

THIS PLAN HAS BEEN AMENDED. SEE INSIDE FRONT COVER.

CONDOMINIUM OFFERING PLAN
FOR
CASTLES BY THE SEA CONDOMINIUM
2822/2826 BATCHELDER STREET
BROOKLYN, NEW YORK 11235
(4 Apartments)

Total Purchase Price (4 Apartments).....\$2,150,000

NAME AND ADDRESS OF SPONSOR:

FRANK ROSEMBERG
1236 Avenue U
Brooklyn, New York 11239
Approximate date of the first offering: December 3, 2002

This Plan may not be used after December 2, 2003 unless extended by a duly filed amendment.

THE PRICES AND TERMS OF SALE FOR THESE CONDOMINIUM UNITS
MAY BE CHANGED SO THAT PURCHASERS MAY PAY DIFFERENT PRICES
FOR SIMILAR INTERESTS. (SEE SECTION J).

SEE PAGE A-1 FOR SPECIAL RISKS TO PURCHASERS.

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

SECOND AMENDMENT TO THE
OFFERING PLAN FOR
CASTLES BY THE SEA CONDOMINIUM

The Condominium Offering Plan for Castles by the Sea Condominium (the "Plan") is hereby amended as follows:

1. Plan Declared Effective. The Sponsor has accepted a purchase agreement from a bona fide purchaser representing 25% of the units being offered, as set forth in the Sponsor's affidavit attached to this Amendment as Exhibit A. The Plan was declared effective by notice to the purchaser dated March 4, 2005. In accordance with the provisions of the Plan the purchaser will receive at least 30 days' written notice of the closing date for her Unit (unless the purchaser elects to waive the notice period) and an opportunity to inspect the Unit prior to closing.

2. No Other Changes. Except as set forth in this Amendment, there have been no material changes of facts or circumstances affecting the Property or the Plan.

Frank Rosenberg
Sponsor

March 9, 2005

EXHIBIT A

AFFIDAVIT

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

Frank Rosenberg, being duly sworn, deposes and says:

I am the Sponsor of the Condominium Offering Plan for Castles by the Sea Condominium (the "Plan").

The Plan was accepted for filing by the Attorney General's Office on December 3, 2002 and was declared effective by written notice to all purchasers dated March 4, 2005.

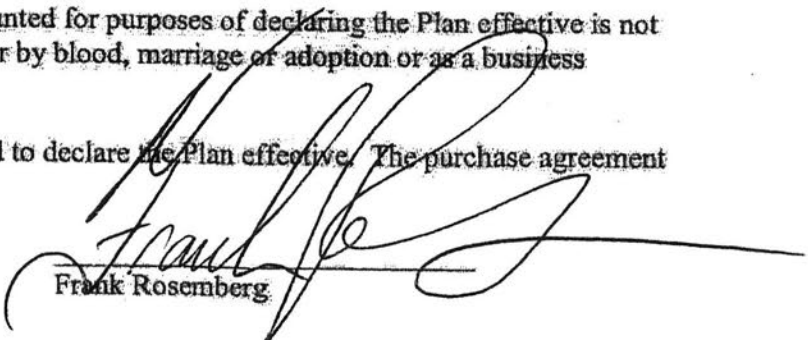
The purchaser who is counted for purposes of declaring the Plan effective:

- (a) is a bona fide purchaser; and
- (b) is not purchasing as an accommodation to, or for the account or benefit of, the Sponsor; and
- (c) has duly executed a purchase agreement and has paid the down payment as required by the purchase agreement.

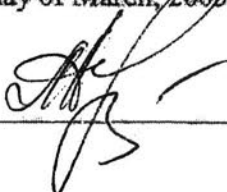
I represent that there are no material changes to the budget for the first year's operation which have not been disclosed in a duly filed amendment to the Plan.

I represent that the purchaser counted for purposes of declaring the Plan effective is not the Sponsor, is not related to the Sponsor by blood, marriage or adoption or as a business associate, employee or partner.

Unit 1A is the unit being counted to declare the Plan effective. The purchase agreement is dated February 18, 2005.


Frank Rosenberg

Sworn to before me this
7th day of March, 2005



LARISA ALTSHULER
Notary Public, State of New York
Qualified in Kings County
Reg NO. 01AL5033466
Commission Expires 9/19 06

AFFIDAVIT

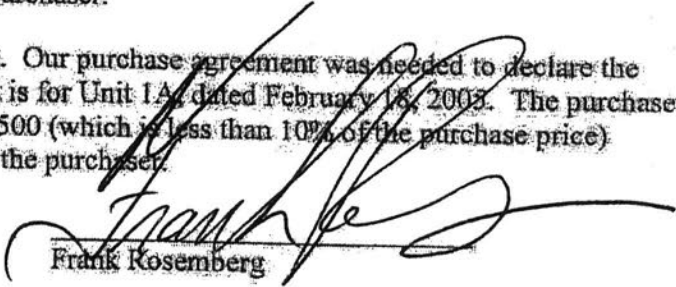
STATE OF NEW YORK)
) ss.:
COUNTY OF KINGS)

Frank Rosenberg, being duly sworn, deposes and says:

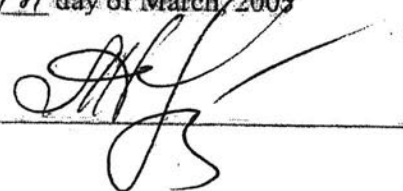
I am the Sponsor of the Condominium Offering Plan for Castles by the Sea Condominium (the "Plan").

Attached to this affidavit is a copy of the notice declaring the Plan effective and an affidavit of service of the notice on the purchaser.

The Condominium has four units. Our purchase agreement was needed to declare the Plan effective. That purchase agreement is for Unit 1A, dated February 18, 2003. The purchase price is \$550,000. The deposit was \$27,500 (which is less than 10% of the purchase price) because financing has been arranged for the purchaser.


Frank Rosenberg

Sworn to before me this
17th day of March, 2003


LARISA ALTSHULER
Notary Public, State of New York
Qualified in Kings County
Reg NO. 01AL5033466
Commission Expires 9/19 06

Frank Rosenberg
1236 Avenue U
Brooklyn, New York 11239

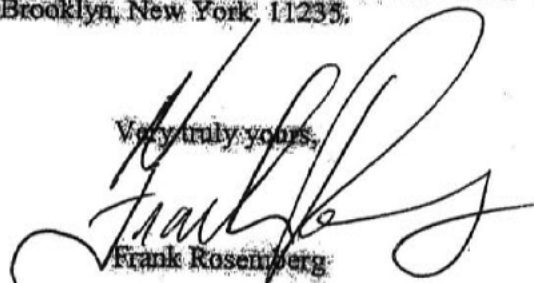
March 4, 2005

Dear [REDACTED]

I am pleased to inform you that the Offering Plan for the Castles by the Sea Condominium is declared effective as of the date of this letter.

You will receive at least 30 days' written notice of the closing date for your apartment, Unit 1A at 2822 Batchelder Street, Brooklyn, New York, 11235.

Very truly yours,


Frank Rosenberg

AFFIDAVIT OF SERVICE

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

Daniel Velez, being duly sworn, deposes and says:

I am an employee of Dechert LLP.

On March 8, 2005 I served a true and correct copy of the attached notice on [REDACTED]
[REDACTED] by first-class certified mail, postage prepaid, addressed to [REDACTED]

Daniel Velez
Daniel Velez

Sworn to before me this
8th day of March, 2005

Frances Rapillo

FRANCES RAPILLO
NOTARY PUBLIC, State of New York
No. 01RA4716812
Qualified in Richmond County
Commission Expires October 31 2006

FIRST AMENDMENT TO THE
CONDOMINIUM OFFERING PLAN
FOR
CASTLES BY THE SEA CONDOMINIUM

The Condominium Offering Plan for Castles by the Sea Condominium (the "Plan") is hereby amended as follows:

1. Operating Budget. Attached to this Amendment as Exhibit A is the certificate of Sterling Real Estate, LLC, an independent property management company not owned or controlled by the Sponsor, that the estimates in the Projected Budget for the First Year of Condominium Operation (Schedules B and B-1 of the Plan) are reasonable and adequate for the next 12 months.
2. Temporary Certificate of Occupancy. The New York City Buildings Department has issued a Temporary Certificate of Occupancy for the Building dated October 20, 2004 and expiring January 18, 2005. The Sponsor will secure a permanent Certificate of Occupancy on or before May 28, 2005 and will obtain renewals of the Temporary Certificate of Occupancy until the permanent Certificate of Occupancy is issued.
3. Escrow Agent. The name of the Escrow Agent has been changed from Dechert Price & Rhoads to Dechert LLP, whose address remains 30 Rockefeller Plaza, New York, NY 10112, telephone number (212) 698-3500. The Escrow Agent's Attorney Trust Account remains at Citibank, N.A., 153 East 53rd Street, New York, New York 10022. The Escrow Agreement signed by the Sponsor and the Escrow Agent when the Plan was accepted for filing pursuant to which purchasers' Down Payments will be held by the Escrow Agent is unchanged and is in full force and effect.
4. Purchase Agreements. At the date of this Amendment no Purchase Agreements have been executed and no Down Payments have been made. Attached to this Amendment is a revised form of Purchase Agreement to be executed by purchasers and the Sponsor.
5. No Other Material Changes. There are no material changes in the terms of the Plan except as set forth in this Amendment.

Frank Rosemberg
Sponsor

December 3, 2004

EE. PURCHASE AGREEMENT

CASTLES BY THE SEA CONDOMINIUM

Purchaser's Name: _____

Address: _____

Unit No.: _____

Parking Space No

- | | | |
|----|------------------------------|----|
| 1. | Down Payment | \$ |
| 2. | Mortgage Loan | \$ |
| 3. | Balance Due at Closing | \$ |
| 4. | Total Purchase Price (1+2+3) | \$ |

1. My Agreement to Purchase. As Purchaser, I agree to purchase from you, Frank Rosemberg, the above numbered Unit, the appurtenant interest in the common elements of Castles by the Sea Condominium and the exclusive right to use the above numbered Parking Space for the above stated Total Purchase Price. I deliver herewith to you my certified or official bank check for the above stated Down Payment drawn to the order of Dechert Attorney Trust Account, and when you sign this Agreement you acknowledge receiving this check although it will not then have been cashed. I agree that on the Closing Date (as defined below) I will (a) cause the proceeds of the Mortgage Loan to be paid to you by official bank check of the lending institution and (b) pay the Balance by my personal unendorsed certified check or official bank check drawn on a New York City bank which is a member of the New York Clearing House Association to your order.

2. Your Delivery of the Deed to Me. You or your attorneys shall write to me at least 30 days in advance to inform me of the exact date, time and place at which you shall deliver to me the deed to my Unit (the "Closing Date"), but you shall not set a date that is sooner than 15 days after the Plan has been declared effective. In that written notice you shall also remind me that the Balance of the Total Purchase Price must be paid at the time of the delivery of the deed and you shall inform me that Common Charges shall become due and payable from the date specified in the notice as the Closing Date unless you ask me to adjourn such date. On the Closing Date, I shall pay to you the balance of the Total Purchase Price and you shall deliver the deed to the Unit to me. If we both agree, the date, time and place can be changed. The deed shall be a standard type of deed known as a bargain and sale deed with covenant against grantor's acts, the form of which is shown in Section GG of the Plan. When you deliver the deed, I shall sign the power of attorney to the Board of Managers of the Condominium in the form contained in Section FF of the Plan, giving the Board the right to take certain actions on my behalf. I agree to be bound by the Declaration, By-Laws and Rules and Regulations of the Condominium and the Plan.

3. Marketable Title. You shall convey to me good and marketable title in fee simple to my Unit without any liens or encumbrances other than (i) those shown in Section N of the Plan entitled "Closing of Title to Units" and (ii) the lien of any mortgage which I obtain to pay a portion of the Total Purchase Price.

4. Closing Expenses and Apportionments. When you give me the deed to my Unit, I shall pay the expenses shown in Section O of the Plan entitled "Closing Costs and Adjustments" which are my obligation and you shall pay the expenses shown in Section O of the Plan which are your obligation. At that time, you and I shall apportion between us the real estate taxes and Common Charges for the Unit so that you pay those real estate taxes and Common Charges attributable to any time period prior to the midnight before the date specified for delivery of the deed in your notice to me referred to in paragraph 2 and I shall pay the rest.

5. My Down Payments To Be Held in Trust. You will comply with the escrow and trust fund requirements of General Business Law Sections 352 e(2 b) and 352 h and the Attorney General's regulations promulgated pursuant thereto.

Any provision of any contract or agreement, whether oral or in writing, by which I purport to waive or indemnify any obligation of the Escrow Agent holding trust funds is absolutely void. The provisions of the Attorney General's regulations concerning escrow/trust funds shall prevail over any conflicting or inconsistent provision in the Plan or in this Agreement. I shall not be obligated to pay any of your legal or other expenses in connection with the establishment, maintenance or defense of obligations arising from the handling or disposition of trust funds.

My Down Payment will be placed in an account in conformity with the terms of this Paragraph 5.

My Down Payment will be placed, within five business days after this Purchase Agreement is signed by all necessary parties, in a segregated special escrow account of Dechert Price & Rhoads (the Escrow Agent) whose address is 11 West 42nd Street, New York, New York, 10036, and whose telephone number is (212) 789-1200. The escrow agreement is attached to this Agreement as Exhibit A.

The name of the account is DECHERT ATTORNEY TRUST ACCOUNT, located in CITIBANK, N.A., 153 East 53RD STREET, NEW YORK, NEW YORK 10022. This bank is covered by federal bank deposit insurance to a maximum of \$100,000 per individual deposit.

The account will be interest bearing and, unless I default, interest will be credited to me at closing. The interest rate to be earned will be the prevailing rate for these accounts. Interest will begin to accrue within five business days of tender of the Down Payment.

Within ten business days after tender of the deposit submitted with the Purchase Agreement, the Escrow Agent will notify me that such funds have been deposited into the escrow account and will provide the account number and the initial interest rate. If I do not receive notice of such deposit within fifteen business days after tender of the deposit, I may cancel the Purchase Agreement and rescind so long as the right to rescind is exercised within

ninety days after tender of the deposit. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited and requisite notice was timely mailed to me in conformity with the Attorney General's regulations.

The Escrow Agent will hold the funds in escrow until otherwise directed in

- (i) a writing signed by both you and me; 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 us to release the escrowed funds, the Escrow Agent will not pay the funds to you until the Escrow Agent has given me written notice of not fewer than ten business days. Thereafter, the funds may be paid to you unless I have already made application to the Department of Law pursuant to the dispute resolution provisions of the Attorney General's regulations and have so notified the Escrow Agent in accordance with such provisions.

You will not object to the release of the escrowed funds to:

- (i) me if I timely rescind 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.

I and/or the Escrow Agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the Down Payment and any interest thereon. You must use this procedure if there is a dispute which needs to be resolved. The party applying for a determination must send all other parties a copy of the application. The form of application is attached to this Agreement as Exhibit B.

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

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

I agree that if there is a dispute between us, Dechert Price & Rhoads may act as your attorneys.

6. Your Rights If I Fail to Keep My Promises and Agreements. You shall have the right to keep my Down Payment and the interest earned thereon, if any, as liquidated damages if (a) I fail to pay any installment of the balance of the Total Purchase Price for the Unit when due,

or (b) I do not sign any of the documents referred to in the Plan which I am required to sign within the time specified in the Plan, or (c) I fail to keep any other promise contained in this Agreement.

However, before you shall have the right to keep the funds received from me, you must first send me a notice stating that you intend to cancel this Agreement and describing each promise which you think I did not keep under this Agreement. If I do not cause each of these promises to be kept within 30 days after the date of mailing of the notice, you can keep as liquidated damages all funds received from me (up to 10% of the Total Purchase Price) and the interest earned thereon, if any. After that, neither you nor I shall have any further obligations under this Agreement, this Agreement shall be considered cancelled without any further action by either of us, and you shall have the right to sell the Unit to any other person.

7. Rights to Assign this Agreement. I understand that I cannot give or sell my rights under this Agreement to anyone else.

8. Notices. Any notice (including a letter, request, consent or other communication between us) which one of us wants to give to the other must be in writing and must be sent by registered or certified mail, to me at the address shown on page one of this Agreement or to you at 1236 Avenue U, Brooklyn, New York 11229. I shall send a copy of any notice I give you to your attorneys, Dechert LLP, 30 Rockefeller Plaza, New York, New York 10112, Attention: William Jay Lippman, Esq. You and I can specify a different address for ourselves by giving notice of it to the other. A notice shall be considered given on the date it is mailed, except that a notice of an address change shall be considered given when it is received.

9. Receipt of Documents. I acknowledge that I have received more than three business days prior to signing this Agreement and read the Plan of Condominium Ownership of Gilmore Court Condominium and any and all amendments thereto (the "Plan"), which are made a part hereof. I understand that this Agreement will not be binding on you until a copy executed by you is delivered to me. If a copy of this Agreement, executed by you, is not delivered to me within 20 days after it is signed by me neither you nor I will have liability hereunder and all monies paid by me, with the interest earned thereon, if any, will be refunded to me.

10. Mortgage Financing. You have advised me that you will arrange financing for purchasers who qualify under the lender's underwriting standards with a lending institution regulated by state or federal law ("Sponsor's lender"), but that I am free to seek financing from a lender of my choice. I understand that if I elect to apply for a Mortgage Loan from a lender other than Sponsor's lender and I do not obtain a commitment from such other lender, I will NOT have the right to cancel this Agreement and will be obligated to pay the balance of the Total Purchase Price for the Unit when due, and if payment is not made when due, you shall have the right to keep my Down Payment and the interest earned thereon, if any, as liquidated damages. I also understand that if (a) I submit an application for a Mortgage Loan to Sponsor's lender within five days after signing this Agreement, (b) furnish all information required by Sponsor's lender, (c) within 45 days after I submit the application, Sponsor's lender does not give me a commitment for a Mortgage Loan in the amount shown on page one of this Agreement and (d) I give you written notice of that fact, then either you or I will have the right to cancel this Agreement, unless within 45 days after my written notice, you arrange for me to receive from

another lending institution regulated by state or federal law (the "substitute lender"), a mortgage loan in not less than the amount shown on page one of this Agreement to be repaid in full within no more than 30 years. If you do not arrange a loan from a substitute lender within said additional 45-day period, within five days thereafter you or I may cancel this Agreement and then all payments which I have made to you under this Agreement and the interest earned on those payments will be returned to me. However, if I do not supply the information which is required by the substitute lender within five days after it is requested or if I do not accept a written commitment from the substitute lender for the Mortgage Loan described in this paragraph 10, then you will have the right to keep my Down Payment and all interest earned on it.

11. Completion of Construction. I acknowledge that construction of my Unit and the Building has been completed in all but minor details and a Temporary Certificate of Occupancy has been issued by the New York City Buildings Department. You agree to obtain a final certificate of occupancy for the Building on or before May 28, 2005, I agree that my Unit and the Building in which it is located will be considered fully completed in accordance with the plans and specifications when the final certificate of occupancy is issued. You agree that even after the issuance of such final certificate of occupancy, you will correct defects in construction as provided in Section Q of the Plan entitled "Rights and Obligations of the Sponsor."

12. Equipment and Furnishings. You will provide me with only the fixtures, equipment, hardware, appliances and furnishings referred to in the Plan, which are included in the Total Purchase Price of my Unit. The furnishings, equipment, appliances and decorations in any model unit which are not listed in the Plan are not included in this sale.

13. My Acceptance of My Unit. I will accept title to my Unit without any reduction or postponement of payment of the Total Purchase Price even if construction of (a) minor details of my Unit and the Building or (b) other Units or (c) the landscaped areas or (d) other parts of the Common Elements of the Condominium have not been completed. I agree to inspect my Unit with your representative during normal business hours before the time set under Paragraph 2 of this Agreement for your giving me the deed and to sign and deliver to you before that time an Inspection Statement showing the condition in which I have received my Unit. If a final certificate of occupancy has been issued for the Building before I signed this Agreement, I am confirming to you that I have examined my Unit and agree to accept it and the Building and all fixtures, machinery, equipment, furnishings, appliances, installations and other personal property in my Unit in their present condition, except for reasonable wear and tear and natural deterioration between now and the time you give me the deed to my Unit.

14. Purchaser's Work. I shall not make any alterations or installation (by myself or with any of my contractors) in my Unit until I have paid the purchase price in full and have taken title to my Unit. I agree that you will have no responsibility for alterations or installations made by me or my contractors and you will not be liable for any defects in such alterations or installations.

15. Insulation. Pursuant to the Federal Trade Commission Regulations, you have advised me that the insulation in all exterior walls shall be finished with fibrous insulation batts for a value equal to R-11.

16. No Representations. I have not relied on any statements, representations or warranties made by you or any other person except those which are contained in this Agreement or in the Plan. I agree that you will have no liability to me if there is a minor error or inaccuracy in the layout or dimensions of the Unit or of the Common Elements of the Condominium as shown on the floor plans (the "floor plans") certified by Robert J. Palermo, A.I.A., on file at your office and to be filed in the Office of the Register of the City of New York, County of Kings, as long as the layout and dimensions conform substantially to the floor plans, which I have been given the opportunity to examine.

17. Recording of Deed. When you give me the deed to my Unit, I shall deliver it to the title company representative issuing title insurance to me or to my lender, so that the deed can be recorded in the Office of the New York City Register, Kings County.

18. Age. I represent that I am over the age of 18 years and that I am purchasing the Unit for my own account.

19. Definitions. The term "I" shall be read as "we" if more than one person is a purchaser, in which case our obligations shall be considered joint and several. All the terms used in this Agreement shall have the same meanings as they do in the Plan. The use of the masculine gender shall include the feminine and the neuter gender and vice versa where appropriate. All of the terms used in this Agreement shall have the same meanings ascribed to them in the Plan.

20. Broker. I am stating to you that I did not negotiate for the Unit with any broker.

21. Conflicts. Conflicts between this Purchase Agreement and the Plan shall be resolved in favor of the Plan.

22. Jury Waiver. I waive my right to trial by jury in any action, proceeding or counterclaim in any way connected with this Agreement or the Plan.

23. Survival of Seller's Obligations. You shall have no obligations under this Agreement or the Plan after you give me the deed to the Unit, unless this Agreement or the Plan specifically gives you an obligation after that time.

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

25. Plain Language. I have read this Agreement, and I understand it. Under New York law (General Obligations Law §5-702), I know that as a consumer I have a right to an agreement written in clear and simple language. You and I both believe that this is such an agreement.

26. Transfer Tax Returns. I understand that certain documents regarding my purchase, including New York State and New York City Real Property Transfer Tax Returns, will have to be filed with the New York State Department of Taxation and Finance and the New York City Department of Finance. Accordingly:

(a) I shall complete and sign any and all required documents relating to the Real Property Transfer Taxes as a condition to my right to receive a deed to my Unit. In the event I fail or refuse to do so, you shall have the right to cancel this Purchase Agreement and this Purchase Agreement shall be deemed canceled and all rights of the parties hereunder shall terminate except that you shall have the right to keep my down payment as liquidated damages.

(b) I hereby irrevocably designate and appoint you as my agent and attorney-in-fact, coupled with an interest, to complete, execute and submit on my behalf the New York State and New York City Real Property Transfer Tax Returns and all other documents required by the New York State Department of Taxation and Finance and the New York City Department of Finance with respect to my purchase. I understand and agree that this appointment is coupled with an interest and may not be and will not be revoked for any reason or under any circumstances, including, but not limited to, my disability or incompetence after the date of execution of this Purchase Agreement.

(c) When you give me the deed to my Unit, I shall pay the New York City and New York State Real Property Transfer Taxes.

27. This Purchase Agreement shall not be binding on me or you until it is accepted, as evidenced by endorsement hereon by you, and a fully signed copy hereof shall have been delivered to me. I shall be notified within 20 days of the date hereof whether this Purchase Agreement has been accepted or rejected, and if I am not notified within such 20-day period, the Purchase Agreement shall be deemed accepted. If the Purchase Agreement is rejected, all funds paid hereunder shall be refunded to me with the interest earned thereon, if any, within 10 days after such rejection.

Dated: _____, 20__

Purchaser

Joint Purchaser

Purchaser's Social Security Number

Purchaser's Address

Accepted on _____:

Frank Rosenberg

Escrow Terms Agreed to:
Dechert LLP

By: _____

STERLING REAL ESTATE, LLC

743 WASHINGTON AVENUE
BROOKLYN NY 11238

TEL. 718-399-0400

FAX 718-857-0174

LICENSED REAL ESTATE BROKERS

November 15, 2004

CERTIFICATION OF SPONSOR'S EXPERT CONCERNING ADEQUACY OF BUDGET

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

Re: Castles by the Sea Condominium

The sponsor of the Offering Plan of Condominium Ownership of 2822/2826 Batchelder Street, Brooklyn, New York, retained our firm to prepare Schedules B and B-1 containing projections of income and expenses of the condominium for the first year of operation. The principals of the undersigned have been engaged in the sale and management of residential properties, in New York, including condominiums, for more than 3 years.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 20 insofar as they are applicable to Schedules B and B-1.

We have reviewed the Schedules and investigated the facts set forth in Schedules B and B-1, and the facts underlying them with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in Schedules B and B-1 appear reasonable and adequate under existing circumstances and the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of condominium operation.

We certify that the Schedules do:

1. set forth in detail the projected income and expenses for the first year of condominium operation;
2. afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of condominium operation;

STERLING REAL ESTATE, LLC

743 WASHINGTON AVENUE
BROOKLYN NY 11238

TEL. 718-399-0400

FAX 718-857-0174

LICENSED REAL ESTATE BROKERS

3. not omit any material fact;
4. no contain any untrue statement of material fact;
5. not contain any fraud, deception, concealment or suppression;
6. not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and
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 representations or statements made.

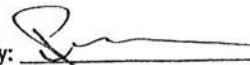
We further certify that the undersigned is not owned or controlled by the Sponsor and our compensation for preparing the Schedules and this certification is not contingent upon consummation of the Plan or on the profitability or price of the offering.

This statement is not intended as a guarantee or warranty of income and expenses for the first year of condominium operation.

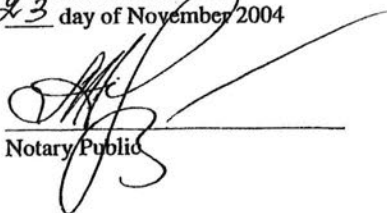
We understand that a copy of this certification is intended to be incorporated in the Plan.

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

STERLING REAL ESTATE, INC.

By: 

Sworn to before me this
23 day of November 2004


Notary Public

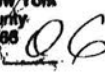
LARISSA ALTSHULER
Notary Public, State of New York
Qualified in Kings County
Reg. NO. 01AL5032466
Commission Expires 12/31/06 

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A. SPECIAL RISKS

1. Completion of Units and Building. The construction of all Units and Common Elements has been substantially completed and the Sponsor has applied to the New York City Department of Buildings for a certificate of occupancy. If a temporary or permanent certificate of occupancy is not issued by ~~December 1, 2007~~^{April 13}, unless delayed by the acts or changes of the purchaser, a purchaser will have the right to cancel his or her Purchase Agreement by giving written notice to the Sponsor within 10 days after that date and receive a refund of all monies paid under the Purchase Agreement with the interest earned thereon, if any, but if the purchaser does not give such notice, then the Purchase Agreement will remain in full force and effect for an additional 90 days. The Sponsor will not be obligated to reimburse any purchaser for expenses that the purchaser may incur if there are delays in issuance of the certificate of occupancy. This Plan permits closings of title to Units upon the issuance of a temporary certificate of occupancy, but the Sponsor is obligated to complete all Units and Common Elements as described in the Plan and to obtain a permanent certificate of occupancy for the Building. Purchasers will have the benefit of the warranties regarding materials and workmanship set forth in the New York State Housing Merchant Implied Warranty. The Sponsor does not make any other warranty whatsoever regarding materials, workmanship or any other aspect of the Building, the Units, the Common Elements or any portion thereof. (See Sections E and Q.)

2. Sponsor's Right to Retain Payments if Purchaser Defaults. If a purchaser fails to pay the purchase price for his or her Unit when due, the Sponsor will have the right to retain as liquidated damages all installments of the purchase price previously paid by the purchaser and the interest, if any, earned thereon. (See Section K.)

3. Sponsor's Right to Enter Into Service Contracts. At the date of this Plan the Sponsor has not entered into any service contracts on behalf of the Condominium, but it reserves the right to enter into such contracts prior to the Consummation Date on such terms as it deems appropriate. If the actual charges payable for these services exceed the estimates included in Schedule B (see Section H), it may be necessary to increase the Common Charges payable by Unit Owners. Any service contract made by the Sponsor will be disclosed in a duly filed amendment to the Plan. No service contract will be entered into with an entity related to the Sponsor. (See Section Z.)

4. Sponsor's Voting Control and Limitations on Expenditures. The Sponsor will have voting control of the Board of Managers as long as the Sponsor or a designee of the Sponsor owns two Units or until five years after the first closing of title to a Unit, whichever is the earlier. While the Sponsor or such designee has voting control of the Board, the Sponsor or the Sponsor's designee will not reduce or eliminate the services to be provided to the Unit Owners under this Plan. In addition, as long as the Sponsor owns any Unit (but for no more than five years after the first closing of title to a Unit), the Board of Managers may not, without the prior written consent of the Sponsor or such designee, (a) make any addition, alteration, replacement or improvement to the Common Elements or to any Unit or (b) assess any Common Charges for the creation of, addition to, or replacement of, all or part of a reserve, contingency or surplus fund or (c) hire any employee or (d) enter into any service or maintenance contract for work or services which are in excess of the work or services provided for in the Projected Budget

for the First Year of Operation (Schedule B) or (e) borrow money on behalf of the Condominium or (f) amend the Declaration or By-laws of the Condominium. Notwithstanding the foregoing, the Sponsor may not withhold its consent to expenses for the items described in Schedule B or expenses required: (i) to comply with applicable laws or regulations; (ii) to remedy any notice of violation; or (iii) to remedy any work order by an insurer. (See Section R.)

5. Real Estate Tax Exemption. The Sponsor has obtained from the New York City Department of Housing Preservation and Development a preliminary certificate of eligibility for real estate tax exemption for the Building pursuant to Section 421-a of the New York State Real Property Tax Law and anticipates that a final certificate of exemption will be granted. (See "Real Estate Taxes" at page U-1.) However, no assurance can be given that real estate tax exemption will in fact be granted or, if granted, the amount thereof. Schedule A (at page G-1) contains an estimate of real estate taxes for the first year of condominium operation if exemption is granted and if exemption is not granted. Each purchaser will be required to contribute at closing the sum of \$1,000.00 toward the cost of obtaining the exemption and the Sponsor will pay all additional costs. (See Section O.)

6. Financing for Purchasers. The Sponsor will arrange financing for purchasers with a lending institution regulated by state or federal law ("Sponsor's lender"), subject to the purchaser's qualification under Sponsor's lender's underwriting standards. A purchaser desiring financing who submits a loan application to Sponsor's lender within five days after execution of a Purchase Agreement and furnishes all information required by Sponsor's lender will have the right to cancel the Purchase Agreement by written notice to the Sponsor if Sponsor's lender does not issue a written loan commitment to Purchaser for the amount requested in the application within 45 days after submission of the application. However, the Sponsor may, within 10 days after receipt of purchaser's notice of cancellation, elect to obtain a similar mortgage loan from another Sponsor lender (the "substitute lender"). If the Sponsor makes such an election, the purchaser will be obligated to submit an application and all required information to the substitute lender designated by the Sponsor, and the purchaser's failure to do so will constitute a default for which the Sponsor will have the right to retain the purchaser's down payment and the interest thereon as liquidated damages. If the Sponsor makes such an election but fails to secure a written commitment for the purchaser from the substitute lender within 45 days after receipt of the purchaser's cancellation notice, either party will have the option to cancel and in that event, all monies paid by the purchaser will be fully returned, with the interest earned thereon. If a purchaser elects to apply for a loan from a lender other than Sponsor's lender or the substitute lender, he or she will NOT have the right to cancel the Purchase Agreement if a written loan commitment is not obtained and will be obligated to pay the balance of the purchase price when due, and if payment is not made when due, the Sponsor will retain purchaser's downpayment as liquidated damages. (See Section K.)

7. Closing Adjustments. If the net closing adjustments are in favor of the Sponsor and exceed the amount of the Condominium's working capital fund, the Condominium will execute a non interest bearing promissory note for the difference payable one year from the Consummation Date. The projected operating budget for the first year of Condominium operation (Schedule D) does not include provision for payment of such note and such payment may require an increase in common charges or a special assessment. (See Section O).

8. Title Insurance. The Sponsor will obtain title insurance for each purchaser from Commonwealth Land Title Insurance Company at the purchaser's expense. A purchaser may elect to obtain title insurance at his or her expense from another company, but a purchaser using another title insurance company will be required to pay a fee of \$1,000.00 to the Sponsor's attorneys for reviewing the title insurance commitment of such other company. (See Section N.)

9. Sponsor's Obligation for Common Charges. The Sponsor will not provide a bond or other security for its obligation to pay Common Charges assessed against each Unsold Unit until it is sold to a bona fide purchaser for occupancy. (See Section P.)

10. Payment for Changes in Units. Although all funds received from purchasers for requested changes in a Unit must initially be placed in the Sponsor's attorneys' escrow account, purchasers should note that such funds may be released to pay for the changes and as a result a purchaser entitled to rescission will not receive a refund of the monies used by the Sponsor to pay for such changes. (See Section E.)

11. Lender's Minimum Sales Requirements. Pursuant to existing law and regulations the Sponsor may declare the Plan effective by selling a minimum of 15% of the Units (one Unit). Purchasers should note that in the current real estate market, banks and other lenders are imposing restrictions on condominium 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 make a loan. A purchaser may have difficulty obtaining a loan in a building if the percentage of units purchased is less than a particular lender's sales minimum. Even after a building has become an operating condominium, lenders may still impose minimum sales requirements before granting a loan, which may make it difficult for a purchaser to resell his or her Unit if prospective buyers are unable to obtain a loan because of such minimum sales requirements. (See Section M.)

12. Sponsor's Responsibility for Unsold Units. From and after the Consummation Date the Sponsor will be responsible for the payment of Common Charges assessed against each Unsold Unit until it is sold to a bona fide purchaser. The Sponsor represents that it has the financial resources to enable it to meet this obligation but is not furnishing any security therefor. If the Sponsor fails to pay Common Charges, (a) the Board of Managers will have the same rights and remedies against the Sponsor as against any other defaulting Unit Owner, (b) sales of the Units will cease, (c) purchasers will be offered rescission and (d) the Plan will be amended to disclose the Sponsor's default. (See Section Q.)

13. Power of Attorney to Board of Managers. As is customary in New York condominiums, each Unit Owner will be required to execute a power of attorney irrevocably designating the members of the Board of Managers as attorneys in fact to acquire Units and sell, lease or mortgage Units acquired by it on behalf of all Unit Owners in accordance with their respective common interests, subject to the Condominium By-laws. (See Section FF.)

14. Closing Costs. At each closing the purchaser will pay varying costs in addition to the purchase price for the Unit. These additional costs will include, but not be limited to, the New York City Real Property Transfer Tax (together with the \$25 filing fee) and New York State Real Estate Transfer Tax. (See Section O.)

15. Below Grade Rooms. The below grade rooms which will be part of Units 1 and 2 may not be used as bedrooms. Such use would result in violations being placed against the Property by the New York City Department of Buildings. (See Section F.)

16. Subsoil Conditions. There is a potential danger from ocean flooding because the Property is in Federal Emergency Management Act ("FEMA") flood zone B and is considered a coastal property with inherently high underground water tables. The projected operating budget for the Condominium's first year of operation provides for flood insurance. (See Section H). Since the New York City storm sewers could clog and cause water to back up into the Building, two dual sump pumps and pits will be installed in the cellar level. (See Section JJ).

17. Access to Parking Spaces. There will be two open exterior parking spaces in the side yard of the Building which will be made available to purchasers on a "first come, first served" basis. These parking spaces will not be accessible to the Unit Owners to whom they are assigned unless both Unit Owners cooperate with each other.

B. INTRODUCTION

Frank Rosenberg (the "Sponsor"), presents herewith an Offering Plan (the "Plan") for condominium ownership of four apartment units (the "Units") at 2822/2826 Batchelder Street, Brooklyn, New York 11235. The condominium will be known as Castles by the Sea Condominium (the "Condominium"). The Building and the land on which it is constructed are collectively referred to as the "Property".

The Sponsor acquired title to the Property on July 18, 1996 and September 2, 1997 and will complete construction substantially in accordance with the general description and outline specifications of the Building, its equipment and facilities, contained in Part II.

The purpose of this Plan is to set forth all of the material terms of the offering. For ease of reference, this Plan is divided into "Sections", as indicated in the Table of Contents. This Plan may be amended from time to time by the filing of an amendment with the New York State Department of Law. Any such amendment will be served on all purchasers and Unit Owners, as may be required.

This offering is made to individuals over the age of 18 years and to corporations, partnerships or any other entities with legal capacity to own real property in the State of New York.

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

The owner of a unit is referred to in this Plan as a "Unit Owner."

The ownership of a condominium Unit is similar in many respects to the ownership of a private home. Each Unit Owner owns fee title to his or her Unit and is entitled to the exclusive possession of it. A Unit Owner is privileged to mortgage the Unit, or not, as he or she sees fit, and in such amount as he or she chooses. A Unit is not subject to the lien of any mortgages placed by any other Unit Owners on their Units.

A Unit Owner may use his or her Unit for any legal purpose, subject to the provisions of the Condominium Declaration, By-laws and any rules and regulations promulgated thereunder. He or she may sell or lease the Unit to anyone, subject to a right of first refusal by the Board of Managers (see Section T). He or she will be responsible for the maintenance of -his or her Unit and may decorate the interior of the Unit as he or she desires. Each Unit will be taxed as a separate tax lot for real estate tax purposes, just as a private home, and a Unit Owner will incur no liability for his neighbors' failure to pay their taxes. Under present income tax laws, a Unit Owner may deduct from his or her income, for Federal and New York State and City income tax purposes, the real estate taxes and the interest paid on the mortgage on his or her Unit (see Section V).

In addition to the Unit, a Unit Owner will own, in common with the Owners of all other Units, an undivided interest in all parts of the Condominium other than the Units (the "Common Elements"). A Unit Owner's percentage interest in the common elements is referred

to as his "common interest". (See Section G for the specific common interest allocated to each Unit.) A Unit Owner will have the right to use the Common Elements in common with all other Unit Owners. A Unit Owner will have the exclusive right to use the balcony and parking space appurtenant to his or her Unit as a Limited Common Element.

The Board of Managers, which will be elected by a vote of all Unit Owners, will supervise and manage the affairs of the Condominium. The Board of Managers will assess against every Unit Owner, in proportion to his or her interest in the Common Elements, charges for the maintenance and operating costs of and repairs to and replacements of the Common Elements (other than non structural maintenance and repairs to the Limited Common Elements appurtenant to a Unit) in accordance with the Condominium Declaration and By-laws and the New York Condominium Act (including Sections 339 i and 339 m thereof). Water will be supplied for each Unit and will be paid for by the Board of Managers as a common expense of the Unit Owners, together with the cost of repairs, replacements and improvements to the Common Elements. Repairs, replacements, improvements and decorations to a Unit (including maintenance and replacement, when necessary, of heating, air conditioning, kitchen and other appliances) and to the Limited Common Elements appurtenant to a Unit will be under the control and at the expense of the Unit Owner.

There will be two open exterior parking spaces in the side yard of the Building which will be made available to purchasers on a "first come, first served" basis.

The cost of electricity for the Common Elements will be included in the common charges payable by each Unit Owner. Electricity and gas for each Unit and for the Limited Common Elements appurtenant thereto will be separately metered and each Unit Owner will be obligated to pay the utility company directly for electricity and gas which he or she uses for lighting, appliances, heating, air conditioning and cooking. (See Schedule B 1.)

Each Unit Owner will be individually responsible for the cost of any insurance which he may obtain in connection with his or her ownership of the Unit, including any liability insurance for occurrences within the Unit or any casualty insurance to cover losses to personal possessions within the Unit.

The prices for the Units are listed in Schedule A in Section G. THESE PRICES HAVE BEEN SET BY THE SPONSOR AND ARE NOT SUBJECT TO APPROVAL BY THE DEPARTMENT OF LAW OR ANY GOVERNMENTAL AGENCY. The estimated common charges and the estimated real estate taxes for each Unit for the first year of operation of the Condominium are also set forth in Schedule A.

The agreement to purchase a Unit is called a Purchase Agreement, and may be found in Section EE.

New York banks will entertain applications for loans to purchasers of condominium units who desire financing and whose credit is acceptable to them. The Sponsor cannot make any representation as to the terms or availability of such financing.

Copies of this Plan and all filed amendments will be available for inspection without charge and for copying at a reasonable charge at the office of the Selling Agent and at the Department of Law.

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

C. LOCATION AND AREA INFORMATION

The Property is located on Batchelder Street between Shore Parkway and Emmons Avenue, in the Borough of Brooklyn, City and State of New York. Police, fire, water, sanitation, snow removal and road maintenance services are provided by the City of New York. The Property is located in Zoning District R5, which permits residential use. There is a subway station approximately ten blocks from the Property, and a public bus stop at approximately one-half block from the Property. Houses of worship of various faiths are located within a radius of eight blocks of the Property. A public school is within three blocks of the Property. Shopping areas are within two blocks. The Property is within approximately one mile of a police station and within approximately one mile of a fire station.

D. DEFINITIONS

(These definitions should be read in conjunction with technical definitions appearing in the Declaration and the By-laws, both of which appear in Sections HH and II in Part II of this Plan. Other important terms are explained by their context in this Plan.)

1. Units - The 4 residential apartments in the Building.
2. Board of Managers - The governing body of the Condominium which will conduct the affairs and supervise the operation of the Property.
3. Building - The building to be located at the street address 2822/2826 Batchelder Street, Brooklyn, New York 11235.
4. Common Charges - Each Unit Owner's share of the Common Expenses.
5. Common Elements - All portions of the Condominium other than Units, including, without limitation, the land, balconies, hallways, yards, 2 exterior parking spaces, stairs, the roof, the exterior walls and the structural and mechanical elements of the Building to be set aside for common use.
6. Common Expenses - The operating and other expenses of the Condominium as determined by the Board of Managers.
7. Common Interest - The proportionate undivided interest, in fee simple absolute, expressed as a percentage or a decimal, in the Common Elements, appurtenant to each Unit. The aggregate common interest for all Units is 100%. (See Section F for a discussion of the basis on which the percentages of common interest were determined.) The percentage of common interest appurtenant to a Unit is the basis for determination, among other things, of the following rights and duties of each Unit Owner:
 - (a) voting rights;
 - (b) share of common profits and expenses; and
 - (c) share of any distribution upon termination of the Condominium.
8. Common Profits - The excess of all receipts of the rents, profits and revenue from the Common Charges remaining after the deduction of the Common Expenses.
9. Condominium - Castles by the Sea Condominium.
10. Consummation Date - The date on which the first conveyance of title to a Unit to a purchaser takes place.
11. Declaration - The recorded written instrument by which the Property will be submitted to the provisions of the New York Condominium Act, as such instrument may from time to time be amended.

12. Effective Date - The date on which written notice is given to all purchasers by the Sponsor that this Plan has been declared effective. See Section M.

13. Force Majeure - Weather, floods, epidemics, quarantine restrictions, strikes, lockouts, acts of God, freight embargoes, shortages of or inability to obtain materials, equipment or labor, governmental restrictions or preemption, damage by fire or the elements or any other cause over which the Sponsor does not have control.

14. Limited Common Elements - A common element appurtenant to a particular Unit or Units, the use of which is restricted to the Owners of such Unit or Units. (See page F-2.) The respective responsibilities of such Unit Owners and the Board of Managers for repair and maintenance of Limited Common Elements are set forth in the Declaration and Bylaws.

15. Management Consultant - Sterling Real Estate, LLC.

16. Plan - This Offering Plan of Condominium Ownership and all amendments thereto.

17. Property - The land, the Building and other improvements thereon described in this Plan to comprise the Condominium.

18. Purchase Agreement - The agreement to purchase a Unit.

19. Sponsor - Frank Rosenberg, having an office at 1236 Avenue U, Brooklyn, New York 11229.

20. Unit - A part of the Property to be owned exclusively by a Unit Owner when the Property is submitted to condominium ownership.

21. Unit Owner - The person or persons owning a Unit in fee simple absolute.

22. Unsold Units - Units which have not been sold to purchasers on the Consummation Date.

E. DESCRIPTION OF PROPERTY AND IMPROVEMENTS

The Condominium will consist of one three story Building with cellar and basement containing four residential Units constructed in accordance with plans and specifications prepared by Robert J. Palermo, A.I.A. and approved by the New York City Buildings Department. There will be two triplex Units on the cellar, basement and first floors and two duplex Units on the second and third floors. All Units will contain two bedrooms, one and one half bathrooms, a living room, kitchenette and dinette and a recreation room in the cellar. All Units will have a balcony. Each balcony will be a Limited Common Element for the exclusive use of the Owner of the Unit to which it is appurtenant. Each Unit will have a designated laundry room equipped with clothes washer and dryer which will also be a Limited Common Element for the exclusive use of the Owner of the Unit to which it is appurtenant.

Kitchens will be equipped with a gas fired A.G.A. approved, four burner stove, a frost free single door refrigerator and a dishwasher. The Sponsor will paint the interior of the Units with three coats of white paint. Bathrooms, kitchens and laundry rooms will have ceramic tile floors. All other rooms will be provided with solid hardwood parquet flooring. Each Unit will be equipped with air-conditioning.

There will be two open exterior parking spaces in the side yard which will be assigned to purchasers on a "first come, first served" basis. Each of these parking spaces will be a Limited Common Element for the exclusive use of the Owner of the Unit to which it is assigned. Access to parking spaces will require the mutual cooperation of the Owners of the Units to which they are assigned.

Storage areas for the triplex Units will be located in the basement and will be Limited Common Elements for the exclusive use of the Owners of the triplex Units.

The Sponsor at its election may install additional items in a Unit or may make changes within a Unit for the account of a purchaser at the purchaser's expense provided that (i) request therefor shall be made by the purchaser in writing and payment in full shall be made when the Purchase Agreement is signed; (ii) the installation or change will not prevent or delay the issuance of a certificate of occupancy for the Building; and (iii) the approval of all governmental agencies having jurisdiction is obtained. All funds received by the Sponsor from purchasers for changes must initially be placed in the Sponsor's attorneys' escrow account (see Section K). However, purchasers 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 the changes requested by a purchaser, and as a result, if the purchaser is entitled to rescission, he or she will not receive a refund of the monies used by the Sponsor to pay for such changes.

A complete set of the plans and specifications are available for inspection at the Sponsor's office, 1236 Avenue U, Brooklyn, New York 11229. A general description of the Building and outline specifications appear in Section JJ. The Units, the Building and all other improvements will comply with all applicable rules, regulations, laws and other requirements of all governmental authorities having jurisdiction, and the Sponsor and all other persons engaged by the Sponsor have complied or will comply with all applicable laws, rules, regulations and other governmental requirements pertaining thereto, including, but not limited to, the New York

City Building Code. A temporary or permanent certificate of occupancy for the Building will be obtained by the Sponsor before the Consummation Date.

The Sponsor reserves the right to amend or modify, in any way, the plans and specifications (including, without limitation, changing materials, appliances, equipment, fixtures and other construction details) and substitute items of substantially equal or better quality, provided, however, that any material change shall be set forth in an amendment to this Plan, that any necessary approval of any governmental authority having jurisdiction is first obtained and that no such amendments, modifications or substitutions would materially adversely affect any purchaser under a Purchase Agreement which has been countersigned by the Sponsor and returned to the purchaser. 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 the Common Elements.

F. THE UNITS AND THEIR DIMENSIONS

Pursuant to Section 339-i(1)(ii) of the New York State Real Property Law, the percentage of interest in the Common Elements applicable to each Unit as shown in Schedule A in Section G was determined by the Sponsor in the approximate proportion that the floor area of each Unit bears to the aggregate floor area of all the Units and such proportion reflects the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements.

Each Unit will consist of the space and have the approximate dimensions indicated on the floor plans to be filed in the Register's Office of the City of New York, Kings County (the "Floor Plans"). Copies of the Floor Plans may be examined at the Sponsor's office.

The Floor Plans were prepared by Robert J. Palermo, A.I.A., having an office at 1816 Voorhies Avenue, Brooklyn, New York 11235, and the Sponsor believes the layouts and dimensions of the Units as shown thereon to be accurate. The Sponsor will have no liability or responsibility to purchasers, nor will any purchaser be relieved from his or her Purchase Agreement, by reason of any insubstantial inaccuracy or error in the floor plans.

The total floor area of all the residential Units is approximately 5,960 square feet. The approximate square foot area of each Unit is shown in Schedule C to the Declaration at page HH-12.

Common Elements

Each Unit Owner will have an undivided interest in the Common Elements in the respective percentages set forth in Schedule A in Section G.

The Common Elements consist of all portions of the Condominium other than Units (as shown on the Floor Plans) and include, among other things, the following: (i) the land within the boundaries of the Property; (ii) all exterior walls, windows and window frames, foundations and footings; (iii) the basement, portions of the cellar, all passages and corridors, storage areas and other rooms, areas and spaces located in the Building serving the Units which are not part of any Unit; (iv) all columns, girders, beams, supports and interior load bearing walls; (v) the roof of the Building; (vi) the driveways and side yards; (vii) 2 exterior open parking spaces; (viii) the balconies; and (ix) all other parts of the Building and the apparatus, installations, mechanical systems, elevator, and all ventilating and other equipment and facilities in the Building (including shafts, pipes, wires, ducts, vents, cables, conduits and lines) which serve or benefit or are necessary or convenient for the existence, maintenance or safety of the Property.

The cost of maintaining, repairing and replacing the Common Elements (other than non structural maintenance and repairs to the Limited Common Elements) and any additions, alterations or improvements thereto and the cost of structural maintenance, repairs and replacements of the Limited Common Elements will be borne by all the Unit Owners and will be included in their Common Charges. The cost of non structural maintenance and repairs of the Limited Common Elements and any additions, alterations or improvements thereto which Unit

Owners desire to make will be borne entirely by the Unit Owners having the exclusive use thereof.

Limited Common Elements

Each balcony appurtenant to a Unit will be a Limited Common Element for the exclusive use of the Unit Owner and his or her guests, invitees and lessees, and the Unit Owner will have the obligation at his or her own expense of keeping them, and the doors thereto, in good repair and clean and free from ice and snow. The cost of replacing balconies and the doors thereto, when necessary, and of all structural repairs, including repair or replacement of any Common Elements passing through the balcony and terrace areas, will be paid by all Unit Owners as a common expense.

Each parking space assigned to a Unit will be a Limited Common Element for the exclusive use of the Unit Owner and his or her guests, invitees and lessees, and the Unit Owner will be responsible for keeping his or her parking space clean and free from ice and snow.

The laundry room and storage area assigned to a Unit will be a Limited Common Element for the exclusive use of the Unit Owner, who will have the obligation to keep those areas clean and in good repair.

No structures may be built by a Unit Owner on any balcony or roof or in the yards adjacent to the Building. A Unit Owner may not use the balcony appurtenant to his or her Unit for recreational or other purposes unless a traffic bearing surface is installed at the Unit Owner's expense. The below grade rooms which will be part of Units 1 and 2 may not be used as bedrooms. The Board of Managers will have the right of unlimited access to all areas of the roof and cellar for the purpose of making inspections and repairs.

G. PRICES OF UNITS AND RELATED INFORMATION: SCHEDULE A

Unit number	Unit Description and Number of Baths (1)	Approximate Square Footage	Percentage of Interest in Common Elements (2)	Purchase Price (3)	Estimated Common Charges (4)		Estimated Real Estate Taxes (5)		Total Estimated Common Charges and Real Estate Taxes	
					Yearly	Monthly	Monthly with Tax Exemption	Monthly without Tax Exemption	Monthly with Tax Exemption	Monthly without Tax Exemption
Unit 1	Living room, 2 bedrooms, 1 ½ baths, kitchen, dinette, recreation room	1,790	30.03%	\$ 550,000	\$ 4,538.13	\$ 378.18	\$ 17.34	\$ 210.21	\$ 395.52	\$ 588.39
Unit 2	Living room, 2 bedrooms, 1 ½ baths, kitchen, dinette, recreation room	1,790	30.03%	\$ 550,000	\$ 4,538.13	\$ 378.18	\$ 17.34	\$ 210.21	\$ 395.52	\$ 588.39
Unit 3	Living room, 2 bedrooms, 1 ½ baths, kitchen, dinette	1,190	19.97%	\$ 525,000	\$ 3,017.87	\$ 251.49	\$ 11.53	\$ 139.79	\$ 263.02	\$ 391.28
Unit 4	Living room, 2 bedrooms, 1 ½ baths, kitchen, dinette	1,190	19.97%	\$ 525,000	\$ 3,017.87	\$ 251.49	\$ 11.53	\$ 139.79	\$ 263.02	\$ 391.28
TOTAL		5,960	100%	\$ 2,150,000	\$ 15,112	\$ 1,259.34	\$ 57.74	\$ 700.00	\$ 1,317.08	\$ 1,959.34

In addition to the purchase price, each purchaser will be required to pay to the Condominium at the closing the sum of \$800 as a working capital contribution to be used by the Board of Managers elected by the Unit Owners for such appropriate purposes as the Board shall determine.

FOOTNOTES TO SCHEDULE A

Any floor plan or sketch shown to a prospective purchaser is only an approximation of the dimensions or layout of a Unit. Each Unit should be inspected prior to purchase to determine its actual dimensions, layout and physical condition. The computation of the number of rooms is based on the room count method recommended by The Real Estate Board of New York, Inc. In computing the number of rooms in each Unit bathrooms and balconies were excluded.

The percentage of interest appurtenant to each Unit is based on the approximate proportion that the floor area of the Unit bears to the aggregate floor area of all the Units, as provided in Section 339-i(1)(ii) of the New York State Condominium Act.

The purchase prices and downpayment amounts may be increased only by duly filed amendment but may be decreased on an individual basis without amendment to this Plan. See "Changes in Prices and Units" in Section J. See also "Unit Closing Costs and Adjustments" in Section O for the closing costs and expenses payable by purchasers in addition to the purchase price of the Unit.

Based upon estimates contained in Section H for the first year of Condominium operation (December 1, 2002 to August 31, 2003). The budgeted amounts include the cost of electricity for the Common Elements and water for all Units, but do not include the cost of electricity or gas for heating and cooking for individual Units (which will be separately metered and billed by the utility company directly to each Unit Owner) or other costs for which the Unit Owner is generally responsible, such as repairs to the interior of a Unit. These estimates do not include interest and principal payments on loans which purchasers may obtain to finance their purchases. (See Schedule B 1 for projected utility costs for individual Units.)

After the Condominium is divided into individual tax lots, each Unit will be taxed as a separate tax lot for real estate tax purposes and the Unit Owner will not be responsible for the payment of, nor will the Unit be subject to, any lien arising from the non-payment of taxes on other Units. The Sponsor has retained Stephen Wekselblatt to apply to the New York City Department of Housing Preservation and Development ("HPD") for real estate tax exemption pursuant to Section 421-a of the New York State Real Property Tax Law beginning with the tax year July 1, 2003 to June 30, 2004. The figures in this column show the estimated amount of real estate taxes for the tax year July 1, 2003 to June 30, 2004 if (i) exemption is granted and (ii) an exemption is not granted. Although the Sponsor anticipates that an exemption will be granted, no representation is made or warranty given that exemption will be granted or if granted, the amount thereof. (See Section U.)

Section 339-y of the Condominium Act provides in part that each Unit and its common interest shall be separately assessed for tax purposes and that in no event shall the aggregate of the assessment of the Units plus their common interests exceed the total valuation of the property were the property assessed as one parcel.

The estimate of real estate taxes for each Unit for the first year of condominium operation assumes that the amount of real estate taxes payable with respect to each Unit will be levied in the proportion that its common interest bears to the common interests of all Units.

Until the Units are separately assessed, the Board of Managers will pay all real estate taxes with respect to the Property and will allocate the cost thereof among all Unit Owners in proportion to each Unit's common interest.

See the Section entitled "Income Tax Deductions to Unit Owners and Tax Status of Condominium" and the "Opinion of Counsel" regarding the deductibility of real estate taxes paid by Unit Owners.

The estimates for common charges in Schedule A were prepared by the Selling Agent and are for the twelve month period beginning December 1, 2002.

SCHEDULE B

H. PROJECTED BUDGET FOR THE FIRST YEAR OF CONDOMINIUM OPERATION

(December 1, 2002 to August 31, 2003)

INCOME(1)

Common Charges \$ 15,112.00 (1)

Total Income \$ 15,112.00

EXPENSES

Labor	\$ 0 (2)
Common Area Electric	\$ 512.00 (3)
Common Area Gas	\$ 0 (4)
Water and Sewer	\$ 2,040.00 (5)
Repairs, Maintenance and Supplies	\$ 1,000.00 (6)
Insurance	\$ 8,560.00 (7)
Refuse Removal	\$ 0 (8)
Management Fees	\$ 0 (9)
Accounting/Legal Fees	\$ 1,500.00 (10)
Contingency	\$ <u>1,500.00 (13)</u>
Total Expenses	\$ <u>15,112.00</u>

FOOTNOTES TO SCHEDULE B

1. PROJECTED INCOME

This budget amount represents an estimate of the total annual Common Charges to be levied against the Units, and collected from the Unit Owners, during the first year of condominium operation following the Consummation Date. These Common Charges will be utilized by the Condominium Board to pay the Common Expenses incurred in connection with the repair, maintenance, replacement, restoration and operation of the Common Elements.

In the event the projected commencement date of the first year of condominium operation is more than six months from the projected Consummation Date of December 1, 2002, the Plan will be amended to include a revised budget disclosing the then current budget projections. If the projected Common Charges in this budget increase by twenty five (25%) percent or more, the amendment will provide all purchasers with the right to rescind their Purchase Agreements within fifteen (15) days of presentation of such amendment and have their deposits refunded to them with any earned interest. If the first closing of title does not occur on or before December 1, 2002. Purchasers will have the right to rescind their Purchase Agreements and have their deposits refunded to them with any earned interest.

2. LABOR

No estimates have been provided for labor. The Unit Owners will be responsible for performing all work required for the normal maintenance of the Condominium, such as

cleaning the Common Elements. The lack of staffing complies with all applicable housing and labor laws. The Board of Managers shall be responsible for hiring any appropriate repair service and to ensure that such service will make any emergency repairs to the Common Elements. In the event the Board determines that labor is required in the future, common charges may be increased to cover the cost thereof.

3. COMMON AREA ELECTRIC

This item includes the cost of electricity supplied to the Common Elements. This budgeted figure is based upon an estimate. The projected consumption for the year is 3,942 kilowatts. The projected rate is based on the Summer rates 15.1 cents/per kw for the first 1250kw and 16.1 cents per kw thereafter, plus \$35.00 per kw in demand hours and on the winter rates 13.7 cents/per kw for the first 2240 kw and 13.7 cents per kw thereafter, plus \$25 per kw in demand hours.

All Units are separately metered for electricity and gas. Each Unit Owner will pay the charges for all electricity and gas to his Unit, as and when billed, as measured by such separate meter, directly to the utility company servicing the Property. See Schedule B-1 for electricity and gas costs projected for individual Unit Owners.

Since the Building is being newly constructed, it has no operative history. Thus, it is not possible to predict how closely the budgeted figure will reflect the actual expenses for electricity to be incurred during the first year of condominium operation, in part because such expenses will vary with the level of consumption and the cost of electricity. Electricity is generated by the utility company by means of fuel oil as a primary energy source. In view of the unpredictable production of petroleum and rate increases imposed from time to time by one or more members of the Organization of Petroleum Exporting Countries, it is likely that the cost of fuel used to generate electricity will increase in future years. As a result, it is likely that electric rates will increase, although it is not possible to forecast the amount or timing of such increase.

4. COMMON AREA GAS

There is no common area gas.

5. WATER AND SEWER

The water and sewer combined rate is \$1.31/100 cubic feet. The estimate is based upon the assumption that each apartment will use 300 gallons of water per day. The projected water and sewer consumption will be 438,000 gallons of water.

6. REPAIRS, MAINTENANCE AND SUPPLIES

The estimate is based upon previous experience with buildings of a similar quality and nature. The estimate for repairs does not include repairs to maintenance of, or supplies for individual Units and Limited Common Elements. Each Unit Owner is responsible for repairs to, maintenance of and supplies for his Unit and the Limited Common Elements for exclusive use. The estimate includes miscellaneous repairs to all Common Elements of the property which are not covered by contractor's guarantees, as well as janitorial supplies. Repairs to those portions

of the Common Elements which are for the exclusive use of certain Unit Owners shall be the responsibility of those Unit Owners, except that any repairs to the structure of such common elements shall be common expense.

7. INSURANCE

The insurance is based on an estimate and includes the following

All risk condominium policy including fire, extended coverage, vandalism and malicious mischief - \$600,000 - (\$2,500 deductible.)

Comprehensive liability including bodily injury and property damage. - \$1,000,000/occurrence, \$2,000,000/general aggregate limit. \$500.00 deductible.

Flood insurance - \$250,000.

Based upon the opinion of Bermack, Champion & Lewine, insurance brokers and consultants, the coverage amount limit stated above for casualty insurance represents full replacement value and will be sufficient to avoid the effects of co - insurance. Excess liability coverage is not included and may be obtained at extra cost. The insurance policies shall provide that (i) each Unit Owner is an additional insured; (ii) there will be no cancellation without notice to the Condominium Board and Unit Owners; (iii) the right to subrogation against Unit Owners is waived; (iv) there shall be a waiver of invalidity because of the acts of the insured and Unit Owners, and (v) there shall be a waiver of pro rata reduction if the unit Owners obtain additional coverage.

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

8. REFUSE REMOVAL

Refuse removal is provided by the Sanitation Department of the City of New York.

9. MANAGEMENT FEES

No funds have been budgeted for management fees. It is anticipated that the Board of Managers will be responsible for managing the day to day operations of the Condominium. In the event the Board determines that professional management shall be necessary, common charges may be increased to cover the cost thereof.

10. ACCOUNTING

Based on an estimate from Tax City, 1 Hillel Place, Brooklyn, New York 11210, for the preparation of an annual certified audit and preparation of applicable tax returns.

11. LEGAL FEES

Based on an estimate, for a reserve to be used by the Board of Managers elected by Unit Owners when consulting with an attorney of their selection to review contracts and collect delinquent common charges. The cost of litigation, if any, would be additional.

12. CONTINGENCY

This item is to provide a fund for possible expenses not included in the budget or possible increase in one or more items of operating expense above the amounts projected. The budget may be modified, from time to time, prior to the commencement of, or during, condominium operation to add new items of expenses or increase one or more items of operating expenses. The funds for such modifications may be provided by decreasing the contingency reserve or by decreasing one or more items of expense, or both. The contingency does not include a reserve for capital replacements or repairs, for which no provision is made under this budget. In view of the fact this Condominium is newly constructed, although Sponsor cannot make any guarantees, it is unlikely there will be any major capital improvements during the first five (5) years of Condominium operation. As a result, the contingency should be sufficient to pay for any necessary repairs or replacements to the common areas within the first five (5) years of operation.

IN THE OPINION OF STERLING REAL ESTATE, LLC., REAL ESTATE BROKER AND CONSULTANT SET FORTH IN "CERTIFICATION OF SPONSOR'S EXPERT CONCERNING ADEQUACY OF BUDGET," IN PART II OF THIS PLAN, THE PROJECTED RECEIPTS APPEAR REASONABLE AND ADEQUATE BASED ON PRESENT PRICES (ADJUSTED TO REFLECT CONTINUED INFLATION AND PRESENT LEVELS OF CONSUMPTION FOR COMPARABLE UNITS SIMILARLY SITUATED) TO MEET THE ESTIMATED EXPENSES FOR THEIR FIRST YEAR OF CONDOMINIUM OPERATION ASSUMING SUCH FIRST YEAR TO BE THE YEAR COMMENCING DECEMBER 1, 2002 THE FOREGOING BUDGET, HOWEVER, IS NOT INTENDED AND SHOULD NOT BE TAKEN AS A WARRANTY THAT THE ANNUAL COMMON CHARGES OR COMMON EXPENSES FOR THE FIRST OR ANY SUBSEQUENT YEAR OF OPERATION OF THE PROPERTY BY THE CONDOMINIUM BOARD WILL BE AS SET FORTH IN THE SAID BUDGET. IT IS LIKELY THAT THE ACTUAL COMMON EXPENSES FOR THE FIRST YEAR OF CONDOMINIUM OPERATION WILL VARY FROM THE AMOUNTS SHOWN IN THE BUDGET.

SCHEDULE B-1

**ESTIMATED ANNUAL COST OF
UTILITIES FOR EACH INDIVIDUAL UNIT
YEAR BEGINNING DECEMBER 1, 2002**

<u>UNIT</u>	<u>GAS COST</u>	<u>ELECTRIC COST</u>	<u>WATER/SEWER</u>	<u>TOTAL</u>
1	\$3,531.00	\$3,628.00	\$510.00	\$7,689.00
2	\$3,531.00	\$3,628.00	\$510.00	\$7,669.00
3	\$2,891.00	\$2,795.00	\$510.00	\$6,196.00
4	\$2,801.00	\$2,795.00	\$510.00	\$6,196.00

**PROJECTED BUDGET FOR FIRST YEAR OF OPERATION
4 Residential Units**

The following are the projected individual annual electric costs for lights, power and air-conditioning

	<u>Air-Conditioning</u>	<u>Lighting and Appliances</u>	<u>Washer</u>	<u>Dryer</u>	<u>TOTAL</u>
Unit 1	\$1,440.00	\$1,869.00	\$37.00	\$282.00	\$3,628.00
Unit 2	\$1,440.00	\$1,869.00	\$37.00	\$282.00	\$3,628.00
Unit 3	\$1,080.00	\$1,396.00	\$37.00	\$282.00	\$2,795.00
Unit 4	\$1,080.00	\$1,396.00	\$37.00	\$282.00	\$2,795.00

The projected electrical costs for lights in common spaces: \$ 512.00

The costs are based on the Summer rates of 15.1 cents/per KW for first 1250 KW and 16.1 cents per KW thereafter, plus \$35.00 per KW in demand, and on the winter rates 13.7 cents/per KW for first 2240 KW and 13.7 cents per KW thereafter, plus \$25 KW in demand.

The following rates are the projected annual natural gas costs for heat and hot water for the individual units:

	<u>Heating</u>	<u>Hot Water</u>	<u>Cooking</u>	<u>TOTAL</u>
Unit 1	\$2,556.00	\$548.00	\$427.00	\$3,531.00
Unit 2	\$2,556.00	\$548.00	\$427.00	\$3,531.00
Unit 3	\$1,917.00	\$548.00	\$427.00	\$2,891.00
Unit 4	\$1,917.00	\$548.00	\$427.00	\$2,891.00

The costs are based on rates of 90 cents/ per THERM

The following are the projected individual annual water and sewer costs

	<u>Sewer</u>	<u>Water</u>	<u>TOTAL</u>
Unit 1	\$313.00	\$197.00	\$510.00
Unit 2	\$313.00	\$197.00	\$510.00
Unit 3	\$313.00	\$197.00	\$510.00
Unit 4	\$313.00	\$197.00	\$510.00

The costs are based on water rates of \$1.35/ per 100 gallons plus sewer rates at 159% of water consumption.

I. COMPLETION OF THE BUILDING AND UNITS

The Buildings and the Units have been substantially completed. If a temporary or permanent certificate of occupancy is not issued by ~~December~~^{October} 1, 2002³, unless delayed by the acts or changes of the purchaser, a purchaser will have the right to cancel his or her Purchase Agreement by giving written notice to the Sponsor within 10 days after said date, and upon receipt of notice of cancellation the Sponsor will cause all monies deposited under the Purchase Agreement, with the interest earned thereon, if any, to be refunded to the purchaser within 15 days. If the purchaser does not give such notice, then the Purchase Agreement shall remain in full force and effect for an additional 90 days.

The Sponsor will not be obligated to reimburse any purchaser for expenses that the purchaser may have incurred if there are delays in the issuance of a certificate of occupancy.

The Building and the Units shall be deemed fully completed in accordance with the plans and specifications when a permanent certificate of occupancy and any other necessary permits are issued by the governmental authority having jurisdiction, subject, however, to any rights which the Board of Managers or the Unit Owners may have under this Plan.

J. CHANGES IN PRICES OR UNITS

The initial purchase prices for the Units are set forth in Schedule A in Section G. These prices and the terms of sale may be changed at any time and from time to time before or after the Consummation Date by a duly filed amendment to the Plan when the change is to be advertised or is for all Units or is a price increase for an individual purchaser or is an across-the-board increase or decrease affecting one or more lines of Units. However, the prices are negotiable and the Sponsor may enter into an agreement with a purchaser to sell a Unit at a price lower than set forth in Schedule A without filing an amendment.

In order to meet the possible varying demand for number and type of Units, or to meet the particular requirements of prospective purchasers, the Sponsor reserves the right, at any time and from time to time, without prior notice and without the consent of the Board of Managers or other Unit Owners (a) to change the price (as set forth above), the terms of sale and manner of payment for any Unit; (b) to change the layout of or the number of rooms in any Unit; (c) to change the size and/or number of Units by subdividing one or more Units into separate Units, combining separate Units into one or more Units, altering any boundary walls between Units, or otherwise; and (d) to re apportion among the Units affected by any such change, subdivision, combination or alteration, their appurtenant interests in the Common Elements. No such change shall be made with respect to a Unit for which a Purchase Agreement has been accepted and is not in default without the consent of the purchaser. Purchasers of Units affected by any of the foregoing changes may pay more or less than other purchasers under this Plan for similar Units. None of the changes contemplated by subparagraphs (b), (c) and (d) of this paragraph will be made by the Sponsor, nor will any change in the size or quality of Common Elements or in the size or layout of a Unit or the percentage of common interest allocated thereto be made by the Sponsor, except by amendment to this Plan and in compliance with all applicable governmental laws, ordinances and regulations and in the case of a change in the size or quality of Common Elements, unless all purchasers who have signed Purchase Agreements and are not then in default consent to such change.

After the Declaration has been filed, no change may be made in the number of Units or number of rooms within a Unit, nor may the size of a Unit be changed by subdivision or combination or alteration of boundary walls or otherwise, nor may the percentage interest in the Common Elements of the Unit or Units affected thereby be reapportioned, nor may there be a material change in the quality of Common Elements except by duly filed amendment to the Plan and the Declaration is amended and such amendment to the Declaration is duly recorded. Unless prohibited by law, the Sponsor shall have the right with the consent of any Unit Owner who is directly affected by such change to amend or cause the Board of Managers to amend the Declaration and floor plans to reflect any such change, subdivision, combination or alteration and reapportionment of the percentage interests in the Common Elements with respect to Units and to file such amendment and any necessary plans and maps in connection therewith.

K. PROCEDURE TO PURCHASE AND FINANCING FOR PURCHASERS

(a) Procedure to Purchase:

The form of Purchase Agreement is contained in Section EE. After a prospective purchaser has been given at least three business days to review the Plan and all amendments thereto and has decided to purchase a Unit, a Purchase Agreement similar in form will be executed in triplicate and submitted to the Sponsor. Such Agreement will not be binding on the Sponsor until a copy executed by the Sponsor is delivered to the Purchaser. If a copy executed by the Sponsor is not delivered to the Purchaser within 20 days after it has been signed by the Purchaser, the Purchase Agreement will be deemed canceled, the purchaser will have no liability thereunder and all monies paid by the purchaser, together with the interest earned thereon, if any, will be refunded.

A purchaser will not have the right to assign his or her Purchase Agreement.

Before acquiring title to his or her Unit, the purchaser must pay the full purchase price set forth in the Purchase Agreement. The purchase price will be payable as follows:

10% of the purchase price (the "Down Payment") will be payable when the Purchase Agreement is signed, by unendorsed personal certified check of the purchaser or official bank check drawn on a New York City bank which is a member of the New York Clearing House Association to the order of "Dechert Attorney Trust Account" to be held in escrow as provided in the Purchase Agreement; and

The balance of 90% will be payable on the closing of title by unendorsed personal certified check of the purchaser or official bank check drawn on a New York City bank which is a member of the New York Clearing House Association to the order of the Sponsor.

Pursuant to Section 71-a-3(a) of the Lien Law the Down Payment will be deposited by Dechert Price & Rhoads, the Sponsor's attorneys, in an interest bearing account at Citibank, N.A., 153 East 53rd Street, New York, New York 10022. The interest will be computed at the rate payable by Citibank, N.A. from time to time on money market accounts. At the date of this Plan the rate is 1.10% per annum. Each purchaser will be entitled to the interest earned on the Down Payment prior to the closing of title unless he or she defaults under the Purchase Agreement, in which event the Sponsor will be entitled to the interest. If a purchaser is not notified of the deposit of the Down Payment as provided herein within 15 business days after the Down Payment is tendered, he or she may apply to the Attorney General for relief or may cancel the Purchase Agreement.

If the Plan is abandoned or withdrawn for any reason, the Sponsor will promptly file a Form CD 3, or other form then required, and an amendment disclosing abandonment, with the Department of Law, and the Sponsor will fully return any amounts paid by purchasers, with the interest, if any, earned thereon, within 10 days of such abandonment or withdrawal.

If a purchaser fails to pay the purchase price when it is due, fails to close title to his or her Unit on the date specified by the Sponsor pursuant to the Purchase Agreement or otherwise defaults, the Sponsor may elect to cancel the Purchase Agreement by giving 30 days'

written notice of such proposed cancellation to the purchaser. If within this 30 day period the purchaser shall fail to cure the default, the Purchase Agreement shall be deemed canceled and the Sponsor shall be entitled to retain as liquidated damages the Down Payment and the interest, if any, earned thereon, but the Sponsor will not seek specific performance.

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 giving no less than thirty days' written notice (the "Closing Notice") of the closing date to each purchaser. The Closing Notice will set forth the time and place of the closing and the fact that the balance of the purchase price must be paid on the closing date. Common Charges will become due and payable from the date specified for the closing of title in the Closing Notice, unless the closing is adjourned at the Sponsor's request. A purchaser may waive the thirty day notice period and close title at an earlier date. The Sponsor expects the first closing of a Unit will take place on or about ~~December 1, 2007~~.³

April

The risk of loss for fire or other casualty to the Unit will remain with the Sponsor until legal title to the Unit is conveyed to the purchaser. However, if the cost of repairing damage caused by fire or other casualty exceeds 1% of the purchase price of the Unit, the Sponsor will have the right to cancel the Purchase Agreement by sending written notice to the purchaser and returning all payments made under the Purchase Agreement with interest, if any, earned thereon within thirty (30) days of the fire or other casualty.

At closing each purchaser will be required to sign the power of attorney to the Board of Managers of the Condominium in the form contained in Section FF giving the Board of Managers the power to take certain actions on behalf of all Unit Owners with respect to Units acquired from Unit Owners by purchase or as the result of the foreclosure of the Board's lien for non payment of Common Charges. A purchaser's failure to execute the power of attorney at closing shall be deemed a default under the Purchase Agreement, for which the Sponsor may retain the Down Payment and the interest earned thereon as liquidated damages.

Each purchaser shall be obligated to pay the New York State and City Transfer Taxes and to sign the New York State and City Transfer Tax Returns and all related documents. Failure to do so will also be a default which will entitle the Sponsor, at its option, to cancel the Purchase Agreement and retain the purchaser's Down Payment and the interest earned thereon as liquidated damages.

Pursuant to the Purchase Agreement each purchaser will be obligated to pay to the Board of Managers at closing by certified or official bank checks (a) the sum of \$800.00 as a contribution to the working capital of the Condominium to be used by the Board of Managers elected by the Unit Owners for such appropriate purposes as the Board may determine and (b) the sum of \$1,000 toward the cost of obtaining real estate tax exemption pursuant to Section 421a of the New York State Real Property Tax Law (see Section U). (See Section Y.)

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

Any conflict between the Purchase Agreement and this Plan will be resolved in favor of this Plan. However, the terms of sale and other provisions of the actual Purchase Agreement entered into between the Sponsor and any given purchaser may vary from the provisions contained in the form in Section EE of this Plan, but such variations shall have no effect on the provisions of any other Purchase Agreement theretofore or thereafter entered into by the Sponsor and any other purchaser or materially affect the Sponsor's obligations as set forth in this Plan.

(b) Financing for Purchasers:

The Sponsor will arrange financing for purchasers with a lending institution regulated by state or federal law ("Sponsor's lender"), subject to the purchaser's qualifications under Sponsor's lender's underwriting standards. A purchaser desiring financing who submits a loan application to Sponsor's lender within five days after execution of a Purchase Agreement and furnishes all information required by Sponsor's lender will have the right to cancel the Purchase Agreement by written notice to the Sponsor if Sponsor's lender does not issue a written loan commitment to Purchaser for the amount requested in the application within 45 days after submission of the application. However, the Sponsor may, within 10 days after receipt of purchaser's notice of cancellation, elect to obtain a similar mortgage loan from another Sponsor lender (the "substitute lender") on substantially the same terms as purchaser initially applied for. If the Sponsor makes such an election, the purchaser will be obligated to submit an application and all required information to the substitute lender designated by the Sponsor, and the failure of purchaser to do so will constitute a default for which the Sponsor will have the right to retain the purchaser's downpayment and the interest thereon as liquidated damages. If the Sponsor makes such an election but fails to secure other financing within this additional 45 day period, either party will have the option to cancel and in that event, all monies paid by the purchaser will be fully returned, with the interest, if any, earned thereon. If a purchaser elects to apply for a loan from a lender other than Sponsor's lender designated by the Sponsor, he or she will NOT have the right to cancel the Purchase Agreement and will be obligated to pay the balance of the purchase price when due, and if payment is not made when due, the Sponsor will retain purchaser's downpayment as liquidated damages.

The financing arranged by the Sponsor will be made available at prevailing market rates and terms, ranging from 15 to 30 year mortgages for a fixed or variable interest rate. The maximum amount available for any Unit will be 95% of the purchase price. The loan documents will provide for a 15 day grace period for monthly principal and interest payments and a 2% late charge for payments made thereafter. The precise terms of each loan, including interest rate, amortization schedule, payments and term, will be determined for each purchaser only upon application to Sponsor's lender in accordance with Sponsor's lender's policy and the guidelines of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mae) at the time each loan commitment is issued. All 30-year mortgages will be self-liquidating, so that the entire principal amount will be paid at the end of the mortgage term provided that the borrower makes all required monthly payments. Mortgages for shorter terms may require a lump sum ("balloon") payment at maturity. The Sponsor makes no representation as to whether the purchaser's mortgage can be refinanced at maturity or the terms of any such refinancing at that time.

Each monthly payment will be applied first to interest and the balance to principal. The borrower will have the right to prepay the loan in whole or in part, without penalty, at any time. The lender will require monthly escrow payments for real estate taxes.

A commitment issued by Sponsor's lender will be for a term of 180 days but the purchaser's credit will be required to be updated after 120 days.

Loan applications may be obtained from and submitted to the Sponsor, 1236 Avenue U, Brooklyn, New York 11229 (718 375-5300).

Each borrower will be required to submit all documentation and information required by the Sponsor's lender. Approval of the borrower's application is subject to the Sponsor's lender's discretion. The basic closing costs to Sponsor's lender for appraisal report, a credit report, application fee, processing fee and Sponsor's lender's attorney's fee will be an amount equal to 6% of the loan. Other fees may be incurred depending on the loan structure a purchaser desires and the degree of difficulty in underwriting the application. The basic closing costs and fees of a substitute lender may be more or less. In addition, a purchaser will be obligated to pay the mortgage recording tax, recording charges, and the premium for a mortgage title insurance policy insuring the lender. (See Section O.)

All loans will be made pursuant to the Fannie Mae/Freddie Mac loan documents, copies of which appear in Section KK. Such documents shall include a note and a mortgage which will be a first lien on the Unit. The loan documents will provide, among other things, for the assessment of late charges and the monthly escrowing of one-twelfth of the annual real estate taxes for the Unit and that a sale or lease of the Unit or an alteration of the Unit without the lender's consent will be an event of default for which the lender may, at its option, accelerate payment of the entire principal amount of the loan and exercise its rights under the note and mortgage, including the right to foreclose the mortgage and sell the Unit. The loan documents will also provide that the lender be named as an insured mortgagee in the Condominium's casualty insurance policy.

The foregoing is not intended as a complete summary of all the terms of the financing to an individual purchaser, but only as a reference to some of the important terms. Any conflict between a commitment issued by a Sponsor's lender and the summary set forth herein will be resolved in favor of the commitment. The granting of a loan pursuant to an individual commitment may be subject to additional conditions, restrictions and limitations required by a Sponsor's lender.

The Sponsor is not affiliated with, and has no financial interest in any lending institution. The Sponsor does not represent or guarantee that a purchaser will be able to obtain, or qualify for, mortgage financing and if mortgage financing is obtained, what the terms and conditions of such financing may be.

L. ESCROW AND TRUST FUND REQUIREMENTS

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

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 conflicting or inconsistent provision in the Plan or in a Purchase Agreement. Purchasers shall not be obligated to pay any legal or other expense of the Sponsor in connection with the establishment, maintenance or defense of obligations arising from the handling or disposition of trust funds.

All deposits, Down Payments, or advances made by purchasers prior to closing of each individual transaction will be placed, within five business days after the Purchase Agreement is signed by all necessary parties, in a segregated special trust account of Dechert Price & Rhoads, the Escrow Agent, whose address is 30 Rockefeller Plaza, New York, New York 10112, and whose telephone number is (212) 698-3500.

The name of the account is DECHERT ATTORNEY TRUST ACCOUNT, located in Citibank, N.A., 153 East 53rd Street, New York, New York 10022. This bank is covered by federal bank deposit insurance to a maximum of \$100,000 per individual deposit. Under this Plan the maximum Down Payment will be \$50,000, which is within the \$100,000 federal insurance limit.

The account will be interest bearing and, unless the purchaser defaults, interest will be credited to the purchaser at closing. The interest rate to be earned will be Citibank, N.A.'s prevailing rate for these accounts from time to time. Interest will begin to accrue within five business days of tender of the Down Payment. At the date of this Plan the interest rate is 1.00% per annum.

Escrow agent

All instruments shall be made payable to or endorsed to the order of Dechert Attorney Trust Account, as escrow agent.

Within ten business days after tender of the Down Payment submitted with the Purchase Agreement, the escrow agent will notify the purchaser that such funds have been deposited into the trust account and will provide the account number and the initial interest rate. If the purchaser does not receive notice of such deposit within fifteen business days after tender of the Down Payment, the purchaser may cancel the Purchase Agreement and rescind so long as the right to rescind is exercised within ninety days after tender of the Down Payment. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited and requisite notice was timely mailed to the purchaser in conformity with the Attorney General's regulations.

The escrow agent will hold funds in escrow until otherwise directed in

- (i) a writing signed by both Sponsor and purchaser; or
- (ii) a determination of the Attorney General pursuant to the dispute resolution procedures contained in the Attorney 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 business days. Thereafter, the funds may be paid to the Sponsor unless the purchaser has already made application to the Department of Law pursuant to the dispute resolution provisions of the Attorney General's regulations and has so notified the escrow agent in accordance with such provisions.

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

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

Purchasers and the escrow agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the Down Payment and any interest thereon. The Sponsor must avail itself of this procedure if there is a dispute which needs to be resolved. A form for this purpose appears in Section EE of this Plan. The party applying for a determination must send all other parties a copy of the application.

Pending the determination of the Attorney General to grant or deny the application, the Sponsor, the purchaser and the escrow agent shall abide by any interim directive issued by the Attorney General.

A copy of the escrow agreement which incorporates the terms of the Attorney Generals regulations appears in Section EE of this Plan.

M. EFFECTIVE DATE

This Plan may not be declared effective until written Purchase Agreements have been executed and delivered by bona fide purchasers for at least 15% of the Units (one unit). It will not be declared effective based on Purchase Agreements (i) signed by purchasers who have been granted a right of rescission that has not yet expired or been waived; (ii) conditioned upon an amendment to this Plan that has not yet been served in compliance with applicable law or regulations; or (iii) Purchase Agreements signed less than three business days after the purchaser was given the opportunity to review the Plan and all filed amendments.

The Sponsor must declare this Plan effective when Purchase Agreements have been executed and accepted for the sale to purchasers of at least 75% of the Units (three units).

The Plan will be declared effective by written notice to all purchasers, and an appropriate amendment to the Plan will be submitted for filing within five business days thereafter. The notice to purchasers must be served by personal delivery or mailing by regular mail or by registered or certified mail without return receipt addressed to the purchaser at the last known residence of such purchaser or such other address as the purchaser shall have provided. No closing of title will take place until after an amendment disclosing the details of the basis of effectiveness has been accepted for filing by the Department of Law and distributed to all purchasers. Purchase Agreements will be contingent upon the Plan being declared effective. No closing of title will take place until the Plan is declared effective.

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

- (i) signed by purchasers who have been granted a right of rescission that has not yet expired or been waived or who have not been afforded at least 3 business days to review the Plan and all filed amendments; or
- (ii) with any purchaser who is the Sponsor, the Selling Agent or the managing agent or is a principal of the Sponsor, the Selling Agent or the managing agent, or is related to the Sponsor, the Selling Agent or the managing agent or to any principal of the Sponsor, the Selling Agent or the managing agent by blood, marriage or adoption or as a business associate, an employee, a shareholder, a member 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 New York State Department of Law establishing that the purchaser is bona fide.

The Sponsor may, at its option, declare this Plan abandoned for any reason whatsoever before it is declared effective or Purchase Agreements have been executed and accepted for 75% of the Units, provided, however, that within 15 days after abandonment, all monies will be returned to purchasers with interest earned thereon, if any. Once this Plan has been declared effective it may not be abandoned, except for (a) a defect in title which cannot be cured without litigation or a defect in title applicable to one or more of the Units which cannot be cured for less than 1/2 of 1% of the total purchase price of all Units (provided, however, that the Sponsor cannot abandon the Plan for any judgments or liens against the Property resulting from

acts of the Sponsor or any of its principals or which are known to the Sponsor on the date of this Plan) or (b) damage or destruction of the Building by fire or other casualty which cannot be repaired for less than 1/2 of 1% of the total purchase price of all Units or (c) the taking of any material portion of the Property by condemnation or eminent domain or (d) a violation or violations against the Property issued by a governmental authority having jurisdiction which cannot be cured for less than 1/2 of 1% of the total purchase price of all the Units. Any stated dollar amount relied upon as a basis for abandonment after the Plan has been declared effective shall exclude attorneys' fees or any such title defect or determinations of any authority or regulatory agency which exist on the date of presentation of the Plan and are either known to the Sponsor or are a matter of public record.

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

N. CLOSING OF TITLE TO UNITS

The term "closing" or "closing of title" refers to the delivery of a deed conveying title to a Unit to a purchaser upon payment to the Sponsor of the balance of the purchase price, including the proceeds of any mortgage loan obtained by the purchaser.

The closing of title to each Unit will take place only after or concurrently with the following events:

1. The Sponsor gives the purchaser at least 30 days' written notice (the "Closing Notice") of the date on which title is to close for his or her Unit (unless the purchaser elects to waive the Closing Notice period) and an opportunity to inspect the Unit.
2. The Unit and the interest in the common elements appurtenant thereto are released from the lien of any blanket mortgage on the Property, as required by Section 339-r of the Real Property Law, so that the Unit and its common interest will not be subject to the lien of any mortgage at the time of closing except for a purchase money mortgage obtained by the purchaser in connection with the purchase.
3. A temporary or permanent certificate of occupancy and any other necessary permits for the Building have been issued.
4. The Declaration, By-laws and floor plans are recorded or filed as required by law.
5. The Sponsor delivers to the purchaser a bargain and sale deed for the Unit with a covenant against grantor's acts, in the form set forth in Section GG.
6. This Plan has been declared effective and an amendment to this Plan disclosing such declaration has been accepted for filing by the Department of Law.
7. The Sponsor delivers to the purchaser an assignment of any manufacturers' warranties covering the appliances in the Unit, to the extent assignable. (The Sponsor will assign any assignable manufacturers' or contractors' warranties or guarantees with respect to the Common Elements to the Board of Managers on the first closing of title to a Unit.)

The purchaser shall accept title (without abatement in, or credit against, the purchase price or provision for escrow) notwithstanding that construction of minor details of the Unit or the Building or the landscaped areas have not been completed.

A purchaser will be required to examine his Unit with the Sponsor's representative during normal business hours prior to title closing and will be obligated to sign and deliver to the Sponsor at or before the closing an Inspection Statement acknowledging the condition in which the Unit was received.

If the Purchase Agreement is executed after the issuance of a temporary or permanent certificate of occupancy, the purchaser will accept the Unit and all fixtures, machinery, equipment, appliances, installations and personal property contained therein in their

"as is" condition on the date of the Purchase Agreement subject to reasonable wear, tear and natural deterioration between the date of the Purchase Agreement and the closing of title, but this will not be in derogation of the Sponsor's obligation to complete the Unit and the installation of all fixtures, machinery, equipment, appliances, installations and personal property in accordance with the Plan.

Expenses of Forming Condominium

The Sponsor will bear all costs and expenses incurred in connection with the creation of the Condominium and the initial sale of Units, including, but not limited to, selling expenses, advertising and printing expenses, architect's and engineer's fees, organization costs and surveying and engineering costs.

Title Insurance

The Sponsor will, on request of any purchaser and at the purchaser's expense, obtain, as of the closing of title to his or her Unit, a policy of title insurance from Commonwealth Land Title Insurance Company (a) that the purchaser has good and marketable fee title to the Unit free and clear of all liens and encumbrances except as stated below in "Sponsor's Conveyance of Title to Units" and except any purchase money mortgage which the purchaser obtains to pay part of the purchase price of the Unit and (b) against loss or damage occasioned by the Property not being part of a condominium validly created pursuant to Article 9-B of the Real Property Law of the State of New York, as amended. Title insurance will be in the amount of the purchase price for the Unit. (See Section O for information concerning the cost of title insurance.)

A purchaser may elect to obtain title insurance at his or her own expense from any other company licensed to do business in New York, but the purchaser will be required to pay the Sponsor's attorneys a fee of \$1000.00 for reviewing the title insurance commitment of such other company.

Sponsor's Conveyance of Title to Units

Title to each Unit and its appurtenant interest in the Common Elements will be conveyed by the Sponsor by bargain and sale deed with covenant against grantor's acts in the form set forth in Section GG of this Plan, free and clear of all liens and encumbrances other than:

1. The terms, conditions, easements, covenants and provisions of the Declaration and By-laws.
2. State of facts shown on an accurate current survey, provided such state of facts would not render title unmarketable (except as stated herein) or prohibit the use of the Building as a condominium or the use of the Unit as an apartment unit.
3. Zoning regulations and ordinances and any amendments thereto, provided that neither the Building nor its use as a condominium would be prohibited thereby.

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

5. Revocability of licenses for vault space and other areas, if any, under the sidewalks.

6. Easements in favor of the Owners of the other Units to use the pipes, wires, ducts, vents, ventilating shafts, cables, conduits, public utility lines and other Common Elements, including those located in the Unit itself or elsewhere on the Property serving such other Units, in accordance with present use and present available facilities, and easements of necessity in favor of the other Units and/or the Common Elements.

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

8. New York State Franchise Taxes and New York City General Corporation Taxes of any corporation in the chain of title, provided that Commonwealth Land Title Insurance Company is willing to insure that such taxes will not be collected out of the Unit.

9. Real estate taxes, which will be apportioned between the Sponsor and the purchaser (see Section O).

10. Water charges and sewer rents (but the Sponsor will be obligated to pay all such charges and rents to the Consummation Date).

11. Sewer, water, electric, plumbing, heating, gas, telephone and other utility easements and consents, if any, then or thereafter recorded, including the right to maintain and operate lines, wires, cables, pipes, conduits, poles and distribution boxes in, over, under and upon the Property and the Building.

12. Encroachments of walls, watertables, stoops, areas, cellar steps, trim, coping, foundations, fences, cornices and similar projections, if any, on, over and under the Property or adjoining properties or the streets or sidewalks abutting the Property and the rights of governmental authorities to require the removal of any such projections, and variations between record lines of the Property and retaining walls, if any.

13. The lien of any mortgage obtained by the purchaser.

14. Standard printed exceptions in the New York form of fee title insurance policy.

Counsel to the Sponsor has advised that in its opinion none of the foregoing exceptions to title is of a nature which should materially affect the use, enjoyment, lease or sale of any Unit as a condominium unit. The documents concerning these exceptions will be available to purchasers or their attorneys for examination at the Sponsor's office.

Each sale of a Unit will include all kitchen appliances and other fixtures and articles of personal property attached to or used in connection with the Unit or the Common Elements.

The purchaser's obligation for payment of the Common Charges applicable to his or her Unit will begin to accrue on the date specified for the closing of title in the Closing Notice from the Sponsor, unless the closing is adjourned at the Sponsor's request.

The risk of loss for fire or other casualty to the Unit will remain with the Sponsor until legal title to the Unit is conveyed to the purchaser. If the Building is damaged or destroyed by a casualty which cannot be repaired for less than 1% of the total purchase price of all the Units, the Sponsor may, at its option, abandon this Plan, in which event all Purchase Agreements will be deemed terminated and all Down Payments will be refunded to the purchasers, with the interest earned thereon. If the Sponsor does not elect to abandon the Plan, the Sponsor will be obligated to make all repairs and replace the damaged personal property and purchasers will not be required to close title until the repairs have been completed.

The Sponsor will reserve the right to grant easements for additional underground utility, sewer and drainage lines and appurtenances in, under and through the Condominium, to relocate any existing utility, sewer and drainage easements and to dedicate any or all of such facilities to any governmental body, public benefit corporation or utility company, if the Sponsor shall deem it necessary or desirable for the proper operation and maintenance of the Condominium or any portion thereof or the general health and welfare of any Unit Owner, provided that such additional utilities or the relocation of existing utilities will not prevent or unreasonably interfere with the use of the Units for dwelling purposes. Any utility company or public benefit corporation furnishing services to the Condominium and its employees and agents shall have the right of access to any Unit, to the Common Elements or the Limited Common Elements in furtherance of such easements provided such right of access is exercised in such a manner as not unreasonably to interfere with the use of the Units.

O. CLOSING COSTS AND ADJUSTMENTS

Closing Costs of Purchasers

The purchaser will be responsible for the payment of the following closing costs and expenses calculated pursuant to the rates in effect as of the closing of title to his or her Unit (the estimates set forth below are based on rates in effect as of the date of initial presentation of this Plan and are subject to change):

1. If the purchaser obtains mortgage financing, he or she will be required to pay a portion of the mortgage recording tax, the cost of recording the mortgage and the premium for the lender's mortgage title insurance policy. These costs are approximately as follows:

(a) \$318.00 for the first \$35,000 of mortgage title insurance, plus \$5.13 for each additional \$1,000 (or part thereof) from \$35,001 to \$50,000, \$4.19 for each additional \$1,000 (or part thereof), from \$50,001 to \$100,000 and \$3.36 for each additional \$1,000 (or part thereof) from \$100,001 to \$500,000.

(b) A mortgage recording tax in the amount provided by law (at the date of presentation of this Plan the tax payable by a borrower is 2% of the loan if the principal is less than \$500,000, of which the lender will pay 1/4 of 1%).

(c) The fees of the lender's counsel, the amount of which is determined by lender's counsel.

(d) The cost of recording the mortgage, which will depend upon the number of pages in the document.

(e) The cost of the lender's appraisal, commitment fees and credit reports, as determined by the lender.

2. If a purchaser obtains a policy of fee title insurance from Commonwealth Land Title Insurance Company, he or she will be responsible for the payment of the cost of the policy, which will be \$371.00 for the first \$35,000 of insurance, plus \$6.16 for each additional \$1,000 (or part thereof) from \$35,001 to \$50,000, \$5.02 per \$1,000 (or part thereof) from \$50,001 to \$100,000, \$4.03 per \$1,000 (or part thereof) from \$100,001 to \$500,000 and \$ 3.98 per \$1,000 from \$ 500,000 to \$ 1,000,000.

3. If a purchaser and his or her lender both obtain title insurance from Commonwealth Land Title Insurance Company, the purchaser will be entitled to the benefit of a simultaneous mortgage rate equal to 30% of the regular mortgage rate.

4. If a purchaser obtains a policy of fee title insurance from a company other than Commonwealth Land Title Insurance Company, he or she will be responsible for (a) the payment of all costs in connection therewith, which may vary from the costs referred to in the foregoing paragraphs 2 and 3 and (b) a fee of \$1,000.00 to the Sponsor's attorney for reviewing the title insurance commitment of such other company.

5. The purchaser will be required to pay the cost of recording the deed and power of attorney to the Board of Managers and the fees of purchaser's attorney.

6. Each purchaser will be obligated to pay the New York State and City transfer taxes on the conveyance of title to his or her Unit and the City's fee of \$25.00 for filing the transfer tax return. Under State and City law, the taxes paid by a purchaser are deemed to be additional consideration.

7. Each purchaser will pay the sum of \$800.00 to the Condominium as a contribution to the Condominium's working capital and the sum of \$1,000.00 to the Sponsor toward the cost of obtaining real estate tax exemption pursuant to Section 421-a of the New York State Real Property Tax Law. (See Section U.)

8. A purchaser who elects to obtain title insurance from a company other than Commonwealth Land Title Insurance Company will be required to pay the Sponsor's attorneys a fee of \$1,000.00 for reviewing the title insurance commitment of such other company. A purchaser who requests that the closing of title take place outside the Borough of Manhattan will be required to pay an attendance fee of \$500.00 to the Sponsor's attorneys.

The following is a numerical example of the closing costs:

Purchase Price	\$550,000.00
Mortgage Financing	\$400,000.00
Title Insurance (fee and mortgage)	\$3,241.00
Mortgage recording tax	\$9,000.00
Recording charges	\$250.00
Lender's fees	\$2,400.00
Sponsor's counsel's fees*	\$1,000.00
State and City transfer taxes	\$10,181.18
Contribution to Condominium's working capital	\$800.00
Contribution to cost of obtaining real estate tax exemption	\$1,000.00
	\$27,872.18

The foregoing example is based on rates in effect on the date of this Plan and may increase in the future if title insurance rates, mortgage recording taxes, recording charges and transfer taxes increase.

* Payable only if purchaser obtains title insurance from a company other than Commonwealth Land Title Insurance Company.

Closing Adjustments between Sponsor and Purchasers

Real estate taxes, if any, for each Unit for the tax year in which title closes, water charges and sewer rents if separately assessed against the Unit and the estimated Common Charges and Expenses for each Unit (as shown in Schedule A) for the month in which title closes will be apportioned between the Sponsor and the purchaser as of the midnight preceding the date for closing of title fixed in the Closing Notice, whether or not title actually closes on that date, unless the closing is adjourned at the Sponsor's request. In the event that a Unit has not been separately assessed on the date on which title closes for the then current tax fiscal year, the apportionment of real estate taxes, if any, will be based upon the total assessment for the land and the Building and the percentage of the Common Elements appurtenant to the Unit, and the purchaser will pay his or her proportionate share to the Sponsor on the date on which title closes and the Sponsor will be responsible for payment of the real estate taxes for the then current tax fiscal year. No escrow or other security will be furnished by the Sponsor for this obligation.

If the Units have not been separately assessed for real estate tax purposes prior to the closing of title to the first Unit, Sponsor may place in escrow, in the name of the Board of Managers, an amount equal to the unpaid real estate taxes which will be levied against the parcel for the six month period following the first closing. Alternatively, the Sponsor may place in escrow, in the name of the Board of Managers, an amount equal to the real estate taxes attributable to the unsold Units for such six month period and may collect at each Unit closing the estimated amount of taxes attributable to such Unit for the balance of the six month period.

Closing Adjustments Between Sponsor and Condominium

The following items will be apportioned between the Sponsor and the Condominium on the Consummation Date in accordance with the customs in respect to title closings recommended by the Real Estate Board of New York, Inc.:

- (1) water charges and sewer rents;
- (2) utility charges and security deposits held in connection therewith;
- (3) wages and payroll expense;
- (4) service contracts;
- (5) any other items customarily apportioned on sales of similar property in the New York City metropolitan area.

If the net closing adjustments are in favor of the Condominium, the amount thereof shall be paid to the Condominium on the Consummation Date. If the net closing adjustments are in favor of the Sponsor, the amount thereof shall be paid to the Sponsor on the Consummation Date from the Condominium's working capital fund. If the net closing adjustments are in favor of the Sponsor and exceed the amount of the working capital fund, then at the closing the Condominium shall pay all the monies in the working capital fund to the Sponsor and shall execute a non interest bearing promissory note payable one (1) year from the Consummation Date for the difference. No provision has been made for the payment of such

note in the projected operating budget for the Condominium's first year of operation (Schedule B) and such payment may require an increase in common charges or a special assessment.

P. UNSOLD UNITS

Title to each Unsold Unit will remain with the Sponsor or the Sponsor's designee until the Unit is sold and a deed is delivered to the purchaser. From and after the Consummation Date the Sponsor will be responsible for the payment of Common Charges assessed against each Unsold Unit until it is sold to a bona fide purchaser. No bond or other security will be furnished by the Sponsor to secure this obligation and the Sponsor's ability to perform will depend upon its financial condition when called upon to perform. However, the Sponsor represents that it has the financial resources to enable it to meet this anticipated obligation. If the Sponsor fails to pay Common Charges, (a) the Board of Managers will have the same rights and remedies against the Sponsor as against any other defaulting Unit Owner, (b) sales of the Units will cease, (c) purchasers will be offered rescission and (d) the Plan will be amended to disclose the Sponsor's default.

While the Sponsor or its designee owns an Unsold Unit, it will have the right to maintain general and sales offices on or about the Property, to have employees and agents present on the Property, to use the Common Elements and to do all things necessary or appropriate to sell Units, including, but without being limited to, the right to maintain signs on exterior portions of the Building. The Sponsor will be obligated to repair and maintain the portions of the Property used by it for such purpose as long as such use continues.

Q. RIGHTS AND OBLIGATIONS OF SPONSOR

Subject to the terms and conditions of this Plan, the Sponsor has the following obligations for the performance of which no bond or other security, other than as set forth below, will be furnished:

1. To cause the Building and its facilities to be constructed and the equipment and appliances to be installed therein substantially in accordance with the plans and specifications, at the Sponsor's sole expense, free of all liens, violations and hazardous or dangerous conditions. (although the Sponsor reserves the right to substitute equipment or materials and make modifications of layout or design, the Sponsor may not (a) substitute equipment or materials of lesser quality or design or (b) change the size or location of the Units, Common Elements or other improvements if such changes affect the percentage of common interest or adversely affect the value of any Unit to which title has closed or for which a Purchase Agreement has been executed and is in effect unless all affected Unit Owners and contract vendors consent in writing to such change.)

2. If at the time of the closing of title to a Unit any work remains to be done to complete such Unit substantially in accordance with the plans and specifications, promptly to complete or cause such work to be completed and paid for and promptly to discharge any and all liens which may be filed in connection therewith.

3. To secure a permanent certificate of occupancy for the Building with due diligence (and within twelve months after issuance of the first temporary certificate of occupancy, if any) subject to any delays resulting from Force Majeure or the acts or changes of purchasers or Unit Owners, and to cause all work and all materials necessary therefor to be performed and supplied at the Sponsor's sole expense and to discharge any liens resulting therefrom. If a permanent certificate of occupancy for the Building has not been issued on the Consummation Date, the Sponsor will, in accordance with the provisions of Section 352-e(2)(b) of the General Business Law, deposit in escrow with its counsel a sum certified by Robert J. Palermo, A.I.A. to be reasonably necessary to complete the work required to obtain a permanent certificate of occupancy. Alternatively, the Sponsor may deposit with its counsel an irrevocable, unconditional bank letter of credit in the amount certified by Robert J. Palermo, A.I.A. Until a permanent certificate of occupancy is obtained, the Sponsor will secure renewals of any temporary certificate of occupancy for the Building unless it is unable to do so as a result of Force Majeure or the acts or changes of purchasers or Unit Owners.

4. To deliver title to each Unit free and clear of all liens and encumbrances except those set forth in Section N.

5. To pay or cause to be paid all costs and expenses in connection with the creation of the Condominium.

6. To pay or cause to be paid all expenses in connection with the operation of the Property incurred prior to the Consummation Date.

7. To be responsible for and pay or cause to be paid all Common Charges, special assessments and real estate taxes for each Unsold Unit commencing on the

Consummation Date until it is sold to a bona fide purchaser for occupancy. (If sales proceeds are insufficient, the funds will be provided by the Sponsor or by bank loans to the Sponsor.) If the Sponsor fails to pay Common Charges, (a) the Board of Managers will have the same rights and remedies against the Sponsor as against any other defaulting Unit Owner, (b) sales of the Units will cease, (c) purchasers will be offered rescission and (d) the Plan will be amended to disclose the Sponsor's default.

8. To defend at the Sponsor's sole expense and indemnify the Board of Managers and Unit Owners against any claim made against the Condominium arising solely from the acts, omissions or representations of the Sponsor.

9. To obtain a binder for the insurance coverage described in Note 3 in Section H.

10. To cause any violations of record on the Consummation Date to be cured not later than 12 months after the Consummation Date.

11. To maintain the Property, until the Sponsor no longer controls the Board of Managers, in substantially the same condition and manner as on the presentation date of the Plan.

12. Upon completion of construction, to remove any rubbish and debris from the site.

13. To assign to the Board of Managers on behalf of all Unit Owners all guarantees and warranties from contractors, subcontractors and suppliers of materials in connection with construction of the Building to the extent that such guarantees and warranties are assignable and to provide the Board of Managers with a set of "as built" plans.

Each Unit Owner will have the benefit of a Housing Merchant Implied Warranty pursuant to Article 36-B of the General Business Law. A Housing Merchant Implied Warranty means that:

(a) one year from and after the date of the first closing of title with a purchaser for occupancy (the "warranty date") the Unit will be free from defects due to a failure to have been constructed in a skillful manner;

(b) two years from and after the warranty date the plumbing, electrical and heating systems of the Unit will be free from defects due to a failure by the builder to have installed such systems in a skillful manner; and

(c) six years from and after the warranty date the Unit will be free from material defects.

A Housing Merchant Implied Warranty does not extend to:

- a. any defect that does not constitute (i) defective workmanship by the builder or by an agent, employee or subcontractor of the builder (ii)

defective materials supplied by the builder or by an agent, employee or subcontractor of the builder or (iii) defective design provided by a design professional retained exclusively by the builder; or

- b. any patent defect which an examination ought in the circumstances to have revealed when the purchaser before title or accepting construction as complete has examined the Unit as fully as the purchaser desired, or has refused to examine the Unit.

In the case of stoves and refrigerators included in the sale of a Unit, a Housing Merchant Implied Warranty shall mean that they shall be free from defects due to the failure of the builder or any agent, employee or subcontractor of the builder to have installed such systems in a skillful manner.

Written notice of a claim for breach of a Housing Merchant Implied Warranty must be received by the Sponsor prior to the commencement of any action for damages or other relief and no later than 30 days after the expiration of the applicable warranty period.

A Unit owner shall afford the Sponsor reasonable opportunity to inspect, test and repair the portion of the Unit to which the warranty claim relates.

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, or within five years after the warranty date, whichever is later. If the Sponsor makes repairs in response to a warranty claim, an action with respect to such claim may be commenced within one year after the last date on which such repairs are performed.

Construction may continue on the Property after title to a Unit closes, and the Sponsor will have the right to continue construction and to effect any other work or activities including repairs and installations in connection therewith. The Sponsor will, at its expense, repair any damage caused by such construction.

If on the closing date a Unit for which a Purchase Agreement has been signed is substantially damaged or uninhabitable by fire or other casualty, the Sponsor will have the right to cancel the Purchase Agreement by notice given five days prior to the closing date (or if the damage occurs within five days of the closing, prior to the closing), and if such right is exercised, the Sponsor will refund the purchaser's down payment in full, with the interest, if any, earned thereon.

The Sponsor represents that it has the financial resources to meet its obligations with respect to Unsold Units, but no bond or other security will be furnished to secure such obligations.

All representations of the Sponsor under this Plan, all of the Sponsor's obligations pursuant to the General Business Law and such additional obligations of the Sponsor under this Plan which are to be performed subsequent to the Consummation Date will survive the Consummation Date and delivery of the deeds to the Units.

The Sponsor makes no undertakings or warranties except as hereinabove set forth and none should be implied.

In the event of the transfer of 20% of the total number of Units in the Condominium, to a transferee or transferees other than bona fide purchasers of the Units, the Sponsor will provide financially responsible entities or individuals who will assume the status and all the obligations of the Sponsor for those Units under the Plan, applicable laws or regulations.

In accordance with Section 352-e(9) of the General Business Law, the Sponsor will keep copies of this Plan, the Exhibits filed with the Department of Law pursuant to its regulations and other documents referred to herein available at the office of the Sponsor for inspection by prospective purchasers and their attorneys and by any person who may purchase Units offered by this Plan or who participate in the offering thereof and these materials will remain available for such inspection for a period of six years from the date of recording of the Declaration.

As set forth elsewhere in this Plan, the Sponsor will have the right to maintain a sales office and carry on a sales program in the Building.

R. CONTROL BY THE SPONSOR

The Sponsor will have voting control of the Board of Managers as long as the Sponsor or a designee of the Sponsor owns two Units or until five years after the first closing of title to a Unit, whichever is the earlier. While the Sponsor or such designee has voting control of the Board, the Sponsor or its designee will not reduce or eliminate the services to be provided to the Unit Owners under this Plan. A special meeting will be held to elect new Board members unrelated to the Sponsor within 30 days after the Sponsor no longer has voting control of the Board of Managers. In addition, as long as the Sponsor owns any Unit (but for no more than five years after the Consummation Date), the Board of Managers may not, without the prior written consent of the Sponsor or such designee, (a) make any addition, alteration, replacement or improvement to the Common Elements or to any Unit or (b) assess any common charges for the creation of, addition to, or replacement of, all or part of a reserve, contingency or surplus fund or (c) hire any employee in addition to the employee listed in Schedule B in Section H or (d) enter into any service or maintenance contract for work or services which are in excess of the work or services provided for in the Projected Budget for the First Year of Operation (Schedule B) or (e) borrow money on behalf of the Condominium or (f) amend the Declaration or By-laws of the Condominium. Notwithstanding the foregoing, the Sponsor may not withhold its consent to expenses for the items described in Schedule B, or with respect to expenses required: (i) to comply with applicable laws and regulations; (ii) to remedy any notice of violation; or (iii) to remedy any work order by an insurer.

S. BOARD OF MANAGERS

The business and affairs of the Condominium will be managed by a Board of Managers. The initial Board will consist of three members designated by the Sponsor who will serve until the first meeting of Unit Owners.

Within 30 days after title has been conveyed to the purchasers of two units or six (6) months from the Consummation Date, whichever is earlier, the Sponsor will call the first meeting of the Unit Owners, at which time all of the Unit Owners, including the Sponsor, or the Sponsor's designee, will elect a new four member Board of Managers.

All members of the Board of Managers (other than the designees of the Sponsor) will be Unit Owners or spouses of Unit Owners, mortgagees of Units, partners or employees of a partnership owning a Unit or a mortgage covering a Unit, shareholders, officers, directors or employees of corporate owners or corporate mortgagees of Units, members of a limited liability company owning a Unit or a mortgage covering a Unit or fiduciaries or officers or employees of fiduciaries who are owners or mortgagees of Units.

The term of office of the members of the Board of Managers will be one year or until their successors are elected. At the expiration of the term of office of each member of the Board of Managers his or her successor will be elected to serve for a term of one year or until his or her successor is elected.

All members of the Board of Managers will serve without compensation and the Sponsor has agreed that the By-laws will not be amended to provide otherwise while the Sponsor or the Sponsor's designee owns four or more Units.

The Unit Owners will hold annual meetings on the first anniversary of the first meeting of Unit Owners and annually thereafter, unless such date is a Saturday, Sunday or legal holiday, in which event the meeting will be held on the succeeding Monday. At each annual meeting, the Unit Owners will elect members of the Board of Managers. In addition, special meetings of Unit Owners may be held from time to time pursuant to the By-laws whenever necessary for the affairs of the Condominium.

At all meetings of Unit Owners, each Unit Owner will be entitled to designate one member of the Board of Managers, and all matters involving the affairs of the Condominium will be decided by the Board. However, the Sponsor will have voting control of the Board of Managers as long as the Sponsor or a designee of the Sponsor owns two Units or until five years after the Consummation Date, whichever is the earlier.

Removal of Members of the Board of Managers

At any regular or special meeting of Unit Owners, any one or more of the members of the Board of Managers other than a member designated by the Sponsor or its designee may be removed without cause and any one or more of the members of the Board of Managers may be removed with cause by a majority of the Unit Owners and a successor may then and there or thereafter be elected to fill the vacancy thus created. Any member of the Board of Managers whose removal has been proposed by the Unit Owners shall be given an

opportunity to be heard at the meeting. A member of the Board of Managers designated by the Sponsor or its designee may only be removed by the Sponsor or its designee and only the Sponsor shall have the right to designate a replacement. If a member of the Board of Managers ceases to be a Unit Owner or mortgagee (or a partner, officer, director, stockholder or employee of a partnership or corporate owner or mortgagee or a member of a limited liability company which is a Unit Owner or mortgagee or a fiduciary owner or mortgagee), unless such member is a designee of the Sponsor, he or she shall be deemed to have resigned effective as of the date such ownership or mortgage interest ceased.

Special Meetings

Special meetings of the Board of Managers may be called by the President on three business days' notice to each member of the Board of Managers, given by mail or facsimile, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Managers shall be called by the President or Secretary in like manner and on like notice on the written request of at least three members of the Board of Managers.

Officers of Condominium

The officers of the Condominium to be elected by the Board of Managers will be:

(a) President (who is the chief executive officer of the Condominium, empowered to preside over meetings of Unit Owners and the Board and to appoint committee members);

(b) Vice President (who will stand in the place of a President who is absent or unable to act and will perform other duties designated by the Board or the President);

(c) Secretary (who is responsible for the minutes of meetings of Unit Owners and the Board and will be in charge of books and records of the Condominium, as directed by the Board of Managers); and

(d) Treasurer (who is responsible for Condominium funds and securities and keeping accurate financial records, but who will not prepare the annual certified financial statement of the Condominium which will be prepared by the Condominium's accountants).

The powers and duties of the officers are more fully discussed in Article IV of the By-laws in Section II.

The President and the Vice President must be members of the Board of Managers. Each officer will hold office at the pleasure of the Board of Managers. The Board may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in its judgment may be necessary. All officers will serve without compensation.

Liability of Board of Managers (and Unit Owner)

In order to limit the liability of the Unit Owners, the members of the Board of Managers, and any managing agent, any contract or other commitment made by the Board of

Managers or the managing agent will state that it is made by the Board of Managers or the managing agent, as the case may be, only as agent for the Unit Owners, and that the members of the Board of Managers or the managing agent, as the case may be, will have no personal liability on any such contract or commitment (except as Unit Owners), and that the liability of any Unit Owner on any such contract or commitment will be limited to such proportionate share of the total liability thereunder as the common interest of such Unit Owner bears to the aggregate common interests of all Unit Owners. The Board of Managers will have no liability to the Unit Owners for errors of judgment, negligence or otherwise, except for willful misconduct or bad faith. The Unit Owners will 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 the members of the Board of Managers, but the liability of any Unit Owner on account of such indemnification will be limited to such proportionate share thereof as the common interest of such Unit Owner bears to the aggregate common interests of all Unit Owners. (No other specific provision is made in the By-laws regarding the liability of officers.)

Reports to Unit Owners; Notice of Meetings, Examination of Books

An annual report of the receipts and expenditures of the Condominium audited by an independent certified public accountant will be furnished by the Board of Managers to all Unit Owners and to all mortgagees of Units who have requested it promptly after the end of each fiscal year. The cost of such report will be paid by the Board of Managers and will constitute a Common Expense.

Unit Owners will be given notice by mail of each Unit Owners' meeting not more than 40 nor less than 10 days prior to such meeting.

Each Unit Owner and each mortgagee of a Unit will be permitted to examine the books of account of the Condominium at reasonable times during regular business hours.

The Unit Owners must also receive annually a copy of the Condominium's operating budget.

T. RIGHTS AND OBLIGATIONS OF UNIT OWNERS AND BOARD OF MANAGERS

The Declaration, By-laws and Rules and Regulations of the Condominium appear in Part II of this Plan and should be reviewed by purchasers and their attorneys. The Declaration and the By-laws may be amended by the vote of at least eight Unit Owners, cast in person or by proxy at a meeting duly held in accordance with the By-laws, provided that the common interest appurtenant to a Unit shall not be altered without the consent of all Unit Owners affected and that the written consent of the holders of first mortgages on the Units is obtained if required by the terms of such mortgages.

Sale or Lease of Units by Unit Owners

Each Unit Owner has the right to sell or lease his or her residential Unit (subject to the consent, if required, of the mortgagee, if any) provided that he or she first gives to the Board of Managers 30 days' prior written notice of the terms of any bona fide sale or lease which he or she desires to make. The failure of the Board of Managers to act within such 30 day period will be deemed to constitute approval. If the Board of Managers disapproves the transaction, it will, within such 30 day period, either (a) produce a purchaser or lessee who will purchase or lease the Unit upon the same terms as stated in the Unit Owner's notice to the Board of Managers or (b) agree to purchase or lease the Unit on behalf of all other Unit Owners upon the same terms as stated in the Unit Owner's notice to the Board of Managers. The Board of Managers, however, may not purchase or lease a Unit without the approval of a majority of the Unit Owners (as such term "majority" is defined in the By-laws). If the Board of Managers does not have sufficient funds on hand for the purchase or lease of a Unit which has been approved by a majority of the Unit Owners, the Board of Managers may either borrow such funds or may assess the Unit Owners therefor in proportion to their respective common interests. If the Board of Managers does not either produce a purchaser or lessee for the Unit, or agree to purchase or lease the Unit on behalf of all other Unit Owners as set forth above, within the aforesaid 30 day period, the Unit Owner will have the right to consummate the sale or lease on the terms submitted to the Board of Managers as more specifically set forth in the Declaration and Bylaws.

The Board of Managers may not discriminate against any person seeking to buy or lease a Unit on the basis of race, creed, color, national origin, sex, age, disability, marital status or other grounds prohibited by law.

A Unit Owner's right to sell or lease his or her Unit will be further subject to his or her being current in the payment of Common Charges and all other sums owed to the Board of Managers.

Any lease of a Unit will be in the form recommended for condominium units by The Real Estate Board of New York Inc., except as otherwise provided in the By-laws.

The restrictions upon the sale and lease of Units set forth in this Section will not apply to an Unsold Unit owned by the Sponsor, or a designee of the Sponsor, or to a mortgagee (or its designee) acquiring title to a Unit in foreclosure or by deed in lieu of foreclosure, all of whom shall be free to sell or lease without first notifying or obtaining the consent of the Board of Managers.

Any Unit acquired or leased by the Board of Managers pursuant to its right of first refusal (or otherwise acquired by the Board, such as at a foreclosure sale) may be sold, leased, mortgaged or otherwise dealt with in the discretion of the Board of Managers which will act on behalf of the Unit Owners in the proportion of common interest of each Unit Owner. The votes appurtenant to a Unit acquired by the Board in accordance with the foregoing may not be cast by the Board.

On the closing of title to a Unit, the Unit Owner will be required to execute a power of attorney in the form set forth in Section FF, or such other form then required by the Board, which will irrevocably designate the members of the Board of Managers as attorneys in fact to acquire Units and sell, lease or mortgage Units acquired by it on behalf of all Unit Owners in accordance with their respective common interests.

Different restrictions on the sale or leasing of Units may be made in the future, consistent with the Declaration, By-laws and applicable law.

Rent Payments to Board of Managers

Under the provisions of Section 339-kk of the Real Property Law, if a nonoccupying Unit Owner rents a Unit to a rental tenant and then fails to make payments due for Common Charges, assessments or late fees for that Unit within 60 days of the expiration of any grace period after they are due, the Board of Managers shall provide written notice to the tenant and the Unit Owner providing that, commencing immediately and until all payments are made current by the Unit Owner, all rental payments shall be made to the condominium association. When the Unit Owner's payments are current, notice of such fact shall be given within three business days to the tenant and the Unit Owner, and thereafter all rental payments shall be made to the Unit Owner or the Unit Owner's designated agent. A Unit Owner who disputes the association's claim to rental payments 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 30 days of the date on which the Board receives notice that the Unit Owner disputes the claim. Payment by a tenant to the condominium association pursuant to Section 339-kk shall relieve the tenant from the obligation to pay such rent to the Unit Owner and shall be an absolute defense in any non payment proceeding commenced by the Unit Owner against such tenant for rent.

Mortgaging of Units by Unit Owners

Each Unit Owner will have the right to mortgage his or her Unit without restriction but will be obligated to furnish the Board of Managers with a copy of each mortgage and the note which it secures.

Use of Building and Units

In order to provide for congenial occupancy of the Building and for the protection of the values of the Units, the By-laws will provide that the use of the Units will be restricted to and be in accordance with the following provisions:

1. The Units will be used for residences only, except that they may be used for professional offices with the prior written consent of the Board of Managers, unless

prohibited by law. The Sponsor will have the right, without charge: (a) to maintain a sales office in a Unit, to use a Unit as a model and for other promotional purposes in connection with the sale of Units and to erect and maintain signs at the Building advertising Units for sale; (b) to have employees, contractors and sales agents present on the site; and (c) to do all things necessary or appropriate, including the use of the Common Elements, to sell or lease Units.

2. The Common Elements will be used only for the furnishing of the services and facilities for which they are reasonably intended. No Unit Owner may make any addition, alteration, improvement or change in or to any Common Element without the prior written consent of the Board of Managers.

3. No nuisances will be allowed nor will any use or practice be allowed which unreasonably interferes with the peaceful possession or proper use of the Property by its residents or occupants.

4. No immoral, improper, offensive, or unlawful use will be made of the Property nor any part thereof and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof will be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, will be complied with by and at the sole expense of the respective Unit Owners or by the Board of Managers, whichever will have the obligation to maintain or repair such portion of the Condominium.

5. No portion of a Unit (other than the entire Unit) may be rented, nor may any Unit be rented on a daily or weekly basis. However, corporate or partnership or limited liability company Unit Owners may allow their officers, directors, shareholders, partners, members and employees to reside in their Units.

6. Rules and regulations concerning the use of the Units, the Common Elements and the Limited Common Elements may be promulgated and amended from time to time by the Board of Managers in accordance with the By-laws, provided that copies of such rules and regulations are furnished to each Unit Owner not less than five days prior to the time that they become effective. The Condominium's initial rules and regulations are set forth in Section II. A rule or regulation may be rescinded by vote of three or more of the Unit Owners at a meeting duly called for that purpose.

Prospective purchasers should carefully review the initial rules and regulations set forth in Schedule A to the By-laws in Section II, along with the By-laws and the Declaration, which contain many important provisions, including many related to the use of Units and the day to day activities of Unit Owners in the Condominium. (For example, the initial rules and regulations prohibit a Unit Owner from installing window air conditioners or certain types of television antennas, and hanging laundry on the Common Elements.)

Estimated Common Charges and Expenses

Each Unit Owner will be obligated to pay his or her proportionate share of the Common Charges which will be determined in accordance with his or her Common Interest. The Board of Managers will prepare a budget for the Condominium from time to time, but not

less frequently than once each year. Copies of each budget will be furnished to the Unit Owners. The Common Charges payable by each Unit Owner in accordance with his or her proportionate interest in the Common Elements will be based upon such budget, and will initially be billed monthly.

In addition to the normal operating expenses of the Condominium, the budget may, in the discretion of the Board of Managers, provide for reserves, working capital and other sums required for the affairs of the Condominium. (See Section R regarding the Sponsor's right to withhold consent to such items for a limited period.) Each Unit Owner will be advised promptly after the adoption of each budget of the amount of Common Charges and Expenses payable by him or her for the period covered by such budget.

Estimated Common Expenses for First Year of Operation

Section H contains estimates of the expenses for the first year of operation of the Condominium. This schedule was prepared by which is not affiliated with the Sponsor. In its opinion, based upon its experience and knowledge of existing conditions, the estimates are reasonable and adequate under existing circumstances. Because of the possibility of governmental restrictions or preemptions, shortages of materials or labor, increases in the expenses of operation, unforeseeable changes in the economy or because actual expenditures may differ from estimated expenditures, such estimates are not intended nor should they be considered as guarantees or warranties of any kind whatsoever, or as any assurance that the actual expenses or receipts of the Condominium may not vary from the amounts shown, or that the Condominium may not incur additional expenses.

The estimates of expenses in Section H do not include the cost of electricity and gas to be consumed in the Units for lighting, air conditioning, heating, cooking and appliances. Each Unit will be separately metered for electricity and gas and the Unit Owner will be billed directly by the appropriate utility company.

Liens for Non-Payment of Common Charges

Under the provisions of Section 339-z of the Real Property Law of the State of New York, the Board of Managers on behalf of the Unit Owners will have a lien on each Unit for unpaid Common Charges assessed by the Board of Managers. Liens for unpaid Common Charges will be subordinate only to liens for real estate taxes on the Unit and to any sums unpaid on a first mortgage of record thereon. Any lien for unpaid Common Charges against a Unit will be effective from and after the filing of notice thereof in the Office of the Register of the City of New York and until all sums secured thereby with the interest thereon will have been paid in full, 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. Any 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 amount without foreclosing the lien. The Sponsor will cause the Board of Managers to file a lien as provided for in Section 339-aa of the Real Property Law on Units in which the Sponsor is more than 30 days in arrears in payment of common charges while it is in control of the Board of Managers.

Termination of Liability of Unit Owners For Common Charges and Expenses

The liability of each Unit Owner for the payment of the Common Charges and expenses thereafter assessed or becoming due against his or her Unit will terminate upon a sale, transfer or other conveyance thereof, together with the appurtenant interest in the Common Elements (as defined in the By-laws), made by him or her in accordance with the applicable provisions of the By-laws. In addition, any Unit Owner may, subject to the terms and conditions specified in the By-laws, convey his or her Unit, together with its appurtenant interest in the Common Elements, to the Board of Managers or its nominee on behalf of all other Unit Owners without any compensation, and in such event will be exempt from Common Charges thereafter assessed. A purchaser of a Unit will be required by the Board of Managers to pay unpaid Common Charges assessed prior to his or her acquisition, except that a first mortgagee acquiring title or a purchaser from a first mortgagee at a foreclosure sale will not be liable and the Unit will not be subject to a lien for payment of the Common Charges assessed prior to the acquisition of title thereto by a first mortgagee or a purchaser from a first mortgagee at a foreclosure sale (except for Common Charges due prior to the date of the first mortgage), but such mortgagee or purchaser at a foreclosure sale will be liable for payment of all Common Charges assessed after the acquisition of title. In the event of a foreclosure by the Board of Managers of a statutory lien for unpaid Common Charges, if the proceeds of the foreclosure sale are not sufficient for the payment of such unpaid Common Charges, the unpaid balance will be charged to all Unit Owners as a Common Expense. If there is any surplus remaining from the proceeds of a foreclosure sale after the payment of the indebtedness, all the expenses of the sale and all other liens against the Unit, the surplus will be paid to the Unit Owner.

Repairs; Access by Board of Managers

All maintenance, repairs and replacements to the Common Elements of the Condominium (other than non-structural maintenance and repairs to the Limited Common Elements) whether located inside or outside the Units (unless necessitated by the negligence, misuse or neglect of a Unit Owner or his or her agents), will be made by the Board of Managers, and the cost thereof will be a common expense payable by all Unit Owners. All maintenance, repairs and replacements to the Units, whether structural or nonstructural, ordinary or extraordinary, other than to the Common Elements contained therein, will be made by the respective Unit Owners at their expense. The cost of non-structural maintenance and repairs to the Limited Common Elements and any additions, alterations or improvements thereto which Unit Owners desire to make will be borne entirely by the Unit Owners having the exclusive use thereof.

The Board of Managers will have the right of reasonable access to any Unit for the purpose of making any repairs or replacements to any of the Common Elements contained therein or elsewhere in the Building or to remedy any condition which would result in damage to any other Unit or the Common Elements, or which would violate the provisions of any mortgage covering another Unit or for the purpose of complying with any laws, orders, rules or regulations of any governmental body having jurisdiction thereof. Such right of access will be exercised in such manner as will not unreasonably interfere with the use of the Units but no prior notice will be required in the event the Board of Managers determines that action is immediately necessary for the preservation or safety of the Condominium or its property, or the Units, or for the safety

of Condominium residents or other persons, or required to avoid the suspension of any necessary service to the Condominium.

Additions, Alterations and Improvements by the Board of Managers

Whenever in the judgment of the Board of Managers the Common Elements require additions, alterations or improvements costing in excess of \$10,000 and the making of such additions, alterations, replacements or improvements has been approved by more than 50% in number and in common interest of the Unit Owners, including the Sponsor or the Sponsor's designee if then a Unit Owner (and by the holders of first mortgages on Units, if their approval is required), the Board of Managers will proceed with such additions, alterations or improvements and will assess each Unit Owner with his or her proportionate share of the cost as part of the Common Charges. Additions, alterations or improvements to the Common Elements costing \$10,000 or less may be made by the Board of Managers without approval of Unit Owners or the holders of Unit mortgages and the cost thereof will constitute part of the Common Charges. Until the Sponsor or the Sponsor's designee no longer owns any Units, or until five years after the Consummation Date, whichever is the earlier, the Board of Managers may not make any addition, alteration or improvement to the Common Elements without the Sponsor's prior written consent. Notwithstanding the foregoing, the Sponsor may not withhold its consent to expenses for the items described in Schedule B, or with respect to expenses required: (i) to comply with applicable laws and regulations; (ii) to remedy any notice of violation; or (iii) to remedy any work order by an insurer.

Additions, Alterations and Improvements by Unit Owners

No Unit Owner (other than the Sponsor or its designee) may install any appliance (other than a washer-dryer and air conditioner) or make any structural addition, alteration or improvement in his or her Unit without the prior written approval of the Board of Managers. No application may be filed with any Department of the City of New York or with any other 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, without, however, incurring any liability on the part of the Board of Managers or any of them, to any 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 will not apply to any Unsold Unit.

The Sponsor or its designee will have the right, without the consent of the Board of Managers, other Unit Owners or the holders of Unit mortgages (but only by duly filed amendment to this Plan) to: (a) make alterations, additions or improvements, structural and nonstructural, ordinary and extraordinary, interior and exterior, in, to and upon any Unit owned by it; (b) change the layout or number of rooms in any Unit; (c) change the size and/or number of such Units by subdividing a Unit; combining separate Units (including those resulting from such subdivision or otherwise) into one or more Units, altering the boundary walls between any Units or otherwise; and (d) reapportion among the Units affected by such change their appurtenant interests in the Common Elements, provided, however, that in each instance the Sponsor or the Sponsor's designee complies with all laws, ordinances and regulations of all governmental authorities having jurisdiction and agrees to hold the Board of Managers and all other Unit

Owners harmless from any liability arising therefrom and that in no case may any such subdivision result in a greater percentage of common interest for the total of the new Units created by such subdivision than existed for the original Unit prior to the subdivision.

The Sponsor or its designee will have the right, without the consent of the Board of Managers, other Unit Owners, or the holders of Unit mortgages, to execute or (on request) to require the Board of Managers to execute and record an amendment to the Declaration of Condominium and appropriate plans and other documents to reflect any changes in Units and the reapportionment of the common interests resulting therefrom.

The Board of Managers will sign any application or other document required to be filed with any governmental authority having or asserting jurisdiction in connection with any such structural addition, alteration or improvement made by the Sponsor or its designee to any Unit, provided, however, that neither the Board of Managers nor other Unit Owners will be subjected to any expense or liability by virtue of the signing of the application or such other document. A copy of any such application or other document will be furnished to the Board of Managers.

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 the prior approval of the Board of Managers.

Mechanics' Liens

Under the provisions of Section 339(1) of the Real Property Law of the State of New York no lien of any nature may arise or be created against the Common Elements except with the unanimous consent of all Unit Owners. Liens may arise or be created only against the several Units and their respective common interests. A lien for labor performed on or materials furnished to a Unit may be filed against the Unit of a Unit Owner who has expressly requested or consented to such labor or materials but may not be filed against the Unit of any Unit Owner who has not expressly consented to or requested the same, except in the case of emergency repairs. No labor performed on or materials furnished to the Common Elements will be the basis for a lien thereon, but all Common Charges received by the Board of Managers will constitute trust funds for the purpose of paying the cost of the labor performed or materials furnished at the request or with the consent of the Board of Managers, the managing agent or the manager.

Insurance

The Board of Managers will be obligated to obtain and maintain, to the extent obtainable and to the extent determined by the Board of Managers to be appropriate or relevant: (a) fire insurance, with extended coverage, vandalism and malicious mischief endorsements normal for a condominium of this type insuring the Building, including all of the residential Units and the equipment installed therein on the date of recording of the Declaration and the partitions, floors and ceilings within the residential Units (but not including wall, ceiling or floor decorations or coverings or furniture, furnishings, fixtures, appliances, equipment or other personal property supplied 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 interests may appear, in an amount equal to the full replacement value of the Building (exclusive of the cost of excavations and foundations) without deduction for depreciation; (b) water damage legal liability insurance; (c) flood insurance and (d) such other insurance as the Board of Managers may determine.

The proceeds of all policies of physical damage insurance will be payable to the Board of Managers if \$10, 000 or less and to a New York City bank or trust company designated by the Board of Managers as Insurance Trustee, if more than \$10,000, in accordance with the terms of the By-laws, to be applied for the purpose of repairing, restoring or rebuilding the Building unless otherwise determined by the Unit Owners as hereinafter set forth. No portion of the insurance proceeds will be applied to the payment of the mortgage indebtedness of any Unit Owner unless three fourths or more of the Building is destroyed or substantially damaged and three or more of the Unit Owners determine not to repair, restore or rebuild the Building.

All policies of physical damage insurance will contain waivers of subrogation and of any defense based on coinsurance or of pro rata reduction of liability or of invalidity arising from any acts of the insured, and will provide that such policies may not be canceled by the insurance carrier or substantially modified without at least 10 days' prior written notice to all of the insureds, including all mortgagees of Units. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, will be delivered to all mortgagees at least 10 days prior to expiration of the then current policies and each Unit Owner will receive a certificate of such insurance.

The cost of all such insurance will be paid by the Board of Managers and will constitute a common expense.

The initial amount of fire insurance to be maintained on the Building will be \$500,000 and will be subject to change by the Board of Managers elected by the Unit Owners.

The Board of Managers will also be obligated to obtain and maintain to the extent obtainable: (a) fidelity insurance covering any managing agent and all employees and members of the Board of Managers who handle Condominium funds; (b) worker's compensation insurance for Condominium employees; and (c) comprehensive general liability insurance covering each member of the Board of Managers and each Unit Owner in such limits as the Board of Managers may deem proper, and covering all claims for bodily injury or property damage arising out of any occurrence in the Common Elements or the Units, except that such policy will not cover liability of a Unit Owner arising from occurrences within his or her own Unit. The Board of Managers will review such limits once each year. The public liability insurance will also cover cross liability claims of one insured against another. The public liability insurance will initially be in a single limit of \$1,000,000 for a single occurrence and \$2,000,000 aggregate covering all claims for bodily injury and property damage with respect to any one occurrence and will be subject to change by the Board of Managers elected by the Unit Owners. For details regarding insurance coverage see the Note to Schedule B in Section H.

Each Unit Owner will be named as an insured under the policies of insurance maintained by the Board of Managers. Unit Owners will not be prohibited from carrying other insurance for their own benefit at their own expense (covering items not included or included

only to a limited extent in the policy procured by the Board of Managers), 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 will not be affected or diminished by reason of any Unit Owner's other insurance.

The Board of Managers will have the right to require a Unit Owner to carry at his or her own expense such additional insurance covering each member of the Board of Managers, any managing agent or manager and every Unit Owner as may be reasonably required with due regard to be given to the use and occupancy of the Unit from time to time. In the event of a dispute with respect thereto, the matter will be submitted to the American Arbitration Association for arbitration and the cost thereof will be shared by both parties equally.

The insurance coverage to be carried by the Condominium does not include fire, casualty or other risks to personal property or upgraded fixtures or improvements within Units or liability coverage for occurrences within a Unit. Unit Owners should seek such coverage which will be at their own expense.

Damage by Fire or Other Casualty

Except as provided above, in the event of a casualty loss, the Board of Managers will arrange for repair and restoration of the Building, including any damaged Units and any equipment installed therein on the date of recordation of the Declaration, but not including replacement of wall, floor or ceiling decorations or coverings or furniture, furnishings, fixtures, appliances, equipment or other property installed by Unit Owners. If the insurance proceeds are not sufficient for the repair or restoration, the Board of Managers must assess all of the Unit Owners for such deficit as part of the Common Expenses. Any surplus insurance proceeds will be paid to all Unit Owners in proportion to their respective common interests, except that no payment will be made to a Unit Owner until there has first been paid from his or her share of such proceeds any amount necessary to reduce unpaid liens on his or her Unit.

Under certain circumstances damage to the Property may give a Unit Owner or lien or a right of partition (see Article V, Section 3 of the By-laws in Section II).

Unit Owners' Obligation to Comply With Condominium Declaration, By-Laws and Rules and Regulations

Each Unit Owner will be obligated to comply with the Declaration and By-laws of the Condominium and with the Rules and Regulations of the Condominium. Failure to do so may result in the Board of Managers or other Unit Owners exercising any of their rights in the Condominium documents or at law, such as the institution of a lawsuit to enforce the Unit Owner's obligations or to prevent or recover damages for a Unit Owner's breach of his obligations. In certain circumstances, such as the nonpayment of Common Charges, the Board of Managers on behalf of the Unit Owners will have a lien against the Unit, as described above.

Termination of Condominium and Partition of General Common Elements

The Condominium will continue (unless terminated by casualty loss as provided by law, or by condemnation as described in the By-laws) until such time as the Property is

withdrawn from the provisions of Article 9 B of the Real Property Law of the State of New York as a result of the vote to do so of all Unit Owners (and the holders of first mortgages on their units, if their approval is required), at which time the Property will be subject to an action for partition by any Unit Owner or any lien or as if owned in common, and the net proceeds of the sale resulting therefrom will 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 or her Unit in the order of the priority of such liens. The Common Elements will not generally be subject to an action for partition, except as set forth in this paragraph.

A Unit Owner may not convey his or her Unit separately from the appurtenant common interest.

Review of Real Estate Tax Assessments on Units

Pursuant to Section 339-y(4) of the New York Real Property Law, the Board of Managers may (but is not obligated to) act as an agent for one or more Unit Owners who have given their written authorization to file a single complaint and to contest the real estate tax assessments of their Units. In such event, the Board can retain counsel on behalf of such Unit Owners and charge each Unit Owner for whom it is acting a pro rata share of expenses, disbursements and legal fees, the payment for which would be secured by a lien on each Unit.

Easements

Each Unit Owner will have an easement in common with the owners of other Units to use all pipes, ducts, cables, wires, conduits, public utility lines and other Common Elements located in other Units and serving his or her Unit in accordance with present use and present available facilities. In addition, each Unit Owner will have an easement for the continuance of any encroachment by his or her Unit on any adjoining Unit or on any Common Element, existing as a result of construction of the Building or which may come into existence thereafter as a result of settling or shifting of the Building, or as a result of restoration of the Building or such Unit after damage by fire or other casualty, or as a result of condemnation or eminent domain proceedings, or as a result of repairs or alterations made or approved by the Board of Managers, so that any such encroachment may remain undisturbed as long as the Building stands. Each Unit will be subject to an easement in favor of the owners of the 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 in accordance with present use and present available facilities. In addition, each Unit will be subject to an easement in favor of any adjoining Unit and/or Common Element for the continued maintenance of any encroachment of such adjoining Unit or Common Element existing as a result of construction of the Building or which may come into existence thereafter by reason of settling or shifting of the Building, or as a result of repair or restoration of the Building or such adjoining Unit or Common Element after damage by fire or other casualty, or as a result of condemnation or eminent domain proceedings, or as a result of repairs or alterations made or approved by the Board of Managers, so that any such encroachment may remain undisturbed as long as the Building stands. In addition, each Unit will have and will be subject to all easements of necessity in favor of such Unit or in favor of other Units and the Common Elements.

Each deed to a Unit will include and will be subject to the foregoing easements.

Amendments to Declaration and By-Laws

The Declaration may be amended with the approval of at least eight Unit Owners, in accordance with the provisions of the By-laws, provided, however, that the common interests appurtenant to Units cannot be altered without the consent of all Unit Owners affected. The Sponsor is permitted to make certain amendments to the Declaration in connection with construction and alteration of Units owned by it and its consent is required for certain changes in the Declaration. (See Paragraph 15(b) of the Declaration in Section HH.)

The By-laws may be amended with the approval of at least eight Unit Owners. The consent of the Sponsor is required for certain changes in the By-laws. (See Article XI of the By-laws in Section II.)

U. REAL ESTATE TAXES

Each Unit will be taxed as a separate tax lot for real estate tax purposes by the City of New York, and the Unit Owner will not be responsible for the payment of, nor will his or her Unit be subjected to, any lien arising from the non payment of taxes on other Units. If a Unit has not been separately assessed on the date on which title closes for the then current tax fiscal year, the apportionment of real estate taxes between the Sponsor and the purchaser will be based upon the total assessment for the land and the Building and the percentage of Common Elements appurtenant to the Unit, and the purchaser will pay his or her proportionate share to the Sponsor on the date on which title closes and the Sponsor will be responsible for payment of the real estate taxes for the then current fiscal year. No escrow or other security will be furnished by the Sponsor for this obligation.

The Sponsor has retained Stephen Wekselblatt (the "Sponsor's Tax Consultant") to apply to the New York City Department of Housing Preservation and Development ("HPD") for a certificate of eligibility for real estate tax exemption pursuant to Section 421-a of the New York State Real Property Tax Law.

If a certificate of exemption is granted, the Building will be exempt from taxation by the City of New York (other than assessments for local improvements) for a number of tax years immediately following the taxable status date first occurring after completion of construction.

If HPD grants a certificate of exemption, the benefits would be as follows:

- (a) full exemption of the improvements from taxation for eleven tax years;
- (b) followed by one tax year of exemption from 80% of taxation;
- (c) followed by one tax year of exemption from 60% of taxation;
- (d) followed by one tax year of exemption from 40% of taxation;
- (e) followed by one tax year of exemption from 20% of taxation.

The Sponsor anticipates that the 11-year full exemption period will begin with the tax fiscal year July 1, 2003 to June 30, 2004.

At the date of this Plan the Sponsor has obtained a Preliminary Certificate of Eligibility from HPD. However, the Sponsor makes no representation or warranty that a final certificate of exemption will be granted or the amount of the exemption if granted. See Schedule A (at page G-1) for estimates of the real estate taxes for each Unit during the first year of condominium operation (i) with exemption and (ii) without exemption. Each purchaser will be required to contribute at closing the sum of \$1,000.00 toward the cost of obtaining the exemption and the Sponsor will pay all additional costs.

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

The Sponsor has been advised by its counsel, Dechert Price & Rhoads, that each Unit Owner will be entitled under present law to deduct from his or her gross income for federal, New York State and New York City income tax purposes the real estate taxes assessed against his or her Unit and paid to the taxing authorities and the amount paid for interest on any mortgage covering the Unit.

In addition, the Sponsor has been advised by counsel that some Unit Owners, such as certain veterans of the United States Armed Forces, may be entitled to exemptions covering part of the real estate taxes otherwise assessed against their respective units.

If the Condominium meets certain applicable requirements and makes an appropriate election either under Section 528 of the Internal Revenue Code or the "Check the Box Regulations," the Common Charges received from Unit Owners will not be considered income to the Condominium. In the opinion of the Sponsor's counsel, if the Condominium makes the appropriate election, it will qualify under Section 528 of the Internal Revenue Code.

A copy of the opinion of counsel appears in Section W.

Tax laws, regulations and rulings are subject to change by the Federal and State governments and their agencies and also by judicial or administrative interpretation. Moreover, facts and conditions assumed by the Sponsor and the Sponsor's counsel are subject to change. To the extent that such changes may occur, no warranties or assurances are made that the Internal Revenue Service or the Department of Taxation and Finance of the State of New York will allow income tax deductions. Neither the Sponsor nor counsel to the Sponsor will be liable if such changes occur and as a result it is determined that a Unit Owner is not entitled to the deductions referred to above.



W. OPINIONS OF COUNSEL

December 3, 2002

Mr. Frank Rosemberg
1236 Avenue U
Brooklyn, New York 11229

Re: Offering Plan for Castles by the Sea Condominium-
Certain Income Tax Consequences

Gentlemen:

You have requested our opinion with respect to certain Federal, New York State and New York City income tax matters relating to a person ("Unit Owner") who purchases a condominium unit ("Unit") under the above referenced Offering Plan (the "Plan").

In connection with this opinion, we have reviewed and relied upon the Plan, and the exhibits thereto. The opinions expressed herein are based upon the assumptions that (i) the Plan will become effective and will be consummated in accordance with its terms, (ii) all parties will act in accordance with the Plan, and (iii) condominium ownership of the premises known as Castles by the Sea Condominium at 2822/2826 Batchelder Street, Brooklyn, New York (the "Condominium") will be established. The land and the building are hereinafter collectively referred to as the "Property".

The income tax opinions set forth below are based in part upon the following:

(a) A Unit Owner will own fee title to his or her Unit, coupled with ownership of an undivided interest in the land and appurtenances and all other parts of the Property held in common with other Unit Owners (the "Common Elements");

(b) Each Unit will be a separate tax lot for purposes of the New York City real estate tax, and the Unit Owner will be directly liable for the real estate tax assessment with respect to his or her Unit, but not with respect to any other Unit;

(c) Subject to certain restrictions, a Unit Owner may mortgage his or her Unit as he or she wishes, and the Unit will not be subject to the lien of any mortgage placed on other Units; and Unit.

(d) A Unit Owner, subject to the Condominium's right of first refusal, may separately transfer his or her Unit.

I. Tax Consequences to Unit Owners Under the Plan.

Based upon the foregoing, it is our opinion that a Unit Owner will be entitled, under present tax laws and regulations, to deduct from his or her gross income, for Federal, State and City income tax purposes, real estate taxes assessed against his or her Unit¹ and, if

¹ Section 164 of the Internal Revenue Code of 1986 (the "Code").

his or her principal residence or a second home, interest paid by him or her on mortgage indebtedness secured by his or her Unit, including indebtedness incurred in acquiring the Unit ("acquisition indebtedness") and other indebtedness ("home equity indebtedness").² However, the deduction or interest paid on acquisition indebtedness is allowable only to the extent that such indebtedness does not exceed \$1,000,000, and the deduction for interest paid on home equity indebtedness is allowable only to the extent that such indebtedness does not exceed \$100,000.³ An individual Unit Owner must itemize his or her deductions in order to benefit from these deductions.⁴ These deductions are subject to the overall limitation on itemized deductions under which the amount of itemized deductions otherwise allowable for an individual whose adjusted gross income exceeds a specified amount will be reduced by the *lesser* of (i) 3% of the excess of the individual's adjusted gross income over such amount or (ii) 80% of the amount of itemized deductions otherwise allowable for the year.⁵ A Unit Owner who does not occupy his or her Unit as a residence, but who holds it as an investment, may be subject to the limitation on the deductibility of "passive activity" losses,⁶ and the deductibility of investment interest incurred by such a Unit Owner will be limited to the amount of his or her net investment income.⁷ In general, the foregoing expenses will be deductible when paid or accrued by the Unit Owner in accordance with his or her method of accounting. In addition, a Unit Owner who uses all or a portion of his or her Unit in the conduct of a trade or business, or for the production of income, will be entitled to deduct such portions of the assessed maintenance and operating charges (the "Common Charges") and cost recovery (which is similar to depreciation) of the Unit as are allocable to such use,⁸ subject to the limitations on the deductibility of expenses relating to the business use of a home.⁹ These deductions will be in addition to those for interest and real estate taxes referred to above. Such a Unit Owner will separately compute his or her cost recovery deduction based upon his or her cost for the Unit. Our opinion in regard to the deductibility of the Common Charges attributable to a trade or business use or to the production of income is limited to the portion of the Common Charges which does not exceed the Unit Owner's share of expenses paid or incurred through the Condominium which would constitute trade or business expenses under Code Section 162, or expenses for the production of income under Code Section 212, if the Unit Owner had paid them directly ("Current Expenses"). It is contemplated that the Common Charges may exceed the Current Expenses to the extent that the funds paid as Common Charges are used by the Condominium to finance capital expenditures or reserves. In our opinion, even a Unit Owner using his or her Unit in a trade or business or for the production of income may not deduct his or her share of the Common Charges used to fund the capital expenditures or reserves.

² Code Section 163(h).

³ Code Section 163(h)(3).

⁴ Rev. Rul. 64-31, 1964-1 (Part 1) Cum. Bull. 300. The New York State and New York City income tax laws incorporate by reference (with certain modifications which are not relevant here) federal itemized deductions with respect to resident individuals. N.Y. Tax Law § 615; N.Y.C. Admin. Code § T46-115.0. Similarly, with respect to corporations, the New York State and New York City income tax laws incorporate by reference the federal deductions for corporations. N.Y. Tax Law § 208.9; N.Y.C. Admin. Code § R46-2.0.8. Therefore, to the extent deductions are permitted for federal tax purposes, as herein described, they will be permitted for New York State and New York City tax purposes.

⁵ Code Section 68.

⁶ Code Section 469.

⁷ Code Section 163(d).

⁸ See Code Sections 162 or 212, and Code Section 168.

⁹ See Code Section 280A.

II. Tax Consequences to the Condominium.

Recently promulgated Treasury Regulations (the "Check the Box Regulations") have simplified the characterization of unincorporated associations, such as the Condominium, for Federal income tax purposes by allowing such an association to elect to be treated as either a partnership or a corporation.¹⁰ Under the Check the Box Regulations, if no election is made and the Condominium has two or more members, the Condominium will be treated as a partnership for federal income tax purposes. Accordingly, unless the Condominium affirmatively elects to be treated as a corporation or has only one member or makes an election under Code Section 528, as discussed below, it will be treated as a partnership for federal income tax purposes.¹¹ As a partnership, the Condominium would be merely a conduit for the Unit Owners and all income earned by the Condominium Board, less the applicable expenses of earning such income, would be deemed income to the Unit Owners and taxable to them. However, Common Charges would not be considered income to the Condominium.

In general, under Code Section 528, the Condominium may elect to be subject to a 30% federal income tax on its taxable income, which would not include the Common Charges, if (i) substantially all of the Units are used by individuals for residences, (ii) the Condominium is organized and operated primarily to provide for the acquisition, construction, management, maintenance and care of the Property, (iii) 60% or more of the gross income of the Condominium for each taxable year consists solely of the Common Charges, (iv) 90% or more of the expenditures of the Condominium for each taxable year are for the acquisition, construction, management, maintenance and care of the Property, and (v) no part of the net earnings of the Condominium inures (other than by acquiring, constructing, or providing management, maintenance and care of, the Property, and other than by rebate of excess Common Charges) to the benefit of any private Unit Owner or individual.¹² If the Condominium makes the appropriate election, it will, in our opinion, qualify under Code Section 528.

Each person contemplating the purchase of a Unit should consult his or her own tax advisor as to all tax matters related to such a purchase. We make no representation that the Internal Revenue Service, the New York State Department of Taxation and Finance or the Finance Administration of the City of New York will accept any or all of the views stated above. Moreover, the Federal, State and City tax laws and regulations (and the rulings and decisions thereunder) may change and thereby affect, in whole or in part, the views stated above and the income tax treatment of the Condominium and the Unit Owners.

¹⁰ Treas. Reg. Section 301.7701-1 through -3.

¹¹ New York State and New York City have adopted the Check the Box Regulations.

¹² New York State and New York City have not adopted provisions similar to Code Section 528.

Except as set forth above, we express no opinion to any party as to the tax consequences, whether federal, state, local or foreign, of the Plan or of any transaction related thereto or contemplated thereby. This opinion is given solely for the benefit of the Unit Owners and the Condominium, and may not be relied upon by any other party or entity or otherwise referred to in any document without our express written consent. We consent to the filing of this opinion as an exhibit to the Plan and to the references to our name in the Plan.

Very truly yours,

Dechert Price & Rhoads
DECHERT PRICE & RHOADS



December 3, 2002

Mr. Frank Rosemberg
1236 Avenue U
Brooklyn, New York 11229

Re: Offering Plan for Castles by the Sea Condominium

Gentlemen:

You have requested our opinion regarding the allocation of common interests to the Units in Castles by the Sea Condominium as required by NYCRR Section 20.3(y)(5).

In connection with rendering this opinion we have reviewed the allocation of common interests as shown in Schedule A of the Offering Plan and the Declaration of Condominium set forth therein. We have also considered the relevant portions of the New York Condominium Act and the measurements of floor areas on the floor plans prepared by Robert J. Palermo, A.I.A. We have made no independent investigation of those measurements.

Based upon our review of the foregoing, we have determined that common interests are allocated pursuant to the method set forth in Real Property Law Section 339-i(1)(ii), i.e., based on the approximate proportion that the floor area of each Unit bears to the aggregate floor area of all the Units, reflecting the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements.

Accordingly, it is our opinion that Real Property Law Section 339-i has been complied with in assigning common interests to the Units. This opinion is not a guarantee to purchasers and is subject to changes in the facts on which we have relied in rendering this opinion or changes in Real Property Law Section 339 or other applicable law.

Very truly yours,

Dechert Price & Rhoads
Dechert Price & Rhoads

X. PURCHASERS FOR INVESTMENT OR RESALE

In the event that three or more Units in the Building are purchased for investment or resale by a purchaser, and not for occupancy by such purchaser or persons related by blood, marriage or adoption to such purchaser, then such purchaser, if any, will be a "purchaser for investment or resale." A purchaser for investment or resale will be obligated to register as a dealer pursuant to Section 359-e of the General Business Law (if not already registered), comply with the trust fund and escrow provisions of Sections 352-h and 352-e (2 b) of the General Business Law and provide the following documents to a prospective purchaser, at no cost to such prospective purchaser, at least three days before entering into a Purchase Agreement:

1. Copies of the most recent financial statement of the Condominium and the most recent budget of projected expenses, if any.
2. Copies of notices from the Board of Managers concerning changes in Common Charges, potential assessments and planned major capital improvements, if any.
3. Copies of pleadings in pending lawsuits or proceedings, the outcome of which may affect the offering of the Unit, the seller's capacity to perform all of the seller's obligations under the Purchase Agreement or the rights of an existing tenant of the Unit, if any.
4. If the Unit is occupied, a copy of the tenant's lease and a representation of the tenant's status under any applicable rent law.
5. Copies of the Declaration and By-laws of the Condominium, as amended.
6. Copies of notices of uncured violations of record in the Unit that are the responsibility of the Unit Owner to cure, if any.

The Sponsor and owners of Unsold Units will not be deemed "purchasers for investment or resale."

Y. WORKING CAPITAL FUND

At closing each purchaser will contribute the sum of \$800.00 to the capital of the Condominium as a working capital fund aggregating \$3,200.00 which will be held for any appropriate purposes as the Board of Managers may determine.

No representation is made that the working capital fund will be adequate to cover current or future expenses, including repairs or replacements. If additional funds are required over and above the working capital fund, it may be necessary to increase Common Charges or levy a special assessment against the Unit Owners.

As long as the Sponsor controls the Board of Managers, the working capital fund may not be used to reduce projected Common Charges as set forth in Schedule A in Section G. No representation can be made, however, that after the Sponsor relinquishes control, the Board of Managers may not decide to use the working capital fund for a purpose other than those set forth herein.

THE ENTIRE PROPERTY, INCLUDING THE UNITS AND THE FIXTURES AND APPLIANCES CONTAINED THEREIN, IS OFFERED IN THE CONDITION DESCRIBED IN SECTION JJ. NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENTAL AGENCY HAS PASSED UPON THE ADEQUACY OF THE WORKING CAPITAL FUND OR THE PHYSICAL CONDITION OF THE BUILDING.

Z. MANAGEMENT AGREEMENT, CONTRACTS AND LEASES

At the date of this Plan the Sponsor has not entered into any management or service contracts on behalf of the Condominium but reserves the right to make contracts for services prior to the Consummation Date on such terms as it deems appropriate. Any service contract made by the Sponsor will be disclosed in a duly filed amendment. No service contract will be entered into with an entity related to the Sponsor.

AA. IDENTITY OF PARTIES

Sponsor

Frank Rosenberg, the Sponsor, has an office at 1236 Avenue U, Brooklyn, New York 11229. Mr. Rosenberg is President of R.C.F. Capital Corp., a registered mortgage broker. He has not made any other offering of condominium or cooperative interests in, to or from New York State. There are no injunctions or judgments against the Sponsor.

Architect

Robert J. Palermo, A.I.A., having an office at 1816 Voorhees Avenue, Brooklyn, New York 11235, was designated by the Sponsor to prepare the plans and specifications for the Building. A general description and outline specifications for the Building appear in Section JJ. Mr. Palermo is licensed in the State of New York as an architect and has been practicing since 1975. He has no financial interest in the Sponsor or the Property.

Attorneys for Sponsor

The Sponsor is represented by Dechert Price & Rhoads, having an office at 30 Rockefeller Plaza, New York, New York 10112, in all matters pertaining to this Plan. This Plan was prepared by William J. Lippman, counsel to Dechert Price & Rhoads, in consultation with the Sponsor, Commonwealth Land Title Insurance Company, Robert J. Palermo, A.I.A. and other consultants.

Sponsor's Tax Consultant

The Sponsor has retained Stephen Wechselblatt, having an office at 3711 Shore Parkway, Brooklyn, New York 11235 to obtain a Certificate of Eligibility for real estate tax exemption under Section 421-a of the New York State Real Property Tax Law.

Management Consultant

The projected operating budget for the first year of condominium operation and the estimates of Unit Owners' consumption of water, gas and electricity in the Units were prepared by Sterling Real Estate, LLC having an office at 743 Washington Avenue, Brooklyn, New York 11238. Sterling Real Estate, LLC is a licensed broker and has been engaged in the real estate brokerage and management business for years. It has no financial interest in the Sponsor or the Property.

BB. SPONSOR'S PROFIT

The Sponsor will sell the Units with the intention and expectation of making a profit. However, the amount of such profit cannot be estimated because of such variable factors as market conditions, changes in the price of materials and other construction costs, possible delays in construction, losses or disbursements arising from obligations assumed by the Sponsor under the Plan and other unforeseen liabilities which may be incurred in connection with construction of the Building and consummation of the Plan.

CC. REPORTS TO UNIT OWNERS AND DOCUMENTS ON FILE

The Board of Managers will be obligated to give to all Unit Owners annually:

1. a financial statement of the condominium prepared by a certified public accountant within 120 days after the end of the Condominium's fiscal year;
2. prior notice of the annual Unit Owners' meeting; and
3. a copy of the proposed annual budget of the Condominium promptly after adoption thereof by the Board of Managers.

The financial statement will be audited as long as the Sponsor controls the Board of Managers. The budget will be prepared and certified by an independent expert unaffiliated with the Sponsor as long as the Sponsor controls the Board of Managers.

Documents on File

In accordance with Section 352-c(9) of the General Business Law, copies of this Plan, all documents referred to in this Plan and all exhibits submitted to the Department of Law in connection with the filing of this Plan will be available for inspection without charge and for copying (at the reasonable expense of purchasers or offerees) by prospective purchasers and by any persons who have purchased units offered by this Plan or who have participated in the offering thereof, at the office of the Sponsor, and will remain available for inspection for a period of six years from the date of recording the Declaration.

DD. GENERAL

1. Each Unit Owner will be required to comply with and abide by the Declaration and By-Laws of the Condominium, and to pay the Common Charges to the Board of Managers. Each Unit Owner will also be required to comply with the Rules and Regulations adopted pursuant to the By-Laws.

2. There are no lawsuits or administrative or other proceedings pending, or judgments outstanding, which may materially affect this offering, the Property, the Condominium, the operation of the Condominium or the Sponsor's capacity to perform its obligations under this Plan, except claims covered by insurance.

3. There are no contractual undertakings or obligations of the Sponsor or other persons, or bonds or other securities posted to insure payment of any obligation or undertaking, which would affect the ownership of Units by purchasers, except the easements, agreements and covenants referred to in this Plan.

4. In accordance with the provisions of the laws of the United States and the State of New York the Sponsor represents that the Sponsor will not discriminate against any person because of marital status, disability, race, creed, color, national origin, sex, age or ancestry in the sale of Units offered by the Plan or in the leasing of any Unit.

5. The Property has not, to the Sponsor's knowledge, been the subject of any prior public offering.

6. As of the date of first presentation of this Plan, neither the Sponsor, nor any representative or agent thereof, has raised funds or made any preliminary offering or binding agreement to or with prospective purchasers with respect to Units in the Building.

7. This Plan contains a fair summary of the material provisions of the various documents referred to herein. Statements made as to the provisions of such documents are qualified in all respects by the contents of such documents. This Plan does not knowingly omit any material fact or contain any untrue statement of any material fact.

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

9. In the event of substantial amendment to the Plan, prior to the first closing of title with a purchaser, that adversely affects purchasers, purchasers shall have the right to rescind their Purchase Agreements for a period of fifteen (15) days after the date of presentation of such substantial amendment to the Plan. If a purchaser exercises his or her right to rescind, Sponsor shall promptly return the purchaser's down payment and the interest, if any, earned thereon.

10. Where the context in which words are used in this Plan indicates that such is the intent, singular words include the plural and vice versa and masculine words include the feminine and the neuter genders and vice versa.

11. The Sponsor adopts the Description of Property and Building Condition set forth in Part 11 of the Plan and represents that the Sponsor has no knowledge of any material defects or need for major repairs to the Property except as set forth in the Description of Property and Building Condition.

FRANK ROSEMBERG

Sponsor

December 3, 2002

CASTLES BY THE SEA CONDOMINIUM

PART II

EE. PURCHASE AGREEMENT

CASTLES BY THE SEA CONDOMINIUM

Purchaser's Name: _____

Address: _____

Unit No.: _____

Parking Space No

- | | | |
|----|------------------------------|----|
| 1. | Down Payment | \$ |
| 2. | Mortgage Loan | \$ |
| 3. | Balance Due at Closing | \$ |
| 4. | Total Purchase Price (1+2+3) | \$ |

1. My Agreement to Purchase. As Purchaser, I agree to purchase from you, Frank Rosenberg, the above numbered Unit, the appurtenant interest in the common elements of Castles by the Sea Condominium and the exclusive right to use the above numbered Parking Space for the above stated Total Purchase Price. I deliver herewith to you my certified or official bank check for the above stated Down Payment drawn to the order of Dechert Attorney Trust Account, and when you sign this Agreement you acknowledge receiving this check although it will not then have been cashed. I agree that on the Closing Date (as defined below) I will (a) cause the proceeds of the Mortgage Loan to be paid to you by official bank check of the lending institution and (b) pay the Balance by my personal unendorsed certified check or official bank check drawn on a New York City bank which is a member of the New York Clearing House Association to your order.

2. Your Delivery of the Deed to Me. You or your attorneys shall write to me at least 30 days in advance to inform me of the exact date, time and place at which you shall deliver to me the deed to my Unit (the "Closing Date"), but you shall not set a date that is sooner than 15 days after the Plan has been declared effective. In that written notice you shall also remind me that the Balance of the Total Purchase Price must be paid at the time of the delivery of the deed and you shall inform me that Common Charges shall become due and payable from the date specified in the notice as the Closing Date unless you ask me to adjourn such date. On the Closing Date, I shall pay to you the balance of the Total Purchase Price and you shall deliver the deed to the Unit to me. If we both agree, the date, time and place can be changed. The deed shall be a standard type of deed known as a bargain and sale deed with covenant against grantor's acts, the form of which is shown in Section GG of the Plan. When you deliver the deed, I shall sign the power of attorney to the Board of Managers of the Condominium in the form contained in Section FF of the Plan, giving the Board the right to take certain actions on my behalf. I agree to be bound by the Declaration, By-Laws and Rules and Regulations of the Condominium and the Plan.

3. Marketable Title. You shall convey to me good and marketable title in fee simple to my Unit without any liens or encumbrances other than (i) those shown in Section N of the Plan entitled "Closing of Title to Units" and (ii) the lien of any mortgage which I obtain to pay a portion of the Total Purchase Price.

4. Closing Expenses and Apportionments. When you give me the deed to my Unit, I shall pay the expenses shown in Section O of the Plan entitled "Closing Costs and Adjustments" which are my obligation and you shall pay the expenses shown in Section O of the Plan which are your obligation. At that time, you and I shall apportion between us the real estate taxes and Common Charges for the Unit so that you pay those real estate taxes and Common Charges attributable to any time period prior to the midnight before the date specified for delivery of the deed in your notice to me referred to in paragraph 2 and I shall pay the rest.

5. My Down Payments To Be Held in Trust. You will comply with the escrow and trust fund requirements of General Business Law Sections 352 e(2 b) and 352 h and the Attorney General's regulations promulgated pursuant thereto.

Any provision of any contract or agreement, whether oral or in writing, by which I purport to waive or indemnify any obligation of the Escrow Agent holding trust funds is absolutely void. The provisions of the Attorney General's regulations concerning escrow/trust funds shall prevail over any conflicting or inconsistent provision in the Plan or in this Agreement. I shall not be obligated to pay any of your legal or other expenses in connection with the establishment, maintenance or defense of obligations arising from the handling or disposition of trust funds.

My Down Payment will be placed in an account in conformity with the terms of this Paragraph 5.

My Down Payment will be placed, within five business days after this Purchase Agreement is signed by all necessary parties, in a segregated special escrow account of Dechert Price & Rhoads (the Escrow Agent) whose address is 11 West 42nd Street, New York, New York, 10036, and whose telephone number is (212) 789-1200. The escrow agreement is attached to this Agreement as Exhibit A.

The name of the account is DECHERT ATTORNEYS TRUST ACCOUNT, located in CITIBANK, N.A., 153 East 53RD STREET, NEW YORK, NEW YORK 10022. This bank is covered by federal bank deposit insurance to a maximum of \$100,000 per individual deposit.

The account will be interest bearing and, unless I default, interest will be credited to me at closing. The interest rate to be earned will be the prevailing rate for these accounts. Interest will begin to accrue within five business days of tender of the Down Payment.

Within ten business days after tender of the deposit submitted with the Purchase Agreement, the Escrow Agent will notify me that such funds have been deposited into the escrow account and will provide the account number and the initial interest rate. If I do not receive notice of such deposit within fifteen business days after tender of the deposit, I may cancel the Purchase Agreement and rescind so long as the right to rescind is exercised within

ninety days after tender of the deposit. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited and requisite notice was timely mailed to me in conformity with the Attorney General's regulations.

The Escrow Agent will hold the funds in escrow until otherwise directed in

- (i) a writing signed by both you and me; 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 us to release the escrowed funds, the Escrow Agent will not pay the funds to you until the Escrow Agent has given me written notice of not fewer than ten business days. Thereafter, the funds may be paid to you unless I have already made application to the Department of Law pursuant to the dispute resolution provisions of the Attorney General's regulations and have so notified the Escrow Agent in accordance with such provisions.

You will not object to the release of the escrowed funds to:

- (i) me if I timely rescind 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.

I and/or the Escrow Agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the Down Payment and any interest thereon. You must use this procedure if there is a dispute which needs to be resolved. The party applying for a determination must send all other parties a copy of the application. The form of application is attached to this Agreement as Exhibit B.

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

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

I agree that if there is a dispute between us, Dechert Price & Rhoads may act as your attorneys.

6. Your Rights If I Fail to Keep My Promises and Agreements. You shall have the right to keep my Down Payment and the interest earned thereon, if any, as liquidated damages if (a) I fail to pay any installment of the balance of the Total Purchase Price for the Unit

when due, or (b) I do not sign any of the documents referred to in the Plan which I am required to sign within the time specified in the Plan, or (c) I fail to keep any other promise contained in this Agreement.

However, before you shall have the right to keep the funds received from me, you must first send me a notice stating that you intend to cancel this Agreement and describing each promise which you think I did not keep under this Agreement. If I do not cause each of these promises to be kept within 30 days after the date of mailing of the notice, you can keep as liquidated damages all funds received from me (up to 10% of the Total Purchase Price) and the interest earned thereon, if any. After that, neither you nor I shall have any further obligations under this Agreement, this Agreement shall be considered cancelled without any further action by either of us, and you shall have the right to sell the Unit to any other person.

7. Rights to Assign this Agreement. I understand that I cannot give or sell my rights under this Agreement to anyone else.

8. Notices. Any notice (including a letter, request, consent or other communication between us) which one of us wants to give to the other must be in writing and must be sent by registered or certified mail, to me at the address shown on page one of this Agreement or to you at 1236 Avenue U, Brooklyn, New York 11229. I shall send a copy of any notice I give you to your attorneys, Dechert Price & Rhoads, 30 Rockefeller Plaza, New York, New York 10112, Attention: William Jay Lippman, Esq. You and I can specify a different address for ourselves by giving notice of it to the other. A notice shall be considered given on the date it is mailed, except that a notice of an address change shall be considered given when it is received.

9. Receipt of Documents. I acknowledge that I have received more than three business days prior to signing this Agreement and read the Plan of Condominium Ownership of Gilmore Court Condominium and any and all amendments thereto (the "Plan"), which are made a part hereof. I understand that this Agreement will not be binding on you until a copy executed by you is delivered to me. If a copy of this Agreement, executed by you, is not delivered to me within 20 days after it is signed by me neither you nor I will have liability hereunder and all monies paid by me, with the interest earned thereon, if any, will be refunded to me.

10. Mortgage Financing. You have advised me that you will arrange financing for purchasers who qualify under the lender's underwriting standards with a lending institution regulated by state or federal law ("Sponsor's lender"), but that I am free to seek financing from a lender of my choice. I understand that if I elect to apply for a Mortgage Loan from a lender other than Sponsor's lender and I do not obtain a commitment from such other lender, I will NOT have the right to cancel this Agreement and will be obligated to pay the balance of the Total Purchase Price for the Unit when due, and if payment is not made when due, you shall have the right to keep my Down Payment and the interest earned thereon, if any, as liquidated damages. I also understand that if (a) I submit an application for a Mortgage Loan to Sponsor's lender within five days after signing this Agreement, (b) furnish all information required by Sponsor's lender, (c) within 45 days after I submit the application, Sponsor's lender does not give me a commitment for a Mortgage Loan in the amount shown on page one of this

Agreement and (d) I give you written notice of that fact, then either you or I will have the right to cancel this Agreement, unless within 45 days after my written notice, you arrange for me to receive from another lending institution regulated by state or federal law (the "substitute lender"), a mortgage loan in not less than the amount shown on page one of this Agreement to be repaid in full within no more than 30 years. If you do not arrange a loan from a substitute lender within said additional 45-day period, within five days thereafter you or I may cancel this Agreement and then all payments which I have made to you under this Agreement and the interest earned on those payments will be returned to me. However, if I do not supply the information which is required by the substitute lender within five days after it is requested or if I do not accept a written commitment from the substitute lender for the Mortgage Loan described in this paragraph 10, then you will have the right to keep my Down Payment and all interest earned on it.

11. Completion of Construction. Construction of my Unit and the Building has been completed in all but minor details. If you do not obtain a temporary or permanent certificate of occupancy for the Building by ~~December 1, 2007~~^{April 13} plus the time of any such unavoidable delay or delay caused by my acts or changes, my only right will be to cancel this Agreement by giving a written cancellation notice to you on or before ~~December 10, 2003~~^{April} (as that date may be extended by any such unavoidable delay or by my acts or changes). Within ten days after I send this cancellation notice, you will refund to me all monies paid by me under this Agreement and all interest, if any, earned on those monies. After this refund has been made, this Agreement will be considered canceled, and neither you nor I will have any claim against the other, and we shall both be released from all our obligations under this Agreement. If I do not give this cancellation notice within the 10-day period, this Agreement shall remain in full force for an additional 90 days after ~~December 1, 2003~~^{April} plus the time of any such unavoidable delay caused by my acts or changes. I agree that my Unit and the Building in which it is located will be conclusively considered fully completed in accordance with the plans and specifications as soon as the governmental authorities having jurisdiction issue a final certificate of occupancy. You agree that even after the issuance of such final certificate of occupancy, you will correct defects in construction as provided in Section Q of the Plan entitled "Rights and Obligations of the Sponsor." I understand and acknowledge that you cannot guarantee a firm completion and availability date for the Unit, and I agree that you shall not be obligated to make, provide or compensate for any accommodations or costs to me as a result of construction delays, nor shall such delays serve to cancel, amend or diminish any of my obligations under this Agreement.

12. Equipment and Furnishings. You will provide me with only the fixtures, equipment, hardware, appliances and furnishings referred to in the Plan, which are included in the Total Purchase Price of my Unit. The furnishings, equipment, appliances and decorations in any model unit which are not listed in the Plan are not included in this sale.

13. My Acceptance of My Unit. I will accept title to my Unit without any reduction or postponement of payment of the Total Purchase Price even if construction of (a) minor details of my Unit and the Building or (b) other Units or (c) the landscaped areas or (d) other parts of the Common Elements of the Condominium have not been completed. I agree to inspect my Unit with your representative during normal business hours before the time set under Paragraph 2 of this Agreement for your giving me the deed and to sign and deliver to you before that time an Inspection Statement showing the condition in which I have received my Unit. If a

final certificate of occupancy has been issued for the Building before I signed this Agreement, I am confirming to you that I have examined my Unit and agree to accept it and the Building and all fixtures, machinery, equipment, furnishings, appliances, installations and other personal property in my Unit in their present condition, except for reasonable wear and tear and natural deterioration between now and the time you give me the deed to my Unit.

14. Purchaser's Work. I shall not make any alterations or installation (by myself or with any of my contractors) in my Unit until I have paid the purchase price in full and have taken title to my Unit. I agree that you will have no responsibility for alterations or installations made by me or my contractors and you will not be liable for any defects in such alterations or installations.

15. Insulation. Pursuant to the Federal Trade Commission Regulations, you have advised me that the insulation in all exterior walls shall be finished with fibrous insulation batts for a value equal to R-11.

16. No Representations. I have not relied on any statements, representations or warranties made by you or any other person except those which are contained in this Agreement or in the Plan. I agree that you will have no liability to me if there is a minor error or inaccuracy in the layout or dimensions of the Unit or of the Common Elements of the Condominium as shown on the floor plans (the "floor plans") certified by Robert J. Palermo, A.I.A., on file at your office and to be filed in the Office of the Register of the City of New York, County of Kings, as long as the layout and dimensions conform substantially to the floor plans, which I have been given the opportunity to examine.

17. Recording of Deed. When you give me the deed to my Unit, I shall deliver it to the title company representative issuing title insurance to me or to my lender, so that the deed can be recorded in the Office of the New York City Register, Kings County.

18. Age. I represent that I am over the age of 18 years and that I am purchasing the Unit for my own account.

19. Definitions. The term "I" shall be read as "we" if more than one person is a purchaser, in which case our obligations shall be considered joint and several. All the terms used in this Agreement shall have the same meanings as they do in the Plan. The use of the masculine gender shall include the feminine and the neuter gender and vice versa where appropriate. All of the terms used in this Agreement shall have the same meanings ascribed to them in the Plan.

20. Broker. I am stating to you that I did not negotiate for the Unit with any broker.

21. Conflicts. Conflicts between this Purchase Agreement and the Plan shall be resolved in favor of the Plan.

22. Jury Waiver. I waive my right to trial by jury in any action, proceeding or counterclaim in any way connected with this Agreement or the Plan.

23. Survival of Seller's Obligations. You shall have no obligations under this Agreement or the Plan after you give me the deed to the Unit, unless this Agreement or the Plan specifically gives you an obligation after that time.

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

25. Plain Language. I have read this Agreement, and I understand it. Under New York law (General Obligations Law §5-702), I know that as a consumer I have a right to an agreement written in clear and simple language. You and I both believe that this is such an agreement.

26. Transfer Tax Returns. I understand that certain documents regarding my purchase, including New York State and New York City Real Property Transfer Tax Returns, will have to be filed with the New York State Department of Taxation and Finance and the New York City Department of Finance. Accordingly:

(a) I shall complete and sign any and all required documents relating to the Real Property Transfer Taxes as a condition to my right to receive a deed to my Unit. In the event I fail or refuse to do so, you shall have the right to cancel this Purchase Agreement and this Purchase Agreement shall be deemed canceled and all rights of the parties hereunder shall terminate except that you shall have the right to keep my down payment as liquidated damages.

(b) I hereby irrevocably designate and appoint you as my agent and attorney-in-fact, coupled with an interest, to complete, execute and submit on my behalf the New York State and New York City Real Property Transfer Tax Returns and all other documents required by the New York State Department of Taxation and Finance and the New York City Department of Finance with respect to my purchase. I understand and agree that this appointment is coupled with an interest and may not be and will not be revoked for any reason or under any circumstances, including, but not limited to, my disability or incompetence after the date of execution of this Purchase Agreement.

(c) When you give me the deed to my Unit, I shall pay the New York City and New York State Real Property Transfer Taxes.

27. This Purchase Agreement shall not be binding on me or you until it is accepted, as evidenced by endorsement hereon by you, and a fully signed copy hereof shall have been delivered to me. I shall be notified within 20 days of the date hereof whether this Purchase Agreement has been accepted or rejected, and if I am not notified within such 20-day period, the Purchase Agreement shall be deemed accepted. If the Purchase Agreement is rejected, all funds paid hereunder shall be refunded to me with the interest earned thereon, if any, within 10 days after such rejection.

Dated: _____, 20__

Purchaser

Joint Purchaser

Purchaser's Social Security Number

Purchaser's Address

Accepted:

FRANK ROSEMBERG,

dated: _____

Escrow Terms Agreed to:
Dechert Price & Rhoads

By: _____

EXHIBIT A

ESCROW AGREEMENT,

AGREEMENT made this 3rd day of December, 2002, between Frank Rosenberg ("SPONSOR") as sponsor of the offering plan and Dechert Price & Rhoads ("ESCROW AGENT") as escrow agent.

WHEREAS, Sponsor is the sponsor of an offering plan of condominium ownership of the premises located at 2822/2826 Batchelder Street, Brooklyn, New York; and

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

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

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby agree as follows:

1. **ESTABLISHMENT OF THE ESCROW ACCOUNT.**

1.1 SPONSOR and ESCROW AGENT hereby establish an escrow account with ESCROW AGENT for the purpose of holding deposits or payments made by purchasers or subscribers. The escrow account has been opened with Citibank, N.A. at its depository bank branch located at 120 Broadway, New York, New York. The account number is [REDACTED]

1.2 The name of the account is Dechert Attorney Trust Account. EE-9

1.3 ESCROW AGENT is the sole signatory on the account.

1.4 The escrow account shall be an interest bearing account as disclosed in the offering plan.

1.5 The escrow account is not an IOLA established pursuant to Judiciary Law Section 497.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All funds received from prospective purchasers 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 the order of Dechert Price & Rhoads, as escrow agent for Castles by the Sea Condominium. Any instrument payable other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser promptly, but in no event more than five business days following receipt of such instrument by ESCROW AGENT. In the event of such return of funds, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

2.2 Within ten (10) days after tender of the deposit submitted with the 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 regulation. 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 court of competent jurisdiction or until released pursuant to the regulations of the Attorney General pertaining to release of escrowed funds.

3.3 SPONSOR shall not object to the release of the escrowed funds to (a) a purchaser who timely rescinds in accordance with an offer of rescission contained in the plan or an amendment to the plan or (b) all purchasers after an amendment abandoning the plan is accepted for filing by the Department of Law.

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

4. RECORD KEEPING.

4.1 ESCROW AGENT shall maintain all records concerning the escrow account for seven years after release of the funds.

4.2 Upon the dissolution of the ESCROW AGENT, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of the

partners or members of the firm or by the successor firm and shall notify the Department of Law of such transfer.

4.3 ESCROW AGENT shall make available to the Attorney General, upon his request, all books and records of ESCROW AGENT, relating to the funds deposited and disbursed hereunder.

5. GENERAL OBLIGATIONS OF ESCROW AGENT.

5.1 ESCROW AGENT shall maintain the accounts called for in this Agreement under the direct supervision and control of ESCROW AGENT.

5.2 A fiduciary relationship shall exist between ESCROW AGENT and purchasers and ESCROW AGENT acknowledges its fiduciary obligations.

6. RESPONSIBILITIES OF SPONSOR.

6.1 SPONSOR agrees that SPONSOR shall be responsible for 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 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 paragraphs 7.1 (a) and 7.1(b), ESCROW AGENT shall deliver any and all funds held by it in escrow and any and all contracts or documents maintained by ESCROW AGENT to the new escrow agent.

8. SUCCESSORS AND ASSIGNS.

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

9. GOVERNING LAW.

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

10 ESCROW AGENT'S COMPENSATION.

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

11. SEVERABILITY.

11.1 If any provision of this Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

12. ENTIRE AGREEMENT.

12.1 This Agreement, read together with GBL Section 352-e(2-b) and the Attorney General's regulations, constitutes the entire agreement between the parties with respect to the subject matter hereof.

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

ESCROW AGENT Dechert Price & Rhoads

By:

Joseph Philip Forte

SPONSOR:

Frank Rosenberg

FF. FORM OF POWER OF ATTORNEY

The undersigned, _____, residing at and the owner of Unit No. _____ in the Building known as and by the street numbers 2822/2826 Batchelder Street, Borough of Brooklyn, County of Kings and State of New York as designated and described in the Declaration establishing Castles by the Sea Condominium dated __, 20 __, recorded in the Office of the New York City Register, Kings County, on _____, 20 __, in Reel at Page __, and on the Floor Plans on file in said Register's Office as Condominium Plan No. _____, do hereby nominate, constitute and appoint the persons who from time to time shall constitute the Board of Managers of Castles by the Sea Condominium and their successors in office, jointly, true and lawful attorneys in fact for the undersigned, coupled with an interest, with power of substitution to acquire in their own name, as members of the Board of Managers, or in the name of their designee, corporate or otherwise, on behalf of all owners of units in said property, in accordance with their respective common interests, any unit whose owner desires to abandon or sell the same, the undivided interest in the common elements appurtenant thereto, the interest of such unit owner in any other units theretofore acquired by the Board of Managers, or its designee, on behalf of all unit owners, or in the proceeds of sale or lease thereof, if any, and the interest of such unit owner in all other assets of the Condominium (hereinafter collectively called the "Appurtenant Interests"), or any unit, together with the Appurtenant Interests, 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 at such rental, as the case may be, and on such other terms and conditions as said attorneys in fact shall deem proper, and thereafter to convey, sell, lease, mortgage, or otherwise deal with any such unit so acquired by them, or to sublease any such unit so leased by them, on such terms and conditions as said attorneys in fact may determine, granting to said attorneys in fact the power to do all things in the said premises which the undersigned could do if the undersigned were personally present.

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

This power of attorney is irrevocable.

IN WITNESS WHEREOF, the undersigned has (have) executed this Power of Attorney this __ day of _____.

STATE OF)
)ss:
COUNTY OF)

On the day of _____, 20____, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

STATE OF)
)ss:
COUNTY OF)

On the day of _____, 20____, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

GG. FORM OF UNIT DEED

THIS INDENTURE, made the day of , 20 between Frank Rosemberg,
residing at , Brooklyn, New York, "Grantor," and residing at "Grantee."

WITNESSETH:

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

The Condominium Unit(s) (hereinafter called the "Unit(s)") known as Unit No. in the building known as number 2822/2826 Batchelder Street, Borough of Brooklyn in the premises known as Castles by the Sea Condominium designated and described as Unit No. in the Declaration establishing a Plan for Condominium Ownership of said building and the land on which it is erected (hereinafter called the "property") made by Grantor, under the Condominium Act of the State of New York, Article 9-B of the Real Property Law of the State of New York, dated , 20- and recorded in the Office of the Register of The County of Kings on 20 , in Reel pg (hereinafter called the "Declaration"), and designated as Block 7122, Lot No , on the Tax Map of the Assessor of Kings County and on the Floor Plans of the Condominium certified by Robert J. Palermo, A.I.A., on , 20- and filed with the Real Property Assessment Department of the City of New York on, 20 , and also filed in the office of the Register of Kings County on , 20- as Condominium Plan No. Map No.

The land on which the Building is located is described on Exhibit A attached hereto and made part hereof.

TOGETHER with an undivided percent interest appurtenant to the Unit in the common elements of the Property (hereinafter called the "common elements");

TOGETHER with an easement for the continuance of all encroachments by the Unit on any adjoining units or common elements or limited common elements now existing as a result of construction of the Building or which may come into existence hereafter as a result of settling or shifting of the Building, or as a result of repair or restoration of the Building or of the Unit after damage or destruction by fire or other casualty, or after a taking in condemnation or eminent domain proceedings, or by reason of an alteration or repair to the common elements, so that any such encroachments may remain so long as the Building shall stand;

TOGETHER with an easement in common with the owners of other units to use any pipes, wires, ducts, cables, conduits, utility lines, flues 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;

streets;

TOGETHER with a right of way through the common elements to the public

SUBJECT to easements in favor of adjoining units and in favor of the common elements and limited common elements for the continuance of all encroachments of such adjoining units or common elements or limited common elements on the Unit now existing as a result of construction of the Building, or which may come into existence hereafter as a result of settling or shifting of the Building, or as a result of repair or restoration of the Building or of any adjoining unit or of the common elements or limited common elements after damage or destruction by fire or other casualty, or after a taking in condemnation or eminent domain proceedings, or by reason of an alteration or repair to the common elements so that any such encroachments may remain so long as the Building shall stand;

SUBJECT also to an easement in favor of the other units to use the pipes, wires, ducts, conduits, cables, utility lines, flues and other common elements located in the unit or elsewhere on the Property and serving such other units;

SUBJECT also to utility easements and consents, if any, now or hereafter recorded, including the right to maintain and operate lines, wires, cables, amplifiers, transformers, pipes, conduits, poles, meters, and distribution boxes in, over, under and upon the Property.

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

SUBJECT also to easements for ingress and egress for construction, installation, operation and maintenance of municipal service facilities and utilities;

SUBJECT also to rights of way of other unit owners through the common elements to the public streets;

TO HAVE AND TO HOLD the same unto the Grantee, 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 applicable law.

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

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

The Grantee accepts and ratifies the provisions of the Declaration and the By-laws and the Rules and Regulations of the Condominium recorded simultaneously with and as part of the Declaration and agrees to comply with all of the terms and provisions thereof, as the same may be amended from time to time by instruments recorded in the Office of the New York City Register, Kings County.

The terms "Grantor" and "Grantee" shall be read as "Grantors" and "Grantees" whenever the sense of this deed so requires.

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

Grantor Frank Rosemberg

Grantee

Grantee

STATE OF) ss: COUNTY OF)

On the day of , 20-, before me, the undersigned, a Notary Public in and for said State, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

STATE OF) ss: COUNTY OF)

On the day of , 20_ , before me, the undersigned, a Notary Public in and for said State, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

STATE OF) ss: COUNTY OF)

On the day of , 20_ , before me, the undersigned, a Notary Public in and for said State, personally appeared , personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

HH DECLARATION OF CONDOMINIUM

DECLARATION

Establishing a Plan for Condominium Ownership of the Premises 2822/2826 Batchelder Street,
Brooklyn, New York, Pursuant to Article 9-B of the Real Property Law of the State of New York

Name-- Castles by the Sea Condominium

Declarant Frank Rosenberg

_____, Brooklyn, New York _____

Date of Declaration--March , 2005

The land affected by the within instrument lies
in Block 8800, formerly Lot 190, now
known as Lots _____ on the Tax Map
of the Borough of Brooklyn, County of Kings, City of New York.

Dechert LLP
Attorneys for Declarant
30 Rockefeller Plaza
New York, New York 10112

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DECLARATION ESTABLISHING CASTLES BY THE
SEA CONDOMINIUM FOR PREMISES 2822/2826
BATCHELDER STREET, BROOKLYN, NEW YORK,
PURSUANT TO ARTICLE 9-B OF THE REAL
PROPERTY LAW OF THE STATE OF NEW YORK

Frank Rosemberg, residing at 606 Barner Avenue, Brooklyn, New York 11235, hereinafter referred to as the "Declarant," does hereby declare:

1. Submission of Property. The Declarant hereby submits the land more particularly described on Schedule A attached hereto and made a part hereof, together with the building and improvements thereon erected (hereinafter called the "Building") owned by the Declarant in fee simple absolute (the land and Building hereinafter collectively called the "Property") to the provisions of Article 9-B of the Real Property Law of the State of New York.

2. Building. Schedule B attached hereto and made a part hereof contains a description of the Building, including the number of stories, the number of units and the principal materials of which it is constructed.

3. Name of Condominium. This condominium shall be known as "Castles by the Sea Condominium."

4. Units. Annexed hereto and made part hereof as Schedule C is a list of all units in the Building, their unit designations and the tax lot numbers, locations, approximate square foot areas, number of rooms, common elements to which each has immediate access (all as shown on the floor plans of the Building, certified by Robert J. Palermo, A.I.A., and filed in the Office of the Register of the City of New York, in the County of Kings, simultaneously with the recording of this Declaration) and the percentage of interest of each unit in the common elements. The units are herein sometimes called the "units."

5. Dimensions of the Units. (a) Each unit within the Building consists of the area measured horizontally from the outside face of masonry work at the exterior walls to the unit side of walls and partitions separating such unit from corridors, stairs, mechanical equipment spaces and other units or to the unit side of the opposite exterior walls; vertically each unit consists of the space between the top of the floor and the underside of the ceiling. Each unit within the Building includes the window glass.

(b) Declarant (the Sponsor of the Plan of Condominium Ownership of the Property) or its designee shall have the right, without the consent of the Board of Managers, other unit owners or the holders of unit mortgages, to: (1) make alterations, additions or improvements, structural and non structural, ordinary and extraordinary, interior and exterior, in, to and upon any unit owned by it; (ii) change the layout or number of rooms in the unit; (iii) change the size and/or number of such units by subdividing a unit, combining separate units (including those resulting from such subdivision or otherwise) into one or more units, altering the boundary walls between units or otherwise; and (iv) reapportion among the units affected by such change their appurtenant interests in the common elements; provided, however, that in each instance the Declarant or its designee shall comply with all laws, ordinances and regulations of all

governmental authorities having jurisdiction and shall agree to hold the Board of Managers and all other unit owners harmless from any liability arising therefrom. The provisions of this subparagraph (b) may not be amended, added to or deleted without the consent of Declarant or its designee.

(c) In no case may the subdivision of a unit result in a greater percentage of common interest for the total of the new units created by such subdivision than existed for the original unit before subdivision.

6. Use of Building and Units. Each of the units in the Building shall be used as a residence only, except that (a) while the Declarant or its designee owns any unit, it shall have the right to use such unit for general and sales office purposes, as models and for other promotional purposes in connection with the sale or lease of units and to erect and maintain signs at the Building advertising units for sale and (b) a unit may be used as a professional office with the prior written consent of the Board of Managers if permitted by law. The Building shall be used solely for the purposes for which the units may be used.

7. A. Common Elements. The common elements consist of all parts of the Property other than the units, including without limitation, the following: (i) the land within the boundaries of the Property; (ii) portions of the cellar, and basement, all exterior walls, windows and window frames, roof, foundations and footings; (iii) all columns, girders, joists, beams, supports and interior load-bearing walls; (iv) 2 exterior open parking spaces; (v) the balconies and (vi) all other parts of the Building and the apparatus, installations, systems and all equipment and facilities in the Building (including elevator, shafts, pipes, wires, ducts, vents, cables, conduits and lines) which serve or benefit or are necessary or convenient for the existence, maintenance or safety of all the units.

B. Limited Common Elements. Each balcony appurtenant to a unit shall be a limited common element for the exclusive use of the unit owner (and his or her guests, invitees, lessees and residents) to whose unit it is adjacent. Each parking space assigned to a unit will be a limited common element for the exclusive use of the unit owner (and his or her guests, invitees, lessees and residents). The laundry rooms assigned to each unit will be limited common elements for the exclusive use of each owner of those units. The storage area assigned to Units 1 and 2 will be limited common elements for the exclusive use of each owner of those units. The open porch areas and the rear yard will be limited common elements for the exclusive use of the owners of Units 1 and 2.

The cost of maintaining and repairing the common elements (other than the limited common elements) and any additions, alterations or improvements thereto and the cost of structural repairs and maintenance of the limited common elements will be borne by all the unit owners and will be included in their common charges. The cost of non-structural maintenance and repairs of the limited common elements and any additions, alterations or improvements thereto which unit owners desire to make will be paid for by the unit owners having the exclusive use thereof. The cost of replacing the common elements, including limited common elements, will be borne by all the unit owners.

8. Determination of Percentages of Interest in Common Elements. The percentage of interest in the common elements applicable to each unit, as shown in Schedule C, was determined by the Declarant based upon the approximate proportion that the floor area of the unit bears to the aggregate floor area of all of the units, and such proportion reflects the substantially exclusive advantages enjoyed by one or more but not all units in a part or parts of the common elements. The aggregate common interest for all units is 100%.

9. Encroachments. If any portion of the common elements now encroaches upon any unit, or if any unit now encroaches upon any other unit or upon any portion of the common elements, as a result of the construction of the Building, or if any such encroachment shall occur hereafter as a result of settling or shifting of the Building, or by reason of the repair and/or restoration by the Board of Managers of the Building, any unit or the common elements, a valid easement for the encroachment and for the maintenance thereof so long as the Building stands, shall exist. In the event the Building, any unit, adjoining unit, or any adjoining common element, shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachments of parts of the common elements upon any unit or of any unit upon any other unit or upon any portion of the common elements, because of such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the Building shall stand.

10. Easements. Each unit owner shall have an easement in common with the owners of all other units to use in accordance with present use and present available facilities all pipes, wires, ducts, vents, ventilating shafts, cables, conduits, public utility lines and other common elements located in any of the other units and serving his or her unit. Each unit shall be subject to an easement in favor of the owners of all other units to use in accordance with present use and present available facilities the pipes, ducts, vents, ventilating shafts, 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 of access to each unit to inspect the same, to remove violations therefrom and to maintain, repair or replace the common elements contained therein or elsewhere in the Building.

11. Power of Attorney to Board of Managers. Each unit owner shall grant to the persons who shall from time to time constitute the Board of Managers, an irrevocable power of attorney, coupled with an interest, to acquire title to or lease any unit whose owner desires to surrender, sell or lease the same, or which may be the subject of a foreclosure or other judicial sale in the name of the Board of Managers or its designee, corporate or otherwise, on behalf of all unit owners, and to convey, sell, lease, mortgage, vote the votes appurtenant thereto (other than for the election of members of the Board of Managers) or otherwise deal with any such unit so acquired or to sublease any unit so leased by the Board of Managers.

12. Acquisition of Units by Board of Managers. In the event any unit owner shall surrender his or her unit, together with: (a) the undivided interest in the common elements appurtenant thereto; (b) the interest of such unit owner in any other units acquired by the Board of Managers or its designee on behalf of all unit owners or the proceeds of the sale or lease thereof, if any; and (c) the interest of such unit owner in any other assets of the Condominium (hereinafter collectively called the "Appurtenant Interests"), pursuant to the provisions of Section 339-x of the Real Property Law of the State of New York, or in the event the Board of Managers

shall purchase from any unit owner who has elected to sell the same, a unit, together with the Appurtenant Interests, pursuant to Section I of Article VII of the By-laws, or in the event the Board of Managers shall purchase at a foreclosure or other judicial sale, a unit, together with the Appurtenant Interests, title to any such unit, together with the Appurtenant Interests, shall be held by the Board of Managers or its designee, on behalf of all unit owners, in proportion to their respective common interests. The lease covering any unit leased by the Board of Managers, or its designee, shall be held by the Board of Managers, or its designee, on behalf of all unit owners, in proportion to their respective common interests.

13. Service of Process. The Secretary of State of the State of New York is hereby designated to receive notice of process in any action which may be brought against the Condominium. Service of process on the Secretary of State as agent of the Board of Managers shall be made by personally delivering to and leaving with him or her or his or her deputy, or with any person authorized by the Secretary of State to receive such service at the Office of the Department of State in the city of Albany, duplicate copies of such process, together with a statutory fee, which shall be a taxable disbursement. Service of process on the Board of Managers shall be complete when the Secretary of State is so served. The Secretary of State shall promptly send one of such copies by Certified Mail, Return Receipt Requested, to the Board of Managers at the post office address on file in the Department of State specified for such purpose. The Board of Managers shall also file with the Secretary of State the name and post office address to which the Secretary of State shall mail a copy of any process against it served upon the Secretary of State and shall update the file as necessary.

14. Units Subject to Declaration, By-laws and Rules Regulations. All present and future owners, tenants and occupants of units shall be subject to and shall comply with the provisions of the Declaration and the By-laws, as they may be amended from time to time. All present and future unit owners, tenants and occupants of units shall also be subject to and shall comply with the Rules and Regulations adopted by the Board of Managers, as they may be amended from time to time. The acceptance of a deed or conveyance or the entering into of a lease or the entering into occupancy of any unit shall constitute an agreement that the provisions of the 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.

15. Amendment of Declaration. (a) This Declaration may be amended by the vote of at least eight owners, cast in person or by proxy at a meeting duly held in accordance with the provisions of the By-laws, provided, however, that the common interest appurtenant to each unit as expressed in this Declaration shall not be altered without the consent of all unit owners affected, and except as provided in subparagraph (b) of this Paragraph 15, no amendment may be made without the written consent of the holders of unit first mortgages, if required by the terms of such mortgages.

(b) The Declarant or its designee shall have the right, without vote or consent of other unit owners or the Board of Managers or the holders of unit mortgages, to execute or (on their request) to require the Board of Managers to execute and record in the Office of the New York

City Register, Kings County, and elsewhere if required by law an amendment or amendments to this Declaration (together with such other documents, plans and maps as may be required to effectuate the same) to reflect any changes in units and the reapportionment of the common elements resulting therefrom made by the Declarant or its designee in accordance with subparagraph (b) of Paragraph 5 hereof. All expenses in connection with the preparation, recordation and filing of any such amendment shall be paid by the Declarant or its designee, as the case may be.

(c) Except as provided in this Paragraph 15 with regard to the right of the Declarant or its designee to amend this Declaration, Paragraphs 5 and 6 hereof may not be amended without the consent of the unit owner of every unit affected by such amendment. The provisions of this Paragraph 15 may not be added to, amended or deleted, in whole or in part, without the consent of the Declarant or its designee so long as the Declarant or its designee owns any unit.

16. Invalidity. The invalidity of any provision of this Declaration shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of this Declaration and, in such event, all of the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.

17. 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.

18. 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 hereof.

19. Gender. The use of the masculine gender in this Declaration shall be deemed to refer to the feminine or neuter gender and the use of the singular shall be deemed to refer to the plural, and vice versa, whenever the context so requires.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed this _____ day of March, 2005.

Frank Rosenberg

STATE OF NEW YORK)

) SS:

COUNTY OF KINGS

)

On the _____ day of March, 2005, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

SCHEDULE A

PARCEL I

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Brooklyn, County of Kings, City and State of New York, known and designated as Lot #45 on "Map of Property of the Dann Realty Corporation situated at Sheepshead Bay, Borough of Brooklyn, City and State of New York" and filed in the Office of the Register of the County of Kings on April 6th, 1920 as and by the Map #1690.

SUBJECT to an easement or right of way over the most northerly 11 feet of the premises hereinafter described and lying in Gunnison Court in favor of the owner of lots on said Map for the purpose of ingress and egress.

PARCEL II

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Brooklyn, City and State of New York, known and designated on a certain map the property of the Dann Realty Corp., situated at Sheepshead Bay, Borough of Brooklyn, City and State of New York surveyed March 31, 1920 by Francis P. Murphy C. S. and filed in the Office of the Register of the County of Kings on April 6, 1920 as and by Map #1690 Lot #44 in Block 7505.

SCHEDULE B

CASTLES BY THE SEA CONDOMINIUM

Description of Building

The building contains three stories plus a cellar and basement. The height of the building from ground level to the highest part of the roof is approximately 35 feet. The structural system is classified as a bearing wall type. Foundations are reinforced concrete. The roof is single ply rubberoid with minimum 6" thick R19 fibrous bat insulation and granular pebble surfacing. Exterior walls above grade consist of 4" solid clay brick units with 8" solid concrete load bearing brick bonded to masonry blocks.

The floors of the apartment units are hardwood parquet except for ceramic tile in the bathrooms (other than ceilings), kitchens and laundry rooms. There are 4 apartments in the building.

SCHEDULE C TO THE DECLARATION OF THE CONDOMINIUM
 PREMISES KNOWN AS THE CASTLES BY THE SEA CONDOMINIUM
 2822/2826 Batchelder Street, Brooklyn, New York
 Tax Block Number, 8800

UNIT	TAX LOT	LOCATION	PERCENTAGE OF COMMON INTEREST	SQ. FT.	ROOMS/ BATHS	LIMITED COMMON AREAS SQ. FT.
1		Cellar Floor Basement Floor First Floor	30.03	1,790	3/1.5	
2		Cellar Floor Basement Floor First Floor	30.03	1,790	3/1.5	
3		Second Floor Third Floor	19.97	1,190	3/1.5	
4		Second Floor Third Floor	19.97	1,190	3/1/5	

NOTE:

- b: DENOTES BALCONY AREAS
- c: DENOTES CELLAR STORAGE AREA
- m: DENOTES MECHANICAL AREA

The orientation of each Unit and the common elements to which each Unit has immediate access are shown on the plans attached to and made part of this Declaration.

BY-LAWS

of

Castles by the Sea Condominium
2822/2826 Batchelder Street
Brooklyn, New York

(Part 2 of the Declaration)

Dechert LLP
Attorneys for Sponsor
30 Rockefeller Plaza
New York, New York 10112

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EXHIBIT A RULES AND REGULATIONS FOR THE UNITS

BY-LAWS
of
CASTLES BY THE SEA CONDOMINIUM
Premises 2822/2826 Batchelder Street
Brooklyn, New York

ARTICLE I

Plan of Unit Ownership

Section 1. Unit Ownership. The land situated in the Borough of Brooklyn, City of New York, State of New York, more particularly described in Schedule A of the Declaration recorded in the office of the Register of the City of New York, Kings County, simultaneously herewith, and the building constructed on said land (the land and building hereinafter collectively called the "Property") have been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York by the Declaration and are known as "Castles by the Sea Condominium" (hereinafter called the "Condominium"). The units are hereinafter referred to as "units."

Section 2. Applicability of By-laws. The provisions of these By-laws are applicable to the Property of the Condominium and to the use and occupancy thereof. The term "Property" as used herein shall include the land, the building and all other improvements thereon (including the units and the common elements and limited common elements), owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, all of which are intended to be submitted to the provisions of Article 9-B of the Real Property Law of the State of New York.

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 and the Declaration, each as amended from time to time, and to the Rules and Regulations attached hereto as Schedule A, as amended from time to time.

The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a unit shall constitute an agreement that these By-laws, the provisions of the Declaration and the Rules and Regulations, as each 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.

ARTICLE II

Board of Managers

Section 1. Number and Qualification. The affairs of the Condominium shall be governed by a Board of Managers. The Board of Managers shall consist of three persons designated by the Sponsor of the Condominium until their successors shall have been elected by the unit owners at the first meeting of unit owners held pursuant to Section 1 of Article III of these By-laws. Thereafter the Board of Managers shall be composed of four persons elected by all unit owners (including the Sponsor or its designee), but the Sponsor's or its designee's right to elect members of the Board of Managers shall be subject to the provisions of Section 1 of Article III of these By-laws. All members of the Board of Managers (other than the designees of the Sponsor) shall be owners or spouses of owners or mortgagees of units or, in the case of partnership owners or mortgagees, shall be members or employees of such partnership or, in the case of corporate owners or mortgagees, shall be officers, directors, shareholders or employees of such corporations or, in the case of limited liability company owners or mortgagees, shall be members of such companies, or in the case of fiduciary owners or mortgagees, shall be the fiduciaries or officers or employees of such fiduciaries or, in the case of the Sponsor, shall be designees of the Sponsor.

Section 2. Powers and Duties. The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things except as by law or by the Declaration or by these By-laws may not be delegated to the Board of Managers by the unit owners. Such powers and duties of the Board of Managers shall include, but shall not be limited to, the following:

- (a) Operation, care, upkeep and maintenance of the Common Elements described and defined in the Declaration.
- (b) Determination of the common expenses required for the affairs of the Condominium, including, without limitation, the operation and maintenance of the Common Elements.
- (c) Collection of the common charges and expenses from the unit owners.
- (d) Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements.
- (e) Adoption and amendment of rules and regulations covering the details of the operation and use of the Common Elements and the units.
- (f) Opening and maintaining of bank accounts on behalf of the Condominium and designating the signatories required therefor.
- (g) Purchasing or leasing or otherwise acquiring in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all unit owners, units offered for sale or lease or surrendered by their owners to the Board of Managers.

(h) Purchasing of units at foreclosure or other judicial sales in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all unit owners.

(i) Acquiring in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all unit owners, rights and interests in real and personal property on behalf of all unit owners for use in connection with the ownership and operation of the Common Elements.

(j) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of members of the Board of Managers), or otherwise dealing with units acquired by, and subleasing units leased by the Board of Managers or its designee, corporate or otherwise, on behalf of all unit owners.

(k) Organizing corporations, partnerships or limited liability companies to act as designees of the Board of Managers in acquiring title to or leasing of units or rights and interests in real and personal property for use in connection with the ownership and operation of the Common Elements on behalf of all unit owners.

(l) Obtaining insurance for the Property, including the units, pursuant to the provisions of Article V, Section 2 hereof.

(m) Making repairs, additions and improvements to or alterations of the Common Elements and making repairs to and restoration of the Property in accordance with the other provisions of these By-laws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(n) Borrowing money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the Common Elements provided, however, that (i) the consent of at least four unit owners, present in person and/or by proxy and voting at a meeting duly called and held for such purpose in accordance with the provisions of these By-laws, shall be required for the borrowing of any sum in excess of \$5,000 for the operation, care, upkeep, maintenance and replacement of the Common Elements and (ii) no lien to secure repayment of any sum borrowed may be created on any unit or its appurtenant interest in the Common Elements without the consent of the unit owner. If any sum borrowed by the Board of Managers on behalf of the Condominium pursuant to the authority contained in this paragraph (n) is not repaid by the Board of Managers, a unit owner who pays to the creditor such proportion thereof as his or her interest in the Common Elements bears to the interests of all the unit owners in the Common Elements shall be entitled to obtain from the creditor a release of any judgment or other lien which said creditor shall have filed or shall have the right to file against the unit owner's unit.

(o) Levying fines against unit owners for violations of the rules and regulations governing the operation and use of the Common Elements and the units and charges for late payment of monthly common charges.

(p) Adjusting and settling claims under insurance policies obtained pursuant to Article V, Section 2, and executing and delivering releases upon settlement of such claims on behalf of all unit owners.

- (q) Accumulating reserves for capital replacements of the Common Elements.

Notwithstanding anything to the contrary contained in these By-laws, so long as the Sponsor owns any unit (but for no more than five years after the Consummation Date of the Sponsor's Plan of Condominium Ownership), the Board of Managers may not, without the Sponsor's prior written consent, (i) make any addition, alteration or improvement to the Common Elements or to any unit or (ii) assess any common charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund or (iii) hire any employee in addition to the employees referred to in the Plan of Condominium Ownership or (iv) enter into any service or maintenance contract for work not covered by contracts in existence on the date of the first closing of title to a unit or (v) borrow money on behalf of the Condominium or (vi) amend the Declaration or these By-laws. The Sponsor or its designee shall have the right to withhold consent to any of the foregoing actions.

Section 3. Managing Agent and Manager. The Board of Managers may employ for the Property a managing agent and/or a manager at a compensation established by the Board of Managers, to perform such duties and services as the Board of Managers shall authorize. The Board of Managers may delegate to the manager or managing agent all of the powers granted to the Board of Managers by these By-laws other than the powers set forth in subdivisions (b), (e), (f), (g), (h), (j), (k), (n), (p) and (q) of Section 2 of this Article II.

Section 4. Election and Term of Office. The term of office of the members of the Board of Managers shall be one year. The members of the Board of Managers shall hold office until their respective successors shall have been elected by the unit owners.

Section 5. Removal of Members of the Board of Managers. At any regular or special meeting of unit owners, any one or more of the members of the Board of Managers other than a member designated by the Sponsor or its designee may be removed with or without cause by a majority of the unit owners and a successor may then and there or thereafter be elected to fill the vacancy thus created. Any member of the Board of Managers whose removal has been proposed by the unit owners shall be given an opportunity to be heard at the meeting. A member of the Board of Managers designated by the Sponsor or its designee may only be removed by the Sponsor or its designee, and only they shall have the right to designate a replacement. If a member of the Board of Managers ceases to be a unit owner or mortgagee (or a partner, officer, director, stockholder or employee of a partnership or corporate owner or mortgagee or fiduciary owner or mortgagee or a member of a limited liability company owner or mortgagee), unless such member is a designee of the Sponsor, he or she shall be deemed to have resigned effective as of the date such ownership or mortgage interest ceased.

Section 6. Vacancies. Vacancies in the Board of Managers caused by any reason other than the removal of a member thereof by a vote of the unit owners, shall be filled by vote of a majority of the remaining members at a special meeting of the Board of Managers held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board of Managers for the remainder of the term of the predecessor member and until a successor shall be elected at the next annual meeting of the unit owners. Notwithstanding

the foregoing, vacancies of members designated by the Sponsor or its designee shall be filled only by the sponsor or its designee.

Section 7. Organization Meeting. The first meeting of the members of the Board of Managers following each annual meeting of the unit owners shall be held within 10 days thereafter at such time and place as shall be fixed by a majority of the members of the Board of Managers and no notice shall be necessary to the newly elected members of the Board of Managers in order legally to constitute such meeting, provided that a majority of the entire Board of Managers shall be present thereat.

Section 8. Regular Meetings. Regular meetings of the Board of Managers may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Managers, but at least four such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Managers shall be given to each member of the Board of Managers, by mail or facsimile, at least three business days prior to the day named for such meeting.

Section 9. Special Meetings. Special meetings of the Board of Managers may be called by the President on three business days' notice to each member of the Board of Managers, given by mail or facsimile, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Managers shall be called by the President or Secretary in like manner and on like notice on the written request of at least three members of the Board of Managers.

Section 10. Waiver of Notice. Any member of the Board of Managers may at any time waive notice of any meeting of the Board of Managers in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Managers at any meeting of the Board shall constitute a waiver of notice of the time and place thereof. Any one or more members of the Board of Managers or any committee thereof may participate in a meeting of the Board or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at the meeting. If all the members of the Board of Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

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

Section 12. Fidelity Bonds. The Board of Managers shall obtain adequate fidelity bonds for all officers and employees of the Condominium and of the managing agent, if any, handling or responsible for Condominium funds. The premiums on such bonds shall constitute a common expense.

Section 13. Compensation. No member of the Board of Managers shall receive any compensation from the Condominium for acting as such.

Section 14. Liability of the Board of Managers. The members of the Board of Managers shall not be liable to the unit owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The unit owners shall indemnify and hold harmless each of the members of the Board of Managers against all liability to others arising from their acts as, or by reason of the fact that such person was, a member 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 within the scope of their authority. 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 or her interest in the common elements bears to the interests of all the unit owners in the common elements. Every agreement made by the Board of Managers or by the managing agent or by the manager on behalf of the Condominium shall provide that the members of the Board of Managers, or the managing agent, or the manager, as the case may be, are acting only as agents for the unit owners and shall have no personal liability thereunder (except as unit owners), and that any liability of a unit owner thereunder shall be limited to such proportion of the total liability thereunder as his or her interest in the common elements bears to the interests of all unit owners in the common elements. Members of the Board of Managers designated by the Sponsor shall not incur any liability for self dealing in connection with any contract made by the Board of Managers on behalf of the unit owners with the Sponsor or an affiliate of the Sponsor, provided that any compensation paid under such contract shall be at then competitive rates for similar goods or services in the Borough of Brooklyn.

Section 15. Committees. The Board of Managers may by resolution create such committees as it shall deem appropriate and such committees shall have such powers and authority as the Board of Managers shall vest therein. The members of any such committee, at least one of whom shall be designated by the Sponsor or its designee, so long as the Sponsor or its designee has the right to designate a member of the Board, shall be appointed by the President of the Condominium. Such committees shall not have the power to determine the common charges and expenses, to adopt or amend the Rules and Regulations or to exercise any of the powers set forth in subdivisions (g), (h), (i), (l), (m), (n), (p), or (q) of Section 2 of Article II.

ARTICLE III

Unit Owners

Section 1. Annual Meetings. Within 30 days after title has been conveyed by the Sponsor to the purchasers of two units or six (6) months from the Consummation Date, whichever is earlier, the Sponsor shall call the first meeting of the unit owners. Thereafter,

annual meetings of the unit owners shall be held on the anniversary of the first meeting, unless such date shall occur on a Saturday or Sunday, in which event the meeting shall be held on the succeeding Monday. At such meetings the Board of Managers shall be elected by ballot of the unit owners in accordance with the requirements of Section 4 of Article II of these By-laws. So long as the Sponsor or its designee shall continue to own one unit or for five years after the Consummation Date under the Plan of Condominium Ownership, whichever is the earlier, the Sponsor or its designee shall have the right to elect a majority of the members of the Board of Managers. Thereafter the Sponsor will not be entitled to voting control of the Board of Managers. When the Sponsor or its designee no longer owns any units, it shall have no further right to elect any members of the Board of Managers. Members of the Board of Managers elected by the Sponsor or its designee shall serve for a term of one year. All other members of the Board of Managers shall be elected by the unit owners and shall serve for a term of one year. The unit owners may transact such other business at such meetings as may properly come before them.

Section 2. Place of Meetings. Meetings of the unit owners shall be held at the principal office of the Condominium or at such other suitable place convenient to the unit owners as may be designated by the Board of Managers.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the unit owners if so directed by resolution of the Board of Managers or upon a petition signed and presented to the Secretary by not less than three unit owners. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. The Secretary shall mail a notice of each annual or special meeting of the unit owners at least 10 but not more than 20 days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each unit owner of record, at the Property or at such other address as such unit owner shall have designated by notice in writing to the Secretary. If the purpose of any meeting shall be to act upon a proposed amendment to the Declaration or to these By-laws, the notice of meeting shall be mailed at least 30 days prior to such meeting. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice.

Section 5. Adjournment of Meetings. If any meeting of unit owners cannot be held because a quorum has not attended, a majority of the unit owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

Section 6. Order of Business. The order of business at all meetings of the unit owners shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting.
- (c) Reading of minutes of preceding meeting.

- (d) Reports of officers.
- (e) Report of Board of Managers.
- (f) Reports of committees.
- (g) Appointment of inspectors of election (when so required).
- (h) Election of members of the Board of Managers (when so required).
- (i) Unfinished business.
- (j) New business.

Section 7. Title to Units. Title to units may be taken in the name of an individual or in the names of two or more persons, as tenants in common or as joint tenants or as tenants by the entirety, or in the name of a corporation, partnership, or limited liability company or in the name of a fiduciary or any other entity capable of taking title to a unit (except a foreign government).

Section 8. Voting. The owner or owners of each unit (except the Board of Managers or its designee) or some person designated by such owner or owners to act as proxy on his or their behalf and who need not be an owner, shall be entitled to cast the votes appurtenant to such unit at all meetings of unit owners. The designation of any such proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary by the owner or owners so designating. Any or all of such owners may be present at any meeting of the unit owners and (those constituting a group acting unanimously) may vote or take any other action as a unit owner either in person or by proxy. Each unit owner (including the Sponsor and its designee, if the Sponsor or its designee shall then own one or more units) shall be entitled to designate one member of the Board and shall be entitled to cast one vote at all meetings of the unit owners. A fiduciary shall be the voting member with respect to any unit owned in a fiduciary capacity.

Section 9. Majority of Unit Owners. As used in these By-laws the term "a majority of unit owners" shall mean four unit owners present in person or by proxy and voting at any meeting of the unit owners.

Section 10. Quorum. Except as otherwise provided in these By-laws, the presence in person or by proxy of four unit owners shall constitute a quorum at all meetings of the unit owners.

Section 11. Majority Vote. The vote of a majority of unit owners at a meeting at which a quorum shall be present shall be binding upon all unit owners for all purposes except where in the Declaration or these By-laws or by law, a higher percentage vote is required.

Section 12. Action Without Meeting. Any action required or permitted to be taken by the unit owners may be taken without a meeting if the number of unit owners required by the Declaration, these By-laws or applicable law consent in writing to the adoption of a

depositories as may from time to time be designated by the Board of Managers, and he shall, in general, perform all the duties incident to the office of treasurer of a stock corporation organized under the Business Corporation law of the State of New York.

Section 8. Agreements, Contracts Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed by any two officers of the Condominium or by such other person or persons as may be designated by the Board of Managers.

Section 9. Compensation of Officers. No officer shall receive compensation from the Condominium for acting as such.

ARTICLE V

Operation of the Property

Section 1. Determination of Common Expenses and 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 to meet the common expenses of the Condominium, and allocate and assess such common charges and expenses among the unit owners as provided in the Declaration and these By-laws according 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 Section 2 of this Article V and the fees and disbursements of the Insurance Trustee. 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 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 by the Board of Managers or its designee, corporate or otherwise, on behalf of the unit owners, of any unit whose owner has elected to sell or lease such unit or of any unit which is to be sold at a foreclosure or other judicial sale. The 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. That portion of the common charges which is allocated by the Board of Managers to principal payments on indebtedness or for capital improvements shall be treated upon the books of the Condominium as capital contributions.

The Sponsor or its designee shall be responsible for the common charges assessed against each unit owned by it 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 and to the extent determined by the Board of Managers to be appropriate or relevant, the following insurance: (a) fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring the Building (including all of the units and the bathroom and kitchen fixtures installed therein on the date of recordation of the

Declaration, partitions, floors and ceilings within the units, but not including furniture, furnishings or other personal property supplied or installed by unit owners), together with all service machinery contained therein, and covering the interests of the Condominium, the Board of Managers and all unit owners and their mortgagees, as their interests may appear, in an amount equal to the full replacement value of the Building (exclusive of the cost of excavation and foundations), without deduction for depreciation; each of said policies shall contain a New York standard mortgagee clause in favor of each mortgagee of a unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee hereinafter set forth; (b) worker's compensation insurance (c) boiler and machinery insurance; (d) water damage legal liability insurance; (e) flood insurance and (f) such other insurance as the Board of Managers may determine. All such policies of casualty insurance shall provide that adjustment of loss shall be made by the Board of Managers and that the net proceeds thereof, if \$10,000 or less, shall be payable to the Board of Managers, and if more than \$10,000 shall be payable to the Insurance Trustee.

The initial amount of fire insurance shall be in at least the sum of \$500,000.00 subject to change by the Board of Managers elected by the unit owners.

All policies of physical damage insurance shall contain waivers of subrogation and waivers of any defense based on co insurance or of invalidity arising from any acts of the insured, or of pro rata reduction of liability, and shall provide that such policies may not be cancelled or substantially modified without at least 10 days' prior written notice to all of the insureds, including all mortgagees of units. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premium shall be delivered to all mortgagees of units at least 10 days prior to expiration of the then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Managers shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the Building (exclusive of the cost of excavation and foundations) including all of the units and all of the common elements therein, without deduction for depreciation, for the purpose of determining the amount of fire insurance to be effected pursuant to this Section.

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable, flood insurance and public liability insurance in such limits as the Board of Managers may from time to time determine, covering each member of the Board of Managers, the managing agent, the manager, and each unit owner. Such public liability coverage shall also cover cross liability claims of one insured against another. The Board of Managers shall review such limits once each year. Such public liability insurance shall be initially in a single limit of \$1,000,000 (\$2,000,000 aggregate) covering all claims for bodily injury or property damage arising out of one occurrence, subject to change by the Board of Managers elected by the unit owners.

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

The Board of Managers shall have the right to require each unit owner to carry at such owner's expense such additional insurance covering each member of the Board of Managers, the managing agent, the manager and each unit owner as may be reasonably required with due regard being given to the use and occupancy of the unit from time to time. If the owner of a unit shall object to the requirement of the Board of Managers with respect to such additional insurance, the dispute shall be submitted to the American Arbitration Association for arbitration, and the determination made in such arbitration shall be binding and conclusive on the parties. The cost of such arbitration shall be borne equally by the parties.

Section 3. Repair Or Reconstruction After Fire or Other Casualty. In the event of damage to or destruction of the Building as a result of fire or other casualty (unless such damage or destruction shall give a unit owner or lienor a right of partition as provided by Article 9-B of the Real Property Law of the State of New York), the Board of Managers shall arrange for the prompt repair and restoration of the Building (including any damaged units, and any kitchen or bathroom fixtures installed therein on the date of recordation of the Declaration, and partitions, floors and ceilings within the unit, but not including any wall, ceiling, or floor decorations or coverings or other furniture, furnishings, fixtures, appliances or equipment supplied or installed by unit owners), and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a common expense and the Board of Managers may assess all the unit owners for such deficit as part of the common charges.

If, as the result of damage to or destruction of the Building by fire or other casualty, the Property becomes subject to an action for partition at the suit of any unit owner or lienor as if owned in common, in accordance with the provisions of Article 9-B of the Real Property Law of the State of New York, the Property will not be repaired and the net proceeds of sale, together with the net proceeds of insurance policies (or if there shall have been a repair or restoration pursuant to the first paragraph of this Section 3, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration, then the excess of such insurance proceeds) shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among all the unit owners in proportion to their respective common interests, after first paying out of the share of each unit owner the amount of any unpaid liens on his or her unit, in the order of the priority of such liens.

Section 4. Payment of Common Charges. Each unit owner shall be obligated to pay the common charges allocated to his or her unit pursuant to the provisions of Section 1 of this Article V at such time or times as the Board of Managers shall determine. Notwithstanding anything to the contrary contained in this Section 4, if any unit is used for any purpose which increases the operating expenses of the Building, the owner of such unit will be responsible for payment of the increased cost.

No unit owner shall be liable for the payment of any part of the common charges assessed against his or her unit subsequent to a sale, transfer or other conveyance (made in accordance with the provisions of Section 1 of Article VII of these By-laws) of such unit, together with the Appurtenant Interests, as defined in Section 1 of Article VII hereof. In addition, any unit owner may, subject to the terms and conditions specified in these By-laws, provided that

his or her unit is free and clear of liens and encumbrances other than a permissible mortgage and the statutory lien for unpaid common charges, convey his or her unit, together with the "Appurtenant Interests," to the Board of Managers, or its designee, corporate or otherwise, on behalf of all other unit owners, and in such event be exempt from common charges thereafter assessed. A purchaser of a unit shall be liable for the payment of common charges assessed against such unit prior to the acquisition by him of such unit, except that a first mortgagee or a purchaser of a unit from a first mortgagee at a foreclosure sale of such unit shall not be liable for and such unit shall not be subject to a lien for the payment of common charges assessed prior to the foreclosure sale (except for common charges assessed prior to the date of the first mortgage).

Section 5. Collection of Common Charges and Assessments. The Board of Managers shall assess common charges against the unit owners from time to time and at least annually and shall take prompt action to collect any common charge or assessment due from any unit owner which remains unpaid for more than 30 days from the due date for payment thereof.

Section 6. 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 owner shall be obligated to pay interest at the maximum legal rate on such common charges or assessments from the due date thereof, together with all expenses, including attorneys' 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 attorneys' 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, or pursuant to Section 6 of this Article V.

Section 7. Foreclosure of Liens for Unpaid Common Charges and Assessments. In any action brought by the Board of Managers to foreclose a lien on a unit because of unpaid common charges or assessments, the unit owner shall be required to pay a reasonable rental for the use of his or her unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board of Managers, acting on behalf of all unit owners, shall have power to purchase such unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to (other than for the election of members of the Board of Managers), convey or otherwise deal with the same. A suit to recover a money judgment for unpaid common charges or assessments shall be maintainable without foreclosing or waiving the lien securing the same.

Section 8. Statement of Common Charges. The Board of Managers (or a managing agent on its behalf) shall promptly provide any unit owner so requesting the same in writing, with a written statement of all unpaid common charges and other sums due from such unit owner.

Section 9. Abatement and Enjoinment of Violations by Unit Owners. The violation by the owner of any unit of any rule or regulation adopted by the Board of Managers, or the breach by any unit owner of any By-law contained herein, or any provision of the

Declaration, shall give the Board of Managers the right, in addition to any other rights set forth in these By-laws:

(a) upon reasonable notice to the unit owner, to enter the unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting unit owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof (provided, however, that no prior notice shall be required in the event that the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the Property or for the safety of the 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 10. Maintenance and Repairs. (a) All maintenance of and repairs to any unit, structural or nonstructural, ordinary or extraordinary (other than maintenance of and repairs to any common elements contained therein or appurtenant thereto and not necessitated by the negligence, misuse or neglect of the owner of such unit) shall be made by the owner of such unit. Each unit owner shall be responsible for all damages to any and all other units and/or to the common elements that his or her failure so to do may engender.

(b) All maintenance, repairs and replacements to the common elements (other than non-structural maintenance and repairs to limited common elements), whether located inside or outside of the units (unless necessitated by the negligence, misuse or neglect of a unit owner, in which case such expense shall be charged to such unit owner), shall be made by the Board of Managers and be charged to all the unit owners as a common expense.

(c) All non-structural maintenance and repairs (but not replacements) to limited common elements shall be made by the unit owner having the exclusive right of use thereof at the expense of such unit owner.

Section 11. Limited Common Elements. The limited common elements are defined and described in Paragraph 7 of the Declaration.

Section 12. 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 provisions:

(a) The units in the Building shall be used for residences only, except that (i) while the Sponsor or its designee owns any unit, it shall have the right to use such unit for general and sales office purposes, as models and for other promotional purposes in connection with the sale or lease of units and (ii) a unit may be used for professional offices with the prior written consent of the Board of Managers if permitted by law.

(b) No nuisances shall be allowed on the Property nor shall any use or practice be allowed which interferes with the peaceful possession or proper use of the Property by its residents or occupants.

(c) No immoral, improper, offensive, or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with 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.

(d) No portion of a unit (other than the entire unit) may be rented, nor may any unit be rented on a daily or weekly basis. However, a unit owner which is a corporation, partnership or limited liability company may allow its employees to reside in its units in the Building.

(e) Rules and regulations concerning the use of the units and the limited common elements may be promulgated and amended from time to time by the Board of Managers provided that copies are furnished to each unit owner not less than five days prior to the time that they become effective. Any rule or regulation may be rescinded by vote of four or more of the unit owners at a meeting duly called for that purpose. The initial rules and regulations are attached hereto as Exhibit A.

Section 13. Additions, Alterations or Improvements by Board of Managers. Additions, alterations or improvements to the common elements may be made by the Board of Managers without the approval of the unit owners if the cost is \$10,000 or less, but only with the approval of four or more unit owners if the cost is more than \$10,000.

Section 14. Additions, Alterations or Improvements by Unit Owners. No unit owner shall install any appliance (except a comparable replacement for an existing appliance) or make any structural addition, alteration or improvement in or to his or her unit or any addition, alteration or improvement which may affect the value of other units without the prior written consent of the Board of Managers. The Board of Managers shall have the obligation to answer any written request by a unit owner for approval of a proposed installation or structural addition, alteration or improvement in such unit owner's unit within 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 installation, addition, alteration or improvement. Any application to any department of the City of New York or to any other governmental authority for a permit to make an installation, 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, materialman, architect or engineer on account of such installation, 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 Section 14 shall not apply to a unit owned by the Sponsor or its designee.

If not prohibited by law, the Sponsor or its designee shall have the right, without the consent of the Board of Managers, other unit owners or the holders of unit mortgages, to: (i) make alterations, additions or improvements, structural and non structural, ordinary and extraordinary, interior and exterior, in, to and upon any unit in the Building owned by it; (ii) change the layout or number of rooms in a unit in the Building; (iii) change the size and/or

number of such units in the Building by subdividing a unit, combining separate units (including those resulting from such subdivision or otherwise) into one or more units, altering the boundary walls between units or otherwise; and (iv) reapportion among the units affected by such change their appurtenant interests in the common elements, provided, however, that in each instance the Sponsor or its designee shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Board of Managers and all other unit owners harmless from any liability arising therefrom and further provided that in no event shall any subdivision result in a greater percentage of common interests for the total of the new units created by such subdivision than existed for the original unit before such subdivision.

The Board of Managers shall execute any application or other document required to be filed with any governmental authority having or asserting jurisdiction in connection with any such installation or structural addition, alteration or improvement made by the Sponsor or its designee to any unit, provided, however, that neither the Board of Managers nor the other unit owners shall be subjected to any expense or liability by virtue of the execution of the application or such other document.

Non-structural alterations and improvements to units in the Building that do not affect the exterior of the Building, the systems of the Building or any of the common elements may be made without the prior approval of the Board of Managers.

Section 15. Use of Common Elements and Facilities. (a) A unit owner shall not place or cause to be placed in the vestibules, public halls, stairways, or other common areas or common facilities, other than the areas designated as storage areas, any furniture, packages or objects of any kind. The vestibules, public halls and stairways shall be used for no purpose other than for normal transit through them.

(b) The common elements and facilities shall be used only for the furnishing of the services and facilities for which they are reasonably suited and capable. No unit owner shall make any addition, alteration, improvement or change in or to any common element or limited common element without the prior written consent of the Board of Managers (and the holders of unit mortgages, if required).

(c) While the Sponsor or its designee owns any unit it shall have the right to maintain general and sales offices on or about the Property, to have employees present on the Property, to use the common elements and the limited common elements and to do all things necessary or appropriate to sell or lease units, including, without limitation, the right to erect and maintain signs on exterior portions of the Building and elsewhere on the Property, but the Sponsor shall be obligated to repair and maintain the portions of the Property used by it for such purpose so long as such use by the Sponsor or its designee shall continue.

Section 16. Right of Reasonable Access. A unit owner shall grant a right of access to his or her unit to any person authorized by the Board of Managers, the manager 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 the Building, or to correct

any condition which violates the provisions of any mortgage covering another unit, 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, whether the unit owner is present at the time or not.

Section 17. Water Charges and Sewer Rents. Water shall be supplied to all of the units and the common elements through one or more building meters and the Board of Managers shall pay, as a common expense of the unit owners, all charges therefor, 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 (or the managing agent on its behalf) 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 unit as of the date of closing of title to such unit, and payable by the Board of Managers, promptly after such charges shall have been billed by the City Collector.

Section 18. Gas and Electricity. Gas and electricity shall be supplied to each unit through a separate meter or meters and each unit owner shall pay all charges therefor directly to the public utility company.

ARTICLE VI

Mortgages

Section 1. Notice to Board of Managers. 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 conformed 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 or Other Default. The Board of Managers, whenever so requested in writing by a mortgagee of a unit, shall promptly report any then unpaid common charges due from or any other default by the owner of the mortgaged unit.

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 theretofore 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, but not more often than once a month.

ARTICLE VII

Sales, Leases and Mortgages of Units

Section 1. Sales and Leases. (a) No unit owner may sell his or her unit or any interest therein except by complying with the following provisions:

Any unit owner who receives a bona fide offer (hereinafter called an "Outside Offer") for the sale of his or her unit together with: (i) the undivided interest in the common elements appurtenant thereto; (ii) the interest of such unit owner in any units theretofore acquired by the Board of Managers, or its designee, on behalf of all unit owners, or the proceeds of the sale or lease thereof, if any; and (iii) the interest of such unit owner in any other assets of the Condominium (hereinafter collectively called the "Appurtenant Interests"), which he or she intends to accept, shall give notice to the Board of Managers of such offer and of such intention, the name and address of the proposed purchaser, the terms of the proposed transaction and such other information as the Board of Managers may reasonably require, and shall offer to sell such unit, together with the Appurtenant Interests, to the Board of Managers, or its designee, corporate or otherwise, on behalf of the owners of all other units, on the same terms and conditions as contained in such Outside Offer. The giving of such notice shall constitute a warranty and representation by the unit owner who has received such offer, to the Board of Managers on behalf of the other apartment unit owners, that such unit owner believes the Outside Offer to be bona fide in all respects. Within 30 days after receipt of such notice, the Board of Managers may elect, by notice to such unit owner, (i) to purchase such unit, together with the Appurtenant Interests, (or to cause the same to be purchased by its designee, corporate or otherwise), on behalf of all other unit owners, on the same terms and conditions as contained in the Outside Offer and as stated in the notice from the offering unit owner, or (ii) to produce a purchaser who will purchase such unit, together with the Appurtenant Interests, on the same terms and conditions as contained in the Outside Offer and as stated in the notice from the offering unit owner. In the event the Board of Managers shall elect to purchase such unit, together with the Appurtenant Interests, or to cause the same to be purchased by its designee, corporate or otherwise, title shall close at the office of the attorneys for the Condominium in accordance with the terms of the offer but not less than 60 days after the giving of notice by the Board of Managers of its election to accept such offer. At the closing, the unit owner shall convey the unit and Appurtenant Interests to the Board of Managers or to its designee, on behalf of all other unit owners, by deed in the form required by Section 339-o of the Real Property Law of the State of New York, and shall pay all New York City and State Real Property Transfer taxes and all other taxes arising out of such sale. Real estate taxes, mortgage interest and common charges and expenses shall be apportioned between the unit owner and the Board of Managers, or its designee, as of the closing date. In the event the Board of Managers or its designee shall fail to accept such offer or to produce a purchaser within 30 days as aforesaid or fails to act within said 30-day period, the offering unit owner shall be free to contract to sell such unit, together with the Appurtenant Interests, within sixty days after the expiration of the period in which the Board of Managers or its designee might have accepted such offer, to the Outside Offeror or, on the terms and conditions set forth in the notice from the offering unit owner to the Board of Managers of such Outside Offer. Any such deed to an Outside Offeror shall provide that the acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the Bylaws and the Rules and Regulations, as the same may be amended from time to time. In the

event the offering unit owner shall not, within such 60-day period, contract to sell such unit, together with the Appurtenant Interests, to the Outside Offeror or on the terms and conditions contained in the Outside Offer, or if the unit owner shall so contract to sell the unit and the Appurtenant Interests within such 60-day period, but such sale shall not be consummated pursuant to the terms of such contract, then should such offering unit owner thereafter elect to sell such unit, together with the Appurtenant Interests, to the same or another Outside Offeror on the same or other terms and conditions, the offering unit owner shall be required to again comply with all of the terms and provisions of this Section I of this Article VII.

If the Board of Managers does not have sufficient funds on hand for the purchase of a unit which has been approved by four or more unit owners, the Board of Managers may assess the unit owners therefor in proportion to their respective interests.

Any purported sale of a unit in violation of this Section shall be voidable at the election of the Board of Managers.

(b) No unit owner may lease his or her unit except by complying with the following provisions:

Any unit owner who receives a bona fide offer for a lease of his or her unit which he or she intends to accept shall give notice to the Board of Managers of such offer and of such intention, the name and address of the proposed lessee, the terms of the proposed lease, references, and such other information as the Board of Managers may reasonably require. The Board of Managers shall from time to time prescribe a form upon which the aforesaid information shall be listed. No such lease of the unit shall be made without the prior written consent thereto of the Board of Managers. The Board of Managers shall, within 30 days after receipt of a fully completed application form, advise the unit owner in writing of its consent or refusal to consent and failure to so advise the unit owner within said period shall be deemed a consent to the said lease. In the event the Board of Managers consents to the proposed lease, the offering unit owner shall be free to lease such unit to the lessee named in said notice upon the terms and conditions set forth therein. The consent of the Board of Managers to a lease shall not in any way be construed to relieve the unit owner from obtaining the consent of the Board of Managers to another lease and a unit owner who subsequently desires to lease such unit shall be required again to comply with all the terms and provisions of this Section 2 of Article VII. Any such lease shall be consistent with these By-laws and shall provide that it may not be modified, amended, extended or assigned, without the prior consent in writing of the Board of Managers, that the tenant shall not sublet the demised premises, or any part thereof without the prior consent in writing of the Board of Managers, that the Board of Managers shall have the power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of default by the tenant in the performance of such lease, and that the Board of Managers shall have the right to terminate the lease on not less than 30 days' prior written notice upon foreclosure of the lien granted by Section 339-z of the Real Property Law of the State of New York. Except as hereinbefore set forth, the form of any such lease shall be the then current form of condominium lease recommended by The Real Estate Board of New York, Inc., with such modifications as shall be approved in writing by the Board of Managers.

If the Board of Managers does not consent to the proposed lease, it shall within said 30-day period either (i) produce a tenant for the unit on the same terms as stated in the unit owner's notice to the Board of Managers or (ii) agree to lease the unit on behalf of all other unit owners on the same terms as stated in the unit owner's notice to the Board of Managers. The Board of Managers may not, however, lease a unit without the approval of four or more unit owners. If the Board of Managers does not have sufficient funds on hand for the lease of a unit which has been approved by four or more unit owners, the Board of Managers may assess the unit owners therefor in proportion to their respective interests. If the Board of Managers does not either produce a tenant or agree to lease the unit as set forth herein within the aforesaid 45-day period, the unit owner shall have the right to consummate the lease on the terms submitted to the Board of Managers.

Any purported lease of a unit in violation of this Section shall be voidable at the election of the Board of Managers.

Notwithstanding anything to the contrary contained herein, the Board of Managers may not assess the Sponsor as a unit owner in connection with the purchase or lease of a unit.

Section 2. Consent of Unit Owners to Purchase of Units By Board of Managers. The Board of Managers shall not exercise any right hereinabove set forth to purchase any unit without the prior approval of four or more unit owners.

Section 3. No Severance of Ownership. No unit owner shall execute any deed, mortgage or other instrument conveying or mortgaging title to his or her unit without including therein the Appurtenant Interests, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the Appurtenant Interests of any unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the unit to which such interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the Appurtenant Interests of all units.

Section 4. Release by Board of Managers of Right of First Refusal. The right of first refusal contained in Section 1 of this Article VII may be released or waived by the Board of Managers, in which event the unit, together with the Appurtenant Interests, may be sold, conveyed or leased free and clear of the provisions of such Section. Such release shall be furnished in recordable form without charge.

Section 5. Certificate of Termination of Right of First Refusal. A certificate, executed in recordable form and acknowledged by the Secretary or an Assistant Secretary of the Condominium, stating that the provisions of Section 1 of this Article VII have been met by a unit owner, or have been duly waived by the Board of Managers, and that the rights of the Board of Managers thereunder have terminated, shall be conclusive upon the Board of Managers and the unit owners in favor of all persons who rely thereon in good faith. Such certificate shall be

furnished to any unit owner who has in fact complied with the provisions of Section I of this Article VII or in respect to whom the provisions of such Section have been waived, upon request.

Section 6. Financing of Purchase of Apartment Units by Board of Managers. Acquisition of units by the Board of Managers, or its designee, on behalf of all unit owners, may be made from the working capital and common charges in the hands of the Board of Managers, or if such funds are insufficient, the Board of Managers may levy an assessment against each unit owner in proportion to his or her ownership in the common elements, as a common charge, which assessment shall be enforceable in the same manner as provided in Sections 6 and 7 of Article V, or the Board of Managers, in its discretion, may borrow money to finance the acquisition of such unit, provided, however, that no financing may be secured by an encumbrance or hypothecation of any property other than the unit, together with the Appurtenant Interests, so to be acquired by the Board of Managers.

Section 7. Exceptions. The restrictions set forth in the provisions of Section 1 of this Article VII shall not apply with respect to (a) any sale or conveyance by a unit owner of his or her unit, together with the Appurtenant Interests, to his or her spouse or to any of his or her adult children or to his or her parent or parents or to his or her brothers or sisters, or any one or more of them, or (b) the sale or lease of a unit owned by the Sponsor or its designee, or (c) the acquisition, sale or lease of a unit, together with the Appurtenant Interests, by a mortgagee who shall acquire title to such unit by foreclosure or by deed in lieu of foreclosure.

Section 8. Gifts and Devises, etc. Any unit owner shall be free to convey or transfer his or her unit and Appurtenant Interests by gift, or to devise his or her unit and Appurtenant Interests by will, or to pass the same by intestacy, without restriction.

Section 9. Waiver of Right of Partition with respect to Such Units as are Acquired by the Board of Managers, or Its Designee, on behalf of all Unit Owners as Tenants in Common. In the event that a unit shall be acquired by the Board of Managers, or its designee, on behalf of all unit owners as tenants in common, all such unit owners shall be deemed to have waived all rights of partition with respect to such unit.

Section 10. Payment of Assessments. No unit owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his or her unit unless and until all unpaid common charges and assessments theretofore assessed by the Board of Managers against the unit shall have been paid and until all unpaid liens against such unit, except permitted mortgages, shall have been satisfied.

Section 11. Mortgage of Units. Each unit owner shall have the right to mortgage his or her unit without restriction.

ARTICLE VIII

Condemnation

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 \$10,000 or less, and to the Insurance

Trustee if such award amounts to more than \$10,000. If three or more of the unit owners duly and promptly approve the repair and restoration of such common elements, the Board of Managers 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 nine or more unit owners do not 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 disburse the net proceeds of such award in the same manner as they are required to distribute insurance proceeds where there is no repair or restoration of the damage, as provided in Section 3 of Article V of these By-laws.

ARTICLE IX

Records

Section 1. Records and Audits. The Board of Managers or the managing agent shall keep detailed records of the actions of the Board of Managers and the managing agent, minutes of the meetings of the Board of Managers, minutes of the meetings of the unit owners, and financial records and books of account of the Condominium, including a chronological listing of receipts and expenditures, as well as a separate account for each unit which, among other things, shall contain the amount of each assessment of common charges against such unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. An annual report of the receipts and expenditures of the Condominium audited by an independent certified public accountant, shall be rendered by the Board of Managers to all unit owners, promptly after the end of each fiscal year. The cost of such report shall be paid by the Board of Managers as a common expense.

ARTICLE X

Miscellaneous

Section 1. Notices. All notices hereunder shall sent by registered or certified mail to the Board of Managers c/o the managing agent, or if there be no managing agent, to the office of the Board of Managers or to such other address as the Board of Managers may hereafter designate from time to time, by notice in writing to all unit owners and to all mortgagees of units. All notices to any unit owner shall be sent by registered or certified mail to the Building or to such other address as may have been designated by him or her from time to time, in writing, to the Board of Managers. All notices to mortgagees of units shall be sent by registered or certified mail to their respective addresses, as designated by them from time to time, in writing, to the Board of Managers. All notices shall be deemed to have been given when mailed, except notices of change of address which shall be deemed to have been given when received.

Section 2. Invalidity. The invalidity of any part of these By-laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-laws.

Section 3. 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 these Bylaws, or the intent of any provision thereof.

Section 4. Gender. The use of the masculine gender in these By-laws shall be deemed to include the feminine or neuter gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 5. Waiver. No restriction, condition, obligation, or provision contained in these By-laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 6. Insurance Trustee. The Insurance Trustee shall be a bank or trust company in the City of New York, designated by the Board of Managers and having a capital, surplus and undivided profits of \$100,000,000 or more. In the event that the Insurance Trustee shall resign, the new Insurance Trustee shall also be a bank or trust company in the City of New York, designated by the Board of Managers and having a capital, surplus and undivided profits of \$100,000,000 or more. The Board of Managers shall pay the fees and disbursements of any Insurance Trustee and such fees and disbursements shall constitute a common expense of the Condominium.

ARTICLE XI

Amendments to By-laws

Section 1. Amendments to By-laws. Except as hereinafter provided otherwise, these By-laws may be modified or amended by the vote of eight unit owners at a meeting of unit owners duly held for such purpose, but only with the written approval of the holders of unit mortgages, if such approval is required.

The following provisions of these By-laws may not be amended without the consent in writing of the Sponsor or its designee as long as the Sponsor or its designee shall be the owner of one or more units:

A. Section 1 of Article III insofar as it provides that the Sponsor or its designee, so long as it is the owner of units, shall be entitled to elect or designate members of the Board of Managers;

B. Section 2 of Article II insofar as it provides that the Board of Managers may not exercise certain powers without the Sponsor's prior written consent until the Sponsor or its designee no longer owns two units or for five years after the Consummation Date of the Plan of Condominium Ownership, whichever is the earlier;

C. Section 8 of Article III insofar as it provides that the Sponsor or its designee, so long as it is the owner of one or more units, may vote the votes appurtenant thereto;

D. Section 14 of Article V insofar as it provides that the provisions of such Section shall not apply to any units owned by the Sponsor or its designee;

E. Section 15 of Article II insofar as they provide for representation of the Sponsor or its designee on any committee created by the Board of Managers so long as it is the owner of one or more units;

F. Section 7 of Article VII insofar as it provides that the provisions of Section 1 of Article VII shall not apply with respect to a sale or lease of a unit owned by the Sponsor or its designee;

G. This Article XI.

Notwithstanding anything to the contrary herein contained, no provision of these By-laws relating to the use of the units may be amended without the consent of every unit owner affected by such amendment.

ARTICLE XII

Conflicts

Section 1. Conflicts. These By-laws are set forth to comply with the requirements of Article 9-B of the Real Property Law of the State of New York. 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.

EXHIBIT A

RULES AND REGULATIONS FOR THE UNITS AND THE COMMON ELEMENTS IN CASTLES BY THE SEA CONDOMINIUM

1. The sidewalks, entrances, public halls, vestibules, corridors and stairways of the building shall not be obstructed or used for any other purpose than ingress to and egress from the units.
2. No article shall be placed in any of the halls or on any of the staircases, nor shall any exit be obstructed in any manner. Nothing shall be hung or shaken from the doors, windows, or the roof or placed upon the window sills of the building.
3. Children shall not play in the public halls, cellar space, building exits, building entrances, stairways, roof or roof landings.
4. No public hall of the building shall be decorated or furnished by any unit owner in any manner.
5. Each unit owner shall keep his or her unit in a good state of preservation and cleanliness, and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors or windows thereof, any dirt or other substance and shall comply with all laws relating to the recycling and collection of garbage and refuse.
6. No shades, venetian blinds, awnings or window guards shall be used in or about any unit except such as shall have been approved in writing by the Board of Managers or the managing agent or the manager, which approval may be granted or refused in the sole discretion of the Board of Managers or the managing agent, or the manager.
7. No radio or television aerial shall be attached to or hung from the exterior of the building and no awning, sign, notice, advertisement or illumination shall be inscribed or exposed on or at any window of a unit except such as shall have been approved in writing by the Board of Managers or the managing agent or the manager, which approval may be granted or refused in the sole discretion of the Board of Managers or the managing agent or the manager and except such sign, notice, advertisement or illumination as the Sponsor may place on or at any window of a unit owned by it or by its designee nor shall anything be projected from any window of a unit without similar approval.
8. No ventilator, air-conditioning unit, washing machine or other appliance shall be installed in a unit without the prior written approval of the Board of Managers or the managing agent or the manager as to the type, location and manner of installation of such appliance, which approval may be granted or refused in the sole discretion of the Board of Managers or the managing agent or the manager. Each unit owner shall keep any such approved appliance which protrudes from the window of the unit in good appearance and mechanical repair. No unit owner shall permit any such approved appliance to leak condensation, or to make any noise which may unreasonably disturb or interfere with the rights, comforts or conveniences of any other occupant of the building. If any approved appliance which protrudes from the

window of the unit shall become rusty or discolored, the unit owner shall have it painted in a good and workmanlike manner in the standard color selected by the Board of Managers for the building and if the unit owner shall fail to keep such approved appliance in good order and repair and properly painted, the Board of Managers or the managing agent or the manager, in their discretion, may remove such appliance from the window, charging the cost of removal to the unit owner, and the appliance shall not be replaced until it has been put in proper condition and only with the further written consent of the Board of Managers.

9. All radio, television or other electrical equipment of any kind or nature installed or used in each unit shall fully comply with all rules, regulations, requirements or recommendations of the New York Board of Fire Underwriters and the public authorities having jurisdiction, and the unit owner alone shall be liable for any damage or injury caused by any radio, television or other electrical equipment in such owner's unit.

10. No bicycles, scooters, baby carriages or similar vehicles shall be allowed to stand in the public halls, passageways, other public areas of the building.

11. No unit owner shall make or permit any disturbing noises in the building, or do or permit anything to be done therein which will interfere with the rights, comforts or conveniences of other unit owners. No unit owner shall play upon or suffer to be played upon any musical instrument, or operate or permit to be operated a phonograph or a radio or television set or other loud speaker in such owner's unit, if the same shall disturb or annoy other occupants of the building, and in no event shall practice or suffer to be practiced either vocal or instrumental music between the hours of ten P.M. and the following nine A.M.

12. No more than one bird, reptile, dog, cat or other animal shall be permitted, kept or harbored in any unit unless the same in each instance be expressly permitted in writing by the Board of Managers or the managing agent or the manager and such consent, if given, shall be revocable by the Board of Managers or the managing agent or the manager in their sole discretion, at any time. In no event shall any bird, reptile or animal be permitted in any of the public portions of the building, unless carried or on leash.

13. No bulky refuse from the units shall be left for disposal in the public halls of the building except at such times and in such manner as the Board of Managers or the managing agent or the manager may direct.

14. Water closets and other water apparatus in the building shall not be used for any purpose other than those for which they were designed, nor shall any sweepings, rubbish, rags or any other article be thrown into the same. Any damage resulting from misuse of any water closets or other apparatus in a unit shall be repaired and paid for by the owner of such unit.

15. The agents of the Board of Managers or the managing agent, and any contractor or workman authorized by the Board of Managers or the managing agent or the manager, may enter any unit in the building at any reasonable hour of the day for the purpose of inspecting such unit for the presence of any vermin, insects or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin.

16. Corridor doors and roof doors shall be kept closed at all times except when in actual use for ingress or egress to and from public corridors.

17. The Board of Managers or the managing agent or the manager may retain a pass key to each unit. The unit owner shall not alter any lock on any door leading to his or her unit without the prior written consent of the Board of Managers, the managing agent or the manager.

18. No vehicle belonging to a unit owner or to a member of the family or guest, tenant or employee of a unit owner shall be parked in such manner as to impede or prevent ready access to the building's entrances or exits.

19. The Board of Managers or the managing agent or the manager may from time to time curtail or relocate any space devoted to storage or service purposes for the unit owners.

20. Any consent or approval given under these rules and regulations may be added to, amended or repealed at any time by resolution of the Board of Managers.

21. Clothes and other articles shall not be dried or aired on the roof or from the windows, terraces or balconies.

22. No garbage cans, ice, mats or other articles shall be placed in the halls or on the staircase landings, nor shall anything be hung from the windows, or placed upon the window sills. Empty milk bottles shall be placed in the halls only during hours specified by the Board of Managers, nor shall any linens, cloths, clothing, curtains, rugs or mops be shaken or hung from or on any of the windows or doors.

23. Unit owners, their families, guests, servants, employees, agents, visitors or licensees shall not at any time or for any reason whatsoever enter upon or attempt to enter upon the roof of the building.

24. Unit owners shall not cause or permit any unusual or objectionable noise or odors to be produced upon or to emanate from their units.

25. No unit owner or any of his or her agents, servants, employees, licensees or visitors shall at any time bring into or keep in his or her unit any inflammable, combustible or explosive fluid, material, chemical or substance, except for normal household use.

26. If any key or keys are entrusted by a unit owner or by any member of his family or by his agent, servant, employee, licensee or visitor to an employee of the Board of Managers or of the managing agent, whether for such unit owner's unit or an automobile, trunk or other item of personal property, the acceptance of the key shall be at the sole risk of such unit owner, and neither the Board of Managers nor the managing agent nor the manager shall be liable for injury, loss or damage of any nature whatsoever, directly or indirectly resulting therefrom or connected therewith.

27. Unit owners will not clean, nor require, permit, suffer or allow any windows to be cleaned from the outside in violation of Section 202 of the Labor Law or of the rules of the Board of Standards and Appeals or of any other board or body having or asserting jurisdiction.

The Floor Plans referred to in the foregoing Declaration were filed in the Office of the City Register, County of Kings, on _____, as Condominium Plan No. _____.

City Register

JJ. GENERAL DESCRIPTION AND OUTLINE SPECIFICATIONS

The Sponsor hereby adopts the following General Description and Outline Specifications and represents that it has no knowledge of any material defects or need for major repairs to the Property. Any notices of building code violations or other violations of law which have been received with respect to the Property will be cured by the Sponsor at its sole expense.

Prior to the issuance of a permanent C of O the following items must be installed:

- 1) New sidewalks and curbs.
- 2) New Storms and sanitary sewer connections
- 3) New water service and meters.
- 4) New gas service, meters, boilers, and hot water heaters and baseboard radiators.
- 5) Interior partitioning.
- 6) Interior dry wall work.
- 7) Stair installation.
- 8) Kitchen installations
- 9) Bathroom installations.
- 10) Finish flooring installations.
- 11) Painting installations.
- 12) Footings, Foundations.
- 13) Structural tiers and building envelope.
- 14) Roof enclosure.
- C) SEE ATTACHED SHEETS.

FOR EXISTING BUILDING STATE

- 1) YEAR BUILT; PROBABLE COMPLETION IN FEBRUARY 2002
- 2) CLASS OF CONSTRUCTION ID
- 3) CERTIFICATE OF OCCUPANCY, TYPE AND NUMBER: NOT SECURED
- 4) ALTERATION PERMIT NUMBERS AND DESCRIPTION OF WORK:
(Erection of (1) New 4 Family Building)
300640714
- (C) SITE:
LOTS 190 BLOCK 8800
- 1) SIZE; 57'0 X 50'-0" - LOT
- 2) NUMBER OF BUILDINGS AND USE; ONE BUILDING EACH LOT - CLASS
"A"
4 FAMILY MULTIPLE DWELLING (TOTAL 1 BUILDING)
- 3) STREETS; BATCHELDER STREET
60' WIDE PUBLIC STREET
 - I) PAVING (MATERIAL AND CONDITION) ASPHALT - GOOD CONDITION
 - II) CURBING (MATERIAL AND CONDITION) - CONCRETE - TO BE NEW
 - III) CATCH BASINS, DRAINAGE (NUMBER, LOCATION AND CONDITION)
NONE
 - IV) STREET LIGHTING (MATERIAL, TYPE, NUMBER, LOCATION AND
CONDITION). STANDARD N.Y.C. STREET LIGHTING ON TIMBER
UTILITY POLES
- 4) DRIVES, SIDEWALKS AND RAMPS;
 - I) PAVING (MATERIAL AND CONDITION) -CONCRETE - NEW
 - II) CURBING (MATERIAL AND CONDITION) - CONCRETE - NEW
 - III) CATCH BASINS, DRAINAGE (NUMBER, LOCATION AND CONDITION)
NONE
 - IV) STREET LIGHTING (MATERIAL, TYPE, NUMBER, LOCATION AND
CONDITION). STANDARD N.Y.C. STREET LIGHTING ON TIMBER
UTILITY POLES - ONE NEW INCANDESCENT DRIVEWAY LIGHT ABOVE
O.H. GARAGE DOOR.
- D) UTILITIES;
SEWER AND WATER SERVICE - N.Y.C. DEPARTMENT OF ENVIRONMENTAL
PROTECTION - WATER BOARD. THIS IS A PUBLIC UTILITY.
GAS SERVICE - BROOKLYN UNION GAS COMPANY, WHICH IS A PUBLIC
UTILITY

ELECTRIC SERVICE - Consolidated Edison of N.Y., which is also a public utility.

TELEPHONE SERVICE - Bell Atlantic, another public utility company

All of the above utilities are metered individually except for the combined water and sewerage bills which are metered collectively and will have to be apportioned to each apartment unit.

E) SUBSOIL CONDITIONS:

- 1) Load bearing capacity and porosity are sufficient to support the buildings footings and foundations. Soil capacity at a minimum is 2 tons per square foot of bearing area. Soil borings were performed by a licensed soil testing service and are part of the public record. There is no evidence of underground water problems at this time.
- 2) There is no evidence of moisture problems in the buildings since they are not erected. Provision has been made for two dual sump pumps and pits in cellar level for any unforeseen underground water conditions.
- 3) There is a potential danger from ocean flooding in this building due to lying in F.E.M.A. flood Zone "B" See Licensed Land Survey. Also, the situation where the NYC Storm Sewers in the street should clog and back up into the building is always a possibility. Provision has been made for two-dual sump pumps and pits in cellar level because of this potential flooding condition.

F) LANDSCAPING AND ENCLOSURES:

- 1) Grass cover in rear yard to be fully sodded over a minimum of 6" of topsoil.
- 2) No plantings of any type will be provided.
- 3) There will be no trees in front of the properties.
- 4) Fencing - None Provided
- 5) Gates - None
- 6) Garden walls - None
- 7) Retaining walls - Concrete as required along southern boundary of property.
- 8) Display pools and fountains - None

BUILDING HEIGHTS:

- 1) Total height from ground level to highest part of roof is
+- 35'-4".
- 2) Sub-sub cellar - None
- 3) Sub-cellar - None
- 4) a) Cellar - floor to ceiling height is +- 8' - 0"
b) Basement - floor to ceiling height is +- 8'-0"
- 5) First Floor - floor to ceiling height is 8' - 0".
- 6) Second floor - floor to ceiling height is 8'-0".
- 7) Third floor - floor to ceiling height is 8'-0".
- 8) Attic - None
- 9) Total number of floors - 3 floors plus basement and cellar level.
- 10) Penthouse - None
- 11) Equipment rooms - highest above roof - none
- 12) Parapet - Steel pipe rail fence or Brick parapet 3'-6" above roof at all facades.

H) OCCUPANCY

- 1) Number of units - 4 Class "A" apartments
- 2) 2822 Batchelder Street
Total number of residential rooms - cellar = 0 (Recreation room isn't counted)
Basement = (4) Four does not include recreation room in cellar.
First Floor = (4) Four
Second Floor = (4) Four
Third Floor = (4) Four

Total # of residential rooms = 16 rooms total.

Formula for calculation of rooms is that all occupiable rooms (ie. living rooms, dining rooms or dinettes, kitchen and bedrooms) were counted. Halls, bathrooms, laundry rooms, accessory storage rooms, porches, patios, recreation rooms, fire balconies and balconies were excluded from this count.

(I) STRUCTURAL SYSTEM:

FOUNDATIONS - Typical concrete spread footings will be installed on typical 2 ton per square foot soil bearing capacity stratum. All foundation walls are concrete walls of either 8" or 12" thicknesses as noted on architect's drawings.

1) Exterior of Buildings:

(i) All exterior walls will be constructed of 4" solid clay brick units with a 8" solid concrete load bearing block backup. The wythes of masonry are bonded together by standard galvanized durowall horizontal reinforcing placed every 16" O.C. vertically. The interior sides of the walls will be either constructed of 2"x 3" or 2" x 4"x wood studs @ 16" O.C. with full 3 1/2" fibrous insulation batts between studs for an R11 insulation factor. All interior wall surfaces receive a minimum 1/2" fire code "X" gypsum board sheathing. N.Y.C.'s Local Law 10 facade inspection doesn't apply to this application since the subject premises are under 6 stories in height.

(ii) All window masonry openings will be provided with either steel loose lintels as per the schedule of lintels or a combination of cast stone lintels and steel loose lintels for back-up block on the front facades. All windows are standard vinyl on wood framed double glazed vacuum glass inserts casement windows by MODEL PERMASHIELD Anderson Windows Inc., meeting or exceeding current N.Y. State Energy Construction Code guidelines. All windows are complete with metal insect screens. All window sills are 8" solid brick rowlock with integral Anderson vinyl on wood window sill. All windows come complete with standard manufacturers hardware and crank handles. These windows will withstand normal N.Y.C. severe weather conditions and are guaranteed by the manufacturer's warranties.

2) Parapets and Copings: All parapets are standard 8" thick brick parapets running common bond with header courses every 6th course. All coping on the flat roof portions are cast stone coping with galvanized steel dowels anchoring the coping sections to the brick parapet. The side walls of the party wall use aluminum or steel railing sections as per architect's drawings.

3) Chimneys and Caps: There are two chimney sections in this building. Each chimney will be 6" diameter approved type ameri-vent flues with approved type anti-down draft cap to be enclosed in a one hour fire rated incombustible partition enclosure as per NYC Board of Standards and Appeals approvals. The chimneys will serve the hot water boilers and hot water heaters which are all gas fired. There are no fireplaces in the subject premises.

4) Balconies and Terraces:

(i) The deck finish of all balconies will be non-slip broom swept concrete.

(ii) Balustrades of the balconies will be minimum 1 1/2" x 4" tubular steel or tubular aluminum.

(iii) Railings of the balconies will be minimum 1" square tubular aluminum or steel sections at 6" O.C.

(iv) Copings - None at Balconies.

(v) Soffits - Soffits of the balconies are portlant cement soffits on welded galvanized wire fabric.

(vi) Doors - All doors to the balconies are insulated double glass vinyl on wood sliding doors by "Atrium" or "Anderson" Window Inc. or equal.

5) Exterior Entrances:

(i) All exterior doors and frames shall be insulated steel or aluminum doors with insulated glass window lites in a steel frame with keyed lockset exterior dead bolt with electronic release and interior thumbscrew release hardware.

(ii) Vestibule doors and frames shall also be insulated steel doors with insulated glass window lites in a steel frame with no-keyed locking mechanism.

(iii) Exterior stairs - there are two sets of exterior stairs in the front of the building leading to the front entrance. The steps will be solid brick sidewalls with pre-cast concrete treads. There is a pair of concrete formed in place steps leading to the cellar at rear of building.

(iv) Railings on these steps will be tubular steel or aluminum balustrades with tubular steel vertical railing at 6" O.C. or equal.

(v) Mailboxes - United States Postal Service approved fully recessed (4) apartment steel type mailboxes located in the vestibule of the building.

(vi) Lighting - exterior lites in the front and sides and rear of the buildings will be H.I.D. sodium light fixtures with an incandescent pendant hunglight fixture in the recessed exterior vestibule niche.

6) Service Entrances:

There is no exterior service entrance. All service entries will be through the rear concrete stairs to the common cellar meter rooms and utility rooms.

7) Roof and Roof Structures:

(i) Type roofs for all areas:

The predominate roof for this building is standard flat roof at the entire building.

(a) Materials - Standard 15 year warranty on single ply rubberoid roof by Firestone, Inc.

(b) Insulation - Minimum 6" THICK R19 fibrous batt insulation will be installed between all roof joists.

(c) Surface Finish - Standard granular pebble surfacing

(d) Expected useful life - 15 years for flat rubberoid.

(e) Bond or guarantees -
General contractor's warranty of (5) years on all construction work and Firestone's Inc. Standard 15 year roof warranty on materials.

(f) Flashing Materials - Galvanized sheet metal at brick parapet walls and aluminum lap-lock panels at interior brick bearing wall.

(ii) Drains - a) There will be (2) 4" diameter cast iron roof drains in the front roof portions of each building and (2) in the rear roof. b) Cast iron (c) There are (2) aluminum leaders in the front portion and (2) aluminum leaders in the rear portions that the roof's drains connect to.

(iii) Skylights:

Location is at the 3rd floor stairwell roof.

Type - Fixed skylights - insulated slow burning plastic withstanding a minimum of 30 lbs/s.f. wind load.

Board of Standards and Appeals approved type for multiple dwelling usage.

Materials - Slow burning plastic.

(iv) Bulkheads:

- (a) Stairs - None
- (b) Elevators - None
- (c) Others - None

(v) Metal Work at Roof Levels:

- (a) Exterior metal stairs - None
- (b) Vertical ladders or goosenecks - Steel
- (c) Railings - Tubular steel or aluminum
- (d) Hatches to roof - Bilco steel access hatch - fireproof self closing in stairwells
- (e) Other - None

(vi) Rooftop Facilities - None Provided.

8) Fire-Escapes: - None provided.

- (i) Location - none provided.
- (ii) Floors covered - not applicable.
- (iii) Drop ladder - not applicable.
- (iv) Type - not applicable.
- (v) Materials - not applicable.

(9) YARDS AND COURTS:

FRONT YARD:

- (i) Concrete slab on grade paving material.
- (ii) Drainage - cast-iron area drains.
- (iii) Railings - none.
- (iv) Stairs - none - actual ramp down.
- (v) Fencing - none.
- (vi) Walls - brick faced concrete side wing walls.

REAR YARD:

- (i) Sodded grass surfacing material.
- (ii) Drainage by natural percolation to sub-soil.
- (iii) Railings - Steel pipe handrails at cellar steps to rear yard from cellar.
- (iv) Stairs - poured in place concrete steps.
- (v) Fencing - NONE
- (vi) Walls - concrete poured in place walls.

10) INTERIOR STAIRS:
EXIT STAIRS

- (i) Two exit stairs on each story from cellar to third floor level. (One exit stair per apartment wing or side).
- (ii) Enclosure - 2 hour rated partitions - metal stud and double 5/8" THICK firecode "X" gypsum board interior finishes each side.
- (iii) Stair construction - steel pan with non-slip cement treads - conventional construction.
- (iv) Stringers - steel channel stringers.
- (v) Treads - cement treads.
- (vi) Risers - closed steel pan.
- (vii) Guard rails - steel pipe - conventional 1½" steel pipe.

INTER-APARTMENT CONVENIENCE STAIR:

- (i) Two connecting convenience stairs at second and third floor duplex apartments.
- (ii) Enclosure - none - open stairwell.
- (iii) Construction - conventional steel framed stair.
- (iv) Stringers - Steel channel.
- (v) Treads - prefab oak treads or steel pan.
- (vi) Risers - standard pine wood closed risers
- (vii) Guardrails - pre-fab wood railings - 3'-6" high.
- (viii) Balustrades - solid oak or white pine.

11) INTERIOR DOORS AND FRAMES:

- (i) UNIT ENTRANCES 3/4 hour rated fireproof selfclosing Class "B" steel door and frame with NYC approved peephole and locksets.
INTERIOR DOORS - SOLID CORE WOOD (birch or pine) with wood frame un-rated doors optional 6 panel colonial.
- (ii) CORRIDOR DOORS - 3/4 hour rated steel fireproof selfclosing class "B" steel door and frame.
- (iii) STAIR HALL DOORS - 1½ hour rated steel fireproof selfclosing Class "A" door and steel frame or equal.
- (iv) ROOF DOORS - None
CELLAR DOORS - 3/4 hour rated fireproof selfclosing Class "B" steel door and frame or 1 1/2 hour Class "A" selfclosing steel doors and frames.

12) ELEVATORS:

- (i) Number of passenger elevators - none.
Number of freight elevators - none.
- (ii) Manufacturer of each and capacity - not applicable.
- (iii) Type of operation - not applicable.
- (iv) Automatic type of controls - not applicable.
- (v) Floors served - not applicable.
- (vi) Type hydraulic or gearless -not applicable.
- (vii) Door Type - not applicable.
- (viii) Machine room location - not applicable.

- (ix) DC to motor - not applicable.
- (x) AC to motor generator set - not applicable.
- (xl) Other comments - not applicable.

13) ELEVATOR CABS: - NONE

- (i) Kind - not applicable.
- (ii) Floor Material - not applicable.
- (iii) Walls - material - not applicable.
- (iv) Ceilings - material - not applicable.
- (v) Lighting - not applicable.

(J) AUXILIARY FACILITIES:

(1) LAUNDRY ROOMS

- (i) Each apartment has access to a designated laundry room for their use. There are (2) laundry rooms on cellar floors of the building and (2) laundry rooms on 3rd floors.
- (ii) Each laundry room has a dedicated 2" waste standpipe for suds zone control, hot and cold water supply lines with shut offs and dedicated electrical appliance outlets for clothes washer installation. Clothes washers are not provided but will be supplied by each individual apartment owner.
- (iii) Clothes dryer - each individual laundry room will have a dedicated electrical appliance outlet for future clothes dryer installation. Clothes dryers will not be provided but will be supplied by each individual apartment owner.
- (iv) Laundry Trays - none provided
- (v) Room ventilation - since there are no gas fired appliances (all electric) and the rooms are private there is no mechanical ventilation provided. Air will circulate through infiltration by door undercuts and door louvers.
- (vi) Clothes dryer ventilation - electrical clothes dryer doesn't require a gas flue to outer air. There will be a lint collector duct and flex duct connector to the individual exhaust risers to roof.

(2) REFUSE DISPOSAL:

- (i) Incinerators - none.
- (ii) Compactors - none.
- (iii) Approvals by authorities having jurisdiction - none required.
- (iv) Ultimate storage location - there is a space provision for (four) 32 gallon trash containers along the rear cellar stairs in the backyard of the building along the Gunnison Court walkway.
- (v) Pick-up Schedule - Public sanitation pick-up is provided twice weekly by the NYC Department of Sanitation.

(K) PLUMBING AND DRAINAGE

- (1) WATER SUPPLY - 8" Public NYC Water mains in Batchelder Street are the supplier of the water service to the subject premises. NYC maintains an average water pressure on this block

of approximately 55 PSI. There are no hydraulic pumps or water storage tanks required for this location. Water service into the buildings will either be 2" diameter or as provided by NYC Water Board.

(2) FIRE PROTECTION SYSTEM:

- (i) Standpipes - none provided.
- (ii) Hose racks - none provided.
- (iii) Sprinkler heads - Since there are cross over balconies, no sprinklers are required. None Provided
- (iv) Siamese Connection - None Provided

(3) WATER STORAGE TANKS AND ENCLOSURES:

- (i) Member - none provided.
- (ii) Materials - not applicable.
- (iii) Access to tank - not applicable.
- (iv) Capacity - not applicable.
- (v) Capacity fire reservoirs - not applicable.

(4) WATER PRESSURE:

Public NYC Water mains in Batchelder Street supply the water service to the subject pressure. Hydraulic pressure is maintained by the NYC Water Board. NYC currently maintains approximately an average water pressure in the general area of approximately 55 PSI subject to verification by Sponsor's N.Y.C. Licensed plumber.

(5) SANITARY SEWER SYSTEM:

The subject premises has a 6" house trap and house sewer connection which feeds by gravity to a 10" diameter public combined sewer in Batchelder Street. The NYC Public Sewer connects directly to a waste treatment plant either in Coney Island or The Knapp Street Sheepshead Bay Facility.

- (i) Sewerage Piping - extra heavy cast iron.
- (ii) Sewerage Pumps - no sewerage ejector pumps are required.
- (iii) Sewerage Disposal - directly to a NYC Public Waste Treatment Facility in Sheepshead Bay or Coney Island, Brooklyn, New York.

(6) PERMITS REQUIRED:

- a) 2822 Batchelder Street
approvals secured - permits issued.

(7) STORM DRAINAGE SYSTEM:

The subject premises leaders and downspouts and roof drains connect to a 6" diameter storm sewer house trap and house sewer which connects directly to the 15" diameter public combined sewer in Batchelder Street.

- (i) Catch Basins - none provided.

(ii) Yard and Roof Drains - (2) Roof drains in front of building lead to exterior aluminum leaders which connect to 4" diameter storm standpipes which connect to the storm house sewer. Two more additional aluminum leaders in the rear of house also connect to storm sewer lines in the cellar leading to storm house sewer connection.

(iii) Piping - extra heavy cast iron.

(iv) Ejector or Sump Pumps - none provided or required pending storm and sanitary sewer inverts verifications in field.

L) (1) HEATING: Separate individual conventional gas fired hot water baseboard system. Boiler's connected to provide heating to each apartment. Each apartment is also provided with a separate 40 gallon gas fired hot water heater for domestic hot water needs. Each apartment should reasonably have the capacity of (3) showers taken per unit prior to loss of hot water. The proposed heating system should adequately maintain comfortable conditions under anticipated NYC weather conditions.

(2) NUMBER OF BOILERS AND DESCRIPTION:

EACH APARTMENT - is provided with its own individual gas fired hot water boiler. There will be a total of (4) Four boilers in this building. Each apartment will have its own boiler room.

(3) MANUFACTURER OF BOILERS: (ALL UNITS LISTED OR "EQUAL").

Model Capacities: Unit #1 - Luxaire - Model PU HALD 12N080, 130,000 BTUH OUTPUT or equal. Unit #2 - Luxaire - Model PU HALD 12N080, 130,000 BTUH. Unit #3 - Luxaire - Model PU HALD 6N15 180,000 BTUH OUTPUT for triplex apartments. Unit #4 - Luxaire - Model PU HALD 6N15 180,000 BTUH OUTPUT for triplex apartments.

(4) MANUFACTURER OF BURNERS:

Unit #1 - Luxaire

Unit #2 - Luxaire

Unit #3 - Luxaire

Unit #4 - Luxaire

(5) TYPE OF CONTROLS:

Each apartment will be provided with its own individual single zone set back electronic time clock and thermostatic control devices.

(6) RADIATORS:

NOT APPLICABLE - Aluminum hot water baseboard convactor units are provided.

(7) FUEL Gas supply to hot air boilers and hot water heaters.

(8) LOCATION OF OIL TANK: None provided.

(9) CAPACITY OF OIL TANK: Not applicable.

(10) GAS 3/4" diameter supply lines to each unit with INDIVIDUAL shut off valves at all appliances; 1/2" diameter branch lines

(M) GAS SUPPLY:

(1) TYPE Public Utility supplied gas service by Brooklyn Union Gas Company will be provided to subject premises.

(2) METERS: Each apartment will have its own INDIVIDUAL gas meter located in the cellar monitoring gas consumption for heating domestic hot water, and cooking with exterior remote meter readers.

(3) PIPING: NYC approved black steel.

(N) AIR CONDITIONING: There is no central air conditioning system provided for in the subject premises. Developer is providing electrical Air Conditioning outlets for thru wall A/C Units sleeves.

(1) Type of System - Individual air cooled condensers- thru wall units supplied by each tenant.

(2) Central System - none.

(3) Cooling Towers - none provided.

(4) INDIVIDUAL Units - one unit per occupiable apartments rooms.

(O) VENTILATION: An independent kitchen exhaust system with exhaust fans is provided for each kitchen to exhaust air through ducts to a ventilation risers to roof. A identical mechanical riser and fan system is provided for all bathrooms without windows. There are no fireplaces in the subject premises.

(P) ELECTRICAL SYSTEM

(1) Service entrance main service switch gear is in the cellar - 150 amp, 200 voltage, 2 or 3 phase, circuit breakers, cut off distribution switches panels. All in cellar. All to be determined by CON EDISON.

(2) Service to each individual units - 150 amp service.

(3) Compartment Switch gear - All transformers and sectional meter boards at point of entry in cellar. There will be remote meter reading devices on exterior front wall for utility meter readers to monitor without entering building.

(4) Unit Service:

Ratings of main fuses - 300 AMP.

Circuit Breakers to units (20) 15 AMP circuit breakers with 150 AMP Main.

40 - 45 AMP - 2 pole - 220 - copper wire entrance wires for each unit.

ADEQUACY:

(i) Service - average of 15 circuits per apartment with the capacity to handle appliances, A/C units, dishwashers and electric clothes dryers.

(ii) Lighting and Fixtures - approximately 10 circuits will be provided for general and localized lighting.
(iii) Convenience outlets, appliance outlets - generally there will be an average of (4) outlets per room including (1) A/C outlet per occupiable room .

(6) INTER COMMUNICATION AND/OR DOOR SIGNAL - Conventional push button and door bell or chimes will be provided. Optional voice intercom will also be provided.

(Q) TELEVISION RECEPTION FACILITIES:

- (1) Master Antennae - none provided.
- (2) Cable T.V. - none provided.
- (3) Antennae by Tenants - optional if required by tenants.
- (4) Security Closed Circuit T.V. - none provided.

(R) PUBLIC AREA LIGHTING:

Exterior type-there are one exterior type incandescent driveway light fixture.. There will also be several H.I.D. exterior light fixtures provided in front of the building and at rear decks and all balconies. Throughout the stairwells and public hallways there will be distributed several interior type ceiling or wall mounted type incandescent fixtures meeting or exceeding NYC's requirements for illumination of public areas.

(S) GARAGES AND PARKING AREAS:

- (1) NO ACCESSORY GARAGE PROVIDED
- (2) Two Car open space parking in side yard of building.

(2) LOCATION OF PARKING AREAS:

There are no private parking areas designated on this site except for the previously noted two (2) car open space parking.

(3) SURFACES: concrete slab on grade ribbons.

(4) PARKING: Parking in the (2) car open space parking will be un-attended.

(5) GARAGE VENTILATION: Not Applicable

(6) GARAGE FIRE PROTECTION: Not Applicable

(7) DRAINAGE: To sodded sides and center section of concrete driveway ribbons.

(T) RECREATION FACILITIES:

- (1) Swimming Pools - none provided.
- (i) Enclosure - not applicable.
- (ii) Pumping and Filter System - not applicable.
- (2) Tennis Courts - none provided.
- (i) Type - not applicable.

- ii) Number and Size - not applicable.
- (iii) Lighting - not applicable.
- (iv) Fencing - not applicable

(T)

(3) OTHER - None.

(U) ADDITIONAL ITEMS:

(1) Applicable Permits: 2822 Batchelder Street.

NYC BUILDING DEPARTMENT REQUIRED PERMITS:

(i) General construction work permit versus New Building Application 300640714 have been secured. Permit is valid for one year from date of issuance and is renewable. Inspection is conducted by the construction division of the NYC Department of Buildings.

(ii) General Plumbing Work Permit - This accessory permit versus 300640714 is secured once general construction work permits are secured. Permit is valid for one year and is renewable. Inspection is conducted by the plumbing division of the N.Y.C. Department of Buildings.

(iii) General Electrical Work Permit - This accessory electrical permit versus 300640714 is secured once the general work permits are issued and secured. Permit is valid for one year. Inspection is conducted by the N.Y.C. Electrical Board inspectors which are a separate division of the N.Y.C. Human Resources Division, the parent agency of the N.Y.C. Department of Buildings.

There are no current open violations known at this time by this author.

(iv) General Sewer Site Connection Permits - Storm and Sanitary Sewer Connection permits are issued by the NYC Department of Environment Protection Agency - Bureau of Sewers and are good for 30 Calendar days. The N.Y.C. D.E.P. application #'s SCK238100SB are approved and good for 2 years from the date of approval of July 8, 1998 and must be reinstated by the sponsor's engineers of record, Michael Malik.

(v) General Highway Street Permits - Public sidewalk and street construction permits are issued by the N.Y.C. Department of Transportation and are good for 90 days. The N.Y.C. D.O.T. application #BMP01-88 are not yet filed and approved but will be valid for (1) year from date of approvals.

(V) UNIT INFORMATION: 2822 Batchelder Street

(1) UNIT #1 (CELLAR AND BASEMENT LEVEL & FIRST FLOOR (TRIPLEX))

One living room
One dinette
One kitchenette
One bathroom - 3 piece - water closet, lav, shower
One bathroom - 2 piece - water closet, lav.
One laundry room
Accessory storage room
One recreation room
One boiler room
2 Bedroom @ First Floor

(2) UNIT #2 (CELLAR AND BASEMENT LEVEL & FIRST FLOOR (TRIPLEX))

One living room
One dinette
One kitchenette
One bathroom - 3 piece - water closet, lav, shower
One bathroom - 2 piece - water closet, lav.
One laundry room
Accessory storage room
One recreation room
One boiler room
2 Bedroom @ First Floor

(3) UNIT # 3 (SECOND FLOOR AND THIRD FLOOR) (DUPLEX):

One living room
One Kitchenette One Dinette
One bathroom - 2 piece - water closet, Lav at Second Floor
One bathroom - 3 piece water closet, lav, tub at Third Floor
One laundry room - One boiler room at Third Floor
2 Bedroom at Third Floor

(4) UNIT # 4 (SECOND FLOOR AND THIRD FLOOR)(DUPLEX):

One living room
One Kitchenette One Dinette
One bathroom - 2 piece - water closet, lav, at First Floor
One bathroom - 3 piece water closet, lav, tub at Third Floor
One laundry room - One boiler room at Third Floor
2 Bedroom @ Third Floor

(V)

(I) Type and grade of finish material used in all units (since data is same for all units).

November 12, 2000

FLOORS: Kitchen, bathrooms, laundry rooms - will receive a thinset ceramic tile floor with non-skid finishes. All floor junctures with walls will be provided with a minimum 4" high sanitary cove base.

All other rooms will receive a solid hardwood parquet flooring, premium grade, 3/4" thick with sound deadening board integral to the parquet tile assembly.

WALLS: Bathrooms and laundry rooms will receive full height thinset ceramic tile to the height of the ceiling. All other rooms will receive 5/8" " F.C.X." or 1/2" " F.C.X." gypsum moisture resistant board taped and spackled and sanded minimum (4) coats, then painted with (3) coats semi-gloss water soluble interior latex paint by Sherwin Williams or equal.

CEILINGS: All rooms will have 5/8" thick "F.C.X." gypsum board ceilings, taped, spackled and sanded a minimum of 4 coats then painted with a flat interior water soluble latex paint, a minimum of (3) coats.

(2) BATHROOM FIXTURES: Material and type.

Tub - enameled iron American Standard Model "Manhattan" 5'-0" Unit

Water Closet - vitreous china low down tank with approved types integral vacuum breakers Kohler, Model #3386 (White)

Lavatory - vitreous china American Standard Pedestal #8220015.

All fixtures will be Kohler, American Standard or equal.

(3) KITCHEN:

Range - gas fired, A.G.A. approved, 4 burner stove top General Electric JGSP33WEVWW.

Refrigerator - Frost-free, single door, Westinghouse or Equal

Dishwasher - Electric, under counter type, single door, Magic Chef Model DV2000V C253 .

Sink - (2) Compartment, selfrimming stainless steel, Eljer 25" or Equal.

Cabinets - custom fabricated plastic laminate finish with full plastic laminate backsplashes and countertops.

(V)

(i) The laundry rooms clothes washing machines and clothes dryers will not be provided or included in the offering plan for the subject premises.

(W) FINISH SCHEDULE OF SPACES OTHER THAN UNITS:

ROOM	FLOOR	WALLS	CEILING	REMARKS
Public common stair	Cellar Fl concrete slab on grade	Poured Concrete	None Open Stairs	

(X)

GENERAL FIRE OR SMOKE SAFETY DEVICES INSTALLED IN UNITS:

All apartments have hard wired smoke detectors at each bedroom level wired on separate circuits to the electrical distribution panels. All common public stairwells are unsprinklered once cross over balconies were provided.

(Y)

(1) Floor plans for each drawing drawn to scale and showing room dimensions are herewith attached:

2822 BATCHELDER STREET:

Sketch A-1 Cellar Floor Plan
Sketch A-2 Basement Floor Plan
Sketch A-3 First Floor Plan
Sketch A-4 Second Floor Plan
Sketch A-5 Third Floor Plan
Sketch A-6 Plot Plan

(2) Plot Plan showing unit boundaries and designations is herewith attached as Sketch A-6:

2822 BATCHELDER STREET

SKETCH A6 - PLOT PLAN AND SITE PLAN

(3) Site Plan showing landscape features is incorporated into Plot Plan Sketch A6.

(4) Since site is in urban area an area map is not required

(5) NARRATIVE DESCRIPTION - Distinguishing APARTMENT unit areas from common areas is as follows:

This description will solely distinguish unit areas from the common elements on each floor.

The CELLAR of building 2822 Batchelder Street contains all common areas such as, common utility and meter rooms with all their walls, floors and ceilings common to all units.

(5) NARRATIVE DESCRIPTION (cont'd)

UNIT #1 - 2822 Batchelder Street will be located at the cellar and basement and first floor and will contain a living room, kitchenette, dinette, $1\frac{1}{2}$ bathrooms and two bedrooms, cellar recreation room with an exterior concrete stairs in the back yard. UNIT #1 will include the front ramp front steps, vestibule, public hall and public stairs accessing the building with all their walls, floors and ceilings which are all common elements to all UNITS.

UNIT #2 - 2822 Batchelder Street will be located at the cellar and basement and first floor and will contain a living room, kitchenette, dinette, $1\frac{1}{2}$ bathrooms and two bedrooms, cellar recreation room with an exterior concrete stairs in the back yard. UNIT #2 will include the front ramp front steps, vestibule, public hall and public stairs accessing the building with all their walls, floors and ceilings which are all common elements to all UNITS.

UNIT #3 - 2822 Batchelder Street will be located at the second and third floors and will contain living room, kitchen, dinette, $1\frac{1}{2}$ bathrooms, 2 bedrooms, This unit also includes a front fire balcony at the third and second floors and rear fire cross-over balcony at the second and third floor.

UNIT #4 - 2822 Batchelder Street will be located at the second and third floors and will contain living room, kitchen, dinette, $1\frac{1}{2}$ bathrooms, 2 bedrooms, This unit also includes a front fire balcony at the third and second floors and rear fire cross-over balcony at the second and third floor.

NOTE: By Building Department definitions all front and rear fire balconies are in case of an emergency accessible by adjoining apartment dwellers.

D

SCHEDULE A

2822 BATCHELDER STREET

<u>UNIT NUMBER</u>	<u>UNIT DESCRIPTION & NUMBER OF BATHS</u>	<u>APPROXIMATE SQUARE FOOTAGE</u> Excludes common areas such as cellar utility rooms	<u>% OF INTEREST</u>
1	2 Bedrooms - 1½ Bathrooms (Livingroom, Kitchenette Dinette, Recreation Room and one O.S.)	1790 S.F.	30%
2	2 Bedrooms - 1½ Bathrooms (Livingroom, Kitchenette Dinette, Recreation Room and one O.S.)	1790 S.F.	30%
3	2 Bedrooms - 1 1/2 Bathrooms (Livingroom, Kitchenette, Dinette.)	1190 S.F.	20%
4	2 Bedrooms - 1 1/2 Bathrooms (Livingroom, Kitchenette Dinette .)	1190 S.F.	20%

FOOTNOTES:

The notes accompanying this Schedule are an integral part of this Schedule and should be read in conjunction with it.

T-Denotes Terrace RT-Denotes Roof Terrace P-Denotes Patio
V-Denotes Vacant Apartment G Denotes Accessory One Car Garage.
*O.S. - Denotes open space accessory parking for 1 Car

SCHEDULE D

2822 Batchelder Street

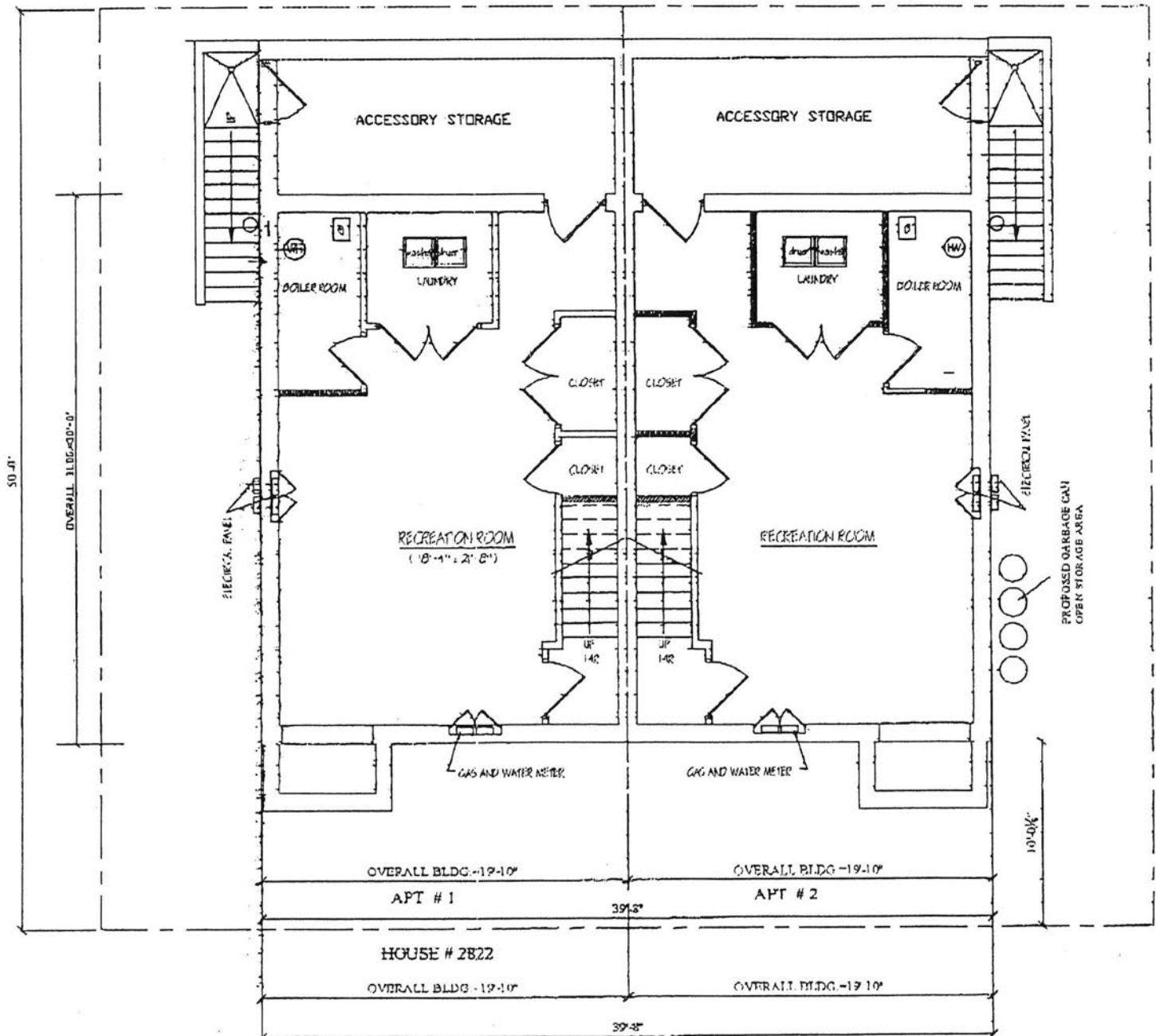
<u>UNIT NO.</u>	<u>ORIENTATION</u>	<u>APPROXIMATE SQUARE FOOTAGE (S.F.) (GROSS)</u>
Cellar	EAST	130 S.F. to 140 S.F. Common Utility Rooms & and Halls (Not covered in Units sq. footage)
UNIT #1 (Cellar and Basement and First Floor)	EAST	1790 S.F.
UNIT #2 (Cellar and Basement and First Floor)	EAST	1790 S.F.
UNIT #3 (2nd, 3rd floors)	EAST	1190 S.F.
Unit #4 (2nd, 3rd floors)	East	1190 S.F.

<u>NUMBER OF ROOMS</u>	<u>COMMON ELEMENTS</u>
CELLAR	(utility rooms) Rear stairs common & accessible to all units. Common side and rear yard for trash can storage, etc. Common steps.
Unit #1 -4 rooms	Public hall, common stairs and steps, common ramps
Unit #2 - 4 rooms	Stair and halls Limited common fire balcony
Unit #3 - 4 rooms	Stair and halls Limited common fire balcony

SCHEDULE D (cont'd)

<u>NUMBER OF ROOMS</u>		<u>COMMON ELEMENTS</u>	
Unit #4 - 4 rooms		Stair and halls Limited common fire balcony	
<u>CEPI</u>		<u>SQUARE FEET TERRACE AND BALCONIES</u>	<u>TAX LOT NUMBER</u>
1	0.3000	00.00	To be assigned at a later date
2	0.3000	00.00	
3	0.2000	285	
4	0.2000	285	

- (1) Orientation refers to the location in portion of building facing in the direction set forth.
- (2) Common elements refers to common elements to which unit has immediate access.
- (3) CEPI refers to the Percentage interest in the common elements and the common expenses.
- (4) Tax lot numbers will not be assigned by the New York City Real Property Assessment Department until the Declaration is submitted for recording.
- (5) Bathrooms, Mech. Equipment rooms, recreation rooms, laundry rooms are not counted in Unit's room counts.



CELLAR PLAN

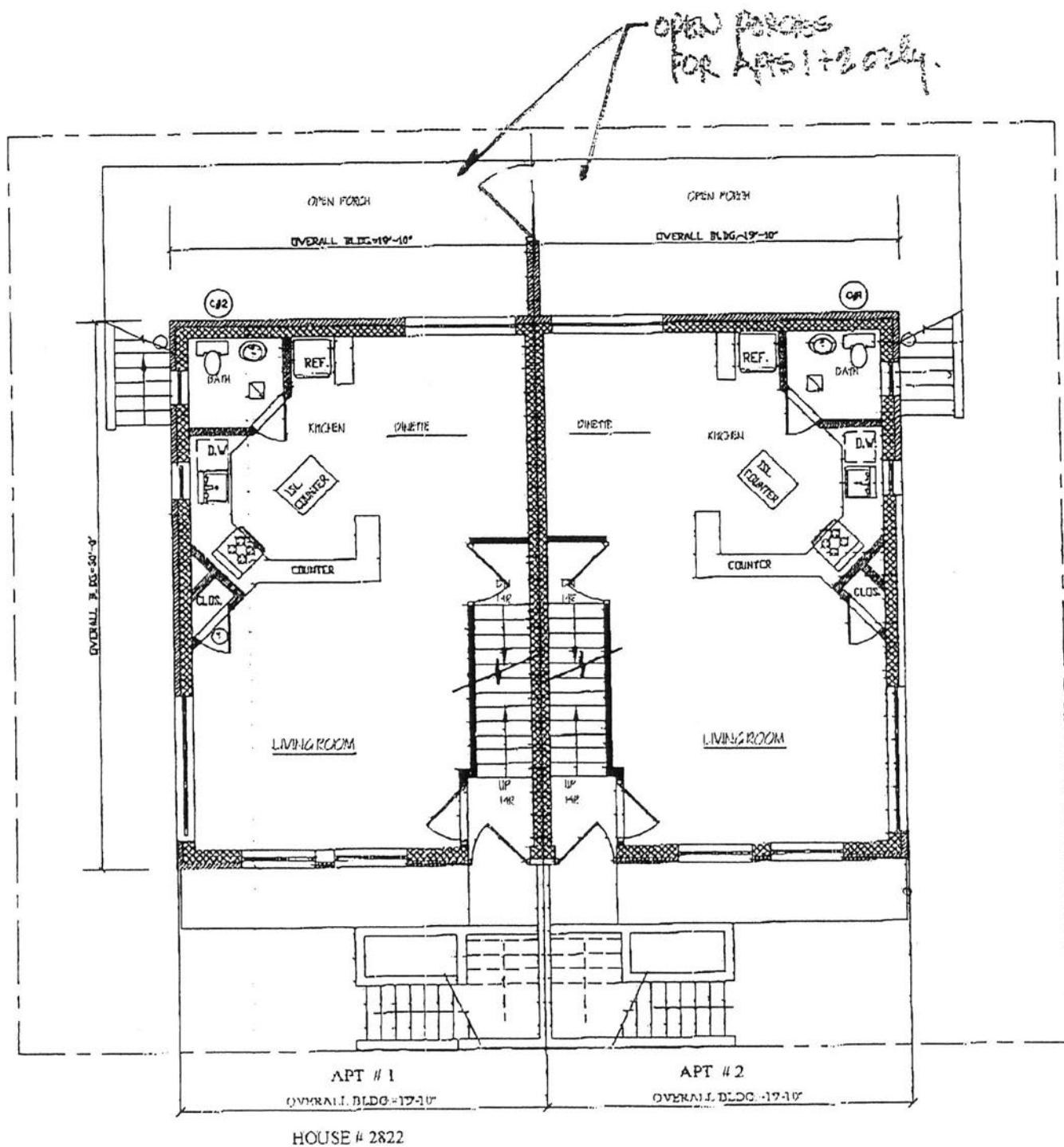
SCALE: 1/4" = 1'-0"

RECREATION ROOM IS
ACCESSORY TO APT. ABOVE.

ALL ROOM SIZES ARE
APPROXIMATE

1/3 APARTMENT - TRIPLEX IN CONJUNCTION
WITH BASEMENT AND FIRST FLOOR ABOVE
SKETCH A-1

RECREATION ROOM NOTES:
RECREATION ROOM IS BEING
PROVIDED IN CONJUNCTION WITH
THE APARTMENT DIRECTLY ABOVE
AND IS NOT TO BE USED FOR
SLEEPING ACCOMMODATIONS.

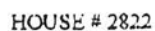


BASEMENT PLAN
SCALE: 1/4"=1'-0"

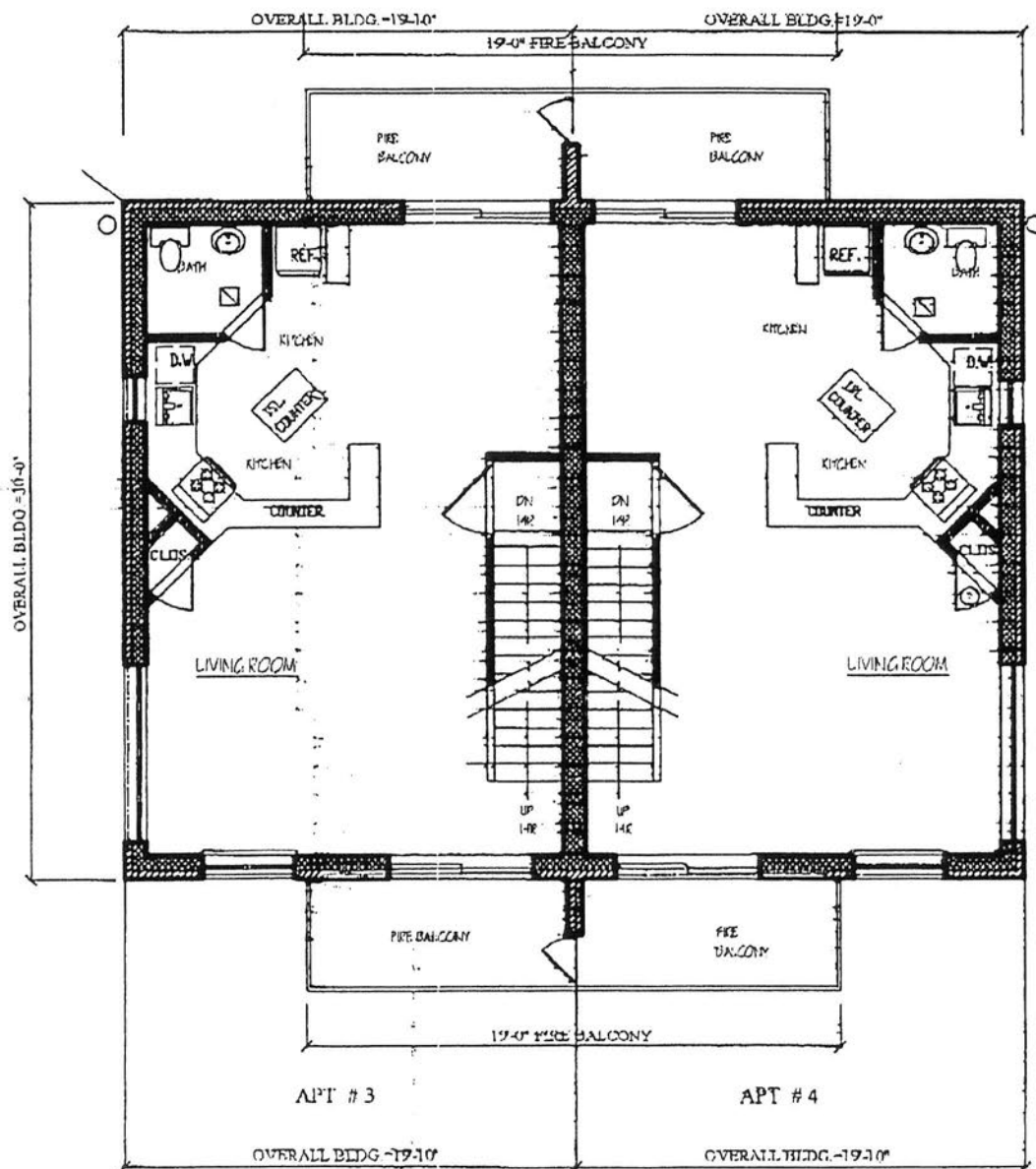
(ONE APARTMENT
EACH BUILDING)

ALL ROOM SIZES ARE APPROXIMATE

1/3 APARTMENT - TRIPLEX IN CONJUNCTION
WITH CELLAR AND FIRST FLOOR ABOVE
SKETCH A-2



SKETCH A-3



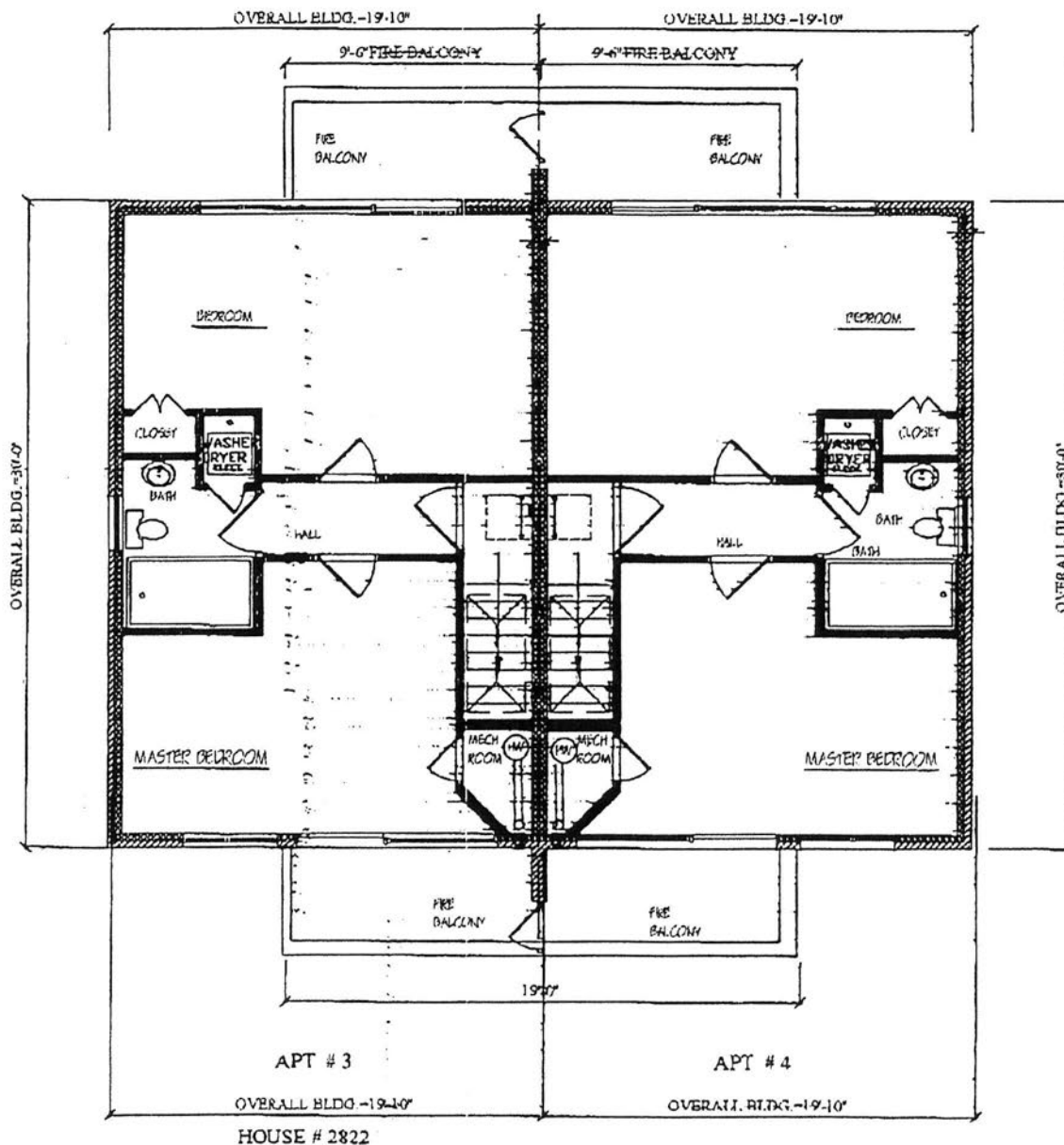
HOUSE # 2822

○ SECOND FLOOR PLAN
SCALE: 1/4" = 1'-0"

DUPLEX APT. IN CONJUNCTION
WITH THIRD FLOOR ABOVE.

ALL ROOM SIZES ARE
APPROXIMATE

1/2 APARTMENT - DUPLEX IN CONJUNCTION
WITH THIRD FLOOR ABOVE
SKETCH A-4



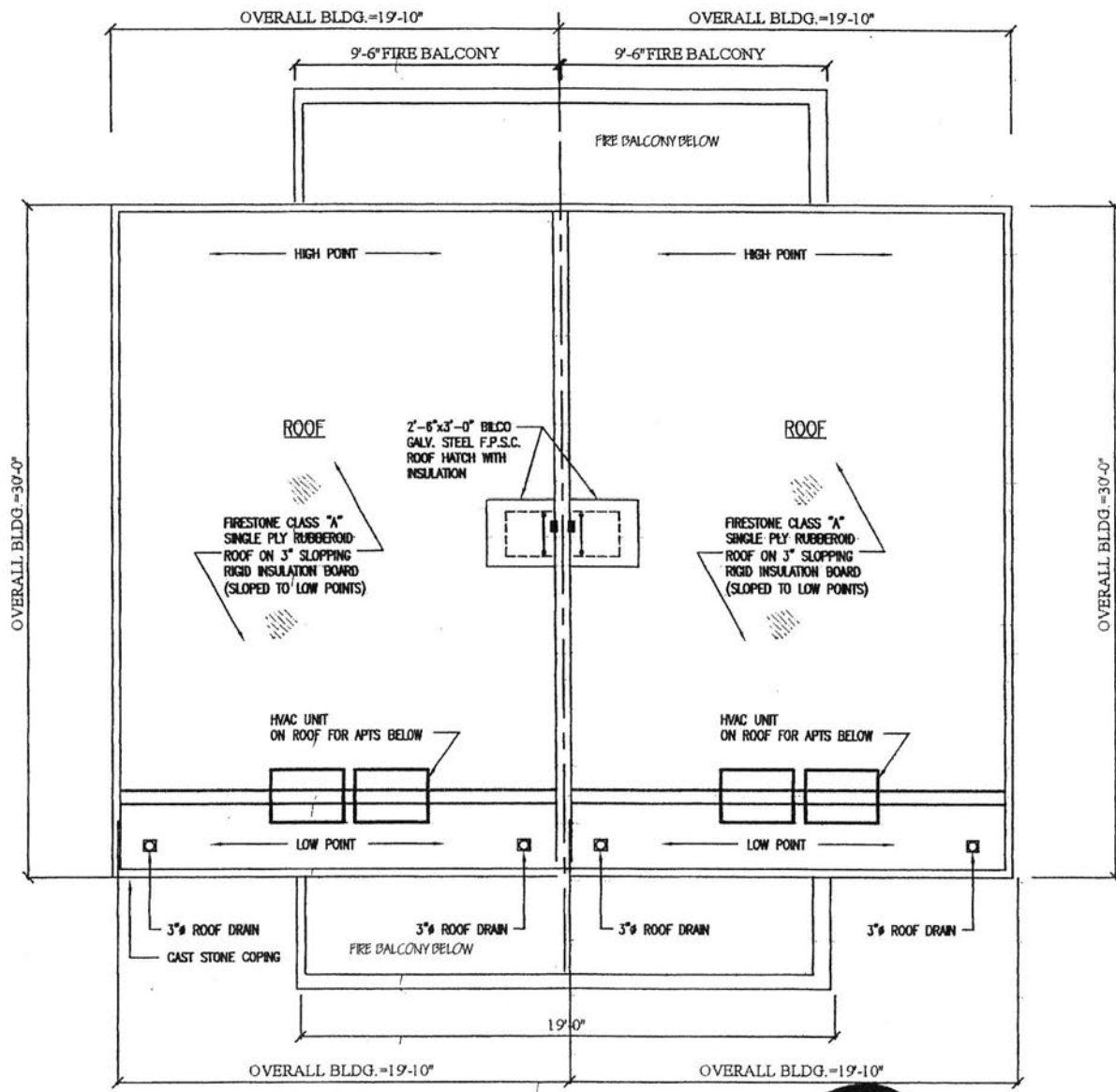
THIRD FLOOR PLAN
SCALE: 1/4"=1'-0"

DUPLEX APT. IN CONJUNCTION
WITH SECOND FLOOR BELOW

ALL ROOM SIZES ARE
APPROXIMATE

1/2 APARTMENT - DUPLEX IN CONJUNCTION
WITH SECOND FLOOR BELOW
SKETCH A-5

JJ-30



HOUSE # 2822

BATCHELDER STREET (60' WIDE)

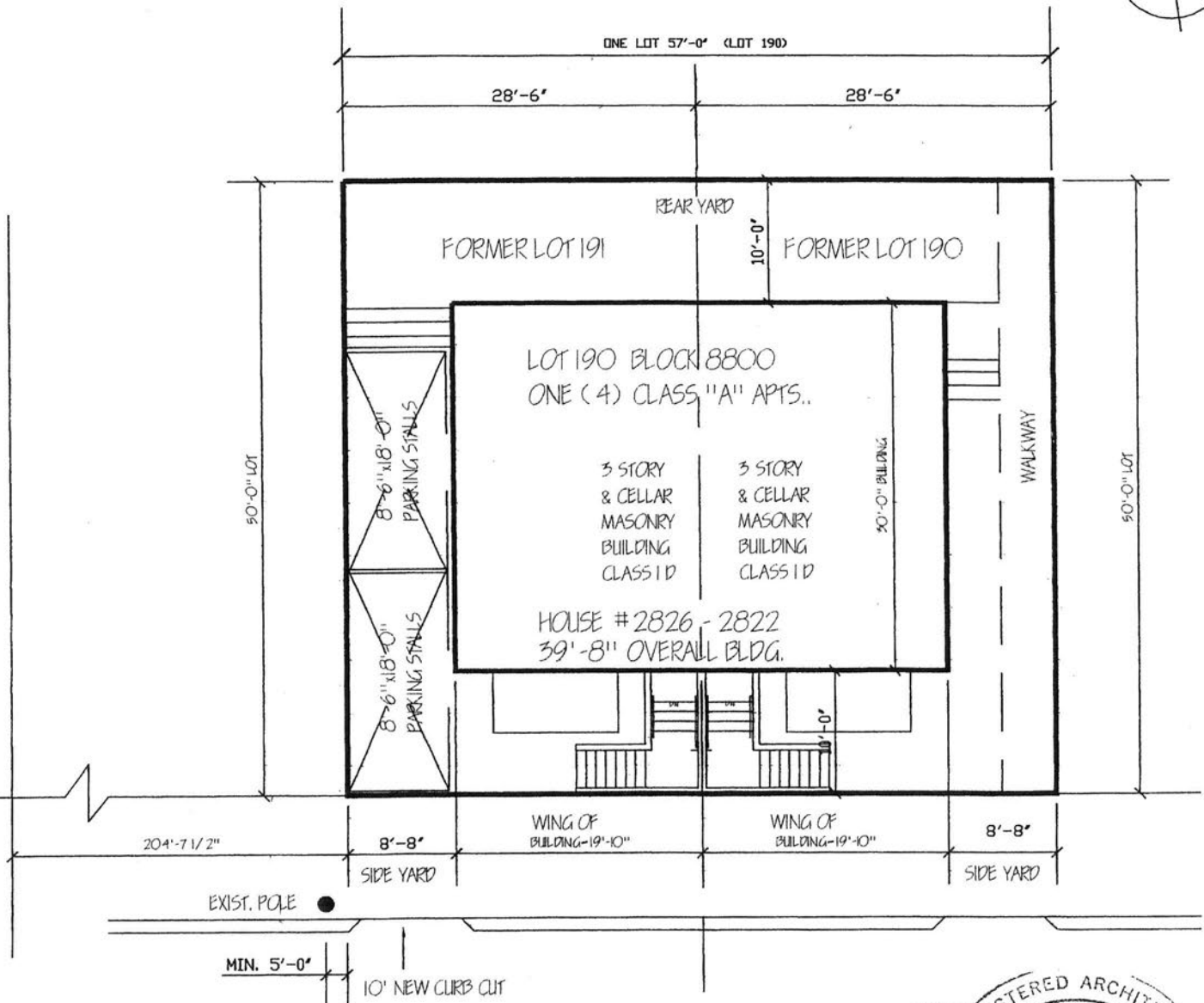
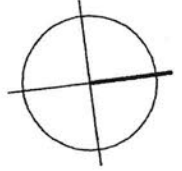
ROOF PLAN
SCALE: 1/8" = 1'-0"



BLK: 8800
LT.: 191 (FORMER)
APPL. #300640723
BLDG#2826

BLK: 8800
LT.: 190
APPL. #300640714
BLDG#2822

TO BE MODIFIED PER ONE NEW MERGED LOT 190



PLOT PLAN
Scale: 1/10" = 1'-0"

BATCHELDER STREET (60' WIDE)



KK. MORTGAGE LOAN DOCUMENTS

NOTE

, 19

[City]

[State]

[Property Address]

(this amount is called

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$
"principal"), plus interest, to the order of the Lender. The Lender is

. I understand

that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive
payments under this Note is called the "Note Holder".

2. INTEREST

Interest will be charged on unpaid principal until the full amount of principal has been paid. I will pay interest at a yearly
rate of %.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B)
of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making payments every month.

I will make my monthly payments on the

day of each month beginning on

I will make these payments every month until I have paid all of the principal and interest and any other
charges described below that I may owe under this Note. My monthly payments will be applied to interest before principal. If,
on

, I still owe amounts under this Note, I will pay those amounts in full on that date.

which is called the "maturity date".

I will make my monthly payments at

or at a different place if required by the Note Holder.

(B) Amount of Monthly Payments

My monthly payment will be in the amount of U.S. \$

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a
"prepayment". When I make a prepayment, I will tell the Note Holder in writing that I am doing so.

I may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use
all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will
be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those
changes.

5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or
other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) and such loan
charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected
from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by
reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction
will be treated as a partial prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of
days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be
my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

calendar
% of

(B) Default

I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is delivered or mailed to me.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

Transfer of the Property or a Beneficial Interest in Borrower. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed, within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED.

(Seal)
- Lender

(Seal)
- Borrower

(Seal)
- Borrower

(Seal)
- Borrower

[Sign Original Only]

[Space Above This Line For Recording Data]

MORTGAGE

WORDS USED OFTEN IN THIS DOCUMENT

(A) "Security Instrument". This document, which is dated _____, will be called the "Security Instrument".

(B) "Borrower".

sometimes will be called "Borrower" and sometimes simply "I" or "me".

(C) "Lender".

will be called "Lender". Lender is a corporation or association which exists under the laws of _____

Lender's address is _____

(D) "Note". The note signed by Borrower and dated _____, will be called the "Note". The Note shows that I owe Lender _____

Dollars (U.S. \$ _____)

promised to pay this debt in monthly payments and to pay the debt in full by _____

(E) "Property". The property that is described below in the section titled "Description of the Property", will be called the "Property".

(F) "Sums Secured". The amounts described below in the section titled "Borrower's Transfer to Lender of Rights in the Property" sometimes will be called the "Sums Secured".

BORROWER'S TRANSFER TO LENDER OF RIGHTS IN THE PROPERTY

I mortgage, grant and convey the Property to Lender subject to the terms of this Security Instrument. This means that, by signing this Security Instrument, I am giving Lender those rights that are stated in this Security Instrument and also those rights that the law gives to lenders who hold mortgages on real property. I am giving Lender these rights to protect Lender from possible losses that might result if I fail to:

(A) Pay all the amounts that I owe Lender as stated in the Note;

(B) Pay, with interest, any amounts that Lender spends under Paragraphs 2 and 7 of this Security Instrument to protect the value of the Property and Lender's rights in the Property; and

(C) Keep all of my other promises and agreements under this Security Instrument.



DESCRIPTION OF THE PROPERTY

I give Lender rights in the Property described in (A) through (G) below:

(A) The Property which is located at

[Street]

, New York

[City]

[Zip Code]

This Property is in

County. It has the following legal description:

- (B) All buildings and other improvements that are located on the Property described in subparagraph (A) of this section;
- (C) All rights in other property that I have as owner of the Property described in subparagraph (A) of this section. These rights are known as "easements and appurtenances attached to the Property";
- (D) All rights that I have in the land which lies in the streets or roads in front of, or next to, the Property described in subparagraph (A) of this section;
- (E) All fixtures that are now or in the future will be on the Property described in subparagraphs (A) and (B) of this section;
- (F) All of the rights and property described in subparagraphs (B) through (E) of this section that I acquire in the future; and
- (G) All replacements of or additions to the Property described in subparagraphs (B) through (F) of this section.

BORROWER'S RIGHT TO MORTGAGE THE PROPERTY AND BORROWER'S OBLIGATION TO DEFEND OWNERSHIP OF THE PROPERTY

I promise that: (A) I lawfully own the Property; (B) I have the right to mortgage, grant and convey the Property to Lender; and (C) there are no outstanding claims or charges against the Property, except for those which are of public record.

I give a general warranty of title to Lender. This means that I will be fully responsible for any losses which Lender suffers because someone other than myself has some of the rights in the Property which I promise that I have. I promise that I will defend my ownership of the Property against any claims of such rights.

PLAIN LANGUAGE SECURITY INSTRUMENT

This Security Instrument contains promises and agreements that are used in real property security instruments all over the

COVENANTS

I promise and I agree with Lender as follows:

1. BORROWER'S PROMISE TO PAY

I will pay to Lender on time principal and interest due under the Note and any prepayment and late charges due under the Note.

2. MONTHLY PAYMENTS FOR TAXES AND INSURANCE

(A) Borrower's Obligations

I will pay to Lender all amounts necessary to pay for taxes, assessments, water frontage charges and other similar charges, sewer rents, leasehold payments or ground rents (if any), hazard or property insurance covering the Property, and flood insurance (if any). If Lender required mortgage insurance as a condition of making the loan that I promise to pay under the Note, (i) I also will pay to Lender all amounts necessary to pay for mortgage insurance, and (ii) if, under Paragraph 8 below, instead of paying for mortgage insurance I am required to pay Lender an amount equal to the cost of mortgage insurance, I will pay this amount to Lender. I will pay all of these amounts to Lender unless Lender tells me, in writing, that I do not have to do so, or unless the law requires otherwise. I will make these payments on the same day that my monthly payments of principal and interest are due under the Note.

My payments under this Paragraph 2 will be for the items listed in (i) through (vi) below, which are called "Escrow Items":

- (i) The estimated yearly taxes, assessments, water frontage charges and other similar charges, and sewer rents on the Property which under the law may be superior to this Security Instrument as a lien on the Property. Any claim, demand or charge that is made against Property because an obligation has not been fulfilled is known as a "lien";
- (ii) The estimated yearly leasehold payments or ground rents on the Property (if any);
- (iii) The estimated yearly premium for hazard or property insurance covering the Property;
- (iv) The estimated yearly premium for flood insurance covering the Property (if any);
- (v) The estimated yearly premium for mortgage insurance (if any); and
- (vi) The estimated yearly amount I may be required to pay Lender under Paragraph 8 below instead of the payment of the estimated yearly premium for mortgage insurance (if any).

Lender will estimate from time to time the amount I will have to pay for Escrow Items by using existing assessments and bills and reasonable estimates of the amount I will have to pay for Escrow Items in the future, unless the law requires Lender to use another method for determining the amount I am to pay. The amounts that I pay to Lender for Escrow Items under this Paragraph 2 will be called the "Funds". The Funds are pledged as additional security for all Sums Secured.

The law puts limits on the total amount of Funds Lender can at any time collect and hold. This total amount cannot be more than the maximum amount a lender for a "federally related mortgage loan" could require me to place in an "escrow account" under the federal law called the "Real Estate Settlement Procedures Act of 1974", as that law may be amended from time to time. If there is another law that imposes a lower limit on the total amount of Funds Lender can collect and hold, Lender will be limited to the lower amount.

(B) Lender's Obligations

Lender will keep the Funds in a savings or banking institution which has its deposits insured by a federal agency, instrumentality, or entity, or in any Federal Home Loan Bank. If Lender is such a savings or banking institution, Lender may hold the Funds. Except as described in this Paragraph 2, Lender will use the Funds to pay the Escrow Items. Lender will give to me, without charge, an annual accounting of the Funds. That accounting must show all additions to and deductions from the Funds and the reason for each deduction.

Lender may not charge me for holding or keeping the Funds, for using the Funds to pay Escrow Items, for making a yearly analysis of my payment of Funds or for receiving, verifying and totaling assessments and bills. However, Lender may charge me for these services if Lender pays me interest on the Funds and if the law permits Lender to make such a charge. Lender also may require me to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with my loan, unless the law does not permit Lender to make such a charge. Lender will not be required to pay me any interest or earnings on the Funds unless either (i) Lender and I agree in writing, at the time I sign this Security Instrument, that Lender will pay interest on the Funds; or (ii) the law requires Lender to pay interest on the Funds.

(C) Adjustments to the Funds

Under the law, there is a limit on the amount of Funds Lender may hold. If the amount of Funds held by Lender exceeds this limit, then the law requires Lender to account to me in a special manner for the excess amount of Funds. There will be an excess amount if, at any time, the amount of Funds which Lender is holding or keeping is greater than the amount of Funds

If, at any time, Lender has not received enough Funds to make the payments of Escrow Items when the payments are due, Lender may tell me in writing that an additional amount is necessary. I will pay to Lender whatever additional amount is necessary to pay the Escrow Items in full. Lender will determine the number of monthly payments I have in which to pay that additional amount, but the number of payments will not be more than twelve.

When I have paid all of the Sums Secured, Lender will promptly refund to me any Funds that are then being held by Lender. If, under Paragraph 21 below, Lender either acquires or sells the Property, then before the acquisition or sale, Lender will use any Funds which Lender is holding at the time of the acquisition or sale to reduce the Sums Secured.

3. APPLICATION OF BORROWER'S PAYMENTS

Unless the law requires otherwise, Lender will apply each of my payments under the Note and under Paragraphs 1 and 2 above in the following order and for the following purposes:

First, to pay any prepayment charges due under the Note;

Next, to pay the amounts due to Lender under Paragraph 2 above;

Next, to pay interest due;

Next, to pay principal due; and

Last, to pay any late charges due under the Note.

4. BORROWER'S OBLIGATION TO PAY CHARGES, ASSESSMENTS AND CLAIMS

I will pay all taxes, assessments, water frontage charges and other similar charges, sewer rents, and any other charges and fines that may be imposed on the Property and that may be superior to this Security Instrument. I will also make payments due under my lease if I am a tenant on the Property and I will pay ground rents (if any) due on the Property. I will do this either by making the payments to Lender that are described in Paragraph 2 above or, if I am not required to make payments under Paragraph 2, by making the payments on time to the person owed them. (In this Security Instrument, the word "person" means any person, organization, governmental authority or other party). If I make direct payments, then promptly after making any of those payments I will give Lender a receipt which shows that I have done so. If I make payment to Lender under Paragraph 2, I will give Lender all notices or bills that I receive for the amounts due under this Paragraph 4.

I will promptly pay or satisfy all liens against the Property that may be superior to this Security Instrument. However, this Security Instrument does not require me to satisfy a superior lien if: (A) I agree, in writing, to pay the obligation which gave rise to the superior lien and Lender approves the way in which I agree to pay that obligation; or (B) in good faith, I argue or defend against the superior lien in a lawsuit so that, during the lawsuit, the superior lien may not be enforced; or (C) I secure from the holder of that other lien an agreement, approved in writing by Lender, that the lien of this Security Instrument is superior to the lien held by that person. If Lender determines that any part of the Property is subject to a superior lien, Lender may give Borrower a notice identifying the superior lien. Borrower shall pay or satisfy the superior lien or take one or more of the actions set forth above within 10 days of the giving of notice.

5. BORROWER'S OBLIGATION TO MAINTAIN HAZARD INSURANCE OR PROPERTY INSURANCE

I will obtain hazard or property insurance to cover all buildings and other improvements that now are or in the future will be located on the Property. The insurance must cover loss or damage caused by fire, hazards normally covered by "extended coverage" hazard insurance policies and other hazards for which Lender requires coverage, including floods and flooding. The insurance must be in the amounts and for the periods of time required by Lender. I may choose the insurance company, but my choice is subject to Lender's approval. Lender may not refuse to approve my choice unless the refusal is reasonable. If I do not maintain the insurance coverage described above, Lender may obtain insurance coverage to protect Lender's rights in the property in accordance with paragraph 7 below.

All of the insurance policies and renewals of those policies must include what is known as a "standard mortgage clause" to protect Lender. The form of all policies and renewals must be acceptable to Lender. Lender will have the right to hold the policies and renewals. If Lender requires, I will promptly give Lender all receipts of paid premiums and renewal notices that I receive.

If there is a loss or damage to the Property, I will promptly notify the insurance company and Lender. If I do not promptly prove to the insurance company that the loss or damage occurred, then Lender may do so.

The amount paid by the insurance company is called "proceeds". The proceeds will be used to repair or to restore the damaged Property unless: (A) it is not economically feasible to make the repairs or restoration; or (B) the use of the proceeds for that purpose would lessen the protection given to Lender by this Security Instrument; or (C) Lender and I have agreed in writing not to use the proceeds for that purpose. If the repair or restoration is not economically feasible or if it would lessen Lender's protection under this Security Instrument, then I will use the proceeds to pay the debt secured by this Security Instrument.

If I abandon the Property, or if I do not answer, within 30 days, a notice from Lender stating that the insurance company has offered to settle a claim, Lender may collect the proceeds. Lender may use the proceeds to repair or restore the Property or to pay the Sums Secured. The 30-day period will begin when the notice is given.

If any proceeds are used to reduce the amount of principal which I owe to Lender under the Note, that use will not delay the due date or change the amount of any of my monthly payments under the Note and under Paragraphs 1 and 2 above. However, Lender and I may agree in writing to those delays or changes.

If Lender acquires the Property under Paragraph 21 below, all of my rights in the insurance policies will belong to Lender. Also, all of my rights in any proceeds which are paid because of damage that occurred before the property is acquired by Lender or sold will belong to Lender. However, Lender's rights in those proceeds will not be greater than the Sums Secured immediately before the Property is acquired by Lender or sold.

6. BORROWER'S OBLIGATIONS TO OCCUPY THE PROPERTY, TO MAINTAIN AND PROTECT THE PROPERTY, AND TO FULFILL ANY LEASE OBLIGATIONS; BORROWER'S LOAN APPLICATION

(A) Borrower's Obligations to Occupy the Property

I will occupy the Property and use the Property as my principal residence within sixty days after I sign this Security Instrument. I will continue to occupy the Property and to use the Property as my principal residence for at least one year. The one-year period will begin when I first occupy the Property. However, I will not have to occupy the Property and use the Property as my principal residence within the time frames set forth above if Lender agrees in writing that I do not have to do so. Lender may not refuse to agree unless the refusal is reasonable. I also will not have to occupy the Property and use the Property as my principal residence within the time frames set forth above if extenuating circumstances exist which are beyond my control.

(B) Borrower's Obligations to Maintain and Protect the Property

I will keep the Property in good repair. I will not destroy, damage or harm the Property, and I will not allow the Property to deteriorate.

I will be "in default" under this Security Instrument if I fail to keep any promise or agreement made in this Security Instrument. I also will be in default under this Security Instrument if any civil or criminal action or proceeding for "forfeiture" (that is, a legal action or proceeding to require the Property, or any part of the Property, to be given up) is begun and Lender determines, in good faith, that this action or proceeding could result in a court ruling (i) that would require forfeiture of the Property or (ii) that would materially impair the lien of this Security Instrument or Lender's rights in the Property. I may correct the default by obtaining a court ruling that dismisses the legal action or proceeding, if Lender determines, in good faith, that this court ruling prevents forfeiture of my interests in the Property and also prevents any material impairment of (i) the lien created by this Security Instrument or (ii) Lender's rights in the Property. If I correct the default, I will have the right to have enforcement of this Security Instrument discontinued, as provided in Paragraph 18 below, even if Lender has required immediate payment in full.

(C) Borrower's Obligations to Fulfill Any Lease Obligations

If I do not own but am a tenant on the Property, I will fulfill all my obligations under my lease. I also agree that, if I acquire the fee title to the Property, my lease interest and the fee title will not merge unless Lender agrees to the merger in writing.

(D) Borrower's Loan Application

If, during the application process for the loan that I promise to pay under the Note, I made false or inaccurate statements to Lender about information important to Lender in determining my eligibility for the loan, Lender will treat my actions as a default under this Security Instrument. False or inaccurate statements about information important to Lender would include a misrepresentation of my intentions to occupy the Property as a principal residence. This is just one example of a false or inaccurate statement of important information. Also, if during the loan application process I failed to provide Lender with information important to Lender in determining my eligibility for the loan, Lender will treat this as a default under this Security Instrument.

7. LENDER'S RIGHT TO PROTECT ITS RIGHTS IN THE PROPERTY

If: (A) I do not keep my promises and agreements made in this Security Instrument, or (B) someone, including me, begins a legal proceeding that may significantly affect Lender's rights in the Property (such as a legal proceeding in bankruptcy, in probate, for condemnation or forfeiture, or to enforce laws or regulations), Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this Paragraph 7, Lender does not have to do so.

I will pay to Lender any amounts, with interest, which Lender spends under this Paragraph 7. I will pay those amounts to Lender when Lender sends me a notice requesting that I do so. I will also pay interest on those amounts at the Note rate. Interest on each amount will begin on the date that the amount is spent by Lender. However, Lender and I may agree in writing to terms of payment that are different from those in this paragraph. This Security Instrument will protect Lender in case I do not keep this promise to pay those amounts with interest.

8. MORTGAGE INSURANCE

If Lender required mortgage insurance as a condition of making the loan that I promise to pay under the Note, I will pay the premiums for the mortgage insurance. If, for any reason, the mortgage insurance coverage lapses or ceases to be in effect, I will pay the premiums for substantially equivalent mortgage insurance coverage. However, the cost of this mortgage insurance coverage must be substantially equivalent to the cost to me of the previous mortgage insurance coverage, and the alternate mortgage insurer must be approved by Lender.

If substantially equivalent mortgage insurance coverage is not available, Lender will establish a "loss reserve" as a substitute for the mortgage insurance coverage. I will pay to Lender each month an amount equal to one-twelfth of the yearly mortgage insurance premium (as of the time the coverage lapsed or ceased to be in effect.) Lender will retain these payments, and will use these payments to pay for losses that the mortgage insurance would have covered. Lender may choose to no longer require loss reserve payments, if mortgage insurance coverage again becomes available and is obtained. The mortgage insurance coverage must be in the amount and for the period of time required by Lender. The Lender must approve the insurance company providing the coverage.

I will pay the mortgage insurance premiums, or the loss reserve payments, until the requirement for mortgage insurance ends according to my written agreement with Lender or according to law. Lender may require me to pay the premiums, or the loss reserve payments, in the manner described in Paragraph 2 above.

9. LENDER'S RIGHT TO INSPECT THE PROPERTY

Lender, and others authorized by Lender, may enter on and inspect the Property. They must do so in a reasonable manner and at reasonable times. Before or at the time an inspection is made, Lender must give me notice stating a reasonable purpose for the inspection.

10. AGREEMENTS ABOUT CONDEMNATION OF THE PROPERTY

A taking of property by any governmental authority by eminent domain is known as "condemnation". I give to Lender my right: (A) to proceeds of all awards or claims for damages resulting from condemnation or other governmental taking of the Property; and (B) to proceeds from a sale of the Property that is made to avoid condemnation. All of those proceeds will be paid to Lender.

If all of the Property is taken, the proceeds will be used to reduce the Sums Secured. If any of the proceeds remain after the amount that I owe to Lender has been paid in full, the remaining proceeds will be paid to me.

Unless Lender and I agree otherwise in writing, if only a part of the Property is taken, and the fair market value of the Property immediately before the taking either is equal to, or greater than, the amount of the Sums Secured immediately before the taking, the amount that I owe to Lender will be reduced only by the amount of proceeds multiplied by a fraction. That fraction is as follows: (A) the total amount of the Sums Secured immediately before the taking, divided by (B) the fair market value of the Property immediately before the taking. The remainder of the proceeds will be paid to me.

Unless Lender and I agree otherwise in writing or unless the law requires otherwise, if only a part of the Property is taken, and the fair market value of the Property immediately before the taking is less than the amount of the Sums Secured immediately before the taking, the proceeds will be used to reduce the Sums Secured.

If I abandon the Property, or if I do not answer, within 30 days, a notice from Lender stating that a governmental authority has offered to make a payment or to settle a claim for damages, Lender has the authority to collect the proceeds. Lender may then use the proceeds to repair or restore the Property or to reduce the Sums Secured. The 30-day period will begin when the notice is given.

If any proceeds are used to reduce the amount of principal which I owe to Lender under the Note, that use will not delay the due date or change the amount of any of my monthly payments under the Note and under Paragraphs 1 and 2 above. However, Lender and I may agree in writing to those delays or changes.

11. CONTINUATION OF BORROWER'S OBLIGATIONS AND OF LENDER'S RIGHTS

(A) Borrower's Obligations

Lender may allow a person who takes over my rights and obligations to delay or to change the amount of the monthly payments of principal and interest due under the Note or under this Security Instrument. Even if Lender does this, however, that person and I will both still be fully obligated under the Note and under this Security Instrument.

Lender may allow those delays or changes for a person who takes over my rights and obligations, even if Lender is requested not to do so. Lender will not be required to bring a lawsuit against such a person for not fulfilling obligations under the Note or under this Security Instrument, even if Lender is requested to do so.

(B) Lender's Rights

Even if Lender does not exercise or enforce any right of Lender under this Security Instrument or under the law, Lender will still have all of those rights and may exercise and enforce them in the future. Even if Lender obtains insurance, pays taxes, or pays other claims, charges or liens against the Property, Lender will have the right under Paragraph 21 below to demand that I make immediate payment in full of the amount that I owe to Lender under the Note and under this Security Instrument.

12. OBLIGATIONS OF BORROWER AND OF PERSONS TAKING OVER BORROWER'S RIGHTS OR OBLIGATIONS

Any person who takes over my rights or obligations under this Security Instrument will have all of my rights and will be obligated to keep all of my promises and agreements made in this Security Instrument. Similarly, any person who takes over Lender's rights or obligations under this Security Instrument will have all of Lender's rights and will be obligated to keep all of Lender's agreements made in this Security Instrument.

If more than one person signs this Security Instrument as Borrower, each of us is fully obligated to keep all of Borrower's promises and obligations contained in this Security Instrument. Lender may enforce Lender's rights under this Security Instrument against each of us individually or against all of us together. This means that any one of us may be required to pay all of the Sums Secured. However, if one of us does not sign the Note: (A) that person is signing this Security Instrument only to give that person's rights in the Property to Lender under the terms of this Security Instrument; and (B) that person is not personally obligated to pay the Sums Secured; and (C) that person agrees that Lender may agree with the other Borrowers to delay enforcing any of Lender's rights or to modify or make any accommodations with regard to the terms of this Security Instrument or the Note without that person's consent.

13. LOAN CHARGES

If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed permitted limits: (A) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (B) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. NOTICES REQUIRED UNDER THIS SECURITY INSTRUMENT

Any notice that must be given to me under this Security Instrument will be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice will be addressed to me at the address stated in the section above titled "Description of the Property". A notice will be given to me at a different address if I give Lender a notice of my different address. Any notice that must be given to Lender under this Security Instrument will be given by mailing it to Lender's address stated in subparagraph (C) of the section above titled "Words Used Often In This Document". A notice will be mailed to Lender at a different address if Lender gives me a notice of the different address. A notice required by this Security Instrument is given when it is mailed or when it is delivered according to the requirements of this Paragraph 14 or of applicable law.

15. LAW THAT GOVERNS THIS SECURITY INSTRUMENT

This Security Instrument is governed by federal law and the law that applies in the place where the Property is located. If any term of this Security Instrument or of the Note conflicts with the law, all other terms of this Security Instrument and of the Note will still remain in effect if they can be given effect without the conflicting term. This means that any terms of this Security Instrument and of the Note which conflict with the law can be separated from the remaining terms, and the remaining terms will still be enforced.

16. BORROWER'S COPY

I will be given one conformed copy of the Note and of this Security Instrument.

17. AGREEMENTS ABOUT LENDER'S RIGHTS IF THE PROPERTY IS SOLD OR TRANSFERRED

Lender may require immediate payment in full of all Sums Secured by this Security Instrument if all or any part of the Property, or if any right in the Property, is sold or transferred without Lender's prior written permission. Lender also may require immediate payment in full if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person. However, Lender shall not require immediate payment in full if this is prohibited by federal law on the date of this Security Instrument.

If Lender requires immediate payment in full under this Paragraph 17, Lender will give me a notice which states this requirement. The notice will give me at least 30 days to make the required payment. The 30-day period will begin on the date the notice is mailed or delivered. If I do not make the required payment during that period, Lender may act to enforce its rights under this Security Instrument without giving me any further notice or demand for payment.

18. BORROWER'S RIGHT TO HAVE LENDER'S ENFORCEMENT OF THIS SECURITY INSTRUMENT DISCONTINUED

Even if Lender has required immediate payment in full, I may have the right to have enforcement of this Security Instrument discontinued. I will have this right at any time before sale of the Property under any power of sale granted by this Security Instrument or at any time before a judgment has been entered enforcing this Security Instrument if I meet the following conditions:

- (A) I pay to Lender the full amount that then would be due under this Security Instrument and the Note as if immediate payment in full had never been required; and
- (B) I correct my failure to keep any of my other promises or agreements made in this Security Instrument; and
- (C) I pay all of Lender's reasonable expenses in enforcing this Security Instrument including, for example, reasonable attorneys' fees; and
- (D) I do whatever Lender reasonably requires to assure that Lender's rights in the Property, Lender's rights under this Security Instrument, and my obligations under the Note and under this Security Instrument continue unchanged.

If I fulfill all of the conditions in this Paragraph 18, then the Note and this Security Instrument will remain in full effect as if immediate payment in full had never been required. However, I will not have the right to have Lender's enforcement of this Security Instrument discontinued if Lender has required immediate payment in full under Paragraph 17 above.

19. NOTE HOLDER'S RIGHT TO SELL THE NOTE OR AN INTEREST IN THE NOTE; BORROWER'S RIGHT TO NOTICE OF CHANGE OF LOAN SERVICER

The Note, or an interest in the Note, together with this Security Instrument, may be sold one or more times. I may not receive any prior notice of these sales.

The entity that collects my monthly payments due under the Note and this Security Instrument is called the "Loan Servicer". There may be a change of the Loan Servicer as a result of the sale of the Note; there also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. The law requires that I be given written notice of any change of the Loan Servicer. The written notice must be given in the manner required under Paragraph 14 above and under applicable law. The notice will state the name and address of the new Loan Servicer, and also tell me the address to which I should make my payments. The notice also will contain any other information required by the law.

20. CONTINUATION OF BORROWER'S OBLIGATIONS TO MAINTAIN AND PROTECT THE PROPERTY

The federal laws and the laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection are called "Environmental Laws". I will not do anything affecting the Property that violates Environmental Laws, and I will not allow anyone else to do so.

Environmental Laws classify certain substances as toxic or hazardous. There are other substances that are considered hazardous for purposes of this Paragraph 20. These are gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. The substances defined as toxic or hazardous by Environmental Laws and the substances considered hazardous for purposes of this Paragraph 20 are called "Hazardous Substances".

I will not permit Hazardous Substances to be present on the Property. I will not use or store Hazardous Substances on the Property, and I will not allow anyone else to do so. I also will not dispose of Hazardous Substances on the Property, or release any Hazardous Substance on the Property, and I will not allow anyone else to do so. However, I may permit the presence on the Property of small quantities of Hazardous Substances that are generally recognized as appropriate for normal residential use and maintenance of the Property, and I may use or store these small quantities on the Property. In addition, unless the law requires removal or other action, the buildings, the improvements and the fixtures on the Property are permitted to contain asbestos and asbestos-containing materials if the asbestos and asbestos-containing materials are

If I know of any investigation, claim, demand, lawsuit or other action by the government or by a private party involving the Property and any Hazardous Substance or Environmental Laws, I will promptly notify the Lender in writing. If the government notifies me (or I otherwise learn) that it is necessary to remove a Hazardous Substance affecting the Property or to take other remedial actions, I will promptly take all necessary remedial actions as required by Environmental Laws.

21. LENDER'S RIGHTS IF BORROWER FAILS TO KEEP PROMISES AND AGREEMENTS

Except as provided in Paragraph 17 above, if all of the conditions stated in subparagraphs (A), (B) and (C) of this Paragraph 21 are met, Lender may require that I pay immediately the entire amount then remaining unpaid under the Note and under this Security Instrument. Lender may do this without making any further demand for payment. This requirement is called "immediate payment in full".

If Lender requires immediate payment in full, Lender may bring a lawsuit to take away all of my remaining rights in the Property and have the Property sold. At this sale Lender or another person may acquire the Property. This is known as "foreclosure and sale". In any lawsuit for foreclosure and sale, Lender will have the right to collect all costs and disbursements and additional allowances allowed by law and will have the right to add all reasonable attorneys' fees to the amount I owe Lender, which fees shall become part of the Sums Secured.

Lender may require immediate payment in full under this Paragraph 21 only if all of the following conditions are met:

(A) I fail to keep any promise or agreement made in this Security Instrument, including the promises to pay when due the Sums Secured.

(B) Lender sends to me, in the manner described in Paragraph 14 above, a notice that states:

- (i) The promise or agreement that I failed to keep;
- (ii) The action that I must take to correct that default;
- (iii) A date by which I must correct the default. That date must be at least 30 days from the date on which the notice is given;
- (iv) That if I do not correct the default by the date stated in the notice, Lender may require immediate payment in full, and Lender or another person may acquire the Property by means of foreclosure and sale;
- (v) That if I meet the conditions stated in Paragraph 18 above, I will have the right to have Lender's enforcement of this Security Instrument discontinued and to have the Note and this Security Instrument remain fully effective as if immediate payment in full had never been required; and
- (vi) That I have the right in any lawsuit for foreclosure and sale to argue that I did keep my promises and agreements under the Note and under this Security Instrument, and to present any other defenses that I may have.

(C) I do not correct the default stated in the notice from Lender by the date stated in that notice.

22. LENDER'S OBLIGATION TO DISCHARGE THIS SECURITY INSTRUMENT

When Lender has been paid all amounts due under the Note and under this Security Instrument, Lender will discharge this Security Instrument by delivering a certificate stating that this Security Instrument has been satisfied. I will not be required to pay Lender for the discharge, but I will pay all costs of recording the discharge in the proper official records.

23. AGREEMENTS ABOUT NEW YORK LIEN LAW

I will receive all amounts lent to me by Lender subject to the trust fund provisions of Section 13 of the New York Lien Law. This means that if, on the date this Security Instrument is recorded, construction or other work on any building or other improvement located on the Property has not been completed for at least four months, I will: (A) hold all amounts which I receive and which I have a right to receive from Lender under the Note as a "trust fund"; and (B) use those amounts to pay for that construction or work before I use them for any other purpose. The fact that I am holding those amounts as a "trust fund" means that for any building or other improvement located on the Property I have a special responsibility under the law to use the amount in the manner described in this Paragraph 23.



24. RIDERS TO THIS SECURITY INSTRUMENT

If one or more riders are signed by Borrower and recorded together with this Security Instrument, the promises and agreements of each rider are incorporated as a part of this Security Instrument. [Check applicable box(es)]

☐ Adjustable Rate Rider

☐ Condominium Rider

☐ 1-4 Family Rider

☐ Graduated Payment Rider

☐ Planned Unit Development Rider

☐ Biweekly Payment Rider

☐ Balloon Rider

☐ Rate Improvement Rider

☐ Second Home Rider

☐ Other(s) [specify]

BY SIGNING BELOW, I accept and agree to the promises and agreements contained in pages 1 through 10 of this Security Instrument and in any rider(s) signed by me and recorded with it.

Witnesses:

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

STATE OF NEW YORK,

County ss:

On this

day of

, before me personally came

and known to me to be the individual(s) described in and who executed the foregoing instrument, and to me known
acknowledged to me that executed the same. duly

Notary Public

CONDOMINIUM RIDER

THIS CONDOMINIUM RIDER is made this _____ day of _____ and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned (the "Borrower") to secure Borrower's Note to _____ (the "Lender") of the same date and covering the Property described in the Security Instrument and located at:

[Property Address]

The Property includes a unit in, together with an undivided interest in the common elements of, a condominium project known as:

[Name of Condominium Project]

(the "Condominium Project"). If the Owners Association or other entity which acts for the Condominium Project (the "Owners Association") holds title to property for the benefit or use of its members or shareholders, the Property also includes Borrower's interest in the Owners Association and the uses, proceeds and benefits of Borrower's interest.

CONDOMINIUM COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. Condominium Obligations. Borrower shall perform all of Borrower's obligations under the Condominium Project's Constituent Documents. The "Constituent Documents" are the: (i) Declaration or any other document which creates the Condominium Project; (ii) by-laws; (iii) code of regulations; and (iv) other equivalent documents. Borrower shall promptly pay, when due, all dues and assessments imposed pursuant to the Constituent Documents.

B. Hazard Insurance. So long as the Owners Association maintains, with a generally accepted insurance carrier, a "master" or "blanket" policy on the Condominium Project which is satisfactory to Lender and which provides insurance coverage in the amounts, for the periods, and against the hazards Lender requires, including fire and hazards included within the term "extended coverage," then:

(i) Lender waives the provision in Uniform Covenant 2 for the monthly payment to Lender of the yearly premium installments for hazard insurance on the Property; and

(ii) Borrower's obligation under Uniform Covenant 5 to maintain hazard insurance coverage on the Property is deemed satisfied to the extent that the required coverage is provided by the Owners Association policy.

Borrower shall give Lender prompt notice of any lapse in required hazard insurance coverage.

In the event of a distribution of hazard insurance proceeds in lieu of restoration or repair following a loss to the Property, whether to the unit or to common elements, any proceeds payable to Borrower are hereby assigned and shall be paid to Lender for application to the sums secured by the Security Instrument, with any excess paid to Borrower.

C. Public Liability Insurance. Borrower shall take such actions as may be reasonable to insure that the Owners Association maintains a public liability insurance policy acceptable in form, amount, and extent of coverage to Lender.

D. Condemnation. The proceeds of any award or claim for damages, direct or consequential, payable to Borrower in connection with any condemnation or other taking of all or any part of the Property, whether of the unit or of the common elements, or for any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. Such proceeds shall be applied by Lender to the sums secured by the Security Instrument as provided in Uniform Covenant 10.

E. Lender's Prior Consent. Borrower shall not, except after notice to Lender and with Lender's prior written consent, either partition or subdivide the Property or consent to:

(i) The abandonment or termination of the Condominium Project, except for abandonment or termination required by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;

(ii) any amendment to any provision of the Constituent Documents if the provision is for the express benefit of Lender;

(iii) termination of professional management and assumption of self-management of the Owners Association; or

(iv) any action which would have the effect of rendering the public liability insurance coverage maintained by the Owners Association unacceptable to Lender.

F. Remedies. If Borrower does not pay condominium dues and assessments when due, then Lender may pay them. Any amounts disbursed by Lender under this paragraph F shall become additional debt of Borrower secured by the Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and provisions contained in pages 1 and 2 of this Condominium Rider.

_____(Seal) _____(Seal)
-Borrower -Borrower

_____(Seal) _____(Seal)
-Borrower -Borrower

_____(Seal) _____(Seal)
-Borrower -Borrower

[Sign Original Only]

LL. SPONSOR'S CERTIFICATION

New York State Department of Law
120 Broadway
New York, New York 10271
Attention: Real Estate Financing Bureau

Re: Castles by the Sea Condominium
2822/2826 Batchelder Street

The undersigned certifies as follows:

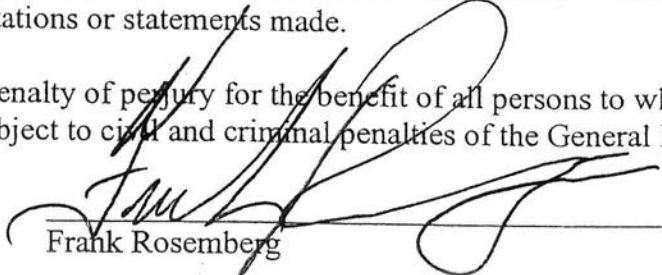
I am the Sponsor of the condominium offering plan for the captioned property.

I understand that I 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.

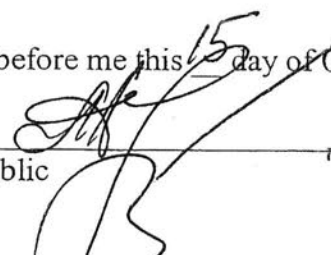
I have read the entire Offering Plan. I have investigated the facts set forth in the Offering Plan and the underlying facts. I have exercised due diligence to form a basis for making this certification. I certify that the Offering Plan does, and that all documents submitted hereafter by me which amend or supplement the Offering Plan will:

- (1) set forth the detailed terms of the transaction and be complete, current and accurate;
- (2) afford potential investors, purchasers and participants an adequate basis on which to found their judgment;
- (3) not omit any material fact;
- (4) not contain any untrue statement of material fact;
- (5) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;
- (6) no contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and
- (7) not contain any representation or statement which is false where I: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representations or statements made.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. I understand that violations are subject to civil and criminal penalties of the General Business Law and Penal Law.


Frank Rosenberg

Sworn to before me this 15 day of October 2002


Notary Public

LARISA ALTSHULER
Notary Public, State of New York
Qualified in Kings County
Reg. NO. 01AL5033466
Commission Expires 9/19 06

CERTIFICATION OF SPONSOR'S ARCHITECT
PURSUANT TO PART 20 AND
PURSUANT TO GENERAL BUSINESS LAW,
ARTICLE 23-A, AS AMENDED

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

RE: Castles By the Sea Condominium
2822/2826 Batchelder Street
Brooklyn, New York 11235

The undersigned, a registered architect, licensed to practice in New York State, certifies as follows:

The Sponsor of the offering plan to convert the captioned property to condominium ownership retained me to prepare a report describing the construction renovation of the property ("the Report"). I prepared the plans and specifications dated April 23, 1999 as amended April 26, 1999 and July 29, 2002, required for the work and prepared the Report dated September 6, 2002. A copy of the "Report" is intended to be incorporated into the Offering Plan so that prospective purchasers may rely on the "Report".

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

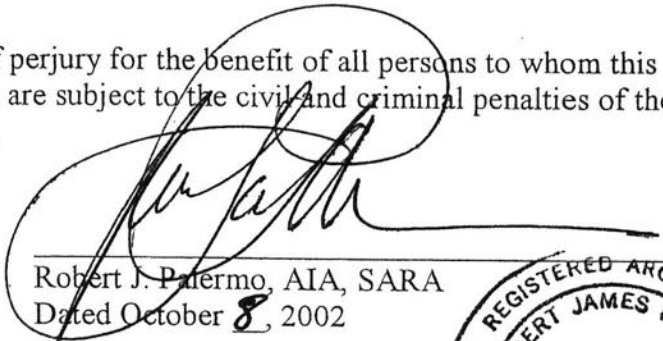
I have read the entire "Report" and investigated the facts set forth in the "Report" and the facts underlying it with due diligence in order to form a basis for this certification. This certification is made for the benefit of all persons to whom this offer is made. I certify that the "Report" that I prepared:

- (i) sets forth in narrative form the physical condition of the entire property as it will exist on completion of construction, provided that construction is in accordance with the plans and specifications that I prepared;
- (ii) in my professional opinion, afford potential investors, purchasers and participants an adequate basis upon which to found their judgement concerning the physical condition of the property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that I prepared;

- (iii) does not omit any material fact;
- (iv) does not contain any untrue statement of a material fact;
- (v) does not contain any fraud, deception, concealment or suppression;
- (vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) does not contain any representation or statement which is false, where I:
 - a) knew the truth;
 - b) with reasonable effort could have known the truth;
 - c) made no reasonable effort to ascertain the truth or;
 - d) did not have knowledge concerning the representations or statements made.

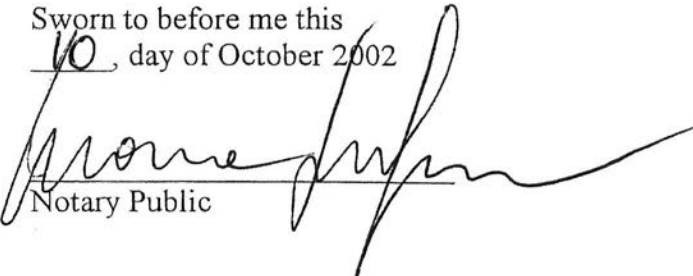
I further certify that I am not owned or controlled by and have no beneficial interest in the Sponsor and that my compensation for preparing the "Report" is not contingent on the conversion of the property to a condominium or on the profitability or price of the Offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. I understand that violations are subject to the civil and criminal penalties of the General Business Law and the Penal Law.


Robert J. Palermo, AIA, SARA
Dated October 8, 2002



Sworn to before me this
10 day of October 2002


Notary Public

MARINA SIROCHINSKY
Notary Public, State of New York
Qualified in Kings County
No. 01SI6043758
Commission Expires June 26 2005

STERLING REAL ESTATE, LLC

743 WASHINGTON AVENUE
BROOKLYN NY 11238

TEL 718-399-0400

FAX 718-857-0174

LICENSED REAL ESTATE BROKERS

STERLING REAL ESTATE, LLC

October 17, 2002

CERTIFICATION OF SPONSOR'S EXPERT CONCERNING ADEQUACY OF BUDGET

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

Re: Castles by the Sea Condominium

The sponsor of the Offering Plan of Condominium Ownership of 2822/2826 Batchelder Street, Brooklyn, New York, retained our firm to prepare Schedules B and B-1 containing projections of income and expenses of the condominium for the first year of operation. The principals of the undersigned have been engaged in the sale and management of residential properties, in New York, including condominiums, for more than 3 years.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 20 insofar as they as they are applicable to Schedules B and B-1.

We have reviewed the Schedules and investigated the facts set forth in Schedules B and B-1, and the facts underlying them with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in Schedules B and B-1 appear reasonable and adequate under existing circumstances and the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of condominium operation.

We certify that the Schedules do:

- (1) set forth in detail the projected income and expenses for the first year of condominium operation;
- (2) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of condominium operation;
- (3) not omit any material fact;
- (4) not contain any untrue statement of material fact;
- (5) not contain any fraud, deception, concealment or suppression;
- (6) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and,

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(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 representations or statements made.

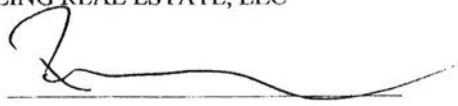
We further certify that the undersigned is not owned or controlled by the Sponsor and our compensation for preparing the Schedules and this certification is not contingent upon consummation of the Plan or on the profitability or price of the offering.

This statement is not intended as a guarantee or warranty of income and expenses for the first year of condominium operation.

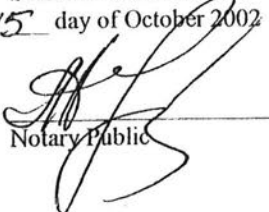
We understand that a copy of this certification is intended to be incorporated in the Plan.

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

STERLING REAL ESTATE, LLC

By: 

Sworn to before me this
15 day of October 2002


Notary Public

LARISA ALTSHULER
Notary Public, State of New York
Qualified in Kings County
Reg. NO. 01AL5033466
Commission Expires 9/19

06