, restrictions and encumbrances created by the Declaration for THE 579 WASHINGTON AVENUE CONDOMINIUM recorded in the Kings County Office of the Register of the City of New York on the day of _____, in Reel _____, Page _____

SUBJECT to the provisions of the Declaration, By-Laws, and Floor Plans of the Condominium recorded simultaneously with and as part of the Declaration, as the same may be amended from time to time by instruments recorded in the Kings County Office or the Register of the City of New York, which provisions, together with any amendments thereto, shall constitute covenants running with the land and shall bind any person having time, any interest, or estate in the Unit, as though such provisions were recited and stipulated at length herein;

AND the Grantor covenants that the Grantor has not done or suffered anything whereby the said premises have been encumbered in any way whatsoever, except as aforesaid;

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

The use for which the Unit is intended is that of a residence and/or professional office as permitted by the By-Laws and the Declaration.

If any provision of the Declaration or the By-Laws is invalid under, or would cause the Declaration or the By-Laws to be insufficient to submit the Property to, the provisions of the Condominium Act, or if any provision that is necessary to cause the Declaration and the By-Laws to be sufficient to submit the Property to the provisions of the Condominium Act is missing from the Declaration or the By-Laws, or if the Declaration and the By-Laws are insufficient to submit the Property to the provisions of the Condominium Act, the applicable provisions of the Condominium Act shall control.

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

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

579 WASHINGTON LLC

BY:

STATE OF NEW YORK-

COUNTY OF

SS.

On the day of , 200 , before me, the undersigned personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the within instrument and acknowledged to me that he/she/they executed same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

UD3

POWER OF ATTORNEY

THE UNDERSIGNED, the Owner of Unit No. _____ in the condominium known as THE 597 WASHINGTON AVENUE CONDOMINIUM, consisting of the property submitted to the provisions of Article 9-B of the Real Property Law of the State of New York pursuant to Declaration recorded the _____ day of _____, 200____, in the Kings County Office of the Register at Reel _____, Page _____ in the floor plan of file as Map No. _____, do hereby nominate, constitute, and appoint persons who may from time to time constitute the Board of Managers of THE 597 WASHINGTON AVENUE CONDOMINIUM jointly, true and lawful attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, to acquire in their own name, as members of the Board of Managers, or in the name of their designee, corporate, or otherwise, on behalf of all Owners of Units whose Owner in said Property, in accordance with their Common Interests, any Unit whose Owner desired to abandon or sell the same, the undivided interest in the common Elements appurtenant thereto, the interest of such Unit Owner in any other Units theretofore acquired by the Board of Managers, or its designee, on behalf of all Unit Owners, or in the proceeds of sale of such Unit Owner in any other Units theretofore acquired by the Board of Managers, or its designee, on behalf of all Unit Owners in all other assets of the Condominium as defined in the aforementioned Declaration, or any Unit, which shall be the subject of a foreclosure or other judicial sale, or to lease any Unit whose Owner desires to rent the same, at such price or on such rental, as the case may be, and on such terms as said attorneys-in-fact may determine, granting to such attorneys-in-fact the power to do all things in said premises which the undersigned could do, if the undersigned were personally present. In more particular delineation of, but not in derogation or limitation of, the power set forth above, the Board of Managers, notwithstanding bankruptcy of any Unit Owner, specifically has the power to do any act or thing, and execute any document necessary to effectuate the purpose set forth in the Declaration referenced above including, but not limited to, Amendment of said Declaration, execution of the Deed conveying condominium property, filing for a severance of tax lots, and any other document or thing reasonable or necessary to effectuate the aforementioned purposes.

The acts of majority of such persons shall constitute the acts of said attorneys-in-fact.

The Power of Attorney shall be irrevocable.

IN WITNESS WHEREOF, the undersigned, has executed this Power of Attorney this _____ day of _____, 200_____.

POA1

STATE OF NEW YORK)
COUNTY OF) SS.:

On the _____ day of _____, 200____, before me, the undersigned personally appeared, _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

POA2

TAX ESCROW AGREEMENT

AGREEMENT made this ____ day of _____, 200__ by and between 597 WASHINGTON AVENUE LLC, (hereinafter "Sponsors"), and THE BOARD OF MANAGERS OF THE 597 WASHINGTON AVENUE CONDOMINIUM (hereinafter "The Board");

WITNESSETH:

WHEREAS, Sponsors for the conversion to condominium ownership of the land and building located at 597 Washington Avenue, Brooklyn, New York; and,

WHEREAS, The Board is The Board of Managers charged with governing the operation of said condominium; and,

WHEREAS, the individual condominium units located at the aforementioned property have not been separately assessed for real estate tax purposes prior to the closing of the first unit located thereat; and,

WHEREAS, pursuant to the terms of the offering plan for said condominium conversion Sponsors desire to secure their obligation to pay real estate taxes for the unsold units;

NOW, THEREFORE, the parties agree as follows:

1. On the first closing of a unit at the premises, Sponsors will deposit in escrow with The Board in a special segregated escrow account to be maintained by the Board in their own name, an amount equal to real estate taxes attributable to the unsold units for the six month period immediately following such closing.

2. The Board is irrevocably authorized to pay such real estate taxes as are assessed against the premises from the escrow account when such taxes are due and payable

3. The funder of the escrow account will be entitled to reimbursement from unit owners to the extent of the actual assessment.

4. Upon each subsequent closing of the units, the Sponsors may collect the estimated amount of taxes attributable to such unit for the balance of the six month period from the purchaser thereof.

5. If the escrow was kept in an interest-bearing account, the interest earned thereon such belong to the Sponsors.

6. The escrow account shall be maintained in accord with all laws, rules, and regulations of the State of New York, specifically including, but not limited to, the General Business Law; and, shall be deemed held for the benefit of the condominium.

IN WITNESS WHEREOF, the parties set their hands the date above first written.

597 WASHINGTON AVENUE LLC
BY: ALFRED THOMPSON

ALFRED THOMPSON

THE BOARD OF MANAGERS OF
THE 597 WASHINGTON AVENUE CONDOMINIUM
BY: ALFRED THOMPSON

ALFRED THOMPSON

ESCROW AGREEMENT FOR CONTRACT DEPOSIT

AGREEMENT made this 15th day of March, 2002, between 597 WASHINGTON AVENUE LLC, ("SPONSOR") as Sponsor of the offering plan, and Heath Gurinsky ("ESCROW AGENT") as escrow agent.

WHEREAS, ALFRED THOMPSON, is the principal of 597 WASHINGTON AVENUE LLC, the sponsor of an offering plan to convert to condominium ownership the premises located at 597 Washington Avenue, Brooklyn, New York, which premises are known as THE 597 WASHINGTON AVENUE CONDOMINIUM; and,

WHEREAS, HEATH GURINSKY is authorized to act as an escrow agent hereunder in accordance with General Business Law ("GBL") Section 352-3 (2-b), and the Attorney General's regulations promulgated thereunder; and,

WHEREAS, Sponsor desires that ESCROW AGENT act as escrow agent for deposits and payments by purchasers and subscribers, pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby agree to 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 DIME SAVINGS BANK, at its branch located at 54 East Parkway, Scarsdale, New York. The account number is
- 1.2 The name of the account is Heath Gurinsky ATT Escrow Account.
- 1.3 ESCROW AGENT is the sole signatory on the account.
- 1.4 The escrow account shall be an interest-bearing account as disclosed in the offering plan.
- 1.5 The escrow account is an IOLA established pursuant to Judiciary Law Section 497.

2. DEPOSITS INTO THE ESCROW ACCOUNT

- 2.1 All funds received from prospective purchasers or subscribers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be deposited in the escrow account. All instruments to be deposited into the escrow account shall be made payable to,

or endorsed by the purchaser or subscriber to the order of Heath Gurinsky as Escrow Agent for THE 597 WASHINGTON AVENUE 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 Within ten (10) business days after tender of the deposit submitted with the subscription or purchase agreement, ESCROW AGENT shall notify the purchaser of the deposit of such funds in the bank indicated in the offering plan, provide the account number, and disclose the initial interest rate. If the purchaser does not receive notification of such deposit within fifteen (15) business days after tender of the deposit, the purchaser may cancel the purchase and rescind within ninety (90) days after tender of the deposit, or may apply to the Attorney General for relief. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited in accordance with these regulations and requisite notice was timely mailed to the subscriber or purchaser.

3. RELEASE OF FUNDS

- 3.1 ESCROW AGENT shall not release the escrowed funds of a defaulting purchaser until after consummation of the plan as defined in the Attorney General's regulations. Consummation of the plan shall not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352- h.
- 3.2 ESCROW AGENT shall continue to hold the funds in escrow until otherwise directed in (a) a writing signed by both Sponsor and purchaser, or (b) a determination of the Attorney General, or (c) a judgment or order of a court of competent jurisdiction or until released pursuant to the regulations of the Attorney General pertaining to release of escrow funds.
- 3.3 Sponsor shall not object to the release of the escrowed funds to (a) a purchaser who timely rescinds in accordance with an offer of rescission contained in the plan or an amendment to the plan, or (b) all purchasers after an amendment abandoning the plan is accepted for filing by the Department of Law.
- 3.4 If there is no written agreement between the parties to release the escrowed funds, ESCROW AGENT shall not pay the funds to SPONSOR until ESCROW AGENT has given the purchaser written notice of not fewer than ten (10) business days. Thereafter, the funds may be paid to SPONSOR unless the purchaser has made application to the Department of Law pursuant to the dispute resolution provisions contained in the Attorney General's regulations and has so notified ESCROW AGENT in accordance with such provisions.

4. **RECORDKEEPING**

- 4.1 ESCROW AGENT shall maintain all records concerning the escrow account for seven (7) years after release of the funds.
- 4.2 Upon the dissolution of a law firm which was ESCROW AGENT, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm, or by the successor firm and shall notify the Department of Law of such transfer.
- 4.3 ESCROW AGENT shall make available to the Attorney General, upon his request, all books and records of ESCROW AGENT relating to the funds deposited and disbursed hereunder.

5. **GENERAL OBLIGATIONS OF ESCROW AGENT**

- 5.1 ESCROW AGENT shall maintain the accounts called for in this Agreement under the direct supervision and control of ESCROW AGENT.
- 5.2 A fiduciary relationship shall exist between ESCROW AGENT and Purchasers, and ESCROW AGENT acknowledges its fiduciary obligations.

6. **RESPONSIBILITIES OF SPONSOR**

- 6.1 SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall immediately deliver all deposits and payments received by them prior to closing of an individual transaction to ESCROW AGENT.
- 6.2 Sponsor agrees that it shall not interfere with ESCROW AGENT's performance of its fiduciary duties and compliance with the Attorney General's regulations.

7. **TERMINATION OF AGREEMENT**

- 7.1 This Agreement shall remain in effect unless and until it is canceled, by either:
- (a) Written notice given by SPONSOR to ESCROW AGENT of cancellation of designation of ESCROW AGENT to act in said capacity, which cancellation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or,
- (b) The resignation of ESCROW AGENT upon giving notice to SPONSOR of its desire to so resign, which resignation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or,

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

7.2 Upon termination of the duties of ESCROW AGENT as described in Paragraph 7.1 above, ESCROW AGENT shall deliver any and all funds held by it in escrow, and any and all contracts or documents maintained by ESCROW AGENT to the new escrow agent.

8. SUCCESSORS AND ASSIGNS

8.1 This Agreement shall be binding upon SPONSOR and ESCROW AGENT and their successors and assigns.

9. GOVERNING LAW

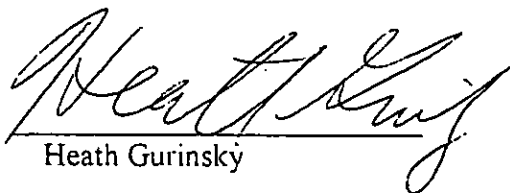
9.1 This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

10. ESCROW AGENT'S COMPENSATION

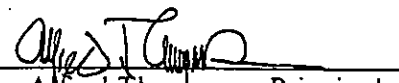
10.1 Sponsor agrees that ESCROW AGENT's compensation shall not be paid from escrowed principal, nor from any interest accruing thereon, and that compensation to ESCROW AGENT, if any, shall not be deducted from escrowed funds by any financial institution under any circumstance.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first written above.

ESCROW AGENT:
HEATH GURINSKY

By: 
Heath Gurinsky

SPONSOR:
597 WASHINGTON AVENUE LLC

By: 
Alfred Thompson, Principal

**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: 597 WASHINGTON AVENUE CONDOMINIUM BROOKLYN, NEW YORK
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: _____

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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: _____

2/6/92

ARCHITECT' S REPORT

PREMISES KNOWN AS THE 579 WASHINGTON AVENUE CONDOMINIUM
579 WASHINGTON AVENUE
BROOKLYN, NEW YORK
TAX Block Number 1124
Tax Lot Number 1 AND 74

Hugo Subotovsky AIA,
Subotovsky Architects LLC
26 Firemens Memorial Drive
Pomona, New York 10970
1-845-354-3165

July 18, 2002

This "Report" describes the building known as Washington Place Condominium, Borough of Brooklyn, County of Kings, City and State of New York; in the Prospect Heights section of Brooklyn, located in Tax Block 1124 and designated as Tax Lots 1 and 74.

ZONING AND PERMISSIBLE USE

The site is located in a R6 Zone as designated in the 1961 Zoning Resolution (ZR). This zone permits residential use as-of-right.

STATUS OF CONSTRUCTION

This is a gut rehabilitation project. There project shall consist of new interior construction within and upon the existing exterior walls and cellar floor of a 4-story building, as per plans which were filed with and approved by the Brooklyn Office of the New York City Department of Buildings. The existing exterior walls and cellar floor are approximately 70 years old and are in good condition. Masonry has been repointed 100% and bricks replaced as necessary.

The class of Construction shall be II B as described under the 1968 Administrative Building Code. The building is a gut rehabilitation construction, and a certificate of Occupancy will be issued when work is completed to the Department of Buildings.

SITE

The site is located at the intersection of Washington Avenue and Pacific Street.

AR₁

STREETS

Washington Avenue is a 75' - 0" wide, two-way street, with an existing 15' - 0" wide concrete sidewalk and curb, fronting the property. The streets beyond the lot lines are New York City sidewalks. The streets and curbs are in good condition. The sidewalks have been completely replaced and are in new condition. Curb and roadway fronting the property, will be repaired as necessary when construction is near completion, as directed by the Department of Transportation.

The roadway is asphalt paved. Catch basins are located along the roadway to drain the storm water run off, into existing New York City Sewer System.

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

Utilities

Water will be provided by the City of New York, and will be billed as a common charge.

Natural Gas will be provided by Keyspan Energy Delivery Company for cooking and heating. Each unit will be separately metered and billed directly for cooking while heating will be a common charge.

Telephone service will be provided by Verizon, and each unit will be billed directly.

Electricity will be provided by the Consolidated Edison Company, and each unit will separately be metered and billed directly. Hallways and other common area electric charge would be a part of the common charges.

Sanitary waste and some of the Storm water runoff will be carried from the building into the City Sewer System.

Sub-Soil Condition

No unusual water conditions such as flooding, ponding, or wetness were observed in the area, and no water was apparent on the surface.

Building Size

There will be One (1) 4-story building with a cellar. The building will have a total height of approximately 51'-0" measured from the adjoining grade to the ridge of the roof above the floor. The lowest level will be the cellar with a floor to ceiling height of approximately 7'-2". The approximate measures; (gross square footages) of each floor are as follows:

Cellar	approximately	=3,050 sq.ft.
First Floor	approximately	=3,050 sq.ft.
Second Floor	approximately	=3,050 sq.ft.
Third Floor	approximately	=3,050 sq.ft.
Fourth Floor	approximately	=3,050 sq.ft.

Structural System

This is a gut rehabilitation project. All construction will be new construction within and upon the existing exterior walls and cellar floor. The structural system is a bearing wall type. The existing exterior walls and cellar floor are approximately 70 years old and are in good condition. Masonry has been repointed 100% and bricks replaced as necessary. There will also be new steel and wood columns and beams at the cellar floor level for support of the new common interior masonry bearing walls. The new foundation consists of spread footings of concrete on earth.

Support for the exterior walls shall be poured concrete slab on a grade.
The interior floor assembly is new wood joists with plywood subfloor.

The construction classification of the entire building will be construction class II B, as per the N.Y City Building Code.

Exterior of Building

This is a gut rehabilitation project. All construction will be new construction within the existing exterior wall. The exterior side walls shall be of load bearing concrete blocks and bricks. The existing exterior walls are approximately 70 years old and are in good condition. Masonry has been repointed 100% and bricks replaced as necessary. The interior surfaces of the masonry walls shall be furnished with 3 ½ batt insulation with a minimum thermal R value of 19 and gypsum wall board over 4" metal studs. The exterior wall composition shall have a maximum thermal performance value (Uo) of 0.20 to comply with Table 4-1 the New York State Conservation Construction Code.

Windows

Windows are to be double- glazed, double hung aluminum, tilt type, as manufactured by Mannix, Model # 2000. Air infiltration rate of windows shall not exceed 0.25 cfm\ ft. in. The manufacturer guarantees one year, parts and hardware, and five years glazing. New windowsills shall be constructed of masonry. Lintels above window opening shall also be masonry. There will be no lot line windows in the building. The Sponsor reserves the right to provide windows by different manufacturers, which are equal to or better than listed above.

Areaways

None

Exterior of Entrances

There will be Two (2) exterior entrances to the building; Main entrance is on the front facade and second located to the cellar area. These two entrances will provide access to all units.

Mailboxes

U. S. Approved type mailboxes will be provided for each unit at the Lobby on first floor level.

Roof and Roof Structures

This is a gut rehabilitation project. There will be a new Flat roof located above the fourth floor level of the building. The roof will be App 160 modified bitumen with cold process manufactured by Firestone supported by wood joist rafters. Penetration of ducts, pipes, skylights, etc. shall be properly flashed and waterproofed. Batt insulation, with a minimum R value of 19, shall be provided at the underside of the roof in the space between in the rafters. The expected life span of the roof type is twelve (12) years with a guarantee. The sponsor reserves the right to provide roofing materials by different manufacturers, which are equal to or better than listed above.

Roof Drainage

Each new sloping roof area will be pitched at a minimum slope of approximately 4:12 and drained to verticals leaders. The new flat roof areas shall be pitched at approximately 1/4" per foot to controlled flow drains. The run off from the roof areas will be transported via the gutters, external leaders, vertical leaders and horizontal drains to the storm drain, which leads to the detention tanks.

Skylights

There will be new skylights in each penthouse apartment and new skylights over the stairwell.

Each skylight must be approved by the New York City Department of Buildings. Each skylight is constructed of 20 square feet minimum plain glass with wire screen over and under the glass. There are also 144 square inches of fixed ventilators provided in the skylights.

Interior Stairs

This is a gut rehabilitation project. New interior stairs providing access to different floors shall be of steel & concrete pan construction with metal handrails.

Interior Doors and Frames

This is a gut rehabilitation project. All new interior doors to mechanical spaces and gas and electrical meter rooms are to be fireproof self-closing metal doors with a minimum fire rating of 1 1/2 HR and with metal frames. New residential exterior, unit entrance doors and other doors to the exterior, may be solid core wood or hollow metal and shall be fire rated.

Balconies

None

Elevators

There will be one new, steel electric traction, automatic control elevator cab, manufactured by Veritech, Inc. The cab will travel from floors C-1-2-3-4. The elevator will lift a load of 2,000 pounds. The cab will include: new incandescent light fixtures for illumination of the cab; a new landing pushbutton box with buttons corresponding numerically to each floor with stop switch and alarm button covered by a new stainless steel plate; and the new metal surfaces of the unit are mineral filled to ensure a smooth surface, then covered with rust-inhibited paint and baked on enamel in a hammertone or grained color of the sponsor's choosing. The new doors are electric, single opening, sliding steel equipped with aluminum safety edge to reopen the car and landing doors in the event the doors come into contact with a person or obstacle in the path of the doors.

The elevator machine room is located on the top floor of the building, adjacent to the elevator shaft. The elevator machine room floor is concrete on metal deck supported by steel beams. The walls of the elevator machine room are made of 8" solid concrete block. The door to the elevator machine room is to be a fireproof self-closing metal door with a minimum fire rating of 1 1/2 HR and with metal frame.

Yards

There will be two new courtyards areas, to the rear and center of the building, at the cellar. The yard area shall be a depth of thirty feet, measured perpendicular to the face of the building and shall be the entire width of the building. The yard area shall be of concrete and shall be equipped with drains.

Common Areas

This is a gut rehabilitation project. The common areas and cellar shall be newly constructed. The main common area in the building shall be the rear and center yard area, with steps leading to the cellar. The mechanical spaces located at the cellar floor shall also be common areas.

LAUNDRY AREAS

Two Coinoperated Machines would be located in the common laundry room in the cellar.

PLUMBING AND DRAINAGE

THE ENTIRE BUILDING IS SPRINKLERED.

This is a gut rehabilitation project. Water will be supplied to the units through new connections from the structure to the New York City Distribution System. There will be a minimum 3" copper water main conveying the water into the building. Each unit is to be supplied with cold water from 1" copper piping. Hot water heating would be provided from central heater in the Cellar.

Domestic Hot Water

This is a gut rehabilitation project. Domestic hot water will be provided by new gas fired, domestic hot waters heater, located in the mechanical room provided at the cellar floor level. The hot water heater shall be Model# BTR 275(A), as manufactured by A.O. Smith, with a New York City approval number (M. E. A.# 213-98-E.) Each unit has an input rating of approximately 275,000 B.T.U. per hour and an efficiency rating approximately eighty percent (80%), which will be adequate to provide hot water for each unit.

The Sponsor reserves the right to provide heaters by different manufacturers, which are equal to or better than listed above.

HEATING

This is a gut rehabilitation project. Heating of each unit will be provided by new gas fired hot water boilers, located in the mechanical room at the cellar floor level. Heat energy will be transferred to the spaces within the units via convectors. The boiler will be Model# GGT-900 as manufactured by Slant Fin, with an New York City approval number (M. E. A.# 283-93-E Vol. II). Each boiler has an input rating of approximately eighty percent (80%), which will be adequate to provide heat for each unit. The sponsor reserves the rights to boilers by different manufactures, which are equal to or better than listed above.

Chimneys

There shall be a vertical metal flue located in the building, for the ventilation of boiler room equipment. The new flue shall be as manufactured by Van Packer Co. and shall have B. S. A approval. The Sponsor reserves the right to provide flues by different manufacturers, which are equal to or better than listed above.

VENTILATION

The spaces that require mechanical ventilation in the units are interior kitchens, toilet rooms and laundry rooms. These spaces shall be equipped with vertical ducts with a fan, which terminates to the outside air. The minimum rate of exhaust ventilation shall be 3 cfm per square foot of floor area for kitchenettes and 50 cfm for toilet areas, as required by the New York City Building Code. Mechanical plans shall be New York City M. E. A. or B. S. A. approved.

SANITARY SEWAGE SYSTEM

The sanitary waste will be conveyed to the New York City sewer system via extra heavy cast iron, sewer pipes, which lead to a house trap of extra heavy cast iron. The House Trap will be located in the cellar area towards the front of the building. Beyond the house trap there will be an extra heavy cast iron pipe conveying the sewage to a 6" sanitary drain. The 6" sanitary drainpipe will then be connected to the existing 15" combined sewer located in the roadway beneath Washington Avenue.

STORM DRAINAGE SYSTEM

The new storm drainage system will consist of external metal gutters and leaders, exterior area drains and controlled flow roof drains. The run-off from the surface drains will be conveyed to a new 6" extra heavy cast iron, horizontal storm drain located towards the front of building. The horizontal drain will lead to an existing 15" combined sewer, located in the roadway beneath Washington Avenue.

Refuse Disposal

Refuse disposal will be the responsibility of each individual unit occupant. They will collect their own garbage. Each floor has a compactor chute to the compactor room and on to the sidewalk, where it will be collected by the New York City Sanitation Department.

GAS SUPPLY

Gas service will be provided by Keyspan Energy Delivery Company. Gas will be used for domestic cooking and for heating. All piping shall be of black iron.

ELECTRICAL SYSTEM

The electrical service to each building will be brought in from the terminal point of the Consolidated Edison Co. The service supplied to the buildings will be between 110 - 240 volts. The service supplied to each one bedroom apartment will be 60 Amps and 100 Amps for the two and three bedroom apartments. The main feed will bring the service to separate meters, one (1) each for service to the individual units and one (1) for the common spaces. There will be approximately six (6) circuits equipped with circuit breakers for each residential unit, which will separate, air conditioning equipment, laundry equipment, dishwasher, kitchen appliances, lights and outlets. The new electrical system will be adequate for the use of modern equipment.

The light fixture schedule for the individual rooms in each unit are as follows:

UNIT 1A	
<u>ROOM</u>	<u>NUMBER AND KIND OF LIGHT FIXTURES</u>
Master Bedroom	2 wall mounted light fixtures
Junior Bedroom	1 wall mounted light fixture
Junior Bedroom/ Study	1 wall mounted light fixture
Living Room/ Dining Room	2 wall mounted light fixtures
Bathrooms	1 ceiling installed light fixture and 1 wall mounted light fixture
Home Office	2 wall mounted light fixtures
Kitchen	2 ceiling installed light fixtures

UNIT 1B

ROOM	NUMBER AND KIND OF LIGHT FIXTURES
Bedroom	1 wall mounted light fixture
Living Room/ Dining Room	2 wall mounted light fixtures
Bathrooms	1 ceiling installed light fixture and 1 wall mounted light fixture
Home Office	2 wall mounted light fixtures
Kitchen	1 ceiling installed light fixture

UNITS 1C, 2C, 3C, 4C

ROOM	NUMBER AND KIND OF LIGHT FIXTURES
Bedroom	1 wall mounted light fixture
Living Room/ Dining Room	2 wall mounted light fixtures
Bathroom	1 ceiling installed light fixture and 1 wall mounted light fixture
Study	1 wall mounted light fixture
Kitchen	1 ceiling installed light fixture

UNITS, 1D, 2D, 3D, 4D

ROOM	NUMBER AND KIND OF LIGHT FIXTURES
Master Bedroom	2 wall mounted light fixtures
Junior Bedrooms	1 wall mounted light fixture
Living Room/ Dining Room	2 wall mounted light fixtures
Bathrooms	1 ceiling installed light fixture and 1 wall mounted light fixture
Kitchen	1 ceiling installed light fixture

UNITS 2A, 3A, 4A

ROOM	NUMBER AND KIND OF LIGHT FIXTURES
Bedroom	2 wall mounted light fixtures
Living Room/ Dining Room	2 wall mounted light fixtures
Bathroom	1 ceiling installed light fixture and 1 wall mounted light fixture
Kitchen	1 ceiling installed light fixture

UNITS 2B, 3B, 4B

ROOM	NUMBER AND KIND OF LIGHT FIXTURES
Master Bedroom	2 wall mounted light fixtures
Junior Bedroom	1 wall mounted light fixture
Living Room/ Dining Room	1 ceiling installed light fixture
Bathroom	1 ceiling installed light fixture and 1 wall mounted light fixture
Kitchen	1 ceiling installed light fixture

INTERCOM

Each unit will be equipped with an intercom system at the entrance connected to the unit panels, which will permit voice contact between the residential units and their entrances. The intercom shall be Model C123 manufactured by Aphone. The Sponsor reserves the right to provide equipment, which is equal to or better than those listed above.

TELEVISION RECEPTION FACILITIES

There will be one central television antenna in the building. Each unit's owner will be responsible for Cable and Direct TV service bill.

PUBLIC AREA FACILITIES

Lighting fixtures shall be provided at public stairways and hallways. Fixtures shall be capable of providing illumination of at least ten (10) watts per twenty five (25) square feet of floor area. 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 entranceways, providing an aggregate illumination of one hundred and fifty (150) watts incandescent illumination or its equivalent. There shall also be provided (at the yard area to the rear) at least one light fixture of at least forty (40) watts incandescent illumination. The above requirements shall be in compliance with the New York City Housing Maintenance Code and Multiple Dwelling Laws.

PARKING AREAS

None

UNITS

UNITS: 1A and 1B are Duplex apartments consisting of:

Bedrooms, two (2) bathrooms, kitchen, home office area and closets.

UNITS: 2A, 3A and 4A consist of:

One (1) bedroom, one (1) bathroom, living\ dining room area, kitchen and closets.

UNITS: 2B, 3B, and 4B consist of:

Two (2) bedrooms, one (1) bathroom, living\ dining room area, kitchen and closets.

UNITS: 1C, 2C, 3C and 4C consist of:

One (1) bedroom, study room, one (1) bathroom, living\ dining room area, kitchen and closets.

UNITS: 1D, 2D, 3D, and 4D consist of:

Three (3) bedrooms, two (2) bathroom, living\ dining room area, kitchen and closets.

UNIT SIZES

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

Unit; 1A	First Floor Duplex	=1,143 sq.ft
Unit; 1B	First Floor Duplex	=1,382 sq.ft.
Units; 1C, 2C, 3C and 4C		=740 sq.ft, each unit
Units; 1D, 2D, 3D and 4D		=1,125 sq.ft, each unit
Units; 2A, 3A and 4A		=663 sq.ft, each unit
Units; 2B, 3B and 4B		=765 sq.ft, each unit

AMPERAGE

The Amperage available for each one bedroom unit is 60 amps and 100 amps for the two and three bedroom units.

Parapets and Copings

This is a gut rehabilitation project. All construction will be new construction within the existing exterior wall. All parapets and copings on this site are new.

There are several types of parapets that exist on this site. There are concrete masonry units with continuous base flashing up and over a parapet wall. There are 2" exterior water managed stucco system over 15# building paper over 3/4" exterior plywood over 6" metal studs @ 16" on center. There are also 4" face brick over 2" air space over 15# building paper over 3/4" exterior plywood over 6" metal studs @ 16" on the center. All meal stud parapets are protects from behind by continuous base flashing over 5/8" cement board. Base flashing extends up and over parapet walls.

Copings are precast concrete or Teora Cota secure via hooked dowels to parapet.

Unit Exteriors

The units will be finished as described herein:

Finished floors of the living, dining and bedroom areas shall be wood. Thereafter unit owners may finish with materials of their own choice. The walls and ceilings shall be gypsum wallboard. When finished the walls and ceilings shall be primed and painted. Thereafter the unit owners may decorate by finishing with wallpaper, paneling, mirrors, etc. of their own choice. Kitchens will have ceramic tile covering the floors, and gypsum wallboard walls and ceilings. When finished the walls and ceilings shall be primed and painted. Full bathrooms shall be equipped with a washbasin, medicine cabinet, water closet and bathtub. Full bathrooms shall have Marble tile floors and tile around the bathtub or shower, extending to the ceiling. The walls at the cellar floor shall be of masonry and the ceilings shall be of gypsum wallboards, primed and painted.

Unit Finishes

When completed, the following new interior finishes will be installed:

<u>Room</u>	<u>Floors</u>	<u>Base</u>	<u>Walls</u>	<u>Ceilings</u>
1. Living\ Dining	Wood	Wood	G.W.B. painted	G.W.B. painted
2. Bedroom	Wood	Wood	G.W.B. painted	G.W.B. painted
3 Kitchen	Ceramic Tile	Wood	G.W.B. painted	G.W.B. painted
4. Bathroom	Ceramic Tile	Tile	G.W.B. painted	G.W.B. painted
5. Laundry Closet	Ceramic Tile	Tile	Masonry	G.W.B. painted
6. Storage Room	Concrete		Masonry	Masonry
7 Mechanical Room	Concrete		Mas.\ G.W.B.	G.W.B. painted

Note:

G.W.B.= Gypsum Wall Board

Mas.= Masonry

All appliances not specified within this report are to be supplied by the unit occupant.

Fixture Schedule

- A. Water closets shall be manufactured by Kohler, type: Memoirs, model# 2267-0 and shall be of vitreous china, floor mounted and with siphon flushing action. Water closets are also to be equipped with vacuum breakers and shall meet water saving performance standards as per New York City Local Law 29\ 89.
- B. Countertop lavatory: shall be manufactured by Kohler, type: Memoirs, model# K-4257 and shall be of enameled cast iron or vitreous china countertop or one- piece cultered marble top.
- C. Bathtubs: shall be manufactured by American Standard Americast, model# 2290 and shall be enameled exterior, with flow outlet and Delta or Zurn showerhead and trim. The finish color shall be white.

The sponsor reserves the right to provided fixtures of different manufacturers, which are equal to or better than listed above.

KITCHEN EQUIPMENT

The kitchen will generally be provided with the following fixtures, appliances and equipment:

1. Laminated countertops and cabinets.
2. Stainless steel sinks manufactured by Republic model# 222-2 or equal.
3. One, Four burner gas range manufactured by Magic Chef, model# 3100 or equal.
4. Dishwasher, manufactured by G.E. Hotpoint, model# HDA 22000F or equal.

Note:

Additional kitchen appliances and fixtures including additional gas ranges will be the responsibility of the unit owners. The sponsor reserves the right to provide fixtures by different manufacturers, which are equal to or better than listed above.

HANDICAPPED ACCESS

The building provides access for the handicapped in that all residential units are accessible by elevator. Doors and accessible paths within the units shall comply with N.Y. City Local Law 58\57 and A. N. S. I. A117.1-1986. The lift shall be model FL-105 SR, as manufactured by FLORLIFT. The lift is approved for use in New York City and has a M. E. A. approval number 216-88-E. The sponsor reserves the right to provide an approved type, handicapped lift, by a different manufacturer, which is equal to or better than listed above.

WARRANTY

In compliance with New York State General Business Law Article 36-B:

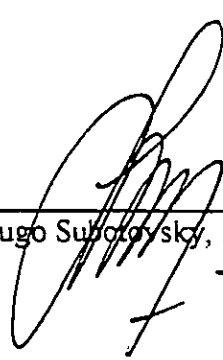
- a) The building shall be free from defects in workmanship (but not materials) for a period of one year from the warranty date,
- b) That the plumbing, heating, electrical, cooling, and ventilation systems will be free from defects in workmanship for a period of two years from the warranty date, and
- c) That the home will be free from *material defects* for a period of six years from the warranty date.

VIOLATIONS AND PERMITS

There are no current violations on the proposed buildings. All required permits and signoffs, including a Certificate of Occupancy, are to be obtained by the sponsor prior to closing.

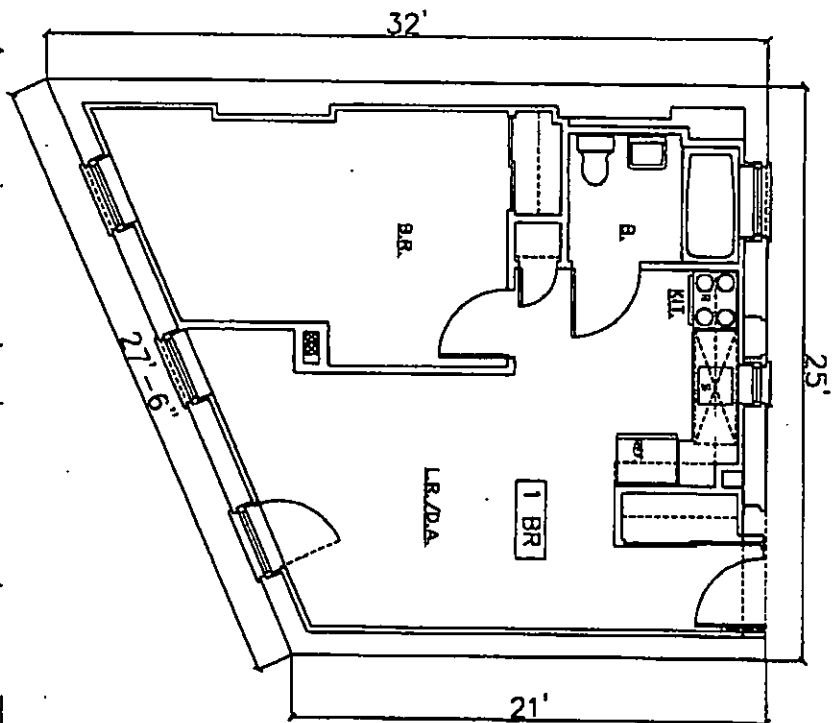
LANDSCAPES

There will be some landscaping in the rear of the building, comprising of grass with some flora.

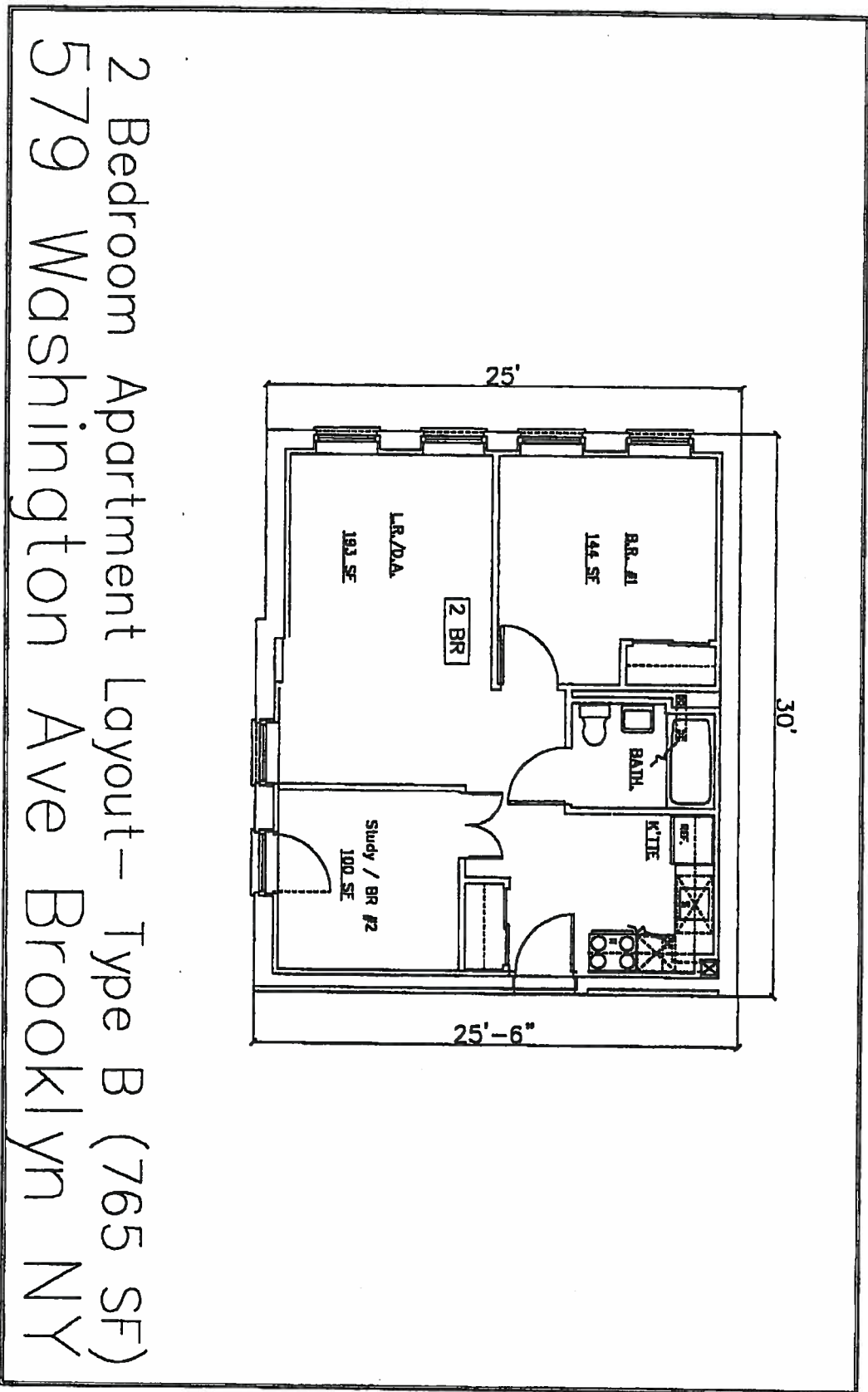


Hugo Suboczowsky, AIA

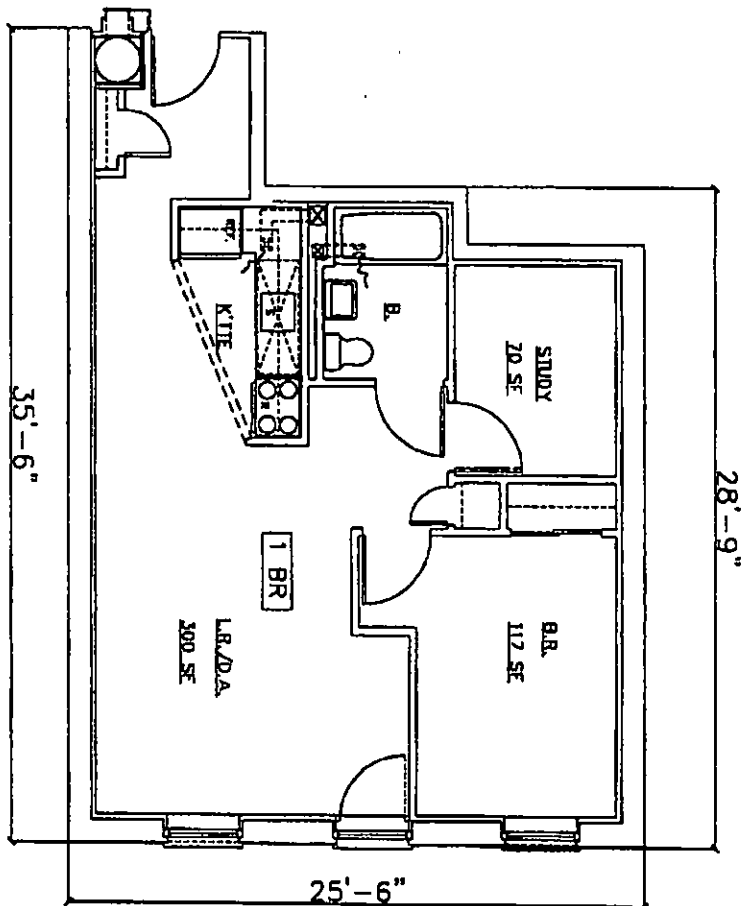
1 Bedroom Apartment Layout- Type A (663 SF)
579 Washington Ave Brooklyn NY



FP1



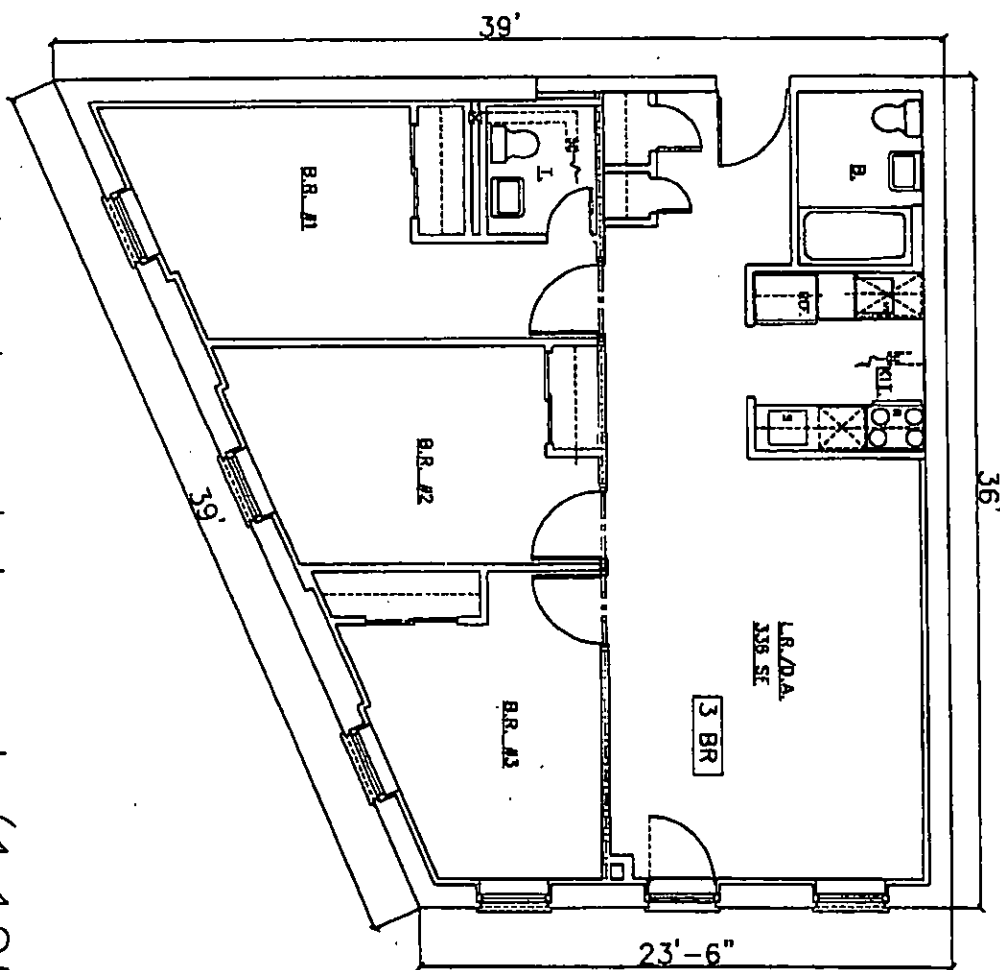
FP2



1 Bedroom with Study Apartment Layout
Type C(740 SF)
579 Washington Ave Brooklyn NY

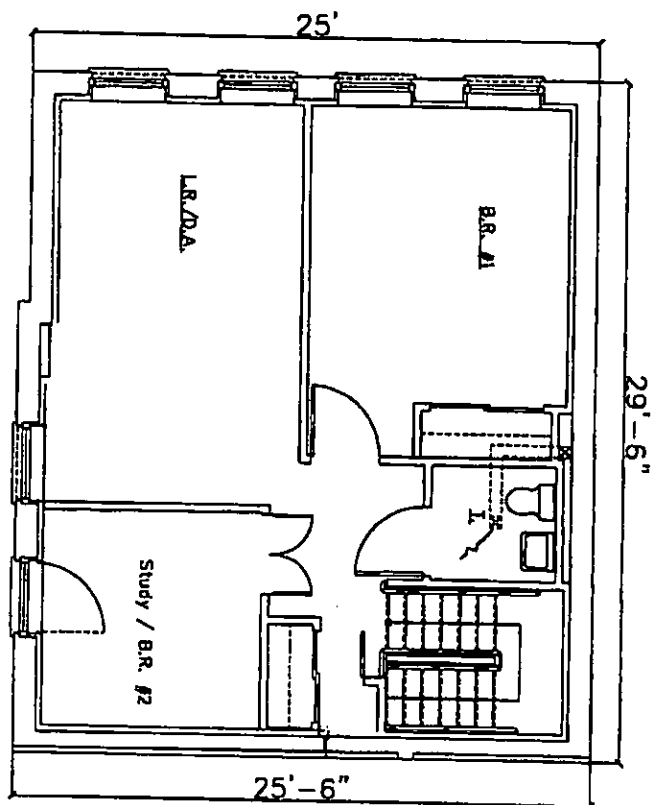
FP3

3 Bedroom Apartment Layout (1,125 SF)
579 Washington Ave Brooklyn NY

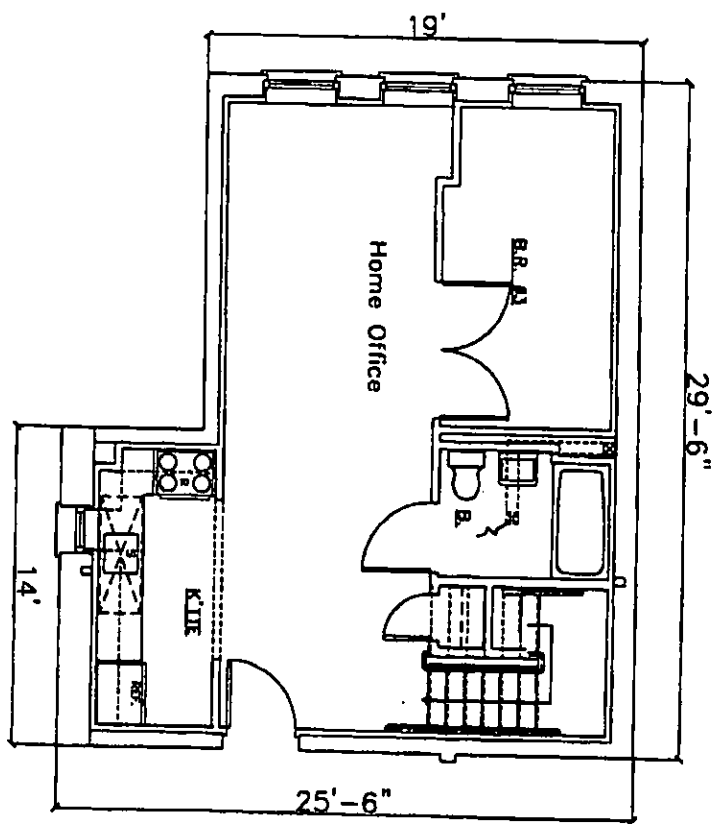


Duplex Apartment Layout - Type B (1,382 SF)
579 Washington Ave Brooklyn NY

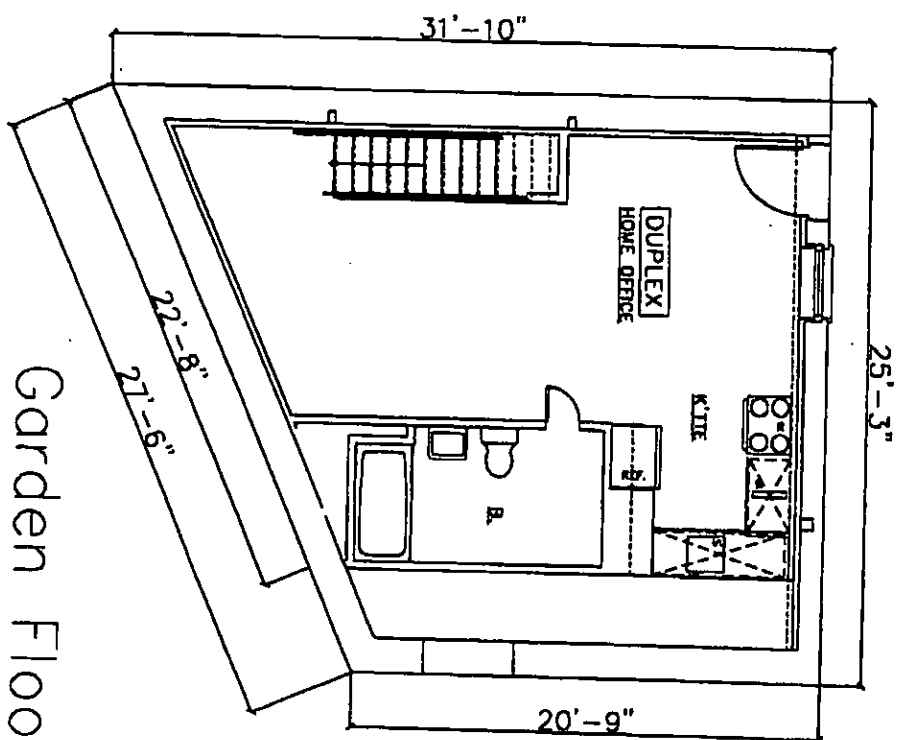
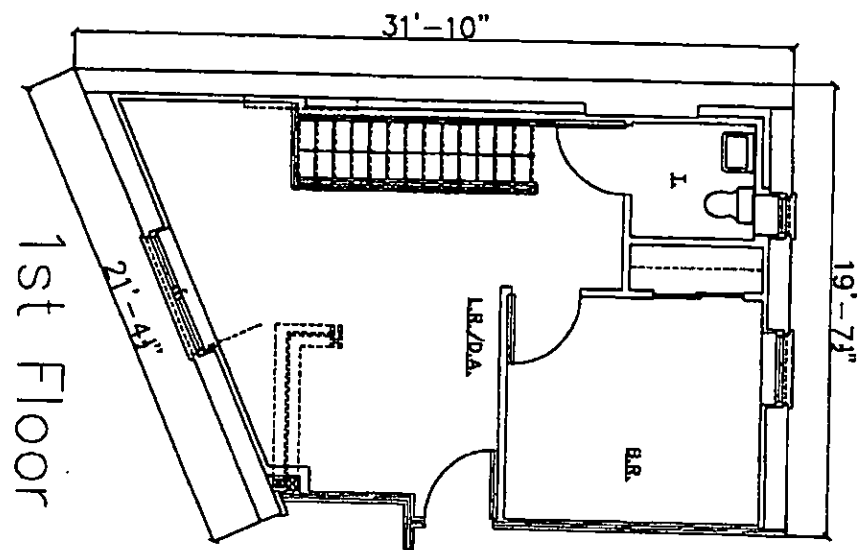
1st Floor



Garden Floor



Duplex Apartment Layout - Type A (1,143 SF)
579 Washington Ave Brooklyn NY



GENERAL BUSINESS LAW-CIVIL PRACTICE LAW AND
RULES-NEW HOMES--SALES-WARRANTIES

We ACT to amend the general business law and civil practice law and rules, in relation to warranties on sales of new homes

Approved September 6, 1988, effective as provided in S 3.

The people of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The general business law is amended by adding a new article S 1 thirty-six B to read as follows:

ARTICLE 36-B

Section 777. Definitions.

777-a. Housing Merchant Implied Warranty.

777-b. Exclusion or modification of warranties.

Section 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 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 the workmanship and material meet or exceed the specific standards of the applicable 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 the 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 footing, beams, girders, lintels, columns, walls and partitions, floor systems and roof framing systems.

5. "New home" or "home" means any single family house forsale unit in a multi-unit residential structure of five stories or less in which title to the individual units is transferred to owners under 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 case of the 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 connections; 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.

Section 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 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 a 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 the agent, employee or subcontractor or the builder, (ii) defective materials supplied by the builder or by an agent, employees 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 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 sub-division 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 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 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.

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 from course of dealing or usage of trade.

S 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 plan.

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 listed 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 standard provided in subdivision four and five of this section.

4. A limited warranty sufficient to exclude merchant implied warranty must be written in plain English and must clearly disclose:

- a. that the warranty is limited 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 others; 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 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 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 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 pre-empt any local law inconsistent with the provision of this article. This article shall not pre-empt 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.

Section 2. Subdivision two of the section two hundred thirteen of the civil practice law and rules, as amended by chapter four hundred three of the laws of nineteen hundred eighty-three, is amended to read as follows:

2. an action upon a contractual obligation of liability, express or implied, except as provided in section two hundred thirteen-a of this article or article 2 of the uniform commercial code or article 36-B of the general business law;

Section 3. This act shall take effect on the first day of March next succeeding the date on which it shall have become a law and shall apply to new homes for which contractors of sale are entered into on or after such effective date.

New York State Consolidated Laws
Real Property

ARTICLE 9-B
Condominium Act

S 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.

DECLARATION

Establish a Plan for Condominium Ownership of Premises located at 579 Washington Avenue, Brooklyn, New York, County of Kings, City and State of New York Pursuant to Article 9-B of the Real Property Law of the State of New York.

NAME: THE 579 WASHINGTON AVENUE CONDOMINIUM

SPONSOR: 579 WASHINGTON, LLC 32 Court Street, Suite 201, Brooklyn, New York 11201

DATE OF DECLARATION:

The land affected by the within instrument lies in Section Block Lots on the
Tax Map of the Borough of Brooklyn, County of Kings, City and State of New York.

Record and Return:

Heath Gurinsky, Esq
Attorney for Sponsor
32 Court Street, Suite 201
Brooklyn, New York 11201

DECLARATION ESTABLISHING A PLAN FOR CONDOMINIUM OWNERSHIP of Premises to be known as THE 579 WASHINGTON AVENUE CONDOMINIUM, located at 579 Washington Avenue, Brooklyn, New York, Borough of Brooklyn, County of Kings, City and State of New York, pursuant to Article 9B of the Real Property Law of the State of New York.

579 Washington Avenue LLC, located at 32 Court Street, Suite 201, Brooklyn, New York, hereinafter referred to collectively as "the Sponsor", does hereby declare:

1. SUBMISSION OF PROPERTY: Sponsor hereby submits the land hereinafter described, together with the Buildings and improvements thereon erected ("the Property") to the provisions of Article 9-B of the Real Property Law of the State of New York.

2. AREA AND LOCATION OF LAND: The land ("Land") consists of all that certain tract, plot, piece and parcel of land situate, lying and being in the County of Kings, City and State of New York, more particularly described on Schedule A annexed hereto and made a part hereof. The Land is owned by the Sponsor in fee simple absolute.

3. NAME OF CONDOMINIUM: The Condominium shall be known as THE 579 WASHINGTON AVENUE CONDOMINIUM.

4. DESCRIPTION OF THE BUILDING: The building consists of a single building with an entrance at 579 Washington Avenue, Brooklyn, New York. The building is composed of four stories and a cellar, and will contain sixteen (16) dwelling units. The legal occupancy of each building will match the proposed occupancy hereunder. The building complies with Class Two (2) non-fire-proof masonry construction requirements.

5. THE UNITS: SCHEDULE B annexed hereto and made a part hereof sets forth the following data with respect to each Unit necessary for the proper identification thereof; Unit designation; tax lot number; approximate square foot area; location; number of rooms; the portion of the Common Elements, including Limited Common Elements to which the Unit has immediate access (if any) and the percentage of interest in the Common Elements. The location of each Unit, and any Limited Common Elements appurtenant thereto, is more clearly designated on the Floor Plans (as hereinafter defined) and reference should be made thereto for the statement of the location of each Unit.

6. FLOOR PLANS: As shown on the Floor Plans of the Buildings (the "Floor Plans"), certified by Hugo Subotovsky, Architect, and intended to be filed in the Kings County Office of the register of the City of New York, simultaneously with the recording of *this* Declaration, the approximate physical dimensions of the Units shall consist of the area enclosed horizontally by the unexposed side of the drywalls of the exterior walls of the building and by the unexposed side of the drywalls or the exposed face of the concrete of those walls and partitions which separate the unit from corridors, stairs, mechanical equipment spaces and other units, and enclosed vertically by the underside of this units' finished flooring and the exposed painted face of the concrete ceiling or the unexposed side of the units' drywall ceiling where applicable. The doors and windows, which open from the unit, shall be deemed part of the unit. No unit owner shall be deemed to own the supporting columns, pipes, wires, conduits or other public lines running through the unit which are utilized for or service more than one unit.

7. COMMON ELEMENTS: The Common Elements of the Condominium consists of the entire Property, including parts of the Buildings and improvements thereon other than the Units. Common Elements are comprised of General Common Elements and Limited Common Elements. They include, without limitation, the following:

a) General Common Elements:

- (i) The land on which the Buildings are physically erected;
- (ii) All foundations, columns, girders, beams, supports, bearing walls; those portions of the exterior walls and insulation beyond the exterior face of the Buildings those portions of the walls and partitions dividing the Units from corridors, lobby and stairs located beyond the exposed face of the dry walls enclosing the Unit; the subfloor and framing joists, including any framing attached to such joists from which the dry wall ceiling of the Unit below is attached; roofs (excluding terraces), corridors, halls, stairs and stairway areas located beyond the unexposed face of the dry walls enclosing the Residential Unit; lobby; storage and utility areas located beyond the unexposed face of the dry walls and the entrances to and exits from the Buildings;
- (iii) All installations outside the Units for services such as gas, power, light, telephone and water;
- (iv) All sewer pipes and drainage pipes outside units;
- (v) The boiler room and meter areas, and janitor's closet(s), if any, as shown and delineated on the Floor Plans;
- (vi) All other apparatus and installations existing in the Buildings for common use or necessary or convenient to the existence, maintenance or safety of the Buildings.

b) Limited Common Elements:

Each Unit Owner, his guests, invitees, lessees and residents of his Unit shall have the exclusive use of the following portions of the building as follows:

- (i) Each Unit Owner shall be solely and only responsible for repair and maintenance of the Limited Common Element appurtenant to their Unit including, but not limited to, painting, cleaning, patching, and surface repair. In the event a Unit Owner fails to properly maintain his Limited Common Element, the Condominium Board of Managers may take such steps as in its exclusive judgment are necessary to maintain the areas and the cost thereof shall be assessed against the Condominium Unit to which such Limited Common Elements are appurtenant. To the extent that any damage to a Limited Common Element is caused by building condition, or by other condition for which the Condominium carries insurance, the cost of repair of such damage shall be borne by the Condominium.

8. DETERMINATION OF PERCENTAGES IN COMMON ELEMENTS: The percentage of Common Interest allocated to each Unit is in the approximate proportion that the estimated fair market value of the Unit as the date of the Declaration will bear to the then aggregate fair market value of all the Units.

9. USE OF UNITS: Any Unit may be used for private residential use, or for any home occupation use permitted under applicable zoning laws and ordinances, building code, or other rules and regulations of governmental authorities having jurisdiction thereof. Such Units may also be used as professional offices by a resident thereof, provided such professional use does not violate any zoning law and ordinance, and provided further that prior written consent of the Board of Managers for such professional use is obtained. Notwithstanding the foregoing, the Sponsor may, without the permission of the Board of Managers, retain ownership of one or more Units for use as rental units, models, sales and/or offices in connection with the sale or rental of the Units.

10. ENCROACHMENTS: If any portion of the Common Elements encroach upon any Unit, or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements, or if any encroachment shall occur hereafter as a result of (a) settling or shifting of the Buildings, or (b) alteration or repair to the Common Elements made by or with the consent of the Board or Managers, or (c) as a result of repair or restoration of the Buildings or a Unit after damage by fire or other casualty, or (d) as a result of condemnation or eminent domain proceedings; a valid easement shall exist for such encroachments and for the maintenance of the same so long as the Buildings shall stand.

11. EASEMENTS:

a) Each Unit Owner shall have an easement in common with the owners of all other Units to use all pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements located in any of the other Units and serving his Unit. Each Unit shall be subject to an easement in favor of the Owners of all other Units to use the pipes, ducts, cables, wires, conduits, public utility lines and other Common Elements serving such other Units and located in such Unit. The Board of Managers shall have a right to access to each Unit and any Limited Common Elements appurtenant thereto to inspect the same, to remove violations therefrom and/or to maintain, repair or replace the Common Elements contained therein or elsewhere in the Building.

b) The Sponsor and its designees, their successors, assigns, invitees, licensee, contractors, employees and tenants, shall have an easement in, on, over and across the Property for (i) construction, installation and development thereon and for the construction and installation, ingress to and egress from, and use of (including the right to connect with) all pipes, conduits, ducts, cables, wires, storm drainage facilities, water, sewer and other utility lines and (ii) construction and installation, ingress to and egress from and the right to use (in common with Unit Owners) all storm drainage facilities, water, sewer and other utility lines, pipes, conduits, flues, ducts, wires and cables, and (iv) ingress to and egress from all land areas of the Property and the use of said land areas (in common with Unit Owners) for any lawful purpose.

c) The Sponsor, its designees and their successors, assigns, invitees, licensees, contractors, employees and tenants (i) shall have an easement to erect, maintain, repair and replace from time to time one or more signs on the Property for the purposes of advertising the sale of Units and the leasing of space in any Unit as well as an easement in the access to Units and Common Elements consistent with the purposes of the Offering Plan for the Property as same may be amended, and Sponsor's rights and obligations thereunder, including, without limitation, the right to develop, renovate, maintain, repair, refurbish, offer, sell and lease Units and Common Elements, and (ii) reserve the right to establish, grant and create easements for any additional

underground electric, transformer, amplifier, gas, cable, television, telephone, water, storm drainage, sewer or other utility lines and appurtenances in, under and through the Property, including, without limitation, an easement or easements for the benefit of any property adjacent to the Property, to relocate any existing utility easements in any portion of the Property and to dedicate any or all of such facilities to any governmental body, public benefit corporation or utility company if the Sponsor or designee shall deem necessary or desirable for the proper operation and maintenance of the Property or any portion thereof, or the residents of any property adjacent to the Property, or users of the Recreation Facilities, provided that such additional utilities or the relocation of existing utilities will not prevent or unreasonably interfere with the use of the Residential Units for dwelling purposes. Any utility company or public benefit corporation furnishing services to the Property, and the employees and agents of any such company or corporation, shall have the right to access of any Unit, to the Common Elements or the Limited Common Elements in furtherance of such easements, provided such right to access is exercised in such a manner as not unreasonably to interfere with the use of the Units.

d) The user of any easement granted by Sub-paragraphs "b" and "c" of this Paragraph 10 shall have the responsibility of repairing any damage resulting therefrom.

12. PERSON TO RECEIVE SERVICE: For the period during which Sponsor is in control of the Board of Managers, 579 Washington, LLC, 32 Court Street, Brooklyn, New York, is hereby designated to receive notice of process in any action which may be brought against the Condominium. After Sponsor relinquishes control of the Board of Managers notice of process in any action which may be brought against the Condominium shall be served on the President of the Condominium at the office of the Condominium located at 579 Washington Avenue, Brooklyn, New York.

13. UNITS SUBJECT TO DECLARATION, BY-LAWS AND RULES AND REGULATIONS: All present and future Owners, tenants, subtenants and occupants of Units shall be subject to and shall comply with the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time. The acceptance of a deed or conveyance or the entering into a lease or the entering unto occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time, are accepted and ratified by such Owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease thereof.

14. AMENDMENT TO DECLARATION: This Declaration may be amended, modified, added to or deleted from by vote of Unit Owners representing at least 66-2/3% of the Common Interest of all Unit Owners, cast in person or by proxy at a meeting duly held in accordance with the provisions of the By-Laws, or in lieu of a meeting, any amendment may be approved, in writing by vote of Unit Owners representing at least 66-2/3% of the Common Interest of all Unit Owners; provided however,

a) No amendment, modification, addition or deletion which shall adversely affect the lien or any mortgage may be made without the written consent of the mortgagee;

- b) No amendment which shall change the percentage of Common Interests allocated to any Unit or Units may be made without the written consent of such Owner;
- c) No amendment, modification, addition or deletion of or to this Declaration will be effective in any respect against the Sponsor, its designee, or any Unsold Unit until the Sponsor or such designee shall consent thereto in writing.
- d) No amendment, modification, addition or deletion of or to this Declaration which would in any way alter, restrict or change the use to which a Commercial Unit may be put, shall be effective against any such Commercial Unit without the written consent of the Owner of such Commercial Unit.

The Sponsor hereby reserves to itself and its designee(s) the right to amend this Declaration at any time without the requirements of a vote and without the approval or consent of any Unit Owners or mortgagees for the sole purpose of filing the Floor Plans required by the New York Real Property Law Section 339-p for any portion or portions of the Buildings and appurtenances which are incomplete upon the original filing of the Declaration provided that the verified statement of a registered architect or licensed professional engineer certifying that the plans being filed simultaneously with such amendment, fully and fairly depicting the layout, location, unit designations and approximate dimensions of the particular Unit or Units as built, provided in said Section 339-p will be filed with such amendment.

No such amendment shall be effective until recorded in the Kings County Office of the Register of the City of New York.

15. CHANGES IN UNSOLD UNITS: For any Unit owned by the Sponsor or its designee(s), if not prohibited by the New York Condominium Act (as the same may be amended), the Sponsor or its designee(s) shall have the right, without the vote or consent of the Board of Managers, other Unit Owners or the holders of Unit Mortgages, to (i) make alterations, additions, or improvements in, to and upon the Unit; (ii) change the layout or number of rooms in the Unit; (iii) change in and size and/or number of such Units by subdividing a Unit, combining separate Units (including those resulting from any subdivision or otherwise) into one or more Units, altering the boundary walls between any Unit or otherwise; and (iv) reapportion among such Units affected by such change in size or number, subdivision, combination or alteration, appurtenant interests in the Common Elements; provided, however, that the Sponsor or its designee(s) shall comply with all rules, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Board of Managers and all other Unit Owners harmless from any liability arising therefrom. In accordance with law, the Common Elements appurtenant to each Unit as expressed in this Declaration shall have a permanent character and shall not be altered without the consent of all Unit Owners affected. Written consent will be obtained from Unit Owners, if any, who are adversely affected as a result of the above changes. Contract vendees, if any, pursuant to Purchase Agreements with the Sponsor or its designees for a Unit adversely affected as a result of the above changes, will be given the right to rescind their Purchase Agreements and receive a refund of any disclosed in an amendment to the Offering Plan for the Property. The provisions of this Paragraph 16 may not be added to, amended or deleted without the prior written consent of the Sponsor or its designee(s). In the event of any such change in an Unsold Units, Sponsor shall amend the

Declaration and Floor Plans to reflect same.

In the event the Sponsor or its designee, exercising its rights pursuant to this Article so requires the board of Managers shall promptly amend the Declaration at the expense of the Sponsor or its designee, to reflect any such alteration, addition, improvements, changes or reapportionments and shall record such amendment in the Office of the Register of Kings County.

Unit Owners in the Condominium hold title to their respective Units subject to the benefits, rights, privileges, easements, burdens, covenants, and restrictions as described herein, in the By-Laws of the Condominium and any agreement of record recorded prior or subsequent to this Declaration.

16. INVALIDITY:

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

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

17. TERMINATION OF CONDOMINIUM: The Condominium may be terminated by casualty loss, condemnation or eminent domain, in accordance with the provisions of the By-Laws, or by withdrawing the Property from the provisions or the New York Condominium Act if authorized by an affirmative vote of Unit Owners who own no less than eighty (80%) percent in Common Interest of the Units. The Sponsor or its designees will not vote its interests appurtenant to any Unsold Units for such withdrawal, unless at least eighty (80%) percent in Common Interest of the Units Owners have elected for such withdrawal, in which event the Sponsor may choose to vote in favor of or against such withdrawal. In the event said withdrawal is authorized as aforesaid, the Property shall be subject to an action for partition by any Unit Owner or lienor as if owned in common, in which event the net proceeds of sale shall be divided among all the Unit

Owners in proportion to their respective Common Interests, provided however, that no payment shall be made to a Unit Owner until all lienors have first been paid off out of his share of such proceeds.

18. COMMON EXPENSE: Common Expenses of the Condominium mean and include all expenses of operation of the Property and all sums designated Common Expenses by or pursuant to the provisions of Article 9-B of the Real Property Law of the State of New York, the Declaration or the By-Laws.

19. DEFINITION OF "SPONSOR-DESIGNEE": The term "Sponsor-Designee" as used in this Declaration shall mean any person or entity designated by the Sponsor to acquire title to a Unit, other than a good faith Purchaser for value purchasing pursuant to a validly executed Purchase Agreement. A "Sponsor-Designee" shall have the right to designate a person or entity to succeed to its rights and any such designee shall also be deemed a "Sponsor-Designee."

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

21. CAPTIONS: The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Declaration nor the intent of any provision thereof.

22. GENDER: The use of the masculine gender in this Declaration shall be deemed to refer to the plural, and vice versa, whenever the context so requires.

IN WITNESS WHEREOF, the parties have caused this Declaration to be executed by its duly authorized representatives this _____ day of _____, 200

579 WASHINGTON, LLC
BY:

STATE OF NEW YORK)
COUNTY OF _____) ss.

On the _____ day of _____, 200 , before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is(are) subscribed to the within instrument and acknowledged to me that he/she/they executed same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s) or the person upon behalf of which the individual(s) acted, executed the instrument.

NOTARY PUBLIC

DCB

DC9

BY-LAWS

OF

THE 579 WASHINGTON AVENUE CONDOMINIUM.

Dated as of May __, 2002

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BY-LAWS

of

THE 579 WASHINGTON AVENUE CONDOMINIUM

ARTICLE I

Purpose of Business

Section 1. Unit Ownership: The property located in the Borough, County of Kings, City and State of New York at 579 Washington Avenue, Brooklyn, New York (hereinafter called the "Property") has been submitted pursuant to the provisions of Article 9-B of the Real Property Law of the State of New York (the "Condominium Act") by the Declaration recorded in the Kings County office of the Register of the City of New York (the "Declaration"), simultaneously herewith. The condominium thereby created shall hereinafter be known as The 579 WASHINGTON AVENUE CONDOMINIUM (the "Condominium").

Section 2. Applicability of By-Laws: The provision of these By-Laws are applicable to the Property of the Condominium and to the use and occupancy thereof. The term "Property" as used herein shall include the land, the building thereon (including the Units, the General Common Elements and the Limited Common Elements, as such terms are defined in the Condominium Act), owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other property personal or mixed, intended for use in connection therewith, all of which are intended to be submitted to the provisions of the Condominium Act. The Condominium Units are hereinafter sometimes referred to as "Unit" or "Units".

Section 3. Application: All present and future owners, mortgagees, lessees and occupants of Units and their employees, and any other persons who may use the facilities of the Property in any manner are subject to these By-Laws, the Declaration and the Rules and Regulations attached hereto as Schedule A.

The acceptance of a deed or conveyance or the entering into of a lease for a Unit or the act of occupancy of a Unit shall constitute an agreement that these By-Laws, the Rules and Regulations and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.

Section 4. Office: The office of the Condominium and of the Board of Managers shall be located at the Property.

Section 5. Definitions: For purposes of these By-Laws, *Common Elements* and *Common Interests* have the meanings ascribed to those terms as set forth in Sections 7 and 8 of the Declaration.

ARTICLE II

Meetings of Unit Owners

Section 1. Annual Meeting: The Annual Meeting of the owners of the Units (the "Unit Owners") of the Condominium for the election of the Board of Managers and for such other business as may properly come before such meeting, shall be held in the Borough of Brooklyn, City of New York, at such time and place, each year as may be designated by the Board. The notice of the meeting shall be in writing and signed by the President or a Vice President or the Secretary or an assistant Secretary. Such notice shall state the time when and the place within the state where it is to be held, and the Secretary shall cause a copy thereof to be delivered personally or mailed to each Unit Owner of record of the Condominium entitled to vote at such meeting not less than ten (10) nor more than forty (40) days before the meeting. If mailed, it shall be directed to each such Unit Owner at his or her address as it appears in the records of the Condominium, unless he or she shall have filed with the Secretary of the Condominium a written request that notices intended for the him or her be mailed to some other address, in which case it shall be mailed to the address designated in such request.

Section 2. Special Meetings: Special meetings of Unit Owners, other than those the calling of which is regulated by statute, may be called at any time by the President or Secretary or by a majority of the Board of Managers. It shall also be the duty of the Secretary to call such meetings whenever requested in writing so to do by Unit Owners owning at least twenty-five percent (25%) of the votes of the Condominium. The Secretary shall cause a notice of such Special Meeting stating the time, place and object thereof and the officer or other person or persons by whom the meeting is called, to be delivered personally or mailed as provided in Section 1 of this Article to each Unit Owner of record of the Condominium entitled to vote at such meeting not less than ten (10) nor more than forty (40) days before such meeting. No business other than that stated in such notice shall be transacted at such Special Meeting unless the holders of all the Units of the Condominium be present thereat in person or by proxy. Except that there shall be a meeting commenced within sixty (60) days after the closing of the ninth Unit sold to elect a Board of Managers, unless a new Board of Managers (described in Article IV) was elected at an earlier meeting with the consent of 579 Washington Avenue, LLC (the "Sponsor").

Section 3. Waiver of Notices: The notice provided for in the two foregoing sections is not indispensable, but any Unit Owners' meeting shall be valid for all purposes if all the Unit Owners of the Condominium are represented thereat in person or by proxy, or if a quorum is present, as provided in the next succeeding section, and waiver of notice of the time, place and objects of such meeting shall be duly executed in writing either before or after said meeting by the Unit Owners as are not so represented and were not given such notice.

Section 4. Quorum: At each meeting of Unit Owners, except where otherwise provided by law, Unit Owners representing, in person or by proxy, more than fifty percent (50%) of the votes of the Units shall constitute a quorum; in case a quorum shall not be present at any meeting, the holders of a majority of the Units represented may adjourn the meeting to some future time and place. Only those Unit Owners who, if present at the adjourned meeting, would have been entitled to vote thereat, shall be entitled to vote at any such adjourned meeting.

Section 5. Voting: At each meeting of Unit Owners, each Unit Owner present in person or by proxy shall be entitled to cast the votes appurtenant to his or her Unit (as described in Section 7) at the time of service of notice of such meeting or at such prior date not more than forty (40) days before such meeting, as may be described by the Board of Managers as the date for determining which Unit Owners of record are entitled to notice of and to vote at such meeting. The proxies shall be in writing duly signed by the Unit Owner but need not be acknowledged or witnessed, and the person named as proxy by any Unit Owner need not himself or herself be a Unit Owner of the Condominium. Voting by Unit Owners shall be via voice unless any Unit Owner present at the meeting, in person or by proxy, demands a vote by written ballot, in which case the voting shall be by ballot, and each ballot shall state the name of the Unit Owner voting and the number of votes appurtenant to his or her Unit, and in addition, the names of the proxy of such ballot he or she cast by a proxy.

Section 6. Title to Units: Title to Units may be taken in the name of an individual or in the name of two (2) or more persons, as tenants in common or as joint tenants or as tenants by the entirety or in the name of a corporations or partnership, or in the name of a fiduciary or trust, estate, un-incorporated association, syndicate, joint venture, organization, government or any department or agency thereof, or any other entity. The term "Unit Owner" as used in these By-Laws shall include any person, group of persons, association or entity taking title as set forth in this Section.

Section 7. Number of Votes: Any or all of such Owners (including the Sponsor or Sponsor-designee, if the Sponsor or its designee shall then own one or more Units) shall be entitled to cast one vote for each one thousandths of a percent (.001%) of interest in the Common Elements attributable to the Unit or Units owned by them on all matters put to the vote at all meetings of Unit Owners; except that, when voting for the election of members (the "Managers" or each a "Manager") of the Board of Managers, each Unit Owner shall be entitled to one vote for each one thousandths of a percent (.001%) of Common Interest attributable to his or her Unit per Manager. If Units are owned by more than one person as joint tenants, tenants by the entirety, or as tenants in common or by a partnership, corporation or other entity, the persons owning said Unit shall agree among themselves and cast the votes for their Unit as a single vote. A fiduciary shall be the voting member with respect to any Unit in a fiduciary capacity. Any Unit or Units owned by the Board of Managers or its designee shall not be entitled to vote.

Section 8. Majority of Unit Owners: As used in these By-Laws the term "majority of Unit Owners" shall mean those Unit Owners having more than fifty percent (50%) of the total authorized votes of all Unit Owners present in person or by proxy and voting at any meeting of the Unit Owners, determined in accordance with the provisions of Section 7 of this Article II. Two thirds of Unit Owners shall mean those Unit Owners having greater than sixty-six and two thirds percent (66-2/3%) of the total authorized vote of all Unit Owners present in person or by proxy and voting at any meeting of the Unit Owners. A vote of a majority of Unit Owners shall be sufficient for any action of any meeting, except where otherwise provided herein or required by statute.

Section 9. Inspectors of Election: Inspectors of election shall not be required to be appointed at any meeting of Unit Owners unless requested by a Unit Owner present (in person or by proxy) and entitled to vote at such meeting and upon the making of such request inspectors shall be appointed or elected as provided in Section 610 of the Business Corporation Law.

ARTICLE III

Officers

Section 1. Designation: The principal officers of the Condominium shall be the President, the Vice-President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Managers. The Board of Managers may appoint such other officers as in its judgment may be necessary. The President and Vice-President, but no other officers, need to be a Manager.

Section 2. Election of Officers: Each officer of the Condominium shall be elected annually by the Board of Managers at the organizational meeting of each new Board of Managers and shall hold office at the pleasure of the Board of Managers and until his or her successors is elected, or his or her resignation or death.

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

Section 4. President: The President shall be the chief executive officer of the Condominium. He or she shall preside at all meetings of the Unit Owners and of the Board of Managers. He or she shall have all of the general powers and duties which are incident to the office of president of a stock corporation organized under the Business Corporation Law of the State of New York including but not limited to the power to appoint committees from among the Unit Owners from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Condominium.

Section 5. Vice-President: The Vice-President shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Managers shall appoint some other Manager to act in the place of the President, on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him or her by the Board of Managers or by the President.

Section 6. Secretary: The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Board of Managers; he or she shall have charge of such books and papers as the Board of Managers may direct; and he or she shall in general perform all the duties incident to the office of secretary of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 7. Treasurer: The Treasurer shall have the responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. He or she shall be responsible for the deposit of all moneys and other valuable effects in the name of the Board of Managers, the Managing Agent (as described in Article IV Section 2) or the Condominium, as determined by the Board of Managers, in such depositories as may from time to time be designated by the Board of Managers, and he or she shall, in general, perform all the duties incident to the office of treasurer of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 8. Compensation of Officers: No officer shall receive any salary or other compensation from the Condominium for acting as such or for services rendered in an official capacity.

Section 9. Liability of Officers: No officer shall be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for willful misconduct or bad faith. The Unit Owners shall severally indemnify each officer against any liability or claims except those arising out of the bad faith or willful misconduct of an officer. It is intended that each officer shall have no personal liability with respect to any contract made by him or her on behalf of the Condominium. It is and shall be permissible for each officer who is appointed by the original Board of Managers, to contract with the Sponsor and affiliated corporations without fear of being charged with self-dealing. It is also intended that the liability of any Unit Owner arising out of any contract made by an officer or out of the aforesaid indemnity in favor of each officer shall be limited to such proportion of the total liability thereunder as his or her interest in the Common Elements bears to the aggregate interest in the Common Elements of all the Unit Owners. Every agreement made by an office on behalf of the Condominium shall provide that each officer is acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners, except for willful misconduct or bad faith), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his or her interest in the Common Elements bears to the aggregate interest in the Common Elements of all Unit Owners.

ARTICLE IV

Managers

Section 1. Number: The number of Managers of the Corporation shall not be less than three (3) nor more than seven (7), as may from time to time be herein provided and, in the absence of such provision shall be three (3). Commencing with the first election of the Managers by Unit Owners of the Condominium (as provided in Article II Section 2), and until changed by amendment of this By-Law provision, and hereinafter provided, the number of Managers shall be three (3). The number of Managers shall not be decreased to a number less than the number of Managers then in office except at any Annual Meeting of Unit Owners. Notwithstanding anything contained in these By-Laws to the contrary, unless otherwise agreed to by the Sponsor, until the first election of the Managers (as provided in Article II Section 2), during the period the Sponsor, its successors or its designees continue to own more than fifty percent (50%) of the Units the Board of Managers shall consist of one Manager which shall be New Start, LLC. Notwithstanding anything contained in these By-Laws to the contrary, nothing shall prohibit the incorporation of the Board of Managers.

Section 2. Powers and Duties: The Board of Managers shall have the powers and duties (1) necessary for the administration of affairs of the Condominium, as agent of all Unit Owners and (2) necessary to manage, maintain and care for the Common Elements. The Board of Managers may delegate its duties to one or more officers appointed pursuant to Article III and/or to a "Managing Agent" duly retained by the Board of Managers.

Section 3. Nomination and Election: Each Manager shall be elected for a term of one year at the annual Meeting of Unit Owners or at a Special Meeting called for that purpose as provided

by law. Each Unit Owner shall be entitled to cast one vote for each one thousandths of a percent (.001%) of Common Interest in the Condominium appurtenant to his or her Unit(s), which shall be cast all for one nominated manager, or divided among any number of nominated managers. The term of office for each Manager shall be until respective successors are elected and qualify.

Section 4. Quorum: A majority of the Managers then authorized by these By-Laws shall constitute a quorum.

Section 5. Vacancies: Vacancies in the Board of Managers resulting from death, resignation or otherwise may be filled without notice to any of the Unit Owners by a vote or a majority of the remaining Managers present at the meeting at which such election is held for that purpose promptly after the occurrence of any such vacancy even though no quorum is present. Each person so elected shall be a Manager until a successor shall be elected at the next annual meeting of Unit Owners. In the event of the failure to hold any election of Managers at the time designated for the annual election of Managers or in the event that the Board of Managers shall not have filled any such vacancy, a Special Meeting of Unit Owners shall be called to elect a new Board of Managers. Any vacancy created by amendment of these By-Laws shall be filled in the manner provided in the resolution adopting such amendment. In case of a reduction of the authorized number of Managers by amendment of these By-Laws, the Manager, if any, whose term office shall cease, shall be determined in the manner provided the resolution adopting such amendment.

Section 6. Meetings: The Board of Managers shall meet immediately after the Annual Meeting of Unit Owners without notice and also whenever called together by any Manager of the Condominium, upon notice given to each Manager, by delivering personally, mailing or telegraphing the same to him or her at least two (2) days prior to such meeting at the last address furnished by him or her to the Condominium. Regular meetings may be held without notice at such times and places as the Board of Manager may determine. Any meeting of the Board of Managers at which all the Managers shall be present, or of which notice shall be duly waived by all absentees, either before or after the holding of such meeting, shall be valid for all purposes provided a quorum be present. Meetings of the Board of Managers may be held either at the principal office of the Condominium or elsewhere within the State of New York as provided in the notice calling the meeting, unless the Board of Managers by resolution adopt some further limitation in regard thereto. At all meetings of the Board of Managers, each Manager shall be entitled to one vote. The vote of a majority of the Managers present at the time of a vote of a duly constituted meeting shall be the act of the Board of Managers.

Section 7. Resignation and Removal: Any Manager may resign at any time by written notice delivered in person or sent by certified registered mail to the President or Secretary of the Condominium. Such resignation shall take effect at the time specified therein, and unless specifically requested acceptance of such resignation shall not be necessary to make it effective.

Any Manager may be removed from office at any time with or without cause upon the affirmative vote of the Unit Owners whose aggregate vote is more than fifty percent (50%) of the votes of the Unit Owners' at a meeting of the Unit Owners duly called for the purpose; provided, however, that the Manager(s) elected by the Sponsor (or its successor or designee) can be removed only for cause by a vote of a majority of the Unit Owners or without cause by the Sponsor

Section 8. Annual Cash Requirements: The Board of Managers shall, from time to time determine the cash requirements as defined in the Condominium's By-Laws, and fix the terms and manner of payment of Common Charges as more specifically set forth in Article VI. The Board of Manager shall have discretionary power to prescribe the manner of maintaining and operating the Property, to be paid as by the Unit Owners. Every such determination by the Board of Managers shall be final and conclusive as to all Unit Owners and any expenditures made by the Condominium's officers or its agent under authority of, or with the approval of, the Board of Managers of the Condominium shall, as against the Unit Owners, be deemed necessarily and properly made for such purpose. Until the earlier of (i) the second anniversary of the First Closing or (ii) such time as the Sponsor owns less than the majority of the Units, the Board of Managers of the Condominium will not take any of the following actions unless the Unit Owners (other than the Sponsor) owing more than fifty percent (50%) of the votes of residential Units approve in writing or by vote, in person or by proxy, at a duly constituted meeting called for such purpose:

- a) Increase the number or change the type of employees from that described in the NOTES TO SCHEDULE B of the offering plan;
- b) Provide for new or additional services from indicated in the NOTES TO SCHEDULE B of the offering plan, of such new or additional services cost of all other services, when added to the annual cost of all other services, being provided in said notes;
- c) Establish any reserve other than the Reserve and/or Working Capital Funds set forth in the offering plan.

However, notwithstanding anything contained herein to the contrary, the Sponsor, as holder of unsold Units, shall not veto the expenses set forth in SCHEDULE B of the offering plan, or expenditures required to comply wit applicable laws or regulations.

Section 9. Rules and Regulations: The Board of Managers may from time to time adopt and amend such rules and regulations as it may deem necessary in respect to the Property of the Condominium for the health, safety and convenience of the Unit Owners. Copies thereof and of changes therein shall be furnished to each Unit Owner.

Section 10. Compensation: No Manager shall receive any compensation from the Condominium for acting as such. The Managing Agent shall be compensated for acting as such to the extent determined by the Board of Managers. The compensation of the Managing Agent shall be a Common Charge.

Section 11. Liability of the Board of Managers: The Managers shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the Managers against all contractual liability to others arising out of contracts made by the Board of Managers on behalf of the Condominium unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these By-Laws. It is intended that the Managers shall have no personal liability with respect to any contract made by them on behalf of the Condominium within the scope of their authority. It is understood and permissible for the original Board of Managers, which shall consist of New Start, LLC, to contract with the Sponsor

and affiliated entities without fear of being charged with self-dealing. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Managers shall be limited to such proportion of the total liability thereunder as his or her interest in the Common Elements bears to the interest of all the Unit Owners in the Common Elements. Every agreement made by the Board of Managers or the Managing Agent on behalf of the Condominium shall provide that the Managers, or the Managing Agent, as the case may be, are acting only as agent for the Unit Owners in the Common Elements. Every agreement made by the Board of Managers or by the Managing Agent on behalf of the Condominium shall provide that the Managers or the Managing Agent, as the case may be, are acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his or her interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements.

ARTICLE V

Notices

Section 1. Definitions: Whenever under the provisions of the Declaration or of these By-Laws, notice is required to be given to the Board of Managers, any Manager, a Unit Owner or a mortgagee, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same in a post office or letter box, in a postpaid sealed wrapper, addressed to the Board of Managers, such Managers or Unit Owner or mortgagee in such address as appears on the books of the Condominium.

Sections 2. Service of Notice Waiver: Whenever any notice 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

OPERATION OF THE PROPERTY

Section 1. Determination of Common Expenses and Fixing of Common Charges: The Board of Managers shall from time to time, and at least annually, prepare a budget for the operation of the Condominium, determine the amount of the Common Charges payable by the Unit Owners to meet the Common Expenses (i.e., the expenses associated with the management, maintenance and care of the Common Elements), and allocate and assess such Common Charges and Common Expenses among the Unit Owners in proportion to their respective Common Interests. The Common Expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Managers pursuant to the provisions of these By-Laws and the fees and disbursements of the Insurance Trustee (as described in Article XI). The Common Expenses may also include such amount as the Board of Managers may deem proper for the operation and maintenance of the Common Elements including, without limitation, an amount for working capital of the Condominium, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the common expenses for any prior year. The Common Expenses may also

include such amounts as may be required for the purchase or lease of any Unit whose owner has elected to sell or lease such Unit, or any Unit which is to be sold at a foreclosure or other judicial sale. The Board of Managers shall advise all Unit Owners promptly, in writing, of the amount of Common Charges and Expenses payable by each of them, respectively, as determined by the Board of Managers, as aforesaid, and shall furnish copies of each budget on which such Common Charges and Expenses are based to all Unit Owners. Any dispute relating to the expenses to be borne by the Unit Owners shall be submitted to arbitration in accordance with these By-Laws.

The Sponsor or Sponsor-designee shall be responsible for the Common Charges assessed against a Unit owned by it from the date of the First Unit Closing until such Unit is sold to a bona fide purchaser.

Section 2. Insurance: The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance: fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring the Property containing the Units (including all of the Units and the fixtures initially installed therein by the Sponsor or by prior construction and any other property usual to the servicing and general occupancy, but not including furniture, furnishings, or any other personal property supplied or installed by Unit Owners) together with all service machinery and equipment contained therein and covering the interests of the Condominium, the Board of Managers and all Unit Owners and their mortgagees with certificates of insurance, as their interests may appear, in an amount to be determined by the Board of Managers.

Section 3. Payment of Common Charges: All Unit Owners shall be obligated to pay the Common Charges assessed by the Board of Managers pursuant to the provisions of Section 1 of Article VI at such time or times as the Board of Managers shall determine.

No Unit Owner shall be liable for the payment of any part of the Common Charges assessed against his or her Unit subsequent to a sale, transfer or other conveyance by him or her.

Section 4. Collection of Common Charges and Assessments: The Board of Managers shall assess Common Charges against Unit Owners from time to time at least annually and shall take prompt action to collect any Common Charge due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. The Board of Managers shall also take prompt action to collect any assessment due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date thereof.

Section 5. Default in Payment of Common Charges or Assessments: In the event of default by any Unit Owner in paying to the Board of Managers the Common Charges or any assessment as determined by the Board of Managers, such Unit Owners shall be obligated to pay interest at the highest legal rate on such Common Charges or assessments from the due date thereof, together with all expenses, including attorney's fees, incurred by the Board of Managers in any proceeding brought to collect such unpaid Common Charges or assessments. The Board of Managers shall have the right and duty to attempt to recover such Common Charges or assessments, together with interest thereon, and the expenses of the proceeding, including attorney's fees, in an action to recover the same brought against such Unit Owner, or by foreclosure of the lien on such Unit granted by Section 339-z of the Real Property Law of the

State of New York, in the manner provided in Section 339-aa thereof. A Unit Owner defaulting in payment of Common Charges or assessments shall not be permitted to vote at any regular or special meeting of Unit Owners.

Section 6. Foreclosure of Liens for Unpaid Common Charges: In any action brought by the Board of Managers to foreclose a lien on a Unit because of unpaid Common Charges, the Unit Owner shall be required to a reasonable rental for the use of his or her Unit and the plaintiff in such foreclosure action shall be entitled the appointment of a receiver to collect the same. The Board of Managers, acting on behalf of all Unit Owners, shall have the power to purchase such Unit at foreclosure sale and to acquire, hold, lease, mortgage (but not to vote the votes appurtenant to), convey, or otherwise deal with same. A suit to recover a money judgment for unpaid Common Charges shall be maintainable without foreclosing or waiving the lien securing the same. The proceeds from the sale of any Unit pursuant to this Section shall be used first to pay the unpaid Common Charges and/or assessments, plus reasonable attorney's fees and administrative costs and any other lawful liens on the defaulting Unit. Amounts above this, if any, will be the property of the defaulting Unit Owner. If after the sale of Unit for the nonpayment of Common Charges and/or assessments, the sale does not recover the full amount due and owing, the Board of Managers has the right to assess all the Unit Owners as a Common Expense for difference between the amount received by the Condominium from the sale of the Unit and the amount owed to the Condominium.

Section 7. Statement of Common Charges and Assessment: The Board of Managers shall promptly provide any Unit Owner so requesting the same in writing, with a written statement of all unpaid Common Charges due from such Unit Owner.

Section 8. Abatement and Enjoinment of Violations by Unit Owners: The violation of any rule or regulation adopted by the Board of Managers, or the breach of any term or provision contained herein, or the breach of any provision of the Declaration, shall give the Board of Managers the right, in addition to any other right set forth in these By-Laws the following: (a) upon reasonable notice to the Unit Owner, to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof (provided, however, that no prior notice shall be required in the event the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the Property of the Condominium or for the safety of residents of the Condominium or other persons or required to avoid the suspension of any necessary service to the Condominium); or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Section 9. Maintenance and Repairs:

a) All maintenance of and repairs to any Unit, ordinary or extraordinary, and to the doors (except painting exterior side of Unit entrance door), windows (except painting exterior side of windows), electrical (except Common Elements), plumbing (except Common Elements) and heating fixtures and air conditioning units within the Unit or belonging to the Unit Owner shall be at the Unit Owner's expense, excepting as otherwise specifically provided herein.

b). All maintenance, repairs and replacements to the General Common Elements as defined in the Declaration, and the painting and decorating of the exterior side of Unit entrance doors and windows shall be made by the Board of Managers as a Common Expense, excepting to the extent that the same are necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner. Maintenance, repair and replacements in or to the Limited Common Elements as defined in the Declaration will be performed as per the Declaration.

Section 10. Restrictions on Use of Units: In order to provide for congenial occupancy of the Property and for the protection of the values of the Units, the use of the Property shall be restricted to and shall be in accordance with the following:

a) The Units shall be used for private residences only, except that a Unit Owner may use his or her Unit for any home occupation use permitted under applicable zoning law and ordinances, building code or other rules and regulations of governmental authorities having jurisdiction. Any Unit may also be used as a professional office by a resident thereof provided such professional use does not violate zoning regulations and provided further that the prior consent of the Board of Managers to such professional use is obtained. Notwithstanding the foregoing, the Sponsor or Sponsor-Designee shall have the right, without charge, (i) to maintain general and sales offices in one or more Units or elsewhere on the Property, to use one or more Units as models and for other promotional purposes and to erect and maintain signs on the Property; (ii) to have its employees, contractors and sales agents present on the property (iii) to do all things necessary or appropriate including the use of the Common Elements, to sell or lease Units and to complete construction of the Property and to comply with its obligations.

b) The Common Elements shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of Units.

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

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

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

Section 11. Additions, Alterations or Improvements by Unit Owners: No Unit Owner shall make any structural addition, alteration or improvement in or to his or her Unit, or which affects the exterior of the Units, without prior written consent thereto of the Board of Managers. The Board of Managers shall have the obligation to answer in writing any written request by a Unit

Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's Unit, within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Managers to the proposed addition, alteration, or improvement. An application to any department of the City of New York or to any other governmental authority for a permit to make an addition, alteration or improvement in or to any Unit shall be executed by the Board of Managers only, without however incurring any liability on the part of the Board of Managers or any of them to any contractor, subcontractor, or material man on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom.

In the event the Board of Managers grants its consent, either affirmatively or by its inaction, to any structural addition, alteration or improvement to be made by a Unit Owner, the consent shall provide that any such work shall be at the Unit Owner's sole cost and expense, that work shall be done in accordance with all governmental or quasi-governmental laws, rules, regulations, codes and ordinances, that all work shall be done by reputable contractors with adequate liability, property damage and worker's compensation insurances (certificates for which shall be delivered to the Board of Managers prior to the commencement of construction), that any additions, alterations or improvements, shall be maintained in their entirety by said Unit Owner who shall also be responsible for any repairs, including structural repairs, to such area in any event, and to the Unit and any Common Elements where such repairs become necessary due to additional stresses caused by the structural alteration, addition or improvement, or due to improper design or construction of the structural alteration, addition or improvement, and such approval shall further provide that the Unit Owner shall reimburse the Board of Managers any out-of-pocket expenses incurred by the Board of Managers in connection with the granting of such approval and in connection with any services provided to such alteration, addition or improvement; such expenses may include, but shall not be limited to, any fees of an attorney and/or fees of an architect consulted in connection with any request by a Unit Owner for approval of such work.

The provisions of this Section 11 which requires the consent of the Board of Managers in connection with a structural addition, alteration or improvement shall not apply to Units owned by the Sponsor or its designee. All other provisions of this Section 11 shall apply to all Units.

Non-structural alterations and improvements to Units that do not affect the exterior of the Property may be made without the prior approval of the Board of Managers.

Section 12. Use of Common Elements and Facilities A Unit owner shall not place or cause to be placed in the lobby, public halls, stairways or other Common Elements or common facilities, furniture, packages or objects of any kind. The public halls and stairways shall be used for no purpose other than for normal transit through them. The Sponsor and any Sponsor designee shall have the right to use of the Common Elements, without charge for the purpose set forth in Section 10 of this Article VI.

Section 13. Right of Access: A Unit Owner shall grant a right of access to his or her Unit, to each Manager and/or any other person authorized by the Board of Managers or the Managing Agent, for the purpose of making inspections or for the purpose of correcting any condition originating in his or her Unit and threatening another Unit or a Common Element or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in his or her Unit or elsewhere in or on the Property in which the

Unit is located, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate regardless of whether the Unit Owner is present at the time or not. In the event of the exercise of the right of access provided in this Section 13, any costs for repairs shall be borne in accordance with the provisions of Section 9 of this Article VI. Each Unit Owner will be required to give a copy of his or her keys to his or her Unit to the President of the Board of Managers who shall designate an authorized person or persons to keep the keys and use them in case of an emergency.

Section 14. Rules of Conduct: Rules and Regulations concerning the use of the Units and the Common Elements may be promulgated and amended by the Board of Managers. A majority vote of Unit Owners at a meeting may overrule the Board of Managers. Copies of such rules and regulations shall be furnished by the Board of Managers to each Unit Owner prior to the time when the same shall become effective. Initial rules and regulations, which shall be effective until amended by the Board of Managers are annexed hereto and made a part hereof as Schedule A.

Section 15. Water Charges and Sewer Rents: Water shall be supplied to all of the Units and the Common Elements through one or more building meters or pursuant to a frontage charge and, the Board of Managers shall pay, as a Common Expense except for the Commercial Unit which shall be separately metered and billed, all charges for water consumed on the Property and in the Units, together with all related sewer rents arising therefrom, promptly after the bills for the same shall have been rendered. In the event of a proposed sale of a Unit by the Owner thereof, the Board of Managers, on request of the selling Unit Owner, shall execute and deliver to the purchaser of such Unit or to the purchaser's title insurance company, a letter agreeing to pay all charges for water and sewer rents affecting the Property as of the date of closing of title to such Unit promptly after such charges shall have been billed. The Commercial Unit or Units shall be entitled to a credit against common charges for the portion of such common charges allocable to water/sewer charges for residential Units.

ARTICLE VII

Mortgage

Section 1. Notice to Board of Manager A Unit Owner who mortgages his or her Unit shall notify the Board of Managers of the name and address of his or her mortgagee and shall file a confirmed copy of the note and mortgage with the Board of Managers; the Board of Managers shall maintain such information in a book entitled "Mortgages of Units".

Section 2. Notice of Unpaid Common Charges: The Board of Managers, when so requested in writing by a mortgagee of a Unit, shall promptly notify any mortgagee of a Unit, of such Unit Owner's default, including non-payment of Common Charges, in the obligations of such Unit Owner under the Declaration, By-Laws, Rules and Regulations, as the same are amended from time to time, or in any order of the Board of Managers issued with respect thereto.

Section 3. Notice of Default: The Board of Managers, when giving notice to a Unit Owner of a default in paying Common Charges or other default, shall send a copy of such notice to each

holder of a mortgage covering such Unit whose name and address has heretofore been furnished to the Board of Managers.

Section 4. Examination of Books: Each Unit Owner and each mortgagee of a Unit shall be permitted to examine the books of account of the Condominium at reasonable times, on business days.

ARTICLE VIII

Condemnation and Termination

Section 1. Condemnation: In the event of a taking in condemnation or by eminent domain of part or all of the Common Elements, the award made for such taking shall be payable to the Board of Managers, if such award amounts to \$50,000.00 or less, and to the Insurance Trustee if such award amounts to more than \$50,000.00. If seventy-five percent (75%) or more of the Unit Owners duly and promptly approve the repair and restoration of such Common Elements, the Board of Managers or the Insurance Trustee, as the case may be, shall arrange for the repair and restoration of such Common Elements, and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event that seventy-five percent (75%) or more of the Unit Owners do not duly and promptly approve the repair and restoration of such Common Element, the Board of Managers shall disburse the net proceeds of such award in accordance with the Unit Owners percentage of ownership. As used in this Section, the words "promptly approve" shall mean not more than sixty (60) days from the date of such taking.

Section 2. Termination: The Condominium may be terminated by the casualty loss, condemnation or eminent domain, in accordance with the provisions of the By-Laws, or by withdrawing the Property from the provisions of the New York Condominium Act if authorized by an affirmative vote of Unit Owners who own not less than eighty percent (80%) in number and in Common Interest of the Units. Sponsor or its designees will not vote its interests appurtenant to any unsold Units for such withdrawal unless at least eighty percent (80%) in number and in Common Interest of all other Unit Owners have elected for such withdrawal, in which event the Sponsor may choose to vote in favor of or against such withdrawal. In the event said withdrawal is authorized as aforesaid, the Property shall be subject to an action for partition by any Unit Owner or lienor as if owned in common, in which event the net proceeds of sale shall be divided among all the Unit Owners in proportion to their respective Common Interests. However, no payment shall be made to a Unit Owner until all liens to which his or her Unit are subject are paid off.

ARTICLE IX

Arbitration

Section 1. Procedure: Any matter required or permitted to be determined by arbitration pursuant to the terms of the of the By-Laws, Declaration or other documents relating to the Condominium shall be submitted for resolution by a single arbitrator in a proceeding held in New York City, New York, in accordance with the then existing rules of the American Arbitration Association or any successor organization thereto. In the event that the American Arbitration Association shall not then be in existence and has no successor organization, any

such arbitration shall be held in New York City, New York before one arbitrator appointed, upon the application of any party by the Real Estate Board of New York.

Section 2. Variation by Agreement: The parties to any dispute required or permitted to be resolved by arbitration pursuant to the terms of the By-Laws, Declaration or other documents relating to the Condominium may, by written agreement, vary any of the terms of Section 1 hereof with respect to the arbitration of such dispute or may agree to resolve their dispute in any manner, including, without limitation, the manner set forth in Section 3031 of the New York City Practice Law and Rules and known as "New York Simplified Procedure for Court Determination of Disputes".

Section 3. Binding Effect: The decision in any arbitration conducted pursuant to the terms of Section 1 and 2 hereof shall be binding upon all of the parties thereto and may be entered in any court of appropriate jurisdiction.

Section 4. Cost and Expenses: The fees, costs and expenses of the arbitrator shall be borne by the losing party in the arbitration or, if the position of neither party to the dispute shall be substantially upheld by the arbitrator, such fees, costs and expenses shall be borne equally by the disputants. Each disputant shall also bear the fees and expenses of his or her counsel and expert witnesses.

All costs and expenses paid or incurred by Condominium board in connection with any arbitration held hereunder, including, without limitation, the fees and expenses of counsel and expert witnesses, shall constitute Common Expenses.

ARTICLE X

Conflicts

These By-Laws are set forth to comply with the requirements of the Condominium Act. In case any of these By-Laws conflict with the provisions of said statute or of the Declaration, the provisions of said statute or of the Declaration, as the case may be, shall control.

ARTICLE XI

Amendments to the By-Laws

Section 1. Amendment to By-Laws: These By-Laws may be modified or amended by the vote of two-thirds (as that number is defined in these ByLaws) in Common Interests of all Unit Owners at a meeting of Unit Owners duly held for such purpose.

For as long as the Sponsor owns one or more unsold Units, these By-Laws, including the Rules and Regulations of the Condominium attached hereto, may not be altered, amended, repealed or added to without the consent of the Sponsor.

Section 1. Invalidity: The invalidity of any part of the By-Laws shall not impair or affect in any manner the valid enforceability or effect of the balance of these By-Laws.

Section 2. Captions: The captions herein are Inserted only by matter of convenience and or reference, and in no way define, limit, or describe the scope of these By-Laws, or the intent of any provision therein.

Section 3. Gender: The use of the masculine gender in the By-Laws shall be deemed to include the feminine gender and the use of singular shall be deemed to include the plural, whenever the context requires.

Section 4. Waiver: No restriction, condition, obligation or provision contained in these By-Laws, shall be deemed to have abrogated or waived by reason of any failure to enforce the same, respective of the number of violations or breaches thereof which may occur.

Section 5. Insurance Trustee: The Insurance Trustee selected, shall be a bank, trust company or savings and loan association in the State of New York, designated by the Board of Managers (with approval of the holders of five (5) or more Unit first mortgages). In the event the Insurance Trustee shall resign, the new insurance Trustee shall also be a bank, trust company, or savings and loan association in the State of New York, designated by the Board of Managers (with the approval of the holders of five (5) or more Unit first mortgagees). The Board of Managers shall pay fees and disbursements of any Insurance Trustee, and such fees or disbursements shall constitute a Common Expense of the Condominium.

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CERTIFICATION OF SPONSOR AND SPONSOR'S PRINCIPALS PURSUANT TO
SECTION 20 OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS
LAW ARTICLE 23-A, AS AMENDED

RE: 579 Washington Avenue
Brooklyn, New York

We, 579 Washington Avenue, LLC, Alfred Thompson and Paul Galvin being the sponsor and principals of the managing member of the Sponsor of the Offering Plan to convert the above captioned property to condominium ownership, jointly and severally certify as follows:

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 Attorney General in Part 20, and such other laws and regulations as may be applicable;

We have read the entire offering plan, and investigated the facts therein set forth, and the underlying facts. We have exercised due diligence in forming a basis for certification. We jointly and severally certify that the offering plan does, and that all documents hereafter submitted to amend or supplement the Plan will:

1. Set forth the detailed terms of the transaction and be complete, current, and accurate;
2. Afford potential purchasers, investors and participants an adequate basis on 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 of sale;
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.

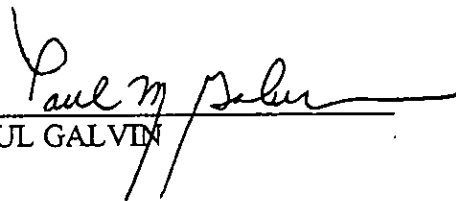
This certification is made under the penalty of perjury for the benefit of all persons to whom this offering is made. We understand that violations are subject to the Civil and Criminal penalties of the General Business Law and the Penal Law.

CRT1

579 WASHINGTON AVENUE LLC
by:

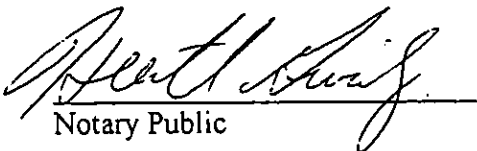

ALFRED THOMPSON


ALFRED THOMPSON


PAUL GALVIN

Sworn to before me this

2nd Day of MAY 2002


Notary Public

HEATH GURINSKY
Notary Public, State of New York
No. 02GU6046105
Qualified in Westchester County
Commission Expires 08/07/2002

Sworn to before me this

2nd Day of MAY 2002


Notary Public

HEATH GURINSKY
Notary Public, State of New York
No. 02GU6046105
Qualified in Westchester County
Commission Expires 08/07/2002

CRT2

CERTIFICATION OF SPONSOR'S ARCHITECT PURSUANT TO PART 20.4 OF
THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW
ARTICLE 23-A, AS AMENDED

Re: 597 Washington Avenue
Brooklyn, NY

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 renovation property, if any, on March 12, 2002. In addition to preparing the Building Plans dated 12/13/01 and Specifications dated June 2001, we also prepared a report dated March 18, 2002, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely thereupon. I am a registered Architect in the state in which the property is located.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20, insofar as they are applicable to this report.

I have read the entire report and investigated the facts set forth 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 conditions 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 material fact;
- (v) does not contain any fraud, deception, concealment or suppression;
- (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 representation or statement which is false, where I:
 - a. knew the truth;
 - b. with reasonable effort could have known the truth;
 - c. made no reasonable effort to ascertain the truth;
 - d. did not have knowledge concerning the representation or statements made.

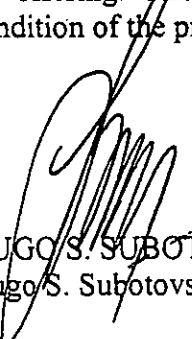
26 FIREMENS MEMORIAL DR.
POMONA, N.Y. 10970
TEL: 845-354-3165
FAX: 845-354-3875
E-MAIL: gsarch@aol.com

236 WEST 27TH STREET
NEW YORK, N.Y. 10001
TEL: 212-242-5321
FAX: 800-772-8304
www.hugosuboarchitects.com

CRT3

PAGE 2

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 this 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.

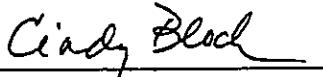

HUGO S. SUBOTOVSKY A.I.A. ARCHITECTS LLC
Hugo S. Subotovsky A.I.A.

HSS/esl

New York State License # 24711



Sworn to before me this

11 day of April, 2002.

Notary Public

CINDY BLOCK
Notary Public, State of New York
No. 4237667
Residing in Rockland County
My Commission Expires Aug. 15, 2005

CRT4

Franklyn Heights Realty Corp.
753 Franklin Avenue
Brooklyn NY 11238
Phone (718)399-3500 Fax (718)399-3535

**CERTIFICATION OF SPONSOR'S EXPERT ON ADEQUACY OF BUDGET
PURSUANT TO SECTION 20 OF THE REGULATIONS ISSUED PURSUANT TO
GENERAL BUSINESS LAW, ARTICLE 23-A, AS AMENDED.**

RE: 579 WASHINGTON AVENUE, BROOKLYN NY

The Sponsor of the condominium offering plan for the above captioned property retained me to review SCHEDULE B and SCHEDULE B-1, the projections of income and expenses for the first year of condominium operation. Our experience in the field includes being a licensed real estate broker for over 2 years, and a sales person for 7 years; the management of approximately 4 buildings; and, the sale of numerous condominium and rental properties. We are familiar with prices, practices, and procedures in the area of this condominium.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulation promulgated by the Department of Law in Part 20, insofar as they are applicable to SCHEDULE B and SCHEDULE 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 SCHEDULE B and SCHEDULE 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 do:

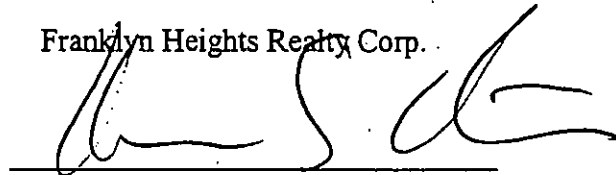
1. Set forth in detail the projected income and expense for the first year of condominium operation;
2. Afford potential investors, purchasers and participants an adequate basis upon which to found their judgement concerning the first year of condominium operation;
3. Not omit any material fact;
4. Not contain any untrue statement of a material fact;
5. 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. 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/R/5

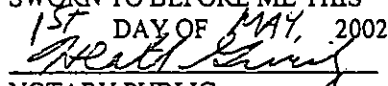
- c) did no reasonable effort to ascertain the truth; or,
- d) did not have knowledge concerning the representations or statements made.

We further certify that we are not owned or controlled by the Sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the income and expenses of the first year of condominium operation. This certification is made under penalty of perjury for the benefit of all persons to whom this offering is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

Franklyn Heights Realty Corp.



Umana Oton

SWORN TO BEFORE ME THIS
1ST DAY OF MAY, 2002

NOTARY PUBLIC

HEATH GURINSKY
Notary Public, State of New York
No. 02GU6046105
Qualified in Westchester County
Commission Expires 08/07/2002

CRT6